



Affordable Housing Opportunities Made Equitable (HOME) Act

One-Page Summary

Rep. Ilhan Omar (D-MN)

Working class families across the nation are struggling to find and maintain stable housing, especially during this COVID-19 pandemic. Primarily due to recent surges in housing demand and historically low supply, first-time homebuyers and low-income individuals continue to be kept out of the housing market. It's not just home prices but rents are also soaring in many areas, leaving working families vulnerable to housing insecurity. Many renters were already in precarious financial situations even before the start of pandemic, as it was estimated in 2018 that 1-in-4 renters spent at least half of their incomes on housing costs. Without sufficient tenant protections, many of these individuals, behind on rent, are now at imminent risk of eviction during a once-in-a-generation public health emergency. These are only a few examples highlighting the long-standing inequities and deficiencies in our public housing stock. Solving the United States' historic housing crisis starts with a national commitment to ensure every American has a high-quality home that they can afford. This means:

1. **Lowering the cost of housing** so everyone can afford a place to live;
2. **Investing in a 21st Century housing supply** that meets the needs of all Americans;
3. Providing supportive housing and wraparound services to **reduce chronic homelessness**;
4. Reckoning with and intentionally **working to address the legacy of systemic racism and discrimination in America's federal housing policies**, which has greatly restricted the ability of Black people and other communities of color to access equitable housing opportunities, build wealth and secure generational economic prosperity;
5. **Building a more direct and fast-acting emergency housing program** to quickly deploy federal housing resources in large-scale disasters like wildfires or the current pandemic.

That is why I am proud to introduce the Affordable HOME Act, a bold and comprehensive bill to address all five of these objectives through important reforms and critical investments in the affordable housing market. This legislation would lower housing costs by expanding access to flexible rental and homeownership assistance and empowering renters and communities to own and keep housing affordable. It would build a truly sustainable and sufficient housing supply by eliminating funding gaps for the National Housing Trust Fund, Public Housing Capital Fund, and other federal homebuilding programs. Chronic homelessness would decline through the funding of effective homeless assistance programs and the innovation of new supportive housing programs. This bill would address the legacy of federal housing discrimination by creating a

HUD office focused solely on anti-gentrification and anti-displacement efforts and prioritizing people impacted by redlining and other discriminatory policies for new HUD programming like downpayment assistance. Finally, this piece of legislation would establish a rapid-response, emergency housing program by implementing automatic and permanent injections of HUD funding that would be triggered by economic, public health, and/or natural disasters.

The Affordable HOME Act would make sure that everyone in America have a home they can afford, no matter where they live, what they look like, or how much they earn.

Affordable HOME Act

Section-by-Section

TITLE I – HOUSING AFFORDABILITY

Sec. 101 - Direct Down Payment Assistance

- *Policy:* Grants to State Housing Finance Agencies and tribal governments to create new or supplement existing down payment assistance programs
 - All eligible participants must:
 - Earn under 140% Area Median Income
 - Receive mandatory HUD approved or culturally specific housing counseling
 - Have mandatory 10-year owner-occupancy & principal residence
 - All forms of housing must be eligible (no restrictions on house size or cooperative ownership), to include very small housing, manufactured housing, condominiums, and housing co-ops
 - Grantees can pilot program with no limits on the number of co-borrowers
 - 20% set-aside for the Restorative Housing Justice Fund

Sec. 102 - Low-Income Mortgage Interest Credit

- *Policy:* Establish a 15% tax credit on mortgage interest (excluding home equity lines of credit) for owner occupied housing up to the Federal Housing Finance Agency (FHFA) confirming loan limit (\$548,250 baseline, with adjustments for high-cost areas)
- Leaves the current Mortgage Interest Deduction (MID) untouched
- 15% credit would only be available to people who don't take the itemized MID

Sec. 103 - Positive Rental History Credit Enhancement

- *Policy:* Require the FHFA to issue supervisory guidance to Fannie Mae and Freddie Mac facilitating positive rental history reporting
- This guidance stipulates that 5 percent of new mortgages insured or held in portfolio by the year 2024 must factor positive rental payment history in the credit rating and underwriting process

Sec. 104 - Individual Development Accounts

- *Policy:* Reauthorize Assets for Independence (also called IDAs) at \$100 million per year
- 10% set-aside for the Restorative Housing Justice Fund

Sec. 105 - Shared Equity Homeownership Initiative Fund

- *Policy:* Establish a new grant fund for HUD Participating Jurisdictions and Community Development Financial Institutions (CDFIs) to build capacity and make shared equity homeownership and affordable rental grants

- Participating Jurisdictions and CDFIs could either establish new shared equity homeownership entities, grow existing, entities, or partner with nonprofit housing entities or other mission-driven affordable housing orgs.
- Establish a dedicated shared equity housing professional technical assistance hub entity to educate and engage with local partners to share best practices and otherwise facilitate the shared equity homeownership model
- 10% of funding is reserved for the Restorative Housing Justice Fund

