

117TH CONGRESS
1ST SESSION

S. _____

To provide rental vouchers for the homeless, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide rental vouchers for the homeless, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Decent, Affordable, Safe Housing for All Act” or the
6 “DASH Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—HOUSING ASSISTANCE

Subtitle A—General Housing Assistance

2

- Sec. 111. Rental vouchers for the homeless.
- Sec. 112. Land acquisition and construction.
- Sec. 113. Modular construction pilot program.
- Sec. 114. Supporting pro-housing development.
- Sec. 115. Permanent authorization of appropriations for McKinney-Vento Homeless Assistance Act grants.

Subtitle B—Rural Housing Assistance

- Sec. 121. Rural housing reinvestment.
- Sec. 122. Permanent establishment of housing preservation and revitalization program.
- Sec. 123. Eligibility for rural housing vouchers.
- Sec. 124. Amount of voucher assistance.
- Sec. 125. Use of available rental assistance.
- Sec. 126. Funding for multifamily technical improvements.
- Sec. 127. Plan for preserving affordability of rental projects.
- Sec. 128. Covered housing programs.

TITLE II—REVENUE PROVISIONS

- Sec. 201. Extension of period for rehabilitation expenditures.
- Sec. 202. Extension of basis expenditure deadline.
- Sec. 203. Tax-exempt bond financing requirement.
- Sec. 204. Increases in State allocations.
- Sec. 205. Buildings designated to serve extremely low-income households.
- Sec. 206. Inclusion of Indian areas as difficult development areas for purposes of certain buildings.
- Sec. 207. Inclusion of rural areas as difficult development areas.
- Sec. 208. Increase in credit for bond-financed projects designated by housing credit agency.
- Sec. 209. Repeal of qualified contract option.
- Sec. 210. Modification and clarification of rights relating to building purchase.
- Sec. 211. Prohibition of local approval and contribution requirements.
- Sec. 212. Adjustment of credit to provide relief during COVID-19 outbreak.
- Sec. 213. Increase in credit for low-income housing supportive services.
- Sec. 214. Study of tax incentives for the conversion of commercial property to affordable housing.
- Sec. 215. Renters credit.
- Sec. 216. Middle-income housing tax credit.
- Sec. 217. Neighborhood homes credit.
- Sec. 218. First-time homebuyer refundable credit.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

- 3 (1) The United States has a deficit of
- 4 7,000,000 units of housing due to slowed develop-
- 5 ment after the Great Recession. Public-private part-

1 nerships can spark a boost in construction to ad-
2 dress this lack of available and affordable homes.

3 (2) During the last 20 years, rent has increased
4 faster than income for renters in all 50 States and
5 the District of Columbia.

6 (3) There is no county in the United States in
7 which an individual working at minimum wage can
8 afford a modest 1- or 2-bedroom home. A renter
9 would need to make more than \$20 an hour to af-
10 ford the average 1-bedroom rent. In no State does
11 the minimum wage exceed \$16 an hour.

12 (4) Artificial limits on construction and develop-
13 ment of diverse types of housing limit supply, in-
14 crease housing prices, and often induce sprawl.

15 (5) The most affordable and environmentally
16 friendly types of housing developments are illegal in
17 many jurisdictions in the United States. Dense, mul-
18 tifamily housing creates far fewer carbon emissions
19 than standalone single-family housing.

20 (6) In 10 states, Housing Choice Voucher re-
21 cipients wait longer than 3 years for assistance. Na-
22 tionwide, only 1 in 4 households eligible for housing
23 assistance receives it.

24 (7) More than 1,500,000 children in the United
25 States experienced homelessness in 2018, including

1 students staying in other people’s homes due to lack
2 of alternatives. More than 11,000 children were liv-
3 ing outside in 2020. Children living in or exiting the
4 child welfare system are especially vulnerable to
5 homelessness.

6 (8) The strongest indicator that a person will
7 experience homelessness as an adult is if the person
8 experienced homelessness as a child. Experiencing
9 homelessness harms children educationally, socially,
10 emotionally, and physically.

11 (9) Unsheltered homelessness has increased in
12 recent years, and Black, Indigenous, and Hispanic
13 Americans are severely overrepresented in the popu-
14 lation of people experiencing homelessness.

15 (10) Extremely low-income renters are much
16 more likely to be non-white, as 1 in 5 Black renters,
17 18 percent of Indigenous renters, and 16 percent of
18 Hispanic renters are extremely low-income, while
19 only 6 percent of white renters are extremely low-in-
20 come.

21 (11) In 2020, the difference in homeownership
22 rates between Black and white Americans was larger
23 than in 1960, before the enactment of the Fair
24 Housing Act (title VIII of Public Law 90–284; 82
25 Stat. 81), reflecting the pervasive impact of systemic

1 racism in the housing market and overall economy
2 including redlining, appraisal bias, wage gaps, and
3 decades-long oppression.

4 (12) Stable, safe, and affordable housing is a
5 significant social indicator of health, and invest-
6 ments in affordable housing result in tangible bene-
7 fits in neighborhood, household, and individual
8 health and economic stability.

9 **TITLE I—HOUSING ASSISTANCE**
10 **Subtitle A—General Housing**
11 **Assistance**

12 **SEC. 111. RENTAL VOUCHERS FOR THE HOMELESS.**

13 Section 8(o) of the United States Housing Act of
14 1937 (42 U.S.C. 1437f(o)) is amended by adding at the
15 end the following:

16 “(21) RENTAL VOUCHERS FOR THE HOME-
17 LESS.—

18 “(A) DEFINITIONS.—In this paragraph:

19 “(i) AT RISK OF HOMELESSNESS.—

20 The term ‘at risk of homelessness’ has the
21 meaning given the term in section 401(1)
22 of the McKinney-Vento Homeless Assist-
23 ance Act (42 U.S.C. 11360), except that
24 ‘50 percent’ shall be substituted for ‘30

1 recipients for assistance under this
2 paragraph from the public hous-
3 ing agency, including by pro-
4 viding a written certification that
5 the eligible recipient is eligible to
6 receive the assistance; and

7 “(bb) will, to the greatest
8 extent practicable, provide or fa-
9 cilitate the provision of sup-
10 portive services to those eligible
11 recipients; and

12 “(III) submits to the Secretary a
13 statement describing—

14 “(aa) how the public hous-
15 ing agency will connect eligible
16 recipients with local community
17 resources, to the extent available;
18 and

19 “(bb) the plan for use of ca-
20 pacity-building funding under
21 subparagraph (E), including—

22 “(AA) a timeline for
23 the use of that funding with-
24 in the capacity-building pe-
25 riod;

1 “(BB) hiring and per-
2 sonnel needs;

3 “(CC) physical infra-
4 structure needs; and

5 “(DD) technological in-
6 frastructure needs, including
7 upgrades to the HMIS, and
8 any other capacity-related
9 investments that are nec-
10 essary to administer assist-
11 ance under this paragraph.

12 “(v) ELIGIBLE RECIPIENT.—The term
13 ‘eligible recipient’ means any individual or
14 family experiencing homelessness or at risk
15 of homelessness with an income that is less
16 than 50 percent of the area median in-
17 come.

18 “(vi) EXPERIENCING HOMELESSNESS;
19 HOMELESS.—The terms ‘experiencing
20 homelessness’ and ‘homeless’ means an in-
21 dividual or family who is—

22 “(I) living in a place not meant
23 for human habitation or in an emer-
24 gency shelter;

1 “(II) living in transitional hous-
2 ing for homeless persons and was
3 homeless before entering transitional
4 housing or an emergency shelter;

5 “(III) fleeing domestic violence;
6 or

7 “(IV) at risk of homelessness.

8 “(vii) HMIS.—The term ‘HMIS’
9 means the community-wide homeless man-
10 agement information system described in
11 section 402(f)(3)(D) of the McKinney-
12 Vento Homeless Assistance Act (42 U.S.C.
13 11360a(f)(3)(D)).

14 “(viii) PUBLIC HOUSING AGENCY.—
15 The term ‘public housing agency’ includes
16 a tribally designated housing entity.

17 “(ix) REFERRAL.—The term ‘referral’
18 means an affirmative connection between
19 the voucher recipient and the organization
20 providing services to the voucher recipient.

21 “(x) SERVICE COORDINATOR.—The
22 term ‘service coordinator’ means an indi-
23 vidual employed directly by a public hous-
24 ing agency who provides general case man-
25 agement and referral services to each

1 voucher recipient served by the public
2 housing agency, which shall include—

3 “(I) an individual intake screen-
4 ing of each voucher recipient to evalu-
5 ate the voucher recipient’s need for
6 supportive services; and

7 “(II) referral to outside services,
8 including cooperation and collabora-
9 tion with a continuum of care.

10 “(xi) SOURCE OF INCOME.—The term
11 ‘source of income’ means income from any
12 lawful source, including—

13 “(I) income from any legal em-
14 ployment; and

15 “(II) any assistance, benefit, or
16 subsidy through any Federal, State,
17 or local program, whether the pro-
18 gram is administered by a govern-
19 mental or nongovernmental entity.

20 “(xii) TRIBALLY DESIGNATED HOUS-
21 ING ENTITY.—The term ‘tribally des-
22 ignated housing entity’ has the meaning
23 given the term in section 4 of the Native
24 American Housing Assistance and Self-De-
25 termination Act of 1996 (25 U.S.C. 4103).

1 “(xiii) VOUCHER RECIPIENT.—The
2 term ‘voucher recipient’ means an indi-
3 vidual or family receiving a voucher under
4 this paragraph.

5 “(xiv) YOUTH.—The term ‘youth’
6 means an individual under the age of 25.

7 “(B) VOUCHERS.—

8 “(i) PROVISION OF VOUCHERS.—

9 “(I) IN GENERAL.—The Sec-
10 retary shall provide vouchers for rent-
11 al assistance on behalf of each eligible
12 recipient in accordance with this para-
13 graph.

14 “(II) DIRECT APPROPRIATION.—
15 Subject to subclause (III), there is ap-
16 propriated, out of any money in the
17 Treasury not otherwise appropriated,
18 for providing rental voucher assistance
19 under this paragraph for fiscal year
20 2022 and each fiscal year thereafter—

21 “(aa) the amount necessary
22 to fund the provision of a vouch-
23 er for rental assistance under
24 this paragraph on behalf of each
25 eligible recipient;

1 “(bb) the amount necessary
2 to provide administrative fees
3 under clause (ii) in connection to
4 each voucher for rental assistance
5 provided under this paragraph;
6 and

7 “(cc) the amount necessary
8 to fund annual renewals of the
9 vouchers provided under this
10 paragraph.

11 “(III) NUMBER OF VOUCHERS.—
12 The Secretary shall provide—

13 “(aa) 250,000 vouchers
14 under this paragraph in fiscal
15 year 2022; and

16 “(bb) 400,000 vouchers
17 under this paragraph in each fis-
18 cal year thereafter until the Sec-
19 retary determines that a smaller
20 number of vouchers is sufficient
21 to provide all eligible recipients
22 with vouchers.

23 “(ii) ADMINISTRATIVE FEE FOR AN-
24 CILLARY COSTS.—The Secretary shall pro-
25 vide a public housing agency that requests

1 a voucher under this paragraph an admin-
2 istrative fee sufficient to provide assistance
3 to the voucher recipient for security depos-
4 its, moving costs, first or last month's
5 rent, or other significant barriers to estab-
6 lishing use of the voucher and a lease, in
7 an amount that is not more than 3
8 months' rent for the voucher recipient.

9 “(iii) PAYMENT STANDARD.—The
10 payment standard for a voucher provided
11 under this paragraph may not exceed 125
12 percent of the fair market rental in the ju-
13 risdiction in which the voucher is adminis-
14 tered.

15 “(iv) SUPPLEMENTAL VOUCHER PAY-
16 MENT.—

17 “(I) IN GENERAL.—An eligible
18 public housing agency may supple-
19 ment the amount of a voucher pro-
20 vided under this paragraph in any
21 case in which—

22 “(aa) the amount of the
23 voucher is insufficient to cover
24 the cost of a dwelling unit within
25 the jurisdiction of the eligible

1 public housing agency and that
2 insufficiency may result in a
3 voucher recipient losing housing
4 and becoming homeless or dou-
5 bled up; or

6 “(bb) the eligible public
7 housing agency submits to the
8 Secretary a waiver request for re-
9 calculation of the small area fair
10 market rent applicable to the
11 dwelling unit, which the Sec-
12 retary shall approve or deny
13 within 45 days of submission of
14 the request.

15 “(II) PAYMENT UPON DENIAL.—
16 An eligible public housing agency may
17 supplement the amount of a voucher
18 under subclause (I) even if the Sec-
19 retary denies the request submitted
20 under subclause (I)(aa), provided that
21 the supplementation of the voucher
22 amount is necessary to maintain hous-
23 ing for the voucher recipient.

1 “(v) CONDITIONS ON ASSISTANCE.—
2 Notwithstanding any other provision of
3 law, the Secretary—

4 “(I) may not condition receipt of
5 a voucher under this paragraph on—

6 “(aa) participation in any
7 service or program; or

8 “(bb) the sobriety or lack
9 thereof of an eligible recipient;

10 “(II) except as provided in sub-
11 clause (III), may not prohibit receipt
12 of a voucher under this paragraph by
13 an otherwise eligible recipient due to
14 any criminal conviction or history of
15 interaction with the criminal justice
16 system; and

17 “(III) shall prohibit receipt of a
18 voucher under this paragraph by an
19 individuals subject to a lifetime reg-
20 istration requirement under any State
21 sex offender registration program.

22 “(vi) VERIFICATION OF STATEMENT
23 MADE BY ELIGIBLE PUBLIC HOUSING
24 AGENCIES.—

1 “(I) IN GENERAL.—Not later
2 than 30 days after the date on which
3 an eligible public housing agency sub-
4 mits the statement required under
5 subparagraph (A)(iv)(III), the Sec-
6 retary shall verify the statement.

7 “(II) UNSATISFACTORY STATE-
8 MENT.—If, upon verification of a
9 statement under subclause (I), the
10 Secretary determines that the state-
11 ment is unsatisfactory, the Secretary
12 shall inform the eligible public hous-
13 ing agency of that determination and
14 the manner in which the eligible pub-
15 lic housing agency may re-submit the
16 statement.

17 “(vii) IDENTIFICATION OF ELIGIBLE
18 RECIPIENTS.—A public housing agency
19 shall partner with continuums of care,
20 public child welfare agencies, street out-
21 reach providers, health care providers, and
22 other similar organizations in the State in
23 which the public housing agency operates
24 to identify eligible recipients.

1 “(viii) REQUIREMENTS FOR ELIGIBLE
2 PUBLIC HOUSING AGENCIES.—

3 “(I) IN GENERAL.—Each eligible
4 public housing agency providing as-
5 sistance under this paragraph shall—

6 “(aa) on an annual basis
7 and in conjunction with income
8 reviews for purposes of deter-
9 mining income eligibility for as-
10 sistance under this paragraph,
11 verify the compliance of the eligi-
12 ble public housing agency with
13 the eligibility requirements under
14 this paragraph;

15 “(bb) to the greatest extent
16 possible—

17 “(AA) work with con-
18 tinuums of care to ensure
19 continuity of data collection
20 under this paragraph; and

21 “(BB) utilize the HMIS
22 to collect and main the in-
23 formation required to be col-
24 lected under this paragraph.

1 “(II) PRIORITY.—In providing
2 vouchers under this paragraph, an eli-
3 gible public housing agency—

4 “(aa) shall prioritize the
5 first vouchers made available
6 under this section for eligible re-
7 cipients who are—

8 “(AA) unaccompanied
9 homeless youth;

10 “(BB) homeless youth
11 with minor children; or

12 “(CC) families with
13 minor children experiencing
14 homelessness;

15 “(bb) to the extent possible
16 considering when the Secretary
17 disburses funds under this para-
18 graph, shall provide vouchers to
19 the eligible recipients described in
20 item (aa) not later than 1 year
21 after the end of the capacity-
22 building period; and

23 “(cc) may not issue vouchers
24 to eligible recipients not de-
25 scribed in item (aa) until the eli-

1 gible public housing agency has
2 issued vouchers to all eligible re-
3 cipients described in that item.

4 “(ix) USE OF VOUCHER UPON EXIT.—
5 An eligible public housing agency that
6 issued a voucher to an eligible recipient
7 that is no longer in use by the eligible re-
8 cipient may provide the voucher to any
9 other tenant eligible for tenant-based as-
10 sistance under this subsection.

11 “(C) DATA COLLECTION.—

12 “(i) IN GENERAL.—The Secretary
13 shall submit to Congress an annual report
14 on assistance providing under this para-
15 graph, which shall include—

16 “(I) an assessment of the
17 progress of States toward housing—

18 “(aa) eligible recipients in
19 the State; and

20 “(bb) and the total popu-
21 lation of people experiencing
22 homelessness in the State; and

23 “(II) the information provided
24 under clause (ii).

1 “(ii) INFORMATION FROM PUBLIC
2 HOUSING AGENCIES.—Each eligible public
3 housing agency administering assistance
4 under this paragraph shall submit to the
5 Secretary and to the State in which the
6 public housing agency is located an annual
7 report for each fiscal year that includes—

8 “(I) the number of voucher re-
9 cipients, including aggregated demo-
10 graphic information on the age, sex,
11 gender identity, sexual orientation,
12 race, ethnicity, and disability status of
13 each such recipient in a manner that
14 does not reveal the personally identifi-
15 able information of each such recipi-
16 ent;

17 “(II) the number of eligible re-
18 cipients who applied during the fiscal
19 year for assistance under this para-
20 graph, but were not provided assist-
21 ance;

22 “(III) a brief identification in
23 each instance described in subclause
24 (II) of the reason why the eligible

1 public housing agency was unable to
2 provide the assistance; and

3 “(IV) a description of how the el-
4 igible public housing agency commu-
5 nicated or collaborated with public
6 child welfare agencies and continuums
7 of care to collect the data described in
8 subclauses (I) and (II).

9 “(D) SUPPORTIVE SERVICES.—

10 “(i) ADMINISTRATIVE FEE.—

11 “(I) IN GENERAL.—The Sec-
12 retary shall establish a fee under sub-
13 section (q) for the costs incurred by
14 public housing agencies in admin-
15 istering vouchers under this para-
16 graph.

17 “(II) COSTS.—In establishing the
18 fee described in subclause (I), the Sec-
19 retary shall include the costs to public
20 housing agencies of employing full-
21 time or full-time-equivalent service co-
22 ordinators.

23 “(III) AUTHORIZATION OF AP-
24 PROPRIATIONS.—There is authorized
25 to be appropriated \$300,000,000 for

1 each of fiscal years 2022 through
2 2027 for the fee described in sub-
3 clause (I).

4 “(ii) HIRING OF SERVICE COORDINA-
5 TORS.—

6 “(I) IN GENERAL.—An eligible
7 public housing agency shall hire the
8 appropriate number of service coordi-
9 nators to administer supportive serv-
10 ices under this paragraph in partner-
11 ship with the public child welfare
12 agency or continuum of care in a ju-
13 risdiction.

14 “(II) INSUFFICIENT FUNDS.—If
15 an eligible public housing agency is
16 unable to hire an appropriate number
17 of service coordinators under sub-
18 clause (I) using the fee described in
19 clause (i)(I)—

20 “(aa) the public housing
21 agency may request an increased
22 administrative fee from the Sec-
23 retary; and

1 “(bb) the Secretary shall ap-
2 prove or deny a request received
3 under item (aa) within 45 days.

4 “(III) REPORT TO CONGRESS.—
5 Beginning in the first full fiscal year
6 after the date of enactment of this
7 paragraph, the Secretary shall submit
8 an annual report to Congress on re-
9 quests for increased administrative
10 fees received from public housing
11 agencies under subclause (II).

12 “(IV) APPROPRIATE NUMBER
13 DEFINED.—For purposes of this
14 clause, the term ‘appropriate number’,
15 with respect to service coordinators,
16 means enough service coordinators so
17 that each household provided a vouch-
18 er by a public housing agency under
19 this paragraph is able to access a
20 service coordinator for not less than
21 30 minutes each week.

22 “(iii) PROVISION OF SERVICES.—
23 Upon intake of an eligible recipient, a pub-
24 lic housing agency or a public child welfare
25 agency or continuum of care with which

1 the public housing agency has partnered
2 shall—

3 “(I) assign the voucher recipient
4 a case manager or service coordinator;
5 and

6 “(II) provide or secure the provi-
7 sion of supportive services to con-
8 tribute to the housing stability of the
9 voucher recipient, including—

10 “(aa) any supportive service,
11 as defined in section 401 of the
12 McKinney-Vento Homeless As-
13 sistance Act (42 U.S.C. 11360);

14 “(bb) referrals to health
15 care providers, including mental
16 health care providers, dental
17 health care providers, and vision
18 health care providers;

19 “(cc) referrals to substance
20 use disorder treatment, including
21 recovery, treatment, 12-step pro-
22 grams, relapse prevention, or
23 medication-assisted treatment;

24 “(dd) assistance relating to
25 enrollment in the Medicare or

1 Medicaid programs under titles
2 XVIII and XIX of the Social Se-
3 curity Act (42 U.S.C. 1395 et
4 seq., 1396 et seq.), respectively,
5 and referrals to other services,
6 including—

7 “(AA) the supplemental
8 nutrition assistance program
9 under the Food and Nutri-
10 tion Act of 2008 (7 U.S.C.
11 2011 et seq.) (commonly
12 known as the ‘SNAP Pro-
13 gram’); and

14 “(BB) the program of
15 block grants for States for
16 temporary assistance for
17 needy families established
18 under part A of title IV of
19 the Social Security Act (42
20 U.S.C. 601 et seq.) (com-
21 monly known as the ‘TANF
22 Program’);

23 “(ee) advising on eligibility
24 for the family self-sufficiency
25 program established, credit coun-

1 seling, and housing counseling
2 programs;

3 “(ff) referrals to education
4 services, including general edu-
5 cational development (commonly
6 known as ‘GED’) preparation
7 and testing, enrollment in post-
8 secondary education programs,
9 and credit recovery; and

10 “(gg) facilitation of trans-
11 portation assistance to any of the
12 supportive services described in
13 this subparagraph.

14 “(iv) ELIGIBILITY OF PRIVATE NON-
15 PROFIT ORGANIZATIONS AND FAITH-BASED
16 ORGANIZATIONS.—

17 “(I) DEFINITIONS.—In this
18 clause, the terms ‘eligible entity’ and
19 ‘private nonprofit organization’ have
20 the meanings given those terms in
21 section 401 of the McKinney-Vento
22 Homeless Assistance Act (42 U.S.C.
23 11360).

24 “(II) ELIGIBILITY.—Notwith-
25 standing any other provision of law—

1 “(aa) the Secretary shall
2 provide that private nonprofit or-
3 ganizations that are eligible enti-
4 ties, including faith-based private
5 nonprofit organizations that are
6 eligible entities, shall be eligible
7 to—

8 “(AA) provide services
9 described in clause (iii); and

10 “(BB) receive amounts
11 made available to carry out
12 clause (iii); and

13 “(bb) in determining eligi-
14 bility for amounts made available
15 to carry out clause (iii), the sta-
16 tus of an entity as faith-based or
17 the possibility that an entity may
18 be faith-based may not be a basis
19 for any discrimination against
20 such entity in any manner or for
21 any purpose.

22 “(v) ACCESS.—Services provided
23 under this subparagraph shall be available
24 to voucher recipients with low-to-no barrier
25 access.

1 “(vi) EVALUATION.—An eligible pub-
2 lic housing agency, public child welfare
3 agency, or continuum of care described in
4 clause (iii) shall evaluate each voucher re-
5 cipient for individual case management
6 needs under this subparagraph.

7 “(E) CAPACITY BUILDING.—

8 “(i) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There is authorized to be appro-
10 priated to the Secretary \$500,000,000 for
11 each of fiscal years 2022 and 2023 to pro-
12 vide funding for capacity building to eligi-
13 ble public housing agencies.

14 “(ii) FUNDING FORMULA.—Not later
15 than 45 days after the date of enactment
16 of this paragraph, the Secretary shall es-
17 tablish a formula for allocating the funding
18 authorized under clause (i) that takes into
19 account—

20 “(I) the ratio of individuals in
21 the State in which the eligible public
22 housing agency operates who are
23 homeless to the overall population of
24 the State;

1 “(II) the proportion of families in
2 each State with children experiencing
3 unsheltered homelessness, as reported
4 in the State’s most recent point-in-
5 time count, to the total number of
6 unsheltered homeless families in the
7 State as reported in the same point-
8 in-time count; and

9 “(III) the rate of unsheltered
10 homelessness in each State compared
11 to each other State, as reported in
12 each State’s most recent point-in-time
13 count.

14 “(iii) DISBURSEMENT.—Not later
15 than 30 days after an eligible public hous-
16 ing agency submits an acceptable state-
17 ment under subparagraph (A)(iv)(III), the
18 Secretary shall disburse amounts author-
19 ized under clause (i) of this subparagraph
20 in accordance with the formula established
21 under clause (ii) of this subparagraph.

22 “(iv) MINIMUM AND MAXIMUM ALLO-
23 CATION.—The Secretary shall ensure
24 that—

1 “(I) each eligible public housing
2 agency does not receive more than 10
3 percent of the amount authorized
4 under clause (i); and

5 “(II) each State in which an eli-
6 gible public housing agency receives
7 funds under clause (i) does not receive
8 more than 25 percent of the total
9 amount authorized under that clause.

10 “(v) ELIGIBLE ACTIVITIES.—A recipi-
11 ent of funds authorized under clause (i)
12 may only use the funds for—

13 “(I) hiring and personnel needs,
14 such as case managers and housing
15 placement advisory;

16 “(II) physical infrastructure—

17 “(aa) including increased of-
18 fice space or facilities for the pro-
19 vision of supportive services; and

20 “(bb) not including residen-
21 tial housing;

22 “(III) technological infrastruc-
23 ture needs, including upgrades to the
24 HMIS; and

1 “(IV) any other capacity-related
2 investments that are necessary for the
3 public housing agency to—

4 “(aa) develop, acquire, or re-
5 habilitate housing that is afford-
6 able to extremely low-income
7 families, to be made available to
8 people experiencing homelessness;
9 or

10 “(bb) support the successful
11 administration of the vouchers
12 under this paragraph.

13 “(vi) REQUIREMENT FOR EXPENDI-
14 TURE OF FUNDS.—Each eligible public
15 housing agency that receives funds under
16 clause (i) shall expend not less than 60
17 percent of the funding during the 2-year
18 period following receipt of the funding.

19 “(F) STATE ACCOUNTABILITY.—

20 “(i) IN GENERAL.—Each eligible pub-
21 lic housing agency providing assistance
22 under this paragraph shall—

23 “(I) on a monthly basis, report
24 caseload and voucher administration

1 statistics to the State in which the
2 agency operates; and

3 “(II) twice annually, submit to
4 the State in which the agency oper-
5 ates a report on the progress toward
6 issuing a voucher under this para-
7 graph to all eligible recipients, based
8 on—

9 “(aa) the percentage reduc-
10 tion in the number of families
11 with children and youth that are
12 experiencing homelessness in the
13 area in which the agency care op-
14 erates, as determined by com-
15 paring the most recent point-in-
16 time count with the point-in-time
17 count conducted 1 year prior;
18 and

19 “(bb) the percentage reduc-
20 tion in the number of children
21 experiencing homelessness in the
22 State, as documented under the
23 requirements of the program au-
24 thorized under subtitle B of title
25 VII of the McKinney-Vento

1 Homeless Assistance Act (42
2 U.S.C. 11431 et seq.).

3 “(ii) BENCHMARKS.—Each year, each
4 State shall meet the benchmarks described
5 in this clause, based equally on the per-
6 centage reduction in reported population of
7 children and families experiencing home-
8 lessness in the following year’s point-in-
9 time count and the percentage reduction in
10 population of students experiencing home-
11 lessness:

12 “(I) ANNUAL REPORT.—Each
13 State shall submit an annual report to
14 the Secretary that contains—

15 “(aa) data collected from
16 schools pursuant to the program
17 authorized under subtitle B of
18 title VII of the McKinney-Vento
19 Homeless Assistance Act (42
20 U.S.C. 11431 et seq.), including
21 the number of students—

22 “(AA) experiencing
23 unsheltered homelessness;

24 “(BB) living in shel-
25 ters;

1 “(CC) living in motels,
2 hotels, or campgrounds;

3 “(DD) living in a car or
4 other motor vehicle; or

5 “(EE) sharing the
6 housing of other persons due
7 to loss of housing, economic
8 hardship, or similar rea-
9 soning; and

10 “(bb) the information re-
11 ceived from each public housing
12 agency in the State under clause
13 (i)(II).

14 “(II) ISSUANCE OF VOUCHERS
15 FOR SMALLER STATES.—Each State
16 with a rate of homelessness that is
17 not higher than 10 people per 10,000
18 shall—

19 “(aa) not later than 2 years
20 after the end of the capacity-
21 building period—

22 “(AA) issue vouchers
23 under this paragraph to not
24 less than 50 percent of the
25 population of people experi-

1 encing homelessness in the
2 State, using data from the
3 most recent point-in-time
4 count; and

5 “(BB) to the greatest
6 extent possible, prioritize the
7 issuance of those vouchers
8 to eligible youth and fami-
9 lies;

10 “(bb) not later than 3 years
11 after the end of the capacity-
12 building period—

13 “(AA) issue vouchers
14 under this paragraph to not
15 less than 70 percent of the
16 population of people experi-
17 encing homelessness in the
18 State, using data from the
19 most recent point-in-time
20 count; and

21 “(BB) to the greatest
22 extent possible, prioritize the
23 issuance of those vouchers
24 to eligible youth and fami-
25 lies; and

1 “(cc) not later than 4 years
2 after the end of the capacity-
3 building period, issue vouchers
4 under this paragraph to all peo-
5 ple experiencing homelessness in
6 the State.

7 “(III) ISSUANCE OF VOUCHERS
8 FOR LARGER STATES.—Each State
9 with a rate of homelessness that is
10 higher than 10 people per 10,000
11 shall—

12 “(aa) not later than 2 years
13 after the end of the capacity-
14 building period—

15 “(AA) issue vouchers
16 under this paragraph to not
17 less than 40 percent of the
18 population of people experi-
19 encing homelessness in the
20 State, using data from the
21 most recent point-in-time
22 count; and

23 “(BB) to the greatest
24 extent possible, prioritize the
25 issuance of those vouchers

1 to eligible youth and fami-
2 lies;

3 “(bb) not later than 3 years
4 after the end of the capacity-
5 building period—

6 “(AA) issue vouchers
7 under this paragraph to not
8 less than 60 percent of the
9 population of people experi-
10 encing homelessness in the
11 State, using data from the
12 most recent point-in-time
13 count; and

14 “(BB) to the greatest
15 extent possible, prioritize the
16 issuance of those vouchers
17 to eligible youth and fami-
18 lies; and

19 “(cc) not later than 4 years
20 after the end of the capacity-
21 building period, issue vouchers
22 under this paragraph to all peo-
23 ple experiencing homelessness in
24 the State.

