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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To rescind certain immigration enforcement funds and amend the Internal Revenue Code to provide for new credits related to expanding access to housing.

IN THE HOUSE OF REPRESENTATIVES

Mr. GOMEZ introduced the following bill; which was referred to the Committee
on _____

A BILL

To rescind certain immigration enforcement funds and
amend the Internal Revenue Code to provide for new
credits related to expanding access to 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 “Make Housing Afford-
5 able and Defend Democracy Act”.

1 **SEC. 2. RESCISSIONS OF CERTAIN IMMIGRATION ENFORCE-**
2 **MENT FUNDS.**

3 (a) FINDINGS.—Congress finds that the amount of
4 \$175,660,630,000.00 shall be rescinded.

5 (b) DEPARTMENT OF DEFENSE.—There is perma-
6 nently rescinded \$1,000,000,000.00, to be derived from
7 the unobligated balances of amounts made available by
8 section 20011 of the Act titled “An Act to provide for
9 reconciliation pursuant to title II of H. Con. Res. 14”
10 (Public Law 119–21), of the for improving Department
11 of Defense border support and counter- drug missions.

12 (c) INFRASTRUCTURE AND WALL SYSTEM.—There is
13 permanently rescinded \$46,550,000,000.00, to be derived
14 from the unobligated balances of amounts made available
15 by section 90001 of the Act titled “An Act to provide for
16 reconciliation pursuant to title II of H. Con. Res. 14”
17 (Public Law 119–21), for border infrastructure and wall
18 system.

19 (d) U.S. CUSTOMS AND BORDER PROTECTION PER-
20 SONNEL.—There is permanently rescinded
21 \$4,100,000,000.00, to be derived from the unobligated
22 balances of amounts made available by section
23 90002(a)(1) of the Act titled “An Act to provide for rec-
24 onciliation pursuant to title II of H. Con. Res. 14” (Public
25 Law 119–21), for U.S. Customs and Border Protection
26 personnel.

1 (e) RETENTION, HIRING, AND PERFORMANCE BO-
2 NUSES.—There is permanently rescinded
3 \$2,052,630,000.00, to be derived from the unobligated
4 balances of amounts made available by section
5 90002(a)(2) of the Act titled “An Act to provide for rec-
6 onciliation pursuant to title II of H. Con. Res. 14” (Public
7 Law 119–21), for retention, hiring, and performance bo-
8 nuses of U.S. Customs and Border Protection personnel.

9 (f) U.S. CUSTOMS AND BORDER PROTECTION VEHI-
10 CLES.—There is permanently rescinded \$855,000,000.00,
11 to be derived from the unobligated balances of amounts
12 made available by section 90002(a)(3) of the Act titled
13 “An Act to provide for reconciliation pursuant to title II
14 of H. Con. Res. 14” (Public Law 119–21), for U.S. Cus-
15 toms and Border Protection vehicles.

16 (g) U.S. CUSTOMS AND BORDER PROTECTION FA-
17 CILITIES.—There is permanently rescinded
18 \$5,000,000,000.00, to be derived from the unobligated
19 balances of amounts made available by section
20 90002(a)(4) of the Act titled “An Act to provide for rec-
21 onciliation pursuant to title II of H. Con. Res. 14” (Public
22 Law 119–21), for U.S. Customs and Border Protection
23 facilities.

24 (h) DETENTION CAPACITY.—There is permanently
25 rescinded \$45,000,000,000.00, to be derived from the un-

1 obligated balances of amounts made available by section
2 90003 of the Act titled “An Act to provide for reconcili-
3 ation pursuant to title II of H. Con. Res. 14” (Public Law
4 119–21), for detention capacity.

5 (i) BORDER SECURITY, TECHNOLOGY, AND SCREEN-
6 ING.—There is permanently rescinded \$6,168,000,000.00,
7 to be derived from the unobligated balances of amounts
8 made available by section 90004 of the Act titled “An Act
9 to provide for reconciliation pursuant to title II of H. Con.
10 Res. 14” (Public Law 119–21), for border security, tech-
11 nology, and screening.

12 (j) STATE AND LOCAL ASSISTANCE.—There is per-
13 manently rescinded \$10,000,000,000.00, to be derived
14 from the unobligated balances of amounts made available
15 by section 90005(b) of the Act titled “An Act to provide
16 for reconciliation pursuant to title II of H. Con. Res. 14”
17 (Public Law 119–21), for the State Border Security Rein-
18 forcement Fund.

19 (k) DEPARTMENT OF HOMELAND SECURITY.—There
20 is permanently rescinded \$10,000,000,000.00, to be de-
21 rived from the unobligated balances of amounts made
22 available by section 90007 of the Act titled “An Act to
23 provide for reconciliation pursuant to title II of H. Con.
24 Res. 14” (Public Law 119–21), for Department of Home-
25 land Security appropriations for border support.

1 (l) IMMIGRATION AND LAW ENFORCEMENT ACTIVI-
2 TIES.—There is permanently rescinded
3 \$2,055,000,000.00, to be derived from the unobligated
4 balances of amounts made available by section 100051 of
5 the Act titled “An Act to provide for reconciliation pursu-
6 ant to title II of H. Con. Res. 14” (Public Law 119–21),
7 for immigration and law enforcement activities.

8 (m) HIRING AND TRAINING.—There is permanently
9 rescinded \$29,850,000,000.00, to be derived from the un-
10 obligated balances of amounts made available by section
11 100052 of the Act titled “An Act to provide for reconcili-
12 ation pursuant to title II of H. Con. Res. 14” (Public Law
13 119–21), for U.S. Immigration and Customs Enforcement
14 hiring and training.

15 (n) FEDERAL LAW ENFORCEMENT TRAINING CEN-
16 TERS.—There is permanently rescinded \$750,000,000.00,
17 to be derived from the unobligated balances of amounts
18 made available by section 100053 of the Act titled “An
19 Act to provide for reconciliation pursuant to title II of H.
20 Con. Res. 14” (Public Law 119–21), for Federal law en-
21 forcement training centers.

22 (o) DEPARTMENT OF JUSTICE.—There is perma-
23 nently rescinded \$3,330,000,000.00, to be derived from
24 the unobligated balances of amounts made available by
25 section 100054 of the Act titled “An Act to provide for

1 reconciliation pursuant to title II of H. Con. Res. 14”
2 (Public Law 119–21), for the Department of Justice.

3 (p) REIMBURSEMENT FUND.—There is permanently
4 rescinded \$3,500,000,000.00, to be derived from the unob-
5 ligated balances of amounts made available by section
6 100055 of the Act titled “An Act to provide for reconcili-
7 ation pursuant to title II of H. Con. Res. 14” (Public Law
8 119–21), for the Bridging immigration-related deficits ex-
9 perience nationwide reimbursement fund.

10 (q) IMMIGRATION FEES.—Sections 100001 through
11 section 100018 of the Act titled “An Act to provide for
12 reconciliation pursuant to title II of H. Con. Res. 14”
13 (Public Law 119–21), are hereby repealed.

14 (r) OPERATION STONEGARDEN GRANT PROGRAM.—
15 There is permanently rescinded \$450,000,000.00, to be
16 derived from the unobligated balances of amounts made
17 available by section 90005 of the Act titled “An Act to
18 provide for reconciliation pursuant to title II of H. Con.
19 Res. 14” (Public Law 119–21), for the Operation
20 Stonegarden Grant Program.

