Statement on Behalf of the National Multifamily Housing Council and National Apartment Association
United States Senate Committee on Banking, Housing, and Urban Affairs Hearing
Building Consensus to Address Housing Challenges
April 26, 2023

The National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA) respectfully submit this statement for the record for the Senate Committee on Banking, Housing, and Urban Affairs Hearing, "*Building Consensus to Address Housing Challenges,*" on April 26, 2023. For more than 30 years, NMHC and the NAA have partnered to provide a single voice for America's apartment industry. Our combined memberships are engaged in all aspects of the apartment industry, including ownership, development, management, and finance. NMHC represents the principal officers of the apartment industry's largest and most prominent firms. As a federation of 141 state and local affiliates, NAA encompasses over 95,000 members of all sizes representing more than 11.6 million apartment homes globally.

We appreciate the Committee's focus on our nation's housing challenges. Given the key role housing and, in particular, rental housing plays in the economy by providing shelter to our nation's workforce, we write to offer our perspective on efforts needed to promote workable and sustainable policies to address housing challenges. Our ultimate goal is to be sure that apartment providers can meet long-term housing needs of the 38.9 million Americans who live in apartment homes and continue to make significant contributions to the growth of our economy, which currently stands at $3.4 trillion annually.[1] [2]

Today, in more and more communities, hard-working Americans are unable to rent or buy homes due to increased housing costs. These rising costs are driven by a lack of supply created by barriers to development that increasingly make it virtually impossible to build housing at almost any price point, particularly a price affordable to low and middle-class families. The total share of cost-burdened households (those paying more than 30 percent of their income on housing) increased steadily from 28.0 percent in 1985 to 36.9 percent in 2021, while other households have been priced out of communities altogether in their search for affordable housing. [3] This is not sustainable, particularly in a period of high inflation. It is critical that we start now to enact policies that will incentivize new housing production.

There are various estimates regarding the extent of the housing shortage, but all agree that housing construction has not kept up with demand for quite some time. This shortage remains despite historic levels of housing construction during the past few years. While we are seeing pullbacks in demand for apartments and home purchases in recent months, we caution that this is a result of economic uncertainty and likely only a short-term trend. This trend is also largely occurring only at the higher

[1] 2021 American Community Survey, 1-Year Estimates, U.S. Census Bureau, "Total Population in Occupied Housing Units by Tenure by Units in Structure".
[2] Hoyt Advisory Services, National Apartment Association and National Multifamily Housing Council, "The Contribution of Multifamily Housing to the U.S. Economy", https://weareapartments.org/pdf/Economic_Impact.pdf
[3] NMHC tabulations of 1985 American Housing Survey microdata, U.S. Census Bureau; 2021 American Housing Survey, U.S. Census Bureau.

income levels – demand for rental and ownership units at the low- and middle-income levels remains high. We simply do not have enough homes to meet this long-term demand – this housing shortage is immense, widespread, and enduring.

It is imperative we keep building new housing despite this temporary demand lull if we want to avoid large rent increases in the future and have sufficient housing that meets the need of our growing population in the years to come. NMHC and NAA members stand ready to help meet the rising need for attainably priced housing, but they cannot do it alone. It requires a strong partnership between the private and public sectors. First and foremost, we must seek solutions that support increased supply – at all price points. Without investment in our nation's housing, we will continue to face housing instability and affordability challenges now and in the future. In addition to increased supply for all types of housing, we must also deliver short-term solutions to renter populations that need support. Increased subsidies and emergency housing support for those who need it are critical to keeping struggling families afloat.

Lower Regulatory Hurdles

Regulatory, administrative, and political obstacles at all levels of government prevent us from delivering the housing our country so desperately needs. Yet, even in communities that want new rental housing development, there are numerous barriers that can drive up costs or halt development altogether. A national survey conducted by NAA while developing the U.S. Barriers to Apartment Construction Index found that in addition to the importance of land availability, input from local citizens significantly influences development; rising land and labor costs inhibit the production of affordable housing; and complex approval systems are correlated to affordability issues.[4]

Development costs and barriers can account for an average of 40.6 percent of multifamily development costs, further impacting affordability, according to research released by NMHC and the National Association of Home Builders (NAHB).[5] This research illustrates how unnecessary and duplicative regulation can negatively impact developing housing that is affordable. Although smart regulations can play an important role in ensuring the health and well-being of the American public, the NMHC-NAHB research found that many regulations can go far beyond those important goals and impose costly mandates on developers that drive housing costs higher, including via NIMBYism.

