

Federal Update: Build Back Better and Infrastructure Investments

November 16, 2021

The Build Back Better Act, a framework for \$1.75 trillion investment, includes over \$150 billion for HUD programs plus LIHTC expansion. The House hopes to vote on this bill by the end of this week, when a final Congressional Budget Office (CBO) score is released. The Senate will likely vote in December. While we anticipate some changes when the Senate takes up the bill, they will likely target the big-ticket, higher profile programs. While there are no guarantees, we anticipate the following housing programs to be included in a final bill:

- \$65 billion to repair and preserve public housing. *This will likely fund most of NYCHA's \$40 billion in capital needs.*
- \$25 billion in rental assistance that prioritizes extremely low-income households and those experiencing or at risk of homelessness and survivors of domestic violence. *New York City and State combined will receive an additional [28,400 vouchers over 5 years](#).*
- \$15 billion for the national Housing Trust Fund (HTF) to build and preserve over 150,000 homes affordable to extremely low-income households. *New York State will receive over [\\$1.6 billion](#).*
- \$10 billion for first generation down payment assistance
- \$10 billion for the HOME Investment Partnership Program
- \$5 billion to address lead hazards and ensure healthy housing
- \$3 billion for Community Development Block Grants
- \$3 billion for a Community Restoration and Revitalization Fund
- \$2 billion for green preservation of HUD multifamily housing
- \$2 billion for rural housing
- \$1.75 billion to address zoning barriers to affordable housing
- \$1.5 billion to address health and safety concerns in HUD homes
- \$800 million for tribal housing
- \$700 million for fair housing activities
- \$500 million for Section 202 Housing for the Elderly
- \$500 million for Section 811 Housing for Persons with Disabilities
- \$250 million for a new "Housing Investment Fund" through the Capital Magnet Fund

The LIHTC provisions in the Build Back Better Act could finance an additional [48,500 affordable units in New York over 10 years](#). The bill reduces the 50% bond financing requirement to 25% for the 4% LIHTC for years 2022-2026. It extends the temporary 12.5% increase to the 9% credit which was set to expire this year and increases the allocation by 10% plus inflation for 2022, 2023 and 2024. In 2025, it reverts to the 2017 baseline, adjusted for inflation. It also provides a permanent maximum 50% basis boost for units serving extremely low-income (ELI) tenants if needed for financial feasibility. At least 20% of the units would have to be set aside for ELI households and the boost is available only for those units. In addition, the bill limits the use of qualified contracts and addresses issues with the right of first refusal (ROFR) to protect nonprofit developers.

The Bipartisan Infrastructure Investment and Jobs Act [IIJA] has been signed into law. It does not include HUD or LIHTC funding, but there are several programs on our radar that will impact housing in New York including:

- \$55B for Drinking and Wastewater Infrastructure to address contaminants in drinking water and address wastewater system needs, including \$15B to replace lead pipes.
- \$42.45B for Broadband Equity, Access, and Deployment Program to connect communities to broadband. We expect this funding can be used for rental buildings that serve households under 150% AMI. *We estimate NY will receive \$100M.*
- \$3.5B for Weatherization Assistance Program to reduce energy costs for low-income households by increasing the energy efficiency of their homes. *We expect NY would receive \$175M for FY2022.*
- \$3.5B for National Flood Insurance Fund to provide flood mitigation assistance up to 90% of all eligible costs for properties located within qualifying census tracts for individuals with a household income up to 100% AMI.
- \$1B for new Reconnecting Communities Pilot Program to fund planning, design, demolition and reconstruction of transportation infrastructure that has historically divided communities
- \$550M for Energy Efficiency and Conservation Block Grant Program (EECBG) to finance energy efficiency and other clean energy capital investments. *We estimate \$27.5M would go to NY.*
- \$250M for Energy Efficiency Revolving Loan Fund Capitalization Grant Program to provide grants and loans for commercial and residential energy efficiency. *\$225M to update and implement building energy codes for efficiency & resilience.*