

116TH CONGRESS
2D SESSION

S. 4078

To amend the Internal Revenue Code of 1986 to improve the low-income housing credit and provide relief relating to the coronavirus emergency, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25, 2020

Mr. WYDEN (for himself, Ms. CANTWELL, Mr. BENNET, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to improve the low-income housing credit and provide relief relating to the coronavirus emergency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Emergency Affordable
5 Housing Act of 2020”.

6 **SEC. 2. EXTENSION OF PERIOD FOR REHABILITATION EX-**
7 **PENDITURES.**

8 (a) IN GENERAL.—Clause (ii) of section 42(e)(3)(A)
9 of the Internal Revenue Code of 1986 is amended by in-

1 serting “(any 36-month period, in the case of buildings
 2 receiving an allocation of housing credit dollar amount be-
 3 fore January 1, 2022)” after “24-month period”.

4 (b) CONFORMING AMENDMENT.—Subparagraph (A)
 5 of section 42(e)(4) of the Internal Revenue Code of 1986
 6 is amended by inserting “(or 36-month period, if applica-
 7 ble)” after “24-month period”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to buildings receiving an allocation
 10 of housing credit dollar amount after December 31, 2016.

11 **SEC. 3. EXTENSION OF BASIS EXPENDITURE DEADLINE.**

12 (a) IN GENERAL.—Clause (i) of section 42(h)(1)(E)
 13 of the Internal Revenue Code of 1986 is amended by in-
 14 serting “(the third calendar year, in the case of an alloca-
 15 tion made before January 1, 2022)” after “second cal-
 16 endar year”.

17 (b) QUALIFIED BUILDING.—Clause (ii) of section
 18 42(h)(1)(E) of the Internal Revenue Code of 1986 is
 19 amended—

20 (1) by striking “the date which is 1 year after
 21 the date that the allocation was made” and inserting
 22 “the applicable date”;

23 (2) by inserting “(or third, if applicable)” after
 24 “second” in the first sentence;

1 (3) by inserting “(or third)” after “second” in
2 the second sentence;

3 (4) by striking “BUILDING.—For purposes of”
4 and inserting “BUILDING.—

5 “(I) IN GENERAL.—For purposes
6 of”; and

7 (5) by adding at the end the following new sub-
8 clause:

9 “(II) APPLICABLE DATE.—For
10 purposes of subclause (I), the applica-
11 ble date is 1 year after the date that
12 the allocation was made with respect
13 to the building (2 years, in the case of
14 allocations made before January 1,
15 2022).”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to buildings receiving an allocation
18 of housing credit dollar amount after December 31, 2016.

19 **SEC. 4. TAX-EXEMPT BOND FINANCING REQUIREMENT.**

20 (a) IN GENERAL.—Subparagraph (B) of section
21 42(h)(4) of the Internal Revenue Code of 1986 is amended
22 by adding at the end the following: “In the case of build-
23 ings financed by an obligation issued in calendar years
24 ending before January 1, 2022, the preceding sentence

1 shall be applied by substituting ‘25 percent’ for ‘50 per-
2 cent’.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to buildings placed in service in
5 taxable years beginning after December 31, 2019.

6 **SEC. 5. MINIMUM CREDIT RATE.**

7 (a) **IN GENERAL.**—Subsection (b) of section 42 of the
8 Internal Revenue Code of 1986 is amended—

9 (1) by redesignating paragraph (3) as para-
10 graph (4); and

11 (2) by inserting after paragraph (2) the fol-
12 lowing new paragraph:

13 “(3) **MINIMUM CREDIT RATE.**—In the case of
14 any new or existing building to which paragraph (2)
15 does not apply, the applicable percentage shall not
16 be less than 4 percent.”.

17 (b) **EFFECTIVE DATE.**—The amendments made by
18 this section shall apply to buildings which receive alloca-
19 tions of housing credit dollar amount or, in the case of
20 projects financed by tax-exempt bonds as described in sec-
21 tion 42(h)(4) of the Internal Revenue Code of 1986, which
22 are placed in service by the taxpayer after January 20,
23 2020.

