

117TH CONGRESS  
2D SESSION

# S. 4181

To amend title VI of the Social Security Act to allow coronavirus State and local fiscal recovery funds to be used for low-income housing credit projects.

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## IN THE SENATE OF THE UNITED STATES

MAY 11 (legislative day, MAY 10), 2022

Mr. LEAHY (for himself, Ms. COLLINS, Mr. WYDEN, Mr. BENNET, Ms. CORTEZ MASTO, Mr. KING, Ms. HASSAN, Mr. PADILLA, Mr. REED, Mr. SANDERS, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title VI of the Social Security Act to allow coronavirus State and local fiscal recovery funds to be used for low-income housing credit projects.

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 “LIHTC Financing En-  
5 abling Long-term Investment in Neighborhood Excellence  
6 Act” or the “LIFELINE Act”.

1 **SEC. 2. AUTHORITY TO USE CORONAVIRUS STATE AND**  
 2 **LOCAL FISCAL RECOVERY FUNDS FOR LOW-**  
 3 **INCOME HOUSING CREDIT PROJECTS.**

4 (a) IN GENERAL.—Title VI of the Social Security Act  
 5 (42 U.S.C. 801 et seq.) is amended—

6 (1) in section 602—

7 (A) in subsection (a)(1), by inserting “(ex-  
 8 cept as provided in subsection (c)(5))” after  
 9 “December 31, 2024”; and

10 (B) in subsection (c)—

11 (i) in paragraph (1), in the matter  
 12 preceding subparagraph (A), by striking  
 13 “paragraph (3)” and inserting “para-  
 14 graphs (3), (4), and (5)”; and

15 (ii) by adding at the end the following  
 16 new paragraph:

17 “(5) USE OF FUNDS FOR LOW-INCOME HOUS-  
 18 ING CREDIT PROJECTS.—

19 “(A) IN GENERAL.—A State, territory, or  
 20 Tribal government, in consultation with a hous-  
 21 ing finance agency, may use funds provided  
 22 under this section to finance the cost of con-  
 23 struction of 1 or more new qualified low-income  
 24 buildings (as defined in section 42(c)(2) of the  
 25 Internal Revenue Code of 1986), or the cost of  
 26 rehabilitation expenditures (as defined in sec-

1 tion 42(e)(2) of such Code), which are expected  
2 to be eligible for the low-income housing credit  
3 under section 42 of such Code in an amount  
4 greater than \$0, including credits described in  
5 subsection (h)(4) thereof. The financing per-  
6 mitted by the preceding sentence must be pro-  
7 vided by loans having maturities of 30 or more  
8 years, with such buildings having a placed in  
9 service date that is no earlier than the date of  
10 enactment of this paragraph. Funds provided  
11 under this section to finance such buildings  
12 must be obligated by December 31, 2024, and  
13 expended by December 31, 2026. Any amount  
14 loaned in accordance with this subparagraph  
15 shall be considered expended in accordance with  
16 the requirements of this subsection.

17 “(B) REQUIREMENTS.—The project spon-  
18 sor of a building financed in whole or in part  
19 by loans for which financing is permitted under  
20 this paragraph shall agree, as a condition for  
21 accepting such a loan—

22 “(i) to waive any right to request a  
23 qualified contract (as defined in section  
24 42(h)(6)(F) of the Internal Revenue Code  
25 of 1986); and

1           “(ii) to repay any loaned funds to the  
2           entity that originated the loan at the time  
3           the project of which the building is a part  
4           becomes non-compliant, including if such  
5           project ceases to satisfy the requirements  
6           to be considered a qualified low-income  
7           housing project (as defined in section  
8           42(g) of the Internal Revenue Code) or a  
9           qualified residential rental project (as de-  
10          fined in section 142(d) of such Code), or if  
11          such project fails to comply with an ex-  
12          tended low-income housing commitment  
13          (as defined in section 42(h)(6) of such  
14          Code).

15          “(C) RETURNED OR REPAID FUNDS.—Any  
16          funds used by a State, territory, or Tribal gov-  
17          ernment in accordance with subparagraph (A)  
18          that are returned to the State, territory, or  
19          Tribal government, including from loan repay-  
20          ment, shall be used to finance affordable hous-  
21          ing, including buildings that are eligible for low-  
22          income housing credits under section 42(a) of  
23          the Internal Revenue Code of 1986 by virtue of  
24          being part of 1 or more qualified low-income  
25          housing projects (as defined in section 42(g) of

1 such Code), or being part of 1 or more qualified  
2 residential rental projects (as defined in section  
3 142(d) of such Code).

4 “(D) REPORTS.—

5 “(i) ANNUAL REPORTS ON LIHTC  
6 PROJECT OBLIGATIONS.—During the pe-  
7 riod beginning on the date of enactment of  
8 this paragraph and ending on December  
9 31, 2026, the Secretary shall provide an-  
10 nual reports to the Committee on Ways  
11 and Means of the House of Representa-  
12 tives, the Committee on Oversight and Re-  
13 form of the House of Representatives, the  
14 Committee on Appropriations of the House  
15 of Representatives, the Committee on Fi-  
16 nance of the Senate, and the Committee on  
17 Appropriations of the Senate on the obliga-  
18 tion and expenditure of funds for projects  
19 under this paragraph.

