

110TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to encourage investment in affordable housing, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. CANTWELL (for herself, Mr. SMITH, Mr. KERRY, Mr. COLEMAN, and Mr. SALAZAR) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to encourage investment in affordable housing, and for other purposes.

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, ETC.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Affordable Housing Investment Act of 2008”.

6 (b) **AMENDMENT OF 1986 CODE.**—Except as other-
7 wise expressly provided, whenever in this Act an amend-
8 ment or repeal is expressed in terms of an amendment
9 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents for
4 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—FACILITATE DEVELOPMENT OF HOUSING CREDIT
PROPERTY

- Sec. 101. Renaming the low-income housing credit as the affordable housing credit.
- Sec. 102. Modification of rules for determining applicable percentage.
- Sec. 103. Increase in credit for buildings in State designated areas.
- Sec. 104. Modification of scattered site rule.
- Sec. 105. Treatment of rural projects.
- Sec. 106. Expansion of allowable basis for community service facilities.

TITLE II—IMPROVE COORDINATION WITH OTHER FEDERAL
HOUSING PROGRAMS

- Sec. 201. Affordable housing credits allowed for section 8 moderate rehabilitation developments.
- Sec. 202. Modification to low-income housing credit rules for reduction of eligible basis by grants received.

TITLE III—FACILITATE PRIVATE INVESTMENT CAPITAL TO IN-
CREASE THE EFFICIENCY OF AFFORDABLE HOUSING INVEST-
MENT

- Sec. 301. Repeal of recapture bond rule.
- Sec. 302. Affordable housing credit allowed against alternative minimum tax.
- Sec. 303. Interest on qualified mortgage bonds, qualified veterans' mortgage bonds, and qualified residential rental project exempt facility bonds exempt from alternative minimum tax.

TITLE IV—HELP PRESERVE EXISTING AFFORDABLE HOUSING

- Sec. 401. Repeal of 10-year rule for acquisition housing credits.
- Sec. 402. Modification of related person rule for affordable housing credit.

TITLE V—SIMPLIFY ADMINISTRATION OF THE HOUSING CREDIT
PROGRAM

- Sec. 501. Elimination of certain annual recertifications of tenant incomes.

TITLE VI—CONFORM MULTIFAMILY HOUSING BOND RULES TO
HOUSING CREDIT RULES

- Sec. 601. Coordination of certain rules applicable to affordable housing credit and qualified residential rental project exempt facility bonds.

TITLE VII—IMPROVE THE MORTGAGE REVENUE BOND PROGRAM

Sec. 701. Special rule for use of mortgage bonds for disaster victims, single parents, and homemakers.

Sec. 702. Repeal of required use of certain principal repayments on qualified mortgage issues to redeem bonds.

TITLE VIII—EFFECTIVE DATE

Sec. 801. Effective date.

1 **TITLE I—FACILITATE DEVELOP-** 2 **MENT OF HOUSING CREDIT** 3 **PROPERTY**

4 **SEC. 101. RENAMING THE LOW-INCOME HOUSING CREDIT** 5 **AS THE AFFORDABLE HOUSING CREDIT.**

6 (a) IN GENERAL.—The heading of section 42 (relat-
7 ing to low-income housing credit) is amended by striking
8 “**LOW-INCOME**” and inserting “**AFFORDABLE**”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Sections 38(b)(5), 42(a), 772(a)(7), and
11 772(d)(5) are each amended by striking “low-in-
12 come” and inserting “affordable”.

13 (2) The headings of subparagraphs (3)(D) and
14 (6)(B) of section 469(i) are each amended by strik-
15 ing “LOW-INCOME” and inserting “AFFORDABLE”.