NIMBYism and antiquated, discriminatory land use policies coupled with onerous local requirements (like building code provisions that have nothing to do with health or safety, land or infrastructure donation requirements, and ill-fitting transportation and parking mandates) add to project costs and, ultimately, the rents American families pay. Three quarters of respondents to the NMHC-NAHB research reported they had encountered NIMBY opposition to a proposed development. This added an average of 5.6 percent to the total development cost and delayed the completion of those developments by an

[4] U.S. Barriers to Apartment Construction Index, Hoyt Advisory Services, Dinn Focused Marketing and Eigen 10 Advisors, 2019, Updated 2021.

[5] National Association of Home Builders and National Multifamily Housing Council, Regulation: 40.6 Percent of the Cost of Multifamily Development, https://www.nmhc.org/globalassets/research--insight/research-reports/cost-of-regulations/2022- nahb-nmhc-cost-of-regulations-report.pdf

average of 7.4 months.[6] Easing regulations could go a long way to address the housing affordability challenges faced by communities across the nation, especially at a time of high inflation and other cost of living challenges. It is important to keep in mind that rental housing is often a narrow margin endeavor and requires significant operating expenses to maintain quality. According to research by NAA, only 9 cents of every dollar of rent goes back to the owner as profit, including the many apartment owners who are themselves small businesses and rely on this revenue to make ends meet.[7]

We urge Congress to redouble its efforts to incentivize states and localities to:

- Reduce barriers to housing production and rehabilitation;
- Streamline and fast track the entitlement and approval process;
- Provide density bonuses and other incentives for developers to include workforce units in their properties;
- Enable "by-right" zoning and create more fully entitled parcels;
- Defer taxes and other fees for a set period of time;
- Lower construction costs by contributing underutilized buildings and raw land; and
- Encourage higher density development near jobs and transportation.

NMHC and NAA strongly support the Yes In My Backyard Act (S. 1614/H.R. 3198), introduced in the last Congress by Senators Young and Schatz and Representatives Kilmer and Hollingsworth and due to be reintroduced in the 118th Congress. This legislation requires recipients of Community Development Block Grants to provide information on how they are reducing local barriers to housing development. This will focus attention on the critical issue of enabling greater development of housing across the country.

Policymakers, at all levels of government, should also avoid the lure of "quick fix" regulations such as rent control or similar rent stabilization laws that do nothing to address the underlying supply shortage. Such policies do not create a single additional home and eventually harm the very people they purport to help by discouraging new apartment housing construction and limiting the financial resources owners have to maintain existing communities. Also, rent control proposals are not targeted at those most in need of affordable housing, thus incentivizing those who could otherwise afford an unrestricted unit to remain in place. Past experiments with rent control have been shown time and time again to result in unhealthy conditions and deteriorating neighborhoods.[8]

Notably, NAA conducted interviews with professionals who own, manage, or develop rental housing properties in Santa Barbara/Santa Ana, CA, Portland/Eugene, OR, and St. Paul, MN, and garnered findings buttressing the conclusion that rent control policies negatively impact investment in existing and future multifamily housing. Owners and operators reported that their plans to invest in or develop the market dramatically shifted after rent control laws were put into effect. More than two-thirds of housing providers have reduced or expect to reduce development or investment plans as a result of rent

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[6] National Association of Home Builders and National Multifamily Housing Council, Regulation: 40.6 Percent of the Cost of Multifamily Development, https://www.nmhc.org/globalassets/research--insight/research-reports/cost-of-regulations/2022- nahb-nmhc-cost-of-regulations-report.pdf

[7] https://www.naahq.org/sites/default/files/naa-documents/dollar_of_rent_2022.pdf

[8] Diamond, McQuade, and Qian, The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco, American Economic Review 2019. https://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.20181289

control policies; and over half have considered selling off properties. This is clearly seen when building permit applications dropped by 80 percent in St. Paul when its rent control initiative passed as building permits were increasing significantly elsewhere around the country. Additionally, NAA's interviews reveal that the majority of housing providers have had to or expect to defer maintenance and improvement projects in jurisdictions where rent control is enacted.[9]

