H. R. 3077

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

June 4, 2019

Ms. DelBene (for herself, Mr. Beyer, Mr. Marchant, and Mrs. Walorski) 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 reform the low-income housing credit, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Affordable Housing Credit Improvement Act of 2019”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REFORM OF STATE ALLOCATION FORMULAS

Sec. 101. Increases in State allocations.

TITLE II—REFORMS RELATING TO TENANT ELIGIBILITY
Sec. 201. Average income test applicability to exempt facility bonds.
Sec. 202. Codification of rules relating to increased tenant income.
Sec. 203. Modification of student occupancy rules.
Sec. 204. Tenant voucher payments taken into account as rent for certain purposes.
Sec. 205. Requirement that low-income housing credit-supported housing protect victims of domestic abuse.
Sec. 206. Clarification of general public use requirement relating to veterans, etc.

TITLE III—CREDIT RATE AND OTHER RULES RELATING TO CREDIT ELIGIBILITY AND DETERMINATION

Sec. 301. Minimum credit rate.
Sec. 302. Reconstruction or replacement period after casualty loss.
Sec. 303. Modification and clarification of rights relating to building purchase.
Sec. 304. Modification of previous ownership rules; limitation on acquisition basis.
Sec. 305. Certain relocation costs taken into account as rehabilitation expenditures.
Sec. 306. Repeal of qualified census tract population cap.
Sec. 307. Determination of community revitalization plan to be made by housing credit agency.
Sec. 308. Prohibition of local approval and contribution requirements.
Sec. 309. Increase in credit for certain projects designated to serve extremely low-income households.
Sec. 310. Increase in credit for bond-financed projects designated by State agency.
Sec. 311. Elimination of basis reduction for low-income housing properties receiving certain energy benefits.
Sec. 312. Restriction of planned foreclosures.
Sec. 313. Increase of population cap for difficult development areas.
Sec. 314. Increased cost oversight and accountability.

TITLE IV—REFORMS RELATING TO NATIVE AMERICAN ASSISTANCE

Sec. 401. Selection criteria under qualified allocation plans.
Sec. 402. Inclusion of Indian areas as difficult development areas for purposes of certain buildings.

TITLE V—REFORMS RELATING TO RURAL ASSISTANCE

Sec. 501. Inclusion of rural areas as difficult development areas.
Sec. 502. Uniform income eligibility for rural projects.

TITLE VI—EXEMPT FACILITY BONDS

Sec. 601. Revision and clarification of the treatment of refunding issues.

TITLE VII—AFFORDABLE HOUSING TAX CREDIT

Sec. 701. Affordable housing tax credit.
TITLE I—REFORM OF STATE
ALLOCATION FORMULAS

SEC. 101. INCREASES IN STATE ALLOCATIONS.

(a) PHASE-IN OF INCREASES.—

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

(A) by striking “$1.75” in subclause (I)
and inserting “the per capita dollar amount”,
and

(B) by striking “$2,000,000” in subclause (II) and inserting “the minimum ceiling amount”.

(2) PER CAPITA DOLLAR AMOUNT; MINIMUM CEILING AMOUNT.—Subparagraph (I) of section 42(h)(3) of such Code is amended to read as follows:

“(I) PER CAPITA DOLLAR AMOUNT; MINIMUM CEILING AMOUNT.—For purposes of this paragraph—

“(i) PER CAPITA DOLLAR AMOUNT.—

The per capita dollar amount is—

“(I) for calendar year 2019, $2.76,

“(II) for calendar year 2020, $3.10,
“(III) for calendar year 2021, $3.49,
“(IV) for calendar year 2022, $3.93,
“(V) for calendar year 2023, $4.42, and
“(VI) $4.96 thereafter.
“(ii) MINIMUM CEILING AMOUNT.—
The minimum ceiling amount is—
“(I) for calendar year 2019, $3,166,875,
“(II) for calendar year 2020, $3,565,496,
“(III) for calendar year 2021, $4,010,213,
“(IV) for calendar year 2022, $4,510,487,
“(V) for calendar year 2023, $5,073,171, and
“(VI) $5,700,468 thereafter.”.

(3) MODIFICATION OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (H) of section 42(h)(3) of such Code is amended—
(A) by striking “2002” in clause (i) and inserting “2019”,

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(B) by striking “the $2,000,000 and $1.75
amounts in subparagraph (C)” in clause (i) and
inserting “the dollar amounts applicable to such
calendar year under clauses (i) and (ii) of sub-
paragraph (I)”,

(C) by striking “2001” in clause (i)(II)
and inserting “2018”,

(D) by striking “$2,000,000” in clause
(ii)(I) and inserting “minimum ceiling”, and

(E) by striking “$1.75” in clause (ii)(II)
and inserting “per capita dollar”.