1 **SEC. 6. INCREASES IN STATE ALLOCATIONS.**

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

4 (1) by striking “\$1.75” in subclause (I) and in-
5 serting “\$4.56 (\$3.58 in the case of calendar year
6 2021)”; and

7 (2) by striking “\$2,000,000” in subclause (II)
8 and inserting “\$5,214,051 (\$4,097,486 in the case
9 of calendar year 2021)”.

10 (b) COST-OF-LIVING ADJUSTMENT.—Subparagraph
11 (H) of section 42(h)(3) of the Internal Revenue Code of
12 1986 is amended—

13 (1) by striking “2002” in clause (i) and insert-
14 ing “2020”;

15 (2) by striking “the \$2,000,000 and \$1.75
16 amounts in subparagraph (C)” in clause (i) and in-
17 serting “the dollar amounts applicable to such cal-
18 endar year under subclauses (I) and (II) of subpara-
19 graph (C)(ii)”;

20 (3) by striking “2001” in clause (i)(II) and in-
21 serting “2019”;

22 (4) by striking “\$2,000,000 amount” in clause
23 (ii)(I) and inserting “amount under subparagraph
24 (C)(ii)(II)”;

1 (5) by striking “\$1.75 amount” in clause
 2 (ii)(II) and inserting “amount under subparagraph
 3 (C)(ii)(I)”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to calendar years beginning after
 6 December 31, 2020.

7 **SEC. 7. INCREASE IN CREDIT FOR CERTAIN PROJECTS DES-**
 8 **IGNATED TO SERVE EXTREMELY LOW-IN-**
 9 **COME HOUSEHOLDS.**

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

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

17 “(i) 20 percent or more of the resi-
 18 dential units in which are rent-restricted
 19 (determined as if the imputed income limi-
 20 tation applicable to such units were 30
 21 percent of area median gross income) and
 22 are designated by the taxpayer for occu-
 23 pancy by households the aggregate house-
 24 hold income of which does not exceed the
 25 greater of—

1 “(I) 30 percent of area median
2 gross income, or

3 “(II) 100 percent of an amount
4 equal to the Federal poverty line
5 (within the meaning of section
6 36B(d)(3)), and

7 “(ii) which is designated by the hous-
8 ing credit agency as requiring the increase
9 in credit under this subparagraph in order
10 for such building to be financially feasible
11 as part of a qualified low-income housing
12 project,

13 subparagraph (B) shall not apply to the portion
14 of such building which is comprised of such
15 units, and the eligible basis of such portion of
16 the building shall be 150 percent of such basis
17 determined without regard to this subpara-
18 graph.”.

19 (b) RESERVED STATE ALLOCATION.—Subparagraph
20 (C) of section 42(h)(3) of the Internal Revenue Code of
21 1986 is amended—

- 22 (1) by striking “plus” at the end of clause (iii);
- 23 (2) by striking the period at the end of clause
- 24 (iv) and inserting “, plus”;

1 (3) by inserting after clause (iv) the following
2 new clause:

3 “(v) an amount equal to 10 percent of
4 the sum of the amounts determined under
5 clauses (i), (ii), (iii), and (iv) (if any).”;
6 and

7 (4) by adding at the end the following: “Any
8 amount allocated pursuant to clause (v) shall be ac-
9 counted for separately and shall be allocated only to
10 buildings to which subsection (d)(5)(C) applies.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to buildings which receive alloca-
13 tions of housing credit dollar amount or, in the case of
14 projects financed by tax-exempt bonds as described in sec-
15 tion 42(h)(4) of the Internal Revenue Code of 1986, which
16 receive a determination of housing credit dollar amount,
17 after the date of the enactment of this Act.

18 **SEC. 8. INCLUSION OF INDIAN AREAS AS DIFFICULT DE-**
19 **VELOPMENT AREAS FOR PURPOSES OF CER-**
20 **TAIN BUILDINGS.**

21 (a) IN GENERAL.—Subclause (I) of section
22 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is
23 amended by inserting before the period the following: “,
24 and any Indian area”.

