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 across the nation. According to the best available data, the United States is suffering a shortage of 7 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 19 million households in America spend more than 30 percent 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 580,000 Americans were homeless on any given night in 2022. 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 or at risk of 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), 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 percent 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.

Selected Tax Provisions of the DASH Act:

Low-income Housing Tax Credit. The DASH Act would strengthen the Low-Income Housing Tax Credit (LIHTC), with key provisions that would expand the 9 percent housing credit by 50 percent to house more families; provide a 50 percent basis boost to projects that prioritize extremely low-income renters; provide a basis boost to rural and tribal projects; reduce the tax-exempt bond financing threshold for 4 percent credit projects from 50 percent to 25 percent; and preserve tens of thousands of affordable housing units by closing a key loophole.

*Renter's Tax Credit***.** Over 19 million American households 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 percent of area median income. The credit equals up to 110 percent of the difference between market rent and utilities and 30 percent 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 percent of area median income. In general, the credit would equal 50 percent of the present value of construction costs, or 5 percent 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 percent or greater than the metro or state rate; incomes that are 80 percent or less than area median income; and home values that are below the metro or state median value. Qualifying homeowners make less than 140 percent 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 least of: (1) the development cost over the sales price (or 120 percent thereof as determined by credit agency for financial feasibility), (2) 35 percent of the qualified development cost (subject to certain adjustments), or (3) 28 percent of the national median sale price for a new home. State agencies would receive annual allocations of $7 per capita (or $9 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 percent of the purchase price of a home. The credit phases out above 110 percent of conforming loan limits (corresponding to about $798,000 in Oregon for 2023) 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 certain exceptions).