(4) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to calendar years be-
beginning after December 31, 2019.

(b) PERMANENT INCREASES.—

(1) IN GENERAL.—Clause (ii) of section
42(h)(3)(C) of the Internal Revenue Code of 1986,
as amended by subsection (a)(1), is amended—

(A) by striking “the per capita dollar
amount” in subclause (I) and inserting
“$4.96”, and

(B) by striking “the minimum ceiling
amount” in subclause (II) and inserting
“$5,700,468”.

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(2) CONFORMING AMENDMENT.—Paragraph (3) of section 42(h) of such Code is amended by striking subparagraph (I), as amended by subsection (a)(2).

(3) COST-OF-LIVING ADJUSTMENT.—Subparagraph (H) of section 42(h)(3) of such Code, as amended by subsection (a)(3), is amended—

(A) by striking “the dollar amounts applicable to such calendar year under clauses (i) and (ii) of subparagraph (I)” in clause (i) and inserting “the $5,700,468 and $4.96 amounts in subparagraph (C),”,

(B) by striking “minimum ceiling” in clause (ii)(I) and inserting “$5,700,468”, and

(C) by striking “per capita dollar” in clause (ii)(II) and inserting “$4.96”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to calendar years beginning after December 31, 2024.

TITLE II—REFORMS RELATING TO TENANT ELIGIBILITY

SEC. 201. AVERAGE INCOME TEST APPLICABILITY TO EXEMPT FACILITY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 142(d) of the Internal Revenue Code of 1986 is amended—
(1) by striking “(A) or (B)” and inserting “(A),
(B), or (C)”, and

(2) by inserting after subparagraph (B) the fol-
lowing new subparagraph:

“(C) AVER AGE INCOME TEST.—A project
meets the requirements of this subparagraph if
it meets the minimum requirements of section
42(g)(1)(C).”.

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to elections made under section
142(d)(1) of the Internal Revenue Code of 1986 after

SEC. 202. CODIFICATION OF RULES RELATING TO IN-
CREASED TENANT INCOME.

(a) IN GENERAL.—Clause (i) of section 42(g)(2)(D)
of the Internal Revenue Code of 1986 is amended by strik-
ing “clauses (ii), (iii), and (iv)” and all that follows and
inserting “clauses (ii), (iii), (iv), and (vi), notwithstanding
an increase in the income of the occupants above the in-
come limitation applicable under paragraph (1)—

“(I) a low-income unit shall con-
tinue to be treated as a low-income
unit if the income of such occupants
initially was 60 percent or less of area
median gross income and such unit continues to be rent-restricted, and

“(II) a unit to which, at the time of initial occupancy by such occupants, any Federal, State, or local government income restriction applied, and which subsequently becomes part of a building with respect to which rehabilitation expenditures are taken into account under subsection (e), shall be treated as a low-income unit if the income of such occupants initially was 60 percent or less of area median gross income and does not exceed 120 percent of area median gross income as of the date of acquisition of the property by the taxpayer.”.

(b) Exception.—Subparagraph (D) of section 42(g)(2) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new clause:

“(vi) Exception to rule relating to increased tenant income.—In the case of an occupant of a low-income unit who initially qualified to occupy such unit
by reason of paragraph (1)(C) with an income in excess of 60 percent of area median gross income but not in excess of 80 percent of area median gross income, clause (i) shall be applied for substituting ‘80 percent’ for ‘60 percent’ each place it appears.”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2018.

SEC. 203. MODIFICATION OF STUDENT OCCUPANCY RULES.

(a) In General.—Subparagraph (D) of section 42(i)(3) of the Internal Revenue Code of 1986 is amended to read as follows:

“(D) Rules relating to students.—

“(i) in general.—A unit occupied solely by individuals who—

“(I) have not attained age 24, and

“(II) are enrolled in a full-time course of study at an institution of higher education (as defined in section 3304(f)),

shall not be treated as a low-income unit.
“(ii) Exception for certain federal programs.—In the case of a federally-assisted building (as defined in subsection (d)(6)(C)(i)), clause (i) shall not apply to a unit all of the occupants of which meet all applicable requirements under the housing program described in such subsection through which the building is assisted, financed, or operated.