16 (3) The table of sections for subpart D of part
17 IV of subchapter A of chapter 1 is amended by
18 striking the item relating to section 42 and inserting
19 the following:

“Sec. 42. Affordable housing credit.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 102. MODIFICATION OF RULES FOR DETERMINING AP-**
5 **PLICABLE PERCENTAGE.**

6 (a) IN GENERAL.—Subsection (b) of section 42 is
7 amended—

8 (1) by striking the semicolon and all that fol-
9 lows to the period in the heading,

10 (2) by striking paragraph (1) and inserting the
11 following new paragraph:

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion, the term ‘applicable percentage’ means the
14 greater of the alternative applicable percentage de-
15 termined under paragraph (2) or—

16 “(A) 9 percent in the case of any building
17 to which subparagraph (B) does not apply, and

18 “(B) 4 percent in the case of—

19 “(i) any existing building, and

20 “(ii) any new building if, at any time
21 during the taxable year or any prior tax-
22 able year, there is or was outstanding any
23 obligation—

24 “(I) not taken into account under
25 section 146,

1 “(II) which is exempt from tax
2 under section 103, and

3 “(III) the proceeds of which are
4 or were used (directly or indirectly)
5 with respect to such building or the
6 operation thereof.”,

7 (3) by striking “BUILDINGS PLACED IN SERV-
8 ICE AFTER 1987” in the heading for paragraph (2)
9 and inserting “ALTERNATIVE APPLICABLE PER-
10 CENTAGE”, and

11 (4) by striking “In the case of any qualified
12 low-income building placed in service by the taxpayer
13 after 1987, the term ‘applicable percentage’ means”
14 in paragraph (2)(A) and inserting “For purposes of
15 paragraph (1), the term ‘alternative applicable per-
16 centage’ means”.

17 (b) MODIFICATION OF RULES RELATED TO FED-
18 ERAL SUBSIDIES.—

19 (1) IN GENERAL.—Paragraph (2) of section
20 42(i) (relating to determination of whether building
21 is Federally subsidized) is amended to read as fol-
22 lows:

23 “(2) EXCEPTIONS FOR CERTAIN NEW BUILD-
24 INGS OTHERWISE SUBJECT TO 4 PERCENT CREDIT
25 LIMITATION.—

1 “(A) ELECTION TO REDUCE ELIGIBLE
2 BASIS BY PROCEEDS OF OBLIGATIONS.—A tax-
3 exempt obligation shall not be taken into ac-
4 count under subsection (b)(1)(B)(ii) if the tax-
5 payer elects to exclude the proceeds of such ob-
6 ligation from the eligible basis of the building
7 for purposes of subsection (d).

8 “(B) SPECIAL RULE FOR SUBSIDIZED CON-
9 STRUCTION FINANCING.—A tax-exempt obliga-
10 tion used to provide construction financing for
11 any building shall not be taken into account
12 under subsection (b)(1)(B)(ii) if—

13 “(i) such obligation (when issued)
14 identified the building for which the pro-
15 ceeds of such obligation would be used,
16 and

17 “(ii) such obligation is redeemed be-
18 fore such building is placed in service.”.

19 (2) CONFORMING AMENDMENT.—Section
20 1400N(c)(6) is amended by striking “December 31,
21 2010” and inserting “the date of the enactment of
22 the Affordable Housing Investment Act of 2008”.

1 **SEC. 103. INCREASE IN CREDIT FOR BUILDINGS IN STATE**
2 **DESIGNATED AREAS.**

3 (a) IN GENERAL.—Clause (i) of section 42(d)(5)(C)
4 (relating to increase in credit for buildings in high cost
5 areas) is amended by striking “or difficult development
6 area” and inserting “, difficult development area, or State
7 designated project”.

8 (b) STATE DESIGNATED PROJECT.—Subparagraph
9 (C) of section 42(d)(5) is amended by adding at the end
10 the following new clause:

11 “(v) STATE DESIGNATED PROJECT.—
12 For purposes of this subparagraph, the
13 term ‘State designated project’ means any
14 project published as part of a State’s
15 qualified allocation plan (as defined in sub-
16 section (m)(1)(B)) and designated by the
17 housing credit agency as meeting such cri-
18 teria for designation under this clause as
19 the State in which such project is located
20 may specify. The rules of clauses (ii)(II)
21 and (iii)(II) shall not apply for purposes
22 designations made under this clause.”.

23 (c) CONFORMING AMENDMENT.—The heading of
24 subparagraph (C) of section 42(d)(5) is amended by strik-
25 ing “BUILDINGS IN HIGH COST AREAS” and inserting
26 “CERTAIN BUILDINGS”.