21 (s) BUREAU OF PRISONS.—There is permanently re-
22 scinded \$5,000,000,000.00, to be derived from the unobli-
23 gated balances of amounts made available by section
24 100056 of the Act titled “An Act to provide for reconcili-

1 ation pursuant to title II of H. Con. Res. 14” (Public Law
2 119–21), for the Bureau of Prisons.

3 **SEC. 3. FIRST-TIME HOMEBUYER CREDIT.**

4 (a) IN GENERAL.—Section 36 of the Internal Rev-
5 enue Code of 1986 is amended to read as follows:

6 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

7 “(a) IN GENERAL.—In the case of an individual who
8 is a first-time homebuyer of a principal residence in the
9 United States during a taxable year, there shall be allowed
10 as a credit against the tax imposed by this subtitle for
11 such taxable year an amount equal to so much of the
12 amount of the qualified home purchase expenses paid by
13 such taxpayer to purchase such principal residence as does
14 not exceed \$25,000.

15 “(b) LIMITATION.—

16 “(1) IN GENERAL.—The amount allowable as a
17 credit under subsection (a) (determined without re-
18 gard to this paragraph) for the taxable year shall be
19 reduced (but not below zero) by the amount which
20 bears the same ratio to the amount which is so al-
21 lowable as—

22 “(A) the excess (if any) of—

23 “(i) the taxpayer’s modified adjusted
24 gross income for the preceding taxable
25 year, over

1 “(ii) the applicable threshold amount,
2 bears to—

3 “(B) \$100,000.

4 “(2) THRESHOLD AMOUNT.—For purposes of
5 this subsection, the term ‘threshold amount’
6 means—

7 “(A) \$300,000 in the case of a joint return
8 or surviving spouse,

9 “(B) \$225,000 in the case of a head of
10 household, or

11 “(C) \$150,000 in the case of any other in-
12 dividual.

13 “(3) MODIFIED ADJUSTED GROSS INCOME.—
14 For purposes of paragraph (1), the term ‘modified
15 adjusted gross income’ means the adjusted gross in-
16 come of the taxpayer for the taxable year increased
17 by any amount excluded from gross income under
18 section 911, 931, or 933.

19 “(c) INCREASE IN CREDIT FOR FIRST-GENERATION
20 HOMEBUYER.—

21 “(1) IN GENERAL.—In the case of a first-gen-
22 eration homebuyer, subsection (a) shall be applied
23 by substituting ‘\$50,000’ for ‘\$25,000’.

24 “(2) FIRST-GENERATION HOMEBUYER.—For
25 purposes of this subsection, the term ‘first-genera-

tion homebuyer’ means an individual who certifies that, as of the last day of the taxable year with respect to which the credit is allowed (determined without regard to any ownership interest with respect to which such credit is allowed), such individual (and such individual’s spouse, in the case of a joint return) is an individual described in paragraph (3).

“(3) INDIVIDUAL DESCRIBED.—An individual is described in this paragraph if—

“(A) such individual aged out of the foster care system,

“(B) such individual was emancipated from their parent, or

“(C) no parent of such individual had a majority interest in a residential property at any time during the lifetime of such individual.

“(d) INCREASE IN CREDIT FOR HIGH COST AREAS.—In the case of the purchase of a principal residence located in a high cost area (as such term is used in the Federal National Mortgage Association Charter Act), the amount in effect under subsection (a) (after the application of subsection (j)) shall be increased by an amount equal to the product of—

“(1) 3.5 percent, multiplied by

1 “(2) the excess of—

2 “(A) the conforming loan limit value for
3 properties in high cost areas established under
4 302(b)(2) of the Federal National Mortgage As-
5 sociation Charter Act, minus

6 “(B) the conforming loan limit value for
7 properties established under section 305(a)(2)
8 of the Federal Home Loan Mortgage Corpora-
9 tion Act, as most recently updated by the Fed-
10 eral Housing Finance Agency.

11 “(e) EXCEPTIONS.—No credit under subsection (a)
12 shall be allowed to any taxpayer for any taxable year with
13 respect to the purchase of a residence if—

14 “(1) the taxpayer is a nonresident alien,

15 “(2) the taxpayer disposes of such residence (or
16 such residence ceases to be the principal residence of
17 the taxpayer (and, if married, the taxpayer’s
18 spouse)) before the close of such taxable year,

19 “(3) a deduction under section 151 with respect
20 to such taxpayer is allowable to another taxpayer for
21 such taxable year, or

22 “(4) the taxpayer fails to attach to the return
23 of tax for such taxable year a properly executed copy
24 of the settlement statement used to complete such
25 purchase.

1 “(f) ELECTION FOR ADVANCED PAYMENT.—

2 “(1) IN GENERAL.—At the election of the first-
3 time homebuyer, the Secretary shall transfer to a
4 qualifying escrow account an amount equal to the
5 amount that is allowable to such first-time home-
6 buyer under subsection (a) in the present taxable
7 year.

8 “(2) TREATMENT OF TRANSFER.—The amount
9 of the credit allowed under subsection (a) to any
10 taxpayer for any taxable year shall be reduced (but
11 not below zero) by the aggregate amount of pay-
12 ments made under this subsection at the election of
13 such taxpayer during such taxable year. Any failure
14 to so reduce the credit shall be treated as arising out
15 of a mathematical or clerical error and assessed ac-
16 cording to section 6213(b)(1).

17 “(3) QUALIFYING ESCROW ACCOUNT.—For pur-
18 poses of this subsection, the term ‘qualifying escrow
19 account’ means an escrow account established for
20 the purchase of a principal residence by a qualified
21 first-time homebuyer that meets the following re-
22 quirements:

23 “(A) Amounts in such account may only be
24 used for a down payment or closing costs on a

1 purchase with respect to which a credit is al-
2 lowed under subsection (a).

3 “(B) Such account is administered by a
4 bank (as defined in section 408(n)).

5 “(C) The administrator of the account
6 shall transfer to the Secretary any amount in
7 such account not used under subparagraph (A)
8 on the earlier of—

9 “(i) the date that is 180 days after
10 the date on which such amount was trans-
11 ferred to such account under paragraph
12 (1), or

13 “(ii) as soon as practicable upon re-
14 quest of the qualified first-time homebuyer.

15 “(g) RECAPTURE OF CREDIT.—

16 “(1) IN GENERAL.—If, during any taxable year,
17 there is a recapture event with respect to any prop-
18 erty with respect to which a credit was allowed
19 under subsection (a), then the tax of the taxpayer to
20 whom such credit was allowed under this chapter for
21 such taxable year shall be increased by an amount
22 equal to the amount of the credit that was allowed
23 with respect to such property.

24 “(2) RECAPTURE EVENT.—For purposes of this
25 section, the term ‘recapture event’ means, during the

1 5-year period beginning on the date of the purchase
2 with respect to which a credit was allowed under
3 subsection (a)—

4 “(A) the sale, lease to a third party, or dis-
5 position of any part of the property with respect
6 to which such credit was allowed, or

7 “(B) such property ceases to be the prin-
8 cipal residence of the taxpayer (or, in the case
9 of a joint return, of the taxpayer’s spouse).

