

115TH CONGRESS  
1ST SESSION

# S. 548

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

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IN THE SENATE OF THE UNITED STATES

MARCH 7, 2017

Ms. CANTWELL (for herself, Mr. HATCH, Mr. WYDEN, Mr. SCHUMER, Mr. SCHATZ, Mr. LEAHY, Mr. HELLER, Mr. MERKLEY, Mr. BOOKER, Ms. MURKOWSKI, Mr. YOUNG, Ms. COLLINS, and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, 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; TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Affordable Housing Credit Improvement Act of 2017”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 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.
- Sec. 202. Uniform income eligibility for rural projects.
- Sec. 203. Codification of rules relating to increased tenant income.
- Sec. 204. Modification of student occupancy rules.
- Sec. 205. Tenant voucher payments taken into account as rent for certain purposes.

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 of rights relating to building purchase.
- Sec. 304. Modification of 10-year rule; 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.

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—AFFORDABLE HOUSING TAX CREDIT

Sec. 501. Affordable housing tax credit.

1       **TITLE I—REFORM OF STATE**  
 2           **ALLOCATION FORMULAS**

3   **SEC. 101. INCREASES IN STATE ALLOCATIONS.**

4       **(a) PHASE-IN OF INCREASES.—**

1           (1) IN GENERAL.—Clause (ii) of section  
2           42(h)(3)(C) of the Internal Revenue Code of 1986  
3           is amended—

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

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

10           (2) PER CAPITA DOLLAR AMOUNT; MINIMUM  
11           CEILING AMOUNT.—Subparagraph (I) of section  
12           42(h)(3) of such Code is amended to read as follows:

13                   “(I) PER CAPITA DOLLAR AMOUNT; MIN-  
14                   IMUM CEILING AMOUNT.—For purposes of this  
15                   paragraph—

16                           “(i) PER CAPITA DOLLAR AMOUNT.—

17                                   The per capita dollar amount is—

18   “(I) for calendar year 2017,

19   \$2.35,

20   “(II) for calendar year 2018,

21   \$2.59,

22   “(III) for calendar year 2019,

23   \$2.82,

24   “(IV) for calendar year 2020,

25   \$3.06,

1 “(V) for calendar year 2021,  
2 \$3.29, and

3 “(VI) \$3.53 thereafter.

4 “(ii) MINIMUM CEILING AMOUNT.—  
5 The minimum ceiling amount is—

6 “(I) for calendar year 2017,  
7 \$2,710,000,

8 “(II) for calendar year 2018,  
9 \$2,981,000,

10 “(III) for calendar year 2019,  
11 \$3,252,000,

12 “(IV) for calendar year 2020,  
13 \$3,523,000,

14 “(V) for calendar year 2021,  
15 \$3,794,000, and

16 “(VI) \$4,065,000 thereafter.”.

17 (3) MODIFICATION OF COST-OF-LIVING ADJUST-  
18 MENT.—Subparagraph (H) of section 42(h)(3) of  
19 such Code is amended—

20 (A) by striking “2002” in clause (i) and  
21 inserting “2017”,

22 (B) by striking “the \$2,000,000 and \$1.75  
23 amounts in subparagraph (C)” in clause (i) and  
24 inserting “the dollar amounts applicable to such

1 calendar year under clauses (i) and (ii) of sub-  
2 paragraph (I)",

3 (C) by striking "2001" in clause (i)(II)  
4 and inserting "2016",

5 (D) by striking "\$2,000,000" in clause  
6 (ii)(I) and inserting "minimum ceiling", and

7 (E) by striking "\$1.75" in clause (ii)(II)  
8 and inserting "per capita dollar".

9 (4) EFFECTIVE DATE.—The amendments made  
10 by this subsection shall apply to calendar years be-  
11 ginning after December 31, 2017.