1 **SEC. 104. MODIFICATION OF SCATTERED SITE RULE.**

2 Paragraph (7) of section 42(g) (relating to scattered
3 site projects) is amended to read as follows:

4 “(7) SCATTERED SITE PROJECTS.—Buildings
5 which would (but for their lack of proximity) be
6 treated as a project for purposes of this section shall
7 be so treated if the rent-restricted (within the mean-
8 ing of paragraph (2)) residential units of such
9 project are distributed among such buildings in pro-
10 portion to the number of residential units in each
11 building.”.

12 **SEC. 105. TREATMENT OF RURAL PROJECTS.**

13 Section 42(i) (relating to definitions and special
14 rules) is amended by adding at the end the following new
15 paragraph:

16 “(8) TREATMENT OF RURAL PROJECTS.—For
17 purposes of this section, in the case of any project
18 for residential rental property located in a rural area
19 (as defined in section 520 of the Housing Act of
20 1949), any income limitation measured by reference
21 to area median gross income shall be measured by
22 reference to the greater of area median gross income
23 or national non-metropolitan median income.”.

1 **SEC. 106. EXPANSION OF ALLOWABLE BASIS FOR COMMU-**
2 **NITY SERVICE FACILITIES.**

3 Section 42(d)(4)(C) (relating to inclusion of basis of
4 property used to provide services for certain nontenants)
5 is amended—

6 (1) by striking “10 percent of the eligible
7 basis” in clause (ii) and inserting “20 percent of the
8 first \$5,000,000 in eligible basis plus 10 percent of
9 the remaining eligible basis”, and

10 (2) by adding at the end the following new
11 flush sentences:

12 “For each calendar year beginning after 2008,
13 the dollar amount in clause (ii) shall be in-
14 creased by an amount equal to such dollar
15 amount multiplied by the cost-of-living adjust-
16 ment determined under section 1(f)(3), deter-
17 mined by substituting ‘calendar year 2007’ for
18 ‘calendar year 1992’ in subparagraph (B)
19 thereof. If any amount adjusted under the pre-
20 ceding sentence is not a multiple of \$100,000,
21 such amount shall be rounded to the next low-
22 est multiple of \$100,000.”.

1 **TITLE II—IMPROVE COORDINA-**
2 **TION WITH OTHER FEDERAL**
3 **HOUSING PROGRAMS**

4 **SEC. 201. AFFORDABLE HOUSING CREDITS ALLOWED FOR**
5 **SECTION 8 MODERATE REHABILITATION DE-**
6 **VELOPMENTS.**

7 Paragraph (2) of section 42(c) (relating to qualified
8 low-income building) is amended by striking the last sen-
9 tence.

10 **SEC. 202. MODIFICATION TO LOW-INCOME HOUSING CRED-**
11 **IT RULES FOR REDUCTION OF ELIGIBLE**
12 **BASIS BY GRANTS RECEIVED.**

13 (a) IN GENERAL.—The Secretary of the Treasury
14 shall modify Treasury Regulations section 1.42–16(b) to
15 provide that none of the following shall be considered a
16 grant made with respect to a building or its operation for
17 purposes of section 42(d)(5)(A) of the Internal Revenue
18 Code of 1986:

19 (1) Rental assistance under section 521 of the
20 Housing Act of 1949 (42 U.S.C. 1490a).

21 (2) Assistance under section 538(f)(5) of the
22 Housing Act of 1949 (42 U.S.C. 1490p–2(f)(5)).

23 (3) Interest reduction payments under section
24 236 of the National Housing Act (12 U.S.C. 1715z–
25 1).

1 (4) Rental assistance under section 202 of the
2 Housing Act of 1959 (12 U.S.C. 1701q).

3 (5) Rental assistance under section 811 of the
4 Cranston-Gonzalez National Affordable Housing Act
5 (42 U.S.C. 8013).

6 (6) Modernization, operating, and rental assist-
7 ance pursuant to section 202 of the Native Amer-
8 ican Housing Assistance and Self-Determination Act
9 of 1996 (25 U.S.C. 4132).

10 (7) Assistance under title IV of the Stewart B.
11 McKinney Homeless Assistance Act (42 U.S.C.
12 11361 et seq.).

