

108TH CONGRESS
1ST SESSION

H. R. 2166

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

MAY 20, 2003

Mr. DAVIS of Illinois (for himself, Mr. SOUDER, Mr. RANGEL, Ms. NORTON, Mr. FILNER, Mr. CUMMINGS, Mr. JEFFERSON, Mr. JACKSON of Illinois, Ms. LEE, Mr. OWENS, Ms. JACKSON-LEE of Texas, and Mrs. JONES of Ohio) 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Public Safety Ex-Of-
3 fender Self-Sufficiency Act of 2003”.

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

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

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

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

15 “(1) the applicable percentage of

16 “(2) the qualified basis of each qualified ex-of-
17 fender residential building.

18 “(b) APPLICABLE PERCENTAGE.—In the case of any
19 qualified ex-offender residential building, the term ‘appli-
20 cable percentage’ has the meaning given such term in sec-
21 tion 42(b)(2) with respect to qualified low-income build-
22 ings, except that, for the purposes of this subsection, the
23 percentages prescribed by the Secretary under section
24 42(b)(2)(B) shall yield amounts of credit which have a
25 present value equal to 70 percent of the qualified basis
26 of any qualified ex-offender residential building.

1 “(c) QUALIFIED BASIS.—

2 “(1) IN GENERAL.—For purposes of subsection
3 (a) and except as otherwise provided in this sub-
4 section, the term ‘qualified basis’ means the ad-
5 justed basis of a qualified ex-offender residential
6 building as of the close of the 1st taxable year of the
7 credit period.

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

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

16 “(B) 20 percent of the qualified basis of
17 such building (determined without regard to
18 this paragraph).

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

24 “(d) REHABILITATION EXPENDITURES.—Rules simi-
25 lar to the rules of section 42(e) shall apply in determining

1 the treatment of rehabilitation expenditures paid or in-
2 curred by the taxpayer with respect to a qualified ex-of-
3 fender residential building.

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

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

13 “(1) EX-OFFENDER RESIDENTIAL UNITS.—

14 “(A) IN GENERAL.—Each residential unit
15 in such building shall be made available for oc-
16 cupancy to not more than 1 ex-offender.

17 “(B) RESIDENCY REQUIREMENTS.—Such
18 ex-offender must—

19 “(i) meet the residency requirements
20 under subsection (g);

21 “(ii) have failed to meet such require-
22 ments for fewer than 14 days; or

23 “(iii) be in the process of being evict-
24 ed from such building for failing to meet
25 such requirements.

1 “(C) FLEXIBILITY.—A building shall not
2 be determined to fail to satisfy the require-
3 ments of this paragraph solely because—

4 “(i) some or all of the residential
5 units in such building are single room oc-
6 cupancy (as defined in section (8)(n) of the
7 United States Housing Act of 1937 (42
8 U.S.C. 1437f(n))), or

9 “(ii) any unit made available to an ex-
10 offender is also made available to one or
11 more of the ex-offender’s sons, daughters,
12 step-sons, or step-daughters.

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

16 “(A) is specifically designed to accommo-
17 date, and reserved for, the provision of ex-of-
18 fender support services to residents of the facil-
19 ity and other ex-offenders;

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

23 “(C) provides an array of such services
24 sufficient to meet a significant portion of the

1 needs of ex-offenders for ex-offender support
2 services.

3 “(3) RENT LIMITATIONS.—The portion of the
4 monthly rent payable by the occupant of each unit
5 in the building may not exceed 30 percent of the ad-
6 justed monthly income (as such term is defined in
7 section 3(b) of the United States Housing Act of
8 1937 (42 U.S.C. 1437a(b)) of the occupant.

9 “(g) RESIDENCY REQUIREMENTS.—

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

13 “(A) has a low income;

14 “(B) is participating in an ex-offender sup-
15 port services program as described in paragraph
16 (3)(B);

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

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

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

1 “(ii) in the case of any ex-offender
2 whose sentence did not include confine-
3 ment to a correctional facility, 12 months
4 after the date of the ex-offender’s convic-
5 tion.

6 “(2) LOW-INCOME.—For purposes of this sec-
7 tion, an ex-offender is considered to have a low in-
8 come if, at the commencement of the ex-offender’s
9 occupancy of a residential unit, the income (if any)
10 of the ex-offender does not exceed 60 percent of area
11 median gross income (as determined consistent with
12 section 8 of the United States Housing Act of
13 1937).

14 “(3) PARTICIPATION IN EX-OFFENDER SUP-
15 PORT SERVICES PROGRAM.—

16 “(A) PROGRAM.—For purposes of this sec-
17 tion, an ex-offender support services program is
18 a program for the provision of specific ex-of-
19 fender support services for an ex-offender
20 that—

21 “(i) is created and managed by a co-
22 ordinating individual or entity having edu-
23 cation, training, and experience with ex-of-
24 fenders and their support services needs;

1 “(ii) is specifically designed to meet
2 the needs of the particular ex-offender for
3 ex-offender support services;

4 “(iii) sets forth a specific duration
5 over which the ex-offender support services
6 are to be provided and goals by which to
7 assess the progress of the ex-offender; and

8 “(iv) provides for continual oversight
9 to monitor the progress and needs of the
10 ex-offender and to ensure that the ex-of-
11 fender is being provided the appropriate
12 ex-offender support services and is com-
13 plying with the requirements of the pro-
14 gram.

