Dear Rep. _________:

We are writing to ask you to cosponsor H.R.3316, the Neighborhood Homes Investment Act.

As you well know, in many communities throughout the country – in both urban and rural areas – the absence of quality homes undermines both neighborhood stability and the opportunity for families to build wealth through homeownership. Too often the major impediment to building new homes or rehabilitating abandoned or deteriorated ones in these communities is that the cost exceeds the homes’ market value upon completion.

Surprisingly, no federal tax policy specifically addresses this problem. The Low-Income Housing Tax Credit successfully secures private capital for affordable rental housing, but not homeownership. Tax-exempt bonds can reduce home mortgage payments but cannot address the development cost gap. The Neighborhood Homes Investment Act would address this problem by providing a tax credit to cover a portion of the construction and rehabilitation costs of homes for owner-occupancy.

The new tax credits would be administered by state agencies through annual competitive application rounds. Tax credits would only be available for modestly priced homes in communities characterized by high poverty, low incomes and low home values. The credits could not be claimed until the construction is completed and the home is occupied by an eligible homeowner.

The Neighborhood Homes Investment Act would support the development and rehabilitation of homes for 500,000 homebuyers over 10 years, many likely to be first time and minority homebuyers; generating $100 billion in new investment, nearly 800,000 jobs paying $43 billion in wages, higher nearby property values, and $29 billion in tax revenue. Neighborhood Homes will help communities retain and attract the working families that they need to thrive.

We urge you to consider becoming a co-sponsor of this important legislation. More information is available at neighborhoodhomesinvestmentact.org.