“(iii) Other exceptions.—An individual shall not be treated as described in clause (i) if the individual—

“(I) is married,

“(II) is a person with disabilities (as defined in section 3(b)(3)(E) of the United States Housing Act of 1937),

“(III) is a veteran (as defined in section 101(2) of title 38, United States Code),

“(IV) has 1 or more qualifying children (as defined in section 152(c)),

“(V) is or has been a victim or threatened victim of domestic violence,
dating violence, sexual assault, or stalk­ing (as defined in section 40002 of the Violence Against Women Act of 1994), or

“(VI) meets the income limita­tion applicable under subsection (g)(1) to the project of which the building is a part and is, or was im­mediately prior to attaining the age of majority—

“(aa) an emancipated minor or in legal guardianship as deter­mined by a court of competent juris­diction in the individual’s State of legal residence,

“(bb) under the care and placement responsibility of the State agency responsible for ad­ministering a plan under part B or part E of title IV of the Social Security Act, or

“(cc) an unaccompanied youth (within the meaning of sec­tion 725(6) of the McKinney-

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(42 U.S.C. 11434a(6))) or a homeless child or youth (within the meaning of section 725(2) of such Act (42 U.S.C. 11434a(2))).”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 204. TENANT VOUCHER PAYMENTS TAKEN INTO ACCOUNT AS RENT FOR CERTAIN PURPOSES.

(a) In General.—Subparagraph (B) of section 42(g)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: “In the case of a project with respect to which the taxpayer elects the requirements of subparagraph (C) of paragraph (1), or the portion of a project to which subsection (d)(5)(C) applies, clause (i) shall not apply with respect to any tenant-based assistance (as defined in section 8(f)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437f(f)(7))).”.

(b) Effective Date.—The amendments made by this section shall apply to rent paid in taxable years beginning after December 31, 2019.
SEC. 205. REQUIREMENT THAT LOW-INCOME HOUSING CREDIT-SUPPORTED HOUSING PROTECT VICTIMS OF DOMESTIC ABUSE.

(a) IN GENERAL.—Subparagraph (B) of section 42(h)(6) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (v), by striking the period at the end of clause (vi) and inserting “, and”, and by adding at the end the following new clause:

“(vii) which—

“(I) prohibits the refusal to lease to, or termination of a lease by, a person solely on the basis of criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking that is engaged in by a member of the household of the tenant or any guest or other person under the control of the tenant, if the tenant or an affiliated individual of the tenant is the victim or threatened victim of such domestic violence, dating violence, sexual assault, or stalking, and

“(II) allows prospective, present, or former occupants of the building
the right to enforce in any State court
the prohibition of subclause (I).”.

(b) Bifurcation.—

(1) IN GENERAL.—Subparagraph (B) of section 42(h)(6) of the Internal Revenue Code of 1986, as amended by subsection (a), is amended by adding at the end the following new flush sentence:

“For purposes of clause (vii)(I), rules similar to the rules of section 41411(b)(3)(B) of the Violence Against Women Act of 1994 shall apply with respect to the owner or manager of a building.”.

(2) EFFECT OF BIFURCATION.—Paragraph (2) of section 42(g) of such Code is amended by adding at the end the following new subparagraph:

“(F) Treatment of bifurcation in cases of domestic violence.—In any case in which—

“(i) an occupant is evicted or removed from a low-income unit because such occupant has engaged in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual on the basis of criminal activity directly re-
lating to domestic violence, dating violence, sexual assault, or stalking, and

“(ii) the lease on such unit is bifurcated as provided in the last sentence of subsection (h)(6)(B),

then the remaining occupants of such low-income unit shall not be treated as a new tenant for purposes of this section.”.

(e) Clarification of General Public Use Requirement.—Paragraph (9) of section 42(g) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “, or”, and by adding at the end the following new subparagraph:

“(D) who are victims or threatened victims of criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking.”.

(d) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to agreements executed or modified on or after the date that is 30 days after the date of the enactment of this Act.
(2) **Public Use Requirement.**—The amendments made by subsection (e) shall apply to buildings placed in service before, on, or after the date of the enactment of this Act.

**SEC. 206. Clarification of General Public Use Requirement Relating to Veterans, etc.**

(a) **In General.**—Paragraph (9) of section 42(g) of the Internal Revenue Code of 1986, as amended by section 205, is further amended by adding at the end the following flush language:

“Any veteran of the Armed Forces shall be treated as a member of a specified group under a Federal program for purposes of subparagraph (B).”.

(b) **Qualified Residential Rental Projects.**—Paragraph (2) of section 142(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(F) **Clarification of General Public Use Requirement.**—A unit shall not fail to meet the general public use requirement solely because of occupancy restrictions or preferences, if such restrictions or preferences meet the general public use requirement of section 42.”.

