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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Make Housing Affordable and Defend Democracy Act''.

SEC. 2. RESCISSIONS OF CERTAIN IMMIGRATION ENFORCEMENT FUNDS.

(a) FINDINGS.—Congress finds that the amount of $175,660,630,000.00 shall be rescinded.

(b) DEPARTMENT OF DEFENSE.—There is permanently rescinded $1,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 20011 of the Act titled ''An Act to provide for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

(c) INFRASTRUCTURE AND WALL SYSTEM.—There is permanently rescinded $46,550,000,000.00, to be derived from the unobligated balances of amounts made available by section 90001 of the Act titled ''An Act to provide for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

(d) U.S. CUSTOMS AND BORDER PROTECTION PERSONNEL.—There is permanently rescinded $4,100,000,000.00, to be derived from the unobligated balances of amounts made available by section 90002(a)(1) of the Act titled ''An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14'' (Public Law 119–21), for U.S. Customs and Border Protection personnel.

(e) RETENTION, HIRING, AND PERFORMANCE BONUSES.—There is permanently rescinded $2,052,630,000.00, to be derived from the unobligated balances of amounts made available by section 90002(a)(2) of the Act titled ‘‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’’ (Public Law 119–21), for retention, hiring, and performance bonuses of U.S. Customs and Border Protection personnel.

(f) U.S. CUSTOMS AND BORDER PROTECTION VEHICLES.—There is permanently rescinded $855,000,000.00, to be derived from the unobligated balances of amounts made available by section 90002(a)(3) of the Act titled ‘‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’’ (Public Law 119–21), for U.S. Customs and Border Protection vehicles.

(g) U.S. CUSTOMS AND BORDER PROTECTION FACILITIES.—There is permanently rescinded $5,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 90002(a)(4) of the Act titled ‘‘An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14’’ (Public Law 119–21), for U.S. Customs and Border Protection facilities.

(h) DETENTION CAPACITY.—There is permanently rescinded $45,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 90003 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for detention capacity.

(i) BORDER SECURITY, TECHNOLOGY, AND SCREENING.—There is permanently rescinded $6,168,000,000.00, to be derived from the unobligated balances of amounts made available by section 90004 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for border security, technology, and screening.

(j) STATE AND LOCAL ASSISTANCE.—There is permanently rescinded $10,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 90005(b) of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for the State Border Security Reinforcement Fund.

(k) DEPARTMENT OF HOMELAND SECURITY.—There is permanently rescinded $10,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 90007 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for Department of Homeland Security appropriations for border support.

(l) IMMIGRATION AND LAW ENFORCEMENT ACTIVITIES.—There is permanently rescinded $2,055,000,000.00, to be derived from the unobligated balances of amounts made available by section 100051 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for immigration and law enforcement activities.

(m) HIRING AND TRAINING.—There is permanently rescinded $29,850,000,000.00, to be derived from the unobligated balances of amounts made available by section 100052 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for U.S. Immigration and Customs Enforcement hiring and training.

(n) FEDERAL LAW ENFORCEMENT TRAINING CENTERS.—There is permanently rescinded $750,000,000.00, to be derived from the unobligated balances of amounts made available by section 100053 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21), for Federal law enforcement training centers.

(o) DEPARTMENT OF JUSTICE.—There is permanently rescinded $3,330,000,000.00, to be derived from the unobligated balances of amounts made available by section 100054 of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14'' (Public Law 119–21), for the Department of Justice.

(p) REIMBURSEMENT FUND.—There is permanently rescinded $3,500,000,000.00, to be derived from the unobligated balances of amounts made available by section 100055 of the Act titled ''An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14'' (Public Law 119–21), for the Bridging immigration-related deficits experienced nationwide reimbursement fund.

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

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

(s) BUREAU OF PRISONS.—There is permanently rescinded $5,000,000,000.00, to be derived from the unobligated balances of amounts made available by section 100056 of the Act titled ''An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14'' (Public Law 119–21), for the Bureau of Prisons.

SEC. 3. FIRST-TIME HOMEBUYER CREDIT.

(a) IN GENERAL.—Section 36 of the Internal Revenue Code of 1986 is amended to read as follows:

''SEC. 36. FIRST-TIME HOMEBUYER CREDIT.

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

''(b) LIMITATION.—

''(1) IN GENERAL.—The amount allowable as a credit under subsection (a) (determined without regard to this paragraph) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which is so allowable as—

''(A) the excess (if any) of—

''(i) the taxpayer's modified adjusted gross income for the preceding taxable year, over "(ii) the applicable threshold amount, bears to—

"(B) $100,000.