Ease Rising Construction Costs and Delays

As we look for solutions to the nation's housing supply challenges, we must also recognize the immense, practical pressures on apartment development and construction that affect our ability to deliver new housing units. Following extreme, pandemic-fueled volatility in product costs, supply chain stability, and staffing constraints, the apartment construction and renovation pipeline has seen some moderation, yet continues to face difficult conditions. Seventy-nine percent of respondents reported construction delays in NMHC's March 2023 Quarterly Survey of Apartment Construction and Development Activity. Forty-seven percent reported experiencing repricing increases in projects at an average rate of 3 percent. The availability of construction financing, or lack thereof, continues to be of primary concern, as 40 percent of respondents cited this as a contributing factor to delayed starts. Additionally, 21 percent of respondents attributed delays to materials sourcing and delivery challenges.[10]

Tax Policy

The rental housing industry believes tax policy can play a critical role in increasing the supply of housing at all price points. To this end, we strongly urge Congress to:

- Expand and enhance the Low-Income Housing Tax Credit (LIHTC);
- Enact the Middle-Income Housing Tax Credit to support workforce housing;
- Enhance Opportunity Zones to incentivize the rehabilitation and preservation of multifamily buildings;
- Encourage the adaptive reuse of underutilized commercial properties into multifamily housing; and
- Promote the rehabilitation of multifamily housing located near transit.

The Low-Income Housing Tax Credit (LIHTC) provides critical support to the nation's affordable housing production but could be made even more impactful. Between its inception in 1986 and 2021, the LIHTC program has, according to the A Call To Invest in Our Neighborhoods (ACTION) Campaign, developed or preserved 3.74 million apartments, served 8.06 million low-income households, supported 6.08 million jobs for one year, generated $239 billion in tax revenue, and produced $688.5 billion in wages and income.[11]

NMHC and NAA strongly support the *Affordable Housing Credit Improvement Act t*o expand and strengthen the LIHTC. Introduced last Congress by Senators Cantwell, Young, Wyden, and Portman (and cosponsored by Finance Committee Senators Blackburn, Bennet, Brown, Cardin, Carper, Casey, Cortez

[9] Examining the Unintended Consequences of Rent Control Policies in Cities Across America, ndp Analytics, 2023.

[10] https://www.nmhc.org/research-insight/nmhc-construction-survey/2023/quarterly-survey-of-apartment-construction-development-activity-march-2023/

[11] https://rentalhousingaction.org/wp-content/uploads/2022/12/ACTION-NATIONAL-2022-NEW-LOGO_01.pdf

Masto, Hassan, Menendez, Stabenow, and Whitehouse), this bipartisan bill would, among other provisions, make permanent the now-expired 12.5 percent increase in LIHTC authority for 2018-2021 to enable the production of new units and further augment credit authority by 50 percent. Additionally, the bill would lower the private activity bond financing threshold to 25 percent from 50 percent required to receive the full amount of 4 percent Low-Income Housing Tax Credits. In December 2022, it was estimated that over the 2023-2032 period, 1.93 million additional affordable homes, housing 4.5 million low-income people, could be financed across the United States and territories by AHICA provisions expanding LIHTC authority and reducing the private activity bond financing threshold to 25 percent.

Each of the tax proposals listed above is described in greater detail in written testimony submitted by NMHC and NAA at the Senate Finance Committee's hearing on March 7, 2023 entitled "Tax Policy's Role in Increasing Affordable Housing Supply for Working Families." They are also briefly described in an addendum attached to end of this document.

Deploy the Housing Supply Action Plan and Key Housing Provisions from the Biden FY24 Budget

The Biden Administration's Housing Supply Action Plan is a thoughtful proposal that rightly acknowledges that there is no single solution to our housing shortage. The comprehensive package of regulatory and legislative measures would go a long way toward addressing the supply shortage, and we urge Congress to work with the Administration to enact policies included in the plan. We are particularly encouraged that the plan included a proposal to reward jurisdictions that have reformed zoning and land-use policies with higher scores in certain federal grant processes, for the first time at scale. The plan would also deploy new financing mechanisms to build and preserve more housing where financing gaps currently exist. We urge the Congress to work with the Administration to continue to execute the goals included in the plan.