(c) **Effective Dates.**—
(1) IN GENERAL.—The amendment made by subsection (a) shall apply to buildings placed in service before, on, or after the date of the enactment of this Act.

(2) QUALIFIED RESIDENTIAL RENTAL PROJECTS.—The amendment made by subsection (b) shall apply to bonds issued before, on, or after the date of the enactment of this Act.

TITLE III—CREDIT RATE AND OTHER RULES RELATING TO CREDIT ELIGIBILITY AND TERMINATION

SEC. 301. MINIMUM CREDIT RATE.

(a) IN GENERAL.—Subsection (b) of section 42 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating paragraph (3) as paragraph (4), and

(2) by inserting after paragraph (2) the following new paragraph:

“(3) MINIMUM CREDIT RATE.—In the case of any new or existing building to which paragraph (2) does not apply and which is placed in service by the taxpayer after December 31, 2018, the applicable percentage shall not be less than 4 percent.”.
(b) EFFECTIVE DATE.—The amendments made by this section shall apply to buildings which receive allocations of housing credit dollar amount or, in the case of projects financed by tax-exempt bonds as described in section 42(h)(4) of the Internal Revenue Code of 1986, which receive a determination of housing credit dollar amount, after the date of the enactment of this Act.

SEC. 302. RECONSTRUCTION OR REPLACEMENT PERIOD AFTER CASUALTY LOSS.

(a) IN GENERAL.—Subparagraph (E) of section 42(j)(4) of the Internal Revenue Code of 1986 is amended by striking “a reasonable period established by the Secretary” and inserting “a reasonable period established by the applicable housing credit agency (not to exceed 25 months from the date on which the casualty loss arises). The determination under paragraph (1) shall not be made with respect to a property the basis of which is affected by a casualty loss until the period described in the preceding sentence with respect to such property has expired.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to casualty losses arising after the date of the enactment of this Act.
SEC. 303. MODIFICATION AND CLARIFICATION OF RIGHTS RELATING TO BUILDING PURCHASE.

(a) Modification of Right of First Refusal.—
Subparagraph (A) of section 42(i)(7) of the Internal Revenue Code of 1986 is amended by striking “a right of 1st refusal” and inserting “an option”.

(b) Clarification With Respect to Right of First Refusal and Purchase Options.—

(1) Purchase of partnership interest.—

(A) In General.—Subparagraph (A) of section 42(i)(7) of the Internal Revenue Code of 1986, as amended by subsection (a), is amended by striking “the property” and inserting “the property or all of the partnership interests (other than interests of the person exercising such option or a related party thereto (within the meaning of section 267(b) or 707(b)(1)) relating to the property”.

(B) Conforming Amendment.—Subparagraph (B) of section 42(i)(7) of the Internal Revenue Code of 1986 is amended by adding at the end the following: “In the case of a purchase of a partnership interest, the minimum purchase price is an amount not less than such interest’s ratable share of the amount deter-
mined under the first sentence of this subpara-
graph.”

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

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

(3) EXERCISE OF RIGHT OF FIRST REFUSAL
AND PURCHASE OPTIONS.—Subparagraph (A) of
section 42(i)(7) of the Internal Revenue Code of
1986, as amended by subsection (a) and paragraph
(1)(A), is amended by adding at the end the fol-
lowing: “For purposes of determining whether an
option, including a right of first refusal, to purchase
property is described in the preceding sentence—

“(i) such option or right of first re-
refusal may be exercised with or without the
approval of the taxpayer, and

“(ii) a right of first refusal may be ex-
ercised in response to any offer to pur-
chase the property, including an offer by a related party.”.

(c) Effective Dates.—

(1) Modification of Right of First Refusal.—The amendment made by subsection (a) shall apply to agreements entered into after the date of the enactment of this Act.

(2) Clarification.—The amendments made by subsection (b) shall apply to agreements among the owners of the project (including partners, members, their affiliated organizations, and designated entities described in subparagraph (A)) entered into before, on, or after the date of the enactment of this Act.

(3) No Effect on Agreements.—No provision of this amendment shall supercede the agreement among the parties as to the manner of execution or terms of a right of first refusal or option permitted by section 42(i)(7).

SEC. 304. MODIFICATION OF PREVIOUS OWNERSHIP RULES; LIMITATION ON ACQUISITION BASIS.