"(2) THRESHOLD AMOUNT.—For purposes of this subsection, the term 'threshold amount' means—

"(A) $300,000 in the case of a joint return or surviving spouse,

"(B) $225,000 in the case of a head of household, or

"(C) $150,000 in the case of any other individual.

"(3) MODIFIED ADJUSTED GROSS INCOME.— For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(c) INCREASE IN CREDIT FOR FIRST-GENERATION HOMEBUYER.—

"(1) IN GENERAL.—In the case of a first-generation homebuyer, subsection (a) shall be applied by substituting '$50,000' for '$25,000'.

"(2) FIRST-GENERATION HOMEBUYER.—For purposes of this subsection, the term 'first-generation 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

"(2) the excess of—

"(A) the conforming loan limit value for properties in high cost areas established under 302(b)(2) of the Federal National Mortgage Association Charter Act, minus

"(B) the conforming loan limit value for properties established under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act, as most recently updated by the Federal Housing Finance Agency.

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

"(1) the taxpayer is a nonresident alien,

"(2) the taxpayer disposes of such residence (or such residence ceases to be the principal residence of the taxpayer (and, if married, the taxpayer's spouse)) before the close of such taxable year,

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

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

"(f) ELECTION FOR ADVANCED PAYMENT.—

"(1) IN GENERAL.—At the election of the first-time homebuyer, the Secretary shall transfer to a qualifying escrow account an amount equal to the amount that is allowable to such first-time homebuyer under subsection (a) in the present taxable year.

"(2) TREATMENT OF TRANSFER.—The amount of the credit allowed under subsection (a) to any taxpayer for any taxable year shall be reduced (but not below zero) by the aggregate amount of payments made under this subsection at the election of such taxpayer during such taxable year. Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

"(3) QUALIFYING ESCROW ACCOUNT.—For purposes of this subsection, the term 'qualifying escrow account' means an escrow account established for the purchase of a principal residence by a qualified first-time homebuyer that meets the following requirements:

"(A) Amounts in such account may only be used for a down payment or closing costs on a purchase with respect to which a credit is allowed under subsection (a).

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

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

"(i) the date that is 180 days after the date on which such amount was transferred to such account under paragraph (1), or

"(ii) as soon as practicable upon request of the qualified first-time homebuyer.

"(g) RECAPTURE OF CREDIT.—

"(1) IN GENERAL.—If, during any taxable year, there is a recapture event with respect to any property with respect to which a credit was allowed under subsection (a), then the tax of the taxpayer to whom such credit was allowed under this chapter for such taxable year shall be increased by an amount equal to the amount of the credit that was allowed with respect to such property.

"(2) RECAPTURE EVENT.—For purposes of this section, the term 'recapture event' means, during the

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

"(A) the sale, lease to a third party, or disposition of any part of the property with respect to which such credit was allowed, or

"(B) such property ceases to be the principal residence of the taxpayer (or, in the case of a joint return, of the taxpayer's spouse).

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

"(A) PURCHASE OF NEW PRIMARY RESIDENCE.—

"(i) IN GENERAL.—A sale of a property with respect to which a credit was allowed under subsection (a) which is incident to the purchase by a taxpayer of a new primary residence if the proceeds of such sale are used to carry out the purchase of such new primary residence.

"(ii) TREATMENT OF NEW PRIMARY RESIDENCE.—In the case of a purchase of a primary residence described in clause (i), for purposes of paragraph (1), such primary residence shall be treated as a property with respect to which a credit was allowed under subsection (a), except that the period described in paragraph (2) shall begin on the date on which the original purchase with respect to which the credit was allowed under subsection (a) occurred.

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

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

"(D) GOVERNMENT ORDERS.—A recapture event relating to a principal residence occurring in connection with Government orders received by such individual, or such individual's spouse, for qualified official extended duty service.

"(E) QUALIFIED OFFICIAL EXTENDED DUTY SERVICE.—For purposes of this paragraph, the term 'qualified official extended duty service' means service on qualified official extended duty as—

"(i) a member of the uniformed services,

"(ii) a member of the Foreign Service of the United States, or "(iii) an employee of the intelligence community.