10 “(3) EXCEPTIONS.—Paragraph (1) shall not
11 apply to any of the following:

12 “(A) PURCHASE OF NEW PRIMARY RESI-
13 DENCE.—

14 “(i) IN GENERAL.—A sale of a prop-
15 erty with respect to which a credit was al-
16 lowed under subsection (a) which is inci-
17 dent to the purchase by a taxpayer of a
18 new primary residence if the proceeds of
19 such sale are used to carry out the pur-
20 chase of such new primary residence.

21 “(ii) TREATMENT OF NEW PRIMARY
22 RESIDENCE.—In the case of a purchase of
23 a primary residence described in clause (i),
24 for purposes of paragraph (1), such pri-
25 mary residence shall be treated as a prop-

1 erty with respect to which a credit was al-
2 lowed under subsection (a), except that the
3 period described in paragraph (2) shall
4 begin on the date on which the original
5 purchase with respect to which the credit
6 was allowed under subsection (a) occurred.

7 “(B) DEATH.—Any taxable year ending
8 after the death of the taxpayer (or, in the case
9 of a joint return, of the spouse of the taxpayer).

10 “(C) DIVORCE.—A transfer of a residence
11 to which section 1041(a) applies.

12 “(D) GOVERNMENT ORDERS.—A recapture
13 event relating to a principal residence occurring
14 in connection with Government orders received
15 by such individual, or such individual’s spouse,
16 for qualified official extended duty service.

17 “(E) QUALIFIED OFFICIAL EXTENDED
18 DUTY SERVICE.—For purposes of this para-
19 graph, the term ‘qualified official extended duty
20 service’ means service on qualified official ex-
21 tended duty as—

22 “(i) a member of the uniformed serv-
23 ices,

24 “(ii) a member of the Foreign Service
25 of the United States, or

1 “(iii) an employee of the intelligence
2 community.

3 “(h) DEFINITIONS.—For purposes of this section—

4 “(1) FIRST-TIME HOMEBUYER.—The term
5 ‘first-time homebuyer’ means any individual if such
6 individual (and if married, such individual’s
7 spouse)—

8 “(A) had no present ownership interest in
9 a principal residence during the 10-year period
10 ending on the date of the purchase of the prin-
11 cipal residence to which this section applies,

12 “(B) has not been allowed a credit under
13 subsection (a) for any preceding taxable year,
14 and

15 “(C) attests that such individual (and if
16 married, such individual’s spouse) has never
17 had a majority interest in a residential prop-
18 erty.

19 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
20 cipal residence’ has the same meaning as when used
21 in section 121.

22 “(3) PURCHASE.—

23 “(A) IN GENERAL.—The term ‘purchase’
24 means any acquisition, but only if—

1 “(i) the property is purchased using a
2 mortgage loan from a commercial lender,

3 “(ii) the property is not acquired from
4 a person related to the person acquiring
5 such property (or, if married, such individ-
6 ual’s spouse), and

7 “(iii) the basis of the property in the
8 hands of the person acquiring such prop-
9 erty is not determined—

10 “(I) in whole or in part by ref-
11 erence to the adjusted basis of such
12 property in the hands of the person
13 from whom acquired, or

14 “(II) under section 1014(a).

15 “(B) CONSTRUCTION.—A residence which
16 is constructed by the taxpayer shall be treated
17 as purchased by the taxpayer on the date the
18 taxpayer first occupies such residence.

19 “(C) GUARANTEED LOANS INCLUDED.—A
20 loan shall not fail to be treated as a mortgage
21 loan from a commercial lender under subpara-
22 graph (A)(i) merely because such loan is guar-
23 anteed under section 184 of the Housing and
24 Community Development Act of 1992.

1 “(4) QUALIFIED HOME PURCHASES EX-
2 PENSES.—The term ‘qualified home purchase ex-
3 penses’ means amounts paid for—

4 “(A) a down payment on the purchase of
5 a home, and

6 “(B) closing costs with respect to such
7 purchase.

8 “(5) RELATED PERSONS.—A person shall be
9 treated as related to another person if the relation-
10 ship between such persons would result in the dis-
11 allowance of losses under section 267 or 707(b) (but,
12 in applying section 267(b) and (c) for purposes of
13 this section, paragraph (4) of section 267(c)(4) shall
14 be treated as providing that the family of an indi-
15 vidual shall include only his spouse, ancestors, and
16 lineal descendants).

17 “(i) BASIS ADJUSTMENT.—For purposes of this sub-
18 title, if a credit is allowed under this section in connection
19 with any expenditure for any property, the increase in the
20 basis of such property which would (but for this sub-
21 section) result from such expenditure shall be reduced by
22 the amount of the credit so determined.

23 “(j) INFLATION ADJUSTMENT.—

24 “(1) IN GENERAL.—in the case of any taxable
25 year beginning after 2025, the dollar amounts in

1 this section shall be increased by an amount equal
2 to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins, deter-
7 mined by substituting ‘calendar year 2024’ for
8 calendar year 2016 in subparagraph (A)(ii).

9 “(2) ROUNDING.—If any increase under para-
10 graph (1) is not a multiple of \$100, such increase
11 shall be rounded to the nearest multiple of \$100.

12 “(k) REPORTING.—

13 “(1) IN GENERAL.—If the Secretary requires
14 information reporting under section 6045 by a per-
15 son described in subsection (e)(2) thereof to verify
16 the eligibility of taxpayers for the credit allowable by
17 this section, the exception provided by section
18 6045(e) shall not apply.

19 “(2) INFORMATION FROM LENDER.—The Sec-
20 retary may require any lender issuing a loan for the
21 purchase of a property with respect to which a credit
22 is allowed under subsection (a) or with respect to
23 which a first-time homebuyer has made a request for
24 a transfer under subsection (f)(1) to provide such in-

1 formation relating to the related purchase as the
2 Secretary determines appropriate.

3 “(l) REGULATIONS.—The Secretary shall issue such
4 regulations or other guidance as may be necessary or ap-
5 propriate to carry out the purposes of this section.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to residences purchased in taxable
8 years beginning after the date of the enactment of this
9 Act.

10 **SEC. 4. STARTER HOME CONSTRUCTION CREDIT.**

11 (a) IN GENERAL.—Subpart D of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 is amended by adding at the end the following new
14 section:

15 **“SEC. 45BB. STARTER HOME CONSTRUCTION CREDIT.**

16 “(a) IN GENERAL.—For the purposes of section 38,
17 the starter home construction credit determined under this
18 section for any taxable year is an amount equal to 15 per-
19 cent of the qualified home construction costs of the tax-
20 payer for the taxable year.

21 “(b) LIMITATION.—The amount allowable as a credit
22 under subsection (a) to any taxpayer for any taxable year
23 shall not exceed the amount allocated to such taxpayer for
24 the calendar year in which such taxable year ends under
25 subsection (e).

1 “(c) INCREASE FOR FIRST-TIME HOMEBUYER.—In
2 the case of a unit of housing sold to a first-time home-
3 buyer (as defined in section 36(g)(1)), subsection (a) shall
4 be applied by substituting ‘30 percent’ for ‘15 percent’.

5 “(d) QUALIFIED HOME CONSTRUCTION COSTS.—For
6 purposes of this section, the term ‘qualified home con-
7 struction costs’ means, with respect to a taxable year,
8 amounts paid or incurred by the taxpayer for labor and
9 material costs to construct a unit of housing placed in
10 service during such taxable year—

11 “(1) the total square footage of which does not
12 exceed 1200 feet, and

13 “(2) the sale price of which does not exceed 80
14 percent of the area median home price.