Additionally, we were encouraged by several proposals included in the President's Fiscal Year 2024 federal budget proposal. The budget proposes grant funding to incentivize State and local governments to expand supply by reducing barriers to development. It would increase funding for the HOME Investment Partnerships Program (HOME), which is an important tool to support building, buying, and rehabilitating affordable housing. It includes an expansion of the Housing Choice Voucher (HVC) program, which would expand assistance to another 130,000 households. These types of investments will have a meaningful impact on the supply of housing and provide assistance to populations that need support. Increased subsidies and emergency housing support for those of modest means are critical to keeping struggling renters and their families afloat.

We support the Administration's Housing Supply Action Plan and increased funding for programs to assist those in need, however, we are concerned the recently released White House "Blueprint for A Renter's Bill of Rights" will create potentially duplicative and confusing federal regulations that interfere with State and local laws meant to govern the housing provider and resident relationship. Policymakers, at all levels of government, should resist pressure to take actions that while well-intended, unnecessarily complicate the provision of housing and do nothing to address the underlying supply shortage. Additional complexity will not help households that are struggling to find affordable housing and could, in fact, discourage much-needed private-market investment in new housing construction.

Reform and Fully Fund the Section 8 Housing Choice Voucher Program

As the COVID-19 pandemic has taught us, the most valuable short-term policy solution to the housing affordability crisis is rental assistance. The Section 8 Housing Choice Voucher (HCV) program has long served as America's primary method for aiding 2.1 million low-income households with rental assistance and has helped millions of Americans find homes in communities near good schools, jobs, and transportation services. Critical reforms to the program are urgently needed to expand private industry participation and improve housing opportunity for millions of American families.

The Section 8 program has additional untapped potential to help address our nation's affordable housing needs. Unfortunately, the program has also been plagued with a flawed and inconsistent funding system that has undermined private-sector confidence in the program. The program's potential success is also limited by too many inefficient and duplicative requirements, which prevent private housing providers from being able to accept vouchers.

Despite previous Congressional and Administrative attempts at improving the program, it remains overly burdensome. NMHC and NAA call on Congress to pass the Choice in Affordable Housing Act of 2023 (S. 32), introduced by Senators Coons and Cramer and cosponsored by several bipartisan members of this committee. The legislation empowers public housing authorities (PHAs) to offer incentive payments for housing providers that operate in areas of opportunity; creates security deposit assistance to cover repairs and damages and to help participants better manage their risk; enables PHAs to hire "landlord liaisons" to improve communication and finally, would importantly streamline the costly and time-consuming property inspection process.

While more can certainly be done to reform the Section 8 program, the Choice in Affordable Housing Act is a critical step for Congress to take to expand housing options to American families in need of housing that is affordable.

Sustain Funding for Federal Housing Support & Affordability Programs

Alongside inadequate funding and bureaucratic barriers in the Section 8 HCV program, for too many years, federal funding for one of the primary housing programs serving low-income households has been virtually flat or declining. This has translated into waiting lists for support that can last years, pushes too many Americans into substandard housing that only exacerbates housing and racial inequities, and harms the economic potential of individuals and their overall communities.

For decades, NMHC and NAA have advocated for increased funding for multiple critical programs that focus on housing affordability - in addition to the Section 8 HCV program - such as Project Based Rental Assistance (PBRA), Rental Assistance Demonstration (RAD), Homelessness Programs, HOME, and Community Development Block Grants (CDGB), the Housing Trust Fund, FHA Multifamily Programs, Rural Housing Programs, and others.

Programs like Section 8 and PBRA allow low-income families to rent market rate housing, taking advantage of the broad offering of privately-owned and operated properties in a given market. Programs like HOME, CDBG, FHA Multifamily and Rural Housing programs allow developers to address financing shortfalls often associated with affordable housing properties and stimulate meaningful development and preservation activity as a result. Homelessness Assistance Programs provide funding to serve individuals and families across the nation who are affected by homelessness, while Section 811 and 202 programs provide assistance for elderly and persons with disabilities. These programs, in totality, are some of the most effective and proven means to increase housing supply across the nation, assist our most vulnerable families find stable housing and are worthy of bipartisan Congressional support.

Regulatory Certainty

As representatives of the housing industry, we absolutely appreciate the importance of housing choice and access to quality, affordable housing, and we work to provide decent housing for residents, who are our customers. However, inherent in ensuring this stability for our nation's renters, is maintaining the current and future viability of the broader rental housing industry.