Sec. 106 - National Right of First Refusal

- *Policy:* Establish a national right of first refusal for all tenants in private market, non-federally subsidized single family & multifamily housing units
 - Prohibit Fannie Mae and Freddie Mac from purchased or insuring a residential mortgage on a property unless the most recent tenant was given 20 days to indicate interest in purchasing their residence and 45 additional days to secure financing
 - A tenant shall not transfer or sell their right of first refusal, except as part of a shared equity homeownership transaction

Sec. 107 - No Cause Eviction Ban

- *Policy:* Require landlords to justify their decision to evict a person after they have lived in a residential rental unit for more than 6 months

Sec. 108 - Right to Counsel

- *Policy:* Establish a grant funding program for State, Local, Tribal, Territorial, or Regional Governmental entities that have an established Right to Counsel Program guaranteeing full legal representation for people facing eviction or foreclosure

Sec. 109 - Landlord Guarantee Program

- *Policy:* The Landlord Guarantee Program would partially protect landlords and providers of Permanent Supportive Housing (PSH) from substantial financial losses when renting their home to Section 8 voucher holders
 - The protections will include payment of repairs for damages to home, nonpayment of rent by tenants and other financial protections

Sec. 110 - HUD Consolidated Plan Expansion

- *Policy:* Require each state's Consolidated Plan to include, to the greatest extent practicable, actionable plans to incorporate and preserve modular housing
 - Single Room Occupancy units, housing units under 400 square feet, transitional supportive housing, shared equity homes (including community land trusts), and cooperatively owned housing in the overall affordable housing stock

Sec. 111 - Source of Income Discrimination Ban

- *Policy:* Amends the Fair Housing Act to prohibit landlords from discriminating against HUD Section 8 voucher holders (also called source of income discrimination)

Sec. 112 - Fair Market Rent (FMR)

- *Policy:* Compensation for housing authorities and nonprofit owners harmed by inaccurate Fair Market Rents (FMRs)
 - While HUD accepts a FMR appeal, HUD is required to calculate and public estimates of historical underfunding over the previous 10 years due to below true market value FMRs
 - HUD must reimburse housing authorities and nonprofit owners 75% of the estimated underpayment caused by inaccurate FMR calculations
 - These funds can only be used for property repair and replacement reserves
 - Require HUD to fund a statewide rental market survey after 2 successful Fair Market Rent appeals within 5 years
- Reimburse housing authorities for the cost of FMR appeals

Sec. 113 - Office of Restorative Housing Justice

- *Policy:* The Secretary shall establish a Restorative Housing Justice account and fund to execute a preference policy for individuals who were displaced from a designated federal urban renewal project or a historically redlined neighborhood
 - Displacement is defined as:
 - Loss of title to a personal residential property in connection with a HUD Urban Renewal Loan and Grant Contract or who at any point in time possessed title to real property in a geographic area designated by the Home Owners' Loan Corporation (HOLC) "C – Definitely Declining" or "D – Hazardous" or;
 - Resided in a personal residential property rendered uninhabitable by an Urban Renewal Loan and Grant Contract from the Department of Housing and Urban Development or due to the real property existing in a geographic area designated by the Home Owners' Loan Corporation "C – Definitely Declining" or "D – Hazardous"
 - Recipients will be given 1 preference point (maximum of 4 points) based on the following criteria:
 - Whether the applicant was displaced or descendant of someone who was displaced
 - Whether the income of the applicant is below 30% median income in the area in which the applicant residents
 - Whether the income of the applicant is below 60% of the median income in the area in which the applicant resides
 - Whether the applicant attended a school designated as a title I school for at least 5 years

- The Restorative Housing Justice Office will have both a national and local director and an advisory council to establish regulations and an annual program evaluation reporting structure
 - These annual reports will help states as they craft their Consolidated Plans
- Create an Office of the Ombudsperson who will monitor the National Advisory Council and the Community Advisory Council for compliance with applicable laws/standards
- Funds designated for the Restorative Housing Justice Office will be passed through to eligible PHAs
- PHAs may reserve up to 10% of their allocation for administration and education

TITLE II – HOUSING INFRASTRUCTURE

Sec. 201 - National Housing Trust Fund (NHTF)

- *Policy:* \$45 billion annual supplemental appropriation for the NHTF in FY2021
- In future years, the Secretary of HUD will include a recommended supplemental NHTF appropriation in their Congressional Justification. This recommendation must be sufficient to eliminate the shortage of affordable and available rental housing units over a 10-year window

Sec. 202 - Rural Housing Trust Fund

- *Policy:* \$200 million annual funding for new USDA rural housing construction
 - Funding would be restricted to developers, nonprofits, or housing authorities that commit to keeping the property affordable as long as the federal government continues to provide Rental Assistance

Sec. 203 - Preservation of USDA Rural Housing

- *Policy:* \$200 million annual appropriation for USDA to preserve affordable multi-family housing properties
 - 5% of these new funds would be reserved to help speed up the USDA's ownership transfer process, which is a major obstacle for preservation deals
 - Funds can be used for technical assistance to help public housing authorities, nonprofits, and federally recognized Tribes acquire USDA multifamily properties
- Codify the Multifamily Preservation & Revitalization Demonstration program and implement additional policy changes to strengthen preservation of USDA's rural affordable housing portfolio