15 “(e) STATE ALLOCATION.—

16 “(1) IN GENERAL.—The aggregate starter
17 home construction credit dollar amount which a
18 housing credit agency may allocate for any calendar
19 year is the portion of the State starter home con-
20 struction credit ceiling allocated under this sub-
21 section for such calendar year to such agency.

22 “(2) STATE CEILING INITIALLY ALLOCATED TO
23 STATE HOUSING CREDIT AGENCIES.—The State
24 starter home construction credit ceiling for each cal-
25 endar year shall be allocated to the housing credit

1 agency of such State. If there is more than 1 hous-
2 ing credit agency of a State, all such agencies shall
3 be treated as a single agency.

4 “(3) STATE STARTER HOME CONSTRUCTION
5 CREDIT CEILING.—For purposes of this subsection,
6 the State starter home construction credit ceiling ap-
7 plicable to any State for any calendar year shall be
8 an amount equal to \$30 multiplied by the population
9 of the State (determined in accordance with section
10 146(j)).

11 “(4) REALLOCATION OF UNUSED STARTER
12 HOME CONSTRUCTION CREDIT AMOUNTS AMONG
13 STATES.—

14 “(A) IN GENERAL.—The unused starter
15 home construction credit amount of a State for
16 any calendar year shall be assigned by the Sec-
17 retary for allocation among qualified States for
18 the succeeding calendar year.

19 “(B) UNUSED STARTER HOME CONSTRUC-
20 TION CREDIT AMOUNT.—For purposes of this
21 paragraph, the unused starter home construc-
22 tion credit amount of a State for any calendar
23 year is the excess (if any) of—

1 “(i) the aggregate amount allocated to
2 such State for such year under this sub-
3 section, over

4 “(ii) the aggregate starter home con-
5 struction credit dollar amount allocated for
6 such year.

7 “(C) FORMULA FOR ALLOCATION OF UN-
8 USED STARTER HOME CONSTRUCTION CREDIT
9 AMOUNTS AMONG QUALIFIED STATES.—The
10 amount allocated under this paragraph to a
11 qualified State for any calendar year shall be
12 the amount determined by the Secretary to bear
13 the same ratio to the aggregate unused starter
14 home construction credit amounts of all States
15 for the preceding calendar year as such State’s
16 population for the calendar year bears to the
17 population of all qualified States for the cal-
18 endar year. For purposes of the preceding sen-
19 tence, population shall be determined in accord-
20 ance with section 146(j).

21 “(D) QUALIFIED STATE.—For purposes of
22 this paragraph, the term ‘qualified State’
23 means, with respect to a calendar year, any
24 State—

1 “(i) which allocated its entire State
2 starter home credit ceiling for the pre-
3 ceding calendar year, and

4 “(ii) which requests (not later than
5 May 1 of the calendar year) an allocation
6 under subparagraph (C).

7 “(E) SECRETARIAL WAIVER.—The Sec-
8 retary may issue a waiver if the Secretary de-
9 termines such waiver will serve the purposes of
10 this section to allow such portion of the State
11 starter home credit ceiling of any State for any
12 calendar year as was allocated to such State
13 under paragraph (3) for such calendar year (de-
14 termined without regard to this paragraph)—

15 “(i) to be treated as allocated to such
16 State for the following calendar year under
17 such paragraph, and

18 “(ii) to not be treated as unused
19 starter home construction credit amount of
20 such State for purposes of this paragraph.

21 “(5) CERTIFICATE OF OCCUPANCY RE-
22 QUIRED.—The State starter home construction cred-
23 it ceiling determined under paragraph (3) for any
24 calendar year shall be reduced by the amount equal
25 to 50 percent of the amount of allocations made

1 under this subsection by such State's housing credit
2 agency during the second preceding calendar year to
3 construct housing with respect to which no certifi-
4 cate of occupancy has been issued.

5 “(6) HOUSING CREDIT AGENCY.—For purposes
6 of this subsection, the term ‘housing credit agency’
7 has the meaning given in section 42(h)(8)(A).

8 “(f) TRIBAL ALLOCATION.—

9 “(1) IN GENERAL.—The aggregate starter
10 home construction credit dollar amount which an In-
11 dian Tribal Government may allocate for any cal-
12 endar year is the portion of the aggregate Indian
13 starter home construction credit ceiling allocated
14 under paragraph (3) for such calendar year to such
15 Indian Tribal Government.

16 “(2) AGGREGATE INDIAN STARTER HOME CON-
17 STRUCTION CREDIT CEILING.—The aggregate Indian
18 starter home construction credit ceiling for any cal-
19 endar year shall be the greatest of—

20 “(A) \$30 multiplied by total number of en-
21 rolled citizens of all Tribes estimated by the
22 Secretary of the Interior with respect to such
23 calendar year,

24 “(B) in the case of a calendar year begin-
25 ning after the first calendar year with respect

1 to which an amount was determined under sub-
2 section (e)(3), the lowest amount determined
3 with respect to any State in the preceding cal-
4 endar year under such subsection, or

5 “(C) \$30,000,000.

6 “(3) ALLOCATION OF AGGREGATE AMONG
7 TRIBES.—

8 “(A) IN GENERAL.—Not later than 1 year
9 after the date of the enactment of the American
10 Homeownership Opportunity Act of 2025, the
11 Secretary of the Treasury, in consultation with
12 the Secretary of the Interior and representa-
13 tives of such Indian Tribal Governments as ad-
14 minister qualified Indian lands and request to
15 participate in such consultation, shall determine
16 an appropriate process to allocate the aggregate
17 Indian starter home construction credit ceiling
18 among eligible Indian Tribal Governments for
19 each calendar year.

20 “(B) REVISION.—The Secretary, in con-
21 sultation with the Secretary of the Interior and
22 representatives of such Indian Tribal Govern-
23 ments as administer qualified Indian lands and
24 request to participate in such consultation, shall
25 evaluate the process established under subpara-

1 graph (A) not less frequently than every 5 years
2 and may make such changes to such process as
3 such Secretary, after such consultation, deter-
4 mines appropriate to further the purposes of
5 this section.

6 “(4) INTERTRIBAL CONSORTIA.—Under regula-
7 tions prescribed by the Secretary, an Indian Tribal
8 Government (or partnership of Indian Tribal Gov-
9 ernments) may authorize an intertribal consortium,
10 an organization, or an Alaska Native regional or vil-
11 lage corporation, as defined in, or established pursu-
12 ant to, the Alaska Native Claims Settlement Act, to
13 plan for, coordinate or otherwise administer services,
14 finances, functions, or activities on behalf of such
15 Government under this subsection, except that the
16 authorized entity shall have the rights and respon-
17 sibilities of the authorizing Indian Tribal Govern-
18 ment (or Indian Tribal Governments) only to the ex-
19 tent provided in the authorizing resolution.

20 “(5) DEFINITIONS.—For purposes of this sub-
21 section—

22 “(A) QUALIFIED INDIAN LANDS.—The
23 term ‘qualified Indian lands’ means—

1 “(i) Indian lands within the meaning
2 of section 29(j)(8) of the Stevenson-Wydler
3 Technology Innovation Act of 1980,

4 “(ii) land held in fee simple by an In-
5 dian Tribal Government,

6 “(iii) land held by incorporated Native
7 groups, regional corporations, and village
8 corporations under the provisions of the
9 Alaska Native Claims Settlement Act, and

10 “(iv) Hawaiian Home Lands (as de-
11 fined in section 801 of the Native Amer-
12 ican Housing Assistance and Self-Deter-
13 mination Act of 1996).