15 “(B) PARTICIPATION.—For purposes of
16 this section, an ex-offender is considered to be
17 participating in an ex-offender support services
18 program if the ex-offender—

19 “(i) has entered into a written agree-
20 ment with the coordinator for the program
21 that—

22 “(I) sets forth the ex-offender
23 support services that are appropriate
24 for, and will be made available to, the

1 ex-offender and the duration of the
2 program for the ex-offender; and

3 “(II) provides that the ex-offend-
4 er’s continued attendance at scheduled
5 program meetings and events and ob-
6 taining of program services are a con-
7 dition of the ex-offender’s continued
8 residency in the facility; and

9 “(ii) is not in default with regard to
10 the ex-offender’s obligations under such
11 agreement.

12 “(C) EX-OFFENDER SUPPORT SERVICES.—
13 For purposes of this section, the term ‘ex-of-
14 fender support services’ means services that as-
15 sist ex-offenders to develop skills necessary for
16 life outside of the environment of a correctional
17 institution, and includes—

18 “(i) job training;

19 “(ii) employment counseling and
20 placement;

21 “(iii) entrepreneurial training;

22 “(iv) financial management training;

23 “(v) homeownership and rental coun-
24 seling;

1 “(vi) drug and alcohol abuse coun-
2 seling;

3 “(vii) self-esteem and peer develop-
4 ment assistance;

5 “(viii) anger management counseling;

6 “(ix) health care services, including
7 mental health services and behavioral
8 counseling;

9 “(x) probation services;

10 “(xi) family and crisis management
11 counseling; and

12 “(xii) general educational assistance
13 and counseling.

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

15 An ex-offender may not reside in an ex-offender resi-
16 dential facility at any time after the expiration of
17 the 2-year period beginning upon the commencement
18 of the ex-offender’s occupancy in the ex-offender resi-
19 dential facility.

20 “(h) EX-OFFENDER.—For purposes of this section,
21 the term ‘ex-offender’ means any individual who has been
22 convicted of a crime under State or Federal law which is
23 punishable by imprisonment for a maximum term of 6
24 months or longer.

1 “(i) ALLOCATION AND DETERMINATION OF CRED-
2 IT.—

3 “(1) IN GENERAL.—Except as otherwise pro-
4 vided in this subsection, rules similar to the rules of
5 section 42(h) (other than subparagraphs (E) and
6 (F) of paragraph (1) thereof) shall apply with re-
7 spect to allocating and determining any credit under
8 this section.

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

11 “(A) IN GENERAL.—The State housing
12 credit ceiling shall be calculated by substituting
13 the amount determined under section
14 42(h)(3)(C)(ii) with the State allocation.

15 “(B) STATE ALLOCATION.—

16 “(i) COMPETITIVE PROCESS.—The
17 State allocation for any State shall be de-
18 termined by the Secretary, utilizing a com-
19 petitive application process.

20 “(ii) BASIS FOR COMPETITION.—In
21 determining the State allocation for any
22 State, the Secretary shall consider the fol-
23 lowing:

24 “(I) Need, as determined by the
25 ratio between the reported number of

1 sentenced prisoners released from
2 State or Federal jurisdiction in the
3 applicant State during the most re-
4 cent year for which information is
5 available, and the total population of
6 the applicant State.

7 “(II) The commitment of Federal
8 and other funds within the applicant
9 State for operating costs and ex-of-
10 fender support services in projects
11 that are to be funded by the State
12 temporary ex-offender low-income
13 housing credit.

14 “(III) The applicant’s plan to
15 collect available information about the
16 success of the program with respect to
17 increased housing stability and lack of
18 additional incarceration of ex-offender
19 participants.

20 “(IV) The applicant’s organiza-
21 tional capacity for the successful de-
22 velopment or operation of qualified ex-
23 offender residential buildings.

1 “(V) The goal of making alloca-
2 tions to the largest feasible number of
3 States.

4 “(iii) AGGREGATE AMOUNT.—The ag-
5 gregate amount of State allocations for
6 any year shall be \$85,000,000.

7 “(C) BUILDING ALLOCATIONS.—The Sec-
8 retary may allocate a housing credit dollar
9 amount to any building. In making such alloca-
10 tions, the Secretary shall utilize a competitive
11 application process and shall consider the fac-
12 tors described in subparagraph (B)(ii). Any al-
13 location made under this subparagraph shall be
14 treated for purposes of this subsection as part
15 of the State allocation for the State in which
16 such building is located.

17 “(D) UNUSED HOUSING CREDIT
18 CARRYOVERS.—

19 “(i) IN GENERAL.—The State housing
20 credit ceiling shall be calculated by sub-
21 stituting the amount determined under
22 section 42(h)(3)(C)(iv) with the State car-
23 ryover allocation.

24 “(ii) STATE CARRYOVER ALLOCA-
25 TION.—The State carryover allocation for

1 any State shall be determined by the Sec-
2 retary in a manner similar to the manner
3 in which the State allocation is determined
4 under subparagraph (B). The aggregate
5 amount of State carryover allocations for
6 any year shall be equal to the aggregate
7 unused housing credit carryovers (within
8 the meaning of section 42(h)(3)(D)) of all
9 States for the preceding calendar year.

10 “(4) REQUIRED INVOLVEMENT OF QUALIFIED
11 NON-PROFIT ORGANIZATIONS.—For purposes of this
12 section, section 42(h)(5)(A) shall be applied by sub-
13 stituting ‘0’ for ‘90’.

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

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

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

24 “(m) RESPONSIBILITIES OF THE SECRETARY AND
25 HOUSING CREDIT AGENCIES.—Rules similar to the rules

1 of subsections (m) and (n) of section 42 shall apply for
2 purposes of this section.”.

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

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

9 (c) CLERICAL AMENDMENT.—The table of sections
10 for subpart D of part IV of subchapter A of chapter 1
11 of the Internal Revenue Code of 1986 is amended by add-
12 ing at the end the following new item:

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

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to property placed in service during
15 taxable years beginning after the date of the enactment
16 of this Act.

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