12 (b) PERMANENT INCREASES.—

13 (1) IN GENERAL.—Clause (ii) of section  
14 42(h)(3)(C) of the Internal Revenue Code of 1986,  
15 as amended by subsection (a)(1), is amended—

16 (A) by striking "the per capita dollar  
17 amount" in subclause (I) and inserting  
18 "\$3.53", and

19 (B) by striking "the minimum ceiling  
20 amount" in subclause (II) and inserting  
21 "\$4,065,000".

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

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

4           (A) by striking “the dollar amounts appli-  
5 cable to such calendar year under clauses (i)  
6 and (ii) of subparagraph (I)” in clause (i) and  
7 inserting “the \$4,065,000 and \$3.53 amounts  
8 in subparagraph (C)”,

9           (B) by striking “minimum ceiling” in  
10 clause (ii)(I) and inserting “\$4,065,000”, and

11           (C) by striking “per capita dollar” in  
12 clause (ii)(II) and inserting “\$3.53”.

13           (4) EFFECTIVE DATE.—The amendments made  
14 by this subsection shall apply to calendar years be-  
15 ginning after December 31, 2022.

16           **TITLE II—REFORMS RELATING**  
17           **TO TENANT ELIGIBILITY**

18           **SEC. 201. AVERAGE INCOME TEST.**

19           (a) IN GENERAL.—Paragraph (1) of section 42(g) of  
20 the Internal Revenue Code of 1986 is amended—

21           (1) by striking “subparagraph (A) or (B)” and  
22 inserting “subparagraph (A), (B), or (C)”, and

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

25           “(C) AVERAGE INCOME TEST.—

1           “(i) IN GENERAL.—The project meets  
2           the minimum requirements of this sub-  
3           paragraph if 40 percent or more (25 per-  
4           cent or more in the case of a project de-  
5           scribed in section 142(d)(6)) of the resi-  
6           dential units in such project are both rent-  
7           restricted and occupied by individuals  
8           whose income does not exceed the imputed  
9           income limitation designated by the tax-  
10          payer with respect to the respective unit.

11          “(ii) SPECIAL RULES RELATING TO  
12          INCOME LIMITATION.—For purposes of  
13          clause (i)—

14               “(I) DESIGNATION.—The tax-  
15               payer shall designate the imputed in-  
16               come limitation of each unit taken  
17               into account under such clause.

18               “(II) AVERAGE TEST.—The aver-  
19               age of the imputed income limitations  
20               designated under subclause (I) shall  
21               not exceed 60 percent of area median  
22               gross income.

23               “(III) 10-PERCENT INCRE-  
24               MENTS.—The designated imputed in-  
25               come limitation of any unit under sub-

1 clause (I) shall be 20 percent, 30 per-  
 2 cent, 40 percent, 50 percent, 60 per-  
 3 cent, 70 percent, or 80 percent of  
 4 area median gross income.”.

5 (b) RULES RELATING TO NEXT AVAILABLE UNIT.—  
 6 Subparagraph (D) of section 42(g)(2) of the Internal Rev-  
 7 enue Code of 1986 is amended—

8 (1) in clause (i), by striking “clause (ii)” and  
 9 inserting “clauses (ii), (iii), and (iv)”,

10 (2) in clause (ii)—

11 (A) by striking “If” and inserting “In the  
 12 case of a project with respect to which the tax-  
 13 payer elects the requirements of subparagraph  
 14 (A) or (B) of paragraph (1), if”,

15 (B) by striking the second sentence, and

16 (C) by striking “NEXT AVAILABLE UNIT  
 17 MUST BE RENTED TO LOW-INCOME TENANT IF  
 18 INCOME RISES ABOVE 140 PERCENT OF INCOME  
 19 LIMIT” in the heading and inserting “RENTAL  
 20 OF NEXT AVAILABLE UNIT IN CASE OF 20–50 OR  
 21 40–60 TEST”, and

22 (3) by adding at the end the following new  
 23 clauses:

24 “(iii) RENTAL OF NEXT AVAILABLE  
 25 UNIT IN CASE OF AVERAGE INCOME



1 TEST.—In the case of a project with re-  
 2 spect to which the taxpayer elects the re-  
 3 quirements of subparagraph (C) of para-  
 4 graph (1), if the income of the occupants  
 5 of the unit increases above 140 percent of  
 6 the greater of—

7 “(I) 60 percent of area median  
 8 gross income, or

9 “(II) the imputed income limita-  
 10 tion designated with respect to the  
 11 unit under paragraph (1)(C)(ii)(I),  
 12 clause (i) shall cease to apply to any such  
 13 unit if any residential rental unit in the  
 14 building (of a size comparable to, or small-  
 15 er than, such unit) is occupied by a new  
 16 resident whose income exceeds the limita-  
 17 tion described in clause (v).