14 “(B) ELIGIBLE INDIAN TRIBAL GOVERN-
15 MENT.—For purposes of this subsection, the
16 term ‘eligible Indian Tribal Government’ means,
17 with respect to a calendar year, an Indian Trib-
18 al Government that—

19 “(i) requests an allocation under this
20 subsection for such calendar year, and

21 “(ii) administers qualified Indian
22 lands.

23 “(C) INDIAN TRIBAL GOVERNMENT.—The
24 term ‘Indian Tribal Government’ means the
25 recognized governing body of any Indian or

1 Alaska Native tribe, band, nation, pueblo, vil-
2 lage, community, component band, or compo-
3 nent reservation, individually identified (includ-
4 ing parenthetically) pursuant to section 104 of
5 the Federally Recognized Indian Tribe List Act
6 of 1994.

7 “(g) INFLATION ADJUSTMENT.—

8 “(1) IN GENERAL.—In the case of any taxable
9 year beginning after 2025, the dollar amounts in
10 subsection (e)(3) and (f)(2) shall each be increased
11 by an amount equal to—

12 “(A) such dollar amount, multiplied by

13 “(B) the cost-of-living adjustment deter-
14 mined under section 1(f)(3) for the calendar
15 year in which the taxable year begins, deter-
16 mined by substituting ‘calendar year 2024’ for
17 ‘calendar year 2016’ in subparagraph (A)(ii)
18 thereof.

19 “(2) ROUNDING.—If any increase under sub-
20 paragraph (A) is not a multiple of \$5, such increase
21 shall be rounded to the nearest multiple of \$5.

22 “(h) BASIS ADJUSTMENT.—For purposes of this sub-
23 title, if a credit is allowed under this section in connection
24 with any expenditure for any property, the increase in the
25 basis of such property which would (but for this sub-

1 section) result from such expenditure shall be reduced by
2 the amount of the credit so determined.

3 “(i) REGULATIONS.—The Secretary shall issue such
4 regulations or other guidance as may be necessary or ap-
5 propriate to carry out the purposes of this section.”.

6 (b) CREDIT TO BE PART OF GENERAL BUSINESS
7 CREDIT.—Section 38(b) of such Code is amended by strik-
8 ing “plus” at the end of paragraph (40), by striking the
9 period at the end of paragraph (41) and inserting “, plus”,
10 and by adding at the end the following new paragraph:

11 “(42) the starter home construction credit de-
12 termined under section 45BB(a).”.

13 (c) CLERICAL AMENDMENT.—The table of sections
14 for subpart D of part IV of subchapter A of chapter 1
15 of such Code is amended by inserting after the item relat-
16 ing to section 45AA the following new item:

“Sec. 45BB. Starter home construction credit.”.

17 (d) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 the date of the enactment of this section.

20 **SEC. 5. AFFORDABLE HOUSING CONVERSION CREDIT.**

21 (a) INVESTMENT CREDIT FOR CONVERSION OF NON-
22 RESIDENTIAL BUILDINGS TO AFFORDABLE HOUSING.—

23 (1) IN GENERAL.—Subpart E of part IV of
24 subchapter A of chapter 1 of subtitle A of the Inter-

1 nal Revenue Code of 1986 is amended by inserting
2 after section 48E the following new section:

3 **“SEC. 48F. AFFORDABLE HOUSING CONVERSION CREDIT.**

4 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
5 tion 46, the affordable housing conversion credit for any
6 taxable year is an amount equal to 20 percent of the quali-
7 fied conversion expenditures of the taxpayer with respect
8 to a qualified affordable housing building placed in service
9 by the taxpayer during the taxable year.

10 “(b) QUALIFIED CONVERSION EXPENDITURES.—For
11 purposes of this section—

12 “(1) IN GENERAL.—The term ‘qualified conver-
13 sion expenditures’ means, with respect to any quali-
14 fied affordable housing building, any amount prop-
15 erly chargeable to capital account—

16 “(A) for property for which depreciation is
17 allowable under section 168, and

18 “(B) in connection with the qualified con-
19 version of a qualified affordable housing build-
20 ing.

21 “(2) CERTAIN EXPENDITURES NOT IN-
22 CLUDED.—The term ‘qualified conversion expendi-
23 tures’ does not include—

24 “(A) LIMITATION ON PERIOD OF CONVER-
25 SION.—Except as provided in subsection (f),

1 any amount paid or incurred other than during
2 the 2-year period ending on the date on which
3 the taxpayer places the qualified affordable
4 housing building in service.

5 “(B) COST OF ACQUISITION.—The cost of
6 acquiring any building or interest therein.

7 “(3) SPECIAL RULE FOR BROWNFIELDS.—
8 Paragraph (1)(A) shall not apply with respect to any
9 expenditure for clean up of qualifying brownfield
10 property (as defined in section 512(b)(19)).

11 “(4) COORDINATION WITH REHABILITATION
12 CREDIT.—In the case of any qualified conversion ex-
13 penditures which are taken into account for pur-
14 poses of determining the rehabilitation credit under
15 section 47, the amount of such expenditures taken
16 into account under this section (determined without
17 regard to this paragraph) shall be reduced by 50
18 percent.

19 “(c) QUALIFIED CONVERSION.—For purposes of this
20 section—

21 “(1) IN GENERAL.—The term ‘qualified conver-
22 sion’ means the conversion of an eligible commercial
23 building into a qualified affordable housing building
24 if the qualified conversion expenditures of the tax-

1 payer with respect to such conversion exceed the
2 greater of—

3 “(A) an amount equal to 50 percent of the
4 adjusted basis of such building (determined im-
5 mediately prior to such conversion), or

6 “(B) \$100,000.

7 “(2) ELIGIBLE COMMERCIAL BUILDING.—The
8 term ‘eligible commercial building’ means any build-
9 ing which, with respect to any conversion—

10 “(A) was originally placed in service not
11 less than 20 years before the date on which
12 such conversion begins, and

13 “(B) immediately prior to such conversion,
14 was nonresidential real property (as defined in
15 section 168).

16 “(d) QUALIFIED AFFORDABLE HOUSING BUILD-
17 ING.—For purposes of this section—

18 “(1) IN GENERAL.—The term ‘qualified afford-
19 able housing building’ means any residential building
20 if during the 30-year period beginning on the date
21 on which such building is placed in service by the
22 taxpayer, not less than 20 percent of the residential
23 units in the building are both rent-restricted and re-
24 served for individuals whose income is 80 percent or
25 less of the area median income.

1 “(2) RENT AND INCOME LIMITATION.—For
2 purposes of this subsection, rules similar to the rules
3 of subsection (g) of section 42 shall apply to deter-
4 mine whether a unit is rent-restricted, treatment of
5 units occupied by individuals whose incomes rise
6 above the limit, and the treatment of units where
7 Federal rental assistance is reduced as tenant’s in-
8 come increases.