(a) In General.—Clause (ii) of section 42(d)(2)(B) of the Internal Revenue Code of 1986 is amended by inserting “, or the taxpayer elects the application of subparagraph (C)(ii)” after “service”.
(b) LIMITATION ON ACQUISITION BASIS.—Subparagraph (C) of section 42(d)(2) of the Internal Revenue Code of 1986 is amended—

(1) by striking “For purposes of subparagraph (A), the adjusted basis” and inserting “For purposes of subparagraph (A)—

“(i) IN GENERAL.—The adjusted basis”, and

(2) by adding at the end the following new clauses:

“(ii) BUILDINGS IN SERVICE WITHIN PREVIOUS 10 YEARS.—If the period between the date of acquisition of the building by the taxpayer and the date the building was last placed in service is less than 10 years, the taxpayer’s basis attributable to the acquisition of the building which is taken into account in determining the adjusted basis shall not exceed the sum of—

“(I) the lowest amount paid for acquisition of the building by any person during the 10 years preceding the date of the acquisition of the building by the taxpayer, adjusted as provided in clause (iii), and
“(II) the value of any capital improvements made by the person who sells the building to the taxpayer which are reflected in such seller’s basis.

“(iii) ADJUSTMENT.—With respect to a basis determination made in any taxable year, the amount described in clause (ii)(I) shall be increased by an amount equal to—

“(I) such amount, multiplied by

“(II) a cost-of-living adjustment, determined in the same manner as under section 1(f)(3) for the calendar year in which the taxable year begins by taking into account the acquisition year in lieu of calendar year 1992.

For purposes of the preceding sentence, the acquisition year is the calendar year in which the lowest amount referenced in clause (ii)(I) was paid for the acquisition of the building.”.

(c) CONFORMING AMENDMENTS.—Clause (i) of section 42(d)(2)(D) of the Internal Revenue Code of 1986 is amended—
(1) by striking “FOR SUBPARAGRAPH (B)” in the heading, and

(2) by striking “subparagraph (B)(ii)” in the matter preceding subclause (I) and inserting “sub-
paragraph (B)(ii) or (C)(ii)”.

(d) MODIFICATION OF PLACED IN SERVICE RULE.—
Clause (iii) of section 42(d)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows:

“(iii) the building was not owned by
the taxpayer or by any person related (as of the date of acquisition by the taxpayer)
to the taxpayer at any time during the 5-
year period ending on the date of acquisi-
tion by the taxpayer, and”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to buildings placed in service after December 31, 2018.

SEC. 305. CERTAIN RELOCATION COSTS TAKEN INTO AC-
COUNT AS REHABILITATION EXPENDITURES.

(a) In General.—Paragraph (2) of section 42(e) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(C) CERTAIN RELOCATION COSTS.—In the case of a rehabilitation of a building to

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which section 280B does not apply, costs relating to the relocation of occupants, including—

“(i) amounts paid to occupants,
(ii) amounts paid to third parties for services relating to such relocation, and
(iii) amounts paid for temporary housing for occupants,

shall be treated as chargeable to capital account and taken into account as rehabilitation expenditures.”.

(b) Effective Date.—The amendment made by this section shall apply to expenditures paid or incurred after December 31, 2018.

(c) No Inference.—Nothing in the amendment made by this section shall be construed to create any inference with respect to the treatment of relocation costs paid or incurred before December 31, 2018.

SEC. 306. REPEAL OF QUALIFIED CENSUS TRACT POPULATION CAP.

(a) In General.—Clause (ii) of section 42(d)(5)(B) of the Internal Revenue Code of 1986 is amended—

(1) by striking subclauses (II) and (III), and
(2) by striking “QUALIFIED CENSUS TRACT.—

“(I) IN GENERAL.—The term”,
and inserting “QUALIFIED CENSUS TRACT.—The term”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations of qualified census tracts under section 42(d)(5)(B)(ii) of the Internal Revenue Code of 1986 after December 31, 2019.

SEC. 307. DETERMINATION OF COMMUNITY REVITALIZATION PLAN TO BE MADE BY HOUSING CREDIT AGENCY.

(a) IN GENERAL.—Subclause (III) of section 42(m)(1)(B)(ii) of the Internal Revenue Code of 1986 is amended by inserting “, as determined by the housing credit agency according to criteria established by such agency,” after “(d)(5)(B)(ii)) and”.

(b) CRITERIA.—Paragraph (1) of section 42(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(E) CRITERIA FOR DETERMINATION RELATING TO CONCERTED COMMUNITY REVITALIZATION PLAN.—For purposes of subparagraph (B)(ii)(III), the criteria which shall be established by a housing credit agency for determining whether the development of a project contributes to a concerted community development plan shall take into account any factors
the agency deems appropriate, including the extent to which the proposed plan—

“(i) is geographically specific,

“(ii) outlines a clear plan for implementation and goals for outcomes,

“(iii) includes a strategy for applying for or obtaining commitments of public or private investment (or both) in nonhousing infrastructure, amenities, or services, and

“(iv) demonstrates the need for community revitalization.”.

