

INVENTORY AND SUPPLY

Improve Access to Homeownership, Increase Housing Inventory, And Encourage Adaptive Reuse of Commercial Properties

ADDRESS AMERICA'S AFFORDABLE HOUSING SHORTAGE

REALTORS® strive to ensure all Americans have the opportunity to achieve homeownership, which is the centerpiece of the American Dream and the pathway to economic well-being and intergenerational wealth-building. However, a historic 50-year record shortage of affordable homes available for purchase has severely limited access to the residential real estate market.

A recent study estimates that the U.S. has developed an “underbuilding gap” of 5.5 million housing units over the last 20 years. This translates into a \$4.4 trillion underinvestment in housing. Even relatively modest steps taken now to reduce this gap will unleash tremendous economic activity and create millions of new jobs.

At the same time, the pandemic created shifts in the commercial real estate market, especially in the office and retail sectors. Policies that support repurposing underutilized or vacant commercial properties can revitalize communities by creating new commercial uses and housing.

REALTOR® Asks

- Cosponsor the bipartisan Housing Supply and Affordability Act, which creates a Local Housing Policy Grant program for cities, states, tribes, and regional associations to enact pro-housing policies at the local level.
 - In the Senate, S. 902: sponsored by Senators Amy Klobuchar (D-MN), Rob Portman (R-OH), and Tim Kaine (D-VA).
 - In the House, H.R. 2126: sponsored by Representatives Lisa Blunt Rochester (D-DE), Jaime Herrera Beutler (R-WA), and Joyce Beatty (D-OH).
- Cosponsor the bipartisan Neighborhood Homes Investment Act (NHIA), which would offer tax credits to attract private investment for building and rehabilitating owner-occupied homes, creating a pathway to neighborhood stability through sustainable homeownership. The NHIA would expand homeownership opportunities and provide a powerful incentive to build and rehabilitate 500,000 homes for low- and moderate-income homeowners over the next decade. The NHIA is intended to fill the gap in areas where it is often more expensive to develop or rehabilitate than appraisal values will support.



Priority Issues

- S.98: sponsored by Senators Ben Cardin (D-MD), Rob Portman (R-OH), Chris Coons (D-DE), Todd Young (R-IN), Sherrod Brown (D-OH), and Tim Scott (R-SC).
- H.R. 2143: sponsored by Representative Brian Higgins (D-NY).
- Cosponsor the GREATER Revitalization of Shopping Centers Act, which creates a grant within the Section 108 Loan Guarantee Program to incentivize public and private investment in abandoned and underutilized shopping malls. The Section 108 Program provides communities with a source of low-cost, long-term financing for economic and community development projects, which has proven effective in drawing additional investments into projects. This legislation would provide an additional grant of up to \$5 million to communities with qualifying shopping centers to repurpose them for a range of uses, including the development of affordable housing.
 - H.R. 5041: sponsored by Representatives Carolyn Bourdeaux (D-GA), Emanuel Cleaver (D-MO), and Cynthia Axne (D-IA).
- Cosponsor the Revitalizing Downtowns Act, which creates a Qualified Office Conversion Tax Credit to convert unused office buildings into residential, commercial, and mixed-use properties.
 - H.R. 4759: sponsored by Representatives Jimmy Gomez (D-CA), Dan Kildee (D-MI), and John B. Larson (D-CT).
 - S. 2511: sponsored by Senators Debbie Stabenow (D-MI) and Gary Peters (D-MI).

FAQs

How would the Neighborhood Homes Investment Act stabilize and revitalize struggling neighborhoods?

- Designed after the Low-Income Housing Tax Credit, the NHIA would attract private investment through tax credits to make funding available to renovate or build homes in neighborhoods where property values are too low to justify new loans to rehabilitate or build new homes.
- By improving or replacing a critical number of homes in these neighborhoods, the NHIA aims to raise the appraised values of all homes in the neighborhood, thus turning around the look, feel, and desirability of the area.

Whom would the NHIA program assist?

- The tax credits of the Neighborhood Home Investment Act are designed to directly help low-and moderate-income households earning less than 140% of area median income who are seeking to purchase affordable, entry-level homes and live in them for at least 5 years.
- The program is ideal for first-time homebuyers.



Priority Issues

What is the projected impact of the NHIA?

- Assuming an average tax credit of \$40,000, the impact over 10 years would include:
 - 500,000 homes built or substantially rehabilitated
 - 785,714 jobs in construction and related industries
 - \$29.3 billion in federal, state, and local tax revenues and fees

Why should Congress incentivize adaptive reuse of commercial properties?