"(h) DEFINITIONS.—For purposes of this section—

"(1) FIRST-TIME HOMEBUYER.—The term 'first-time homebuyer' means any individual if such individual (and if married, such individual's spouse)—

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

"(B) has not been allowed a credit under subsection (a) for any preceding taxable year, and

"(C) attests that such individual (and if married, such individual's spouse) has never had a majority interest in a residential property.

"(2) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

"(3) PURCHASE.—

"(A) IN GENERAL.—The term 'purchase' means any acquisition, but only if—

"(i) the property is purchased using a mortgage loan from a commercial lender,

"(ii) the property is not acquired from a person related to the person acquiring such property (or, if married, such individual's spouse), and

"(iii) the basis of the property in the hands of the person acquiring such property is not determined—

"(I) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(II) under section 1014(a).

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

"(C) GUARANTEED LOANS INCLUDED.—A loan shall not fail to be treated as a mortgage loan from a commercial lender under subparagraph (A)(i) merely because such loan is guaranteed under section 184 of the Housing and Community Development Act of 1992.

"(4) QUALIFIED HOME PURCHASES EXPENSES.—The term 'qualified home purchase expenses' means amounts paid for—

"(A) a down payment on the purchase of a home, and

"(B) closing costs with respect to such purchase.

"(5) RELATED PERSONS.—A person shall be treated as related to another person if the relationship between such persons would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c)(4) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants).

"(i) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section in connection with any expenditure for any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so determined.

"(j) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—in the case of any taxable year beginning after 2025, the dollar amounts in this section shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2024' for calendar year 2016 in subparagraph (A)(ii).

"(2) ROUNDING.—If any increase under paragraph (1) is not a multiple of $100, such increase shall be rounded to the nearest multiple of $100.

"(k) REPORTING.—

"(1) IN GENERAL.—If the Secretary requires information reporting under section 6045 by a person described in subsection (e)(2) thereof to verify the eligibility of taxpayers for the credit allowable by this section, the exception provided by section 6045(e) shall not apply.

"(2) INFORMATION FROM LENDER.—The Secretary may require any lender issuing a loan for the purchase of a property with respect to which a credit is allowed under subsection (a) or with respect to which a first-time homebuyer has made a request for a transfer under subsection (f)(1) to provide such information relating to the related purchase as the Secretary determines appropriate.

"(l) REGULATIONS.—The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section.".

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

SEC. 4. STARTER HOME CONSTRUCTION CREDIT.

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

"SEC. 45BB. STARTER HOME CONSTRUCTION CREDIT.

"(a) IN GENERAL.—For the purposes of section 38, the starter home construction credit determined under this section for any taxable year is an amount equal to 15 percent of the qualified home construction costs of the taxpayer for the taxable year.

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

"(c) INCREASE FOR FIRST-TIME HOMEBUYER.—In the case of a unit of housing sold to a first-time homebuyer (as defined in section 36(g)(1)), subsection (a) shall be applied by substituting '30 percent' for '15 percent'.

"(d) QUALIFIED HOME CONSTRUCTION COSTS.—For purposes of this section, the term 'qualified home construction costs' means, with respect to a taxable year, amounts paid or incurred by the taxpayer for labor and material costs to construct a unit of housing placed in service during such taxable year—

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

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

"(e) STATE ALLOCATION.—

"(1) IN GENERAL.—The aggregate starter home construction credit dollar amount which a housing credit agency may allocate for any calendar year is the portion of the State starter home construction credit ceiling allocated under this subsection for such calendar year to such agency.

"(2) STATE CEILING INITIALLY ALLOCATED TO STATE HOUSING CREDIT AGENCIES.—The State starter home construction credit ceiling for each calendar year shall be allocated to the housing credit agency of such State. If there is more than 1 housing credit agency of a State, all such agencies shall be treated as a single agency.

“(3) STATE STARTER HOME CONSTRUCTION CREDIT CEILING.—For purposes of this subsection, the State starter home construction credit ceiling applicable to any State for any calendar year shall be an amount equal to $30 multiplied by the population of the State (determined in accordance with section 146(j)).

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

“(A) IN GENERAL.—The unused starter home construction credit amount of a State for any calendar year shall be assigned by the Secretary for allocation among qualified States for the succeeding calendar year.

“(B) UNUSED STARTER HOME CONSTRUCTION CREDIT AMOUNT.—For purposes of this paragraph, the unused starter home construction credit amount of a State for any calendar year is the excess (if any) of—

"(i) the aggregate amount allocated to such State for such year under this subsection, over

"(ii) the aggregate starter home construction credit dollar amount allocated for such year.

