Neighborhood Homes Investment Act

Distressed neighborhoods present a fundamental challenge to addressing poverty, crime, education, and economic mobility. A mix of low-, moderate- and middle-income families is essential to the social fabric and economic vitality of these places, but many homes are too deteriorated or antiquated to attract and retain homeowners. The proposed **Neighborhood Homes Investment Act (S. 657 & H.R. 3940)** would spur revitalization in these communities.

Many neighborhoods in both urban and rural geographies are plagued by high concentrations of foreclosed, vacant, dilapidated, or obsolete homes. They tend to have greater health and safety issues, leading to further abandonment and decline.

These communities are trapped in a cycle where property values are too low to support home construction and renovation, while the absence of quality homes keeps property values unsustainably low.

The proposed Neighborhood Homes Investment Act would mobilize private investment to build and rehabilitate homes for low-, moderate- and middle-income homeowners by filling the gap between the costs of rehabilitation or construction and the homes' value.

Neighborhood Homes would create a federal tax credit to support private sector investments in single family homes in distressed communities. State housing finance agencies would allocate and administer Neighborhood Homes through annual competitive application rounds, applying congressional and state-determined selection criteria to ensure that the proper communities are targeted for investments, and that only the most qualified program participants are selected.

Awardees would have up to five years to raise investor capital, and build or rehabilitate the homes. Investors could only claim the tax credits after homes are completed, inspected, and owner-occupied. Neighborhood Homes pays only for success. Investors bear construction and marketing risks.

Neighborhood Homes would enable 50,000 homes annually to be developed in struggling communities, restore vacant land to productive use, create construction jobs, lift the assets of all homeowners in the community, and expand the tax base for local governments. Neighborhood Homes is also is expected to generate more federal revenue than it will cost.

Neighborhood Homes Specifics:

Neighborhood Homes can only be used to support the development or rehabilitation of owner-occupied homes in neighborhoods that are characterized by high rates of poverty, low median family incomes, and low home values.

Neighborhood Homes is designed to serve low-, moderate- and middle- income homeowners: all of the homes must be occupied by families making less than 140% of area median income.

Neighborhood Homes is designed to ensure the most efficient use of the subsidy:

- the tax credit may not exceed 35% of the eligible costs of acquisition, construction, and demolition of homes for purchase, and 50% of eligible costs of owner-occupied home rehabilitations;
- the total eligible costs may not exceed 80% of the national median home price;
- the maximum allowable sale price of the home is 4x the area median family income; and
- states would only allocate the tax credits reasonably needed for financial feasibility.

To explore eligible Neighborhood Homes census tracts by Congressional district, click here: http://districts.reomatch.com/NHIC.asp

To learn more about the Neighborhood Homes Investment Act, read the executive summary here: https://static1.squarespace.com/static/589b48fbe3df28f7ed63b31b/t/649310008bbd6d50656fd033/1687359489015/NHIA+Summary+6-13-23.pdf

For more information:

www.neighborhoodhomesinvestmentact.org
info@neighborhoodhomesinvestmentact.org

Neighborhood Homes COALITION