

# Support the Revitalizing Economies, Housing, and Businesses (REHAB) Act (HR 1483)

## ► PROBLEM

The unmet demand for walkable, transit-connected neighborhoods leads to expensive housing in towns and cities, and oversupplied development in sprawling suburbs far from jobs and affordable transportation.

Existing incentives are also too narrowly focused on ..... individual buildings or businesses.



## ► SOLUTION

Meet the demand for new attainable housing and growth in walkable, transit-connected areas by boosting infill and redevelopment. The **REHAB Act** would create a tax credit for rehabilitating **non-historic buildings** at least 50 years old *and* near an **existing or proposed transit facility**.

What other expenses are eligible?



Adjacent buildings and parcels, both commercial and residential.

Housing, either whole residential buildings, or mixed-use structures.

Other public infrastructure, such as street/road improvements, upgraded utilities, parks, and transportation connections.

**This credit goes beyond mere rehabilitation – it provides additional incentives for investing private dollars in public infrastructure and attainable housing:**

In addition to the baseline credit of **15 percent**, rehabilitation expenditures related to public infrastructure and attainable housing are eligible for an additional **10 percent credit**.

## REHAB can help the market meet the demand

Drivable suburban housing is being oversupplied, even as demand shifts to walkable urban communities, leading to higher prices. The REHAB Act provides an incentive that will help restore vitality to our downtowns, encourage private investment in public infrastructure, promote affordability by increasing housing supply in high demand markets, and facilitate aging in place strategies.

### Encouraging grassroots solutions for affordable housing in hot markets



With no complicated pre-approval process, this new credit makes a way for individuals and small-scale developers to help provide bottom-up affordable housing solutions. The Twin Cities have made major investments in bus and rail transit over the last decade, and Minneapolis has also recently moved to allow more density city-wide. Yet affordable homes near transit are in short supply. A senior who owns their own 50-year-old home on the Green Line could use the credit to help finance a project to build an accessory apartment or expand the house and convert it into a duplex, allowing them to stay in their home and age in place while adding more housing near transit. If they choose to make that unit affordable, those expenditures would be eligible for a 25 percent credit.

**We need top-down but also bottom-up housing affordability solutions for in-demand metro areas.**

### Breaking down major barriers to redevelopment in legacy cities



It's a tough sell to invest a lot of money in restoring a single building when the sidewalk on the entire block needs to be rebuilt or other core infrastructure is lacking. A major barrier to revitalizing downtowns with good bones in more economically distressed communities is that existing community development incentives don't allow the private sector to improve basic infrastructure so they can bring their renovations to bear. The existing tax credits focused on affordable housing, historic preservation and economic development are valuable, but they are also too limited in scope or volume. The REHAB Act would encourage private developers to do more to revitalize neighborhoods by allowing them to receive a bonus credit for repairing local or public infrastructure, whether better bus stops, new street lighting, broadband, sidewalks, bike lanes, water management, or street repaving, to name just a few.

**The more private money invested to improve the neighborhood, the higher the tax credit.**

**15 percent  
baseline  
credit**

A non-historic building 50+ years old, AND within a 1/2-mile of existing or planned public transportation facility. The project-based credit includes residential rental property, building expansion, rehabilitation and new construction on adjacent lots on the same block.

**+10 percent  
bonus  
(25% total)**

Investments made in public infrastructure and attainable housing are eligible for an additional 10 percent credit, upping the total credit to its maximum of 25 percent. *(Attainable housing units are rent-restricted and occupied by individuals whose average income does not exceed gross area median.)*