



LOCUS LEADERSHIP ON THE REHAB ACT

When LOCUS—Smart Growth America’s coalition of responsible real estate developers and investors—began a decade ago, the focus of conversations already revolved around what would come to define the coalition: finding federal policy levers to generate sustainable and equitable development and make walkable urban communities more accessible to all.

Over the years, these conversations crystallized into one of the most important LOCUS-led advocacy projects, the REHAB Act. Introduced in the U.S. House of Representatives in March 2020, this visionary piece of legislation was the result of years of strategic efforts led by LOCUS members and continues to be a strategic priority for the coalition.

What is the REHAB Act?

The REHAB Act, also known as the **Revitalizing Economies, Housing, And Businesses Act**, is a bipartisan bill that would create a federal tax credit to support redeveloping old, but non-historic buildings near public transportation.

This legislation would help close critical project funding gaps to help revitalize downtowns, upgrade deteriorating public infrastructure, and expand access to attainable housing near transit. Only projects that provide new units of attainable housing and/or invest in public infrastructure—like better bus stops, new street lighting, sidewalks, bike lanes, rain gardens, and street repaving, to name a few—can qualify for the maximum tax credit.

If passed, The REHAB Act will help spur private investment in affordable housing and public infrastructure in the places where it’s needed most: walkable, transit-connected places.

“To build the commercial and housing we all want at the price we all can afford we need assistance in the form a tax credit to offset these costs.

The REHAB Act promotes equity by encouraging investment in attainable housing units in walkable communities, increasing the supply of housing and promoting affordability where it’s needed the most.”

- **Jair Lynch, LOCUS President**

KEY ASPECTS OF THE REHAB ACT

- REHAB is a project-based credit that incentivizes private investment in much-needed affordable housing and public infrastructure near transit;
- Projects qualify if they are anchored by the rehabilitation of buildings that are at least 50 years old, within ½ mile of an existing or planned transit facility;
- Project costs eligible for 15% credit include commercial, residential, mixed-use, and adjacent properties;
- Public infrastructure and attainable housing make the project eligible for a 10% bonus.

THE ORIGINS OF THE REHAB ACT

LOCUS members and founding director Christopher Coes, who incubated the coalition at Smart Growth America, have always been interested in finding ways to use tax incentives to create Walkable Urban Places (WalkUPs). They understood WalkUPs would produce exponential economic benefits, create vibrant, socially-connected communities, and address the climate crisis by reducing reliance on car ownership.

The roots of REHAB can be traced back to two pieces of research produced by Smart Growth America and LOCUS in 2013: [Federal Involvement in Real Estate: A Call for Examination](#) and [Federal Involvement in Real Estate: A Call for Action](#). These reports explore how the federal government impacted real estate and development and called for policy changes that would save the government money and spur walkable, transit-oriented development (TOD), including through existing programs such as the New Market Tax Credit, Low-Income Housing Tax Credit, and the Transportation Infrastructure Finance and Innovation Act (TIFIA).

However, LOCUS members understood that a gap continued to exist for federal tax credits directly related to delivering TOD. That is when LOCUS' core group including Steering Committee members Chris Leinberger, Richard Allen, Jair Lynch, Shannon Morgan, and Pres Kabacoff started discussing a shiny new idea. They asked, "if you could come up with a new policy that did all of the things LOCUS members believed in including sustainable places in walkable urban communities that support TOD and affordable housing—what would it look like?"

What started out as a pie-in-the-sky idea solidified over time. Large roundtable discussions and Steering Committee brainstorming transformed into an outline of outcomes LOCUS members wanted to achieve and the levers that would lead to them. Throughout the course of 2019, plans for what would become REHAB solidified even further. Back-and-forth emails, several in-person meetings in Washington, DC, and working meetings with legislators, government officials, and stakeholders allowed LOCUS to have a solid draft of the final text that they were looking for.

"The spark for the REHAB Act was struck at the first LOCUS meeting where we discussed how to create an incentive in the tax code that would catalyze development near transit. As someone who worked intimately to get the language to the finish line, and as a real estate investor, I know that once passed, REHAB will deliver what LOCUS members have been looking for—making sustainable, equitable development more accessible."

- Richard Allen, LOCUS Steering Committee Member

INTRODUCING REHAB IN 2020

On March 10, 2020, The REHAB Act of 2020 (H.R.6175) was officially introduced in Congress and referred to the House Ways and Means Committee. The bill was sponsored by Representative Earl Blumenauer (D-OR), and co-sponsored by Representatives Kelly (R-PA), Dan Kildee (D-MI), Darin LaHood (R-IL), and Linda Sánchez (D-CA). While this was a huge win for LOCUS and an impressive hurdle to overcome, congressional attention was centered on HR2, the Moving Forward Act, and REHAB did not advance at the time.

REHAB MOMENTUM IN 2021

With the experience gained from the bill being introduced, the LOCUS team tweaked the bill text and prepared to support the REHAB Act again in 2021. A fresh opportunity arose as the 117th Congress (2021-2023) was sworn in on January 3, 2021. In March 2021, Congressman Blumenauer again introduced the REHAB Act (H.R. 1483) into Congress with support from a larger bipartisan group of representatives. To spur support for the legislation, in April 2021 LOCUS President Jair Lynch accepted Rep. Blumenauer's invitation and delivered powerful and persuasive testimony to the House Subcommittee on Select Revenue Measure Roundtable in support of the REHAB Act.

With more momentum than the previous iteration, the bill was once again referred to the Ways and Means Committee, where this time it was scored by the Congressional Budget Office. The score—or formal cost estimate of the change in Government spending and collections required for a bill to become law—came in at a cost of \$56 billion over the course of ten years. This number was higher than the LOCUS Steering Committee members estimated, but it still represented an important step toward the bill becoming law. LOCUS members subsequently provided input on how to ensure that the bill still could achieve its intended outcomes of advancing attainable housing and transit-oriented development at a lower price tag.

While LOCUS members hoped to see REHAB included within the now-dormant Build Back Better Act (BBB), BBB's community development language only included the provisions initially included in the Moving Forward Act.

WHERE IS REHAB NOW?

LOCUS members across the country are continuing their push to ensure the REHAB Act becomes law so that communities can benefit from the transit-oriented, sustainable, and affordable development that would accompany its passage.

Find out how to get involved: email us at locus@locusdevelopers.org.

“The demand for living and working in walkable urban communities is booming, but too many communities—large and small—are either struggling to meet the demand—leading to high prices—or struggling with crumbling infrastructure leading to greater disinvestment. The Revitalizing Economies, Housing and Business (REHAB) Act creates a badly needed incentive that will encourage smart new growth around public transportation, restore vitality to our downtowns, attract new private investment in to repair local infrastructure and promote greater affordability in high demand markets. Every American and business should be able to live in or operate in communities that are walkable, healthy and prosperous.”

- Christopher Coes, former LOCUS Director