

116TH CONGRESS
2D SESSION

H. R. 6011

To amend the Internal Revenue Code of 1986 to allow for nonrecognition of gain on real property sold for use as affordable housing.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2020

Mr. SCHIFF 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 allow for nonrecognition of gain on real property sold for use as affordable housing.

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 “Affordable and Home-
5 less Housing Incentives Act of 2020”.

6 **SEC. 2. NONRECOGNITION OF GAIN ON PROPERTY SOLD**
7 **FOR USE AS AFFORDABLE HOUSING.**

8 (a) IN GENERAL.—Section 1033 of the Internal Rev-
9 enue Code of 1986 is amended by redesignating subsection

1 (k) as subsection (l) and by inserting after subsection (j)
2 the following new subsection:

3 “(k) SALES FOR USE AS AFFORDABLE HOUSING.—

4 “(1) IN GENERAL.—For purposes of this sub-
5 title, if real property is sold or otherwise transferred
6 to a qualified housing operator for use or develop-
7 ment by such operator as affordable housing and
8 such property meets the requirements of paragraph
9 (3), such sale or transfer shall be treated as an in-
10 voluntary conversion to which this section applies.

11 “(2) QUALIFIED HOUSING OPERATOR.—For
12 purposes of this section, the term ‘qualified housing
13 operator’ means any of the following:

14 “(A) A State or local government, or any
15 political subdivision or instrumentality thereof.

16 “(B) A tribally designated housing entity
17 (as such term is defined in section 4 of the Na-
18 tive American Housing Assistance and Self-De-
19 termination Act of 1996).

20 “(C) A community housing development
21 organization (as such term is defined in section
22 104 of the Cranston-Gonzalez National Afford-
23 able Housing Act).

24 “(D) An organization—

1 “(i) described in section 501(e) and
2 exempt from taxation under section
3 501(a),

4 “(ii) the purpose of which includes
5 providing affordable housing, and

6 “(iii) which—

7 “(I) has received Federal, State,
8 or local grant funds to develop or op-
9 erate affordable housing, or

10 “(II) is described in section
11 42(h)(5)(B) with respect to a quali-
12 fied low-income housing project that is
13 allocated housing credit dollar
14 amounts under section 42.

15 “(3) AFFORDABLE HOUSING REQUIREMENT.—

16 The requirements of this paragraph are met with re-
17 spect to property if such property has, as of the date
18 of the sale or transfer referred to in paragraph (1),
19 a legal restriction or agreement sufficient to obligate
20 any owner to make (at all times during the 30-year
21 period beginning on such date) such property ei-
22 ther—

23 “(A) residential rental property (within the
24 meaning of section 168) not less than 75 per-
25 cent of the units of which are affordable to low-

1 income families and either occupied by or avail-
2 able for use by low-income residents, or

3 “(B) a shelter eligible for assistance under
4 title IV of the McKinney-Vento Homeless As-
5 sistance Act.

6 “(4) SPECIAL RULE WITH RESPECT TO PERIOD
7 WITHIN WHICH PROPERTY MUST BE REPLACED.—In
8 the case of a sale or transfer described in paragraph
9 (1), subsection (a)(2)(B)(i) shall be applied by sub-
10 stituting ‘3 years’ for ‘2 years’.

11 “(5) SPECIAL RULE FOR REAL PROPERTY HELD
12 FOR PRODUCTIVE USE IN TRADE OR BUSINESS.—
13 For purposes of subsection (a), if the real property
14 described in paragraph (1) is held for productive use
15 in a trade or business or for investment, property of
16 a like kind to be held either for productive use in a
17 trade or business or for investment shall be treated
18 as property similar or related in service or use to the
19 property so described.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to sales and transfers after the
22 date of the enactment of this Act.

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