

104TH CONGRESS
1ST SESSION

H. R. 186

To amend the Internal Revenue Code of 1986 to facilitate the rehabilitation of public housing using the low-income housing credit.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mrs. COLLINS of Illinois introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to facilitate the rehabilitation of public housing using the low-income housing credit.

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.**

4 This Act may be cited as the “Public Housing Reha-
5 bilitation Equity Act”.

6 **SEC. 2. HOUSING CREDIT AVAILABLE FOR REHABILITA-**
7 **TION OF PUBLIC HOUSING.**

8 (a) IN GENERAL.—Subsection (i) of section 42 of the
9 Internal Revenue Code of 1986 (relating to definitions and

1 special rules) is amended by adding at the end thereof the
2 following new paragraph:

3 “(8) SPECIAL RULES FOR CERTAIN LEASES.—

4 “(A) IN GENERAL.—In the case of an
5 agreement with respect to public housing, if all
6 of the parties to the agreement characterize
7 such agreement as a lease and elect to have the
8 provisions of this paragraph apply with respect
9 to such agreement, and if the requirements of
10 subparagraph (B) are met, then, for purposes
11 of this subtitle—

12 “(i) such agreement shall be treated
13 as a lease entered into by the parties (and
14 any lessor shall be deemed to have entered
15 into the lease in the course of carrying on
16 its trade or business), and

17 “(ii) the lessor shall be treated as the
18 owner of the property and the lessee shall
19 be treated as the lessee of the property.

20 “(B) CERTAIN REQUIREMENTS MUST BE
21 MET.—The requirements of this subparagraph
22 are met if—

23 “(i) the lessee is a public housing
24 agency (as defined in section 3(b)(6) of the
25 United States Housing Act of 1937),

1 “(ii) the lessor agrees to incur suffi-
2 cient rehabilitation expenditures to be al-
3 lowed a credit by reason of subsection (e)
4 not later than the 2d year after entering
5 into the lease,

6 “(iii) the term of the lease ends at the
7 close of the compliance period for the
8 building, and

9 “(iv) at the end of the lease term—

10 “(I) all of the property subject to
11 the lease is owned by the public hous-
12 ing agency, and

13 “(II) in the case of property in
14 existence on the date of the enactment
15 of this paragraph, the applicable frac-
16 tion for the property (relating to low-
17 income occupancy) is not less than the
18 applicable fraction for such property
19 on such date.

20 “(C) PUBLIC HOUSING.—The term ‘public
21 housing’ has the meaning given such term by
22 section 3(b)(1) of the United States Housing
23 Act of 1937.

24 “(D) NO OTHER FACTORS TAKEN INTO AC-
25 COUNT IN DETERMINING WHETHER THERE IS A

1 LEASE.—If the requirements of subparagraphs
2 (A) and (B) are met with respect to any trans-
3 action described in subparagraph (A), no other
4 factors shall be taken into account in making a
5 determination as to whether subparagraph
6 (A)(i) or (ii) applies with respect to the trans-
7 action.

8 “(E) 10-YEAR RULE NOT TO APPLY.—Sub-
9 section (d)(2)(B)(ii) shall not apply to any
10 property which is the subject of a transaction to
11 which subparagraph (A) applies.”

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply to agreements entered into after
14 December 31, 1995.

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