

107TH CONGRESS
2^D SESSION

H. R. 3701

To amend the Internal Revenue Code of 1986 to provide for a temporary ex-offender low-income housing credit to encourage the provision of housing, job training, and other essential services to ex-offenders through a structured living environment designed to assist the ex-offenders in becoming self-sufficient.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2002

Mr. DAVIS of Illinois (for himself, Mr. RANGEL, Mr. CONYERS, Mr. TOWNS, Ms. CARSON of Indiana, Mr. THOMPSON of Mississippi, and Ms. NORTON) 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 provide for a temporary ex-offender low-income housing credit to encourage the provision of housing, job training, and other essential services to ex-offenders through a structured living environment designed to assist the ex-offenders in becoming self-sufficient.

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 Safety Ex-Of-
5 fender Self-Sufficiency Act of 2002”.

1 **SEC. 2. TEMPORARY EX-OFFENDER LOW-INCOME HOUSING**
2 **CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45G. EX-OFFENDER LOW-INCOME HOUSING CREDIT.**

8 “(a) IN GENERAL.—For purposes of section 38, the
9 amount of the ex-offender low-income housing credit de-
10 termined under this section for any taxable year in the
11 credit period shall be an amount equal to—

12 “(1) the applicable percentage of

13 “(2) the qualified basis of each qualified ex-of-
14 fender residential building.

15 “(b) APPLICABLE PERCENTAGE.—In the case of any
16 qualified ex-offender residential building, the term ‘appli-
17 cable percentage’ has the meaning given such term in sec-
18 tion 42(b)(2) with respect to qualified low-income build-
19 ings, except that, for the purposes of this subsection, the
20 percentages prescribed by the Secretary under section
21 42(b)(2)(B) shall yield amounts of credit which have a
22 present value equal to 70 percent of the qualified basis
23 of any qualified ex-offender residential building.

24 “(c) QUALIFIED BASIS.—

25 “(1) IN GENERAL.—For purposes of subsection

26 (a) and except as otherwise provided in this sub-

1 section, the term ‘qualified basis’ means the ad-
2 justed basis of a qualified ex-offender residential
3 building as of the close of the 1st taxable year of the
4 credit period.

5 “(2) QUALIFIED BASIS TO INCLUDE PORTION
6 OF BUILDING USED TO PROVIDE EX-OFFENDER SUP-
7 PORT SERVICES.—The qualified basis of any quali-
8 fied ex-offender residential building for any taxable
9 year shall be increased by the lesser of—

10 “(A) so much of the qualified basis of such
11 building as is used throughout the year to pro-
12 vide ex-offender support services, or

13 “(B) 20 percent of the qualified basis of
14 such building (determined without regard to
15 this paragraph).

16 “(3) SPECIAL RULES.—Rules similar to the
17 rules of paragraphs (4), (5) (other than subpara-
18 graph (A) thereof), and (7) of section 42(d) shall
19 apply in determining the adjusted basis of any quali-
20 fied ex-offender residential building.

21 “(d) REHABILITATION EXPENDITURES.—Rules simi-
22 lar to the rules of section 42(e) shall apply in determining
23 the treatment of rehabilitation expenditures paid or in-
24 curred by the taxpayer with respect to a qualified ex-of-
25 fender residential building.

1 “(e) CREDIT PERIOD.—For purposes of this section,
2 rules similar to the rules of section 42(f) shall apply in
3 determining the credit period with respect to any qualified
4 ex-offender residential building.

5 “(f) QUALIFIED EX-OFFENDER RESIDENTIAL
6 BUILDING.—For purposes of this section, the term ‘quali-
7 fied ex-offender residential building’ means any building
8 which, at all times during the compliance period, meets
9 the following requirements:

10 “(1) SINGLE OCCUPANCY EX-OFFENDER RESI-
11 DENTIAL UNITS.—Each residential unit in such
12 building may be made available for occupancy to not
13 more than 1 individual. Such individual must be an
14 ex-offender who—

15 “(A) meets the residency requirements
16 under subsection (g);

17 “(B) has failed to meet such requirements
18 for fewer than 14 days; or

19 “(C) is in the process of being evicted from
20 such building for failing to meet such require-
21 ments.