Sec. 204 - Manufactured Housing Preservation

- *Policy:* Establish funding for manufactured housing community preservation and loans for whole manufactured housing replacement/development
- Establish a separate Technical Assistance Hub to engage with local partners to share best practices and organize, develop, and coordinate comprehensive preservation plans

Sec. 205 - Community Energy Savings Program

- *Policy:* The Community Energy Savings Program will provide low-interest financing to consumers who want to make energy efficiency, renewable energy or energy storage upgrades to their homes, including for manufactured homes
 - In the case where manufactured housing energy efficiency upgrades are impractical or not cost-effective, whole home replacement will be available

Sec. 206 - Public Housing Repair and New Construction

- *Policy:* Repeal the federal prohibition on new public housing construction (the “Faircloth Amendment”) and provide \$70 billion to eliminate the public housing repair backlog

TITLE III – HOMELESS ASSISTANCE

Sec. 301 - Emergency Voucher Expansion

- *Policy:* Establish new emergency rental assistance vouchers with payment standards up to 110% of Small Area Fair Market Rent + 100% administrative fee support for 10 years
 - Funding will be sufficient for 100,000 vouchers in yr. 1 and 1,000,000 in yr. 10
- PHAs and tribal governments administering these vouchers are prohibited from establishing eligibility criteria excluding individuals with non-violent criminal convictions (except lifetime registered sex offenders and anyone convicted of the manufacture of methamphetamine on the premises of federally assisted housing)
- 20% set-aside for the Restorative Housing Justice Fund

Sec. 302 - Supportive Tiny Housing Village Innovation Pilot

- *Policy:* \$100 million per year for 10 years to funding matching grants to State Housing Finance agencies to construct and operate gate-controlled tiny home villages with a per unit cost under \$25,000, including all necessary construction materials, labor, shared infrastructure, dining, laundry, and sanitation facilities
 - Former residents should receive priority hiring for case managers

Sec. 303 - Permanent Supportive Housing

- *Policy:* \$1 billion supplemental funding per year for 10 years to expand the McKinney-Vento Homeless Assistance Grant program to support permanent supportive housing, including capital costs, rental subsidies, and services
- \$50 million per year for a Technical Assistance Set Aside for under-capacity jurisdictions to develop comprehensive whole-of-local government plans to address homelessness

Sec. 304 - Navigation Center Pilot Program

- *Policy:* Establish grant program to provide funding to State and local governments to create low-barrier navigation centers for individuals and families experiencing homelessness

TITLE IV – HOUSING INNOVATION RESEARCH

Sec. 401 - Housing Innovation Research Centers

- *Policy:* \$100 million in annual funding for HUD to establish regional housing and homeless research centers (at least one per HUD region)
- Centers will provide annual reports to HUD and Congress including analysis and recommendation of the most promising changes to federal policy
 - Centers will generally be able to determine which specific issues to study based on conditions in their region, but all centers must include a study of best practices to expand low-cost housing options, such as Single Room Occupancy units, shelters, housing units under 400 square feet, tent camps, stacked flats, and accessory dwelling units

TITLE V – EMERGENCY HOUSING PROGRAM

Sec. 501 - Definitions

- *Policy:* Defines the initiating events that would spur the use of the Emergency Program
 - The Emergency Housing Program is initiated when a major disaster is declared by the President, an increase in state-wide employment of not less than 8% for 2 consecutive months (releases half of all preauthorized funds), an increase in state-wide unemployment of not less than 10% for 2 consecutive months (releases all preauthorized funds), or an emergency declaration is issued by the Secretary of Housing and Urban Development (HUD) with respect to a housing disaster
 - The Governor of a state can go to the Secretary of HUD and make a request for an emergency grant program to go into effect
 - The request must be approved by the Secretary before funds will be made available

Sec. 502 - Emergency Assistance

- *Policy:* After the occurrence of the initiating event(s), the HUD or Treasury Secretary shall appropriate assistance to eligible renters and homeowners through the following accounts:
 - Emergency Rental Assistance and Renter Counseling to provide direct monthly assistance to eligible renters for the duration of the initiating event and grants to nonprofit counseling organizations to support tenants with personal financial budgeting, available community resources, and employment training/placement
 - Not more than \$10 billion to the NHTF
 - Not more than \$10 billion to the CDFI Fund
 - Not more than \$10 billion in Emergency Housing Vouchers
 - Not more than \$10 billion in Emergency Solutions Grants under Title IV of the McKinney-Vento Homeless Assistance Act and for non-congregate shelters, including shelters designed with a multi-year life expectancy

- Not more than \$50 billion to the Community Development Block Grant Disaster Recovery (CDBG-DR) for the purpose of preserving, rehabilitating, or rebuilding housing units, providing short term bridge lending for property acquisition, and funding public utility and infrastructure projects serving residents below 30% or 60% of the area median income

Sec. 503 - Authorization of Appropriations

- *Policy:* Authorize all the funds mentioned in Sec. 502 to carry out the mission of the Emergency Housing Program but not more than 10% of the amounts appropriated may be used for administrative costs