The relationship between the housing provider and their residents, the community and the broader housing market is governed by layers of statutes, case law, regulations, and private contractual agreements – all providing specific protections and responsibilities. This includes renter protections in building code, contract, fair housing, eviction, consumer reporting and debt collection, and consumer protection laws. Fundamentally, lease agreements outline the rights and responsibilities between residents and housing providers; leases are legally binding on all parties and enforced by state and local courts.

Quite simply, layering additional federal regulation on an already overly regulated industry will further exacerbate housing affordability challenges, and could deter future investment in this critical asset class.

As you know, the rental housing market is highly diverse. Senior housing, for example, is distinct from military housing which is different than student housing, and manufactured housing. Notably, federally assisted housing, including urban and rural programs, has many if not more renter protections than have been discussed. Rental markets vary widely across the country, which is why local solutions are most appropriate to be tailored to those individual markets. In fact, the courts have addressed and limited the federal government's role in regulating non-federal rental housing and left this matter to the states and localities.

Although well-intentioned, additional federal resident protection requirements would contribute to the already complex layers of federal, state, and local requirements that housing providers must currently comply with—negatively impacting housing outcomes and undermining our ability to provide quality service to our residents. State and local laws can meaningfully protect renters' rights, and existing protections may, for example, include requirements to be notified of a rent increase or a change in the lease contract that may result from the sale, closure or foreclosure of their apartment community, and the right to cure lease violations prior to an eviction. Some housing providers are subject to additional renter protections imposed at the local level as well.

Moreover, imposing additional federal requirements on housing providers can circumvent or, in some cases, conflict with the lease agreement which predominantly governs the rights and responsibilities that both parties agree to during the lease term, in accordance with jurisdictional housing and contract laws.

We are concerned that if new federal requirements are imposed, it will further discourage investment in the apartment industry, cause disruption in the capital markets, and ultimately impact our shared goal of addressing housing affordability and increasing the supply of housing at all price points. Additional federal regulation on government backed loans, in our opinion, would be especially problematic now when we are facing increasing interest rates and general economic uncertainty.

We are already seeing evidence of the impact of current market conditions. NMHC's January 2023 Quarterly Survey of Apartment Market Conditions[12] indicate the following troubling statistics:

- More than three-quarters of respondents (82%) reported declining sales volumes from three months prior.
- Nearly two-thirds (63%) indicated equity financing was less available; and
- Fully 60% said it was a worse time for mortgage borrowing compared to three months earlier.

In addition, we are hearing from industry members that current economic and regulatory challenges are causing them to cut back significantly on development activities, in some cases, by as much as 50 percent. That has long-term implications for the ability for us to be able to address the shortage of supply at all price points, not to mention in the already strained affordable space.

It is critical that the apartment industry continue to be a favored asset class for investors and implementing added federal landlord and tenant requirements is already having a chilling impact on investors. Instead of imposing additional federal regulations, we believe that policymakers should focus on the best to ways to address the nation's housing affordability supply challenges, and to preserving existing affordable housing.

Conclusion

Housing has always been a bipartisan issue. Policymakers at every level of government have a role to play in removing obstacles to housing production and preservation and in addressing the housing affordability challenges that have faced this country for decades.

Across all markets, the supply of housing at a variety of price points will play a vital role in promoting economic growth, attracting, and retaining talent and encouraging household stability for all American families. Using a combination of incentive-based programs, streamlined regulatory burdens and innovative solutions, we stand ready to work with Congress and the Administration to address the housing affordability challenges faced by communities across the nation.

[12] https://www.nmhc.org/research-insight/quarterly-survey/2023/nmhc-quarterly-survey-of-apartment-conditions-january-2023/

Attachment

Proposals for Increasing Housing Supply Supported by NMHC and NAA

Below are recent proposals from Congress or the Administration that are supported by NMHC and NAA and would have a positive impact on the housing affordability crisis. These common-sense proposals provide a menu of options for Congress to increase housing supply and provide support for individuals struggling with the cost of housing.

- **Yes In My Back Yard (YIMBY) Act:** Bipartisan legislation that would help eliminate discriminatory land use policies and remove barriers that depress production of housing in the United States. By requiring Community Development Block Grant (CDBG) recipients to report periodically on the extent to which they are removing discriminatory land use policies, and promoting inclusive and affordable housing, the YIMBY Act will increase transparency and encourage more thoughtful and inclusive development practices.