13 (8) Tenant-based rental assistance under sec-
14 tion 212 of the Cranston-Gonzalez National Afford-
15 able Housing Act (42 U.S.C. 12742).

16 (9) Assistance under the AIDS Housing Oppor-
17 tunity Act (42 U.S.C. 12901 et seq.).

18 (10) Per diem payments under section 2012 of
19 title 38, United States Code.

20 (11) Rent supplements under section 101 of the
21 Housing and Urban Development Act of 1965 (12
22 U.S.C. 1701s).

23 (12) Assistance under section 542 of the Hous-
24 ing Act of 1949 (42 U.S.C. 1490r).

1 (13) Any other ongoing payment used to enable
2 the property to be rented to low-income tenants.

3 (b) EFFECTIVE DATE.—The modifications required
4 by this section shall take effect on the date of the enact-
5 ment of this Act.

6 (c) NO INFERENCE.—Nothing contained in sub-
7 section (a) may be construed to create any inference with
8 respect to the consideration of any program specified
9 under subsection (a) as a grant made with respect to a
10 building or its operation for purposes of section
11 42(d)(5)(A) of the Internal Revenue Code of 1986 as in
12 effect on the day before such date of enactment.

13 **TITLE III—FACILITATE PRIVATE**
14 **INVESTMENT CAPITAL TO IN-**
15 **CREASE THE EFFICIENCY OF**
16 **AFFORDABLE HOUSING IN-**
17 **VESTMENT**

18 **SEC. 301. REPEAL OF RECAPTURE BOND RULE.**

19 (a) IN GENERAL.—Paragraph (6) of section 42(j)
20 (relating to recapture of credit) is amended to read as fol-
21 lows:

22 “(6) NO RECAPTURE ON DISPOSITION OF
23 BUILDING (OR INTEREST THEREIN) REASONABLY
24 EXPECTED TO CONTINUE AS A QUALIFIED LOW-IN-
25 COME BUILDING.—

1 “(A) IN GENERAL.—In the case of a dis-
2 position of a building or an interest therein, the
3 taxpayer shall be discharged from liability for
4 any additional tax under this subsection by rea-
5 son of such disposition if it is reasonably ex-
6 pected that such building will continue to be op-
7 erated as a qualified low-income building for
8 the remaining compliance period with respect to
9 such building.

10 “(B) STATUTE OF LIMITATIONS.—

11 “(i) EXTENSION OF PERIOD.—The pe-
12 riod for assessing a deficiency attributable
13 to the application of subparagraph (A)
14 with respect to a building (or interest
15 therein) during the compliance period with
16 respect to such building shall not expire
17 before the expiration of 3 years after the
18 end of such compliance period.

19 “(ii) ASSESSMENT.—Such deficiency
20 may be assessed before the expiration of
21 the 3-year period referred to in clause (i)
22 notwithstanding the provisions of any
23 other law or rule of law which would other-
24 wise prevent such assessment.”.

25 (b) INFORMATION REPORTING.—

1 (1) IN GENERAL.—Subpart B of part III of
2 subchapter A of chapter 61 (relating to information
3 concerning transactions with other persons) is
4 amended by inserting after section 6050V the fol-
5 lowing new section:

6 **“SEC. 6050W. RETURNS RELATING TO PAYMENT OF LOW-IN-**
7 **COME HOUSING CREDIT REPAYMENT**
8 **AMOUNT.**

9 “(a) REQUIREMENT OF REPORTING.—Every person
10 who, at any time during the taxable year, is an owner of
11 a building (or an interest therein)—

12 “(1) which is in the compliance period at any
13 time during such year, and

14 “(2) with respect to which recapture is required
15 by section 42(j),

16 shall, at such time as the Secretary may prescribe, make
17 the return described in subsection (b).

18 “(b) FORM AND MANNER OF RETURNS.—A return
19 is described in this subsection if such return—

20 “(1) is in such form as the Secretary may pre-
21 scribe, and

22 “(2) contains—

23 “(A) the name, address, and TIN of each
24 person who, with respect to such building or in-

1 terest, was formerly an investor in such owner
2 at any time during the compliance period,

3 “(B) the amount (if any) of any credit re-
4 capture amount required under section 42(j),
5 and

6 “(C) such other information as the Sec-
7 retary may prescribe.