9 “(e) LIMITATION ON AGGREGATE CREDIT ALLOW-
10 ABLE.—

11 “(1) CREDIT MAY NOT EXCEED CREDIT
12 AMOUNT ALLOCATED TO BUILDING.—

13 “(A) IN GENERAL.—The amount of the
14 credit determined under this section with re-
15 spect to any building shall not exceed the quali-
16 fied conversion credit dollar amount allocated to
17 such building under this subsection by the
18 housing credit agency of the State in which
19 such building is located.

20 “(B) TIME FOR MAKING ALLOCATION.—
21 Except in the case of an allocation which meets
22 the requirements of subparagraph (C), an allo-
23 cation shall be taken into account under sub-
24 paragraph (A) only if it is made not later than

1 the close of the calendar year in which the
2 building is placed in service.

3 “(C) EXCEPTION WHERE BINDING COM-
4 MITMENT.—An allocation meets the require-
5 ments of this subparagraph if there is a binding
6 commitment (not later than the close of the cal-
7 endar year in which the building is placed in
8 service) by the housing credit agency to allocate
9 a specified housing credit dollar amount to such
10 building beginning in a later taxable year.

11 “(2) STATE LIMITATION.—

12 “(A) IN GENERAL.—The aggregate quali-
13 fied conversion credit dollar amount which a
14 housing credit agency of any State may allocate
15 is the sum of—

16 “(i) the amount which bears the same
17 ratio to the national qualified conversion
18 credit limitation as—

19 “(I) the population of such State,
20 bears to

21 “(II) the population of all States,
22 plus

23 “(ii) the sum of any amounts deter-
24 mined under subparagraph (C).

1 “(B) NATIONAL QUALIFIED CONVERSION
2 CREDIT LIMITATION.—The national qualified
3 conversion credit limitation is \$12,000,000,000.

4 “(C) ADDITIONAL AMOUNTS PROVIDED
5 FOR CERTAIN BUILDINGS IN ECONOMICALLY
6 DISTRESSED AREAS.—

7 “(i) IN GENERAL.—For purposes of
8 subparagraph (A)(ii), in any case in
9 which—

10 “(I) the housing credit agency of
11 a State allocates an amount to a
12 building which is located in an eco-
13 nomically distressed area, and

14 “(II) the Secretary subsequently
15 designates such amount for purposes
16 of this paragraph,

17 the amount determined under this para-
18 graph with respect to such building shall
19 be the amount originally allocated by the
20 housing credit agency of the State under
21 clause (i).

22 “(ii) LIMITATION.—The aggregate
23 amount which the Secretary may designate
24 under clause (i)(II) shall not exceed
25 \$3,000,000,000.

1 “(iii) MANNER OF DESIGNATION.—

2 Not later than 120 days after the date of
3 the enactment of this section, the Sec-
4 retary shall establish a program for deter-
5 mining the designation of amounts that
6 may be designated under this subpara-
7 graph.

8 “(D) REALLOCATION OF CERTAIN
9 AMOUNTS.—

10 “(i) IN GENERAL.—Notwithstanding
11 subparagraph (A)—

12 “(I) no amount may be allocated
13 under paragraph (1) by a housing
14 credit agency of an undersubscribed
15 State after December 31, 2028, and

16 “(II) the dollar amount deter-
17 mined under subparagraph (A) with
18 respect to any oversubscribed State
19 after such date shall be increased by
20 such State’s share of the reallocation
21 amount.

22 “(ii) STATE SHARE.—For purposes of
23 clause (i), an oversubscribed State’s share
24 of the reallocation amount is the amount

1 which bears the same ratio to the realloca-
2 tion amount as—

3 “(I) the population of such State,
4 bears to

5 “(II) the population of all over-
6 subscribed States.

7 “(iii) DEFINITIONS.—For purposes of
8 this subparagraph—

9 “(I) UNDERSUBSCRIBED
10 STATE.—The term ‘undersubscribed
11 State’ means any State that is not an
12 oversubscribed State.

13 “(II) OVERSUBSCRIBED
14 STATE.—The term ‘oversubscribed
15 State’ means any State the housing
16 credit agency of which has allocated
17 all of the qualified conversion credit
18 dollar amount which may be allocated
19 by it before the date described in
20 clause (i)(I).

21 “(III) REALLOCATION
22 AMOUNT.—The term ‘reallocation
23 amount’ means the sum of the
24 amounts described in subparagraph
25 (A) which have not been allocated by

1 undersubscribed States before the
2 date described in clause (i)(I).

3 “(3) MANNER OF ALLOCATION.—

4 “(A) PLAN FOR ALLOCATION.—

5 “(i) IN GENERAL.—Notwithstanding
6 any other provision of this section, the
7 qualified conversion credit dollar amount
8 with respect to any building shall be zero
9 unless such amount was allocated pursuant
10 to a conversion credit allocation plan of the
11 housing credit agency which is approved by
12 the governmental unit (in accordance with
13 rules similar to the rules of section
14 147(f)(2) (other than subparagraph (B)(ii)
15 thereof)) of which such agency is a part.

16 “(ii) CONVERSION CREDIT ALLOCA-
17 TION PLAN.—For purposes of this sub-
18 paragraph, the term ‘conversion credit allo-
19 cation plan’ means a plan—

20 “(I) which sets selection criteria
21 for allocations, taking into account—

22 “(aa) whether the credit is
23 needed to assure the financial
24 feasibility of the conversion,

1 “(bb) the extent to which
2 the conversion results in the cre-
3 ation of affordable housing,

4 “(cc) the extent to which the
5 conversion results in the creation
6 of housing near transportation,
7 employment, and commercial op-
8 portunities,

9 “(dd) the extent to which
10 the conversion will support small
11 businesses and economic revital-
12 ization in the surrounding area,

13 “(ee) the degree of local gov-
14 ernment support for the conver-
15 sion, and

16 “(ff) the readiness of the
17 building for a qualified conver-
18 sion, and

19 “(II) which provides a procedure
20 that the agency (or an agent or other
21 private contractor of such agency) will
22 follow in monitoring for noncompli-
23 ance with the requirements of sub-
24 section (d) and in notifying the Inter-

1 nal Revenue Service of such non-
2 compliance.

3 “(B) BINDING ALLOCATION AGREEMENTS;
4 REPORTING.—In making allocations of qualified
5 conversion credit dollar amounts, each housing
6 credit agency shall—

7 “(i) enter into binding agreements
8 with taxpayers for the allocation of quali-
9 fied conversion credit dollar amounts,
10 which agreements shall specify the amount
11 of qualified conversion credit dollar amount
12 allocated to the building and the terms for
13 any modifications or withdrawal of such al-
14 location, and

15 “(ii) report to the Secretary, at such
16 time and in such manner as the Secretary
17 may require, the amount of allocations
18 made with respect to any building.

19 “(C) STATE EXTENDED USE REQUIRE-
20 MENTS PERMITTED PAST 30 YEARS.—For pur-
21 poses of this paragraph, a housing credit agen-
22 cy’s plan shall not fail to be treated as a con-
23 version credit allocation plan merely because it
24 includes, and nothing in this section shall be
25 construed to limit a binding allocation agree-

1 ment from including, affordability or rent re-
2 striction requirements with respect to the build-
3 ing that apply for a longer period than the 30-
4 year period described in subsections (d) and
5 (g)(1)(B).