"(C) FORMULA FOR ALLOCATION OF UNUSED STARTER HOME CONSTRUCTION CREDIT AMOUNTS AMONG QUALIFIED STATES.—The amount allocated under this paragraph to a qualified State for any calendar year shall be the amount determined by the Secretary to bear the same ratio to the aggregate unused starter home construction credit amounts of all States for the preceding calendar year as such State's population for the calendar year bears to the population of all qualified States for the calendar year. For purposes of the preceding sentence, population shall be determined in accordance with section 146(j).

"(D) QUALIFIED STATE.—For purposes of this paragraph, the term 'qualified State' means, with respect to a calendar year, any State—

"(i) which allocated its entire State starter home credit ceiling for the preceding calendar year, and

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

"(E) SECRETARIAL WAIVER.—The Secretary may issue a waiver if the Secretary determines such waiver will serve the purposes of this section to allow such portion of the State starter home credit ceiling of any State for any calendar year as was allocated to such State under paragraph (3) for such calendar year (determined without regard to this paragraph)—

"(i) to be treated as allocated to such State for the following calendar year under such paragraph, and

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

"(5) CERTIFICATE OF OCCUPANCY REQUIRED.—The State starter home construction credit ceiling determined under paragraph (3) for any calendar year shall be reduced by the amount equal to 50 percent of the amount of allocations made under this subsection by such State's housing credit agency during the second preceding calendar year to construct housing with respect to which no certificate of occupancy has been issued.

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

"(f) TRIBAL ALLOCATION.—

"(1) IN GENERAL.—The aggregate starter home construction credit dollar amount which an Indian Tribal Government may allocate for any calendar year is the portion of the aggregate Indian starter home construction credit ceiling allocated under paragraph (3) for such calendar year to such Indian Tribal Government.

"(2) AGGREGATE INDIAN STARTER HOME CONSTRUCTION CREDIT CEILING.—The aggregate Indian starter home construction credit ceiling for any calendar year shall be the greatest of—

"(A) $30 multiplied by total number of enrolled citizens of all Tribes estimated by the Secretary of the Interior with respect to such calendar year,

"(B) in the case of a calendar year beginning after the first calendar year with respect to which an amount was determined under subsection (e)(3), the lowest amount determined with respect to any State in the preceding calendar year under such subsection, or

"(C) $30,000,000.

"(3) ALLOCATION OF AGGREGATE AMONG TRIBES.—

"(A) IN GENERAL.—Not later than 1 year after the date of the enactment of the American Homeownership Opportunity Act of 2025, the Secretary of the Treasury, in consultation with the Secretary of the Interior and representatives of such Indian Tribal Governments as administer qualified Indian lands and request to participate in such consultation, shall determine an appropriate process to allocate the aggregate Indian starter home construction credit ceiling among eligible Indian Tribal Governments for each calendar year.

"(B) REVISION.—The Secretary, in consultation with the Secretary of the Interior and representatives of such Indian Tribal Governments as administer qualified Indian lands and request to participate in such consultation, shall evaluate the process established under subparagraph (A) not less frequently than every 5 years and may make such changes to such process as such Secretary, after such consultation, determines appropriate to further the purposes of this section.

"(4) INTERTRIBAL CONSORTIA.—Under regulations prescribed by the Secretary, an Indian Tribal Government (or partnership of Indian Tribal Governments) may authorize an intertribal consortium, an organization, or an Alaska Native regional or village corporation, as defined in, or established pursuant to, the Alaska Native Claims Settlement Act, to plan for, coordinate or otherwise administer services, finances, functions, or activities on behalf of such Government under this subsection, except that the authorized entity shall have the rights and responsibilities of the authorizing Indian Tribal Government (or Indian Tribal Governments) only to the extent provided in the authorizing resolution.

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED INDIAN LANDS.—The term 'qualified Indian lands' means—

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

"(ii) land held in fee simple by an Indian Tribal Government,

"(iii) land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act, and

"(iv) Hawaiian Home Lands (as defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996).

"(B) ELIGIBLE INDIAN TRIBAL GOVERNMENT.—For purposes of this subsection, the term 'eligible Indian Tribal Government' means, with respect to a calendar year, an Indian Tribal Government that—

"(i) requests an allocation under this subsection for such calendar year, and

"(ii) administers qualified Indian lands.

"(C) INDIAN TRIBAL GOVERNMENT.—The term 'Indian Tribal Government' means the recognized governing body of any Indian or

Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994.