(c) Effective Date.—The amendments made by this section shall apply to allocations of housing credit dollar amounts made under qualified allocation plans (as defined in section 42(m)(1)(B) of the Internal Revenue Code of 1986) adopted after December 31, 2019.

SEC. 308. PROHIBITION OF LOCAL APPROVAL AND CONTRIBUTION REQUIREMENTS.

(a) In General.—Paragraph (1) of section 42(m) of the Internal Revenue Code of 1986, as amended by section 307, is further amended—

(1) by striking clause (ii) of subparagraph (A) and by redesignating clauses (iii) and (iv) thereof as clauses (ii) and (iii), and
(2) by adding at the end the following new sub-
paragraph:

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

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

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

(b) EFFECTIVE DATE.—The amendments made by
this section shall apply to allocations of housing credit dol-
lar amounts made after December 31, 2019.

SEC. 309. INCREASE IN CREDIT FOR CERTAIN PROJECTS
DESIGNATED TO SERVE EXTREMELY LOW-IN-
COME HOUSEHOLDS.

(a) IN GENERAL.—Paragraph (5) of section 42(d) of
the Internal Revenue Code of 1986 is amended by adding
at the end the following new subparagraph:
“(C) Increase in credit for projects designated to serve extremely low-income households.—In the case of any building—

“(i) 20 percent or more of the residential units in which are designated by the taxpayer for occupancy by households the aggregate household income of which does not exceed the greater of—

“(I) 30 percent of area median gross income, or

“(II) 100 percent of an amount equal to the Federal poverty line (within the meaning of section 36B(d)(3)), and

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

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

(b) Effective Date.—The amendment made by
this section shall apply to buildings which receive alloca-
tions of housing credit dollar amount or, in the case of
projects financed by tax-exempt bonds as described in sec-
tion 42(h)(4) of the Internal Revenue Code of 1986, which
receive a determination of housing credit dollar amount,
after the date of the enactment of this Act.

SEC. 310. INCREASE IN CREDIT FOR BOND-FINANCED
PROJECTS DESIGNATED BY STATE AGENCY.

(a) In General.—Clause (v) of section 42(d)(5)(B)
of the Internal Revenue Code of 1986 is amended by strik-
ing the second sentence.

(b) Technical Amendment.—Clause (v) of section
42(d)(5)(B) of the Internal Revenue Code of 1986, as
amended by subsection (a), is further amended—

(1) by striking “STATE” in the heading, and

(2) by striking “State housing credit agency”
and inserting “housing credit agency”.

(c) Effective Date.—The amendments made by
this section shall apply to buildings which receive a deter-
mination of housing credit dollar amount after the date
of the enactment of this Act.
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SEC. 311. ELIMINATION OF BASIS REDUCTION FOR LOW-INCOME HOUSING PROPERTIES RECEIVING CERTAIN ENERGY BENEFITS.

(a) New Energy Efficient Home Credit.—Subsection (e) of section 45L of the Internal Revenue Code of 1986 is amended—

(1) by striking “Adjustment.—For purposes” and inserting “Adjustment.—

“(1) in General.—For purposes”, and

(2) by adding at the end the following new paragraph:

“(2) Exception for Affordable Housing Properties.—Paragraph (1) shall not apply for purposes of determining eligible basis under section 42.”.

(b) Energy Efficient Commercial Buildings Deduction.—Subsection (e) of section 179D of the Internal Revenue Code of 1986 is amended—

(1) by striking “Reduction.—For purposes” and inserting “Reduction.—

“(1) in General.—For purposes”, and

(2) by adding at the end the following new paragraph:

“(2) Exception for Affordable Housing Properties.—Paragraph (1) shall not apply for
purposes of determining eligible basis under section 42.”.

(c) ENERGY CREDIT.—Paragraph (3) of section 50(c) of the Internal Revenue Code of 1986 is amended—

(1) by striking “and” at the end of subparagraph (A),

(2) by striking the period at the end of subparagraph (B) and inserting “, and”, and

(3) by adding at the end the following new subparagraph:

“(C) paragraph (1) shall not apply for purposes of determining eligible basis under section 42.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to buildings which receive allocations of housing credit dollar amount or, in the case of projects financed by tax-exempt bonds as described in section 42(h)(4) of the Internal Revenue Code of 1986, which receive a determination of housing credit dollar amount, after the date of the enactment of this Act.

