

The Decent, Affordable, Safe Housing for All Act

U.S. Senator Ron Wyden of Oregon

The Problem:

Americans were experiencing a crisis of housing availability and affordability long before the COVID-19 pandemic swamped our economy. The lack of affordable housing directly contributes to the moral scourge of homelessness highly visible in coastal states. According to the best available data, the United States is suffering a shortage of nearly 8 million units of affordable and available units for the lowest-income renters, as the country hasn't built sufficient housing for decades. On top of that, as many as 15 million households in America spend more than 50% of their take-home pay on rent each month, putting them at risk of financial ruin with just one emergency or missed paycheck. Finally, at least 550,000 Americans were homeless on any given night in 2020. As the economic impacts of the COVID-19 pandemic continue to reverberate, and millions of Americans who lost their incomes due to COVID-19 are at risk of losing their housing as well, significant federal resources must be committed to make housing more affordable, stable and available for those most at risk.

The Solution:

The DASH Act will make a generational investment to end childhood homelessness and tackle the housing affordability crisis that's taken hold in Oregon and across America. It will achieve:

1. Housing everyone experiencing homelessness within five years, and prioritizing children and families for placement, by issuing them a Housing Choice Voucher, because young children are heavily impacted by housing instability, and because housing is a chief determinant of health;
2. Expanding health, child care, financial and nutrition services for families and individuals to stay on a path to unassisted housing stability, because the climb out of housing poverty is nearly impossible to complete alone;
3. Greatly increasing the production of deeply affordable housing for families exiting homelessness and for low-income households by investing in effective, efficient existing programs and reforming the tax code to strengthen the Low-Income Housing Tax Credit (LIHTC) to weather the economic fallout from the pandemic, as well as establish a Renter's Tax Credit and Middle-Income Housing Tax Credit (MIHTC);
4. Investing in homeownership in underserved communities and for low income Americans with new tax credits and downpayment assistance, including a down payment tax credit for first-time homebuyers; and
5. Incentivizing environmentally-friendly development strategies and land use policies.

How the DASH Act ends homelessness:

Any person or family experiencing homelessness or at risk of homelessness will be able to contact a public child welfare agency, a public housing agency or any organization that is a part of a community's Continuum of Care and be evaluated for their eligibility for a Housing Choice Voucher. If they are deemed eligible, they will receive a voucher to pay the amount of rent that exceeds 30% of their adjusted income. Each person or family that receives a voucher will be individually evaluated for supportive services and will have access to a caseworker. Services will be provided through the Continuum of Care, and public housing agencies will administer the voucher; services will be permanently funded federally to meet the need.

Public housing agencies will receive a capacity investment in order to serve everyone experiencing homelessness in their jurisdiction, and states will receive a generational investment through the Housing Trust Fund program to construct an initial tranche of housing for these voucher recipients. States will be held accountable for making demonstrated progress towards housing all eligible people and families.

Tax Provisions of the DASH Act:

Emergency Affordable Housing Act. The Emergency Affordable Housing Act (EAHA) would strengthen the Low-Income Housing Tax Credit (LIHTC) to weather the economic fallout from the pandemic, by preserving and protecting current LIHTC properties, dramatically expanding production, and extending housing to those at extremely low incomes. Key provisions would expand the 9% housing credit by 50% to house more families; provide a 50% basis boost to projects that prioritize extremely low-income renters; expand the 4% credit for rural areas; reduce the tax-exempt bond financing threshold for 4% credit projects from 50% to 25% for 3 years; and preserve tens of thousands of affordable housing units by closing a key loophole. EAHA would produce nearly 1 million new affordable housing units over the next ten years.

Renter's Tax Credit. Some 11 million low-income Americans are rent burdened. The Renter's Tax Credit provides a refundable tax credit to property owners who rent to eligible tenants with incomes at or below 30% of area median income. The credit equals up to 110% of the difference between market rent and utilities and 30% of the tenant's income. Each year, Treasury will allocate renters' credits to states through a per capita formula. States in turn will allocate their credits to participating property owners who have signed a binding rent reduction agreement with eligible tenants. A state's unused credits are returned to the national pool. Participating property owners must also comply with the Fair Housing Act.

Middle-Income Housing Tax Credit (MIHTC). Increasingly, even middle income individuals and families are unable to pay rent and still make ends meet. A new Middle Income Housing Tax Credit (MIHTC) would continue where the very successful LIHTC program leaves off, by providing a tax credit to developers who house tenants between 60 and 100% of area median income. The credit would equal 50% of the present value of construction costs, or 5% per year on an undiscounted basis. States would administer the program, and Treasury would annually allocate the credit to states based on a \$1 per capita formula with a \$1.14 million small state minimum. States could also use MIHTC dollars to augment their LIHTC program.

Neighborhood Homes Investment Act (NHIA). NHIA is a tax credit to home builders that targets neighborhoods with: poverty rates of 130% or greater than the metro or state rate; incomes that are 80% or less than area median income; and home values that are below the metro or state median value. Qualifying homeowners make less than 140% of the area median income. The credits would only be available to investors after the homes have been completed and sold to a homeowner. The maximum credit amount is the lesser of 35% of total development costs or 80% of the national median home sale price. State agencies would receive annual allocations of \$6 per capita (or \$8 million, if higher), and would award NHIA tax credits to project sponsors.

Down Payment Tax Credit for First-Time Homebuyers. The American dream of owning a home has moved out of reach for many moderate income families, who have seen their costs soar while their incomes stagnate. The new \$15,000 first-time home buyer tax credit is fully refundable and equal to 20% of the purchase price of a home. The credit phases out above 110% of conforming loan limits (about \$603,000 in Oregon) and above \$100,000 of income for single filers (\$200,000 for joint filers). The credit can be recaptured if the taxpayer re-sells the home in under five years (with some exceptions).