"(g) INFLATION ADJUSTMENT.—

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

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(2) ROUNDING.—If any increase under subparagraph (A) is not a multiple of $5, such increase shall be rounded to the nearest multiple of $5.

"(h) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section in connection with any expenditure for any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so determined.

"(i) REGULATIONS.—The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section.".

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of such Code is amended by striking "plus" at the end of paragraph (40), by striking the period at the end of paragraph (41) and inserting ", plus", and by adding at the end the following new paragraph:

"(42) the starter home construction credit determined under section 45BB(a).".

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

"Sec. 45BB. Starter home construction credit.".

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

SEC. 5. AFFORDABLE HOUSING CONVERSION CREDIT.

(a) INVESTMENT CREDIT FOR CONVERSION OF NONRESIDENTIAL BUILDINGS TO AFFORDABLE HOUSING.—

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

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

"SEC. 48F. AFFORDABLE HOUSING CONVERSION CREDIT.

"(a) ALLOWANCE OF CREDIT.—For purposes of section 46, the affordable housing conversion credit for any taxable year is an amount equal to 20 percent of the qualified conversion expenditures of the taxpayer with respect to a qualified affordable housing building placed in service by the taxpayer during the taxable year.

"(b) QUALIFIED CONVERSION EXPENDITURES.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified conversion expenditures' means, with respect to any qualified affordable housing building, any amount properly chargeable to capital account—

"(A) for property for which depreciation is allowable under section 168, and

"(B) in connection with the qualified conversion of a qualified affordable housing building.

"(2) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified conversion expenditures' does not include—

"(A) LIMITATION ON PERIOD OF CONVERSION.—Except as provided in subsection (f), any amount paid or incurred other than during the 2-year period ending on the date on which the taxpayer places the qualified affordable housing building in service.

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

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

"(4) COORDINATION WITH REHABILITATION CREDIT.—In the case of any qualified conversion expenditures which are taken into account for purposes of determining the rehabilitation credit under section 47, the amount of such expenditures taken into account under this section (determined without regard to this paragraph) shall be reduced by 50 percent.

"(c) QUALIFIED CONVERSION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified conversion' means the conversion of an eligible commercial building into a qualified affordable housing building if the qualified conversion expenditures of the taxpayer with respect to such conversion exceed the greater of—

"(A) an amount equal to 50 percent of the adjusted basis of such building (determined immediately prior to such conversion), or

"(B) $100,000.

"(2) ELIGIBLE COMMERCIAL BUILDING.—The term 'eligible commercial building' means any building which, with respect to any conversion—

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

"(B) immediately prior to such conversion, was nonresidential real property (as defined in section 168).

"(d) QUALIFIED AFFORDABLE HOUSING BUILDING.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified affordable housing building' means any residential building if during the 30-year period beginning on the date on which such building is placed in service by the taxpayer, not less than 20 percent of the residential units in the building are both rent-restricted and reserved for individuals whose income is 80 percent or less of the area median income.

"(2) RENT AND INCOME LIMITATION.—For purposes of this subsection, rules similar to the rules of subsection (g) of section 42 shall apply to determine whether a unit is rent-restricted, treatment of units occupied by individuals whose incomes rise above the limit, and the treatment of units where Federal rental assistance is reduced as tenant's income increases.

"(e) LIMITATION ON AGGREGATE CREDIT ALLOWABLE.—

"(1) CREDIT MAY NOT EXCEED CREDIT AMOUNT ALLOCATED TO BUILDING.—

"(A) IN GENERAL.—The amount of the credit determined under this section with respect to any building shall not exceed the qualified conversion credit dollar amount allocated to such building under this subsection by the housing credit agency of the State in which such building is located.

"(B) TIME FOR MAKING ALLOCATION.—Except in the case of an allocation which meets the requirements of subparagraph (C), an allocation shall be taken into account under subparagraph (A) only if it is made not later than the close of the calendar year in which the building is placed in service.

"(C) EXCEPTION WHERE BINDING COMMITMENT.—An allocation meets the requirements of this subparagraph if there is a binding commitment (not later than the close of the calendar year in which the building is placed in service) by the housing credit agency to allocate a specified housing credit dollar amount to such building beginning in a later taxable year.

"(2) STATE LIMITATION.—

"(A) IN GENERAL.—The aggregate qualified conversion credit dollar amount which a housing credit agency of any State may allocate is the sum of—

"(i) the amount which bears the same ratio to the national qualified conversion credit limitation as—

"(I) the population of such State, bears to

"(II) the population of all States, plus

"(ii) the sum of any amounts determined under subparagraph (C).