8 “(c) STATEMENTS TO BE FURNISHED TO PERSONS
9 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

10 Every person required to make a return under subsection
11 (a) shall furnish to each person whose name is required
12 to be set forth in such return a written statement show-
13 ing—

14 “(1) the name and address of the person re-
15 quired to make such return and the phone number
16 of the information contact for such person, and

17 “(2) the information required to be shown on
18 the return with respect to such person.

19 The written statement required under the preceding sen-
20 tence shall be furnished on or before March 31 of the year
21 following the calendar year for which the return under
22 subsection (a) is required to be made.

23 “(d) COMPLIANCE PERIOD.—For purposes of this
24 section, the term ‘compliance period’ has the meaning
25 given such term by section 42(i).”.

1 (2) ASSESSABLE PENALTIES.—

2 (A) Subparagraph (B) of section
3 6724(d)(1) (relating to definitions) is amended
4 by inserting after clause (xxi) the following new
5 clause:

6 “(xxii) section 6050W (relating to re-
7 turns relating to payment of low-income
8 housing credit repayment amount),”.

9 (B) Paragraph (2) of section 6724(d) is
10 amended by striking “or” at the end of sub-
11 paragraph (BB), by striking the period at the
12 end of subparagraph (CC) and inserting “, or”,
13 and by adding after subparagraph (CC) the fol-
14 lowing new subparagraph:

15 “(DD) section 6050W (relating to returns
16 relating to payment of low-income housing cred-
17 it repayment amount).”.

18 (3) CLERICAL AMENDMENT.—The table of sec-
19 tions for subpart B of part III of subchapter A of
20 chapter 61 is amended by inserting after the item
21 relating to section 6050V the following new item:

“Sec. 6050W. Returns relating to payment of low-income housing credit repay-
ment amount.”.

22 (c) EFFECTIVE DATE.—

23 (1) IN GENERAL.—The amendments made by
24 this section shall apply with respect to any liability

1 for the credit recapture amount under section 42(j)
2 of the Internal Revenue Code of 1986 that arises
3 after the date of the enactment of this Act.

4 (2) SPECIAL RULE FOR LOW-INCOME HOUSING
5 BUILDINGS SOLD BEFORE DATE OF ENACTMENT OF
6 THIS ACT.—In the case of a building disposed of be-
7 fore the date of the enactment of this Act with re-
8 spect to which the taxpayer posted a bond (or alter-
9 native form of security) under section 42(j) of the
10 Internal Revenue Code of 1986 (as in effect before
11 such date of enactment), the taxpayer may elect (by
12 notifying the Secretary of the Treasury in writing)—

13 (A) to cease to be subject to the bond re-
14 quirements under section 42(j)(6) of such Code,
15 as in effect before such date of enactment, and

16 (B) to be subject to the requirements of
17 section 42(j) of such Code, as amended by this
18 section.

19 **SEC. 302. AFFORDABLE HOUSING CREDIT ALLOWED**
20 **AGAINST ALTERNATIVE MINIMUM TAX.**

21 (a) IN GENERAL.—Subparagraph (B) of section
22 38(c)(4) (relating to special rules for specified credits) is
23 amended by redesignating clauses (ii), (iii), and (iv) as
24 clauses (iii), (iv), and (v), respectively, and by inserting
25 after clause (i) the following new clause:

1 “(ii) the credit determined under sec-
2 tion 42(a),”.

3 (b) **EFFECTIVE DATE.**—The amendments made by
4 this subsection shall apply to taxable years beginning after
5 the date of the enactment of this Act.