SEC. 312. RESTRICTION OF PLANNED FORECLOSURES.

(a) IN GENERAL.—Subclause (I) of section 42(h)(6)(E)(i) of the Internal Revenue Code of 1986 is amended to read as follows:
“(I) on the 61st day after the taxpayer (or a successor in interest) provides notice to the Secretary and the housing credit agency that the building has been acquired by foreclosure (or instrument in lieu of foreclosure) and that the taxpayer intends the termination of such period, unless, before such date, the Secretary or the housing credit agency determines that such acquisition is part of an arrangement with the taxpayer a purpose of which is to terminate such period, or”.

(b) CONFORMING AMENDMENT.—The second sentence of clause (i) of section 42(h)(6)(E) of the Internal Revenue Code of 1986 is amended by striking “Subclause (II)” and inserting “Subclauses (I) and (II)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to acquisitions by foreclosure (or instrument in lieu of foreclosure) after December 31, 2018.
SEC. 313. INCREASE OF POPULATION CAP FOR DIFFICULT DEVELOPMENT AREAS.

(a) In General.—Subclause (II) of section 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is amended by striking “20 percent” and inserting “30 percent”.

(b) Effective Date.—The amendment made by this section shall apply to designations made under section 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 after December 31, 2019.

SEC. 314. INCREASED COST OVERSIGHT AND ACCOUNTABILITY.

(a) In General.—Subparagraph (C) of section 42(m)(1) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (ix), by striking the period at the end of clause (x) and inserting “, and”, and by adding at the end the following new clause:

“(xi) the reasonableness of the development costs of the project.”.

(b) Effective Date.—The amendments made by this section shall apply to allocations of credits under section 42 of the Internal Revenue Code of 1986 made after December 31, 2019.
TITLE IV—REFORMS RELATING TO NATIVE AMERICAN ASSISTANCE

SEC. 401. SELECTION CRITERIA UNDER QUALIFIED ALLOCATION PLANS.

(a) In General.—Subparagraph (C) of section 42(m)(1) of the Internal Revenue Code of 1986, as amended by section 314, is amended—

(1) by striking “and” at the end of clause (x), by striking the period at the end of clause (xi) and inserting “, and”, and by adding at the end the following new clause:

“(xii) the affordable housing needs of individuals in the State who are enrolled members of a tribe with respect to an Indian tribal government.”, and

(2) by adding at the end the following flush sentence:

“For purposes of clause (xii), the term ‘Indian tribal government’ includes any agencies or instrumentalities of an Indian tribal government and any Alaska Native regional or village corporation, as defined in, or established pursuant to, the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).”.
(b) EFFECTIVE DATE.—The amendments made by this section shall apply to allocations of credits under section 42 of the Internal Revenue Code of 1986 made after December 31, 2019.

SEC. 402. INCLUSION OF INDIAN AREAS AS DIFFICULT DEVELOPMENT AREAS FOR PURPOSES OF CERTAIN BUILDINGS.

(a) IN GENERAL.—Subclause (I) of section 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is amended by inserting before the period the following: “

and any Indian area’’.

(b) INDIAN AREA.—Clause (iii) of section 42(d)(5)(B) of the Internal Revenue Code of 1986 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

“(II) INDIAN AREA.—For purposes of subclause (I), the term ‘Indian area’ means any Indian area (as defined in section 4(11) of the Native American Housing Assistance and Self Determination Act of 1996 (25 U.S.C. 4103(11))).”.

(c) ELIGIBLE BUILDINGS.—Clause (iii) of section 42(d)(5)(B) of the Internal Revenue Code of 1986, as
amended by subsection (b), is amended by adding at the end the following new subclause:

“(IV) SPECIAL RULE FOR BUILDINGS IN INDIAN AREAS.—In the case of an area which is a difficult development area solely because it is an Indian area, a building shall not be treated as located in such area unless such building is assisted or financed under the Native American Housing Assistance and Self Determination Act of 1996 (25 U.S.C. 4101 et seq.) or the project sponsor is an Indian tribe (as defined in section 45A(c)(6)), a tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C. 4103(22))), or wholly owned or controlled by such an Indian tribe or tribally designated housing entity.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to buildings placed in service after December 31, 2019.
TITLE V—REFORMS RELATING TO RURAL ASSISTANCE

SEC. 501. INCLUSION OF RURAL AREAS AS DIFFICULT DEVELOPMENT AREAS.

(a) In General.—Subclause (I) of section 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986, as amended by section 402, is amended by inserting “, any rural area” after “median gross income”.