18 “(iv) DEEP RENT SKEWED  
 19 PROJECTS.—In the case of a project de-  
 20 scribed in section 142(d)(4)(B), clause (ii)  
 21 or (iii), whichever is applicable, shall be  
 22 applied by substituting ‘170 percent’ for  
 23 ‘140 percent’, and—

24 “(I) in the case of clause (ii), by  
 25 substituting ‘any low-income unit in

1 the building is occupied by a new resi-  
2 dent whose income exceeds 40 percent  
3 of area median gross income' for 'any  
4 residential rental unit' and all that  
5 follows in such clause, and

6 “(II) in the case of clause (iii),  
7 by substituting ‘any low-income unit  
8 in the building is occupied by a new  
9 resident whose income exceeds the  
10 lesser of 40 percent of area median  
11 gross income or the imputed income  
12 limitation designated with respect to  
13 such unit under paragraph  
14 (1)(C)(ii)(I)’ for ‘any residential rent-  
15 al unit’ and all that follows in such  
16 clause.

17 “(v) LIMITATION DESCRIBED.—For  
18 purposes of clause (iii), the limitation de-  
19 scribed in this clause with respect to any  
20 unit is—

21 “(I) the imputed income limita-  
22 tion designated with respect to such  
23 unit under paragraph (1)(C)(ii)(I), in  
24 the case of a unit which was taken

1 into account as a low-income unit  
 2 prior to becoming vacant, and

3 “(II) the imputed income limita-  
 4 tion which would have to be des-  
 5 ignated with respect to such unit  
 6 under such paragraph in order for the  
 7 project to continue to meet the re-  
 8 quirements of paragraph  
 9 (1)(C)(ii)(II), in the case of any other  
 10 unit.”.

11 (c) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to elections made under section  
 13 42(g)(1) of the Internal Revenue Code of 1986 after the  
 14 date of the enactment of this Act.

15 **SEC. 202. UNIFORM INCOME ELIGIBILITY FOR RURAL**  
 16 **PROJECTS.**

17 (a) IN GENERAL.—Paragraph (8) of section 42(i) of  
 18 the Internal Revenue Code of 1986 is amended by striking  
 19 the second sentence.

20 (b) EFFECTIVE DATE.—The amendment made by  
 21 this section shall apply to taxable years beginning after  
 22 December 31, 2017.

1 SEC. 203. CODIFICATION OF RULES RELATING TO IN-  
2 CREASED TENANT INCOME.

3 (a) IN GENERAL.—Clause (i) of section 42(g)(2)(D)  
4 of the Internal Revenue Code of 1986, as amended by this  
5 Act, is amended by striking “clauses (ii), (iii), and (iv)”  
6 and all that follows and inserting “clauses (ii), (iii), (iv),  
7 and (vi), notwithstanding an increase in the income of the  
8 occupants above the income limitation applicable under  
9 paragraph (1)—

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

16 “(II) a unit to which, at the time  
17 of initial occupancy by such occu-  
18 pants, any Federal, State, or local  
19 government income restriction ap-  
20 plied, and which subsequently becomes  
21 part of a building with respect to  
22 which rehabilitation expenditures are  
23 taken into account under subsection  
24 (e), shall be treated as a low-income  
25 unit if the income of such occupants  
26 initially was 60 percent or less of area

1 median gross income and does not ex-  
2 ceed 120 percent of area median gross  
3 income as of the date of acquisition of  
4 the property by the taxpayer.”.