"(B) NATIONAL QUALIFIED CONVERSION CREDIT LIMITATION.—The national qualified conversion credit limitation is $12,000,000,000.

"(C) ADDITIONAL AMOUNTS PROVIDED FOR CERTAIN BUILDINGS IN ECONOMICALLY DISTRESSED AREAS.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii), in any case in which—

"(I) the housing credit agency of a State allocates an amount to a building which is located in an economically distressed area, and

"(II) the Secretary subsequently designates such amount for purposes of this paragraph,

the amount determined under this paragraph with respect to such building shall be the amount originally allocated by the housing credit agency of the State under clause (i).

"(ii) LIMITATION.—The aggregate amount which the Secretary may designate under clause (i)(II) shall not exceed $3,000,000,000.

"(iii) MANNER OF DESIGNATION.—Not later than 120 days after the date of the enactment of this section, the Secretary shall establish a program for determining the designation of amounts that may be designated under this subparagraph.

"(D) REALLOCATION OF CERTAIN AMOUNTS.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A)—

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

"(II) the dollar amount determined under subparagraph (A) with respect to any oversubscribed State after such date shall be increased by such State's share of the reallocation amount.

"(ii) STATE SHARE.—For purposes of clause (i), an oversubscribed State's share of the reallocation amount is the amount which bears the same ratio to the reallocation amount as—

"(I) the population of such State, bears to

"(II) the population of all oversubscribed States.

"(iii) DEFINITIONS.—For purposes of this subparagraph—

"(I) UNDERSUBSCRIBED STATE.—The term 'undersubscribed State' means any State that is not an oversubscribed State.

"(II) OVERSUBSCRIBED STATE.—The term 'oversubscribed State' means any State the housing credit agency of which has allocated all of the qualified conversion credit dollar amount which may be allocated by it before the date described in clause (i)(I).

"(III) REALLOCATION AMOUNT.—The term 'reallocation amount' means the sum of the amounts described in subparagraph (A) which have not been allocated by undersubscribed States before the date described in clause (i)(I).

"(3) MANNER OF ALLOCATION.—

"(A) PLAN FOR ALLOCATION.—

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

"(ii) CONVERSION CREDIT ALLOCATION PLAN.—For purposes of this subparagraph, the term 'conversion credit allocation plan' means a plan—

"(I) which sets selection criteria for allocations, taking into account—

"(aa) whether the credit is needed to assure the financial feasibility of the conversion, "(bb) the extent to which the conversion results in the creation of affordable housing,

"(cc) the extent to which the conversion results in the creation of housing near transportation, employment, and commercial opportunities,

"(dd) the extent to which the conversion will support small businesses and economic revitalization in the surrounding area,

"(ee) the degree of local government support for the conversion, and

"(ff) the readiness of the building for a qualified conversion, and

"(II) which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the requirements of subsection (d) and in notifying the Internal Revenue Service of such noncompliance.

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

"(i) enter into binding agreements with taxpayers for the allocation of qualified conversion credit dollar amounts, which agreements shall specify the amount of qualified conversion credit dollar amount allocated to the building and the terms for any modifications or withdrawal of such allocation, and

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

"(C) STATE EXTENDED USE REQUIREMENTS PERMITTED PAST 30 YEARS.—For purposes of this paragraph, a housing credit agency's plan shall not fail to be treated as a conversion credit allocation plan merely because it includes, and nothing in this section shall be construed to limit a binding allocation agreement from including, affordability or rent restriction requirements with respect to the building that apply for a longer period than the 30-year period described in subsections (d) and (g)(1)(B).

"(4) DEFINITIONS AND OTHER RULES.—

"(A) HOUSING CREDIT AGENCY.—The term 'housing credit agency' means, with respect to any State, the housing credit agency authorized under section 42(h)(8) or such other agency as authorized by the State for purposes of this section.

"(B) ECONOMICALLY DISTRESSED AREA.—The term 'economically distressed area' means any area which—

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

"(ii) meets the requirement of section 301(a)(3) of the Public Works and Economic Development Act of 1965.

"(C) STATE.—The term 'State' includes a possession of the United States.

"(D) OTHER RULES.—Rules similar to the rules of subparagraphs (A) and (B) of section 42(h)(7) shall apply for purposes of this section.