(b) Rural Area.—Clause (iii) of section 42(d)(5)(B) of the Internal Revenue Code of 1986, as amended by section 402, is further amended by redesignating subclause (III) as subclause (IV) and by inserting after subclause (II) the following new subclause:

“(III) Rural Area.—For purposes of subclause (I), the term ‘rural area’ means any non-metropolitan area, or any rural area as defined by section 520 of the Housing Act of 1949, which is identified by the qualified allocation plan under subsection (m)(1)(B).”.

(e) Effective Date.—The amendments made by this section shall apply to buildings placed in service after December 31, 2019.
SEC. 502. UNIFORM INCOME ELIGIBILITY FOR RURAL PROJECTS.

(a) In General.—Paragraph (8) of section 42(i) of the Internal Revenue Code of 1986 is amended by striking the second sentence.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2018.

TITLE VI—EXEMPT FACILITY BONDS

SEC. 601. REVISION AND CLARIFICATION OF THE TREATMENT OF REFUNDING ISSUES.

(a) In General.—Subparagraph (A) of section 146(i)(6) of the Internal Revenue Code of 1986 is amended to read as follows:

“(A) In General.—During the 12-month period beginning on the date of a repayment of a loan financed by an issue 95 percent or more of the net proceeds of which are used to provide projects described in section 142(d), if such repayment is used to provide a new loan for any project described in section 142(a)(7) or for any purpose described in subsection (a)(2)(A) or (b) of section 143, any bond which is issued to refinance such issue shall be treated as a refunding issue. Any issue treated as a refunding
issue by reason of the preceding sentence shall
be so treated only to the extent the principal
amount of such refunding issue does not exceed
the principal amount of the bonds refunded.”.

(b) REMOVAL OF ONE-REFUNDING LIMIT.—Sub-
paragraph (B) of section 146(i)(6) of the Internal Rev-
ene Code of 1986 is amended—

(1) by striking “4 years” in clause (i) and in-
serting “10 years”,

(2) by striking “was issued” in clause (ii) and
inserting “is issued”,

(3) by redesignating clauses (i) (as so amend-
ed), (ii) (as so amended), and (iii) as subclauses (I),
(II), and (III), respectively, and by moving such sub-
clauses 2 ems to the right,

(4) by striking “LIMITATIONS.—Subparagraph
(A) shall apply to only one refunding of the original
issue and” and inserting “LIMITATIONS.—
“(i) IN GENERAL.—Subparagraph (A)
shall apply to a bond”, and

(5) by adding at the end the following new
clause:

“(ii) SOURCE OF LOAN REPAY-
MENT.—Subparagraph (A) shall not apply
to any repayment of a loan which is—
“(I) made by a repayment of another loan, or
“(II) financed by an issue treated as a refunding issue under subparagraph (A).”.

(e) CONFORMING AMENDMENT.—The heading of paragraph (6) of section 146(i) of the Internal Revenue Code of 1986 is amended by striking “RESIDENTIAL RENTAL PROJECT BONDS AS REFUNDING BONDS IRRESPECTIVE OF OBLIGOR” and inserting “BONDS AS REFUNDING BONDS”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall apply to obligations issued on or after the date of the enactment of this Act.

(2) REMOVAL OF ONE-REFUNDING LIMIT.—The amendments made by subsection (b) shall apply to repayments of loans received after July 30, 2008.

TITLE VII—AFFORDABLE HOUSING TAX CREDIT

SEC. 701. AFFORDABLE HOUSING TAX CREDIT.

(a) IN GENERAL.—The heading of section 42 of the Internal Revenue Code of 1986 is amended by striking “LOW-INCOME” and inserting “AFFORDABLE”.
(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 42 of the Internal Revenue Code of 1986 is amended by striking “low-income” and inserting “affordable”.

(2) Paragraph (5) of section 38(b) of such Code is amended by striking “low-income” and inserting “affordable”.

(3) The heading of subparagraph (D) of section 469(i)(3) of such Code is amended by striking “LOW-INCOME” and inserting “AFFORDABLE”.

(4) The heading of subparagraph (B) of section 469(i)(6) of such Code is amended by striking “LOW-INCOME” and inserting “AFFORDABLE”.

(5) Paragraph (7) of section 772(a) of such Code is amended by striking “low-income” and inserting “affordable”.

(6) Paragraph (5) of section 772(d) of such Code is amended by striking “low-income” and inserting “affordable”.

(c) CLERICAL AMENDMENT.—The item relating to section 42 in the table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended to read as follows:

“Sec. 42. Affordable housing credit.”.