5 (b) EXCEPTION.—Subparagraph (D) of section  
6 42(g)(2) of the Internal Revenue Code of 1986, as amend-  
7 ed by this Act, is amended by adding at the end the fol-  
8 lowing new clause:

9 “(vi) EXCEPTION TO RULE RELATING  
10 TO INCREASED TENANT INCOME.—In the  
11 case of an occupant of a low-income unit  
12 who initially qualified to occupy such unit  
13 by reason of paragraph (1)(C) with an in-  
14 come in excess of 60 percent of area me-  
15 dian gross income but not in excess of 80  
16 percent of area median gross income,  
17 clause (i) shall be applied for substituting  
18 ‘80 percent’ for ‘60 percent’ each place it  
19 appears.”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2016.

1 SEC. 204. MODIFICATION OF STUDENT OCCUPANCY RULES.

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

5 “(D) RULES RELATING TO STUDENTS.—

6 “(i) IN GENERAL.—A unit occupied  
7 solely by individuals who—

8 “(I) have not attained age 24,  
9 and

10 “(II) are enrolled in a full-time  
11 course of study at an institution of  
12 higher education (as defined in section  
13 3304(f)),

14 shall not be treated as a low-income unit.

15 “(ii) EXCEPTION FOR CERTAIN FED-  
16 ERAL PROGRAMS.—In the case of a feder-  
17 ally assisted building (as defined in sub-  
18 section (d)(6)(C)(i)), clause (i) shall not  
19 apply to a unit the occupants of which  
20 meet all requirements applicable under the  
21 housing program described in subsection  
22 (d)(6)(C)(i) through which the building is  
23 assisted, financed, or operated.

24 “(iii) OTHER EXCEPTIONS.—Clause  
25 (i) shall not apply to a unit occupied by an  
26 individual who—

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“(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 one or more qualifying children (as defined in section 152(c)), or

“(V) 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

1 or part E of title IV of the Social  
2 Security Act, or

3 “(cc) was an unaccompanied  
4 youth (within the meaning of sec-  
5 tion 725(6) of the McKinney-  
6 Vento Homeless Assistance Act  
7 (42 U.S.C. 11434a(6))) or a  
8 homeless child or youth (within  
9 the meaning of section 725(2) of  
10 such Act (42 U.S.C.  
11 11434a(2))).”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2017.

15 **SEC. 205. TENANT VOUCHER PAYMENTS TAKEN INTO AC-**  
16 **COUNT AS RENT FOR CERTAIN PURPOSES.**

17 (a) IN GENERAL.—Subparagraph (B) of section  
18 42(g)(2) of the Internal Revenue Code of 1986 is amended  
19 by adding at the end the following new sentence: “In the  
20 case of a project with respect to which the taxpayer elects  
21 the requirements of subparagraph (C) of paragraph (1),  
22 or the portion of a project to which subsection (d)(5)(C)  
23 applies, clause (i) shall not apply with respect to any ten-  
24 ant-based assistance (as defined in section 8(f)(7) of the



1 United States Housing Act of 1937 (42 U.S.C.  
2 1437f(f(7))).”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to rent paid in taxable years begin-  
5 ning after December 31, 2017.

6 **TITLE III—CREDIT RATE AND**  
7 **OTHER RULES RELATING TO**  
8 **CREDIT ELIGIBILITY AND DE-**  
9 **TERMINATION**

10 **SEC. 301. MINIMUM CREDIT RATE.**

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

13 (1) by redesignating paragraph (3) as para-  
14 graph (4), and

15 (2) by inserting after paragraph (2) the fol-  
16 lowing new paragraph:

17 “(3) MINIMUM CREDIT RATE.—In the case of  
18 any new or existing building to which paragraph (2)  
19 does not apply and which is placed in service by the  
20 taxpayer after December 31, 2016, the applicable  
21 percentage shall not be less than 4 percent.”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to buildings placed in service after  
24 December 31, 2016.