6 **SEC. 303. INTEREST ON QUALIFIED MORTGAGE BONDS,**
7 **QUALIFIED VETERANS’ MORTGAGE BONDS,**
8 **AND QUALIFIED RESIDENTIAL RENTAL**
9 **PROJECT EXEMPT FACILITY BONDS EXEMPT**
10 **FROM ALTERNATIVE MINIMUM TAX.**

11 (a) **IN GENERAL.**—Clause (ii) of section 57(a)(5)(C)
12 (relating to exception for qualified 501(c)(3) bonds) is
13 amended to read as follows:

14 “(ii) **EXCEPTION FOR CERTAIN**
15 **BONDS.**—For purposes of clause (i), the
16 term ‘private activity bond’ shall not in-
17 clude—

18 “(I) any qualified 501(c)(3) bond
19 (as defined in section 145);

20 “(II) any qualified mortgage
21 bond (as defined in section 143(a));

22 “(III) any qualified veterans’
23 mortgage bond (as defined in section
24 143(b)); and

1 “(IV) any exempt facility bond
2 (as defined in section 142(a)) issued
3 as part of an issue 95 percent or more
4 of the net proceeds of which are to be
5 used to provide qualified residential
6 rental projects (as defined in section
7 142(d)).”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to bonds originally issued after the
10 date of the enactment of this Act.

11 **TITLE IV—HELP PRESERVE EX-**
12 **ISTING AFFORDABLE HOUS-**
13 **ING**

14 **SEC. 401. REPEAL OF 10-YEAR RULE FOR ACQUISITION**
15 **HOUSING CREDITS.**

16 (a) IN GENERAL.—Subparagraph (B) of section
17 42(d)(2) (relating to existing buildings) is amended by
18 striking clause (ii) and by redesignating clauses (iii) and
19 (iv) as clauses (ii) and (iii), respectively.

20 (b) CONFORMING AMENDMENT.—Section 42(d) is
21 amended by striking paragraph (6) and by redesignating
22 paragraph (7) as paragraph (6).

1 **SEC. 402. MODIFICATION OF RELATED PERSON RULE FOR**
2 **AFFORDABLE HOUSING CREDIT.**

3 (a) IN GENERAL.—Clause (iii) of section 42(d)(2)(D)
4 (related to related person, etc.) is amended to read as fol-
5 lows:

6 “(iii) RELATED PERSON.—For pur-
7 poses of subparagraph (B)(iii), a person
8 (hereinafter in this subclause referred to as
9 the ‘related person’) is related to any per-
10 son if the related person bears a relation-
11 ship to such person specified in section
12 267(b) or 707(b)(1), or the related person
13 and such person are engaged in trades or
14 businesses under common control (within
15 the meaning of subsections (a) and (b) of
16 section 52.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this subsection shall take effect on the date of the enact-
19 ment of this Act.

20 **TITLE V—SIMPLIFY ADMINIS-**
21 **TRATION OF THE HOUSING**
22 **CREDIT PROGRAM**

23 **SEC. 501. ELIMINATION OF CERTAIN ANNUAL RECERTIFI-**
24 **CATIONS OF TENANT INCOMES.**

25 Paragraph (8) of section 42(g) (relating to qualified
26 low-income housing project) is amended—

1 (1) by striking “may waive” in the mater pre-
2 ceding subparagraph (A);

3 (2) by inserting “may waive” before “any re-
4 capture” in subparagraph (A); and

5 (3) by inserting “shall waive” before “any an-
6 nual recertification” in subparagraph (B).

7 **TITLE VI—CONFORM MULTI-**
8 **FAMILY HOUSING BOND**
9 **RULES TO HOUSING CREDIT**
10 **RULES**

11 **SEC. 601. COORDINATION OF CERTAIN RULES APPLICABLE**
12 **TO AFFORDABLE HOUSING CREDIT AND**
13 **QUALIFIED RESIDENTIAL RENTAL PROJECT**
14 **EXEMPT FACILITY BONDS.**

15 (a) DETERMINATION OF NEXT AVAILABLE UNIT.—
16 Paragraph (3) of section 142(d) (relating to current in-
17 come determinations) is amended by adding at the end
18 the following new subparagraph:

19 “(C) EXCEPTION FOR PROJECTS WITH RE-
20 SPECT TO WHICH AFFORDABLE HOUSING CRED-
21 IT IS ALLOWED.—In the case of a project with
22 respect to which credit is allowed under section
23 42, the second sentence of subparagraph (B)
24 shall be applied by substituting ‘building (with-
25 in the meaning of section 42)’ for ‘project’.”.