22 “A building shall not be determined to fail to satisfy
23 the requirements of this paragraph solely because
24 some or all of the residential units in such building
25 are single room occupancy (as defined in section

1 (8)(n) of the United States Housing Act of 1937 (42
2 U.S.C. 1437f(n)).

3 “(2) SELF-SUFFICIENCY CENTERS FOR EX-OF-
4 FENDERS.—The building shall include a self-suffi-
5 ciency center for ex-offenders that—

6 “(A) is specifically designed to accommo-
7 date, and reserved for, the provision of ex-of-
8 fender support services to residents of the facil-
9 ity and other ex-offenders;

10 “(B) is made available for rental by pro-
11 viders of such services at a rate determined by
12 the owner of the facility; and

13 “(C) provides an array of such services
14 sufficient to meet a significant portion of the
15 needs of ex-offenders for ex-offender support
16 services.

17 “(3) RENT LIMITATIONS.—The portion of the
18 monthly rent payable by the occupant of each unit
19 in the building may not exceed 30 percent of the ad-
20 justed monthly income (as such term is defined in
21 section 3(b) of the United States Housing Act of
22 1937 (42 U.S.C. 1437a(b)) of the occupant.

23 “(g) RESIDENCY REQUIREMENTS.—

1 “(1) IN GENERAL.—An ex-offender meets the
2 residency requirements for a qualified ex-offender
3 residential building if such ex-offender—

4 “(A) has a low income;

5 “(B) is participating in an ex-offender sup-
6 port services program as described in paragraph
7 (3)(B);

8 “(C) has not been prohibited from resi-
9 dency under paragraph (4); and

10 “(D) commences occupancy of a unit in a
11 qualified ex-offender residential building on a
12 date that is not later than—

13 “(i) in the case of an ex-offender who
14 has been discharged from prison, jail, a
15 half-way house, or any other correctional
16 facility, 12 months after such discharge; or

17 “(ii) in the case of any ex-offender
18 whose sentence did not include confine-
19 ment to a correctional facility, 12 months
20 after the date of the ex-offender’s convic-
21 tion.

22 “(2) LOW-INCOME.—For purposes of this sec-
23 tion, an ex-offender is considered to have a low in-
24 come if, at the commencement of the ex-offender’s
25 occupancy of a residential unit, the income (if any)

1 of the ex-offender does not exceed 60 percent of area
2 median gross income (as determined consistent with
3 section 8 of the United States Housing Act of
4 1937).

5 “(3) PARTICIPATION IN EX-OFFENDER SUP-
6 PORT SERVICES PROGRAM.—

7 “(A) PROGRAM.—For purposes of this sec-
8 tion, an ex-offender support services program is
9 a program for the provision of specific ex-of-
10 fender support services for an ex-offender
11 that—

12 “(i) is created and managed by a co-
13 ordinating individual or entity having edu-
14 cation, training, and experience with ex-of-
15 fenders and their support services needs;

16 “(ii) is specifically designed to meet
17 the needs of the particular ex-offender for
18 ex-offender support services;

19 “(iii) sets forth a specific duration
20 over which the ex-offender support services
21 are to be provided and goals by which to
22 assess the progress of the ex-offender; and

23 “(iv) provides for continual oversight
24 to monitor the progress and needs of the
25 ex-offender and to ensure that the ex-of-

1 fender is being provided the appropriate
2 ex-offender support services and is com-
3 plying with the requirements of the pro-
4 gram.

5 “(B) PARTICIPATION.—For purposes of
6 this section, an ex-offender is considered to be
7 participating in an ex-offender support services
8 program if the ex-offender—

9 “(i) has entered into a written agree-
10 ment with the coordinator for the program
11 that—

12 “(I) sets forth the ex-offender
13 support services that are appropriate
14 for, and will be made available to, the
15 ex-offender and the duration of the
16 program for the ex-offender; and

17 “(II) provides that the ex-offend-
18 er’s continued attendance at scheduled
19 program meetings and events and ob-
20 taining of program services are a con-
21 dition of the ex-offender’s continued
22 residency in the facility; and

23 “(ii) is not in default with regard to
24 the ex-offender’s obligations under such
25 agreement.