- The COVID-19 pandemic accelerated trends in the commercial real estate sector – less in-person shopping at retail centers, more people working remotely instead of in offices – resulting in many underutilized or vacant commercial properties.
- Many of these commercial properties could be adapted to better suit the needs of their communities and create job opportunities, including adding multifamily and affordable housing, warehouse and industrial properties, and mixed-use spaces.
- Barriers to redevelopment, including high costs, tax liabilities, and the need to go through onerous zoning and permitting processes inhibit adaptive reuse of commercial spaces and harm communities. Policies encouraging revitalization of these properties, via tax incentives, grant programs, and lower barriers to initiating projects, will spur innovation and development, reflecting and responding to the changing needs of those communities.

FAIR HOUSING

Ensure Fair Housing for All

Our economy, communities, and the American people suffer when discrimination and segregation artificially constrain homeownership and limit the intergenerational wealth it builds. As stewards of the right to own, use, and transfer private property, REALTORS® know an open housing market free from discrimination benefits us all.

Yet, more than fifty years after passage of the Fair Housing Act, the homeownership rates for African Americans, Hispanic Americans, and Asian Americans continues to lag behind that of White Americans. NAR is firmly committed to the enforcement of fair housing laws and to policies that remove historic and systemic barriers to homeownership for all qualified buyers.

REALTOR® Ask

- Cosponsor the Housing Fairness Act, which would reauthorize and increase funding for HUD fair housing testing and enforcement programs.
 - S. 769: sponsored by Senator Catherine Cortez Masto (D-NV).
 - H.R. 68: sponsored by Representative Al Green (D-TX).



Priority Issues

FAQs

Why is the federal government paying private nonprofits to investigate housing discrimination?

- Federal funding of private fair housing enforcement is not new. For more than 40 years, the government has funded private fair housing groups to investigate and resolve complaints.
- These groups have deep expertise in fair housing investigations and extensive local ties in their communities.

These are significant percentage increases from prior year funding. Why the big jump?

- It's evident from recent testing investigations that there is still widespread discrimination in the housing market.
- Yet because housing discrimination is often hidden, few people report it. An enforcement system that relies solely on complaints will miss the vast majority of fair housing violations.
- We must be more proactive in uncovering and investigating fair housing violations.

The Housing Fairness Act includes a provision supporting the Affirmatively Furthering Fair Housing rule; is that a federal overreach into local zoning policies?

- NAR supports the Fair Housing Act's directive that the federal government and its funding recipients affirmatively further fair housing (AFFH).
- While we believe a new AFFH rule should be less cumbersome for communities to implement, we strongly support the 2015 rule's framework that helps local communities – not the federal government – examine local patterns of segregation to develop local solutions.

RESEARCH

NAR Research Products Help Inform Policymaking

The NAR Research department is a resource both for REALTORS® and the Members of Congress who represent them. Our skilled economists produce and analyze a wide range of data, providing the best resources and information on real estate.

Research reports, papers, case studies, and surveys examine the latest trends and activities in real estate, as well as the impact national policies have or may have on this critical sector that makes up one-fifth of the nation's economy. These resources are available to policymakers, and we encourage their use when considering legislation that affects real estate and real estate professionals.

Here are just a few of the recent NAR Research reports that can inform policymaking:



Priority Issues

- **[Congressional District and State Reports](#)**: This report provides data on housing and real estate in states and congressional districts to inform policies supporting sustainable and affordable homeownership and a vibrant residential and commercial real estate industry.
- **[2022 Obstacles to Home Buying](#)**: This report, conducted in partnership with Morning Consult, explores current obstacles to home buying broken down by race/ethnicity – with the lack of affordable homes ranking as the top obstacle holding back potential home buyers of all races.
- **[The Double Trouble of the Housing Market \(February 2022\)](#)**: A report on the “two troubles” simultaneously impacting the real estate market: record home prices and record low inventory, using data analyzing affordability at different income levels for all active inventory on the market and done in partnership with realtor.com®.
- **[A Snapshot of Race and Home Buying in America \(February 2022\)](#)**: A report looking at homeownership trends, mortgage market and affordability by race, and home buyer demographics using data from the NAR 2021 *Profile of Home Buyers and Sellers*.
- **[Analysis and Case Studies in Office-to-Housing Conversions](#)**: An analysis of how vacant office buildings are being converted into housing, in response to the impact that the COVID-19 pandemic had on the office commercial real estate market and the nationwide housing shortage.
- **[Case Studies in Repurposing Vacant Retail Malls](#)**: Case studies highlighting how vacant retail malls, which contribute to urban decay, declining property values, and lower tax revenues, are being repurposed and the sources of financing for these projects.

These and many more reports, surveys, and data collections are available on the [NAR Research page](#).

SAVE THE DATE:

On June 1, Dr. Jessica Lautz, NAR’s vice president of demographics and behavioral insights, will offer a briefing for Members and congressional staff on the current state of the real estate industry.