1 (b) STUDENTS.—Paragraph (2) of section 142(d)
2 (relating to definitions and special rules) is amended by
3 adding at the end the following new subparagraph:

4 “(C) STUDENTS.—Students (as defined in
5 section 152(f)(2)) shall not be treated as satis-
6 fying the requirements of subparagraph (A) or
7 (B) of paragraph (1) except under rules similar
8 to the rules of 42(i)(3)(D).”.

9 (c) SINGLE-ROOM OCCUPANCY UNITS.—Paragraph
10 (2) of section 142(d) (relating to definitions and special
11 rules), as amended by this Act, is further amended by add-
12 ing at the end the following new subparagraph:

13 “(D) SINGLE-ROOM OCCUPANCY UNITS.—A
14 unit shall not fail to be treated as a residential
15 unit merely because such unit is a single-room
16 occupancy unit (within the meaning of section
17 42).”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to determinations of the status of
20 qualified residential rental projects for periods beginning
21 after the date of the enactment of this Act, with respect
22 to bonds issued before, on, or after such date.

1 **TITLE VII—IMPROVE THE MORT-**
2 **GAGE REVENUE BOND PRO-**
3 **GRAM**

4 **SEC. 701. SPECIAL RULE FOR USE OF MORTGAGE BONDS**
5 **FOR DISASTER VICTIMS, SINGLE PARENTS,**
6 **AND HOMEMAKERS.**

7 (a) IN GENERAL.—Paragraph (2) of section 143(d)
8 (relating to exceptions to 3-year requirement) is amended
9 by striking “and” at the end of subparagraph (C) and by
10 inserting after subparagraph (D) the following new sub-
11 paragraphs:

12 “(E) financing of residences for individuals
13 with an ownership interest in a principal resi-
14 dence which—

15 “(i) is located in an area with respect
16 to which a major disaster has been de-
17 clared by the President under section 401
18 of the Robert T. Stafford Disaster Relief
19 and Emergency Assistance Act, and

20 “(ii) has been rendered uninhabitable
21 by reason of the major disaster,

22 “(F) financing of residences for individuals
23 who—

24 “(i) are not married, and

1 “(ii) have one or more qualifying chil-
2 dren (within the meaning of section 152),
3 and

4 “(G) financing of residences for displaced
5 homemakers.”.

6 (b) DISPLACED HOME MAKERS.—Section 143(d) is
7 amended by adding at the end the following new para-
8 graph:

9 “(4) DISPLACED HOME MAKER.—For purposes
10 of paragraph (2)(G), the term ‘displaced home-
11 maker’ means any individual who is—

12 “(A) over 18 years of age,

13 “(B) is not employed or underemployed
14 and is experiencing difficulty in obtaining or
15 upgrading employment, and

16 “(C) has not worked full-time full-year in
17 the labor force for a number of years before the
18 date on which financing for a residence is sup-
19 plied, but has, during such years, worked pri-
20 marily without remuneration to care for the
21 home and family.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to bonds issued after the date of
24 the enactment of this Act.

1 **SEC. 702. REPEAL OF REQUIRED USE OF CERTAIN PRIN-**
2 **CIPAL REPAYMENTS ON QUALIFIED MORT-**
3 **GAGE ISSUES TO REDEEM BONDS.**

4 (a) IN GENERAL.—Subparagraph (A) of section
5 143(a)(2) (relating to qualified mortgage issue defined) is
6 amended by inserting “and” at the end of clause (ii), by
7 striking “, and” at the end of clause (iii) and inserting
8 a period, and by striking clause (iv) and the last sentence.

9 (b) CONFORMING AMENDMENT.—Clause (ii) of sec-
10 tion 143(a)(2)(D) is amended by striking “(and clause (iv)
11 of subparagraph (A))”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to repayments received after the
14 date of the enactment of this Act.

15 **TITLE VIII—EFFECTIVE DATE**

16 **SEC. 801. EFFECTIVE DATE.**

17 Except as otherwise provided in this Act, the amend-
18 ments made by this Act shall apply to—

19 (1) housing credit dollar amounts allocated
20 after the date of the enactment of this Act, and

21 (2) buildings placed in service after such date
22 to the extent paragraph (1) of section 42(h) of the
23 Internal Revenue Code of 1986 does not apply to
24 such building by reason of paragraph (4) thereof,
25 but only with respect to bonds issued after such
26 date.