1 (b) INDIAN AREA.—Clause (iii) of section
 2 42(d)(5)(B) of the Internal Revenue Code of 1986 is
 3 amended by redesignating subclause (II) as subclause (IV)
 4 and by inserting after subclause (I) the following new sub-
 5 clauses:

6 “(II) INDIAN AREA.—For pur-
 7 poses of subclause (I), the term ‘In-
 8 dian area’ means any Indian area (as
 9 defined in section 4(11) of the Native
 10 American Housing Assistance and
 11 Self Determination Act of 1996 (25
 12 U.S.C. 4103(11))).

13 “(III) SPECIAL RULE FOR
 14 BUILDINGS IN INDIAN AREAS.—In the
 15 case of an area which is a difficult de-
 16 velopment area solely because it is an
 17 Indian area, a building shall not be
 18 treated as located in such area unless
 19 such building is assisted or financed
 20 under the Native American Housing
 21 Assistance and Self Determination
 22 Act of 1996 (25 U.S.C. 4101 et seq.)
 23 or the project sponsor is an Indian
 24 tribe (as defined in section
 25 45A(c)(6)), a tribally designated hous-

1 ing entity (as defined in section 4(22)
 2 of such Act (25 U.S.C. 4103(22))), or
 3 wholly owned or controlled by such an
 4 Indian tribe or tribally designated
 5 housing entity.”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to buildings placed in service after
 8 December 31, 2019.

9 **SEC. 9. INCLUSION OF RURAL AREAS AS DIFFICULT DEVEL-**
 10 **OPMENT AREAS.**

11 (a) IN GENERAL.—Subclause (I) of section
 12 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986, as
 13 amended by section 8, is amended by inserting “, any
 14 rural area” after “median gross income”.

15 (b) RURAL AREA.—Clause (iii) of section
 16 42(d)(5)(B) of the Internal Revenue Code of 1986, as
 17 amended by section 8, is further amended by redesignig-
 18 nating subclause (IV) as subclause (V) and by inserting
 19 after subclause (III) the following new subclause:

20 “(IV) RURAL AREA.—For pur-
 21 poses of subclause (I), the term ‘rural
 22 area’ means any non-metropolitan
 23 area, or any rural area as defined by
 24 section 520 of the Housing Act of
 25 1949, which is identified by the quali-

1 fied allocation plan under subsection
2 (m)(1)(B).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to buildings placed in service after
5 December 31, 2019.

6 **SEC. 10. INCREASE IN CREDIT FOR BOND-FINANCED**
7 **PROJECTS DESIGNATED BY HOUSING CREDIT**
8 **AGENCY.**

9 (a) IN GENERAL.—Clause (v) of section 42(d)(5)(B)
10 of the Internal Revenue Code of 1986 is amended by strik-
11 ing the second sentence.

12 (b) TECHNICAL AMENDMENT.—Clause (v) of section
13 42(d)(5)(B) of the Internal Revenue Code of 1986, as
14 amended by subsection (a), is further amended—

15 (1) by striking “STATE” in the heading; and
16 (2) by striking “State housing credit agency”
17 and inserting “housing credit agency”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to buildings which receive a deter-
20 mination of housing credit dollar amount after the date
21 of the enactment of this Act.

22 **SEC. 11. REPEAL OF QUALIFIED CONTRACT OPTION.**

23 (a) TERMINATION OF OPTION FOR CERTAIN BUILD-
24 INGS.—

1 (1) IN GENERAL.—Subclause (II) of section
 2 42(h)(6)(E)(i) of the Internal Revenue Code of 1986
 3 is amended by inserting “in the case of a building
 4 described in clause (iii),” before “on the last day”.

5 (2) BUILDINGS DESCRIBED.—Subparagraph
 6 (E) of section 42(h)(6) of such Code is amended by
 7 adding at the end the following new clause:

8 “(iii) BUILDINGS DESCRIBED.—A
 9 building described in this clause is a build-
 10 ing—

11 “(I) which received its allocation
 12 of housing credit dollar amount before
 13 January 1, 2020, or

14 “(II) in the case of a building
 15 any portion of which is financed as
 16 described in paragraph (4), which re-
 17 ceived before January 1, 2020, a de-
 18 termination from the issuer of the
 19 tax-exempt bonds or the housing cred-
 20 it agency that the building is eligible
 21 to receive an allocation of housing
 22 credit dollar amount under the rules
 23 of paragraphs (1) and (2) of sub-
 24 section (m).”.