25 “(iii) PENALTIES.—

1 “(I) WARNING.—Except as pro-
2 vided in clause (v), if a State does not
3 meet the applicable benchmarks de-
4 scribed in clause (ii), the Secretary
5 shall publicly warn the State of the
6 failure of the State to meet the bench-
7 mark and remind the State of the ap-
8 plicable penalties.

9 “(II) REDUCTION IN FEDERAL
10 HIGHWAY FUNDS.—If a State does
11 not meet the applicable benchmarks
12 described in clause (ii)—

13 “(aa) by the date that is
14 180 days after the warning by
15 the Secretary under subclause (I)
16 of this clause, the Federal share
17 payable for Federal-aid highway
18 projects under section 120 of
19 title 23, United States Code,
20 shall be reduced by 5 percent; or

21 “(bb) by the date that is
22 180 days after a reduction made
23 under item (aa) of this subclause,
24 the Federal share payable for
25 Federal-aid highway projects

1 under section 120 of title 23,
2 United States Code, shall be fur-
3 ther reduced by 5 percent.

4 “(iv) CONDITION ON COMPLIANCE.—
5 Beginning in the first Notice of Funding
6 Availability cycle beginning after the date
7 of enactment of this paragraph, and every
8 Notice of Funding Availability cycle there-
9 after, the Secretary shall condition the
10 awarding of all funding for vouchers under
11 this paragraph by the Secretary to a public
12 housing authority in a State on that
13 State’s compliance with the benchmarks
14 described in clause (ii).

15 “(v) UNEMPLOYMENT RATE.—If the
16 quarterly unemployment rate of the popu-
17 lation of a State is not less than 6 per-
18 cent—

19 “(I) the State shall not be penal-
20 ized under clause (iii) for failure to
21 meet the benchmarks described in
22 clause (ii); and

23 “(II) the State shall be required
24 to meet the benchmarks described in
25 clause (ii) not later than 180 days

1 after the date on which the quarterly
2 unemployment rate descends beneath
3 6 percent.

4 “(G) ADMINISTRATIVE NEEDS OF HUD.—

5 “(i) AUTHORIZATION OF APPROPRIA-
6 TIONS.—There is authorized to be appro-
7 priated \$15,000,000 for each of fiscal
8 years 2022 through 2026 to the Secretary
9 for the administrative needs of the Depart-
10 ment of Housing and Urban Development
11 and regional offices of the Department in
12 carrying out the voucher program under
13 this paragraph.

14 “(ii) PROHIBITION.—None of the
15 funds made available under this subpara-
16 graph may be used to provide raises or bo-
17 nuses to any employee of the Department
18 of Housing and Urban Development in an
19 amount that is more than 10 percent of
20 the annual gross salary of the employee.”.

21 **SEC. 112. LAND ACQUISITION AND CONSTRUCTION.**

22 (a) DEFINITIONS.—In this section—

23 (1) the term “at risk of homelessness” has the
24 meaning given the term in section 401(1) of the
25 McKinney-Vento Homeless Assistance Act (42

1 U.S.C. 11360), except that “50 percent” shall be
2 substituted for “30 percent” in subparagraph (A) of
3 that section;

4 (2) the terms “extremely low-income” and
5 “very low-income” have the meanings given those
6 terms in section 1303 of the Federal Housing Enter-
7 prises Financial Safety and Soundness Act of 1992
8 (12 U.S.C. 4502);

9 (3) the term “homeless” means an individual or
10 family who is—

11 (A) living in a place not meant for human
12 habitation or in an emergency shelter;

13 (B) living in transitional housing for home-
14 less persons and was homeless before entering
15 transitional housing or an emergency shelter;

16 (C) fleeing domestic violence; or

17 (D) at risk of homelessness; and

18 (4) the term “Secretary” means the Secretary
19 of Housing and Urban Development.

20 (b) AUTHORIZATIONS OF APPROPRIATIONS.—

21 (1) IN GENERAL.—There is authorized to be
22 appropriated to the Housing Trust Fund established
23 under section 1338 of the Federal Housing Enter-
24 prises Financial Safety and Soundness Act of 1992
25 (12 U.S.C. 4568) \$10,000,000,000 for each of fiscal

1 years 2022 through 2032 for allocation to States in
2 accordance with subsection (c) of such section 1338,
3 subject to subsections (c) through (f) of this section.

4 (2) ADMINISTRATIVE NEEDS OF STATES.—

5 (A) AUTHORIZATION OF APPROPRIA-
6 TIONS.—There is authorized to be appropriated
7 to the Secretary \$65,000,000 for each of fiscal
8 years 2022 through 2027 for the administrative
9 needs of States under this section, in accord-
10 ance with subparagraph (C).

11 (B) ALLOCATION.—Of amounts authorized
12 to be appropriated under subparagraph (A) for
13 each fiscal year—

14 (i) \$15,000,000 shall be allocated to
15 the Commonwealth of the Northern Mar-
16 iana Islands, Guam, American Samoa, and
17 the Virgin Islands; and

18 (ii) the remainder shall be allocated to
19 States pursuant to the formula established
20 under paragraph (21)(E)(ii) of section 8(o)
21 of the United States Housing Act of 1937
22 (42 U.S.C. 1437f(o)), as added by section
23 3 of this Act.

24 (C) ELIGIBLE ACTIVITIES.—A State that
25 receives funds authorized to be appropriated

1 under subparagraph (A) may only use the funds
2 for capacity-related investments that are nec-
3 essary for the State to successfully allocate
4 funds made available under paragraph (1) of
5 this subsection.

6 (D) PROHIBITION.—None of the funds
7 made available under this paragraph may be
8 used to provide raises or bonuses to any official
9 of the executive branch of a State.

10 (c) REVISION OF FUNDING FORMULA.—

11 (1) IN GENERAL.—Not later than 1 year after
12 the date of enactment of this Act, the Secretary
13 shall report to Congress proposed changes to the
14 funding formula under section 1338(c)(3) of the
15 Federal Housing Enterprises Financial Safety and
16 Soundness Act of 1992 (12 U.S.C. 4568(c)(3)) in
17 order to ensure that the funding formula takes into
18 account the economic status of the people of the
19 United States, including the economic impact of the
20 COVID–19 pandemic.

21 (2) CONTENTS.—The revised formula proposed
22 under paragraph (1) shall address the following con-
23 cerns:

24 (A) The COVID–19 pandemic and its im-
25 pacts on the economic security and housing sta-

1 bility of very low-income and extremely low-in-
2 come people of the United States.

3 (B) The impacts of differing vacancy rates
4 across various housing markets in the United
5 States.

6 (C) The rate of unsheltered homelessness
7 in various housing markets across the United
8 States.

9 (D) The impact of differing rates of pov-
10 erty and extreme poverty across various States.

11 (E) The gap between demand for and sup-
12 ply of rental units that are affordable and avail-
13 able to very low-income and extremely low-in-
14 come renters in a State.

15 (d) ELIGIBLE HOUSEHOLDS.—Housing that is as-
16 sisted using amounts made available under subsection (b)
17 may only be used for the benefit of very low-income or
18 extremely low-income households.

19 (e) ELIGIBLE ACTIVITIES.—A recipient of funds au-
20 thorized under subsection (b)—

21 (1) may only use the funds for land acquisition
22 and the acquisition, rehabilitation, or development of
23 rental housing that is affordable for very low-income
24 or extremely low-income households; and

1 (2) shall take all possible measures to expedite
2 construction of housing described in paragraph (1).

3 (f) PRIORITY FOR OCCUPANCY IN DWELLING
4 UNITS.—

5 (1) FIRST 2 FISCAL YEARS.—During the first 2
6 fiscal years for which amounts are made available to
7 carry out this section, the Secretary shall ensure
8 that priority for occupancy in a dwelling unit that
9 receives assistance under this section is given to a
10 homeless family or homeless youth.

11 (2) SUBSEQUENT 3 FISCAL YEARS.—During the
12 third, fourth, and fifth fiscal years for which
13 amounts are made available to carry out this section,
14 the Secretary shall ensure that priority for occu-
15 pancy in a dwelling unit that receives assistance
16 under this section is given to a homeless family or
17 homeless individual.

18 **SEC. 113. MODULAR CONSTRUCTION PILOT PROGRAM.**

19 (a) DEFINITIONS.—In this section:

20 (1) ELIGIBLE ENTITY.—The term “eligible enti-
21 ty” means a public housing agency, a tribally des-
22 ignated housing entity (as defined in section 4 of the
23 Native American Housing Assistance and Self De-
24 termination Act of 1996 (25 U.S.C. 4103)), a non-

1 profit entity, a company, a religious entity, or a unit
2 of local or Tribal government.

3 (2) MODULAR CONSTRUCTION.—The term
4 “modular construction” means the method of resi-
5 dential construction by which building modules are
6 constructed off of the future site of a building, then
7 brought together on the building site to form a larg-
8 er residential building, in an effort to reduce con-
9 struction costs.

10 (3) SECRETARY.—The term “Secretary” means
11 the Secretary of Housing and Urban Development.

12 (b) ESTABLISHMENT OF PROGRAM.—

13 (1) IN GENERAL.—The Secretary shall establish
14 a pilot program to provide grants to eligible entities
15 to promote the construction of affordable housing
16 using modular construction.

17 (2) AFFORDABILITY REQUIREMENT.—To be eli-
18 gible to receive a grant under paragraph (1), an eli-
19 gible entity shall be required to guarantee afford-
20 ability for a period of more than 20 years.

21 (3) PRIORITY.—In awarding grants under para-
22 graph (1), the Secretary shall give priority to an eli-
23 gible entity that fulfills not fewer than 2 of the fol-
24 lowing requirements:

25 (A) The eligible entity—

1 (i) will construct the housing in
2 groups of more than 50 units; or

3 (ii) provides confirmation from the ju-
4 risdiction with land use control over the
5 site proposed by the eligible entity that—

6 (I) construction will be completed
7 within 18 months; and

8 (II) the housing will be con-
9 structed in groups of more than 30
10 units.

11 (B) The eligible entity partners with a
12 public housing agency or unit of local govern-
13 ment that will issue rental assistance to resi-
14 dents of the affordable housing through vouch-
15 ers or grants.

16 (C) The eligible entity will provide sup-
17 portive services (as described in paragraph
18 (21)(D)(iii)(II) of section 8(o) of the United
19 States Housing Act of 1937 (42 U.S.C.
20 1437f(o)), as added by section 3 of this Act) to
21 residents at no charge, or has secured the pro-
22 vision of publicly or privately administered sup-
23 portive services (as so defined) to residents at
24 no charge.

1 (c) MATCHING REQUIREMENT.—The Federal share
2 of a project funded under this section shall be not more
3 than 75 percent of the cost of the project.

4 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated to the Secretary \$2,000,000
6 for each of fiscal years 2022 through 2027 to carry out
7 this section.

8 **SEC. 114. SUPPORTING PRO-HOUSING DEVELOPMENT.**

9 (a) DEFINITIONS.—In this section:

10 (1) DUPLEX.—The term “duplex” means a res-
11 idential building divided into 2 units, each of which
12 has a separate entrance.

13 (2) ELIGIBLE ACTIVITY.—The term “eligible
14 activity” means an activity authorized under section
15 105(a) of the Housing and Community Development
16 Act of 1974 (42 U.S.C. 5305(a)).

17 (3) ELIGIBLE ENTITY.—The term “eligible enti-
18 ty” means a jurisdiction that adopts a zoning and
19 community planning method described in subsection
20 (d)(4) after the date of enactment of this Act.

21 (4) FLOOR AREA RATIO.—The term “floor area
22 ratio” means the measurement of the floor area of
23 a building in relation to the size of the unit of land
24 on which the building is located.

1 (5) JURISDICTION.—The term “jurisdiction”
2 has the meaning given the term in section 91.5 of
3 title 24, Code of Federal Regulations, or any suc-
4 cessor regulation.

5 (6) LOW-INCOME.—The term “low-income” has
6 the meaning given the term in section 1303 of the
7 Federal Housing Enterprises Financial Safety and
8 Soundness Act of 1992 (12 U.S.C. 4502).

9 (7) MIXED-USE HOUSING.—The term “mixed
10 use housing” means a building with—

11 (A) retail or other business, public service,
12 or nonprofit establishments at the ground level
13 or a lower level; and

14 (B) not less than 1 story of residential
15 units above the establishments described in sub-
16 paragraph (A).

17 (8) QUADPLEX.—The term “quadplex” means a
18 residential building divided into 4 units, each of
19 which has a separate entrance.

20 (9) SECRETARY.—The term “Secretary” means
21 the Secretary of Housing and Urban Development.

22 (10) TRIPLEX.—The term “triplex” means a
23 residential building divided into 3 units, each of
24 which has a separate entrance.

1 (11) MULTIFAMILY HOUSING.—The term “mul-
2 tifamily housing”—

3 (A) means housing accommodations that—

4 (i) are designed principally for resi-
5 dential use;

6 (ii) conform to standards satisfactory
7 to the Secretary; and

8 (iii) consist of not less than 5 rental
9 units on a site; and

10 (B) includes units that are detached,
11 semidetached, row house, or multifamily struc-
12 tures.

13 (b) ZONING INFORMATION REPORTING REQUIRE-
14 MENT.—

15 (1) IN GENERAL.—The Secretary shall require
16 a jurisdiction that receives, directly or indirectly, any
17 funding from the Secretary to submit to the Sec-
18 retary a report containing information about the
19 zoning and community planning methods of the ju-
20 risdiction, unless the jurisdiction already reports
21 such information.

22 (2) ADDITIONAL INFORMATION.—Upon receiv-
23 ing a report described in paragraph (1) from a juris-
24 diction, the Secretary may request additional infor-
25 mation, at the discretion of the Secretary.

1 (c) PROHIBITED ZONING METHODS.—

2 (1) IN GENERAL.—On and after the date that
3 is 180 days after the date of enactment of this Act,
4 a jurisdiction that uses a zoning and community
5 planning method described in paragraph (2) may not
6 receive, directly or indirectly, amounts from a grant
7 awarded under subsection (d).

8 (2) PROHIBITED METHODS.—The methods re-
9 ferred to in paragraph (1) are the following:

10 (A) Prohibiting or discouraging duplexes in
11 areas zoned for single-family homes.

12 (B) Prohibiting or discouraging single-
13 room occupancy development in areas zoned for
14 multifamily homes.

15 (C) In areas within one half-mile of a
16 multimodal transit stop, maintaining require-
17 ments of more than 1 parking spot for a resi-
18 dent's car per residential unit.

19 (D) Prohibiting or discouraging accessory
20 dwelling units (commonly known as an “ADU”
21 or “granny flat”) on the premises of single-fam-
22 ily homes.

23 (E) Prohibiting or discouraging the conver-
24 sion of commercial property into residential
25 property.

1 (F) Prohibiting or discouraging the devel-
2 opment of multifamily housing or mixed-use
3 housing in commercial areas.

4 (3) EXCEPTION.—A jurisdiction shall not be pe-
5 nalized under paragraph (1) based on the use of a
6 zoning and community planning method described in
7 paragraph (2) over which the jurisdiction does not
8 have control.

9 (d) GRANT PROGRAM.—

10 (1) ESTABLISHMENT.—The Secretary shall es-
11 tablish a program under which the Secretary awards
12 competitive grants to eligible entities to use for eligi-
13 ble activities.

14 (2) PRIORITY.—In awarding grants under para-
15 graph (1), the Secretary—

16 (A) shall give priority to an eligible entity
17 that adopt more than 1 of the zoning and com-
18 munity planning methods described in para-
19 graph (4); and

20 (B) in giving priority to an eligible entity
21 under subparagraph (A) of this paragraph,
22 shall base the degree of priority given on the
23 number of such methods that the eligible entity
24 has adopted, relative to the number of such

1 methods that each other eligible entity has
2 adopted.

3 (3) AMOUNT OF GRANT.—

4 (A) IN GENERAL.—The amount of a grant
5 awarded to an eligible entity under paragraph
6 (1) shall be not less than—

7 (i) \$5,000,000 for an eligible entity
8 with a population of less than 80,000;

9 (ii) \$20,000,000 for an eligible entity
10 with a population of less than 100,000;

11 (iii) \$40,000,000 for an eligible entity
12 with a population of less than 500,000;

13 (iv) \$100,000,000 for an eligible enti-
14 ty with a population of less than
15 1,000,000; and

16 (v) \$125,000,000 for an eligible entity
17 with a population of not less than
18 1,000,000.

19 (B) POPULATION CALCULATION.—The
20 Secretary shall calculate the population of an
21 eligible entity for purposes of subparagraph (A)
22 using the most recently available data from the
23 Bureau of the Census.

24 (4) ENCOURAGED ZONING AND COMMUNITY
25 PLANNING METHODS.—The zoning and community

1 planning methods described in this paragraph are
2 the following:

3 (A) Allowing—

4 (i) duplexes, triplexes, and quadplexes,
5 or other multifamily housing, in areas
6 zoned for single-family homes;

7 (ii) the subdivision of existing single-
8 family homes into multiple units; and

9 (iii) waivers to permitting or zoning
10 requirements to incentivize the construc-
11 tion of—

12 (I) accessory dwelling units;

13 (II) additions to existing single-
14 family homes to create duplexes,
15 triplexes, or quadplexes; or

16 (III) other additions that do not
17 require demolition of an existing home
18 on a given unit of land.

19 (B) Incentivizing the development of sin-
20 gle-room occupancy multifamily housing and ac-
21 cessory dwelling units through expedited per-
22 mitting, reduced fees, or other incentives.

23 (C) Not imposing a minimum lot size or
24 minimum unit square-foot requirements.

1 (D) Incentivizing the development of com-
2 mercial property into residential housing.

3 (E) Eliminating or lowering requirements
4 for per-unit parking spots.

5 (F) Allowing increased floor area ratios.

6 (G) Eliminating or raising height limits on
7 development to encourage building vertically
8 rather than horizontally.

9 (H) Waiving or eliminating fees or permits
10 for development in exchange for the develop-
11 ment of a larger number of units that are af-
12 fordable to low-income people.

13 (5) REGULATIONS.—The Secretary may pro-
14 mulgate any regulations necessary to carry out this
15 subsection.

16 (6) AUTHORIZATION OF APPROPRIATIONS.—
17 There are authorized to be appropriated to carry out
18 this subsection \$4,000,000,000 for each of fiscal
19 years 2022 through 2027.

20 **SEC. 115. PERMANENT AUTHORIZATION OF APPROPRIA-**
21 **TIONS FOR MCKINNEY-VENTO HOMELESS AS-**
22 **SISTANCE ACT GRANTS.**

23 Section 408 of the McKinney-Vento Homeless Assist-
24 ance Act (42 U.S.C. 11364) is amended to read as follows:

1 **“SEC. 408. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this title such sums as may be necessary for each fiscal
4 year.”.

5 **Subtitle B—Rural Housing**
6 **Assistance**

7 **SEC. 121. RURAL HOUSING REINVESTMENT.**

8 (a) DEFINITIONS.—In this section:

9 (1) BROAD-BASED NONPROFIT ORGANIZA-
10 TION.—The term “broad-based nonprofit organiza-
11 tion” means a nonprofit organization that has a
12 membership that reflects a variety of interests in the
13 area in which housing assisted under this section
14 will be located.

15 (2) COVERED PROGRAM.—The term “covered
16 program” means—

17 (A) the Very Low-Income Housing Repair
18 Loans and Grants Program under section 504
19 of the Housing Act of 1949 (42 U.S.C. 1474);

20 (B) the Farm Labor Housing loan pro-
21 gram under section 514 of the Housing Act of
22 1949 (42 U.S.C. 1484);

23 (C) the Rural Rental Housing Loan pro-
24 gram under section 515 of the Housing Act of
25 1949 (42 U.S.C. 1485);

1 (D) the Farm Labor Housing grant pro-
2 gram under section 516 of the Housing Act of
3 1949 (42 U.S.C. 1486); and

4 (E) the Rural Rental Assistance program
5 under section 521 of the Housing Act of 1949
6 (42 U.S.C. 1490a).

7 (3) DOMESTIC FARM LABORER.—The term “do-
8 mestic farm laborer” means an individual who re-
9 ceives a substantial portion of the individual’s in-
10 come from the primary production of processed or
11 unprocessed agricultural or aquacultural commod-
12 ities or other farm labor employment.

13 (4) ELIGIBLE ENTITY.—The term “eligible enti-
14 ty” means—

15 (A) a broad-based nonprofit organization;

16 (B) a nonprofit organization with experi-
17 ence in developing affordable housing, rural
18 housing, or housing for domestic farm laborers;

19 (C) a nonprofit organization of domestic
20 farm laborers;

21 (D) a federally recognized Indian Tribe;

22 (E) a community organization;

23 (F) an agency of a State or of a political
24 subdivision of a State; or

1 (G) a limited partnership with a nonprofit
2 general partner.

3 (5) GREEN BUILDING CERTIFICATION.—The
4 term “green building certification” means—

5 (A) a certification from the Residential
6 New Construction Program of the Energy Star
7 program established by section 324A of the En-
8 ergy Policy and Conservation Act (42 U.S.C.
9 6294a);

10 (B) a certification from the Zero Energy
11 Ready Home program of the Department of
12 Energy; and

13 (C) a certification or accreditation that is
14 substantially similar to a certification described
15 in subparagraph (A) or (B) that requires the
16 housing project to be at least 10 percent more
17 efficient than homes built to the building code
18 standards of the applicable State.

19 (6) LOW-INCOME.—The term “low-income” has
20 the meaning given the term in section 1303 of the
21 Federal Housing Enterprises Financial Safety and
22 Soundness Act of 1992 (12 U.S.C. 4502).

23 (7) SECRETARY.—The term “Secretary” means
24 the Secretary of Agriculture.

25 (b) ASSISTANCE.—

1 (1) LOANS AND GRANTS.—

2 (A) IN GENERAL.—The Secretary shall
3 award additional loans and grants, including
4 zero percent-interest loans, under the covered
5 programs to eligible entities that construct or
6 preserve off-farm affordable housing, including
7 multifamily housing, for domestic farm laborers
8 or multifamily housing for low-income individ-
9 uals living in rural areas to increase and pre-
10 serve the supply of available and affordable
11 rental housing for—

12 (i) low-income individuals living in
13 rural areas; and

14 (ii) domestic farm laborers.

15 (B) TIMELINE.—

16 (i) NOTICE OF FUNDING AVAIL-
17 ABILITY.—Not later than 180 days after
18 the date of enactment of this Act, the Sec-
19 retary shall publish a notice of funding
20 availability to solicit applications for loans
21 and grants to be awarded under subpara-
22 graph (A).

23 (ii) AWARDS.—Not later than 1 year
24 after the date of enactment of this Act, the
25 Secretary shall award loans and grants, in-

1 cluding zero-percent interest loans, to eligi-
2 ble entities under subparagraph (A).

3 (C) LOCAL CONTRIBUTION FOR GRANTS.—

4 (i) IN GENERAL.—An eligible entity
5 that receives a grant under this section
6 shall contribute not less than 10 percent of
7 the total project cost from sources other
8 than the grant.

9 (ii) TIMING OF AVAILABILITY.—An el-
10 igible entity may not receive a grant under
11 this section unless the funds required
12 under clause (i) are available to the eligible
13 entity as of the date on which the grant is
14 awarded.

15 (iii) SOURCES.—An eligible entity may
16 use amounts from a loan financed by the
17 Rural Housing Service or the Federal
18 Housing Administration to satisfy the re-
19 quirement under clause (i).

20 (2) RENTAL ASSISTANCE FOR OFF-FARM AF-
21 FORDABLE HOUSING AND MULTIFAMILY HOUSING.—

22 (A) IN GENERAL.—In addition to loans
23 and grants under paragraph (1), the Secretary,
24 acting through the Under Secretary for Rural

1 Development, shall provide rental assistance
2 to—

3 (i) owners of off-farm affordable hous-
4 ing for domestic farm laborers that is as-
5 sisted by a loan or grant under paragraph
6 (1); and

7 (ii) owners of affordable multifamily
8 housing for low-income individuals living in
9 rural areas that is assisted by a loan or
10 grant under paragraph (1).

11 (B) AMOUNT OF RENT.—In providing rent-
12 al assistance under subparagraph (A), the Sec-
13 retary shall make assistance payments to the
14 owners of housing described in that subpara-
15 graph in order to make available to low-income
16 occupants of such housing rentals at rates com-
17 mensurate to income and not exceeding the
18 highest of—

19 (i) 30 percent of adjusted income (as
20 defined in section 3(b)(5) of the United
21 States Housing Act of 1937 (42 U.S.C.
22 1437a(b)(5)), except that the amount shall
23 be calculated on a monthly basis);

24 (ii) 10 percent of monthly income; or

1 (iii) if the person or family is receiv-
2 ing payments for welfare assistance from a
3 public agency, the portion (if any) of the
4 payments that is specifically designated by
5 the agency to meet the housing costs of the
6 person or family.

7 (C) CAP ON RENT INCREASES.—The rent
8 or contribution to rent paid by any recipient of
9 assistance under this paragraph shall not in-
10 crease as a result of this section or any other
11 provision of Federal law or regulation by more
12 than 10 percent during any 12-month period,
13 unless the increase above 10 percent is attrib-
14 utable to increases in income that are unrelated
15 to this subsection or the other provision of Fed-
16 eral law or regulation.

17 (D) AMOUNT OF ASSISTANCE.—The
18 amount of an assistance payment made on be-
19 half of a tenant under this paragraph shall be
20 equal to the difference between—

21 (i) the monthly contribution of the
22 tenant, which shall be the applicable
23 amount under subparagraph (B); and

24 (ii) the fair market rental for the ju-
25 risdiction in which the property is located,

1 as established by the Secretary under sec-
2 tion 8(c) of the United States Housing Act
3 of 1937 (42 U.S.C. 1437a(c)).

4 (E) REGULATIONS.—The Secretary may
5 promulgate any regulation that is necessary and
6 proper to carry out this paragraph.

7 (3) PRIORITY.—In awarding assistance for
8 farm labor housing and multi-family housing under
9 paragraphs (1) and (2), the Secretary shall give pri-
10 ority to an applicant seeking assistance for a hous-
11 ing project that—

12 (A) as determined by the Secretary, is en-
13 ergy efficient and generates energy, such as
14 through geo-exchange systems, ground-source
15 heat pumps, wind turbines, and solar energy
16 systems; or

17 (B) has a green building certification.

18 (c) FUNDING.—

19 (1) FARM LABOR HOUSING LOANS AND GRANTS
20 PROGRAMS.—There is authorized to be appropriated
21 to the Secretary \$78,000,000 for each of fiscal years
22 2022 through 2032 to award loans and grants under
23 subsection (b)(1)(A) through the Farm Labor Hous-
24 ing loan program and Farm Labor Housing grant

1 program under sections 514 and 516, respectively,
2 of the Housing Act of 1949 (42 U.S.C. 1484, 1486);

3 (2) RURAL RENTAL HOUSING LOAN PRO-
4 GRAM.—There is authorized to be appropriated to
5 the Secretary \$100,000,000 for each of fiscal years
6 2022 through 2032 to award loans under subsection
7 (b)(1)(A) through the Rural Rental Housing Loan
8 program under section 515 of the Housing Act of
9 1949 (42 U.S.C. 1485).

10 (3) RURAL RENTAL ASSISTANCE PROGRAM.—
11 There is authorized to be appropriated to the Sec-
12 retary \$2,500,000,000 for each of fiscal years 2022
13 through 2032 to award loans under subsection
14 (b)(1)(A) through the Rural Rental Assistance pro-
15 gram under section 521 of the Housing Act of 1949
16 (42 U.S.C. 1490a).

17 (4) RENTAL ASSISTANCE UNDER (B)(2) OF THIS
18 SECTION.—There is authorized to be appropriated to
19 the Secretary \$250,000,000 for each of fiscal years
20 2022 through 2032 for rental assistance payments
21 under subsection (b)(2).

22 **SEC. 122. PERMANENT ESTABLISHMENT OF HOUSING PRES-**
23 **ERVATION AND REVITALIZATION PROGRAM.**

24 Title V of the Housing Act of 1949 (42 U.S.C. 1471
25 et seq.) is amended by adding at the end the following:

1 **“SEC. 545. HOUSING PRESERVATION AND REVITALIZATION**
2 **PROGRAM.**

3 “(a) ESTABLISHMENT.—The Secretary shall carry
4 out a program under this section for the preservation and
5 revitalization of multifamily rental housing projects fi-
6 nanced under section 515 or both sections 514 and 516.

7 “(b) NOTICE OF MATURING LOANS.—

8 “(1) TO OWNERS.—On an annual basis, the
9 Secretary shall provide written notice to each owner
10 of a property financed under section 515 or both
11 sections 514 and 516 that will mature within the 4-
12 year period beginning upon the provision of such no-
13 tice, setting forth the options and financial incen-
14 tives that are available to facilitate the extension of
15 the loan term or the option to decouple a rental as-
16 sistance contract pursuant to subsection (f).

17 “(2) TO TENANTS.—

18 “(A) IN GENERAL.—For each property fi-
19 nanced under section 515 or both sections 514
20 and 516, not later than the date that is 2 years
21 before the date that such loan will mature, the
22 Secretary shall provide written notice to each
23 household residing in such property that in-
24 forms them of the date of the loan maturity,
25 the possible actions that may happen with re-
26 spect to the property upon such maturity, and

1 how to protect their right to reside in federally
2 assisted housing after such maturity.

3 “(B) LANGUAGE.—Notice under this para-
4 graph shall be provided in plain English and
5 shall be translated into other languages in the
6 case of any property located in an area in which
7 a significant number of residents speak such
8 other languages.

9 “(c) LOAN RESTRUCTURING.—Under the program
10 under this section, the Secretary may restructure such ex-
11 isting housing loans, as the Secretary considers appro-
12 priate, for the purpose of ensuring that such projects have
13 sufficient resources to preserve the projects to provide safe
14 and affordable housing for low-income residents and farm
15 laborers, by—

16 “(1) reducing or eliminating interest;

17 “(2) deferring loan payments;

18 “(3) subordinating, reducing, or reamortizing
19 loan debt; and

20 “(4) providing other financial assistance, in-
21 cluding advances, payments, and incentives (includ-
22 ing the ability of owners to obtain reasonable re-
23 turns on investment) required by the Secretary.