20 “(ii) ANNUAL REPORTS ON LIHTC  
21 PROJECT LOANS.—For each year during  
22 the term of an initial loan financed by  
23 funds made available under this paragraph  
24 is outstanding, the Secretary shall provide  
25 an annual report to each of the committees

1 identified in clause (i) on any repayment of  
 2 such funds.”; and

3 (2) in section 603—

4 (A) in subsection (a), by inserting “(except  
 5 as provided in subsection (c)(6))” after “De-  
 6 cember 31, 2024”; and

7 (B) in subsection (c)—

8 (i) in paragraph (1), in the matter  
 9 preceding subparagraph (A), by striking  
 10 “paragraphs (3) and (4)” and inserting  
 11 “paragraphs (3), (4), (5), and (6)”; and

12 (ii) by adding at the end the following  
 13 new paragraph:

14 “(6) USE OF FUNDS FOR LOW-INCOME HOUS-  
 15 ING CREDIT PROJECTS.—

16 “(A) IN GENERAL.—A metropolitan city,  
 17 nonentitlement unit of local government, or  
 18 county, in consultation with a housing finance  
 19 agency, may use funds provided under this sec-  
 20 tion to finance the cost of construction of 1 or  
 21 more new qualified low-income buildings (as de-  
 22 fined in section 42(c)(2) of the Internal Rev-  
 23 enue Code of 1986), or the cost of rehabilita-  
 24 tion expenditures (as defined in section 42(e)(2)  
 25 of such Code), which are expected to be eligible

1 for the low-income housing credit under section  
2 42 of such Code in an amount greater than \$0,  
3 including credits described in subsection (h)(4)  
4 thereof. The financing permitted by the pre-  
5 ceding sentence must be provided by loans hav-  
6 ing maturities of 30 or more years, with such  
7 buildings having a placed in service date that is  
8 no earlier than the date of enactment of this  
9 paragraph. Funds provided under this section  
10 to finance such buildings must be obligated by  
11 December 31, 2024, and expended by December  
12 31, 2026. Any amount loaned in accordance  
13 with this subparagraph shall be considered ex-  
14 pended in accordance with the requirements of  
15 this subsection.

16 “(B) REQUIREMENTS.—The project spon-  
17 sor of a building financed in whole or in part  
18 by loans for which financing is permitted under  
19 this paragraph shall agree, as a condition for  
20 accepting such a loan—

21 “(i) to waive any right to request a  
22 qualified contract (as defined in section  
23 42(h)(6)(F) of the Internal Revenue Code  
24 of 1986); and

1           “(ii) to repay any loaned funds to the  
2           entity that originated the loan at the time  
3           the project of which the building is a part  
4           becomes non-compliant, including if such  
5           project ceases to satisfy the requirements  
6           to be considered a qualified low-income  
7           housing project (as defined in section  
8           42(g) of the Internal Revenue Code) or a  
9           qualified residential rental project (as de-  
10          fined in section 142(d) of such Code), or if  
11          such project fails to comply with an ex-  
12          tended low-income housing commitment  
13          (as defined in section 42(h)(6) of such  
14          Code).

15          “(C) RETURNED OR REPAID FUNDS.—Any  
16          funds used by a metropolitan city, nonentitle-  
17          ment unit of local government, or county in ac-  
18          cordance with subparagraph (A) that are re-  
19          turned to the metropolitan city, nonentitlement  
20          unit of local government, or county, including  
21          from loan repayment, shall be used to finance  
22          affordable housing, including buildings that are  
23          eligible for low-income housing credits under  
24          section 42(a) of the Internal Revenue Code of  
25          1986 by virtue of being part of 1 or more quali-



1           fied low-income housing projects (as defined in  
2           section 42(g) of such Code), or being part of 1  
3           or more qualified residential rental projects (as  
4           defined in section 142(d) of such Code).

5           “(D) REPORTS.—

6                   “(i) ANNUAL REPORTS ON LIHTC  
7           PROJECT OBLIGATIONS.—During the pe-  
8           riod beginning on the date of enactment of  
9           this paragraph and ending on December  
10          31, 2026, the Secretary shall provide an-  
11          nual reports to the Committee on Ways  
12          and Means of the House of Representa-  
13          tives, the Committee on Oversight and Re-  
14          form of the House of Representatives, the  
15          Committee on Appropriations of the House  
16          of Representatives, the Committee on Fi-  
17          nance of the Senate, and the Committee on  
18          Appropriations of the Senate on the obliga-  
19          tion and expenditure of funds for projects  
20          under this paragraph.

21                   “(ii) ANNUAL REPORTS ON LIHTC  
22          PROJECT LOANS.—For each year during  
23          the term of an initial loan financed by  
24          funds made available under this paragraph  
25          is outstanding, the Secretary shall provide

1                   an annual report to each of the committees  
2                   identified in clause (i) on any repayment of  
3                   such funds.”.

4           (b) TECHNICAL AMENDMENTS.—Sections 602(c)(3)  
5 and 603(c)(3) of title VI of the Social Security Act (42  
6 U.S.C. 802(c)(3), 803(c)(3)) are each amended by striking  
7 “paragraph (17) of”.

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