1 (b) RULES RELATING TO EXISTING PROJECTS.—
 2 Subparagraph (F) of section 42(h)(6) of the Internal Rev-
 3 enue Code of 1986 is amended by striking “the nonlow-
 4 income portion” and all that follows and inserting “the
 5 nonlow-income portion and the low-income portion of the
 6 building for fair market value (determined by the housing
 7 credit agency by taking into account the rent restrictions
 8 required for the low-income portion of the building to con-
 9 tinue to meet the standards of paragraphs (1) and (2) of
 10 subsection (g)). The Secretary shall prescribe such regula-
 11 tions as may be necessary or appropriate to carry out this
 12 paragraph.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Paragraph (6) of section 42(h) of the Inter-
 15 nal Revenue Code of 1986 is amended by striking
 16 subparagraph (G) and by redesignating subpara-
 17 graphs (H), (I), (J), and (K) as subparagraphs (G),
 18 (H), (I), and (J), respectively.

19 (2) Subclause (II) of section 42(h)(6)(E)(i) of
 20 such Code, as amended by subsection (a), is further
 21 amended by striking “subparagraph (I)” and insert-
 22 ing “subparagraph (H)”.

23 (d) TECHNICAL AMENDMENT.—Subparagraph (I) of
 24 section 42(h)(6) of the Internal Revenue Code of 1986,

1 as redesignated by subsection (c), is amended by striking
 2 “agreement” and inserting “commitment”.

3 (e) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to buildings with respect to which
 5 a written request described in section 42(h)(6)(H) of the
 6 Internal Revenue Code of 1986 is submitted after the date
 7 of the enactment of this Act.

8 **SEC. 12. PROHIBITION OF LOCAL APPROVAL AND CON-**
 9 **TRIBUTION REQUIREMENTS.**

10 (a) IN GENERAL.—Paragraph (1) of section 42(m)
 11 of the Internal Revenue Code of 1986 is amended—

12 (1) by striking clause (ii) of subparagraph (A)
 13 and by redesignating clauses (iii) and (iv) thereof as
 14 clauses (ii) and (iii); and

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

17 “(E) LOCAL APPROVAL OR CONTRIBUTION
 18 NOT TAKEN INTO ACCOUNT.—The selection cri-
 19 teria under a qualified allocation plan shall not
 20 include consideration of—

21 “(i) any support or opposition with re-
 22 spect to the project from local or elected
 23 officials, or

24 “(ii) any local government contribu-
 25 tion to the project, except to the extent

1 such contribution is taken into account as
2 part of a broader consideration of the
3 project's ability to leverage outside funding
4 sources, and is not prioritized over any
5 other source of outside funding.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to allocations of housing credit dol-
8 lar amounts made after December 31, 2020.

9 **SEC. 13. ADJUSTMENT OF CREDIT TO PROVIDE RELIEF**
10 **DURING COVID-19 OUTBREAK.**

11 (a) IN GENERAL.—At the election of a taxpayer who
12 is an owner of an eligible low-income building—

13 (1) the credit determined under section 42 of
14 the Internal Revenue Code of 1986 for the first or
15 second taxable year of such building's credit period
16 ending on or after July 1, 2020, shall be 150 per-
17 cent of the amount which would (but for this sub-
18 section) be so allowable with respect to such building
19 for such taxable year; and

20 (2) the aggregate credits allowable under such
21 section with respect to such building shall be re-
22 duced, on a pro rata basis for each subsequent tax-
23 able year in the credit period, by the increase in the
24 credit allowed by reason of paragraph (1) with re-
25 spect to such first or second taxable year.

1 The preceding sentence shall not be construed to affect
 2 whether any taxable year is part of the credit, compliance,
 3 or extended use periods for purposes of such section 42.