24 “(d) RENEWAL OF RENTAL ASSISTANCE.—When the
25 Secretary offers to restructure a loan pursuant to sub-

1 section (c), the Secretary shall offer to renew the rental
2 assistance contract under section 521(a)(2) for a 20-year
3 term that is subject to annual appropriations, provided
4 that the owner agrees to bring the property up to such
5 standards that will ensure its maintenance as decent, safe,
6 and sanitary housing for the full term of the rental assist-
7 ance contract.

8 “(e) RESTRICTIVE USE AGREEMENTS.—

9 “(1) REQUIREMENT.—As part of the preserva-
10 tion and revitalization agreement for a project, the
11 Secretary shall obtain a restrictive use agreement
12 that obligates the owner to operate the project in ac-
13 cordance with this title.

14 “(2) TERM.—

15 “(A) NO EXTENSION OF RENTAL ASSIST-
16 ANCE CONTRACT.—Except when the Secretary
17 enters into a 20-year extension of the rental as-
18 sistance contract for the project, the term of
19 the restrictive use agreement for the project
20 shall be consistent with the term of the restruc-
21 tured loan for the project.

22 “(B) EXTENSION OF RENTAL ASSISTANCE
23 CONTRACT.—If the Secretary enters into a 20-
24 year extension of the rental assistance contract

1 for a project, the term of the restrictive use
2 agreement for the project shall be for 20 years.

3 “(C) TERMINATION.—The Secretary may
4 terminate the 20-year use restrictive use agree-
5 ment for a project prior to the end of its term
6 if the 20-year rental assistance contract for the
7 project with the owner is terminated at any
8 time for reasons outside the owner’s control.

9 “(f) DECOUPLING OF RENTAL ASSISTANCE.—

10 “(1) RENEWAL OF RENTAL ASSISTANCE CON-
11 TRACT.—If the Secretary determines that a matur-
12 ing loan for a project cannot reasonably be restruc-
13 tured in accordance with subsection (c) and the
14 project was operating with rental assistance under
15 section 521, the Secretary may renew the rental as-
16 sistance contract, notwithstanding any provision of
17 section 521, for a term, subject to annual appropria-
18 tions, of at least 10 years but not more than 20
19 years.

20 “(2) RENTS.—Any agreement to extend the
21 term of the rental assistance contract under section
22 521 for a project shall obligate the owner to con-
23 tinue to maintain the project as decent, safe, and
24 sanitary housing and to operate the development in

1 accordance with this title, except that rents shall be
2 based on the lesser of—

3 “(A) the budget-based needs of the project;

4 or

5 “(B) (the operating cost adjustment factor
6 as a payment standard as provided under sec-
7 tion 524 of the Multifamily Assisted Housing
8 Reform and Affordability Act of 1997 (42
9 U.S.C. 1437 note).

10 “(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL
11 ASSISTANCE.—Under the program under this section, the
12 Secretary may provide grants to qualified nonprofit orga-
13 nizations and public housing agencies to provide technical
14 assistance, including financial and legal services, to bor-
15 rowers under loans under this title for multifamily housing
16 to facilitate the acquisition of such multifamily housing
17 properties in areas where the Secretary determines there
18 is a risk of loss of affordable housing.

19 “(h) TRANSFER OF RENTAL ASSISTANCE.—After the
20 loan or loans for a rental project originally financed under
21 section 515 or both sections 514 and 516 have matured
22 or have been prepaid and the owner has chosen not to
23 restructure the loan pursuant to subsection (c), a tenant
24 residing in such project shall have 18 months prior to loan
25 maturation or prepayment to transfer the rental assist-

1 ance assigned to the tenant’s unit to another rental project
2 originally financed under section 515 or both sections 514
3 and 516, and the owner of the initial project may rent
4 the tenant’s previous unit to a new tenant without income
5 restrictions.

6 “(i) ADMINISTRATIVE EXPENSES.—Of any amounts
7 made available for the program under this section for any
8 fiscal year, the Secretary may use not more than
9 \$1,000,000 for administrative expenses for carrying out
10 such program.

11 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized to be appropriated for the program under
13 this section \$200,000,000 for each of fiscal years 2022
14 through 2027.”.

15 **SEC. 123. ELIGIBILITY FOR RURAL HOUSING VOUCHERS.**

16 Section 542 of the Housing Act of 1949 (42 U.S.C.
17 1490r) is amended by adding at the end the following:

18 “(c) ELIGIBILITY OF HOUSEHOLDS IN SECTION 514,
19 515, AND 516 PROJECTS.—The Secretary may provide
20 rural housing vouchers under this section for any low-in-
21 come household (including those not receiving rental as-
22 sistance) residing in a property financed with a loan made
23 or insured under section 514 or 515 (42 U.S.C. 1484,
24 1485) which has been prepaid, has been foreclosed, or has
25 matured after September 30, 2005, or residing in a prop-

1 erty assisted under section 514 or 516 that is owned by
2 a nonprofit organization or public agency.”.

3 **SEC. 124. AMOUNT OF VOUCHER ASSISTANCE.**

4 Notwithstanding any other provision of law, in the
5 case of any rural housing voucher provided pursuant to
6 section 542 of the Housing Act of 1949 (42 U.S.C.
7 1490r), the amount of the monthly assistance payment for
8 the household on whose behalf such assistance is provided
9 shall be determined as provided in subsection (a) of such
10 section 542.

11 **SEC. 125. USE OF AVAILABLE RENTAL ASSISTANCE.**

12 Section 521(d) of the Housing Act of 1949 (42
13 U.S.C. 1490a(d)) is amended by adding at the end the
14 following:

15 “(3) In the case of any rental assistance contract au-
16 thority that becomes available because of the termination
17 of assistance on behalf of an assisted family—

18 “(A) at the option of the owner of the rental
19 project, the Secretary shall provide the owner a pe-
20 riod of 6 months before such assistance is made
21 available pursuant to subparagraph (B) during
22 which the owner may use such assistance authority
23 to provide assistance on behalf of an eligible unas-
24 sisted family that—

1 “(i) is residing in the same rental project
2 that the assisted family resided in prior to such
3 termination; or

4 “(ii) newly occupies a dwelling unit in such
5 rental project during such period; and

6 “(B) except for assistance used as provided in
7 subparagraph (A), the Secretary shall use such re-
8 maining authority to provide such assistance on be-
9 half of eligible families residing in other rental
10 projects originally financed under section 515 or
11 both sections 514 and 516.”.

12 **SEC. 126. FUNDING FOR MULTIFAMILY TECHNICAL IM-**
13 **PROVEMENTS.**

14 There is authorized to be appropriated to the Sec-
15 retary of Agriculture \$50,000,000 for fiscal year 2022 for
16 improving the technology of the Department of Agri-
17 culture used to process loans for multifamily housing and
18 otherwise managing such housing. Such improvements
19 shall be made within the 5-year period beginning upon the
20 appropriation of such amounts and such amount shall re-
21 main available until the expiration of such 5-year period.

22 **SEC. 127. PLAN FOR PRESERVING AFFORDABILITY OF**
23 **RENTAL PROJECTS.**

24 (a) PLAN.—Not later than 180 days after the date
25 of enactment of this Act, the Secretary of Agriculture (in

1 this section referred to as the “Secretary”) shall submit
2 a written plan to Congress for preserving the affordability
3 for low-income families of rental projects for which loans
4 were made under section 515 of the Housing Act of 1949
5 (42 U.S.C. 1485) or made to nonprofit or public agencies
6 under section 514 of that Act (42 U.S.C. 1484) and avoid-
7 ing the displacement of tenant households, which shall—

8 (1) set forth specific performance goals and
9 measures;

10 (2) set forth the specific actions and mecha-
11 nisms by which such goals will be achieved;

12 (3) set forth specific measurements by which
13 progress towards achievement of each goal can be
14 measured;

15 (4) provide for detailed reporting on outcomes;
16 and

17 (5) include any legislative recommendations to
18 assist in achievement of the goals under the plan.

19 (b) ADVISORY COMMITTEE.—

20 (1) ESTABLISHMENT; PURPOSE.—The Sec-
21 retary shall establish an advisory committee whose
22 purpose shall be to assist the Secretary—

23 (A) in preserving properties assisted under
24 section 514 or 515 of the Housing Act of 1949
25 (42 U.S.C. 1484, 1485) that are owned by non-

1 profit or public agencies through the multi-
2 family housing preservation and revitalization
3 program under section 545 of that Act (as
4 added by this subtitle); and

5 (B) implementing the plan required under
6 subsection (a) of this section.

7 (2) MEMBER.—The advisory committee shall
8 consist of 14 members, appointed by the Secretary,
9 as follows:

10 (A) A State Director of Rural Develop-
11 ment for the Department of Agriculture.

12 (B) The Administrator for Rural Housing
13 Service of the Department of Agriculture.

14 (C) Two representatives of for-profit devel-
15 opers or owners of multifamily rural rental
16 housing.

17 (D) Two representatives of nonprofit devel-
18 opers or owners of multifamily rural rental
19 housing.

20 (E) Two representatives of State housing
21 finance agencies.

22 (F) Two representatives of tenants of mul-
23 tifamily rural rental housing.

24 (G) One representative of a community de-
25 velopment financial institution that is involved

1 in preserving the affordability of housing as-
2 sisted under sections 514, 515, and 516 of the
3 Housing Act of 1949 (42 U.S.C. 1484, 1485,
4 1486).

5 (H) One representative of a nonprofit or-
6 ganization that operates nationally and has ac-
7 tively participated in the preservation of hous-
8 ing assisted by the Rural Housing Service by
9 conducting research regarding, and providing fi-
10 nancing and technical assistance for, preserving
11 the affordability of such housing.

12 (I) One representative of low-income hous-
13 ing tax credit investors.

14 (J) One representative of regulated finan-
15 cial institutions that finance affordable multi-
16 family rural rental housing developments.

17 (3) MEETINGS.—The advisory committee shall
18 meet not less often than once each calendar quarter.

19 (4) FUNCTIONS.—In providing assistance to the
20 Secretary to carry out its purpose, the advisory com-
21 mittee shall carry out the following functions:

22 (A) Assisting the Rural Housing Service of
23 the Department of Agriculture to improve esti-
24 mates of the size, scope, and condition of rental
25 housing portfolio of the Service, including the

1 time frames for maturity of mortgages and
2 costs for preserving the portfolio as affordable
3 housing.

4 (B) Reviewing current policies and proce-
5 dures of the Rural Housing Service regarding
6 preservation of affordable rental housing fi-
7 nanced under sections 514, 515, 516, and 538
8 of the Housing Act of 1949 (42 U.S.C. 1484,
9 1485, 1486, 1490p-2), the Multifamily Preser-
10 vation and Revitalization Demonstration pro-
11 gram (commonly known as the “MPR”), and
12 the Rural Rental Assistance program under sec-
13 tion 521 of the Housing Act of 1949 (42
14 U.S.C. 1490a) and making recommendations
15 regarding improvements and modifications to
16 such policies and procedures.

17 (C) Providing ongoing review of Rural
18 Housing Service program results.

19 (D) Providing reports to Congress and the
20 public on meetings, recommendations, and other
21 findings of the advisory committee.

22 **SEC. 128. COVERED HOUSING PROGRAMS.**

23 Section 41411(a)(3) of the Violence Against Women
24 Act of 1994 (34 U.S.C. 12491(a)(3)) is amended—

1 (1) in subparagraph (I), by striking “and” at
2 the end;

3 (2) by redesignating subparagraph (J) as sub-
4 paragraph (K); and

5 (3) by inserting after subparagraph (I) the fol-
6 lowing:

7 “(J) rural development housing voucher
8 assistance provided by the Secretary of Agri-
9 culture under section 542 of the Housing Act of
10 1949 (42 U.S.C. 1490r), without regard to sub-
11 section (b) of that section, and applicable ap-
12 propriation Acts; and”.

13 **TITLE II—REVENUE PROVISIONS**

14 **SEC. 201. EXTENSION OF PERIOD FOR REHABILITATION EX-** 15 **PENDITURES.**

16 (a) IN GENERAL.—Clause (ii) of section 42(e)(3)(A)
17 of the Internal Revenue Code of 1986 is amended by in-
18 serting “(any 36-month period, in the case of buildings
19 receiving an allocation of housing credit dollar amount be-
20 fore January 1, 2023)” after “24-month period”.

21 (b) CONFORMING AMENDMENT.—Subparagraph (A)
22 of section 42(e)(4) of the Internal Revenue Code of 1986
23 is amended by inserting “(or 36-month period, if applica-
24 ble)” after “24-month period”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to buildings receiving an allocation
3 of housing credit dollar amount after December 31, 2017.

4 **SEC. 202. EXTENSION OF BASIS EXPENDITURE DEADLINE.**

5 (a) IN GENERAL.—Clause (i) of section 42(h)(1)(E)
6 of the Internal Revenue Code of 1986 is amended by in-
7 serting “(the third calendar year, in the case of an alloca-
8 tion made before January 1, 2023)” after “second cal-
9 endar year”.

10 (b) QUALIFIED BUILDING.—Clause (ii) of section
11 42(h)(1)(E) of the Internal Revenue Code of 1986 is
12 amended—

13 (1) by striking “the date which is 1 year after
14 the date that the allocation was made” and inserting
15 “the applicable date”;

16 (2) by inserting “(or third, if applicable)” after
17 “second” in the first sentence;

18 (3) by inserting “(or third)” after “second” in
19 the second sentence;

20 (4) by striking “BUILDING.—For purposes of”
21 and inserting “BUILDING.—

22 (I) IN GENERAL.—For purposes
23 of”; and

24 (5) by adding at the end the following new sub-
25 clause:

1 “(II) APPLICABLE DATE.—For
2 purposes of subclause (I), the applica-
3 ble date is 1 year after the date that
4 the allocation was made with respect
5 to the building (2 years, in the case of
6 allocations made before January 1,
7 2023).”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to buildings receiving an allocation
10 of housing credit dollar amount after December 31, 2017.

11 **SEC. 203. TAX-EXEMPT BOND FINANCING REQUIREMENT.**

12 (a) IN GENERAL.—Subparagraph (B) of section
13 42(h)(4) of the Internal Revenue Code of 1986 is amended
14 by adding at the end the following: “The preceding sen-
15 tence shall be applied by substituting ‘25 percent’ for ‘50
16 percent’ in the case of any building which is financed by
17 any obligation issued in calendar year 2021, 2022, 2023,
18 or 2024 (and not by any previously issued obligation).”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to buildings placed in service in
21 taxable years beginning after December 31, 2021.

22 **SEC. 204. INCREASES IN STATE ALLOCATIONS.**

23 (a) IN GENERAL.—Clause (ii) of section 42(h)(3)(C)
24 of the Internal Revenue Code of 1986 is amended—

1 (1) by striking “\$1.75” in subclause (I) and in-
2 serting “\$4.92 (\$3.88 in the case of calendar year
3 2021)”, and

4 (2) by striking “\$2,000,000” in subclause (II)
5 and inserting “\$5,670,462 (\$4,462,734 in the case
6 of calendar year 2021)”.

7 (b) COST-OF-LIVING ADJUSTMENT.—Subparagraph
8 (H) of section 42(h)(3) of such Code is amended—

9 (1) by striking “2002” in clause (i) and insert-
10 ing “2022”,

11 (2) by striking “the \$2,000,000 and \$1.75
12 amounts in subparagraph (C)” in clause (i) and in-
13 serting “the dollar amounts applicable to such cal-
14 endar year under subclauses (I) and (II) of subpara-
15 graph (C)(ii)”,

16 (3) by striking “2001” in clause (i)(II) and in-
17 serting “2021”,

18 (4) by striking “\$2,000,000 amount” in clause
19 (ii)(I) and inserting “amount under subparagraph
20 (C)(ii)(II)”, and

21 (5) by striking “\$1.75 amount” in clause
22 (ii)(II) and inserting “amount under subparagraph
23 (C)(ii)(I)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar years beginning after
3 December 31, 2020.

4 **SEC. 205. BUILDINGS DESIGNATED TO SERVE EXTREMELY**
5 **LOW-INCOME HOUSEHOLDS.**

6 (a) RESERVED STATE ALLOCATION.—

7 (1) IN GENERAL.—Subsection (h) of section 42
8 of the Internal Revenue Code of 1986 is amended—

9 (A) by redesignating paragraphs (6), (7),
10 and (8) as paragraphs (7), (8), and (9), respec-
11 tively, and

12 (B) by inserting after paragraph (5) the
13 following new paragraph:

14 “(6) PORTION OF STATE CEILING SET-ASIDE
15 FOR PROJECTS DESIGNATED TO SERVE EXTREMELY
16 LOW-INCOME HOUSEHOLDS.—

17 “(A) IN GENERAL.—Not more than 90
18 percent of the State housing credit ceiling for
19 any State for any calendar year shall be allo-
20 cated to buildings other than buildings de-
21 scribed in subparagraph (B).

22 “(B) BUILDINGS DESCRIBED.—A building
23 is described in this subparagraph if 20 percent
24 or more of the residential units in such building
25 are rent-restricted (determined as if the im-

1 puted income limitation applicable to such units
2 were 30 percent of area median gross income)
3 and are designated by the taxpayer for occu-
4 pancy by households the aggregate household
5 income of which does not exceed the greater
6 of—

7 “(i) 30 percent of area median gross
8 income, or

9 “(ii) 100 percent of an amount equal
10 to the Federal poverty line (within the
11 meaning of section 36B(d)(3)).

12 “(C) STATE MAY NOT OVERRIDE SET-
13 ASIDE.—Nothing in subparagraph (F) of para-
14 graph (3) shall be construed to permit a State
15 not to comply with subparagraph (A) of this
16 paragraph.”.

17 (2) CONFORMING AMENDMENT.—Section
18 42(b)(4)(C) of the Internal Revenue Code of 1986 is
19 amended by striking “(h)(7)” and inserting
20 “(h)(8)”.

21 (b) INCREASE IN CREDIT.—Paragraph (5) of section
22 42(d) of the Internal Revenue Code of 1986 is amended
23 by adding at the end the following new subparagraph:

24 “(C) INCREASE IN CREDIT FOR PROJECTS
25 DESIGNATED TO SERVE EXTREMELY LOW-IN-

1 COME HOUSEHOLDS.—In the case of any build-
2 ing—

3 “(i) which is described in subsection
4 (h)(6)(B), and

5 “(ii) which is designated by the hous-
6 ing credit agency as requiring the increase
7 in credit under this subparagraph in order
8 for such building to be financially feasible
9 as part of a qualified low-income housing
10 project,

11 subparagraph (B) shall not apply to the portion
12 of such building which is comprised of such
13 units, and the eligible basis of such portion of
14 the building shall be 150 percent of such basis
15 determined without regard to this subpara-
16 graph.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to buildings which receive alloca-
19 tions of housing credit dollar amount or, in the case of
20 projects financed by tax-exempt bonds as described in sec-
21 tion 42(h)(4) of the Internal Revenue Code of 1986, which
22 receive a determination of housing credit dollar amount,
23 after the date of the enactment of this Act.

1 **SEC. 206. INCLUSION OF INDIAN AREAS AS DIFFICULT DE-**
2 **VELOPMENT AREAS FOR PURPOSES OF CER-**
3 **TAIN BUILDINGS.**

4 (a) IN GENERAL.—Subclause (I) of section
5 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is
6 amended by inserting before the period the following: “,
7 and any Indian area”.

8 (b) INDIAN AREA.—Clause (iii) of section
9 42(d)(5)(B) of the Internal Revenue Code of 1986 is
10 amended by redesignating subclause (II) as subclause (IV)
11 and by inserting after subclause (I) the following new sub-
12 clauses:

13 “(II) INDIAN AREA.—For pur-
14 poses of subclause (I), the term ‘In-
15 dian area’ means any Indian area (as
16 defined in section 4(11) of the Native
17 American Housing Assistance and
18 Self Determination Act of 1996 (25
19 U.S.C. 4103(11))).

20 “(III) SPECIAL RULE FOR
21 BUILDINGS IN INDIAN AREAS.—In the
22 case of an area which is a difficult de-
23 velopment area solely because it is an
24 Indian area, a building shall not be
25 treated as located in such area unless
26 such building is assisted or financed

1 under the Native American Housing
2 Assistance and Self Determination
3 Act of 1996 (25 U.S.C. 4101 et seq.)
4 or the project sponsor is an Indian
5 tribe (as defined in section
6 45A(c)(6)), a tribally designated hous-
7 ing entity (as defined in section 4(22)
8 of such Act (25 U.S.C. 4103(22))), or
9 wholly owned or controlled by such an
10 Indian tribe or tribally designated
11 housing entity.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to buildings placed in service after
14 December 31, 2021.

15 **SEC. 207. INCLUSION OF RURAL AREAS AS DIFFICULT DE-**
16 **VELOPMENT AREAS.**

17 (a) IN GENERAL.—Subclause (I) of section
18 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986, as
19 amended by section 206, is further amended by inserting
20 “, any rural area” after “median gross income”.

21 (b) RURAL AREA.—Clause (iii) of section
22 42(d)(5)(B) of the Internal Revenue Code of 1986, as
23 amended by section 206, is further amended by redesi-
24 gnating subclause (IV) as subclause (V) and by inserting
25 after subclause (III) the following new subclause:

1 “(IV) RURAL AREA.—For pur-
2 poses of subclause (I), the term ‘rural
3 area’ means any non-metropolitan
4 area, or any rural area as defined by
5 section 520 of the Housing Act of
6 1949, which is identified by the quali-
7 fied allocation plan under subsection
8 (m)(1)(B).”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to buildings placed in service after
11 December 31, 2021.

12 **SEC. 208. INCREASE IN CREDIT FOR BOND-FINANCED**
13 **PROJECTS DESIGNATED BY HOUSING CREDIT**
14 **AGENCY.**

15 (a) IN GENERAL.—Clause (v) of section 42(d)(5)(B)
16 of the Internal Revenue Code of 1986 is amended by strik-
17 ing the second sentence.

18 (b) TECHNICAL AMENDMENTS.—Clause (v) of sec-
19 tion 42(d)(5)(B) of the Internal Revenue Code of 1986,
20 as amended by subsection (a), is further amended—

21 (1) by striking “STATE” in the heading; and
22 (2) by striking “State housing credit agency”
23 and inserting “housing credit agency”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to buildings which receive a deter-

1 mination of housing credit dollar amount after the date
2 of the enactment of this Act.

3 **SEC. 209. REPEAL OF QUALIFIED CONTRACT OPTION.**

4 (a) **TERMINATION OF OPTION FOR CERTAIN BUILD-**
5 **INGS.—**

6 (1) **IN GENERAL.—**Subclause (II) of section
7 42(h)(7)(E)(i) of the Internal Revenue Code of
8 1986, as redesignated by section 205, is amended by
9 inserting “in the case of a building described in
10 clause (iii),” before “on the last day”.

11 (2) **BUILDINGS DESCRIBED.—**Subparagraph
12 (E) of section 42(h)(7) of such Code, as so redesign-
13 nated, is amended by adding at the end the following
14 new clause:

15 “(iii) **BUILDINGS DESCRIBED.—**A
16 building described in this clause is a build-
17 ing—

18 “(I) which received its allocation
19 of housing credit dollar amount before
20 January 1, 2021, or

21 “(II) in the case of a building
22 any portion of which is financed as
23 described in paragraph (4), which re-
24 ceived before January 1, 2021, a de-
25 termination from the issuer of the

1 tax-exempt bonds or the housing cred-
2 it agency that the building is eligible
3 to receive an allocation of housing
4 credit dollar amount under the rules
5 of paragraphs (1) and (2) of sub-
6 section (m).”.

7 (b) RULES RELATING TO EXISTING PROJECTS.—
8 Subparagraph (F) of section 42(h)(7) of the Internal Rev-
9 enue Code of 1986, as redesignated by section 205, is
10 amended by striking “the nonlow-income portion” and all
11 that follows and inserting “the nonlow-income portion and
12 the low-income portion of the building for fair market
13 value (determined by the housing credit agency by taking
14 into account the rent restrictions required for the low-in-
15 come portion of the building to continue to meet the stand-
16 ards of paragraphs (1) and (2) of subsection (g)). The
17 Secretary shall prescribe such regulations as may be nec-
18 essary or appropriate to carry out this paragraph.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Paragraph (7) of section 42(h) of the Inter-
21 nal Revenue Code of 1986, as redesignated by sec-
22 tion 205, is amended by striking subparagraph (G)
23 and by redesignating subparagraphs (H), (I), (J),
24 and (K) as subparagraphs (G), (H), (I), and (J), re-
25 spectively.

1 amended by striking “RIGHT OF 1ST REFUSAL” and
2 inserting “OPTION”.

3 (b) CLARIFICATION WITH RESPECT TO RIGHT OF
4 FIRST REFUSAL AND PURCHASE OPTIONS.—

5 (1) PURCHASE OF PARTNERSHIP INTEREST.—

6 Subparagraph (A) of section 42(i)(7) of the Internal
7 Revenue Code of 1986, as amended by subsection
8 (a), is amended by striking “the property” and in-
9 serting “the property or all of the partnership inter-
10 ests (other than interests of the person exercising
11 such option or a related party thereto (within the
12 meaning of section 267(b) or 707(b)(1))) relating to
13 the property”.

14 (2) PROPERTY INCLUDES ASSETS RELATING TO
15 THE BUILDING.—Paragraph (7) of section 42(i) of
16 the Internal Revenue Code of 1986 is amended by
17 adding at the end the following new subparagraph:

18 “(C) PROPERTY.—For purposes of sub-
19 paragraph (A), the term ‘property’ may include
20 all or any of the assets held for the develop-
21 ment, operation, or maintenance of a build-
22 ing.”.

23 (3) EXERCISE OF RIGHT OF FIRST REFUSAL
24 AND PURCHASE OPTIONS.—Subparagraph (A) of
25 section 42(i)(7) of the Internal Revenue Code of

1 1986, as amended by subsection (a) and paragraph
2 (1)(A), is amended by adding at the end the fol-
3 lowing: “For purposes of determining whether an
4 option, including a right of first refusal, to purchase
5 property or partnership interests holding (directly or
6 indirectly) such property is described in the pre-
7 ceding sentence—

8 “(i) such option or right of first re-
9 fusal shall be exercisable with or without
10 the approval of any owner of the project
11 (including any partner, member, or affili-
12 ated organization of such an owner), and

13 “(ii) a right of first refusal shall be
14 exercisable in response to any offer to pur-
15 chase the property or partnership interests,
16 including an offer by a related party.”.

17 (c) CONFORMING AMENDMENTS.—Subparagraph (B)
18 of section 42(i)(7) of the Internal Revenue Code of 1986
19 is amended by striking “the sum of” and all that follows
20 and inserting “the principal amount of outstanding in-
21 debtedness secured by the building (other than indebted-
22 ness incurred within the 5-year period ending on the date
23 of the sale to the tenants). In the case of a purchase of
24 a partnership interest, the minimum purchase price is an
25 amount not less than such interest’s ratable share of the

1 amount determined under the first sentence of this sub-
2 paragraph.”.

3 (d) EFFECTIVE DATES.—

4 (1) MODIFICATION OF RIGHT OF FIRST RE-
5 FUSAL.—The amendment made by subsection (a)
6 shall apply to agreements entered into or amended
7 after the date of the enactment of this Act.

8 (2) CLARIFICATION.—The amendments made
9 by subsections (b) and (c) shall apply to agreements
10 among the owners of the project (including partners,
11 members, and their affiliated organizations) and per-
12 sons described in section 42(i)(7)(A) of the Internal
13 Revenue Code of 1986 entered into before, on, or
14 after the date of the enactment of this Act.

15 (3) NO EFFECT ON AGREEMENTS.—None of the
16 amendments made by this section is intended to su-
17 percede express language in any agreement with re-
18 spect to the terms of a right of first refusal or op-
19 tion permitted by section 42(i)(7) of the Internal
20 Revenue Code of 1986 in effect on the date of the
21 enactment of this Act.

22 **SEC. 211. PROHIBITION OF LOCAL APPROVAL AND CON-**
23 **TRIBUTION REQUIREMENTS.**

24 (a) IN GENERAL.—Paragraph (1) of section 42(m)
25 of the Internal Revenue Code of 1986 is amended—

1 (1) by striking clause (ii) of subparagraph (A)
2 and by redesignating clauses (iii) and (iv) thereof as
3 clauses (ii) and (iii); and

4 (2) by adding at the end the following new sub-
5 paragraph:

6 “(E) LOCAL APPROVAL OR CONTRIBUTION
7 NOT TAKEN INTO ACCOUNT.—The selection cri-
8 teria under a qualified allocation plan shall not
9 include consideration of—

10 “(i) any support or opposition with re-
11 spect to the project from local or elected
12 officials, or

13 “(ii) any local government contribu-
14 tion to the project, except to the extent
15 such contribution is taken into account as
16 part of a broader consideration of the
17 project’s ability to leverage outside funding
18 sources, and is not prioritized over any
19 other source of outside funding.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to allocations of housing credit dol-
22 lar amounts made after December 31, 2021.

1 **SEC. 212. ADJUSTMENT OF CREDIT TO PROVIDE RELIEF**
2 **DURING COVID-19 OUTBREAK.**

3 (a) IN GENERAL.—At the election of a taxpayer who
4 is an owner of an eligible low-income building—

5 (1) the credit determined under section 42 of
6 the Internal Revenue Code of 1986 for the first or
7 second taxable year of such building’s credit period
8 ending on or after July 1, 2020, shall be 150 per-
9 cent of the amount which would (but for this sub-
10 section) be so allowable with respect to such building
11 for such taxable year; and

12 (2) the aggregate credits allowable under such
13 section with respect to such building shall be re-
14 duced, on a pro rata basis for each subsequent tax-
15 able year in the credit period, by the increase in the
16 credit allowed by reason of paragraph (1) with re-
17 spect to such first or second taxable year.

18 The preceding sentence shall not be construed to affect
19 whether any taxable year is part of the credit, compliance,
20 or extended use periods for purposes of such section 42.

21 (b) ELIGIBLE LOW-INCOME BUILDING.—For pur-
22 poses of this section, the term “eligible low-income build-
23 ing” means a qualified low-income building with respect
24 to which—

25 (1) the first year in the credit period ends on
26 or after July 1, 2020, and before July 1, 2022; and

1 (2) construction or leasing delays have occurred
2 after January 31, 2020, due to the outbreak of
3 coronavirus disease 2019 (COVID–19) in the United
4 States.