"(f) PROGRESS EXPENDITURES.—If the Secretary determines, on the basis of architectural plans and specifications that a qualified conversion is reasonably expected to exceed 2 years, rules similar to the rules of section 47(d) shall apply with respect to such conversion for purposes of this section.

"(g) SPECIAL RULES FOR CERTAIN AREAS.—

"(1) QUALIFIED CENSUS TRACTS AND DIFFICULT DEVELOPMENT AREAS.—In the case of a qualified affordable housing building—

"(A) which is located in any area which is designated as a qualified census tract under section 42(d)(5)(B)(ii) or as a difficult development area under section 42(d)(5)(B)(iii)), and

"(B) with respect to which during 30-year period beginning on the date on which such building is placed in service by the taxpayer, not less than 20 percent of the residential units in the building are both rent-restricted and reserved for individuals whose income is 60 percent or less of the area median income, subsection (a) shall be applied by substituting '30 percent' for '20 percent'.

"(2) HISTORIC PRESERVATION IN RURAL AREAS.—

"(A) IN GENERAL.—In the case of a qualified affordable housing building which is in a rural area and is part of an historic preservation project, the taxpayer may elect to substitute '35 percent' for '20 percent' under subsection (a) with respect to such portion of the aggregate qualified conversion expenditures taken into account under such subsection as does not exceed $2,000,000.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) RURAL AREA.—The term 'rural area' shall have the meaning given such term under section 1393(a)(2).

"(ii) HISTORIC PRESERVATION PROJECT.—The term 'historic preservation project' means a qualified conversion which involves the certified rehabilitation of a certified historic structure. Whether conversion of a certified historic structure involves certified rehabilitation shall be determined under rules similar to the rules of section 47(c)(2)(C).

"(h) REGULATIONS.—The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section, including regulations or other guidance—

"(1) providing for the recapture of the credit determined under subsection (a) if the qualified affordable housing building ceases to be a qualified affordable housing building during the 30-year period beginning on the date that such building is placed in service by the taxpayer,

"(2) detailing any certifications required from the taxpayer or any housing credit agency of a State,

"(3) with respect to the application of subsection (b)(4),

"(4) with respect to information reporting on allocations of qualified conversion credit dollar amounts,

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

"(6) which encourages housing credit agencies to allocate, to the extent practicable, qualified conversion credit dollar amounts to non-metropolitan counties within a State in proportion to the non-metropolitan population of the State, but only to the extent it is demonstrated within such non-metropolitan counties that there are sufficient qualified conversion expenditures to warrant such allocations.''.

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

"(xii) The affordable housing conversion credit determined under section 48F.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 46 of such Code is amended in paragraph (5) by striking "and'' at the end, in paragraph (6) by striking the period at the end and inserting ", and'', and by adding at the end the following new paragraph:

"(7) the affordable housing conversion credit.''.

(2) Section 49(a)(1)(C) of such Code is amended by striking "and'' at the end of clause (v), in clause (vi) by striking the period at the end and inserting ", and'', and by adding at the end the follow new clause:

"(vii) the basis of any property which is being converted as part of a qualified conversion under section 48F.".

(3) Section 50(a)(2)(E) of such Code is amended by striking "or 48E(e)" and inserting "48E(e), or 48F(f)".

(4) The table of sections for subpart E of part IV of subchapter A of chapter 1 of subtitle A of such Code is amended by adding at the end the following new item:

"Sec. 48F. Affordable housing conversion credit.".

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

SEC. 6. LIHTC BOOST FOR EXTREMELY LOW-INCOME HOUSEHOLDS.

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

"(C) INCREASE IN CREDIT FOR PROJECTS DESIGNATED TO SERVE EXTREMELY LOW-INCOME HOUSEHOLDS.—In the case of any building—

"(i) 20 percent or more of the residential units (determined as if the imputed income limitation applicable to such units were 30 percent of area median gross income) in which are designated by the taxpayer for occupancy by households the aggregate household income of which does not exceed the greater of—

"(I) 30 percent of area median gross income, or

"(II) 100 percent of an amount equal to the Federal poverty line (within the meaning of section 36B(d)(3)), and

"(ii) which is designated by the housing credit agency as requiring the increase in credit under this subparagraph in order for such building to be financially feasible as part of a qualified low-income housing project,

subparagraph (B) shall not apply to the portion of such building which is comprised of such units (determined in a manner similar to the unit fraction under subsection (c)(1)(C)), and the eligible basis of such portion of the building shall be 150 percent of such basis determined without regard to this subparagraph.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to buildings which receive allocations of housing credit dollar amount after the date of enactment of this Act, or in the case of buildings that are described in section 42(h)(4)(B) of the Internal Revenue Code of 1986, for obligations that are part of an issue the issue date of which is after December 31, 2025.