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

3 (a) IN GENERAL.—Subparagraph (E) of section  
4 42(j)(4) of the Internal Revenue Code of 1986 is amended  
5 by striking “a reasonable period established by the Sec-  
6 retary” and inserting “a reasonable period established by  
7 the applicable housing credit agency (not to exceed 25  
8 months from the date on which the casualty loss arises).  
9 The determination under paragraph (1) shall not be made  
10 with respect to a property the basis of which is affected  
11 by a casualty loss until the period described in the pre-  
12 ceding sentence with respect to such property has ex-  
13 pired.”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to casualty losses arising after the  
16 date of the enactment of this Act.

17 SEC. 303. MODIFICATION OF RIGHTS RELATING TO BUILD-  
18 ING PURCHASE.

19 (a) IN GENERAL.—Subparagraph (A) of section  
20 42(i)(7) of the Internal Revenue Code of 1986 is amend-  
21 ed—

22 (1) by striking “a right of 1st refusal” and in-  
23 serting “an option”, and

24 (2) by striking “the property” and inserting  
25 “the property or a partnership interest relating to  
26 the property”.

1 (b) CONFORMING AMENDMENT.—Subparagraph (B)  
2 of section 42(i)(7) of the Internal Revenue Code of 1986  
3 is amended by adding at the end the following new sen-  
4 tence: “In the case of a purchase of a partnership interest,  
5 the minimum purchase price is an amount equal to such  
6 interest’s ratable share of the amount determined under  
7 the first sentence of this subparagraph.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to agreements entered into or  
10 amended after the date of the enactment of this Act.

11 SEC. 304. MODIFICATION OF 10-YEAR RULE; LIMITATION ON  
12 ACQUISITION BASIS.

13 (a) IN GENERAL.—Clause (ii) of section 42(d)(2)(B)  
14 of the Internal Revenue Code of 1986 is amended by in-  
15 sserting “, or the taxpayer elects the application of sub-  
16 paragraph (C)(ii)” after “service”.

17 (b) LIMITATION ON ACQUISITION BASIS.—Subpara-  
18 graph (C) of section 42(d)(2) of the Internal Revenue  
19 Code of 1986 is amended—

20 (1) by striking “For purposes of subparagraph  
21 (A), the adjusted basis” and inserting “For pur-  
22 poses of subparagraph (A)—

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

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

3                   “(ii) BUILDINGS IN SERVICE WITHIN  
4 PREVIOUS 10 YEARS.—If the period be-  
5 tween the date of acquisition of the build-  
6 ing by the taxpayer and the date the build-  
7 ing was last placed in service is less than  
8 10 years, the taxpayer’s basis attributable  
9 to the acquisition of the building which is  
10 taken into account in determining the ad-  
11 justed basis shall not exceed the sum of—

12                           “(I) the lowest amount paid for  
13 acquisition of the building by any per-  
14 son during the 10 years preceding the  
15 date of the acquisition of the building  
16 by the taxpayer, adjusted as provided  
17 in clause (iii), and

18                           “(II) the value of any capital im-  
19 provements made by the person who  
20 sells the building to the taxpayer  
21 which are reflected in such seller’s  
22 basis.

23                           “(iii) ADJUSTMENT.—With respect to  
24 a basis determination made in any taxable

1 year, the amount described in clause (ii)(I)  
2 shall be increased by an amount equal to—  
3 “(I) such amount, multiplied by  
4 “(II) a cost-of-living adjustment,  
5 determined in the same manner as  
6 under section 1(f)(3) for the calendar  
7 year in which the taxable year begins  
8 by taking into account the acquisition  
9 year in lieu of calendar year 1992.

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

15 (c) CONFORMING AMENDMENTS.—Clause (i) of sec-  
16 tion 42(d)(2)(D) of the Internal Revenue Code of 1986  
17 is amended—

18 (1) by striking “FOR SUBPARAGRAPH (B)” in  
19 the heading, and

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

23 (d) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to buildings placed in service after  
25 December 31, 2016.

