Kelly, Higgins introduce 'Neighborhood Homes Investment Act' to expand affordable homeownership opportunities and revitalize communities

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Press Release

WASHINGTON, D.C. -- Today, **U.S. Reps. Mike Kelly (R-PA) and Brian Higgins (D-NY)** introduced legislation to create a new tax incentive that would produce 500,000 starter homes in under-resourced communities over the next decade.

H.R. 3940, The Neighborhood Homes Investment Act ("Neighborhood Homes"), would address the needs of families throughout the country who are struggling to purchase homes as costs continue to rise and the supply of homes remains limited. In many areas, the cost to build or rehab a home exceeds the price at which the home could be sold once completed. The new tax credit would help fill that "value gap" – up to 35 percent of eligible development costs for new homes – thus reducing the developer's risk of loss and encouraging investments in new and rehabbed housing. This will in turn make homeownership more feasible and support broader revitalization and economic development strategies in disinvested urban and rural communities.

"For too long, the cost of rehabilitating a home has been more expensive than simply starting from scratch. Now, the Neighborhood Homes Investment Act will allow homeowners and developers to more affordably restore beautiful homes and create more affordable housing in communities that need it the most," **Rep. Mike Kelly said.** "This legislation creates stronger homes, stronger families, and stronger neighborhoods."

"The United States is experiencing an affordable housing crisis and my community of Western New York is not immune," **Congressman Brian Higgins said.** "Older communities like Buffalo and Niagara Falls have aging homes with good bones, but the high cost to rehab these properties, compared to their value, causes them to fall into disrepair. As a result, neighborhoods are plagued by blighted homes and vacant lots. I am proud to join my colleagues in leading the bipartisan Neighborhood Homes Investment Act, which closes the value gap these neighborhoods face with a tax credit that encourages investments in single family homes and leads to community revitalization. For the families whose dreams of homeownership feel unattainable, this legislation can be a gamechanger."

"It is vital that we, as a country, make equitable investments in our housing infrastructure — both for the stability of our economy and the well-being of families and communities across the country," **said Christopher Tyson, President of the National Community Stabilization Trust.** "Neighborhood Homes encourages private investments in communities that would not otherwise have access to this kind of capital, creating new opportunities for families to put down roots in their own homes, strengthen their communities and build wealth for the future."

"Neighborhood Homes is particularly important right now given the nation's deepening affordable
housing crisis, much of which is the result of insufficient housing investments in recent decades," **said Matt Josephs, Senior Vice President for Policy for the Local Initiatives Support Corporation.** "This legislation is the first step in mitigating the devastating impact that the crisis – worsened by last year's record inflation rates and rising interest rates – has had on first time and minority home buyers across the country, especially those in marginalized communities."

"Struggling urban, rural, and suburban communities face a dilemma," **explained Buzz Roberts, President and CEO of the National Association of Affordable Housing Lenders.** "They need new and renovated homes to revitalize, but home values are too low to support development costs. Neighborhood Homes offers a straight-forward way to break the vicious cycle of neighborhood decline."

Under Neighborhood Homes:

- Tax credits would be awarded to project sponsors through statewide competitions administered by state housing finance agencies.

- Sponsors, which could include developers, lenders, or local governments, would use the credits to raise capital for their projects, and investors would claim the credits against their federal income taxes.
- The credits can only be claimed for homes developed or rehabilitated in eligible low-income communities, and only after the homes are sold and occupied by lower or middle-income families.

Joining Representatives Kelly and Higgins as original co-sponsors of the legislation were **Representatives Claudia Tenney (R-NY), Dan Kildee (D-MI), Randy Feenstra (R-IA) and Dwight Evans (D-PA).** Similar legislation introduced in the previous session of Congress was co-sponsored by 133 Members of the House and Senate from 37 different states, from Delaware to North Dakota to California.

The Neighborhood Homes Coalition estimates that the legislation would support a substantial economic impact over the next 10 years. The 500,000 homes that would be developed or rehabbed would:

- Spur $125 billion in total development activity.
- Support 861,000 jobs in construction and construction-related industries.
- Create $56 billion in wages and salaries.
- Produce $26 billion in federal and $12 billion in state and local tax revenues and fees.