6 “(4) DEFINITIONS AND OTHER RULES.—

7 “(A) HOUSING CREDIT AGENCY.—The
8 term ‘housing credit agency’ means, with re-
9 spect to any State, the housing credit agency
10 authorized under section 42(h)(8) or such other
11 agency as authorized by the State for purposes
12 of this section.

13 “(B) ECONOMICALLY DISTRESSED AREA.—
14 The term ‘economically distressed area’ means
15 any area which—

16 “(i) has been designated as a qualified
17 census tract under section 42(d)(5)(B)(ii)
18 or as a difficult development area under
19 section 42(d)(5)(B)(iii), or

20 “(ii) meets the requirement of section
21 301(a)(3) of the Public Works and Eco-
22 nomic Development Act of 1965.

23 “(C) STATE.—The term ‘State’ includes a
24 possession of the United States.

1 “(D) OTHER RULES.—Rules similar to the
2 rules of subparagraphs (A) and (B) of section
3 42(h)(7) shall apply for purposes of this sec-
4 tion.

5 “(f) PROGRESS EXPENDITURES.—If the Secretary
6 determines, on the basis of architectural plans and speci-
7 fications that a qualified conversion is reasonably expected
8 to exceed 2 years, rules similar to the rules of section
9 47(d) shall apply with respect to such conversion for pur-
10 poses of this section.

11 “(g) SPECIAL RULES FOR CERTAIN AREAS.—

12 “(1) QUALIFIED CENSUS TRACTS AND DIF-
13 FICULT DEVELOPMENT AREAS.—In the case of a
14 qualified affordable housing building—

15 “(A) which is located in any area which is
16 designated as a qualified census tract under
17 section 42(d)(5)(B)(ii) or as a difficult develop-
18 ment area under section 42(d)(5)(B)(iii), and

19 “(B) with respect to which during 30-year
20 period beginning on the date on which such
21 building is placed in service by the taxpayer,
22 not less than 20 percent of the residential units
23 in the building are both rent-restricted and re-
24 served for individuals whose income is 60 per-
25 cent or less of the area median income,

1 subsection (a) shall be applied by substituting ‘30
2 percent’ for ‘20 percent’.

3 “(2) HISTORIC PRESERVATION IN RURAL
4 AREAS.—

5 “(A) IN GENERAL.—In the case of a quali-
6 fied affordable housing building which is in a
7 rural area and is part of an historic preserva-
8 tion project, the taxpayer may elect to sub-
9 stitute ‘35 percent’ for ‘20 percent’ under sub-
10 section (a) with respect to such portion of the
11 aggregate qualified conversion expenditures
12 taken into account under such subsection as
13 does not exceed \$2,000,000.

14 “(B) DEFINITIONS.—For purposes of this
15 paragraph—

16 “(i) RURAL AREA.—The term ‘rural
17 area’ shall have the meaning given such
18 term under section 1393(a)(2).

19 “(ii) HISTORIC PRESERVATION
20 PROJECT.—The term ‘historic preservation
21 project’ means a qualified conversion which
22 involves the certified rehabilitation of a
23 certified historic structure. Whether con-
24 version of a certified historic structure in-
25 volves certified rehabilitation shall be de-

1 terminated under rules similar to the rules of
2 section 47(c)(2)(C).

3 “(h) REGULATIONS.—The Secretary shall issue such
4 regulations or other guidance as may be necessary or ap-
5 propriate to carry out the purposes of this section, includ-
6 ing regulations or other guidance—

7 “(1) providing for the recapture of the credit
8 determined under subsection (a) if the qualified af-
9 fordable housing building ceases to be a qualified af-
10 fordable housing building during the 30-year period
11 beginning on the date that such building is placed
12 in service by the taxpayer,

13 “(2) detailing any certifications required from
14 the taxpayer or any housing credit agency of a
15 State,

16 “(3) with respect to the application of sub-
17 section (b)(4),

18 “(4) with respect to information reporting on
19 allocations of qualified conversion credit dollar
20 amounts,

21 “(5) providing rules for making a determination
22 as to whether an area is described in subsection
23 (e)(4)(B), and

24 “(6) which encourages housing credit agencies
25 to allocate, to the extent practicable, qualified con-

1 version credit dollar amounts to non-metropolitan
2 counties within a State in proportion to the non-
3 metropolitan population of the State, but only to the
4 extent it is demonstrated within such non-metropoli-
5 tan counties that there are sufficient qualified con-
6 version expenditures to warrant such allocations.”.

7 (b) TRANSFERABILITY OF CREDIT.—Section
8 6418(f)(1)(A) of such Code is amended by adding at the
9 end the following new clause:

10 “(xii) The affordable housing conver-
11 sion credit determined under section
12 48F.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Section 46 of such Code is amended in
15 paragraph (5) by striking “and” at the end, in para-
16 graph (6) by striking the period at the end and in-
17 serting “, and”, and by adding at the end the fol-
18 lowing new paragraph:

19 “(7) the affordable housing conversion credit.”.

20 (2) Section 49(a)(1)(C) of such Code is amend-
21 ed by striking “and” at the end of clause (v), in
22 clause (vi) by striking the period at the end and in-
23 serting “, and”, and by adding at the end the follow
24 new clause:

1 “(vii) the basis of any property which
2 is being converted as part of a qualified
3 conversion under section 48F.”.

4 (3) Section 50(a)(2)(E) of such Code is amend-
5 ed by striking “or 48E(e)” and inserting “48E(e),
6 or 48F(f)”.

7 (4) The table of sections for subpart E of part
8 IV of subchapter A of chapter 1 of subtitle A of
9 such Code is amended by adding at the end the fol-
10 lowing new item:

“Sec. 48F. Affordable housing conversion credit.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to qualified affordable housing
13 buildings (as defined in section 48F of the Internal Rev-
14 enue Code of 1986, as added by this section) placed in
15 service after the date of the enactment of this Act.

16 **SEC. 6. LIHTC BOOST FOR EXTREMELY LOW-INCOME**
17 **HOUSEHOLDS.**

18 (a) IN GENERAL.—Section 42(d)(5) of the Internal
19 Revenue Code of 1986 is amended by adding at the end
20 the following new subparagraph:

21 “(C) INCREASE IN CREDIT FOR PROJECTS
22 DESIGNATED TO SERVE EXTREMELY LOW-IN-
23 COME HOUSEHOLDS.—In the case of any build-
24 ing—

1 “(i) 20 percent or more of the resi-
2 dential units (determined as if the imputed
3 income limitation applicable to such units
4 were 30 percent of area median gross in-
5 come) in which are designated by the tax-
6 payer for occupancy by households the ag-
7 gregate household income of which does
8 not exceed the greater of—

9 “(I) 30 percent of area median
10 gross income, or

11 “(II) 100 percent of an amount
12 equal to the Federal poverty line
13 (within the meaning of section
14 36B(d)(3)), and

15 “(ii) which is designated by the hous-
16 ing credit agency as requiring the increase
17 in credit under this subparagraph in order
18 for such building to be financially feasible
19 as part of a qualified low-income housing
20 project,

21 subparagraph (B) shall not apply to the portion
22 of such building which is comprised of such
23 units (determined in a manner similar to the
24 unit fraction under subsection (c)(1)(C)), and
25 the eligible basis of such portion of the building

1 shall be 150 percent of such basis determined
2 without regard to this subparagraph.”