SEC. 7. RENTER TAX CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 36B the following new section:

"SEC. 36C. RENTER TAX CREDIT.

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

"(b) CREDIT LIMITED BY 100 PERCENT OF SMALL AREA FAIR MARKET RENT.—Solely for purposes of determining the amount of the credit allowed under subsection (a) with respect to a residence for the taxable year, there shall not be taken into account rent in excess of an amount equal to 100 percent of the small area fair market rent (including the utility allowance) applicable to the residence involved (as most recently published, as of the beginning of the taxable year, by the Department of Housing and Urban Development).

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means the percentage determined 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.

"(2) PARTIAL YEAR RESIDENCE.—The Secretary shall prescribe such rules as are necessary to carry out the purposes of this section for taxpayers with respect to whom a residence is a principal residence for only a portion of the taxable year.

"(3) RENT.—The term 'rent' includes any amount paid for utilities of a type taken into account for purposes of determining the utility allowance under section 42(g)(2)(B)(ii).

"(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of individuals who are married to each other, have the same principal residence, and do not file a joint return for the taxable year, the credit determined under this section with respect to each such individual shall be 50 percent of the amount of the credit which would be determined under this section if such individuals filed a joint return, unless such individuals agree on a different division of such credit (in such manner as the Secretary may provide) which does not aggregate to more 100 percent of such amount.

"(d) RECONCILIATION OF CREDIT AND ADVANCE PAYMENTS.—The amount of the credit allowed under this section for any taxable year shall be reduced (but not below zero) by the aggregate amount of any advance payments of such credit under section 7527B for such taxable year.".

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

"SEC. 7527B. ADVANCE PAYMENT OF RENTER TAX CREDIT.

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

"(1) the Secretary has determined will be allowed such credit for the taxable year, and

"(2) has made an election under subsection (c).

"(b) AMOUNT OF ADVANCE PAYMENT.—

"(1) IN GENERAL.—For purposes of subsection (a), the amount of the monthly advance payment of the credit provided to a taxpayer during the applicable period shall be equal to the lesser of—

"(A) an amount equal to—

"(i) the amount of the credit which the Secretary has determined will be allowed to such taxpayer under section 36C for the taxable year ending in such applicable period, divided by

"(ii) 12, or

"(B) such other amount as is elected by the taxpayer.

"(2) APPLICABLE PERIOD.—For purposes of this section, the term 'applicable period' means the 12-month period from the month of July of the taxable year through the month of June of the subsequent taxable year.

"(c) ELECTION OF ADVANCE PAYMENT.—A taxpayer may elect to receive an advance payment of the credit allowed under section 36C for any taxable year by including such election on a timely filed return for the preceding taxable year.

"(d) INTERNAL REVENUE SERVICE NOTIFICATION.—The Internal Revenue Service shall take such steps as may be appropriate to ensure that taxpayers who are eligible to receive the credit under section 36C are aware of the availability of the advance payment of such credit under this section.

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

(c) CLERICAL AMENDMENTS.—

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

"Sec. 36C. Renter tax credit.".

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

after the item relating to section 7527A the following new item:

"Sec. 7527B. Advance payment of renter tax credit.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 2023.

(e) COMMUNITY OUTREACH.—Immediately upon the enactment of this Act, in addition to amounts otherwise available, there are appropriated out of any money in the Treasury not otherwise appropriated $50,000,000 to remain available until 5 years after the enactment of this Act for necessary expenses for the Internal Revenue Service to support efforts to increase enrollment of eligible households in the Renter Tax Credit allowed under section 36C of the Internal Revenue Code of 1986 (including the advance payment of such credit under section 7527B of such Code), including but not limited to program outreach, costs of data sharing arrangements, systems changes, forms changes, and related efforts, and efforts by Federal agencies to facilitate the cross-enrollment of beneficiaries of other programs in such Renter Tax Credit, including by establishing intergovernmental cooperative agreements with States and local governments, tribal governments, and possessions of the United States: Provided, that such amount shall be available in addition to any amounts otherwise available: Provided further, that these funds may be awarded by Federal agencies to State and local governments, tribal governments, and possessions of the United States, and private entities, including organizations dedicated to free tax return preparation.