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

3 (a) IN GENERAL.—Paragraph (2) of section 42(e) of  
 4 the Internal Revenue Code of 1986 is amended by adding  
 5 at the end the following new subparagraph:

6 “(C) CERTAIN RELOCATION COSTS.—In  
 7 the case of a rehabilitation of a building to  
 8 which section 280B does not apply, costs relat-  
 9 ing to the relocation of occupants, including—  
 10 “(i) amounts paid to occupants,  
 11 “(ii) amounts paid to third parties for  
 12 services relating to such relocation, and  
 13 “(iii) amounts paid for temporary  
 14 housing for occupants,  
 15 shall be treated as chargeable to capital account  
 16 and taken into account as rehabilitation ex-  
 17 penditures.”.

18 (b) EFFECTIVE DATE.—The amendment made by  
 19 this section shall apply to expenditures paid or incurred  
 20 after December 31, 2016.

21 SEC. 306. REPEAL OF QUALIFIED CENSUS TRACT POPU-  
 22 LATION CAP.

23 (a) IN GENERAL.—Clause (ii) of section 42(d)(5)(B)  
 24 of the Internal Revenue Code of 1986 is amended—

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

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

4           (b) TECHNICAL CORRECTIONS.—Sections  
 5 42(d)(4)(C)(i) and 42(m)(1)(B)(ii)(III) of the Internal  
 6 Revenue Code of 1986 are each amended by striking “as  
 7 defined in paragraph (5)(C)” and inserting “as defined  
 8 in paragraph (5)(B)(ii)”.

9           (c) EFFECTIVE DATE.—The amendment made by  
 10 subsection (a) shall apply to designations of qualified cen-  
 11 sus tracts under section 42(d)(5)(B)(ii) of the Internal  
 12 Revenue Code of 1986 after December 31, 2017.

13 **SEC. 307. DETERMINATION OF COMMUNITY REVITALIZA-**  
 14                                   **TION PLAN TO BE MADE BY HOUSING CREDIT**  
 15                                   **AGENCY.**

16           (a) IN GENERAL.—Subclause (III) of section  
 17 42(m)(1)(B)(ii) of the Internal Revenue Code of 1986 is  
 18 amended by inserting “, as determined by the housing  
 19 credit agency according to criteria established by such  
 20 agency,” after “(d)(5)(C)) and”.

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

24                                   “(E) CRITERIA FOR DETERMINATION RE-

25                                   LATING TO CONCERTED COMMUNITY REVITAL-

1            IZATION PLAN.—For purposes of subparagraph  
2            (B)(ii)(III), the criteria which shall be estab-  
3            lished by a housing credit agency for deter-  
4            mining whether the development of a project  
5            contributes to a concerted community develop-  
6            ment plan shall take into account any factors  
7            the agency deems appropriate, including the ex-  
8            tent to which the proposed plan—

9                    “(i) is geographically specific,

10                    “(ii) outlines a clear plan for imple-  
11                    mentation and goals for outcomes,

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

16                    “(iv) demonstrates the need for com-  
17                    munity revitalization.”.

18            (c) EFFECTIVE DATE.—The amendments made by  
19            this section shall apply to allocations of housing credit dol-  
20            lar amounts made under qualified allocation plans (as de-  
21            fined in section 42(m)(1)(B) of the Internal Revenue Code  
22            of 1986) adopted after December 31, 2017.



1 SEC. 308. PROHIBITION OF LOCAL APPROVAL AND CON-  
2 TRIBUTION REQUIREMENTS.

3 (a) IN GENERAL.—Paragraph (1) of section 42(m)  
4 of the Internal Revenue Code of 1986, as amended by sec-  
5 tion 307, is further amended—

6 (1) by striking clause (ii) of subparagraph (A)  
7 and by redesignating clauses (iii) and (iv) thereof as  
8 clauses (ii) and (iii), and

9 (2) by adding at the end the following new sub-  
10 paragraph:

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

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

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

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to allocations of housing credit dol-  
 3 lar amounts made after December 31, 2017.