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to buildings which receive alloca-
5 tions of housing credit dollar amount after the date of en-
6 actment of this Act, or in the case of buildings that are
7 described in section 42(h)(4)(B) of the Internal Revenue
8 Code of 1986, for obligations that are part of an issue
9 the issue date of which is after December 31, 2025.

10 **SEC. 7. RENTER TAX CREDIT.**

11 (a) **IN GENERAL.**—Subpart C of part IV of sub-
12 chapter A of chapter 1 of the Internal Revenue Code of
13 1986 is amended by inserting after section 36B the fol-
14 lowing new section:

15 **“SEC. 36C. RENTER TAX CREDIT.**

16 “(a) **IN GENERAL.**—In the case of an individual who
17 leases the individual’s principal residence (within the
18 meaning of section 121) during the taxable year and who
19 pays rent with respect to such residence in excess of 30
20 percent of the taxpayer’s adjusted gross income for such
21 taxable year, there shall be allowed as a credit against the
22 tax imposed by this subtitle for such taxable year an
23 amount equal to the applicable percentage of such excess.

24 “(b) **CREDIT LIMITED BY 100 PERCENT OF SMALL**
25 **AREA FAIR MARKET RENT.**—Solely for purposes of deter-

1 mining the amount of the credit allowed under subsection
2 (a) with respect to a residence for the taxable year, there
3 shall not be taken into account rent in excess of an
4 amount equal to 100 percent of the small area fair market
5 rent (including the utility allowance) applicable to the resi-
6 dence involved (as most recently published, as of the be-
7 ginning of the taxable year, by the Department of Housing
8 and Urban Development).

9 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
10 poses of this section—

11 “(1) APPLICABLE PERCENTAGE.—The term
12 ‘applicable percentage’ means the percentage deter-
13 mined in accordance with the following table:

“If the taxpayer’s adjusted gross income is:	The applicable percentage is:
Not over \$25,000	100 percent
Over \$25,000, but not over \$50,000	75 percent
Over \$50,000, but not over \$75,000	50 percent
Over \$75,000, but not over \$100,000	25 percent
Over \$100,000	0 percent.

14 “(2) PARTIAL YEAR RESIDENCE.—The Sec-
15 retary shall prescribe such rules as are necessary to
16 carry out the purposes of this section for taxpayers
17 with respect to whom a residence is a principal resi-
18 dence for only a portion of the taxable year.

19 “(3) RENT.—The term ‘rent’ includes any
20 amount paid for utilities of a type taken into ac-

1 count for purposes of determining the utility allow-
2 ance under section 42(g)(2)(B)(ii).

3 “(4) MARRIED INDIVIDUALS FILING SEPARATE
4 RETURNS.—In the case of individuals who are mar-
5 ried to each other, have the same principal resi-
6 dence, and do not file a joint return for the taxable
7 year, the credit determined under this section with
8 respect to each such individual shall be 50 percent
9 of the amount of the credit which would be deter-
10 mined under this section if such individuals filed a
11 joint return, unless such individuals agree on a dif-
12 ferent division of such credit (in such manner as the
13 Secretary may provide) which does not aggregate to
14 more 100 percent of such amount.

15 “(d) RECONCILIATION OF CREDIT AND ADVANCE
16 PAYMENTS.—The amount of the credit allowed under this
17 section for any taxable year shall be reduced (but not
18 below zero) by the aggregate amount of any advance pay-
19 ments of such credit under section 7527B for such taxable
20 year.”.

21 (b) ADVANCE PAYMENT.—Chapter 77 of the Internal
22 Revenue Code of 1986 is amended by inserting after sec-
23 tion 7527A the following new section:

1 **“SEC. 7527B. ADVANCE PAYMENT OF RENTER TAX CREDIT.**

2 “(a) IN GENERAL.—Not later than 6 months after
3 the date of the enactment of the Rent Relief Act of 2023,
4 the Secretary shall establish a program for making ad-
5 vance payments of the credit allowed under section 36C
6 on a monthly basis to any taxpayer who—

7 “(1) the Secretary has determined will be al-
8 lowed such credit for the taxable year, and

9 “(2) has made an election under subsection (c).

10 **“(b) AMOUNT OF ADVANCE PAYMENT.—**

11 “(1) IN GENERAL.—For purposes of subsection
12 (a), the amount of the monthly advance payment of
13 the credit provided to a taxpayer during the applica-
14 ble period shall be equal to the lesser of—

15 “(A) an amount equal to—

16 “(i) the amount of the credit which
17 the Secretary has determined will be al-
18 lowed to such taxpayer under section 36C
19 for the taxable year ending in such applica-
20 ble period, divided by

21 “(ii) 12, or

22 “(B) such other amount as is elected by
23 the taxpayer.

24 “(2) APPLICABLE PERIOD.—For purposes of
25 this section, the term ‘applicable period’ means the
26 12-month period from the month of July of the tax-

1 able year through the month of June of the subse-
2 quent taxable year.

3 “(c) ELECTION OF ADVANCE PAYMENT.—A taxpayer
4 may elect to receive an advance payment of the credit al-
5 lowed under section 36C for any taxable year by including
6 such election on a timely filed return for the preceding
7 taxable year.

8 “(d) INTERNAL REVENUE SERVICE NOTIFICA-
9 TION.—The Internal Revenue Service shall take such
10 steps as may be appropriate to ensure that taxpayers who
11 are eligible to receive the credit under section 36C are
12 aware of the availability of the advance payment of such
13 credit under this section.

14 “(e) REGULATIONS.—The Secretary may prescribe
15 such regulations or other guidance as may be necessary
16 or appropriate to carry out the purposes this section.”.

17 (c) CLERICAL AMENDMENTS.—

18 (1) IN GENERAL.—The table of sections for
19 subpart C of part IV of subchapter A of chapter 1
20 of the Internal Revenue Code of 1986 is amended by
21 inserting after the item relating to section 36B the
22 following new item:

“Sec. 36C. Renter tax credit.”.

23 (2) ADVANCE PAYMENT.—The table of sections
24 for chapter 77 of such Code is amended by inserting

1 after the item relating to section 7527A the fol-
2 lowing new item:

“Sec. 7527B. Advance payment of renter tax credit.”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to taxable years begin-
5 ning after December 31, 2023.

6 (e) COMMUNITY OUTREACH.—Immediately upon the
7 enactment of this Act, in addition to amounts otherwise
8 available, there are appropriated out of any money in the
9 Treasury not otherwise appropriated \$50,000,000 to re-
10 main available until 5 years after the enactment of this
11 Act for necessary expenses for the Internal Revenue Serv-
12 ice to support efforts to increase enrollment of eligible
13 households in the Renter Tax Credit allowed under section
14 36C of the Internal Revenue Code of 1986 (including the
15 advance payment of such credit under section 7527B of
16 such Code), including but not limited to program out-
17 reach, costs of data sharing arrangements, systems
18 changes, forms changes, and related efforts, and efforts
19 by Federal agencies to facilitate the cross-enrollment of
20 beneficiaries of other programs in such Renter Tax Credit,
21 including by establishing intergovernmental cooperative
22 agreements with States and local governments, tribal gov-
23 ernments, and possessions of the United States: Provided,
24 that such amount shall be available in addition to any
25 amounts otherwise available: Provided further, that these

1 funds may be awarded by Federal agencies to State and
2 local governments, tribal governments, and possessions of
3 the United States, and private entities, including organiza-
4 tions dedicated to free tax return preparation.