- **Eliminate Exclusionary Zoning and Harmful Land Use Policies:** For decades, exclusionary zoning laws – like minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily and manufactured housing – have inflated housing and construction costs and locked families out of areas with more opportunities. President Biden included an innovative, new competitive grant program in his Housing Supply Action plan called Unlocking Possibilities Program that would award flexible and attractive funding to jurisdictions that take concrete steps to eliminate such needless barriers to producing affordable housing.

- **Promote Affordable Housing Near Transit Act**: Introduced by Rep. Adam Smith (D-WA), the bill would permit transit agencies to convey land at zero cost to non-profit affordable housing developers or other eligible third-party entities, such as multifamily developers, to produce affordable and mixed-income housing.

- **Build More Housing Near Transit Act:** Bipartisan legislation introduced by Sen. Brian Schatz (D-HI), Sen. Mike Braun (R-IN), Rep. Scott Peters (D-CA) and Rep. McMorris Rodgers (R-WA) that would better leverage federal transportation dollars to support housing development.

- **The Choice in Affordable Housing Act:** Bipartisan and bicameral legislation introduced by Senator Chris Coons (D-DE) and Senator Kevin Cramer (R-ND) and soon to be introduced by Rep. Emmanuel Cleaver, II (D-MO), this bill enjoys the backing from both housing advocates and housing providers, and would address many overlapping and redundant programmatic procedures that have deterred professional owners and operators from participating in the Section 8 Housing Choice Voucher Program.
- **Housing Supply and Affordability Act:** Legislation previously introduced by Senator Amy Klobuchar (D-MN) in the Senate and Representative Lisa Blunt Rochester (D-DE) in the House that would create a new Local Housing Policy Grant (LHPG) program at HUD to provide grants to local governments to support efforts to expand housing supply.

We encourage Congress to enact the following tax proposals that all have a significant influence on addressing housing affordability.

- **Low-Income Housing Tax Credit (LIHTC):** Expanding and enhancing the LIHTC will enable greater production of affordable housing. We support the Affordable Housing Credit Improvement Act of 2021, which was introduced under the leadership of Senators Cantwell (D-WA), Young (R-IN), and Wyden (D-OR), and Reps. DelBene (D-WA), Beyer (D-VA), and Wenstrup (R-OH).

- **Enact the Middle-Income Housing Tax Credit (MIHTC) to Support Workforce Housing:** Housing affordability impacts the financial well-being of middle-income households in addition to low-income families. Congress should enact the Middle-Income Housing Tax Credit as included in the *Decent, Affordable, Safe Housing for All Act (DASH Act)* (S. 680) to address the shortage of workforce housing available to American households. Modeled on LIHTC, MIHTC takes over where LIHTC leaves off and is designed to benefit populations earning below 100 percent of area median income.

- **Incentivize Adaptive Reuse of Underutilized Commercial Properties:** Given the nation's shortage of affordable rental housing, many are considering turning unused and underutilized commercial real estate structures, including offices, hotels, and retail spaces into housing. Not only would such repurposing help address the nation's housing supply challenge, but it would also create jobs and boost local property tax revenues.

  Senator Stabenow, joined by Senator Brown as a cosponsor, last Congress introduced the Revitalizing Downtowns Act (S. 2511) that would provide a 20 percent tax credit to convert office buildings into other uses, including residential use. This Congress, Representative Gomez has introduced this legislation (H.R. 419) in the House of Representatives. The real estate industry is interested in working with Congress on this type of proposal but would like to see it modified to, among other things, enable other types of commercial properties (e.g., shopping centers and hotels) to qualify for the tax incentive; ensure REITs could utilize the benefit; and clarify that the credit does not reduce other tax benefits including the Low-Income Housing Tax Credit.

- **Enhance Opportunity Zones to Incentivize Rehabilitation of Housing Units*:*** While we expect the Opportunity Zones program to be beneficial in spurring the production of new multifamily housing, it could be improved to also incentivize the rehabilitation of existing multifamily units. Statutory modifications could be made to reduce the basis increase necessary to qualify a multifamily rehabilitation project for Opportunity Zone purposes.

- **Revitalizing Economies, Housing, and Businesses (REHAB) Act:** Introduced last Congress by Rep. Earl Blumenauer (D-OR) and Rep. Darren LaHood (R-IL), this proposal would create incentives to encourage community development and neighborhood revitalization, as well as promote greater affordability in high-demand markets, through new private investment in multifamily buildings located near transit.