II

119TH CONGRESS
2D SESSION

S. 5285

To amend the Internal Revenue Code of 1986 to improve the low-income housing credit.

IN THE SENATE OF THE UNITED STATES

AUGUST 6, 2026

Ms. KLOBUCHAR (for herself, Mrs. GILLIBRAND, Ms. DUCKWORTH, Mr. KIM, Mr. VAN HOLLEN, and Mr. WELCH) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to improve the low-income housing credit.

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 ''Visitable Inclusive Tax credits for Accessible Living (VITAL) Act''.

SEC. 2. PURPOSE.

The purposes of this Act are to—

(1) increase low-income housing tax credits to increase the stock of disability-accessible and affordable housing;

(2) ensure that States are using the Federal tax credits to construct housing that will meet the needs of an aging population and currently underserved populations such as households with people with disabilities;

(3) encourage States to make sure older adults and underserved populations are integrated into their community and can fully participate in society; and

(4) increase technical assistance, awareness, knowledge, and understanding of the low-income housing credit program and the housing needs of older adults and people with disabilities.

SEC. 3. FINDINGS.

Congress makes the following findings:

(1) By 2060, 1 in every 4 Americans will be over age 65, and currently, 2 in 5 adults over age 65 have a disability. As people age, they need structurally safe and functional housing that accommodates people with disabilities.

(2) Approximately 26 percent of people in the United States have a disability, yet less than 6 percent of the national housing supply is designed to be even rudimentarily accessible.

(3) An accessible home offers specific features or technologies such as lowered kitchen counters and sinks, widened doorways, and zero-step showers.

(4) A lack of affordable and accessible housing can relegate people with disabilities to living in institutional settings when they would prefer to live in a community setting.

(5) Older adults and people with disabilities prefer to remain in their homes for as long as possible. More than 89 percent of adults aged 65 and over hope to stay in their homes as they age.

(6) Older adults and people with disabilities must be able to run errands, work, visit family and friends, and keep doctor appointments, while not always being able to drive. Accessible and affordable public transit options and walkable and roll-able neighborhoods allow older adults and people with disabilities to remain independent and active in their communities.

(7) Many older adults and people with disabilities are experiencing an affordability crisis. More than 7,000,000 older adults and people with disabilities receive Federal monthly Supplemental Security Income and are priced out of every rental housing market in the United States.

SEC. 4. INCREASES IN STATE ALLOCATIONS.

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

(1) in subclause (I), by striking ''$1.75'' and inserting ''the per capita amount'', and

(2) in subclause (II), by striking ''$2,000,000'' and inserting ''the minimum amount''.

(b) PER CAPITA AMOUNT; MINIMUM AMOUNT.—Section 42(h)(3) of the Internal Revenue Code of 1986 is amended by striking subparagraphs (H) and (I) and inserting the following:

''(H) PER CAPITA AMOUNT.—For purposes of subparagraph (C)(ii)(I), the per capita amount shall be determined as follows:

''(i) CALENDAR YEAR 2026.—For calendar year 2026, the per capita amount is $4.25.

''(ii) CALENDAR YEAR 2027.—For calendar year 2027, the per capita amount is the product of—

''(I) 1.25, and

''(II) the dollar amount under clause (i) increased by an amount equal to—

''(aa) such dollar amount, multiplied by "(bb) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2024' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

If the amount determined after application of the preceding sentence is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

"(iii) CALENDAR YEARS AFTER 2027.—In the case of any calendar year after 2027, the per capita amount is the dollar amount determined under clause (ii) increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any amount increased under the preceding sentence which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.

"(I) MINIMUM AMOUNT.—For purposes of subparagraph (C)(ii)(II), the minimum amount shall be determined as follows:

"(i) CALENDAR YEAR 2026.—For calendar year, 2026, the minimum amount is $4,876,000.

"(ii) CALENDAR YEAR 2027.—For calendar year 2027, the minimum amount is the product of—

"(I) 1.25, and

"(II) the dollar amount under clause (i) increased by an amount equal to—

"(aa) such dollar amount, multiplied by

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

If the amount determined after application of the preceding sentence is not a multiple of 5 cents, such amount shall be rounded to the next lowest multiple of 5 cents.

"(iii) CALENDAR YEARS AFTER 2027.—In the case of any calendar year after 2027, the minimum amount is the dollar amount determined under clause (ii) increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2026' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

Any amount increased under the preceding sentence which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after December 31, 2025.

SEC. 5. INCREASE IN CREDIT FOR PROJECTS DESIGNATED TO SERVE HOUSEHOLDS WITH PEOPLE WITH DISABILITIES.

(a) IN GENERAL.—Paragraph (5) of section 42(d) 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 HOUSEHOLDS WITH PEOPLE WITH DISABILITIES.—

"(i) IN GENERAL.—In the case of any building—

"(I) 50 percent or more of the low-income units in the building are units designated by the taxpayer to meet the applicable design standards for occupancy by persons with mental, physical, sensory, or developmental disabilities,

"(II) which is located in a census block group designated by the Environmental Protection Agency as being—

"(aa) above average or better in terms of walkability, or

"(bb) adjacent to 2 or more census tracts described in item (aa), and

"(III) 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, and the eligible basis of such portion of the building shall be 150 percent of such basis determined without regard to this subparagraph.

"(ii) DESIGN STANDARDS.—For purposes of clause (i)(I), the term 'applicable design standards' means the principles and standards of adaptable design as detailed in the Uniform Federal Accessibility Standards, or any successor standard designated by the Secretary.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to buildings which receive allocations of housing credit dollar amount or, in the case of projects financed by tax-exempt obligations as described in section 42(h)(4) of the Internal Revenue Code of 1986, which are first taken into account under section 146 of such Code, after December 31, 2026.

SEC. 6. REQUIREMENT FOR PROJECTS DESIGNATED TO SERVE HOUSEHOLDS WITH PEOPLE WITH DISABILITIES.

(a) IN GENERAL.—Paragraph (1) of section 42(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(E) PROJECTS DESIGNATED TO SERVE HOUSEHOLDS WITH PEOPLE WITH DISABILITIES.—

"(i) IN GENERAL.—The qualified allocation plan shall ensure that, with respect to any 3-year period, the applicable percentage is not less than 40 percent.

"(ii) APPLICABLE PERCENTAGE.—For purposes of this subparagraph, the applicable percentage is the ratio (expressed as a percentage) of—

"(I) the number of low-income units in all projects receiving an allocation of the housing credit dollar amount during such period which meet the requirements of subclause (I) of subsection (d)(5)(C)(i), to

"(II) the aggregate number of all low-income units in all projects receiving an allocation of the housing credit dollar amount during such period.

"(iii) SPECIAL RULE.—For purposes of clause (ii)(I), any low-income unit which is part of a project which meets the requirements of both subclause (I) and subclause (II) of subsection (d)(5)(C)(i) shall be counted twice.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to allocations of housing credit dollar amounts made under qualified allocation plans (as defined in section 42(m)(1)(B) of the Internal Revenue Code of 1986) adopted after December 31, 2026.

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