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

7 (a) IN GENERAL.—Paragraph (5) of section 42(d) of  
 8 the Internal Revenue Code of 1986 is amended by adding  
 9 at the end the following new subparagraph:

10 “(C) INCREASE IN CREDIT FOR PROJECTS  
 11 DESIGNATED TO SERVE EXTREMELY LOW-IN-  
 12 COME HOUSEHOLDS.—In the case of any build-  
 13 ing—

14 “(i) 20 percent or more of the resi-  
 15 dential units in which are designated by  
 16 the taxpayer for occupancy by households  
 17 the aggregate household income of which  
 18 does not exceed the greater of—

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

21 “(II) 100 percent of an amount  
 22 equal to the Federal poverty line  
 23 (within the meaning of section  
 24 36B(d)(3)), and



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

3           (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to buildings placed in service after  
5 December 31, 2016.

6 **SEC. 311. ELIMINATION OF BASIS REDUCTION FOR LOW-IN-**  
7                           **COME HOUSING PROPERTIES RECEIVING**  
8                           **CERTAIN ENERGY BENEFITS.**

9           (a) NEW ENERGY EFFICIENT HOME CREDIT.—Sub-  
10 section (e) of section 45L of the Internal Revenue Code  
11 of 1986 is amended—

12           (1) by striking “ADJUSTMENT.—For purposes”  
13           and inserting “ADJUSTMENT.—

14           “(1) IN GENERAL.—For purposes”, and

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

17           “(2) EXCEPTION FOR AFFORDABLE HOUSING  
18 PROPERTIES.—Paragraph (1) shall not apply to any  
19 property with respect to which a credit is allowed  
20 under section 42.”.

21           (b) ENERGY EFFICIENT COMMERCIAL BUILDINGS  
22 DEDUCTION.—Subsection (e) of section 179D of the In-  
23 ternal Revenue Code of 1986 is amended—

24           (1) by striking “REDUCTION.—For purposes”  
25           and inserting “REDUCTION.—

1 “(1) IN GENERAL.—For purposes”, and

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

4 “(2) EXCEPTION FOR AFFORDABLE HOUSING  
5 PROPERTIES.—Paragraph (1) shall not apply to any  
6 property with respect to which a credit is allowed  
7 under section 42.”.

8 (c) ENERGY CREDIT.—Paragraph (3) of section  
9 50(c) of the Internal Revenue Code of 1986 is amended—

10 (1) by striking “and” at the end of subpara-  
11 graph (A),

12 (2) by striking the period at the end of sub-  
13 paragraph (B) and inserting “, and”, and

14 (3) by adding at the end the following new sub-  
15 paragraph:

16 “(C) paragraph (1) shall not apply to any  
17 property with respect to which a credit is al-  
18 lowed under section 42.”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to property placed in service after  
21 December 31, 2016.

22 **SEC. 312. RESTRICTION OF PLANNED FORECLOSURES.**

23 (a) IN GENERAL.—Subclause (I) of section  
24 42(h)(6)(E)(i) of the Internal Revenue Code of 1986 is  
25 amended to read as follows:

1           “(I) on the 61st day after the  
2 taxpayer (or a successor in interest)  
3 provides notice to the housing credit  
4 agency that the building has been ac-  
5 quired by foreclosure (or instrument  
6 in lieu of foreclosure) and that the  
7 taxpayer intends the termination of  
8 such period, unless the housing credit  
9 agency determines that such acquisi-  
10 tion is part of an arrangement with  
11 the taxpayer a purpose of which is to  
12 terminate such period, or”.

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

17       (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to acquisitions by foreclosure (or  
19 instrument in lieu of foreclosure) after December 31,  
20 2017.

21 **SEC. 313. INCREASE OF POPULATION CAP FOR DIFFICULT**  
22 **DEVELOPMENT AREAS.**

23       (a) IN GENERAL.—Subclause (II) of section  
24 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is

1 amended by striking “20 percent” and inserting “30 per-  
2 cent”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall apply to designations made under section  
5 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986  
6 after December 31, 2017.