5 (c) ELECTION.—

6 (1) IN GENERAL.—The election under sub-
7 section (a) shall be made at such time and in such
8 manner as shall be prescribed by the Secretary of
9 the Treasury (or the Secretary’s delegate) and, once
10 made, shall be irrevocable by the taxpayer and any
11 successor in ownership.

12 (2) PARTNERSHIPS.—In the case of an eligible
13 low-income building owned by a partnership or S
14 corporation, such election shall be made at the entity
15 level.

16 (3) CERTIFICATION.—An owner making such
17 election shall provide to the housing credit agency,
18 at the same time and in addition to such other infor-
19 mation as may be required under section 42(l)(1) of
20 the Internal Revenue Code of 1986 with respect to
21 the building, a certification that the purpose of mak-
22 ing such election is to offset any reductions in cap-
23 ital or additional costs arising by reason of the out-
24 break of coronavirus disease 2019 (COVID–19) in
25 the United States. Such certification shall include

1 any documentation which the housing credit agency
2 may request.

3 (d) DEFINITIONS.—Any term used in this section
4 which is also used in section 42 of the Internal Revenue
5 Code of 1986 shall have the same meaning as when used
6 in such section.

7 **SEC. 213. INCREASE IN CREDIT FOR LOW-INCOME HOUSING**
8 **SUPPORTIVE SERVICES.**

9 (a) IN GENERAL.—Paragraph (5) of section 42(d) of
10 the Internal Revenue Code of 1986, as amended by section
11 205, is further amended by adding at the end the following
12 new subparagraphs:

13 “(D) INCREASE IN CREDIT FOR PROVIDING
14 SUPPORTIVE SERVICES.—

15 “(i) IN GENERAL.—In the case of any
16 building which includes common areas, or
17 property used therein, dedicated to the
18 provision of on-site qualified supportive
19 services, except as provided in subpara-
20 graphs (E) and (F), the eligible basis of
21 the portion of the building which is com-
22 prised of such areas or property (after the
23 application of subparagraphs (A) and (B))
24 shall be increased by an amount equal to
25 50 percent of such basis determined with-

1 out regard to this subparagraph and sub-
2 paragraphs (B) and (C).

3 “(ii) QUALIFIED SUPPORTIVE SERV-
4 ICES.—For purposes of clause (i), the term
5 ‘qualified supportive services’ means serv-
6 ices—

7 “(I) provided by the owner of a
8 building (directly or through contracts
9 with third party service providers) pri-
10 marily to tenants of the building,

11 “(II) which are intended to pro-
12 mote economic self-sufficiency and
13 physical and mental health and well-
14 being in pursuit of retaining perma-
15 nent housing, including childcare or
16 eldercare services, health services, co-
17 ordination of tenant benefits, job
18 training, financial counseling, resident
19 engagement services, or such other
20 similar services as may be defined by
21 the allocating agency in the qualified
22 allocation plan,

23 “(III) which are provided to ten-
24 ants and other beneficiaries as may be
25 specified by the housing credit agency,

1 including specifications as to which
2 services may be provided to non-ten-
3 ants,

4 “(IV) which are provided at no
5 cost to beneficiaries other than any
6 fee, copay, or coinsurance customarily
7 charged by service providers for simi-
8 lar services, and

9 “(V) usage of or participation in
10 which is not a condition of tenancy in
11 the building.

12 Such term includes reasonable and nec-
13 essary measures for the provision of such
14 services, including measures to engage ten-
15 ants and other beneficiaries in and coordi-
16 nate such services, and measures required
17 to obtain the certification described in sub-
18 paragraph (E)(ii)(III).

19 “(E) EXTENDED SUPPORTIVE SERVICES
20 COMMITMENT.—

21 “(i) IN GENERAL.—Subparagraph
22 (D)(i) shall not apply to a building for any
23 taxable year unless an extended supportive
24 services commitment is in effect for such
25 taxable year.

1 “(ii) EXTENDED SUPPORTIVE SERV-
2 ICES COMMITMENT.—The term ‘extended
3 supportive services commitment’ means
4 any agreement between the owner of a
5 building and the housing credit agency
6 which—

7 “(I) provides estimates of the
8 amounts to be spent, updated at least
9 once every 5 years, on the provision of
10 qualified supportive services to ten-
11 ants of such building and other bene-
12 ficiaries for each taxable year remain-
13 ing in the credit period,

14 “(II) requires the designation of
15 one or more individuals to engage ten-
16 ants regarding and coordinate delivery
17 of qualified supportive services,

18 “(III) requires the maintenance
19 of an appropriate certification, as de-
20 termined by the Secretary in consulta-
21 tion with the housing credit agencies,
22 for qualified supportive services, sub-
23 ject to recertification at least once
24 every 5 years,

1 housing credit agency (including failure to
2 provide qualified supportive services)—

3 “(I) such determination shall not
4 apply to any period before such year
5 and subparagraph (D)(i) shall apply
6 to such taxable year without regard to
7 such determination if the failure is
8 corrected within 1 year from the date
9 of the determination, and

10 “(II) in the case of any year to
11 which such determination does apply,
12 if the failure is not corrected within 1
13 year from the date of the determina-
14 tion, the credit recapture amount
15 under subsection (j)(1) for the year in
16 which such 1 year period expires shall
17 be increased by the amount of any in-
18 crease in the credit under this section
19 by reason of subparagraph (D)(i) for
20 the year to which the determination
21 applies.

22 “(v) PROJECTS WHICH CONSIST OF
23 MORE THAN 1 BUILDING.—Rules similar to
24 the rules of subsection (h)(7)(J) shall
25 apply.

1 “(F) RESPONSIBILITIES OF HOUSING
2 CREDIT AGENCY.—Subparagraph (D)(i) shall
3 not apply to a building for any taxable year un-
4 less—

5 “(i) the housing credit agency sets
6 forth criteria—

7 “(I) to determine appropriate,
8 evidence-based supportive services,

9 “(II) for the selection of appro-
10 priate and competent service pro-
11 viders, and

12 “(III) which common areas or
13 property described in subparagraph
14 (D)(i) shall meet in order to qualify
15 for the increase in credit under sub-
16 paragraph (D),

17 “(ii) the housing credit agency pro-
18 vides a procedure that the agency (or an
19 agent or other private contractor of such
20 agency) shall follow in monitoring for non-
21 compliance with the provisions of this sub-
22 paragraph and subparagraphs (D) and (E)
23 and in reporting such noncompliance to the
24 Secretary, and

1 “(iii) appropriate books and records
2 for expenditures with respect to the quali-
3 fied supportive services are maintained on
4 an annual basis, and are available for in-
5 spection upon request by the housing cred-
6 it agency.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to buildings which receive alloca-
9 tions of housing credit dollar amount or, in the case of
10 projects financed by tax-exempt obligations as described
11 in section 42(h)(4) of the Internal Revenue Code of 1986,
12 which are first taken into account under section 146 of
13 such Code, after the date of the enactment of this Act.

14 **SEC. 214. STUDY OF TAX INCENTIVES FOR THE CONVER-**
15 **SION OF COMMERCIAL PROPERTY TO AF-**
16 **FORDABLE HOUSING.**

17 Within 6 months of the date of the enactment of this
18 Act, the Secretary of the Treasury, the Secretary of Hous-
19 ing and Urban Development, the Deputy Under Secretary
20 for Rural Development of the Department of Agriculture,
21 and the Director of the Office of Management and Budget
22 shall collaborate to produce a cost-benefit analysis of pro-
23 viding tax incentives, including the non-recognition of cap-
24 ital gains, to the owners of vacant or under-utilized com-
25 mercial real estate in exchange for selling these properties

1 to State, local, or tribal housing finance agencies for con-
2 version to affordable rental housing for low-income resi-
3 dents, including shelters for the homeless.

4 **SEC. 215. RENTERS CREDIT.**

5 (a) IN GENERAL.—Subpart C of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 is amended by inserting after section 36B the fol-
8 lowing new section:

9 **“SEC. 36C. RENTERS CREDIT.**

10 “(a) ALLOWANCE OF CREDIT.—

11 “(1) IN GENERAL.—There shall be allowed as a
12 credit against the tax imposed by this subtitle for
13 any taxable year an amount equal to the sum of the
14 amounts determined under paragraph (2) for all
15 qualified buildings with a credit period which in-
16 cludes months occurring during the taxable year.

17 “(2) QUALIFIED BUILDING AMOUNT.—The
18 amount determined under this paragraph with re-
19 spect to any qualified building for any taxable year
20 shall be an amount equal to the lesser of—

21 “(A) the aggregate qualified rental reduc-
22 tion amounts for all eligible units within such
23 building for months occurring during the tax-
24 able year which are within the credit period for
25 such building, or

1 “(B) the rental reduction credit amount al-
2 located to such building for such months.

3 “(3) QUALIFIED BUILDING.—For purposes of
4 this section—

5 “(A) IN GENERAL.—The term ‘qualified
6 building’ means any building which is residen-
7 tial rental property (as defined in section
8 168(e)(2)(A)) of the taxpayer with respect to
9 which—

10 “(i) a rental reduction credit amount
11 has been allocated by a rental reduction
12 credit agency of a State, and

13 “(ii) a qualified rental reduction
14 agreement is in effect.

15 “(B) BUILDING NOT DISQUALIFIED BY
16 OTHER ASSISTANCE.—A building shall not fail
17 to be treated as a qualified building merely be-
18 cause—

19 “(i) a credit was allowed under section
20 42 with respect to such building or there
21 was any other Federal assistance in the
22 construction or rehabilitation of such
23 building,

1 “(ii) the rehabilitation credit deter-
2 mined under section 47 was allowed under
3 section 38 with respect to such building, or

4 “(iii) Federal rental assistance was
5 provided for such building during any pe-
6 riod preceding the credit period.

7 “(b) QUALIFIED RENTAL REDUCTION AMOUNT.—
8 For purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified rental
10 reduction amount’ means, with respect to any eligi-
11 ble unit for any month, an amount equal to the ap-
12 plicable percentage (as determined under subsection
13 (e)(1)) of the excess of—

14 “(A) the applicable rent for such unit, over

15 “(B) the family rental payment required
16 for such unit.

17 “(2) APPLICABLE RENT.—

18 “(A) IN GENERAL.—The term ‘applicable
19 rent’ means, with respect to any eligible unit
20 for any month, the lesser of—

21 “(i) the amount of rent which would
22 be charged for a substantially similar unit
23 with the same number of bedrooms in the
24 same building which is not an eligible unit,
25 or

1 “(ii) an amount equal to the market
2 rent standard for such unit.

3 “(B) MARKET RENT STANDARD.—

4 “(i) IN GENERAL.—The market rent
5 standard with respect to any eligible unit
6 is—

7 “(I) the small area fair market
8 rent determined by the Secretary of
9 Housing and Urban Development for
10 units with the same number of bed-
11 rooms in the same zip code tabulation
12 area, or

13 “(II) if there is no rent described
14 in subclause (I) for such area, the fair
15 market rent determined by such Sec-
16 retary for units with the same number
17 of bedrooms in the same county.

18 “(ii) STATE OPTION.—A State may in
19 its rental reduction allocation plan provide
20 that the market rent standard for all (or
21 any part) of a zip code tabulation area or
22 county within the State shall be equal to a
23 percentage (not less than 75 nor more
24 than 125) of the amount determined under

1 clause (i) (after application of clause (iii))
2 for such area or county.

3 “(iii) MINIMUM AMOUNT.—Notwith-
4 standing clause (i), the market rent stand-
5 ard with respect to any eligible unit for
6 any year in the credit period after the first
7 year in the credit period for such unit shall
8 not be less than the market rent standard
9 determined for such first year.

10 “(3) FAMILY RENTAL PAYMENT REQUIRE-
11 MENTS.—

12 “(A) IN GENERAL.—Each qualified rental
13 reduction agreement with respect to any quali-
14 fied building shall require that the family rental
15 payment for an eligible unit within such build-
16 ing for any month shall be equal to the lesser
17 of—

18 “(i) 30 percent of the monthly family
19 income of the residents of the unit (as de-
20 termined under subsection (e)(5)), or

21 “(ii) the applicable rent for such unit.

22 “(B) UTILITY COSTS.—Any utility allow-
23 ance (determined by the Secretary in the same
24 manner as under section 42(g)(2)(B)(ii)) paid
25 by residents of an eligible unit shall be taken

1 into account as rent in determining the family
2 rental payment for such unit for purposes of
3 this paragraph.

4 “(c) RENTAL REDUCTION CREDIT AMOUNT.—For
5 purposes of this section—

6 “(1) DETERMINATION OF AMOUNT.—

7 “(A) IN GENERAL.—The term ‘rental re-
8 duction credit amount’ means, with respect to
9 any qualified building, the dollar amount which
10 is allocated to such building (and to eligible
11 units within such building) under this sub-
12 section. Such dollar amount shall be allocated
13 to months in the credit period with respect to
14 such building (and such units) on the basis of
15 the estimates described in paragraph (2)(B).

16 “(B) ALLOCATION ON PROJECT BASIS.—In
17 the case of a project which includes (or will in-
18 clude) more than 1 building, the rental reduc-
19 tion credit amount shall be the dollar amount
20 which is allocated to such project for all build-
21 ings included in such project. Subject to the
22 limitation under subsection (e)(3)(B), such
23 amount shall be allocated among such buildings
24 in the manner specified by the taxpayer unless
25 the qualified rental reduction agreement with

1 respect to such project provides for such alloca-
2 tion.

3 “(2) STATE ALLOCATION.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (C), each rental reduction credit
6 agency of a State shall each calendar year allo-
7 cate its portion of the State rental reduction
8 credit ceiling to qualified buildings (and to eligi-
9 ble units within each such building) in accord-
10 ance with the State rental reduction allocation
11 plan.

12 “(B) ALLOCATIONS TO EACH BUILDING.—

13 The rental reduction credit amount allocated to
14 any qualified building shall not exceed the ag-
15 gregate qualified rental reduction amounts
16 which such agency estimates will occur over the
17 credit period for eligible units within such
18 building, based on reasonable estimates of
19 rents, family incomes, and vacancies in accord-
20 ance with procedures established by the State
21 as part of its State rental reduction allocation
22 plan.

23 “(C) SPECIFIC ALLOCATIONS.—

24 “(i) NONPROFIT ORGANIZATIONS.—At
25 least 25 percent of the State rental reduc-

1 tion credit ceiling for any State for any
2 calendar year shall be allocated to qualified
3 buildings in which a qualified nonprofit or-
4 ganization (as defined in section
5 42(h)(5)(C)) owns (directly or through 1
6 or more partnerships) an interest and ma-
7 terially participates (within the meaning of
8 section 469(h)) in the operation of the
9 building throughout the credit period. A
10 State may waive or lower the requirement
11 under this clause for any calendar year if
12 it determines that meeting such require-
13 ment is not feasible.

14 “(ii) RURAL AREAS.—

15 “(I) IN GENERAL.—The State
16 rental reduction credit ceiling for any
17 State for any calendar year shall be
18 allocated to buildings in rural areas
19 (as defined in section 520 of the
20 Housing Act of 1949) in an amount
21 which, as determined by the Secretary
22 of Housing and Urban Development,
23 bears the same ratio to such ceiling as
24 the number of extremely low-income
25 households with severe rent burdens

1 in such rural areas bears to the total
2 number of such households in the
3 State.

4 “(II) ALTERNATIVE 5-YEAR
5 TESTING PERIOD.—In the case of the
6 5-calendar year period beginning in
7 2021, a State shall not be treated as
8 failing to meet the requirements of
9 subclause (I) for any calendar year in
10 such period if, as determined by the
11 Secretary, the average annual amount
12 allocated to such rural areas during
13 such period meets such requirements.

14 “(3) APPLICATION OF ALLOCATED CREDIT
15 AMOUNT.—

16 “(A) AMOUNT AVAILABLE TO TAXPAYER
17 FOR ALL MONTHS IN CREDIT PERIOD.—Any
18 rental reduction credit amount allocated to any
19 qualified building out of the State rental reduc-
20 tion credit ceiling for any calendar year shall
21 apply to such building for all months in the
22 credit period ending during or after such cal-
23 endar year.

24 “(B) CEILING FOR ALLOCATION YEAR RE-
25 DUCED BY ENTIRE CREDIT AMOUNT.—Any

1 rental reduction credit amount allocated to any
2 qualified building out of an allocating agency's
3 State rental reduction credit ceiling for any cal-
4 endar year shall reduce such ceiling for such
5 calendar year by the entire amount so allocated
6 for all months in the credit period (as deter-
7 mined on the basis of the estimates under para-
8 graph (2)(B)) and no reduction shall be made
9 in such agency's State rental reduction credit
10 ceiling for any subsequent calendar year by rea-
11 son of such allocation.

12 “(4) STATE RENTAL REDUCTION CREDIT CEIL-
13 ING.—

14 “(A) IN GENERAL.—The State rental re-
15 duction credit ceiling applicable to any State for
16 any calendar year shall be an amount equal to
17 the sum of—

18 “(i) the greater of—

19 “(I) the per capita dollar amount
20 multiplied by the State population, or

21 “(II) the minimum ceiling
22 amount, plus

23 “(ii) the amount of the State rental
24 reduction credit ceiling returned in the cal-
25 endar year.

1 “(B) RETURN OF STATE CEILING
2 AMOUNTS.—For purposes of subparagraph
3 (A)(ii), except as provided in subsection (d)(2),
4 the amount of the State rental reduction credit
5 ceiling returned in a calendar year equals the
6 amount of the rental reduction credit amount
7 allocated to any building which, after the close
8 of the calendar year for which the allocation is
9 made—

10 “(i) is canceled by mutual consent of
11 the rental reduction credit agency and the
12 taxpayer because the estimates made under
13 paragraph (2)(B) were substantially incor-
14 rect, or

15 “(ii) is canceled by the rental reduc-
16 tion credit agency because the taxpayer
17 violates the qualified rental reduction
18 agreement and, under the terms of the
19 agreement, the rental reduction credit
20 agency is authorized to cancel all (or any
21 portion) of the allocation by reason of the
22 violation.

23 “(C) PER CAPITA DOLLAR AMOUNT; MIN-
24 IMUM CEILING AMOUNT.—For purposes of this
25 paragraph—

1 “(i) PER CAPITA DOLLAR AMOUNT.—

2 The per capita dollar amount is—

3 “(I) for calendar year 2021,

4 \$12.30,

5 “(II) for calendar year 2022,

6 \$24.50, and

7 “(III) for calendar years 2023

8 and thereafter, \$36.75.

9 “(ii) MINIMUM CEILING AMOUNT.—

10 The minimum ceiling amount is—

11 “(I) for calendar year 2021,

12 \$14,000,000,

13 “(II) for calendar year 2022,

14 \$28,000,000, and

15 “(III) for calendar years 2023

16 and thereafter, \$42,000,000.

17 “(iii) COST-OF-LIVING ADJUST-

18 MENT.—In the case of a calendar year be-

19 ginning after 2023, the \$36.75 and

20 \$42,000,000 amounts in clauses (i)(III)

21 and (ii)(III) shall each be increased by an

22 amount equal to—

23 “(I) such dollar amount, multi-

24 plied by

1 “(ii) UNUSED RENTAL REDUCTION
2 CREDIT.—For purposes of this subpara-
3 graph, the unused rental reduction credit
4 of a State for any calendar year is the ex-
5 cess (if any) of—

6 “(I) the State rental reduction
7 credit ceiling for the year preceding
8 such year, over

9 “(II) the aggregate rental reduc-
10 tion credit amounts allocated for such
11 year.

12 “(iii) FORMULA FOR ALLOCATION OF
13 UNUSED CREDIT AMONG QUALIFIED
14 STATES.—The amount allocated under this
15 subparagraph to a qualified State for any
16 calendar year shall be the amount deter-
17 mined by the Secretary to bear the same
18 ratio to the aggregate unused rental reduc-
19 tion credits of all States for the preceding
20 calendar year as such State’s population
21 for the calendar year bears to the popu-
22 lation of all qualified States for the cal-
23 endar year. For purposes of the preceding
24 sentence, population shall be determined in
25 accordance with section 146(j).

1 “(iv) QUALIFIED STATE.—For pur-
2 poses of this subparagraph, the term
3 ‘qualified State’ means, with respect to a
4 calendar year, any State—

5 “(I) which allocated its entire
6 State rental reduction credit ceiling
7 for the preceding calendar year, and

8 “(II) for which a request is made
9 (at such time and in such manner as
10 the Secretary may prescribe) to re-
11 ceive an allocation under clause (iii).

12 “(5) OTHER DEFINITIONS.—For purposes of
13 this section—

14 “(A) RENTAL REDUCTION CREDIT AGEN-
15 CY.—The term ‘rental reduction credit agency’
16 means any agency authorized by a State to
17 carry out this section. Such authorization shall
18 include the jurisdictions within the State where
19 the agency may allocate rental reduction credit
20 amounts.

21 “(B) POSSESSIONS TREATED AS STATES.—
22 The term ‘State’ includes a possession of the
23 United States.

1 “(C) FAMILY.—The term ‘family’ has the
2 same meaning as when used in the United
3 States Housing Act of 1937.

4 “(d) MODIFICATIONS TO CORRECT INACCURATE
5 AMOUNTS DUE TO INCORRECT ESTIMATES.—

6 “(1) ESTABLISHMENT OF RESERVES.—

7 “(A) IN GENERAL.—Each rental reduction
8 credit agency of a State shall establish a reserve
9 for the transfer and reallocation of amounts
10 pursuant to this paragraph, and notwith-
11 standing any other provision of this section, the
12 rental reduction credit amount allocated to any
13 building by such agency shall be zero unless
14 such agency has in effect such a reserve at the
15 time of the allocation of such credit amount.

16 “(B) TRANSFERS TO RESERVE.—

17 “(i) IN GENERAL.—If, for any taxable
18 year, a taxpayer would (but for this sub-
19 paragraph) not be able to use the entire
20 rental reduction credit amount allocated to
21 a qualified building by a rental reduction
22 credit agency of a State for the taxable
23 year because of a rental reduction short-
24 fall, then the taxpayer shall for the taxable
25 year transfer to the reserve established by

1 such agency under subparagraph (A) an
2 amount equal to such rental reduction
3 shortfall.

4 “(ii) RENTAL REDUCTION SHORT-
5 FALL.—For purposes of this subpara-
6 graph, the rental reduction shortfall for
7 any qualified building for any taxable year
8 is the amount by which the aggregate
9 amount of the excesses determined under
10 subsection (b)(1) for all eligible units with-
11 in such building are less than such aggre-
12 gate amount estimated under subsection
13 (c)(2)(B) for the taxable year.

14 “(iii) TREATMENT OF TRANSFERRED
15 AMOUNT.—For purposes of subsection
16 (a)(2)(A), the aggregate qualified rental
17 reduction amounts for all eligible units
18 within a qualified building with respect to
19 which clause (i) applies for any taxable
20 year shall be increased by an amount equal
21 to the applicable percentage (determined
22 under subsection (e)(1) for the building) of
23 the amount of the transfer to the reserve
24 under clause (i) with respect to such build-
25 ing for such taxable year.

1 ratably reduce the amount of each pay-
2 ment otherwise required to be made.

3 “(ii) EXCESS RESERVE AMOUNTS.—If
4 a rental reduction credit agency of a State
5 determines that the balance in its reserve
6 is in excess of the amounts reasonably
7 needed over the following 5 calendar years
8 to make payments under clause (i), the
9 agency may withdraw such excess but only
10 to—

11 “(I) reduce the rental payments
12 of eligible tenants in a qualified build-
13 ing in units other than eligible units,
14 or of eligible tenants in units in a
15 building other than a qualified build-
16 ing, to amounts no higher than the
17 sum of rental payments required for
18 eligible tenants in qualified buildings
19 under subsection (b)(3) and any rent-
20 al charges to such tenants in excess of
21 the market rent standard; or

22 “(II) address maintenance and
23 repair needs in qualified buildings
24 that cannot reasonably be met using

1 other resources available to the own-
2 ers of such buildings.

3 “(D) ADMINISTRATION.—Each rental re-
4 duction credit agency of a State shall establish
5 procedures for the timing and manner of trans-
6 fers and payments made under this paragraph.

7 “(E) SPECIAL RULE FOR PROJECTS.—In
8 the case of a rental reduction credit allocated to
9 a project consisting of more than 1 qualified
10 building, a taxpayer may elect to have this
11 paragraph apply as if all such buildings were 1
12 qualified building if the applicable percentage
13 for each such building is the same.

14 “(F) ALTERNATIVE METHODS OF TRANS-
15 FER AND REALLOCATION.—Upon request to,
16 and approval by, the Secretary, a State may es-
17 tablish an alternative method for the transfer
18 and reallocation of amounts otherwise required
19 to be transferred to, and allocated from, a re-
20 serve under this paragraph. Any State adopting
21 an alternative method under this subparagraph
22 shall, at such time and in such manner as the
23 Secretary prescribes, provide to the Secretary
24 and the Secretary of Housing and Urban Devel-
25 opment detailed reports on the operation of

1 such method, including providing such informa-
2 tion as such Secretaries may require.

3 “(2) ALLOCATION OF RETURNED STATE CEIL-
4 ING AMOUNTS.—In the case of any rental reduction
5 credit amount allocated to a qualified building which
6 is canceled as provided in subsection (c)(4)(B)(i),
7 the rental reduction credit agency may, in lieu of
8 treating such allocation as a returned credit amount
9 under subsection (c)(4)(A)(ii), elect to allocate, upon
10 the request of the taxpayer, such amount to any
11 other qualified building for which the credit amount
12 allocated in any preceding calendar year was too
13 small because the estimates made under subsection
14 (c)(2)(B) were substantially incorrect.

15 “(3) RENTING TO NONELIGIBLE TENANTS.—If,
16 after the application of paragraphs (1)(C) (or any
17 similar reallocation under paragraph (1)(F)) and
18 (2), a rental reduction credit agency of a State de-
19 termines that, because of the incorrect estimates
20 under subsection (c)(2)(B), the aggregate qualified
21 rental reduction amounts for all eligible units within
22 a qualified building will (on an ongoing basis) exceed
23 the rental reduction credit amount allocated to such
24 building, a taxpayer may elect, subject to subsection
25 (g)(2) and only to the extent necessary to eliminate

1 such excess, rent vacant eligible units without regard
2 to the requirements that such units be rented only
3 to eligible tenants and at the rental rate determined
4 under subsection (b)(3).

5 “(e) TERMS RELATING TO RENTAL REDUCTION
6 CREDIT AND REQUIREMENTS.—For purposes of this sec-
7 tion—

8 “(1) APPLICABLE PERCENTAGE.—

9 “(A) IN GENERAL.—The term ‘applicable
10 percentage’ means, with respect to any qualified
11 building, the percentage (not greater than 110
12 percent) set by the rental reduction credit agen-
13 cy at the time it allocates the rental reduction
14 dollar amount to such building.

15 “(B) HIGHER PERCENTAGE FOR HIGH-OP-
16 PORTUNITY AREAS.—The rental reduction cred-
17 it agency may set a percentage under subpara-
18 graph (A) up to 120 percent for any qualified
19 building which—

20 “(i) targets its eligible units for rental
21 to families with children, and

22 “(ii) is located in a neighborhood
23 which has a poverty rate of no more than
24 10 percent.

25 “(2) CREDIT PERIOD.—

1 “(A) IN GENERAL.—The term ‘credit pe-
2 riod’ means, with respect to any qualified build-
3 ing, the 15-year period beginning with the first
4 month for which the qualified rental reduction
5 agreement is in effect with respect to such
6 building.

7 “(B) STATE OPTION TO REDUCE PE-
8 RIOD.—A rental reduction credit agency may
9 provide a credit period for any qualified build-
10 ing which is less than 15 years.

11 “(3) ELIGIBLE UNIT.—

12 “(A) IN GENERAL.—The term ‘eligible
13 unit’ means, with respect to any qualified build-
14 ing, a unit—

15 “(i) which is occupied by an eligible
16 tenant,

17 “(ii) the rent of which for any month
18 equals 30 percent of the monthly family in-
19 come of the residents of such unit (as de-
20 termined under paragraph (5)),

21 “(iii) with respect to which the tenant
22 is not concurrently receiving rental assist-
23 ance under any other Federal program,
24 and

1 “(iv) which is certified to the rental
2 reduction credit agency as an eligible unit
3 for purposes of this section and the quali-
4 fied rental reduction agreement.

5 Notwithstanding clause (iii), a State may pro-
6 vide in its State rental reduction allocation plan
7 that an eligible unit shall also not include a unit
8 with respect to which any resident is receiving
9 rental assistance under a State or local pro-
10 gram.

11 “(B) LIMITATION ON NUMBER OF
12 UNITS.—

13 “(i) IN GENERAL.—The number of
14 units which may be certified as eligible
15 units with respect to any qualified building
16 under subparagraph (A)(iv) at any time
17 shall not exceed the greater of—

18 “(I) 40 percent of the total units
19 in such building, or

20 “(II) 25 units.

21 In the case of an allocation to a project
22 under subsection (c)(1)(B), the limitation
23 under the preceding sentence shall be ap-
24 plied on a project basis and the certifi-
25 cation of such eligible units shall be allo-

1 cated to each building in the project, ex-
2 cept that if buildings in such project are
3 on non-contiguous tracts of land, buildings
4 on each such tract shall be treated as a
5 separate project for purposes of applying
6 this sentence.

7 “(ii) BUILDINGS RECEIVING PREVIOUS
8 FEDERAL RENTAL ASSISTANCE.—If, at any
9 time prior to the entering into of a quali-
10 fied rental reduction agreement with re-
11 spect to a qualified building, tenants in
12 units within such building had been receiv-
13 ing project-based rental assistance under
14 any other Federal program, then, notwith-
15 standing clause (i), the maximum number
16 of units which may be certified as eligible
17 units with respect to the building under
18 subparagraph (A)(iv) shall not be less than
19 the sum of—

20 “(I) the maximum number of
21 units in the building previously receiv-
22 ing such assistance at any time before
23 the agreement takes effect, plus

24 “(II) the amount determined
25 under clause (i) without taking into

1 account the units described in sub-
2 clause (I).

3 “(4) ELIGIBLE TENANT.—

4 “(A) IN GENERAL.—The term ‘eligible ten-
5 ant’ means any individual if the individual’s
6 family income does not exceed the greater of—

7 “(i) 30 percent of the area median
8 gross income (as determined under section
9 42(g)(1)), or

10 “(ii) the applicable poverty line for a
11 family of the size involved.

12 “(B) TREATMENT OF INDIVIDUALS WHOSE
13 INCOMES RISE ABOVE LIMIT.—

14 “(i) IN GENERAL.—Notwithstanding
15 an increase in the family income of resi-
16 dents of a unit above the income limitation
17 applicable under subparagraph (A), such
18 residents shall continue to be treated as el-
19 igible tenants if the family income of such
20 residents initially met such income limita-
21 tion and such unit continues to be certified
22 as an eligible unit under this section.