1 “(C) EX-OFFENDER SUPPORT SERVICES.—
2 For purposes of this section, the term ‘ex-of-
3 fender support services’ means services that as-
4 sist ex-offenders to develop skills necessary for
5 life outside of the environment of a correctional
6 institution, and includes—
7 “(i) job training;
8 “(ii) employment counseling and
9 placement;
10 “(iii) entrepreneurial training;
11 “(iv) financial management training;
12 “(v) homeownership and rental coun-
13 seling;
14 “(vi) drug and alcohol abuse coun-
15 seling;
16 “(vii) self-esteem and peer develop-
17 ment assistance;
18 “(viii) anger management counseling;
19 “(ix) health care services, including
20 mental health services and behavioral
21 counseling;
22 “(x) probation services;
23 “(xi) family and crisis management
24 counseling; and

1 “(xii) general educational assistance
2 and counseling.

3 “(4) LIMITATION ON TERM OF RESIDENCY.—

4 An ex-offender may not reside in an ex-offender resi-
5 dential facility at any time after the expiration of
6 the 2-year period beginning upon the commencement
7 of the ex-offender’s occupancy in the ex-offender resi-
8 dential facility.

9 “(h) EX-OFFENDER.—For purposes of this section,
10 the term ‘ex-offender’ means any individual who has been
11 convicted of a felony under State or Federal law.

12 “(i) ALLOCATION AND DETERMINATION OF CRED-
13 IT.—

14 “(1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, rules similar to the rules of
16 section 42(h) (other than subparagraphs (E) and
17 (F) of paragraph (1) thereof) shall apply with re-
18 spect to allocating and determining any credit under
19 this section.

20 “(2) STATE HOUSING CREDIT CEILING.—For
21 purposes of this section:

22 “(A) IN GENERAL.—The State housing
23 credit ceiling shall be calculated by substituting
24 the amount determined under section
25 42(h)(3)(C)(ii) with the greater of—

1 “(i) \$85,000,000 multiplied by the
2 State ratio, or

3 “(ii) \$500,000.

4 “(B) TERMINATION.—The State housing
5 credit ceiling applicable to any State for any
6 calendar year beginning after December 31,
7 2007, shall be zero.

8 “(C) STATE RATIO.—The State ratio for
9 any State is equal to—

10 “(i) the reported number of sentenced
11 prisoners released from State or Federal
12 jurisdiction in such State during the most
13 recent year for which information is avail-
14 able, divided by

15 “(ii) the reported number of sen-
16 tenced prisoners released from State or
17 Federal jurisdiction in the United States
18 during the most recent year for which in-
19 formation is available.

20 “(D) REPORTED NUMBER OF SENTENCED
21 PRISONERS.—The reported number of sen-
22 tenced prisoners is the number of such pris-
23 oners reported to the Attorney General by the
24 National Prison Statistics Program.

1 “(3) INVOLVEMENT OF QUALIFIED NON-PROFIT
2 ORGANIZATIONS.—For purposes of this section, sec-
3 tion 42(h)(5)(A) shall be applied by substituting ‘0’
4 for ‘90’.

5 “(j) RECAPTURE OF CREDIT.—Rules similar to the
6 rules of subsections (i)(1) and (j) of section 42 shall apply
7 for purposes of this section.

8 “(k) APPLICATION OF AT-RISK RULES.—Rules simi-
9 lar to the rules of section 42(k) shall apply for purposes
10 of this section.

11 “(l) CERTIFICATION AND OTHER REPORTS TO SEC-
12 RETARY.—Subject to such regulations as the Secretary
13 may prescribe, rules similar to the rules of section 42(l)
14 shall apply for purposes of this section.

15 “(m) RESPONSIBILITIES OF THE SECRETARY AND
16 HOUSING CREDIT AGENCIES.—Rules similar to the rules
17 of subsections (m) and (n) of section 42 shall apply for
18 purposes of this section.”.

19 (b) INCLUSION AS CURRENT YEAR BUSINESS CRED-
20 IT.—Section 38(b) of the Internal Revenue Code of 1986
21 is amended by adding at the end the following new para-
22 graph:

23 “(13) the ex-offender low-income housing credit
24 under section 45G(a).”.

1 (c) 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 is amended by add-
4 ing at the end the following new item:

“Sec. 45G. Ex-offender low-income housing credit.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply with respect to qualified ex-of-
7 fender residential buildings placed in service during tax-
8 able years beginning after December 31, 2002.

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