7 **TITLE IV—REFORMS RELATING**  
8 **TO NATIVE AMERICAN AS-**  
9 **SISTANCE**

10 **SEC. 401. SELECTION CRITERIA UNDER QUALIFIED ALLO-**  
11 **CATION PLANS.**

12 (a) IN GENERAL.—Subparagraph (C) of section  
13 42(m)(1) of the Internal Revenue Code of 1986 is amend-  
14 ed by striking “and” at the end of clause (ix), by striking  
15 the period at the end of clause (x) and inserting “, and”,  
16 and by adding at the end the following new clause:

17 “(xi) the affordable housing needs of  
18 individuals in the State who are members  
19 of Indian tribes (as defined in section  
20 45A(c)(6)).”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to allocations of credits under sec-  
23 tion 42 of the Internal Revenue Code of 1986 made after  
24 December 31, 2017.

1 SEC. 402. INCLUSION OF INDIAN AREAS AS DIFFICULT DE-  
 2 VELOPMENT AREAS FOR PURPOSES OF CER-  
 3 TAIN BUILDINGS.

4 (a) IN GENERAL.—Subclause (I) of section  
 5 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is  
 6 amended by inserting before the period the following: “,  
 7 and any Indian area”.

8 (b) INDIAN AREA.—Clause (iii) of section  
 9 42(d)(5)(B) of the Internal Revenue Code of 1986 is  
 10 amended by redesignating subclause (II) as subclause  
 11 (III) and by inserting after subclause (I) the following new  
 12 subclause:

13 “(II) INDIAN AREA.—For pur-  
 14 poses of subclause (I), the term ‘In-  
 15 dian area’ means any Indian area (as  
 16 defined in section 4(11) of the Native  
 17 American Housing Assistance and  
 18 Self Determination Act of 1996 (25  
 19 U.S.C. 4103(11)).”.

20 (c) ELIGIBLE BUILDINGS.—Clause (iii) of section  
 21 42(d)(5)(B) of the Internal Revenue Code of 1986, as  
 22 amended by subsection (b), is amended by adding at the  
 23 end the following new subclause:

24 “(IV) SPECIAL RULE FOR BUILD-  
 25 INGS IN INDIAN AREAS.—In the case  
 26 of an area which is a difficult develop-



1           ment area solely because it is an In-  
 2           dian area, a building shall not be  
 3           treated as located in such area unless  
 4           such building is assisted or financed  
 5           under the Native American Housing  
 6           Assistance and Self Determination  
 7           Act of 1996 (25 U.S.C. 4101 et seq.)  
 8           or the project sponsor is an Indian  
 9           tribe (as defined in section  
 10          45A(c)(6)), a tribally designated hous-  
 11          ing entity (as defined in section 4(22)  
 12          of such Act (25 U.S.C. 4103(22))), or  
 13          wholly owned or controlled by such an  
 14          Indian tribe or tribally designated  
 15          housing entity.”.

16          (d) **EFFECTIVE DATE.**—The amendments made by  
 17          this section shall apply to buildings placed in service after  
 18          December 31, 2017.

19                           **TITLE V—AFFORDABLE**  
 20                           **HOUSING TAX CREDIT**

21          **SEC. 501. AFFORDABLE HOUSING TAX CREDIT.**

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

25          (b) **CONFORMING AMENDMENTS.**—

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

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

7           (3) The heading of subparagraph (D) of section  
8           469(i)(3) of such Code is amended by striking  
9           “LOW-INCOME” and inserting “AFFORDABLE”.

10          (4) The heading of subparagraph (B) of section  
11          469(i)(6) of such Code is amended by striking  
12          “LOW-INCOME” and inserting “AFFORDABLE”.

13          (5) Paragraph (7) of section 772(a) of such  
14          Code is amended by striking “low-income” and in-  
15          serting “affordable”.

16          (6) Paragraph (5) of section 772(d) of such  
17          Code is amended by striking “low-income” and in-  
18          serting “affordable”.

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

“Sec. 42. Affordable housing credit.”

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