23 “(ii) NO RENTAL REDUCTION FOR AT
24 LEAST 2 YEARS.—A qualified rental reduc-
25 tion agreement with respect to a qualified

1 building shall provide that if, by reason of
2 an increase in family income described in
3 clause (i), there is no qualified rental re-
4 duction amount with respect to the dwell-
5 ing unit for 2 consecutive years, the tax-
6 payer shall rent the next available unit to
7 an eligible tenant (without regard to
8 whether such unit is an eligible unit under
9 this section).

10 “(C) APPLICABLE POVERTY LINE.—The
11 term ‘applicable poverty line’ means the most
12 recently published poverty line (within the
13 meaning of section 2110(c)(5) of the Social Se-
14 curity Act (42 U.S.C. 1397jj(e)(5))) as of the
15 time of the determination as to whether an in-
16 dividual is an eligible tenant.

17 “(5) FAMILY INCOME.—

18 “(A) IN GENERAL.—Family income shall
19 be determined in the same manner as under
20 section 8 of the United States Housing Act of
21 1937.

22 “(B) TIME FOR DETERMINING INCOME.—

23 “(i) IN GENERAL.—Except as pro-
24 vided in this subparagraph, family income
25 shall be determined at least annually on

1 the basis of income for the preceding cal-
2 endar year.

3 “(ii) FAMILIES ON FIXED INCOME.—If
4 at least 90 percent of the family income of
5 the residents of a unit at the time of any
6 determination under clause (i) is derived
7 from payments under title II or XVI of the
8 Social Security Act (or any similar fixed
9 income amounts specified by the Sec-
10 retary), the taxpayer may elect to treat
11 such payments (or amounts) as the family
12 income of such residents for the year of
13 the determination and the 2 succeeding
14 years, except that the taxpayer shall, in
15 such manner as the Secretary may pre-
16 scribe, adjust such amount for increases in
17 the cost of living.

18 “(iii) INITIAL INCOME.—The Sec-
19 retary may allow a State to provide that
20 the family income of residents at the time
21 such residents first rent a unit in a quali-
22 fied building may be determined on the
23 basis of current or anticipated income.

24 “(iv) SPECIAL RULES WHERE FAMILY
25 INCOME IS REDUCED.— If residents of a

1 unit establish (in such manner as the rent-
2 al reduction credit agency provides) that
3 their family income has been reduced by at
4 least 10 percent below such income for the
5 determination year—

6 “(I) such residents may elect, at
7 such time and in such manner as such
8 agency may prescribe, to have their
9 family income redetermined, and

10 “(II) clause (ii) shall not apply to
11 any of the 2 succeeding years de-
12 scribed in such clause which are speci-
13 fied in the election.

14 “(f) STATE RENTAL REDUCTION ALLOCATION
15 PLAN.—

16 “(1) ADOPTION OF PLAN REQUIRED.—

17 “(A) IN GENERAL.—For purposes of this
18 section—

19 “(i) each State shall, before the allo-
20 cation of its State rental reduction credit
21 ceiling, establish and have in effect a State
22 rental reduction allocation plan, and

23 “(ii) notwithstanding any other provi-
24 sion of this section, the rental reduction
25 credit amount allocated to any building

1 shall be zero unless such amount was allo-
2 cated pursuant to a State rental reduction
3 allocation plan.

4 Such plan shall only be adopted after such plan
5 is made public and at least 60 days has been
6 allowed for public comment.

7 “(B) STATE RENTAL REDUCTION ALLOCA-
8 TION PLAN.—For purposes of this section, the
9 term ‘State rental reduction allocation plan’
10 means, with respect to any State, any plan of
11 the State meeting the requirements of para-
12 graphs (2) and (3).

13 “(2) GENERAL PLAN REQUIREMENTS.—A plan
14 shall meet the requirements of this paragraph only
15 if—

16 “(A) the plan sets forth the criteria and
17 priorities which a rental reduction credit agency
18 of the State shall use in allocating the State
19 rental reduction credit ceiling to eligible units
20 within a building,

21 “(B) the plan provides that no credit allo-
22 cation shall be made which is not in accordance
23 with the criteria and priorities set forth under
24 subparagraph (A) unless such agency provides
25 a written explanation to the general public for

1 any credit allocation which is not so made and
2 the reasons why such allocation is necessary,
3 and

4 “(C) the plan provides that such agency is
5 required to prioritize the renewal of existing
6 credit allocations at the time of the expiration
7 of the qualified rental reduction agreement with
8 respect to the allocation, including, where ap-
9 propriate, a commitment within a qualified
10 rental reduction agreement that the credit allo-
11 cation will be renewed if the terms of the agree-
12 ment have been met and sufficient new credit
13 authority is available.

14 “(3) SPECIFIC REQUIREMENTS.—A plan shall
15 meet the requirements of this paragraph only if—

16 “(A) the plan provides methods for deter-
17 mining—

18 “(i) the amount of rent which would
19 be charged for a substantially similar unit
20 in the same building which is not an eligi-
21 ble unit for purposes of subsection
22 (b)(2)(A)(i), including whether such deter-
23 mination may be made by self-certification
24 or by undertaking rent reasonableness as-
25 sessments similar to assessments required

1 under section 8(o)(10) of the United
2 States Housing Act of 1937 (42 U.S.C.
3 1437f(o)(10)),

4 “(ii) the qualified rental reduction
5 amounts under subsection (c)(2)(B), and

6 “(iii) the applicable percentage under
7 subsection (e)(1),

8 “(B) the plan provides a procedure that
9 the rental reduction credit agency (or an agent
10 or other private contractor of such agency) will
11 follow in monitoring for—

12 “(i) noncompliance with the provisions
13 of this section and the qualified rental re-
14 duction agreement and in notifying the In-
15 ternal Revenue Service of any such non-
16 compliance of which such agency becomes
17 aware, and

18 “(ii) noncompliance with habitability
19 standards through regular site visits,

20 “(C) the plan requires a person receiving a
21 credit allocation to report to the rental reduc-
22 tion credit agency such information as is nec-
23 essary to ensure compliance with the provisions
24 of this section and the qualified rental reduction
25 agreement, and

1 “(D) the plan provides methods by which
2 any excess reserve amounts which become avail-
3 able under subsection (d)(1)(C)(ii) will be used
4 to reduce rental payments of eligible tenants or
5 to address maintenance and repair needs in
6 qualified buildings, including how such assist-
7 ance will be allocated among eligible tenants
8 and qualified buildings.

9 “(g) QUALIFIED RENTAL REDUCTION AGREE-
10 MENT.—For purposes of this section—

11 “(1) IN GENERAL.—The term ‘qualified rental
12 reduction agreement’ means, with respect to any
13 building which is residential rental property (as de-
14 fined in section 168(e)(2)(A)), a written, binding
15 agreement between a rental reduction credit agency
16 and the taxpayer which specifies—

17 “(A) the number of eligible units within
18 such building for which a rental reduction cred-
19 it amount is being allocated,

20 “(B) the credit period for such building,

21 “(C) the rental reduction credit amount al-
22 located to such building (and dwelling units
23 within such building) and the portion of such
24 amount allocated to each month within the
25 credit period under subsection (c)(2)(B),

1 “(D) the applicable percentage to be used
2 in computing the qualified rental reduction
3 amounts with respect to the building,

4 “(E) the method for determining the
5 amount of rent which may be charged for eligi-
6 ble units within the building, and

7 “(F) whether—

8 “(i) the agency commits to entering
9 into a new agreement with the taxpayer if
10 the terms of the agreement have been met
11 and sufficient new credit authority is avail-
12 able for such new agreement, and

13 “(ii) the taxpayer is required to accept
14 such new agreement.

15 “(2) TENANT PROTECTIONS.—A qualified rent-
16 al reduction agreement shall provide the following:

17 “(A) NON-DISPLACEMENT OF NON-ELIGI-
18 BLE TENANTS.—A taxpayer receiving a rental
19 reduction credit amount may not refuse to
20 renew the lease of or evict (other than for good
21 cause) a tenant of a unit who is not an eligible
22 tenant at any time during the credit period and
23 such unit shall not be treated as an eligible unit
24 while such tenant resides there.

1 “(B) ONLY GOOD CAUSE EVICTIONS OF
2 ELIGIBLE TENANTS.—A taxpayer receiving a
3 rental reduction credit amount may not refuse
4 to renew the lease of or evict (other than for
5 good cause) an eligible tenant of an eligible
6 unit.

7 “(C) MOBILITY.—A taxpayer receiving a
8 rental reduction credit amount shall—

9 “(i) give priority to rent any available
10 unit of suitable size to tenants who are eli-
11 gible tenants who are moving from another
12 qualified building where such tenants had
13 lived at least 1 year and were in good
14 standing, and

15 “(ii) inform eligible tenants within the
16 building of their right to move after 1 year
17 and provide a list maintained by the State
18 of qualified buildings where such tenants
19 might move.

20 “(iii) FAIR HOUSING AND CIVIL
21 RIGHTS.—If a taxpayer receives a rental
22 reduction credit amount—

23 “(I) such taxpayer shall comply
24 with the Fair Housing Act with re-
25 spect to the building, and

1 “(II) the receipt of such amount
2 shall be treated as the receipt of Fed-
3 eral financial assistance for purposes
4 of applying any Federal civil rights
5 laws.

6 “(iv) ADMISSIONS PREFERENCES.—A
7 taxpayer receiving a rental reduction credit
8 amount shall comply with any admissions
9 preferences established by the State for
10 tenants within particular demographic
11 groups eligible for health or social services.

12 “(3) COMPLIANCE REQUIREMENTS.—A quali-
13 fied rental reduction agreement shall provide that a
14 taxpayer receiving a rental reduction credit amount
15 shall comply with all reporting and other procedures
16 established by the State to ensure compliance with
17 this section and such agreement.

18 “(4) PROJECTS.—In the case of a rental reduc-
19 tion credit allocated to a project consisting of more
20 than 1 building, the rental reduction credit agency
21 may provide for a single qualified rental reduction
22 agreement which applies to all buildings which are
23 part of such project.

24 “(h) CERTIFICATIONS AND OTHER REPORTS TO SEC-
25 RETARY.—

1 “(1) CERTIFICATION WITH RESPECT TO 1ST
2 YEAR OF CREDIT PERIOD.—Following the close of
3 the 1st taxable year in the credit period with respect
4 to any qualified building, the taxpayer shall certify
5 to the Secretary (at such time and in such form and
6 in such manner as the Secretary prescribes)—

7 “(A) the information described in sub-
8 section (g)(1) required to be contained in the
9 qualified rental reduction agreement with re-
10 spect to the building, and

11 “(B) such other information as the Sec-
12 retary may require.

13 In the case of a failure to make the certification re-
14 quired by the preceding sentence on the date pre-
15 scribed therefor, unless it is shown that such failure
16 is due to reasonable cause and not to willful neglect,
17 no credit shall be allowable by reason of subsection
18 (a) with respect to such building for any taxable
19 year ending before such certification is made.

20 “(2) ANNUAL REPORTS TO THE SECRETARY.—
21 The Secretary may require taxpayers to submit an
22 information return (at such time and in such form
23 and manner as the Secretary prescribes) for each
24 taxable year setting forth—

1 “(A) the information described in para-
2 graph (1)(A) for the taxable year, and

3 “(B) such other information as the Sec-
4 retary may require.

5 The penalty under section 6652(j) shall apply to any
6 failure to submit the return required by the Sec-
7 retary under the preceding sentence on the date pre-
8 scribed therefor.

9 “(3) ANNUAL REPORTS FROM RENTAL REDUC-
10 TION CREDIT AGENCY.—

11 “(A) REPORTS.—Each rental reduction
12 credit agency which allocates any rental reduc-
13 tion credit amount to 1 or more buildings for
14 any calendar year shall submit to the Secretary
15 (at such time and in such manner as the Sec-
16 retary shall prescribe) an annual report speci-
17 fying—

18 “(i) the amount of rental reduction
19 credit amounts allocated to each such
20 building for such year,

21 “(ii) sufficient information to identify
22 each such building and the taxpayer with
23 respect thereto,

24 “(iii) information as to the demo-
25 graphic and income characteristics of eligi-

1 ble tenants of all such buildings to which
2 such amounts were allocated, and

3 “(iv) such other information as the
4 Secretary may require.

5 “(B) PENALTY.—The penalty under sec-
6 tion 6652(j) shall apply to any failure to submit
7 the report required by subparagraph (A) on the
8 date prescribed therefor.

9 “(C) INFORMATION MADE PUBLIC.—The
10 Secretary shall, in consultation with Secretary
11 of Housing and Urban Development, make in-
12 formation reported under this paragraph for
13 each qualified building available to the public
14 annually to the greatest degree possible without
15 disclosing personal information about individual
16 tenants.

17 “(i) SPECIAL RULE FOR PAYMENTS TO PARTNER-
18 SHIPS AND S CORPORATIONS.—For purposes of this sub-
19 title, in the case of any qualified building directly held by
20 any partnership or S corporation, the payment under sec-
21 tion 6433 shall be made in lieu of the credit determined
22 under this section with respect to such building.

23 “(j) REGULATIONS AND GUIDANCE.—The Secretary
24 shall prescribe such regulations or guidance as may be

1 necessary to carry out the purposes of this section, includ-
2 ing—

3 “(1) providing necessary forms and instruc-
4 tions, and

5 “(2) providing for proper treatment of projects
6 for which a credit is allowed both under this section
7 and section 42.”.

8 (b) PAYMENT TO PARTNERSHIPS AND S CORPORA-
9 TIONS IN LIEU OF CREDIT.—

10 (1) IN GENERAL.— Subchapter B of chapter 65
11 of the Internal Revenue Code of 1986 is amended by
12 adding at the end the following new section:

13 **“SEC. 6433. PAYMENTS IN LIEU OF RENTERS CREDIT FOR**
14 **PARTNERSHIPS AND S CORPORATIONS.**

15 “(a) IN GENERAL.—In the case of any qualified
16 building (as defined in section 36C(a)(3)) directly held by
17 any partnership or S corporation, the Secretary shall pay
18 to such partnership or S corporation for any taxable year
19 an amount equal to the amount of the credit which, but
20 for section 36C(i), would be allowed under section 36C
21 with respect to such building.

22 “(b) REGULATORY AUTHORITY.—The Secretary shall
23 prescribe such regulations, rules, and guidance as may be
24 necessary to carry out section 36C(i), section 92, and this

1 section, including regulations, rules, and guidance pro-
 2 viding for—

3 “(1) the application of the rules under section
 4 36C with respect to payments under this section in
 5 the same manner as such rules apply for purposes
 6 of the credit under section 36C,

7 “(2) the time and manner of payments under
 8 subsection (a), and

9 “(3) the determination of a partner’s distribu-
 10 tive share, or an S corporation shareholder’s pro
 11 rata share, of any payment under subsection (a).”.

12 (2) CONFORMING AMENDMENT.—The table of
 13 sections for subchapter B of chapter 65 of the Inter-
 14 nal Revenue Code of 1986 is amended by adding at
 15 the end the following new item:

“Sec. 6433. Payments in lieu of renters credit for partnerships and S corpora-
 tions.”.

16 (c) CREDIT INCLUDIBLE IN GROSS INCOME.—

17 (1) IN GENERAL.—Part II of subchapter B of
 18 chapter 1 of the Internal Revenue Code of 1986 is
 19 amended by adding at the end the following new sec-
 20 tion:

21 **“SEC. 92. INCLUSION IN INCOME OF RENTERS CREDIT AND**
 22 **PAYMENTS.**

23 “Gross income includes the amount of the credit al-
 24 lowed to the taxpayer under section 36C for the taxable

1 year and the amount of any payment in lieu of such credit
2 under section 6433.”.

3 (2) INCOME DISREGARDED FOR ALTERNATIVE
4 MINIMUM TAXABLE INCOME.—Section 56(a) of such
5 Code is amended by adding at the end the following:

6 “(8) SECTION 92 NOT APPLICABLE.—Section 92
7 (relating to inclusion in income of renters credit)
8 shall not apply.”.

9 (3) CONFORMING AMENDMENT.—The table of
10 sections for part II of subchapter B of chapter 1 of
11 such Code is amended by adding at the end the fol-
12 lowing new item:

“Sec. 92. Inclusion in income of renters credit and payments.”.

13 (d) ADMINISTRATIVE FEES.— No provision of, or
14 amendment made by, this Act shall be construed to pre-
15 vent a rental reduction credit agency of a State from im-
16 posing fees to cover its costs or from levying any such fee
17 on a taxpayer applying for or receiving a rental reduction
18 credit amount.

19 (e) OTHER CONFORMING AMENDMENTS.—

20 (1) Section 6211(b)(4) of the Internal Revenue
21 Code of 1986 is amended by inserting “36C (includ-
22 ing any related payment under section 6433),” after
23 “36B,”.

24 (2) Paragraph (2) of section 1324(b) of title
25 31, United States Code, is amended by inserting

1 “36C (including any related payment under section
2 6433),” after “36B,”.

3 (3) The table of sections for subpart C of part
4 IV of subchapter A of chapter 1 of the Internal Rev-
5 enue Code of 1986 is amended by inserting after the
6 item relating to section 36B the following new item:

“Sec. 36C. Renters credit.”.

7 (f) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 December 31, 2020.

10 **SEC. 216. MIDDLE-INCOME HOUSING TAX CREDIT.**

11 (a) IN GENERAL.—Subpart D of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 is amended by inserting after section 42 the fol-
14 lowing new section:

15 **“SEC. 42A. MIDDLE-INCOME HOUSING CREDIT.**

16 “(a) IN GENERAL.—For purposes of section 38, the
17 amount of the middle-income housing credit determined
18 under this section for any taxable year in the credit period
19 shall be an amount equal to—

20 “(1) the applicable percentage, of

21 “(2) the qualified basis of each qualified mid-
22 dle-income building.

23 “(b) APPLICABLE PERCENTAGE.—

24 “(1) DETERMINATION OF APPLICABLE PER-
25 CENTAGE.—For purposes of this section—

1 “(A) IN GENERAL.—The term ‘applicable
2 percentage’ means, with respect to any building,
3 the appropriate percentage prescribed by the
4 Secretary for the earlier of—

5 “(i) the month in which such building
6 is placed in service, or

7 “(ii) at the election of the taxpayer,
8 the month in which the taxpayer and the
9 housing credit agency enter into an agree-
10 ment with respect to such building (which
11 is binding on such agency, the taxpayer,
12 and all successors in interest) as to the
13 housing credit dollar amount to be allo-
14 cated to such building.

15 A month may be elected under clause (ii) only
16 if the election is made not later than the 5th
17 day after the close of such month. Such an elec-
18 tion, once made, shall be irrevocable.

19 “(B) METHOD OF PRESCRIBING PERCENT-
20 AGES.—The percentages prescribed by the Sec-
21 retary for any month shall be percentages which
22 will yield over a 15-year period amounts of
23 credit under subsection (a) which have a
24 present value equal to—

1 “(i) 50 percent of the qualified basis
2 of a new building which is not Federally
3 subsidized for the taxable year, and

4 “(ii) 20 percent of the qualified basis
5 of a building not described in clause (i).

6 “(C) METHOD OF DISCOUNTING.—The
7 present value under subparagraph (B) shall be
8 determined—

9 “(i) as of the last day of the 1st year
10 of the 15-year period referred to in sub-
11 paragraph (B),

12 “(ii) by using a discount rate equal to
13 72 percent of the average of the annual
14 Federal mid-term rate and the annual
15 Federal long-term rate applicable under
16 section 1274(d)(1) to the month applicable
17 under clause (i) or (ii) of subparagraph
18 (A) and compounded annually, and

19 “(iii) by assuming that the credit al-
20 lowable under this section for any year is
21 received on the last day of such year.

22 “(2) MINIMUM CREDIT RATE.—

23 “(A) IN GENERAL.—The applicable per-
24 centage for any building which is not Federally

1 subsidized for the taxable year shall not be less
2 than 5 percent.

3 “(B) MINIMUM CREDIT RATE FOR FEDER-
4 ALLY SUBSIDIZED BUILDINGS.—In the case of
5 any building to which subparagraph (A) does
6 not apply, except as provided in paragraph (3),
7 the applicable percentage shall not be less than
8 2 percent.

9 “(3) EXCEPTION FOR CERTAIN FEDERALLY
10 SUBSIDIZED BUILDINGS.—In the case of any build-
11 ing to which paragraph (2)(A) does not apply, the
12 applicable percentage is zero unless—

13 “(A) a credit is allowed under section 42
14 with respect to such building for the taxable
15 year, and

16 “(B) such building is financed by tax-ex-
17 empt bonds as described in section 42(h)(4).

18 “(4) CROSS REFERENCES.—

19 “(A) For treatment of certain rehabilita-
20 tion expenditures as separate new buildings, see
21 subsection (e).

22 “(B) For determination of applicable per-
23 centage for increases in qualified basis after the
24 1st year of the credit period, see subsection
25 (f)(3).

1 “(C) For authority of housing credit agen-
2 cy to limit applicable percentage and qualified
3 basis which may be taken into account under
4 this section with respect to any building, see
5 subsection (h)(6).

6 “(c) QUALIFIED BASIS; QUALIFIED MIDDLE-INCOME
7 BUILDING.—For purposes of this section—

8 “(1) QUALIFIED BASIS.—

9 “(A) DETERMINATION.—The qualified
10 basis of any qualified middle-income building
11 for any taxable year is an amount equal to—

12 “(i) the applicable fraction (deter-
13 mined as of the close of such taxable year)
14 of

15 “(ii) the eligible basis of such building
16 (determined under subsection (d)).

17 “(B) APPLICABLE FRACTION.—For pur-
18 poses of subparagraph (A), the term ‘applicable
19 fraction’ means the smaller of the unit fraction
20 or the floor space fraction.

21 “(C) UNIT FRACTION.—For purposes of
22 subparagraph (B), the term ‘unit fraction’
23 means the fraction—

1 “(i) the numerator of which is the
2 number of middle-income units in the
3 building, and

4 “(ii) the denominator of which is the
5 number of residential rental units (whether
6 or not occupied) in such building.

7 “(D) FLOOR SPACE FRACTION.—For pur-
8 poses of subparagraph (B), the term ‘floor
9 space fraction’ means the fraction—

10 “(i) the numerator of which is the
11 total floor space of the middle-income units
12 in such building, and

13 “(ii) the denominator of which is the
14 total floor space of the residential rental
15 units (whether or not occupied) in such
16 building.

17 “(2) QUALIFIED MIDDLE-INCOME BUILDING.—
18 The term ‘qualified middle-income building’ means
19 any building which is part of a qualified middle-in-
20 come housing project at all times during the pe-
21 riod—

22 “(A) beginning on the 1st day in the credit
23 period on which such building is part of such a
24 project, and

1 “(B) ending on the last day of the credit
2 period with respect to such building.

3 “(d) ELIGIBLE BASIS.—For purposes of this sec-
4 tion—

5 “(1) NEW BUILDINGS.—The eligible basis of a
6 new building is its adjusted basis as of the close of
7 the 1st taxable year of the credit period.

8 “(2) EXISTING BUILDINGS.—

9 “(A) IN GENERAL.—The eligible basis of
10 an existing building is—

11 “(i) in the case of a building which
12 meets the requirements of subparagraph
13 (B), its adjusted basis as of the close of
14 the 1st taxable year of the credit period,
15 and

16 “(ii) zero in any other case.

17 “(B) REQUIREMENTS.—A building meets
18 the requirements of this subparagraph if—

19 “(i) the building is acquired by pur-
20 chase (as defined in section 179(d)(2)),

21 “(ii) there is a period of at least 10
22 years between the date of its acquisition by
23 the taxpayer and the date the building was
24 last placed in service,

1 “(iii) the building was not previously
2 placed in service by the taxpayer or by any
3 person who was a related person with re-
4 spect to the taxpayer as of the time pre-
5 viously placed in service, and

6 “(iv) except as provided in subsection
7 (f)(5), a credit is allowable under sub-
8 section (a) by reason of subsection (e) with
9 respect to the building.

10 “(C) ADJUSTED BASIS.—For purposes of
11 subparagraph (A), the adjusted basis of any
12 building shall not include so much of the basis
13 of such building as is determined by reference
14 to the basis of other property held at any time
15 by the person acquiring the building.

16 “(D) SPECIAL RULES.—

17 “(i) SPECIAL RULES FOR CERTAIN
18 TRANSFERS.—For purposes of determining
19 under subparagraph (B)(ii) when a build-
20 ing was last placed in service, there shall
21 not be taken into account any placement in
22 service—

23 “(I) in connection with the acqui-
24 sition of the building in a transaction
25 in which the basis of the building in

1 the hands of the person acquiring it is
2 determined in whole or in part by ref-
3 erence to the adjusted basis of such
4 building in the hands of the person
5 from whom acquired,

6 “(II) by a person whose basis in
7 such building is determined under sec-
8 tion 1014(a) (relating to property ac-
9 quired from a decedent),

10 “(III) by any governmental unit
11 or qualified nonprofit organization if
12 the requirements of subparagraph
13 (B)(ii) are met with respect to the
14 placement in service by such unit or
15 organization and all the income from
16 such property is exempt from Federal
17 income taxation,

18 “(IV) by any person who ac-
19 quired such building by foreclosure
20 (or by instrument in lieu of fore-
21 closure) of any purchase-money secu-
22 rity interest held by such person if the
23 requirements of subparagraph (B)(ii)
24 are met with respect to the placement
25 in service by such person and such

1 building is resold within 12 months
2 after the date such building is placed
3 in service by such person after such
4 foreclosure, or

5 “(V) of a single-family residence
6 by any individual who owned and used
7 such residence for no other purpose
8 than as his principal residence.

9 “(ii) RELATED PERSON.—For pur-
10 poses of subparagraph (B)(iii), a person
11 (hereinafter in this subclause referred to as
12 the ‘related person’) is related to any per-
13 son if the related person bears a relation-
14 ship to such person specified in section
15 267(b) or 707(b)(1), or the related person
16 and such person are engaged in trades or
17 businesses under common control (within
18 the meaning of subsections (a) and (b) of
19 section 52).

20 “(3) SPECIAL RULES RELATING TO DETER-
21 MINATION OF ADJUSTED BASIS.—For purposes of
22 this subsection—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), the adjusted basis of any
25 building shall be determined without regard to

1 the adjusted basis of any property which is not
2 residential rental property.

3 “(B) BASIS OF PROPERTY IN COMMON
4 AREAS, ETC., INCLUDED.—

5 “(i) IN GENERAL.—Except as pro-
6 vided in clause (ii), the adjusted basis of
7 any building shall be determined by taking
8 into account the adjusted basis of property
9 (of a character subject to the allowance for
10 depreciation) used in common areas or
11 provided as comparable amenities to all
12 residential rental units in such building.

13 “(ii) SPECIAL RULE.—In the case of
14 any building for which the low-income
15 housing tax credit is allowable under sec-
16 tion 42, the adjusted basis of the building
17 under this section shall be determined
18 without regard to property used in com-
19 mon areas or provided as comparable
20 amenities to all residential rental units in
21 such building.

22 “(C) NO REDUCTION FOR DEPRECIATION.—The adjusted basis of any building shall
23 be determined without regard to paragraphs (2)
24 and (3) of section 1016(a).
25

1 “(4) FEDERAL GRANTS NOT TAKEN INTO AC-
2 COUNT IN DETERMINING ELIGIBLE BASIS.—The eli-
3 gible basis of a building shall not include any costs
4 financed with the proceeds of a Federally funded
5 grant.

6 “(5) CREDIT ALLOWABLE FOR CERTAIN BUILD-
7 INGS ACQUIRED DURING 10-YEAR PERIOD.—On ap-
8 plication by the taxpayer, the Secretary may waive
9 paragraph (2)(B)(ii) with respect to any building ac-
10 quired from an insured depository institution in de-
11 fault (as defined in section 3 of the Federal Deposit
12 Insurance Act) or from a receiver or conservator of
13 such an institution.

14 “(6) ACQUISITION OF BUILDING BEFORE END
15 OF PRIOR CREDIT PERIOD.—

16 “(A) IN GENERAL.—Under regulations
17 prescribed by the Secretary, in the case of a
18 building described in subparagraph (B) (or in-
19 terest therein) which is acquired by the tax-
20 payer—

21 “(i) paragraph (2)(B) shall not apply,
22 but

23 “(ii) the credit allowable by reason of
24 subsection (a) to the taxpayer for any pe-
25 riod after such acquisition shall be equal to

1 the amount of credit which would have
2 been allowable under subsection (a) for
3 such period to the prior owner referred to
4 in subparagraph (B) had such owner not
5 disposed of the building.

6 “(B) DESCRIPTION OF BUILDING.—A
7 building is described in this subparagraph if—

8 “(i) a credit was allowed by reason of
9 subsection (a) to any prior owner of such
10 building, and

11 “(ii) the taxpayer acquired such build-
12 ing before the end of the credit period for
13 such building with respect to such prior
14 owner (determined without regard to any
15 disposition by such prior owner).

16 “(e) REHABILITATION EXPENDITURES TREATED AS
17 SEPARATE NEW BUILDING.—

18 “(1) IN GENERAL.—Rehabilitation expenditures
19 paid or incurred by the taxpayer with respect to any
20 building shall be treated for purposes of this section
21 as a separate new building.

22 “(2) REHABILITATION EXPENDITURES.—For
23 purposes of paragraph (1)—

24 “(A) IN GENERAL.—The term ‘rehabilita-
25 tion expenditures’ means amounts chargeable to

1 capital account and incurred for property (or
2 additions or improvements to property) of a
3 character subject to the allowance for deprecia-
4 tion in connection with the rehabilitation of a
5 building.

6 “(B) COST OF ACQUISITION, ETC., NOT IN-
7 CLUDED.—Such term does not include the cost
8 of acquiring any building (or interest therein)
9 or any amount not permitted to be taken into
10 account under paragraph (3) of subsection (d).

11 “(C) CERTAIN RELOCATION COSTS.—In
12 the case of a rehabilitation of a building to
13 which section 280B does not apply, costs relat-
14 ing to the relocation of occupants, including—

15 “(i) amounts paid to occupants,

16 “(ii) amounts paid to third parties for
17 services relating to such relocation, and

18 “(iii) amounts paid for temporary
19 housing for occupants,

20 shall be treated as chargeable to capital account
21 and taken into account as rehabilitation ex-
22 penditures.

