

Opinion

Homeownership is out of reach for too many. Congress can change that.

The Neighborhood Homes Investment Act could help build affordable housing.

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We each led the Department of Housing and Urban Development. We served in different administrations and hold different political views, but on this we agree: The severe homeownership gap in the United States demands urgent bipartisan action, and Congress is failing to respond.

The nation has an estimated shortage of more than 4.5 million homes, and building keeps getting more expensive. But Congress's sweeping new domestic policy bill offered nothing to explicitly address the crisis that is putting homeownership out of reach for American families.

Lawmakers urgently need to correct this failure. One promising solution is the Neighborhood Homes Investment Act (NHIA), a pragmatic and widely supported proposal that would help build and restore homes in the communities that need them most.

In May, construction of new homes plummeted 9.8 percent, hitting its lowest level in five years, according to HUD. Rising costs and regulatory barriers have made building affordable homes too expensive, leaving many builders pessimistic about starting new construction. High interest rates have worsened the problem, making homeownership more expensive by increasing the cost of credit.

The persistent housing shortage pushes up home prices, straining household budgets — especially for low- and middle-class families. Small towns that once embodied the American spirit of freedom and opportunity are now littered with abandoned properties, the legacy of years of underinvestment since the housing market crashed in 2008.

The NHIA can help mend this blighted landscape. This bill would create a federal tax credit that incentivizes developers to build affordable homes and rehabilitate vacant properties for owner-occupancy, primarily in distressed neighborhoods. In many low-income areas, it costs more to build or fix up a home than the home can sell for. That’s known as the “value gap,” and it’s why private developers often walk away from affordable housing projects — the math just doesn’t work.

The neighborhood homes tax credits established by the NHIA would help cover this gap. If a home cost \$250,000 to build but sold for only \$200,000, a tax credit could fill the \$50,000 difference, making the project viable. Notably, the credits are designed to cover only the amount needed to close this value gap, ensuring the subsidy wouldn’t be larger than necessary. In addition, credits could be claimed by an investor only after the home is completed and sold to a low- or middle-income buyer, guaranteeing that the benefit would actually go toward creating affordable housing and supporting homeownership.

Like the low-income housing tax credit — a bipartisan program responsible for the vast majority of affordable rental housing built over the past few decades — neighborhood homes tax credits would go to the states, which would then identify target communities, set construction standards and award credits to qualified developers.

In addition to directly improving the housing market, neighborhood homes tax credits would also probably generate broader economic benefits. Building and renovating housing creates jobs for construction workers, contractors and suppliers. Revitalizing distressed communities also increases neighborhood property values, making homeowners wealthier.

Politics are complicated, but this decision isn’t. In a 2024 survey by the Bipartisan Policy Center, 74 percent of respondents reported that the lack of affordable homes is a significant problem in the United States — including 83 percent of Democrats, 71 percent of independents and 68 percent of Republicans.

HUD Secretary Scott Turner recently said homeownership “plays a critical role in the values of life, liberty and the pursuit of happiness.” We couldn’t agree more. Homeownership is the primary way most American families build wealth. As home values appreciate, owners build equity — an asset they can tap for education, retirement or emergencies — making homeownership a key driver of long-term financial security and upward mobility.

We can give more families a path to homeownership if we empower builders with the right tools to create affordable homes in the neighborhoods where they are needed most. The Neighborhood Homes Investment Act does exactly that. Congress should include it in future bipartisan housing legislation or a tax package.
