NAHMAnalysis
NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION
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The Decent, Affordable, Safe Housing for All (DASH) Act of 2023

The U.S. has an affordable housing crisis, including a shortage of more than seven million units for the lowest-income renters and eleven million households spend more than fifty percent of their pay on rent each month.[1] To address the pressing affordable housing needs of renters and homeowners in the 118th Congress, Senate Finance Committee Chairman Ron Wyden (D-OR) recently reintroduced the Decent, Affordable, Safe Housing for All (DASH) Act (S.680), which if enacted, would create incentives for the construction of over three million additional homes over the next 10-years. The bill would also seek to end child and family homelessness within five years.

The DASH Act has two major components: Title I of the legislation extends Housing Choice Vouchers to all families or individuals experiencing homelessness, or who are at risk of homelessness. It also institutes important reforms to local zoning and housing development to build more affordable housing. Title II implements certain tax policies to invest in homeownership, provide rent support for low-income families and incentives for increasing construction of affordable housing nationwide. This NAHMAnalysis examines key housing provisions of the DASH Act.

Expansion of Housing Choice Vouchers

The first component of the DASH Act is based on the goal of 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. The funding stream for the new vouchers would be mandatory and permanent.

Pro-Housing and Rural Housing Development

The DASH Act would also seek to invest in new, innovative, and diversified methods to increase production of affordable housing nationwide, such as prefabricated or modular housing projects. Additionally, any jurisdiction that changes its zoning and land use practices after enactment of the bill would become eligible for a grant award depending on size of the jurisdiction. The DASH Act would also invest in programs to increase and preserve the supply of available and affordable rental housing in rural areas and for domestic farm laborers.

[1] https://www.finance.senate.gov/chairmans-news/wyden-reintroduces-comprehensive-bill-to-end-homelessness-and-tackle-housing-affordability-crisis

Tax Credit Incentives, Expansion and Reform

To further expand the production and supply of affordable housing, the DASH Act proposes several provisions to enhance and expand the Low-Income Housing Tax Credit (LIHTC), as well as providing a Middle-Income Housing Tax Credit (MIHTC) and a Renter's Tax Credit. Since difficulties obtaining affordable housing are not just an issue for renters, the DASH Act also includes the Neighborhood Homes Investment Act (NHIA), which would establish a new tax credit–the Neighborhood Homes Tax Credit (NHTC)–to build or rehabilitate owner occupied homes in distressed areas.

Expansion and Reform of LIHTC: The DASH Act would strengthen 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 the qualified contracts loophole. The adoption of these provisions alone would help create 1.5 million to 2 million new affordable housing units.[2]

Middle-Income Housing Tax Credit (MIHTC): A new Middle Income Housing Tax Credit (MIHTC) would provide 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.

Renter's Tax Credit: The Renter's Tax Credit would establish a refundable credit claimable by taxpayers who own and operate certain affordable housing with the goal of ensuring extremely low-income renters do not have to pay more than 30 percent of their gross income in monthly rent and utilities, while also providing owners of rental housing a financial incentive to participate. Eligible tenants would have gross monthly family incomes at or below 30 percent of area median or at or below the federal poverty line, whichever amount is greater. For each eligible unit, the credit would be calculated as 110 percent (up to 120 percent for low poverty neighborhoods) of the difference between market rent and 30 percent of a tenant's gross family income. The total annual credit would equal the number of months of reduced rent for a given taxable year times the number of eligible units, summed across all the buildings that the owner owns. Both for-profit and nonprofit entities could claim the full refundable credit. The owner would have to periodically re-certify tenant incomes to the state and adjust rent reductions which affect the amount of credit the taxpayer receives each year.

Conclusion

The prospects for passing tax legislation early in 2023 remain uncertain. The fact that the last Congress did not pass a tax bill at the end of 2022 is likely to increase the pressure on members in this current Congress to act. NAHMA looks forward to working with Congress to ensure passage of this critical legislation as soon as possible.

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[2] https://www.novoco.com/notes-from-novogradac/novogradac-estimates-193-million-additional-affordable-rental-homes-could-be-financed-if-lihtc