23 “(3) MINIMUM EXPENDITURES TO QUALIFY.—

1 “(A) IN GENERAL.—Paragraph (1) shall
2 apply to rehabilitation expenditures with respect
3 to any building only if—

4 “ (i) the expenditures are allocable to
5 1 or more middle-income units or substan-
6 tially benefit such units, and

7 “ (ii) the amount of such expenditures
8 during any 24-month period meets the re-
9 quirements of whichever of the following
10 subclauses requires the greater amount of
11 such expenditures:

12 “(I) The requirement of this sub-
13 clause is met if such amount is not
14 less than 20 percent of the adjusted
15 basis of the building (determined as of
16 the 1st day of such period and with-
17 out regard to paragraphs (2) and (3)
18 of section 1016(a)).

19 “(II) The requirement of this
20 subclause is met if the qualified basis
21 attributable to such amount, when di-
22 vided by the number of middle-income
23 units in the building, is equal to or
24 greater than the dollar amount in ef-
25 fect under section 42(e)(3)(A)(ii)(II)

1 for the calendar year in which such
2 expenditures are treated as placed in
3 service under paragraph (4).

4 “(B) DATE OF DETERMINATION.—The de-
5 termination under subparagraph (A) shall be
6 made as of the close of the 1st taxable year in
7 the credit period with respect to such expendi-
8 tures.

9 “(4) SPECIAL RULES.—For purposes of apply-
10 ing this section with respect to expenditures which
11 are treated as a separate building by reason of this
12 subsection—

13 “(A) such expenditures shall be treated as
14 placed in service at the close of the 24-month
15 period referred to in paragraph (3)(A), and

16 “(B) the applicable fraction under sub-
17 section (c)(1) shall be the applicable fraction for
18 the building (without regard to paragraph (1))
19 with respect to which the expenditures were in-
20 curred.

21 Nothing in subsection (d)(2) shall prevent a credit
22 from being allowed by reason of this subsection.

23 “(5) NO DOUBLE COUNTING.—Rehabilitation
24 expenditures may, at the election of the taxpayer, be
25 taken into account under this subsection or sub-

1 section (d)(2)(A)(i) but not under both such sub-
2 sections.

3 “(6) REGULATIONS TO APPLY SUBSECTION
4 WITH RESPECT TO GROUP OF UNITS IN BUILDING.—
5 The Secretary may prescribe regulations, consistent
6 with the purposes of this subsection, treating a
7 group of units with respect to which rehabilitation
8 expenditures are incurred as a separate new build-
9 ing.

10 “(f) DEFINITION AND SPECIAL RULES RELATING TO
11 CREDIT PERIOD.—

12 “(1) CREDIT PERIOD DEFINED.—For purposes
13 of this section, the term ‘credit period’ means, with
14 respect to any building, the period of 15 taxable
15 years beginning with—

16 “(A) the taxable year in which the building
17 is placed in service, or

18 “(B) at the election of the taxpayer, the
19 succeeding taxable year,

20 but only if the building is a qualified middle-income
21 building as of the close of the 1st year of such pe-
22 riod. The election under subparagraph (B), once
23 made, shall be irrevocable.

24 “(2) SPECIAL RULE FOR 1ST YEAR OF CREDIT
25 PERIOD.—

1 “(A) IN GENERAL.—The credit allowable
2 under subsection (a) with respect to any build-
3 ing for the 1st taxable year of the credit period
4 shall be determined by substituting for the ap-
5 plicable fraction under subsection (c)(1) the
6 fraction—

7 “(i) the numerator of which is the
8 sum of the applicable fractions determined
9 under subsection (c)(1) as of the close of
10 each full month of such year during which
11 such building was in service, and

12 “(ii) the denominator of which is 12.

13 “(B) DISALLOWED 1ST-YEAR CREDIT AL-
14 LOWED IN 16TH YEAR.—Any reduction by rea-
15 son of subparagraph (A) in the credit allowable
16 (without regard to subparagraph (A)) for the
17 1st taxable year of the credit period shall be al-
18 lowable under subsection (a) for the 1st taxable
19 year following the credit period.

20 “(3) DETERMINATION OF APPLICABLE PER-
21 CENTAGE WITH RESPECT TO INCREASES IN QUALI-
22 FIED BASIS AFTER 1ST YEAR OF CREDIT PERIOD.—

23 “(A) IN GENERAL.—In the case of any
24 building which was a qualified middle-income

1 building as of the close of the 1st year of the
2 credit period, if—

3 “(i) as of the close of any taxable year
4 in the credit period (after the 1st year of
5 such period) the qualified basis of such
6 building exceeds

7 “(ii) the qualified basis of such build-
8 ing as of the close of the 1st year of the
9 credit period,

10 the applicable percentage which shall apply
11 under subsection (a) for the taxable year to
12 such excess shall be the percentage equal to $\frac{2}{3}$
13 of the applicable percentage which (after the
14 application of subsection (h)) would but for this
15 paragraph apply to such basis.

16 “(B) 1ST YEAR COMPUTATION APPLIES.—
17 A rule similar to the rule of paragraph (2)(A)
18 shall apply to any increase in qualified basis to
19 which subparagraph (A) applies for the 1st year
20 of such increase.

21 “(4) DISPOSITIONS OF PROPERTY.—If a build-
22 ing (or an interest therein) is disposed of during any
23 year for which credit is allowable under subsection
24 (a), such credit shall be allocated between the par-

1 ties on the basis of the number of days during such
2 year the building (or interest) was held by each.

3 “(5) CREDIT PERIOD FOR EXISTING BUILDINGS
4 NOT TO BEGIN BEFORE REHABILITATION CREDIT
5 ALLOWED.—

6 “(A) IN GENERAL.—The credit period for
7 an existing building shall not begin before the
8 1st taxable year of the credit period for reha-
9 bilitation expenditures with respect to the build-
10 ing.

11 “(B) ACQUISITION CREDIT ALLOWED FOR
12 CERTAIN BUILDINGS NOT ALLOWED A REHA-
13 BILITATION CREDIT.—

14 “(i) IN GENERAL.—In the case of a
15 building described in clause (ii)—

16 “(I) subsection (d)(2)(B)(iv)
17 shall not apply, and

18 “(II) the credit period for such
19 building shall not begin before the
20 taxable year which would be the 1st
21 taxable year of the credit period for
22 rehabilitation expenditures with re-
23 spect to the building under the modi-
24 fications described in clause (ii)(II).

1 “(ii) BUILDING DESCRIBED.—A build-
2 ing is described in this clause if—

3 “(I) a waiver is granted under
4 subsection (d)(4) with respect to the
5 acquisition of the building, and

6 “(II) a credit would be allowed
7 for rehabilitation expenditures with
8 respect to such building if subsection
9 (e)(3)(A)(ii)(I) did not apply and if
10 the dollar amount in effect under sub-
11 section (e)(3)(A)(ii)(II) were two-
12 thirds of such amount.

13 “(g) QUALIFIED MIDDLE-INCOME HOUSING
14 PROJECT.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘qualified middle-
16 income housing project’ means any project for resi-
17 dential rental property if 60 percent or more of the
18 residential units in such project are both rent-re-
19 stricted and occupied by individuals whose income is
20 100 percent or less of area median gross income.
21 For purposes of the preceding sentence, residential
22 units in a building which is not a qualified middle-
23 income building by reason of subsection (c)(2)(B)
24 shall not be taken into account.

25 “(2) RENT-RESTRICTED UNITS.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1), a residential unit is rent-restricted if
3 the gross rent with respect to such unit does
4 not exceed 30 percent of the imputed income
5 limitation applicable to such unit. For purposes
6 of the preceding sentence, the amount of the in-
7 come limitation under paragraph (1) applicable
8 for any period shall not be less than such limi-
9 tation applicable for the earliest period the
10 building (which contains the unit) was included
11 in the determination of whether the project is
12 a qualified middle-income housing project.

13 “(B) GROSS RENT.—For purposes of sub-
14 paragraph (A), gross rent—

15 “(i) includes any utility allowance de-
16 termined by the Secretary after taking into
17 account such determinations under section
18 8 of the United States Housing Act of
19 1937,

20 “(ii) does not include any fee for a
21 supportive service which is paid to the
22 owner of the unit (on the basis of the mid-
23 dle-income status of the tenant of the unit)
24 by any governmental program of assistance
25 (or by an organization described in section

1 501(c)(3) and exempt from tax under sec-
2 tion 501(a)) if such program (or organiza-
3 tion) provides assistance for rent and the
4 amount of assistance provided for rent is
5 not separable from the amount of assist-
6 ance provided for supportive services, and
7 “(iii) does not include any rental pay-
8 ment to the owner of the unit to the extent
9 such owner pays an equivalent amount to
10 the Farmers’ Home Administration under
11 section 515 of the Housing Act of 1949.

12 For purposes of clause (ii), the term ‘supportive
13 service’ means any service provided under a
14 planned program of services designed to enable
15 residents of a residential rental property to re-
16 main independent and avoid placement in a
17 hospital, nursing home, or intermediate care fa-
18 cility for the mentally or physically handi-
19 capped.

20 “(C) IMPUTED INCOME LIMITATION APPLI-
21 CABLE TO UNIT.—For purposes of this para-
22 graph, the imputed income limitation applicable
23 to a unit is the income limitation which would
24 apply under paragraph (1) to individuals occu-

1 pying the unit if the number of individuals oc-
2 cupying the unit were as follows:

3 “(i) In the case of a unit which does
4 not have a separate bedroom, 1 individual.

5 “(ii) In the case of a unit which has
6 1 or more separate bedrooms, 1.5 individ-
7 uals for each separate bedroom.

8 In the case of a project with respect to which
9 a credit is allowable by reason of this section
10 and for which financing is provided by a bond
11 described in section 142(a)(7), the imputed in-
12 come limitation shall apply in lieu of the other-
13 wise applicable income limitation for purposes
14 of applying section 142(d)(4)(B)(ii).

15 “(D) TREATMENT OF UNITS OCCUPIED BY
16 INDIVIDUALS WHOSE INCOMES RISE ABOVE
17 LIMIT.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (ii), notwithstanding an in-
20 crease in the income of the occupants of a
21 middle-income unit above the income limi-
22 tation applicable under paragraph (1),
23 such unit shall continue to be treated as a
24 middle-income unit if the income of such
25 occupants initially met such income limita-

1 tion and such unit continues to be rent-re-
2 stricted.

3 “(ii) NEXT AVAILABLE UNIT MUST BE
4 RENTED TO MIDDLE-INCOME TENANT IF
5 INCOME RISES ABOVE 140 PERCENT OF IN-
6 COME LIMIT.—If the income of the occu-
7 pants of the unit increases above 140 per-
8 cent of the income limitation applicable
9 under paragraph (1), clause (i) shall cease
10 to apply to such unit if any residential
11 rental unit in the building (of a size com-
12 parable to, or smaller than, such unit) is
13 occupied by a new resident whose income
14 exceeds such income limitation.

15 “(3) DATE FOR MEETING REQUIREMENTS.—

16 “(A) IN GENERAL.—Except as otherwise
17 provided in this paragraph, a building shall be
18 treated as a qualified middle-income building
19 only if the project (of which such building is a
20 part) meets the requirements of paragraph (1)
21 not later than the close of the 1st year of the
22 credit period for such building.

23 “(B) BUILDINGS WHICH RELY ON LATER
24 BUILDINGS FOR QUALIFICATION.—

1 “(i) IN GENERAL.—In determining
2 whether a building (hereinafter in this sub-
3 paragraph referred to as the ‘prior build-
4 ing’) is a qualified middle-income building,
5 the taxpayer may take into account 1 or
6 more additional buildings placed in service
7 during the 12-month period described in
8 subparagraph (A) with respect to the prior
9 building only if the taxpayer elects to apply
10 clause (ii) with respect to each additional
11 building taken into account.

12 “(ii) TREATMENT OF ELECTED
13 BUILDINGS.—In the case of a building
14 which the taxpayer elects to take into ac-
15 count under clause (i), the period under
16 subparagraph (A) for such building shall
17 end at the close of the 12-month period ap-
18 plicable to the prior building.

19 “(iii) DATE PRIOR BUILDING IS
20 TREATED AS PLACED IN SERVICE.—For
21 purposes of determining the credit period
22 for the prior building, the prior building
23 shall be treated for purposes of this section
24 as placed in service on the most recent
25 date any additional building elected by the

1 taxpayer (with respect to such prior build-
2 ing) was placed in service.

3 “(C) SPECIAL RULE.—A building—

4 “(i) other than the 1st building placed
5 in service as part of a project, and

6 “(ii) other than a building which is
7 placed in service during the 12-month pe-
8 riod described in subparagraph (A) with
9 respect to a prior building which becomes
10 a qualified middle-income building,

11 shall in no event be treated as a qualified mid-
12 dle-income building unless the project is a
13 qualified middle-income housing project (with-
14 out regard to such building) on the date such
15 building is placed in service.

16 “(D) PROJECTS WITH MORE THAN 1
17 BUILDING MUST BE IDENTIFIED.—For pur-
18 poses of this section, a project shall be treated
19 as consisting of only 1 building unless, before
20 the close of the 1st calendar year in the project
21 period (as defined in subsection (h)(1)(F)(ii)),
22 each building which is (or will be) part of such
23 project is identified in such form and manner
24 as the Secretary may provide.

1 “(4) CERTAIN RULES MADE APPLICABLE.—
2 Paragraphs (2) (other than subparagraph (A) there-
3 of), (3), and (7) of section 142(d), and section
4 6652(j), shall apply for purposes of determining
5 whether any project is a qualified middle-income
6 housing project and whether any unit is a middle-in-
7 come unit; except that, in applying such provisions
8 for such purposes—

9 “(A) the term ‘gross rent’ shall have the
10 meaning given such term by paragraph (2)(B)
11 of this subsection, and

12 “(B) the term ‘applicable income limit’
13 means the limitation under paragraph (1) of
14 this subsection.

15 “(5) ELECTION TO TREAT BUILDING AFTER
16 CREDIT PERIOD AS NOT PART OF A PROJECT.—For
17 purposes of this section, the taxpayer may elect to
18 treat any building as not part of a qualified middle-
19 income housing project for any period beginning
20 after the credit period for such building.

21 “(6) SPECIAL RULE WHERE DE MINIMIS EQ-
22 UITY CONTRIBUTION.—Property shall not be treated
23 as failing to be residential rental property for pur-
24 poses of this section merely because the occupant of
25 a residential unit in the project pays (on a voluntary

1 basis) to the lessor a de minimis amount to be held
2 toward the purchase by such occupant of a residen-
3 tial unit in such project if—

4 “(A) all amounts so paid are refunded to
5 the occupant on the cessation of his occupancy
6 of a unit in the project, and

7 “(B) the purchase of the unit is not per-
8 mitted until after the close of the credit period
9 with respect to the building in which the unit
10 is located.

11 Any amount paid to the lessor as described in the
12 preceding sentence shall be included in gross rent
13 under paragraph (2) for purposes of determining
14 whether the unit is rent-restricted.

15 “(7) SCATTERED SITE PROJECTS.—Buildings
16 which would (but for their lack of proximity) be
17 treated as a project for purposes of this section shall
18 be so treated if all of the dwelling units in each of
19 the buildings are rent-restricted (within the meaning
20 of paragraph (2)) residential rental units.

21 “(8) WAIVER OF CERTAIN RECERTIFI-
22 CATIONS.—On application by the taxpayer, the Sec-
23 retary may waive any annual recertification of ten-
24 ant income for purposes of this subsection, if the en-
25 tire building is occupied by middle-income tenants.

1 “(9) CLARIFICATION OF GENERAL PUBLIC USE
2 REQUIREMENT.—A project does not fail to meet the
3 general public use requirement solely because of oc-
4 cupancy restrictions or preferences that favor ten-
5 ants—

6 “(A) with special needs, or

7 “(B) who are members of a specified group
8 under a Federal program or State program or
9 policy that supports housing for such a speci-
10 fied group.

11 “(h) LIMITATION ON AGGREGATE CREDIT ALLOW-
12 ABLE WITH RESPECT TO PROJECTS LOCATED IN A
13 STATE.—

14 “(1) CREDIT MAY NOT EXCEED CREDIT
15 AMOUNT ALLOCATED TO BUILDING.—

16 “(A) IN GENERAL.—The amount of the
17 credit determined under this section for any
18 taxable year with respect to any building shall
19 not exceed the housing credit dollar amount al-
20 located to such building under this subsection.

21 “(B) TIME FOR MAKING ALLOCATION.—
22 Except in the case of an allocation which meets
23 the requirements of subparagraph (C), (D),
24 (E), or (F), an allocation shall be taken into ac-
25 count under subparagraph (A) only if it is

1 made not later than the close of the calendar
2 year in which the building is placed in service.

3 “(C) EXCEPTION WHERE BINDING COM-
4 MITMENT.—An allocation meets the require-
5 ments of this subparagraph if there is a binding
6 commitment (not later than the close of the cal-
7 endar year in which the building is placed in
8 service) by the housing credit agency to allocate
9 a specified housing credit dollar amount to such
10 building beginning in a specified later taxable
11 year.

12 “(D) EXCEPTION WHERE INCREASE IN
13 QUALIFIED BASIS.—

14 “(i) IN GENERAL.—An allocation
15 meets the requirements of this subpara-
16 graph if such allocation is made not later
17 than the close of the calendar year in
18 which ends the taxable year to which it will
19 1st apply but only to the extent the
20 amount of such allocation does not exceed
21 the limitation under clause (ii).

22 “(ii) LIMITATION.—The limitation
23 under this clause is the amount of credit
24 allowable under this section (without re-
25 gard to this subsection) for a taxable year

1 with respect to an increase in the qualified
2 basis of the building equal to the excess
3 of—

4 “(I) the qualified basis of such
5 building as of the close of the 1st tax-
6 able year to which such allocation will
7 apply, over

8 “(II) the qualified basis of such
9 building as of the close of the 1st tax-
10 able year to which the most recent
11 prior housing credit allocation with re-
12 spect to such building applied.

13 “(iii) HOUSING CREDIT DOLLAR
14 AMOUNT REDUCED BY FULL ALLOCA-
15 TION.—Notwithstanding clause (i), the full
16 amount of the allocation shall be taken
17 into account under paragraph (2).

18 “(E) EXCEPTION WHERE 10 PERCENT OF
19 COST INCURRED.—

20 “(i) IN GENERAL.—An allocation
21 meets the requirements of this subpara-
22 graph if such allocation is made with re-
23 spect to a qualified building which is
24 placed in service not later than the close of

1 the second calendar year following the cal-
2 endar year in which the allocation is made.

3 “(ii) QUALIFIED BUILDING.—For pur-
4 poses of clause (i), the term ‘qualified
5 building’ means any building which is part
6 of a project if the taxpayer’s basis in such
7 project (as of the date which is 1 year
8 after the date that the allocation was
9 made) is more than 10 percent of the tax-
10 payer’s reasonably expected basis in such
11 project (as of the close of the second cal-
12 endar year referred to in clause (i)). Such
13 term does not include any existing building
14 unless a credit is allowable under sub-
15 section (e) for rehabilitation expenditures
16 paid or incurred by the taxpayer with re-
17 spect to such building for a taxable year
18 ending during the second calendar year re-
19 ferred to in clause (i) or the prior taxable
20 year.

21 “(F) ALLOCATION OF CREDIT ON A
22 PROJECT BASIS.—

23 “(i) IN GENERAL.—In the case of a
24 project which includes (or will include)

1 more than 1 building, an allocation meets
2 the requirements of this subparagraph if—

3 “(I) the allocation is made to the
4 project for a calendar year during the
5 project period,

6 “(II) the allocation only applies
7 to buildings placed in service during
8 or after the calendar year for which
9 the allocation is made, and

10 “(III) the portion of such alloca-
11 tion which is allocated to any building
12 in such project is specified not later
13 than the close of the calendar year in
14 which the building is placed in service.

15 “(ii) PROJECT PERIOD.—For pur-
16 poses of clause (i), the term ‘project pe-
17 riod’ means the period—

18 “(I) beginning with the 1st cal-
19 endar year for which an allocation
20 may be made for the 1st building
21 placed in service as part of such
22 project, and

23 “(II) ending with the calendar
24 year the last building is placed in
25 service as part of such project.

1 “(2) ALLOCATED CREDIT AMOUNT TO APPLY
2 TO ALL TAXABLE YEARS ENDING DURING OR AFTER
3 CREDIT ALLOCATION YEAR.—Any housing credit dol-
4 lar amount allocated to any building for any cal-
5 endar year—

6 “(A) shall apply to such building for all
7 taxable years in the credit period ending during
8 or after such calendar year, and

9 “(B) shall reduce the aggregate housing
10 credit dollar amount of the allocating agency
11 only for such calendar year.

12 “(3) HOUSING CREDIT DOLLAR AMOUNT FOR
13 AGENCIES.—

14 “(A) IN GENERAL.—The aggregate hous-
15 ing credit dollar amount which a housing credit
16 agency may allocate for any calendar year is
17 the portion of the State housing credit ceiling
18 allocated under this paragraph for such cal-
19 endar year to such agency.

20 “(B) STATE CEILING INITIALLY ALLO-
21 CATED TO STATE HOUSING CREDIT AGEN-
22 CIES.—Except as provided in subparagraph
23 (D), the State housing credit ceiling for each
24 calendar year shall be allocated to the housing
25 credit agency of such State. If there is more

1 than 1 housing credit agency of a State, all
2 such agencies shall be treated as a single agen-
3 cy.

4 “(C) STATE HOUSING CREDIT CEILING.—
5 The State housing credit ceiling applicable to
6 any State for any calendar year shall be an
7 amount equal to the sum of—

8 “(i) the greater of—

9 “(I) \$1.00 multiplied by the
10 State population, or

11 “(II) \$1,140,000, plus

12 “(ii) the amount of State housing
13 credit ceiling returned in the calendar year.

14 For purposes of clause (ii), the amount of State
15 housing credit ceiling returned in the calendar
16 year equals the housing credit dollar amount
17 previously allocated within the State to any
18 project which fails to meet the 10 percent test
19 under paragraph (1)(E)(ii) on a date after the
20 close of the calendar year in which the alloca-
21 tion was made or which does not become a
22 qualified middle-income housing project within
23 the period required by this section or the terms
24 of the allocation or to any project with respect
25 to which an allocation is cancelled by mutual

1 consent of the housing credit agency and the al-
2 location recipient.

3 “(D) STATE MAY PROVIDE FOR DIF-
4 FERENT ALLOCATION.—Rules similar to the
5 rules of section 146(e) (other than paragraph
6 (2)(B) thereof) shall apply for purposes of this
7 paragraph.

8 “(E) POPULATION.—For purposes of this
9 paragraph, population shall be determined in
10 accordance with section 146(j).

11 “(F) COST-OF-LIVING ADJUSTMENT.—

12 “(i) IN GENERAL.—In the case of a
13 calendar year after 2022, the \$1,140,000
14 and \$1.00 amounts in subparagraph (C)
15 shall each be increased by an amount equal
16 to—

17 “(I) such dollar amount, multi-
18 plied by

19 “(II) the cost-of-living adjust-
20 ment determined under section 1(f)(3)
21 for such calendar year by substituting
22 ‘calendar year 2021’ for ‘calendar
23 year 2016’ in subparagraph (A)(ii)
24 thereof.

25 “(ii) ROUNDING.—

1 “(I) In the case of the
2 \$1,140,000 amount, any increase
3 under clause (i) which is not a mul-
4 tiple of \$5,000 shall be rounded to the
5 next lowest multiple of \$5,000.

6 “(II) In the case of the \$1.00
7 amount, any increase under clause (i)
8 which is not a multiple of 5 cents
9 shall be rounded to the next lowest
10 multiple of 5 cents.

11 “(4) PORTION OF STATE CEILING SET-ASIDE
12 FOR CERTAIN PROJECTS INVOLVING QUALIFIED
13 NONPROFIT ORGANIZATIONS.—

14 “(A) IN GENERAL.—Not more than 90
15 percent of the State housing credit ceiling (de-
16 termined without regard to paragraph (7)) for
17 any State for any calendar year shall be allo-
18 cated to projects other than qualified middle-in-
19 come housing projects described in subpara-
20 graph (B).

21 “(B) PROJECTS INVOLVING QUALIFIED
22 NONPROFIT ORGANIZATIONS.—For purposes of
23 subparagraph (A), a qualified middle-income
24 housing project is described in this subpara-
25 graph if a qualified nonprofit organization is to

1 own an interest in the project (directly or
2 through a partnership) and materially partici-
3 pate (within the meaning of section 469(h)) in
4 the development and operation of the project
5 throughout the credit period.

6 “(C) QUALIFIED NONPROFIT ORGANIZA-
7 TION.—For purposes of this paragraph, the
8 term ‘qualified nonprofit organization’ means
9 any organization if—

10 “(i) such organization is described in
11 paragraph (3) or (4) of section 501(c) and
12 is exempt from tax under section 501(a),

13 “(ii) such organization is determined
14 by the State housing credit agency not to
15 be affiliated with or controlled by a for-
16 profit organization; and

17 “(iii) one of the exempt purposes of
18 such organization includes the fostering of
19 middle-income housing.

20 “(D) TREATMENT OF CERTAIN SUBSIDI-
21 ARIES.—

22 “(i) IN GENERAL.—For purposes of
23 this paragraph, a qualified nonprofit orga-
24 nization shall be treated as satisfying the
25 ownership and material participation test

1 of subparagraph (B) if any qualified cor-
2 poration in which such organization holds
3 stock satisfies such test.

4 “(ii) QUALIFIED CORPORATION.—For
5 purposes of clause (i), the term ‘qualified
6 corporation’ means any corporation if 100
7 percent of the stock of such corporation is
8 held by 1 or more qualified nonprofit orga-
9 nizations at all times during the period
10 such corporation is in existence.

11 “(E) STATE MAY NOT OVERRIDE SET-
12 ASIDE.—Nothing in subparagraph (E) of para-
13 graph (3) shall be construed to permit a State
14 not to comply with subparagraph (A) of this
15 paragraph.

16 “(5) BUILDINGS ELIGIBLE FOR CREDIT ONLY
17 IF MINIMUM LONG-TERM COMMITMENT TO MIDDLE-
18 INCOME HOUSING.—

19 “(A) IN GENERAL.—No credit shall be al-
20 lowed by reason of this section with respect to
21 any building for the taxable year unless an ex-
22 tended middle-income housing commitment is in
23 effect as of the end of such taxable year.

24 “(B) EXTENDED MIDDLE-INCOME HOUS-
25 ING COMMITMENT.—For purposes of this para-

1 graph, the term ‘extended middle-income hous-
2 ing commitment’ means any agreement between
3 the taxpayer and the housing credit agency—

4 “(i) which requires that the applicable
5 fraction (as defined in subsection (c)(1))
6 for the building for each taxable year in
7 the extended use period will not be less
8 than the applicable fraction specified in
9 such agreement and which prohibits the
10 actions described in subclauses (I) and (II)
11 of subparagraph (E)(ii),

12 “(ii) which allows individuals who
13 meet the income limitation applicable to
14 the building under subsection (g) (whether
15 prospective, present, or former occupants
16 of the building) the right to enforce in any
17 State court the requirement and prohibi-
18 tions of clause (i),

19 “(iii) which prohibits the disposition
20 to any person of any portion of the build-
21 ing to which such agreement applies unless
22 all of the building to which such agreement
23 applies is disposed of to such person,

24 “(iv) which prohibits the refusal to
25 lease to a holder of a voucher or certificate

1 of eligibility under section 8 of the United
2 States Housing Act of 1937 because of the
3 status of the prospective tenant as such a
4 holder,

5 “(v) which is binding on all successors
6 of the taxpayer, and

7 “(vi) which, with respect to the prop-
8 erty, is recorded pursuant to State law as
9 a restrictive covenant.

10 “(C) ALLOCATION OF CREDIT MAY NOT
11 EXCEED AMOUNT NECESSARY TO SUPPORT
12 COMMITMENT.—The housing credit dollar
13 amount allocated to any building may not ex-
14 ceed the amount necessary to support the appli-
15 cable fraction specified in the extended middle-
16 income housing commitment for such building,
17 including any increase in such fraction pursu-
18 ant to the application of subsection (f)(3) if
19 such increase is reflected in an amended mid-
20 dle-income housing commitment.

21 “(D) EXTENDED USE PERIOD.—For pur-
22 poses of this paragraph, the term ‘extended use
23 period’ means the period—

24 “(i) beginning on the 1st day in the
25 credit period on which such building is

1 part of a qualified middle-income housing
2 project, and

3 “(ii) ending on the later of—

4 “(I) the date specified by such
5 agency in such agreement, or

6 “(II) the date which is 15 years
7 after the close of the credit period.

8 “(E) EXCEPTIONS IF FORECLOSURE OR IF
9 NO BUYER WILLING TO MAINTAIN MIDDLE-IN-
10 COME STATUS.—

11 “(i) IN GENERAL.—The extended use
12 period for any building shall terminate on
13 the date the building is acquired by fore-
14 closure (or instrument in lieu of fore-
15 closure) unless the Secretary determines
16 that such acquisition is part of an arrange-
17 ment with the taxpayer a purpose of which
18 is to terminate such period.

19 “(ii) EVICTION, ETC. OF EXISTING
20 MIDDLE-INCOME TENANTS NOT PER-
21 MITTED.—The termination of an extended
22 use period under clause (i) shall not be
23 construed to permit before the close of the
24 3-year period following such termination—

1 “(I) the eviction or the termi-
2 nation of tenancy (other than for good
3 cause) of an existing tenant of any
4 middle-income unit, or

5 “(II) any increase in the gross
6 rent with respect to such unit not oth-
7 erwise permitted under this section.

8 “(F) EFFECT OF NONCOMPLIANCE.—If,
9 during a taxable year, there is a determination
10 that an extended middle-income housing agree-
11 ment was not in effect as of the beginning of
12 such year, such determination shall not apply to
13 any period before such year and subparagraph
14 (A) shall be applied without regard to such de-
15 termination if the failure is corrected within 1
16 year from the date of the determination.

17 “(G) PROJECTS WHICH CONSIST OF MORE
18 THAN 1 BUILDING.—The application of this
19 paragraph to projects which consist of more
20 than 1 building shall be made under regulations
21 prescribed by the Secretary.

22 “(6) SPECIAL RULES.—

23 “(A) BUILDING MUST BE LOCATED WITH-
24 IN JURISDICTION OF CREDIT AGENCY.—A hous-
25 ing credit agency may allocate its aggregate

1 housing credit dollar amount only to buildings
2 located in the jurisdiction of the governmental
3 unit of which such agency is a part.

4 “(B) AGENCY ALLOCATIONS IN EXCESS OF
5 LIMIT.—If the aggregate housing credit dollar
6 amounts allocated by a housing credit agency
7 for any calendar year exceed the portion of the
8 State housing credit ceiling allocated to such
9 agency for such calendar year, the housing
10 credit dollar amounts so allocated shall be re-
11 duced (to the extent of such excess) for build-
12 ings in the reverse of the order in which the al-
13 locations of such amounts were made.

14 “(C) CREDIT REDUCED IF ALLOCATED
15 CREDIT DOLLAR AMOUNT IS LESS THAN CREDIT
16 WHICH WOULD BE ALLOWABLE WITHOUT RE-
17 GARD TO PLACED IN SERVICE CONVENTION,
18 ETC.—

19 “(i) IN GENERAL.—The amount of
20 the credit determined under this section
21 with respect to any building shall not ex-
22 ceed the clause (ii) percentage of the
23 amount of the credit which would (but for
24 this subparagraph) be determined under
25 this section with respect to such building.

1 credit dollar amount to any building, the hous-
2 ing credit agency shall specify the applicable
3 percentage and the maximum qualified basis
4 which may be taken into account under this
5 section with respect to such building. The appli-
6 cable percentage and maximum qualified basis
7 so specified shall not exceed the applicable per-
8 centage and qualified basis determined under
9 this section without regard to this subsection.

10 “(7) INCREASE IN STATE CEILING DEDICATED
11 TO CERTAIN RURAL DEVELOPMENT PROJECTS.—

12 “(A) IN GENERAL.—The State housing
13 credit ceiling for any calendar year shall be in-
14 creased by an amount equal to 5 percent of the
15 amount determined under paragraph (3)(C)(i).

16 “(B) USE OF INCREASED AMOUNT.—The
17 amount of the increase under subparagraph (A)
18 for any calendar year may only be allocated to
19 buildings located in a rural area (as defined in
20 section 42(d)(5)(B)(iii)(IV)).

21 “(8) OTHER DEFINITIONS.—For purposes of
22 this subsection—

23 “(A) HOUSING CREDIT AGENCY.—The
24 term ‘housing credit agency’ means any agency
25 authorized to carry out this subsection.

1 “(B) POSSESSIONS TREATED AS STATES.—

2 The term ‘State’ includes a possession of the
3 United States.

4 “(9) CREDIT FOR BUILDINGS FINANCED BY
5 TAX-EXEMPT BONDS SUBJECT TO VOLUME CAP NOT
6 TAKEN INTO ACCOUNT.—Rules similar to the rules
7 of subsections (h)(4), (m)(1)(D), and (m)(2)(D) of
8 section 42 shall apply for purposes of this sub-
9 section.

10 “(i) DEFINITIONS AND SPECIAL RULES.—For pur-
11 poses of this section—

12 “(1) MIDDLE-INCOME UNIT.—

13 “(A) IN GENERAL.—The term ‘middle-in-
14 come unit’ means any unit in a building if—

15 “(i) such unit is rent-restricted (as de-
16 fined in subsection (g)(2)), and

17 “(ii) the individuals occupying such
18 unit meet the income limitation applicable
19 under subsection (g)(1) to the project of
20 which such building is a part.

21 “(B) EXCEPTIONS.—

22 “(i) EXCLUSION OF LOW-INCOME
23 UNITS.—A unit shall not be treated as a
24 middle-income unit if such unit is a low-in-

1 come unit (as defined under section
2 42(i)(3)).

3 “(ii) UNIT MUST BE SUITABLE FOR
4 PERMANENT OCCUPANCY.—

5 “(I) IN GENERAL.—A unit shall
6 not be treated as a middle-income
7 unit unless the unit is suitable for oc-
8 cupancy and used other than on a
9 transient basis.

10 “(II) SUITABILITY FOR OCCU-
11 PANCY.—For purposes of subclause
12 (I), the suitability of a unit for occu-
13 pancy shall be determined under regu-
14 lations prescribed by the Secretary
15 taking into account local health, safe-
16 ty, and building codes.

17 “(III) SINGLE-ROOM OCCUPANCY
18 UNITS.—For purposes of subclause
19 (I), a single-room occupancy unit shall
20 not be treated as used on a transient
21 basis merely because it is rented on a
22 month-by-month basis.

23 “(C) SPECIAL RULE FOR BUILDINGS HAV-
24 ING 4 OR FEWER UNITS.—In the case of any
25 building which has 4 or fewer residential rental

1 units, no unit in such building shall be treated
2 as a middle-income unit if the units in such
3 building are owned by—

4 “(i) any individual who occupies a res-
5 idential unit in such building, or

6 “(ii) any person who is related (as de-
7 fined in subsection (d)(2)(D)(ii)) to such
8 individual.

9 “(D) RULES RELATING TO STUDENTS.—

10 “(i) IN GENERAL.—A unit occupied
11 solely by individuals who—

12 “(I) have not attained age 24,
13 and

14 “(II) are enrolled in a full-time
15 course of study at an institution of
16 higher education (as defined in section
17 3304(f)),

18 shall not be treated as a middle-income
19 unit.

20 “(ii) EXCEPTIONS.—Clause (i) shall
21 not apply to a unit occupied by an indi-
22 vidual who—

23 “(I) is married, if such individ-
24 ual’s spouse also occupies the unit,

1 “(II) is a person with disabilities
2 (as defined in section 3(b)(3)(E) of
3 the United States Housing Act of
4 1937),

5 “(III) is a veteran (as defined in
6 section 101(2) of title 38, United
7 States Code),

8 “(IV) has one or more qualifying
9 children (as defined in section
10 152(c)), if such children also occupy
11 the unit, the individual is not a de-
12 pendent (as defined in section 152,
13 determined without regard to sub-
14 sections (b)(1), (b)(2), and (d)(1)(B)
15 thereof) of another individual, and
16 such children are not claimed as de-
17 pendents (as so defined) of another
18 individual, or

19 “(V) is, or was immediately prior
20 to attaining the age of majority—

21 “(aa) an emancipated minor
22 or in legal guardianship as deter-
23 mined by a court of competent
24 jurisdiction in the individual’s
25 State of legal residence,

1 “(bb) under the care and
2 placement responsibility of the
3 State agency responsible for ad-
4 ministering a plan under part B
5 or part E of title IV of the Social
6 Security Act, or

7 “(cc) was an unaccompanied
8 youth (within the meaning of sec-
9 tion 725(6) of the McKinney-
10 Vento Homeless Assistance Act
11 (42 U.S.C. 11434a(6))) or a
12 homeless child or youth (within
13 the meaning of section 725(2) of
14 such Act (42 U.S.C.
15 11434a(2))).

16 “(E) OWNER-OCCUPIED BUILDINGS HAV-
17 ING 4 OR FEWER UNITS ELIGIBLE FOR CREDIT
18 WHERE DEVELOPMENT PLAN.—

19 “(i) IN GENERAL.—Subparagraph (C)
20 shall not apply to the acquisition or reha-
21 bilitation of a building pursuant to a devel-
22 opment plan of action sponsored by a
23 State or local government or a qualified
24 nonprofit organization.

1 “(ii) LIMITATION ON CREDIT.—In the
2 case of a building to which clause (i) ap-
3 plies, the applicable fraction shall not ex-
4 ceed 80 percent of the unit fraction.

5 “(iii) CERTAIN UNRENTED UNITS
6 TREATED AS OWNER-OCCUPIED.—In the
7 case of a building to which clause (i) ap-
8 plies, any unit which is not rented for 90
9 days or more shall be treated as occupied
10 by the owner of the building as of the 1st
11 day it is not rented.

12 “(2) NEW BUILDING.—The term ‘new building’
13 means a building the original use of which begins
14 with the taxpayer.

15 “(3) EXISTING BUILDING.—The term ‘existing
16 building’ means any building which is not a new
17 building.

18 “(4) APPLICATION TO ESTATES AND TRUSTS.—
19 In the case of an estate or trust, the amount of the
20 credit determined under subsection (a) shall be ap-
21 portioned between the estate or trust and the bene-
22 ficiaries on the basis of the income of the estate or
23 trust allocable to each.

24 “(5) IMPACT OF TENANT’S OPTION TO ACQUIRE
25 PROPERTY.—

1 “(A) IN GENERAL.—No Federal income
2 tax benefit shall fail to be allowable to the tax-
3 payer with respect to any qualified middle-in-
4 come building merely by reason of an option
5 held by the tenants (in cooperative form or oth-
6 erwise) or resident management corporation of
7 such building or by a qualified nonprofit organi-
8 zation or government agency to purchase the
9 property or all of the partnership interests
10 (other than interests of the person exercising
11 such option or a related party thereto (within
12 the meaning of section 267(b) or 707(b)(1)))
13 relating to the property after the close of the
14 credit period for a price which is not less than
15 the minimum purchase price determined under
16 subparagraph (B).

17 “(B) MINIMUM PURCHASE PRICE.—For
18 purposes of subparagraph (A), the minimum
19 purchase price under this subparagraph is an
20 amount equal to the principal amount of out-
21 standing indebtedness secured by the building
22 (other than indebtedness incurred within the 5-
23 year period ending on the date of the sale to
24 the tenants). In the case of a purchase of a
25 partnership interest, the minimum purchase

1 price is an amount equal to such interest's rat-
2 able share of the amount determined under the
3 preceding sentence.

4 “(6) TREATMENT OF RURAL PROJECTS.—For
5 purposes of this section, in the case of any project
6 for residential rental property located in a rural area
7 (as defined in section 520 of the Housing Act of
8 1949), any income limitation measured by reference
9 to area median gross income shall be measured by
10 reference to the greater of area median gross income
11 or national non-metropolitan median income.

12 “(7) DETERMINATION OF WHETHER BUILDING
13 IS FEDERALLY SUBSIDIZED.—

14 “(A) IN GENERAL.—Except as otherwise
15 provided in this paragraph, for purposes of this
16 section, a project shall be treated as Federally
17 subsidized for any taxable year if, at any time
18 during such taxable year or any prior taxable
19 year, there is or was outstanding any obligation
20 the interest on which is exempt from tax under
21 section 103 the proceeds of which are or were
22 used (directly or indirectly) with respect to such
23 project or the operation thereof.

24 “(B) SPECIAL RULE FOR SUBSIDIZED CON-
25 STRUCTION FINANCING.—Subparagraph (A)

1 shall not apply to any tax-exempt obligation
2 used to provide construction financing for any
3 building if—

4 “(i) such obligation (when issued)
5 identified the building for which the pro-
6 ceeds of such obligation would be used,
7 and

8 “(ii) such obligation is redeemed be-
9 fore such building is placed in service.

10 “(8) REDUCTION IN BASIS.—In the case of any
11 building for which a credit is allowable under this
12 section and section 42, the basis of the building shall
13 be reduced by the amount of such credit allowed
14 under subsection (a).

15 “(j) APPLICATION OF AT-RISK RULES.—For pur-
16 poses of this section—

17 “(1) IN GENERAL.—Except as otherwise pro-
18 vided in this subsection, rules similar to the rules of
19 section 49(a)(1) (other than subparagraphs
20 (D)(ii)(II) and (D)(iv)(I) thereof), section 49(a)(2),
21 and section 49(b)(1) shall apply in determining the
22 qualified basis of any building in the same manner
23 as such sections apply in determining the credit base
24 of property.

1 holding or insuring the mortgage secured
2 by such building, and

3 “(ii) the proceeds from the financing
4 (if any) are applied to acquire or improve
5 such building.

6 “(C) PORTION OF BUILDING ATTRIB-
7 UTABLE TO FINANCING.—The requirements of
8 this subparagraph are met with respect to any
9 financing for any taxable year in the credit pe-
10 riod if, as of the close of such taxable year, not
11 more than 60 percent of the eligible basis of the
12 qualified middle-income building is attributable
13 to such financing (reduced by the principal and
14 interest of any governmental financing which is
15 part of a wrap-around mortgage involving such
16 financing).

17 “(D) REPAYMENT OF PRINCIPAL AND IN-
18 TEREST.—The requirements of this subpara-
19 graph are met with respect to any financing if
20 such financing is fully repaid on or before the
21 earliest of—

22 “(i) the date on which such financing
23 matures,

1 “(ii) the 90th day after the close of
2 the credit period with respect to the quali-
3 fied middle-income building, or

4 “(iii) the date of its refinancing or the
5 sale of the building to which such financ-
6 ing relates.

7 In the case of a qualified nonprofit organization
8 which is not described in section
9 49(a)(1)(D)(iv)(II) with respect to a building,
10 clause (ii) of this subparagraph shall be applied
11 as if the date described therein were the 90th
12 day after the earlier of the date the building
13 ceases to be a qualified middle-income building
14 or the date which is 15 years after the close of
15 a credit period with respect thereto.

16 “(3) PRESENT VALUE OF FINANCING.—If the
17 rate of interest on any financing described in para-
18 graph (2)(A) is less than the rate which is 1 per-
19 centage point below the applicable Federal rate as of
20 the time such financing is incurred, then the quali-
21 fied basis (to which such financing relates) of the
22 qualified middle-income building shall be the present
23 value of the amount of such financing, using as the
24 discount rate such applicable Federal rate. For pur-
25 poses of the preceding sentence, the rate of interest

1 on any financing shall be determined by treating in-
2 terest to the extent of government subsidies as not
3 payable.

4 “(4) FAILURE TO FULLY REPAY.—

5 “(A) IN GENERAL.—To the extent that the
6 requirements of paragraph (2)(D) are not met,
7 then the taxpayer’s tax under this chapter for
8 the taxable year in which such failure occurs
9 shall be increased by an amount equal to the
10 applicable portion of the credit under this sec-
11 tion with respect to such building, increased by
12 an amount of interest for the period—

13 “(i) beginning with the due date for
14 the filing of the return of tax imposed by
15 chapter 1 for the 1st taxable year for
16 which such credit was allowable, and

17 “(ii) ending with the due date for the
18 taxable year in which such failure occurs,
19 determined by using the underpayment rate and
20 method under section 6621.

21 “(B) APPLICABLE PORTION.—For pur-
22 poses of subparagraph (A), the term ‘applicable
23 portion’ means the aggregate decrease in the
24 credits allowed to a taxpayer under section 38
25 for all prior taxable years which would have re-

1 sulted if the eligible basis of the building were
2 reduced by the amount of financing which does
3 not meet requirements of paragraph (2)(D).

4 “(C) CERTAIN RULES TO APPLY.—Rules
5 similar to the rules of subparagraphs (A) and
6 (D) of section 42(j)(4) shall apply for purposes
7 of this subsection.

8 “(k) CERTIFICATIONS AND OTHER REPORTS TO SEC-
9 RETARY.—

10 “(1) CERTIFICATION WITH RESPECT TO 1ST
11 YEAR OF CREDIT PERIOD.—Following the close of
12 the 1st taxable year in the credit period with respect
13 to any qualified middle-income building, the tax-
14 payer shall certify to the Secretary (at such time
15 and in such form and in such manner as the Sec-
16 retary prescribes)—

17 “(A) the taxable year, and calendar year,
18 in which such building was placed in service,

19 “(B) the adjusted basis and eligible basis
20 of such building as of the close of the 1st year
21 of the credit period,

22 “(C) the maximum applicable percentage
23 and qualified basis permitted to be taken into
24 account by the appropriate housing credit agen-
25 cy under subsection (h), and

1 “(D) such other information as the Sec-
2 retary may require.

3 In the case of a failure to make the certification re-
4 quired by the preceding sentence on the date pre-
5 scribed therefor, unless it is shown that such failure
6 is due to reasonable cause and not to willful neglect,
7 no credit shall be allowable by reason of subsection
8 (a) with respect to such building for any taxable
9 year ending before such certification is made.

10 “(2) ANNUAL REPORTS TO THE SECRETARY.—

11 The Secretary may require taxpayers to submit an
12 information return (at such time and in such form
13 and manner as the Secretary prescribes) for each
14 taxable year setting forth—

15 “(A) the qualified basis for the taxable
16 year of each qualified middle-income building of
17 the taxpayer,

18 “(B) the information described in para-
19 graph (1)(C) for the taxable year, and

20 “(C) such other information as the Sec-
21 retary may require.

22 The penalty under section 6652(j) shall apply to any
23 failure to submit the return required by the Sec-
24 retary under the preceding sentence on the date pre-
25 scribed therefor.

1 “(3) ANNUAL REPORTS FROM HOUSING CREDIT
2 AGENCIES.—Each agency which allocates any hous-
3 ing credit amount to any building for any calendar
4 year shall submit to the Secretary (at such time and
5 in such manner as the Secretary shall prescribe) an
6 annual report specifying—

7 “(A) the amount of housing credit amount
8 allocated to each building for such year,

9 “(B) sufficient information to identify each
10 such building and the taxpayer with respect
11 thereto, and

12 “(C) such other information as the Sec-
13 retary may require.

14 The penalty under section 6652(j) shall apply to any
15 failure to submit the report required by the pre-
16 ceding sentence on the date prescribed therefor.

17 “(1) RESPONSIBILITIES OF HOUSING CREDIT AGEN-
18 CIES.—

19 “(1) PLANS FOR ALLOCATION OF CREDIT
20 AMONG PROJECTS.—

21 “(A) IN GENERAL.—Notwithstanding any
22 other provision of this section, the housing cred-
23 it dollar amount with respect to any building
24 shall be zero unless—

1 “(i) such amount was allocated pursu-
2 ant to a qualified allocation plan of the
3 housing credit agency which is approved by
4 the governmental unit (in accordance with
5 rules similar to the rules of section
6 42(m)(1)) of which such agency is a part,

7 “(ii) a comprehensive market study of
8 the housing needs of middle-income indi-
9 viduals in the area to be served by the
10 project is conducted before the credit allo-
11 cation is made and at the developer’s ex-
12 pense by a disinterested party who is ap-
13 proved by such agency, and

14 “(iii) a written explanation is available
15 to the general public for any allocation of
16 a housing credit dollar amount which is
17 not made in accordance with established
18 priorities and selection criteria of the hous-
19 ing credit agency.

20 “(B) QUALIFIED ALLOCATION PLAN.—For
21 purposes of this paragraph, the term ‘qualified
22 allocation plan’ means any plan—

23 “(i) which sets forth selection criteria
24 to be used to determine housing priorities

1 of the housing credit agency which are ap-
2 propriate to local conditions,

3 “(ii) which also gives preference in al-
4 locating housing credit dollar amounts
5 among selected projects to—

6 “(I) projects obligated to serve
7 qualified tenants for the longest peri-
8 ods,

9 “(II) projects in areas where
10 rents are unaffordable to median in-
11 come households,

12 “(III) projects which target hous-
13 ing to tenants at a range of incomes
14 between 60 and 100 percent of area
15 median gross income, and

16 “(IV) projects located near tran-
17 sit hubs, and

18 “(iii) which provides a procedure that
19 the agency (or an agent or other private
20 contractor of such agency) will follow in
21 monitoring for noncompliance with the
22 provisions of this section and in notifying
23 the Internal Revenue Service of such non-
24 compliance which such agency becomes
25 aware of and in monitoring for noncompli-

1 ance with habitability standards through
2 regular site visits.

3 “(C) CERTAIN SELECTION CRITERIA MUST
4 BE USED.—The selection criteria set forth in a
5 qualified allocation plan must include—

6 “(i) project location,

7 “(ii) housing needs characteristics,

8 “(iii) project characteristics, including
9 whether the project includes the use of ex-
10 isting housing as part of a community revi-
11 talization plan,

12 “(iv) sponsor characteristics,

13 “(v) tenant populations with special
14 housing needs,

15 “(vi) tenant populations of individuals
16 with children,

17 “(vii) projects intended for eventual
18 tenant ownership,

19 “(viii) the energy efficiency of the
20 project, and

21 “(ix) the historic nature of the
22 project.

23 “(D) CERTAIN SELECTION CRITERIA PRO-
24 HIBITED.—The selection criteria set forth in a
25 qualified allocation plan shall not include a re-

1 requirement of local approval or local contribu-
2 tions, either as a threshold qualification re-
3 quirement or as part of a point system to be
4 considered for allocations of housing credit dol-
5 lar amount.

6 “(2) CREDIT ALLOCATED TO BUILDING NOT TO
7 EXCEED AMOUNT NECESSARY TO ASSURE PROJECT
8 FEASIBILITY.—

9 “(A) IN GENERAL.—The housing credit
10 dollar amount allocated to a project shall not
11 exceed the amount the housing credit agency
12 determines is necessary for the financial feasi-
13 bility of the project and its viability as a quali-
14 fied middle-income housing project throughout
15 the credit period.

16 “(B) AGENCY EVALUATION.—In making
17 the determination under subparagraph (A), the
18 housing credit agency shall consider—

19 “(i) the sources and uses of funds and
20 the total financing planned for the project,

21 “(ii) any proceeds or receipts expected
22 to be generated by reason of tax benefits,

23 “(iii) the percentage of the housing
24 credit dollar amount used for project costs
25 other than the cost of intermediaries, and

1 “(iv) the reasonableness of the devel-
2 opmental and operational costs of the
3 project.

4 Clause (iii) shall not be applied so as to impede
5 the development of projects in hard-to-develop
6 areas. Such a determination shall not be con-
7 strued to be a representation or warranty as to
8 the feasibility or viability of the project.

9 “(C) DETERMINATION MADE WHEN CRED-
10 IT AMOUNT APPLIED FOR AND WHEN BUILDING
11 PLACED IN SERVICE.—

12 “(i) IN GENERAL.—A determination
13 under subparagraph (A) shall be made as
14 of each of the following times:

15 “(I) The application for the
16 housing credit dollar amount.

17 “(II) The allocation of the hous-
18 ing credit dollar amount.

19 “(III) The date the building is
20 placed in service.

21 “(ii) CERTIFICATION AS TO AMOUNT
22 OF OTHER SUBSIDIES.—Prior to each de-
23 termination under clause (i), the taxpayer
24 shall certify to the housing credit agency
25 the full extent of all Federal, State, and

1 local subsidies which apply (or which the
2 taxpayer expects to apply) with respect to
3 the building.

4 “(m) REGULATIONS.—The Secretary shall prescribe
5 such regulations as may be necessary or appropriate to
6 carry out the purposes of this section, including regula-
7 tions—

8 “(1) dealing with—

9 “(A) projects which include more than 1
10 building or only a portion of a building,

11 “(B) buildings which are placed in service
12 in portions,

13 “(2) providing for the application of this section
14 to short taxable years,

15 “(3) preventing the avoidance of the rules of
16 this section, and

17 “(4) providing the opportunity for housing cred-
18 it agencies to correct administrative errors and omis-
19 sions with respect to allocations and record keeping
20 within a reasonable period after their discovery, tak-
21 ing into account the availability of regulations and
22 other administrative guidance from the Secretary.”.

23 (b) TREATMENT AS PART OF GENERAL BUSINESS
24 CREDIT.—Section 38(b) of the Internal Revenue Code of
25 1986 is amended by striking “plus” at the end of para-

1 graph (32), by striking the period at the end of paragraph
2 (33) and inserting “, plus”, and by adding at the end the
3 following new paragraph:

4 “(34) the middle-income housing credit deter-
5 mined under section 42A(a).”.

6 (c) UNUSED ALLOCATIONS CARRIED OVER TO LOW-
7 INCOME HOUSING CREDIT.—

8 (1) IN GENERAL.—Clause (i) of section
9 42(h)(3)(C) of the Internal Revenue Code of 1986
10 is amended—

11 (A) by striking “the unused” and inserting
12 “the sum of—

13 “(I) the unused”,

14 (B) by inserting “plus” after “calendar
15 year,”, and

16 (C) by adding at the end the following new
17 subclause:

18 “(II) the unused middle-income
19 State housing credit (if any) of such
20 State for the preceding calendar
21 year,”.

22 (2) UNUSED MIDDLE-INCOME STATE HOUSING
23 CREDIT.—The second sentence of section
24 42(h)(3)(C) of such Code is amended by inserting “,
25 and the unused middle-income State housing credit

1 for any calendar year is the excess (if any) of the
2 amount described in section 42A(h)(3)(C) (after ap-
3 plication of section 42A(h)(7)) for such State over
4 the aggregate amount of middle-income housing
5 credit dollar amount allocated by such State under
6 section 42A for such year” after “for such year”.

7 (3) UNUSED MIDDLE INCOME STATE HOUSING
8 CREDIT INCLUDED IN CARRYOVER ALLOCATION.—
9 Section 42(h)(3)(D)(ii) of such Code is amended—

10 (A) by inserting “the sum of” after “is the
11 excess (if any) of”, and

12 (B) by inserting “plus the unused middle-
13 income State housing credit (as so defined)”
14 after “as defined in subparagraph (C)(i)”.

15 (d) REDUCTION IN BASIS.—Section 1016(a) of the
16 Internal Revenue Code of 1986 is amended—

17 (1) by striking “and” at the end of paragraph
18 (37),

19 (2) by redesignating paragraph (38) as para-
20 graph (39), and

21 (3) by inserting after paragraph (37) the fol-
22 lowing new paragraph:

23 “(38) to the extent provided in section
24 42A(i)(8), and”.

25 (e) CONFORMING AMENDMENTS.—

1 (1) Section 55(c)(1) of the Internal Revenue
2 Code of 1986 is amended by inserting “42A(j),” be-
3 fore “45(e)(11)(C)”.

4 (2) Subsections (i)(3)(C), (i)(6)(B)(i), and
5 (k)(1) of section 469 of such Code are each amended
6 by inserting “or 42A” after “42”.

7 (3) The table of sections for subpart D of part
8 IV of subchapter A of chapter 1 of such Code is
9 amended by inserting after the item relating to sec-
10 tion 42 the following new item:

“Sec. 42A. Middle-income housing credit.”.

11 (f) **EFFECTIVE DATE.**—The amendments made by
12 this section shall apply to taxable years ending after the
13 date of the enactment of this Act.

14 **SEC. 217. NEIGHBORHOOD HOMES CREDIT.**

15 (a) **IN GENERAL.**—Subpart D of part IV of sub-
16 chapter A of chapter 1 of the Internal Revenue Code of
17 1986, as amended by section 216, is further amended by
18 inserting after section 42A the following new section:

19 **“SEC. 42B. NEIGHBORHOOD HOMES CREDIT.**

20 “(a) **ALLOWANCE OF CREDIT.**—For purposes of sec-
21 tion 38, the amount of the neighborhood homes credit de-
22 termined under this section for a taxable year for a quali-
23 fied project shall be, with respect to each qualified resi-
24 dence that is part of such qualified project and with re-

1 spect to which there is a qualified completion event during
2 such taxable year, an amount equal to—

3 “(1) in the case of an affordable sale, with re-
4 spect to the seller, the excess of—

5 “(A) the qualified development cost in-
6 curred by such seller for such qualified resi-
7 dence, over

8 “(B) the sale price of such qualified resi-
9 dence, or

10 “(2) in the case of any rehabilitation described
11 in subsection (f)(5)(B), with respect to a taxpayer
12 other than the owner of the qualified residence (or
13 a related person with respect to such owner), the ex-
14 cess of—

15 “(A) the qualified development cost in-
16 curred by such taxpayer for such qualified resi-
17 dence, over

18 “(B) the amount received by such taxpayer
19 as payment for such rehabilitation.

20 “(b) LIMITATIONS.—

21 “(1) AMOUNT.—The amount determined under
22 subsection (a) with respect to a qualified residence
23 shall not exceed 35 percent of the lesser of—

24 “(A) the qualified development cost, re-
25 duced by so much of the amount described in

1 subsection (c)(2)(B) as exceeds an amount
2 equal to 75 percent of the costs described in
3 subsection (c)(2)(A) or

4 “(B) 80 percent of the national median
5 sale price for new homes (as determined pursu-
6 ant to the most recent census data available as
7 of the date on which the neighborhood homes
8 credit agency makes an allocation for the quali-
9 fied project).

10 “(2) ALLOCATIONS.—

11 “(A) IN GENERAL.—The amount deter-
12 mined under subsection (a) with respect to a
13 qualified residence that is part of a qualified
14 project and with respect to which there is a
15 qualified completion event shall not exceed the
16 excess of—

17 “(i) the amount determined under
18 subparagraph (B), over

19 “(ii) the amounts previously deter-
20 mined under subsection (a) with respect to
21 such qualified project.

22 “(B) ALLOCATION AMOUNT.—The amount
23 determined under this paragraph with respect
24 to a qualified residence that is part of a quali-

1 fied project and with respect to which there is
2 a qualified completion event is the least of—

3 “(i) the amount allocated to such
4 project by the neighborhood homes credit
5 agency under this section,

6 “(ii) pursuant to subparagraph (C),
7 the amount such agency determines at the
8 time of the qualified completion event is
9 necessary to ensure the financial feasibility
10 of the project, or

11 “(iii) in the case of a qualified com-
12 pletion event that occurs after the 5-year
13 period beginning on the date of the alloca-
14 tion referred to in clause (i), \$0.

15 “(C) FINANCIAL FEASIBILITY.—For pur-
16 poses of subparagraph (B)(ii), the neighborhood
17 homes credit agency shall consider—

18 “(i) the sources and uses of funds and
19 the total financing planned for the quali-
20 fied project,

21 “(ii) any proceeds or receipts expected
22 to be generated by reason of tax benefits,

23 “(iii) the percentage of the amount al-
24 located to such project under this section

1 used for project costs other than the cost
2 of intermediaries, and

3 “(iv) the reasonableness of the quali-
4 fied development cost of the qualified
5 project.

6 “(c) QUALIFIED DEVELOPMENT COST.—For pur-
7 poses of this section—

8 “(1) IN GENERAL.—The term ‘qualified devel-
9 opment cost’ means, with respect to a qualified resi-
10 dence, so much of the allowable development cost as
11 the neighborhood homes credit agency certifies, at
12 the time of the completion event, meets the stand-
13 ards promulgated under subsection (h)(1)(C).

14 “(2) ALLOWABLE DEVELOPMENT COST.—The
15 term ‘allowable development cost’ means—

16 “(A) any costs and fees relating to con-
17 struction, substantial rehabilitation, demolition
18 of any structure, or environmental remediation,
19 and

20 “(B) in the case of an affordable sale, the
21 adjusted basis of buildings and land, deter-
22 mined as of the date of acquisition.

23 “(3) CONDOMINIUM AND COOPERATIVE HOUS-
24 ING UNITS.—In the case of a qualified residence de-
25 scribed in subparagraph (B) or (C) of subsection

1 (f)(1), the allowable development cost of such quali-
2 fied residence shall be an amount equal to the total
3 allowable development cost of the entire condo-
4 minium or cooperative housing property in which
5 such qualified residence is located, multiplied by a
6 fraction—

7 “(A) the numerator of which is the total
8 floor space of such qualified residence, and

9 “(B) the denominator of which is the total
10 floor space of all residences within such prop-
11 erty.

12 “(d) QUALIFIED PROJECT.—For purposes of this
13 section, the term ‘qualified project’ means a project that—

14 “(1) a neighborhood homes credit agency cer-
15 tifies will build or substantially rehabilitate one or
16 more qualified residences located in one or more
17 qualified census tracts, and

18 “(2) is designated by such agency as a qualified
19 project under this section and is allocated (before
20 such building or substantial rehabilitation begins) a
21 portion of the amount allocated to such agency
22 under subsection (g).

23 “(e) QUALIFIED CENSUS TRACT.—For purposes of
24 this section—

1 “(1) IN GENERAL.—The term ‘qualified census
2 tract’ means a census tract—

3 “(A) with—

4 “(i) a median gross income which
5 does not exceed 80 percent of the applica-
6 ble area median gross income,

7 “(ii) a poverty rate that is not less
8 than 130 percent of the applicable area
9 poverty rate, and

10 “(iii) a median value for owner-occu-
11 pied homes that does not exceed applicable
12 area median value for owner-occupied
13 homes,

14 “(B) which is located in a city with a pop-
15 ulation of not less than 50,000 and a poverty
16 rate that is not less than 150 percent of the ap-
17 plicable area poverty rate, and which has—

18 “(i) a median gross income which
19 does not exceed the applicable area median
20 gross income, and

21 “(ii) a median value for owner-occu-
22 pied homes that does not exceed 80 per-
23 cent of the applicable area median value
24 for owner-occupied homes, or

1 “(C) which is located in a nonmetropolitan
2 county and which has—

3 “(i) a median gross income which
4 does not exceed the applicable area median
5 gross income, and

6 “(ii) been designated by a neighbor-
7 hood homes credit agency under this
8 clause.

9 “(2) ADDITIONAL CENSUS TRACTS FOR SUB-
10 STANTIAL REHABILITATION.—In the case of a quali-
11 fied residence that is intended for substantial reha-
12 bilitation described in subsection (f)(5)(B), the term
13 ‘qualified census tract’ includes a census tract which
14 is located within an area—

15 “(A) with respect to which a major dis-
16 aster has been declared by the President, not
17 more than 3 years before the date on which the
18 neighborhood homes credit agency makes an al-
19 location for a qualified project within such cen-
20 sus tract, under section 401 of the Robert T.
21 Stafford Disaster Relief and Emergency Assist-
22 ance Act, and

23 “(B) which contains qualified residences
24 for which there are qualified development costs
25 related to such major disaster.

1 neighborhood homes credit agency certifies
2 as meeting the standards promulgated
3 under subsection (h)(1)(D) for a price that
4 does not exceed—

5 “(I) in the case of any qualified
6 residence not described in subclause
7 (II), (III), or (IV), the amount equal
8 to the product of 4 multiplied by the
9 applicable area median gross income,

10 “(II) in the case of a single-fam-
11 ily home containing two residential
12 units, 125 percent of the amount de-
13 scribed in subclause (I),

14 “(III) in the case of a single-fam-
15 ily home containing three residential
16 units, 150 percent of the amount de-
17 scribed in subclause (I), or

18 “(IV) in the case of a single-fam-
19 ily home containing four residential
20 units, 175 percent of the amount de-
21 scribed in subclause (I).

22 “(ii) RELATED PERSONS.—

23 “(I) IN GENERAL.—A sale be-
24 tween related persons shall not be
25 treated as an affordable sale.

1 “(II) DEFINITION.—For pur-
2 poses of this section, a person (in this
3 clause referred to as the ‘related per-
4 son’) is related to any person if the
5 related person bears a relationship to
6 such person specified in section
7 267(b) or 707(b)(1), or the related
8 person and such person are engaged
9 in trades or businesses under common
10 control (within the meaning of sub-
11 sections (a) and (b) of section 52).
12 For purposes of the preceding sen-
13 tence, in applying section 267(b) or
14 707(b)(1), ‘10 percent’ shall be sub-
15 stituted for ‘50 percent’.

16 “(3) APPLICABLE AREA.—The term ‘applicable
17 area’ means—

18 “(A) in the case of a metropolitan census
19 tract, the metropolitan area in which such cen-
20 sus tract is located, and

21 “(B) in the case of a census tract other
22 than a census tract described in subparagraph
23 (A), the State.

24 “(4) SUBSTANTIAL REHABILITATION.—The
25 term ‘substantial rehabilitation’ means rehabilitation

1 efforts involving qualified development costs that are
2 not less than the greater of—

3 “(A) \$20,000, or

4 “(B) 20 percent of the adjusted basis of
5 the buildings and land, determined as of the
6 date of acquisition.

7 “(5) QUALIFIED COMPLETION EVENT.—The
8 term ‘qualified completion event’ means—

9 “(A) in the case of a qualified residence
10 that is built or substantially rehabilitated as
11 part of a qualified project and sold, an afford-
12 able sale, or

13 “(B) in the case of a qualified residence
14 that is substantially rehabilitated as part of a
15 qualified project and owned by the same quali-
16 fied homeowner throughout such rehabilitation,
17 the completion of such rehabilitation (as deter-
18 mined by the neighborhood homes credit agen-
19 cy) to the standards promulgated under sub-
20 section (h)(1)(D).

21 “(6) QUALIFIED HOMEOWNER.—

22 “(A) IN GENERAL.—The term ‘qualified
23 homeowner’ means, with respect to a qualified
24 residence, an individual—

1 “(i) who owns and uses such qualified
2 residence as the principal residence of such
3 individual, and

4 “(ii) whose income is 140 percent or
5 less of the applicable area median gross in-
6 come for the location of the qualified resi-
7 dence.

8 “(B) OWNERSHIP.—For purposes of a co-
9 operative housing corporation (as such term is
10 defined in section 216(b)), a tenant-stockholder
11 shall be treated as owning the house or apart-
12 ment which such person is entitled to occupy.

13 “(C) INCOME.—For purposes of this para-
14 graph, income shall be a determined in accord-
15 ance with section 143(f)(2) and 143(f)(4).

16 “(D) TIMING.—For purposes of this para-
17 graph, the income of a taxpayer shall be deter-
18 mined—

19 “(i) in the case of a qualified resi-
20 dence that is built or substantially rehabili-
21 tated as part of a qualified project and
22 sold, at the time a binding contract for
23 purchase is made, or

24 “(ii) in the case of a qualified resi-
25 dence that is occupied by a qualified home-

1 owner and intended to be substantially re-
2 habilitated as part of a qualified project, at
3 the time a binding contract to undertake
4 such rehabilitation is made.

5 “(7) NEIGHBORHOOD HOMES CREDIT AGEN-
6 CY.—The term ‘neighborhood homes credit agency’
7 means the agency designated by the State as the
8 neighborhood homes credit agency of the State.

9 “(g) ALLOCATION.—

10 “(1) STATE NEIGHBORHOOD HOMES CREDIT
11 CEILING.—The State neighborhood homes credit
12 amount for a State for a calendar year is an amount
13 equal to the greater of—

14 “(A) the product of \$6, multiplied by the
15 State population (determined in accordance
16 with section 146(j)), or

17 “(B) \$8,000,000.

18 “(2) UNUSED AMOUNT.—The State neighbor-
19 hood homes credit amount for a calendar year shall
20 be increased by the sum of—

21 “(A) any amount certified by the neighbor-
22 hood homes credit agency of the State as hav-
23 ing been previously allocated to a qualified
24 project and not used during the 5-year period
25 described in subsection (b)(2)(B)(iii), plus

1 “(B) sum of the amount by which the
2 amount determined under paragraph (1) (with-
3 out application of this paragraph) exceeded the
4 amount allocated to qualified projects in each of
5 the three immediately preceding calendar years.

6 “(3) PORTION OF STATE CREDIT CEILING FOR
7 CERTAIN PROJECTS INVOLVING QUALIFIED NON-
8 PROFIT ORGANIZATIONS.—Rules similar to the rules
9 of section 42(h)(5) shall apply.

10 “(h) RESPONSIBILITIES OF NEIGHBORHOOD HOMES
11 CREDIT AGENCIES.—

12 “(1) IN GENERAL.—Notwithstanding subsection
13 (g), the State neighborhood homes credit dollar
14 amount shall be zero for a calendar year unless the
15 neighborhood homes credit agency of the State—

16 “(A) allocates such amount pursuant to a
17 qualified allocation plan of the neighborhood
18 homes credit agency,

19 “(B) allocates not more than 20 percent of
20 such amount for the previous year to projects
21 with respect to qualified residences in census
22 tracts under subsection (e)(1)(C) or (e)(2),

23 “(C) promulgates standards with respect
24 to reasonable qualified development costs and
25 fees,

1 “(D) promulgates standards with respect
2 to construction quality, and

3 “(E) submits to the Secretary (at such
4 time and in such manner as the Secretary may
5 prescribe) an annual report specifying—

6 “(i) the amount of the neighborhood
7 homes credits allocated to each qualified
8 project for the previous year,

9 “(ii) with respect to each qualified
10 residence completed in the preceding cal-
11 endar year—

12 “(I) the census tract in which
13 such qualified residence is located,

14 “(II) with respect to the qualified
15 project that includes such qualified
16 residence, the year in which such
17 project received an allocation under
18 this section,

19 “(III) whether such qualified res-
20 idence was new or substantially reha-
21 bilitated,

22 “(IV) the eligible basis of such
23 qualified residence,

1 “(V) the amount of the neighbor-
2 hood homes credit with respect to
3 such qualified residence,

4 “(VI) the sales price of such
5 qualified residence or, in the case of a
6 qualified residence that is substan-
7 tially rehabilitated as part of a quali-
8 fied project and is owned by the same
9 qualified homeowner during the en-
10 tirety of such rehabilitation, the cost
11 of the substantial rehabilitation, and

12 “(VII) the income of the quali-
13 fied homeowner (expressed as a per-
14 centage of the applicable area median
15 gross income for the location of the
16 qualified residence), and

17 “(iii) such other information as the
18 Secretary may require.

19 “(2) QUALIFIED ALLOCATION PLAN.—For pur-
20 poses of this subsection, the term ‘qualified alloca-
21 tion plan’ means any plan which—

22 “(A) sets forth the selection criteria to be
23 used to prioritize qualified projects for alloca-
24 tions of State neighborhood homes credit dollar
25 amounts, including—

1 “(i) the need for new or substantially
2 rehabilitated owner-occupied homes in the
3 area addressed by the project,

4 “(ii) the expected contribution of the
5 project to neighborhood stability and re-
6 talization,

7 “(iii) the capability of the project
8 sponsor, and

9 “(iv) the likelihood the project will re-
10 sult in long-term homeownership,

11 “(B) has been made available for public
12 comment, and

13 “(C) provides a procedure that the neigh-
14 borhood homes credit agency (or any agent or
15 contractor of such agency) shall follow for pur-
16 poses of—

17 “(i) identifying noncompliance with
18 any provisions of this section, and

19 “(ii) notifying the Secretary of any
20 such noncompliance of which the agency
21 becomes aware.

22 “(i) POSSESSIONS TREATED AS STATES.—For pur-
23 poses of this section, the term ‘State’ includes the District
24 of Columbia and a possession of the United States.

25 “(j) REPAYMENT.—

1 “(1) IN GENERAL.—

2 “(A) SOLD DURING 5-YEAR PERIOD.—If a
3 qualified residence is sold during the 5-year pe-
4 riod beginning on the date of the qualified com-
5 pletion event described in subsection (a) with
6 respect to such qualified residence, the seller
7 shall transfer an amount equal to the repay-
8 ment amount from the amount realized on such
9 sale to the relevant neighborhood homes credit
10 agency.

11 “(B) USE OF REPAYMENTS.—A neighbor-
12 hood homes credit agency shall use any amount
13 received pursuant to subparagraph (A) only for
14 purposes of qualified projects.

15 “(2) REPAYMENT AMOUNT.—For purposes of
16 paragraph (1)(A), the repayment amount is an
17 amount equal to 50 percent of the gain from such
18 resale, reduced by 20 percent for each year of the
19 5-year period referred to in paragraph (1)(A) which
20 ends before the date of the sale referred to in such
21 paragraph.

22 “(3) LIEN FOR REPAYMENT AMOUNT.—A
23 neighborhood homes credit agency receiving an allo-
24 cation under this section shall place a lien on each
25 qualified residence that is built or rehabilitated as

1 part of a qualified project for an amount such agen-
2 cy deems necessary to ensure potential repayment
3 pursuant to paragraph (1)(A).

4 “(4) DENIAL OF DEDUCTIONS IF CONVERTED
5 TO RENTAL HOUSING.—If, during the 5-year period
6 beginning on the date of the qualified completion
7 event described in subsection (a), an individual who
8 owns a qualified residence fails to use such qualified
9 residence as such individual’s principal residence for
10 any period of time, no deduction shall be allowed for
11 expenses paid or incurred by such individual with re-
12 spect to renting, during such period of time, such
13 qualified residence.

14 “(5) WAIVER.—The neighborhood homes credit
15 agency may waive the repayment required under
16 paragraph (1)(A) in the case of a homeowner experi-
17 encing a hardship.

18 “(k) REPORT.—

19 “(1) IN GENERAL.—The Secretary shall annu-
20 ally issue a report, to be made available to the pub-
21 lic, which contains the information submitted pursu-
22 ant to subsection (h)(1)(E).

23 “(2) DE-IDENTIFICATION.—The Secretary shall
24 ensure that any information made public pursuant
25 to paragraph (1) excludes any information that

1 would allow for the identification of qualified home-
2 owners.

3 “(1) INFLATION ADJUSTMENT.—

4 “(1) IN GENERAL.—In the case of a calendar
5 year after 2022, the dollar amounts in this section
6 shall each be increased by an amount equal to—

7 “(A) such dollar amount, multiplied by

8 “(B) the cost-of-living adjustment deter-
9 mined under section 1(f)(3) for such calendar
10 year by substituting ‘calendar year 2021’ for
11 ‘calendar year 2016’ in subparagraph (A)(ii)
12 thereof.

13 “(2) ROUNDING.—

14 “(A) SUBSTANTIAL REHABILITATION.—In
15 the case of the dollar amount in subsection
16 (f)(4), any increase under the preceding sen-
17 tence which is not a multiple of \$1,000 shall be
18 rounded to the nearest multiple of \$1,000.

19 “(B) In the case of the dollar amount in
20 subsection (g)(1)(A), any increase under the
21 preceding sentence which is not a multiple of
22 \$0.01 shall be rounded to the nearest multiple
23 of \$0.01.

24 “(C) In the case of the dollar amount in
25 subsection (g)(1)(B), any increase under the

1 preceding sentence which is not a multiple of
2 \$100,000 shall be rounded to the nearest mul-
3 tiple of \$100,000.”.

4 (b) CURRENT YEAR BUSINESS CREDIT CALCULA-
5 TION.—Section 38(b) of the Internal Revenue Code of
6 1986, as amended by section 216, is further amended by
7 redesignating paragraphs (6) through (34) as paragraphs
8 (7) through (35), respectively, and by inserting after para-
9 graph (5) the following new paragraph:

10 “(6) the neighborhood homes credit determined
11 under section 42B(a),”.

12 (c) LIMITATION ON CARRYBACK.—Section 39 of the
13 Internal Revenue Code of 1986 is amended by adding at
14 the end the following new subsection:

15 “(e) NO CARRYBACK OF NEIGHBORHOOD HOMES
16 CREDIT BEFORE EFFECTIVE DATE.—No amount of the
17 unused credit attributable to section 42B may be taken
18 into account under section 38(a)(3) for any taxable year
19 beginning before the date of the enactment of this sub-
20 section.”.

21 (d) CONFORMING AMENDMENTS.—Subsections
22 (i)(3)(C), (i)(6)(B)(i), and (k)(1) of section 469 of the In-
23 ternal Revenue Code of 1986, as amended by section 216,
24 are each further amended by striking “42 or 42A” and
25 inserting “42, 42A, or 42B”.

1 (e) CLERICAL AMENDMENT.—The table of sections
2 for subpart D of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986, as amended by sec-
4 tion 216, is further amended by inserting after the item
5 relating to section 42A the following:

“Sec. 42B. Neighborhood homes credit.”.

6 (f) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to calendar years beginning after
8 December 31, 2021.

9 **SEC. 218. FIRST-TIME HOMEBUYER REFUNDABLE CREDIT.**

10 (a) IN GENERAL.—Section 36 of the Internal Rev-
11 enue Code of 1986 is amended to read as follows:

12 **“SEC. 36. FIRST-TIME HOMEBUYER REFUNDABLE CREDIT.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
14 dividual who is a first-time homebuyer of a principal resi-
15 dence in the United States during a taxable year, there
16 shall be allowed as a credit against the tax imposed by
17 this subtitle for such taxable year an amount equal to 20
18 percent of the purchase price of the residence.

19 “(b) LIMITATIONS; SPECIAL RULES BASED ON MAR-
20 ITAL AND FILING STATUS.—

21 “(1) DOLLAR LIMITATION.—The credit allowed
22 under subsection (a) shall not exceed \$15,000.

23 “(2) LIMITATION BASED ON PURCHASE
24 PRICE.—The amount allowable as a credit under
25 subsection (a) (determined without regard to this

1 paragraph and paragraph (3), and after the applica-
2 tion of paragraph (1)) for the taxable year shall be
3 reduced (but not below zero) by the amount which
4 bears the same ratio to the amount which is so al-
5 lowable as—

6 “(A) the excess (if any) of—

7 “(i) the purchase price of the resi-
8 dence, over

9 “(ii) an amount equal to 110 percent
10 of the conforming loan limit applicable to
11 the residence, bears to

12 “(B) \$100,000.

13 For purposes of the preceding sentence, the term
14 ‘conforming loan limit’ with respect to any residence
15 means the applicable limitation governing the max-
16 imum original principal obligation for a mortgage se-
17 cured by a residence of the same type, as determined
18 and adjusted annually under section 302(b)(2) of
19 the Federal National Mortgage Association Charter
20 Act and section 305(a)(2) of the Federal Home
21 Loan Mortgage Corporation Act.

22 “(3) LIMITATION BASED ON MODIFIED AD-
23 JUSTED GROSS INCOME.—

24 “(A) IN GENERAL.—The amount allowable
25 as a credit under subsection (a) (determined

1 without regard to this paragraph and after the
2 application of paragraphs (1) and (2)) for the
3 taxable year shall be reduced (but not below
4 zero) by the amount which bears the same ratio
5 to the amount which is so allowable as—

6 “(i) the excess (if any) of—

7 “(I) the taxpayer’s modified ad-
8 justed gross income for the preceding
9 taxable year, over

10 “(II) the applicable threshold,

11 bears to

12 “(ii) \$50,000.

13 “(B) MODIFIED ADJUSTED GROSS IN-
14 COME.—For purposes of subparagraph (A), the
15 term ‘modified adjusted gross income’ with re-
16 spect to any taxable year means the adjusted
17 gross income of the taxpayer for such taxable
18 year increased by any amount excluded from
19 gross income under section 911, 931, or 933
20 for such taxable year.

21 “(C) APPLICABLE THRESHOLD.—For pur-
22 poses of subparagraph (A), the applicable
23 threshold is—

24 “(i) except as provided in clauses (ii)
25 and (iii), \$100,000,

1 “(ii) an amount equal to 150 percent
2 of the amount in effect under clause (i), in
3 the case of a head of household (as defined
4 in section 2(b)), and

5 “(iii) an amount equal to 200 percent
6 of the amount in effect under clause (i), in
7 the case of a joint return.

8 “(4) ADDITIONAL LIMITATIONS.—No credit
9 shall be allowed under subsection (a) with respect to
10 the purchase of any residence for a taxable year—

11 “(A) if the taxpayer is a nonresident alien,

12 or

13 “(B) if—

14 “(i) the taxpayer has not attained age
15 18 as of the date of such purchase, or

16 “(ii) a deduction under section 151
17 with respect to the taxpayer is allowable to
18 another taxpayer for the taxable year.

19 In the case of a taxpayer who is married, the tax-
20 payer shall be treated as meeting the age require-
21 ment of subparagraph (B)(i) if the taxpayer or the
22 taxpayer’s spouse meets such age requirement.

23 “(5) MULTIPLE PURCHASERS.—If 2 or more in-
24 dividuals who are not married purchase a principal
25 residence, the amount of the credit under subsection

1 (a) shall be allocated among such individuals in such
2 manner as the Secretary may prescribe by taking
3 into account the requirements of paragraphs (2) and
4 (3), except that the total amount of the credits al-
5 lowed to all such individuals shall not exceed the
6 limitation under paragraph (1) (as modified by para-
7 graph (7)).

8 “(6) MARRIED COUPLES MUST FILE JOINT RE-
9 TURN.—If an individual is married at the close of
10 the taxable year, the credit shall be allowed under
11 subsection (a) only if the individual and the individ-
12 ual’s spouse file a joint return for the taxable year.

13 “(7) ADJUSTMENT FOR INFLATION.—In the
14 case of any taxable year beginning after December
15 31, 2022, each of the dollar amounts in paragraphs
16 (1), (2)(A)(ii), and (3)(C)(i) shall be increased by an
17 amount equal to—

18 “(A) such dollar amount, multiplied by

19 “(B) the cost-of-living adjustment deter-
20 mined under section 1(f)(3) for the calendar
21 year in which the taxable year begins, deter-
22 mined by substituting ‘calendar year 2021’ for
23 ‘calendar year 2016’ in subparagraph (A)(ii)
24 thereof.

1 Any increase determined under the preceding sen-
2 tence shall be rounded to the next lowest multiple of
3 \$50.

4 “(c) DEFINITIONS.—For purposes of this section—

5 “(1) FIRST-TIME HOMEBUYER.—

6 “(A) IN GENERAL.—The term ‘first-time
7 homebuyer’ means any individual who acquires
8 a principal residence located in the United
9 States by purchase if such individual (and, if
10 married, such individual’s spouse)—

11 “(i) has not claimed any credit or de-
12 duction under this title for any previous
13 taxable year with respect to the purchase
14 or ownership of any residence or residen-
15 tial real estate (including for any expendi-
16 tures relating to the placing in service of
17 any property on, in connection with, or for
18 use in such a residence or real estate), and

19 “(ii) attests under penalty of perjury
20 that—

21 “(I) the individual (and, if mar-
22 ried, the individual’s spouse) has not
23 owned a principal residence at any
24 time prior to the purchase of the prin-

1 “(ii) the basis of the property in the
2 hands of the person acquiring such prop-
3 erty is not determined—

4 “(I) in whole or in part by ref-
5 erence to the adjusted basis of such
6 property in the hands of the person
7 from whom acquired, or

8 “(II) under section 1014(a).

9 “(B) CONSTRUCTION.—A residence which
10 is constructed by the taxpayer shall be treated
11 as purchased by the taxpayer on the date the
12 taxpayer first occupies such residence.

13 “(4) PURCHASE PRICE.—The term ‘purchase
14 price’ means the adjusted basis (without regard to
15 any reduction under section 1016(a)(38)) of the
16 principal residence on the date such residence is pur-
17 chased.

18 “(5) RELATED PERSONS.—A person shall be
19 treated as related to another person if the relation-
20 ship between such persons would result in the dis-
21 allowance of losses under section 267 or 707(b) (but,
22 in applying subsections (b) and (c) of section 267
23 for purposes of this section, paragraph (4) of section
24 267(c) shall be treated as providing that the family
25 of an individual shall include only the individual’s

1 spouse, ancestors, lineal descendants, and spouse's
2 ancestors and lineal descendants).

3 “(6) MARITAL STATUS.—An individual's mar-
4 ital status shall be determined in accordance with
5 section 7703.

6 “(d) DENIAL AND RECAPTURE RULES IN CASE OF
7 DISPOSAL OF RESIDENCE WITHIN 6 TAXABLE YEARS.—

8 “(1) DENIAL OF CREDIT IN CASE OF DISPOSAL
9 WITHIN TAXABLE YEAR.—No credit under sub-
10 section (a) shall be allowed to any taxpayer for any
11 taxable year with respect to the purchase of a resi-
12 dence if the taxpayer disposes of such residence (or
13 such residence ceases to be the principal residence of
14 the taxpayer (and, if married, the taxpayer's
15 spouse)) before the close of such taxable year.

16 “(2) PHASED-OUT RECAPTURE.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (D), if the taxpayer disposes of
19 the residence with respect to which a credit was
20 allowed under subsection (a) (or such residence
21 ceases to be the principal residence of the tax-
22 payer (and, if married, the taxpayer's spouse))
23 during the 5-taxable-year period beginning with
24 the taxable year immediately following the cred-
25 it year, the tax imposed by this chapter for the

1 taxable year in which such disposal (or ces-
 2 sation) occurs shall be increased by an amount
 3 equal to the recapture percentage of the
 4 amount of the credit so allowed.

5 “(B) CREDIT YEAR.—For purposes of sub-
 6 paragraph (A), the term ‘credit year’ means the
 7 taxable year in which the credit under sub-
 8 section (a) was allowed.

9 “(C) RECAPTURE PERCENTAGE.—For pur-
 10 poses of subparagraph (A), the recapture per-
 11 centage with respect to any disposal or ces-
 12 sation described in such subparagraph shall be
 13 determined in accordance with the following
 14 table:

“If the disposal or cessation occurs in: The recapture percentage is:

the 1st taxable year beginning after the credit year	100 percent
the 2nd taxable year beginning after the credit year	80 percent
the 3rd taxable year beginning after the credit year	60 percent
the 4th taxable year beginning after the credit year	40 percent
the 5th taxable year beginning after the credit year	20 percent.

15 “(D) EXCEPTIONS.—This paragraph shall
 16 not apply in the case of a disposal or cessation
 17 described in subparagraph (A) which occurs
 18 after or incident to any of the following:

19 “(i) Death of the taxpayer or the tax-
 20 payer’s spouse.

21 “(ii) Divorce of the taxpayer.

1 “(iii) Involuntary conversion of the
2 residence (within the meaning of section
3 121(d)(5)(A)).

4 “(iv) Relocation of duty station or
5 qualified official extended duty (as defined
6 in section 121(d)(9)(C)) of the taxpayer or
7 the taxpayer’s spouse who is a member of
8 the uniformed services (as defined in sec-
9 tion 121(d)(9)(C)(ii)), a member of the
10 Foreign Service of the United States (as
11 defined in section 121(d)(9)(C)(iii)), or an
12 employee of the intelligence community (as
13 defined in section 121(d)(9)(C)(iv)).

14 “(v) Change of employment of the
15 taxpayer or the taxpayer’s spouse which
16 meets the conditions of section 217(c).

17 “(vi) Loss of employment, health con-
18 ditions, or such other unforeseen cir-
19 cumstances as may be specified by the Sec-
20 retary.

21 “(e) ADJUSTMENT TO BASIS.—For purposes of this
22 subtitle, if a credit is allowed under this section with re-
23 spect to any property, the taxpayer’s basis in such prop-
24 erty shall be reduced by the amount of the credit so al-
25 lowed.

1 “(f) REPORTING.—

2 “(1) IN GENERAL.—A credit shall be allowed
3 under this section only if the following are included
4 on the return of tax:

5 “(A) The individual’s (and, if married, the
6 individual’s spouse’s) social security number
7 issued by the Social Security Administration.

8 “(B) The street address (not including a
9 post office box) of the principal residence pur-
10 chased.

11 “(C) The purchase price of the principal
12 residence.

13 “(D) The date of purchase of the principal
14 residence.

15 “(E) The closing disclosure relating to the
16 purchase (in the case of a purchase financed by
17 a mortgage).

18 “(2) REPORTING OF REAL ESTATE TRANS-
19 ACTIONS.—If the Secretary requires information re-
20 porting under section 6045 by a person described in
21 subsection (e)(2) thereof to verify the eligibility of
22 taxpayers for the credit allowable by this section, the
23 exception provided by section 6045(e)(5) shall not
24 apply.”.

1 (b) CONFORMING AMENDMENT RELATING TO BASIS
2 ADJUSTMENT.—Subsection (a) of section 1016 of the In-
3 ternal Revenue Code of 1986, as amended by section 216,
4 is further amended—

5 (1) by redesignating paragraphs (38) and (39)
6 as paragraphs (39) and (40), respectively, and

7 (2) by inserting after paragraph (37) the fol-
8 lowing new paragraph:

9 “(38) to the extent provided in section 36(e).”.

10 (c) CONFORMING AMENDMENT.—Section 26(b)(2) of
11 the Internal Revenue Code of 1986 is amended by striking
12 subparagraph (W) and by redesignating subparagraphs
13 (X) and (Y) as subparagraphs (W) and (X), respectively.

14 (d) CLERICAL AMENDMENT.—The item relating to
15 section 36 in the table of sections for subpart C of part
16 IV of subchapter A of chapter 1 of the Internal Revenue
17 Code of 1986 is amended to read as follows:

“Sec. 36. First-time homebuyer refundable credit.”.

18 (e) AUTHORITY TO TREAT CLAIM OF CREDIT AS
19 ERROR, ETC.—Subparagraph (N) of section 6213(g)(2) of
20 the Internal Revenue Code of 1986 is amended to read
21 as follows:

22 “(N) in the case of a return claiming the
23 credit under section 36—

24 “(i) the omission of a social security
25 number required under section 36(f)(1)(A),

1 “(ii) the inclusion of a social security
2 number so required if—

3 “(I) the claim of the credit on
4 the return reflects the treatment of
5 such individual as being of an age dif-
6 ferent from the individual’s age based
7 on such social security number, or

8 “(II) except as provided in sec-
9 tion 36(c)(1)(B), such social security
10 number has been included (other than
11 as a dependent for purposes of section
12 151) on a return for any previous tax-
13 able year claiming any credit or de-
14 duction described in section
15 36(c)(1)(A)(i),

16 “(iii) the omission of any other re-
17 quired information or documentation de-
18 scribed in section 36(f)(1), including the
19 inclusion of a post office box instead of a
20 street address for the purchased residence,

21 “(iv) the inclusion of any information
22 or documentation described in clause (iii)
23 if such information or documentation does
24 not support a valid claim for the credit, or

1 “(v) a claim of such credit for a tax-
2 able year with respect to the purchase of
3 a residence made after the last day of such
4 taxable year.”.

5 (f) IRS RECORDKEEPING.—Notwithstanding the lim-
6 itations on assessment and collection under section 6501
7 of the Internal Revenue Code of 1986, the Commissioner
8 of Internal Revenue shall maintain records of returns and
9 return information (as defined in section 6103(b)(2) of
10 such Code) of any taxpayer claiming the credit under sec-
11 tion 36 of such Code (as amended by this section) for the
12 taxable year in which such credit is claimed and suc-
13 ceeding taxable years in the individual master files of the
14 Internal Revenue Service.