4 (b) ELIGIBLE LOW-INCOME BUILDING.—For pur-
 5 poses of this section, the term “eligible low-income build-
 6 ing” means a qualified low-income building with respect
 7 to which—

8 (1) the first year in the credit period ends on
 9 or after July 1, 2020, and before July 1, 2022; and

10 (2) construction or leasing delays have occurred
 11 after January 31, 2020, due to the outbreak of
 12 coronavirus disease 2019 (COVID–19) in the United
 13 States.

14 (c) ELECTION.—

15 (1) IN GENERAL.—The election under sub-
 16 section (a) shall be made at such time and in such
 17 manner as shall be prescribed by the Secretary of
 18 the Treasury (or the Secretary’s delegate) and, once
 19 made, shall be irrevocable by the taxpayer and any
 20 successor in ownership.

21 (2) PARTNERSHIPS.—In the case of an eligible
 22 low-income building owned by a partnership or S
 23 corporation, such election shall be made at the entity
 24 level.

1 (3) CERTIFICATION.—An owner making such
 2 election shall provide to the housing credit agency,
 3 at the same time and in addition to such other infor-
 4 mation as may be required under section 42(l)(1) of
 5 the Internal Revenue Code of 1986 with respect to
 6 the building, a certification that the purpose of mak-
 7 ing such election is to offset any reductions in cap-
 8 ital or additional costs arising by reason of the out-
 9 break of coronavirus disease 2019 (COVID-19) in
 10 the United States. Such certification shall include
 11 any documentation which the housing credit agency
 12 may request.

13 (d) DEFINITIONS.—Any term used in this section
 14 which is also used in section 42 of the Internal Revenue
 15 Code of 1986 shall have the same meaning as when used
 16 in such section.

17 **SEC. 14. CREDIT FOR LOW-INCOME HOUSING SUPPORTIVE**
 18 **SERVICES.**

19 (a) IN GENERAL.—Subpart D of part IV of sub-
 20 chapter A of chapter 1 of the Internal Revenue Code of
 21 1986 is amended by inserting after section 42 the fol-
 22 lowing new section:

1 **“SEC. 42A. CREDIT FOR CONTRIBUTIONS TO LOW-INCOME**
 2 **HOUSING SUPPORTIVE SERVICES.**

3 “(a) IN GENERAL.—For purposes of section 38, the
 4 amount of the low-income housing supportive services
 5 credit determined under this section for the applicable tax-
 6 able year is an amount equal to 25 percent of the qualified
 7 supportive housing contribution made by the taxpayer.

8 “(b) QUALIFIED SUPPORTIVE HOUSING CONTRIBU-
 9 TION.—For purposes of this section—

10 “(1) IN GENERAL.—The term ‘qualified sup-
 11 portive housing contribution’ means the total
 12 amount contributed in cash by the taxpayer to a
 13 qualified supportive housing reserve fund with re-
 14 spect to a qualified low-income building, determined
 15 as of the date the building is placed in service.

16 “(2) QUALIFIED SUPPORTIVE HOUSING RE-
 17 SERVE FUND.—The term ‘qualified supportive hous-
 18 ing reserve fund’ means, with respect to any quali-
 19 fied low-income building, a separate fund reserved
 20 exclusively for payment for qualified supportive serv-
 21 ices provided to tenants of the building pursuant to
 22 an extended supportive services commitment. The
 23 owner of such building shall designate an adminis-
 24 trator to separately account for the amounts in the
 25 fund in such manner as the Secretary may prescribe.

26 “(3) LIMITATIONS.—

1 “(A) IN GENERAL.—No amount attrib-
 2 utable to any governmental grant, including
 3 grants provided by the government of any
 4 State, possession, tribe, or locality, shall be
 5 taken into account under paragraph (1).

6 “(B) DOLLAR LIMITATION.—The total
 7 qualified supportive housing contributions taken
 8 into account under this section with respect to
 9 any qualified low-income building shall not ex-
 10 ceed—

11 “(i) \$120,000, multiplied by
 12 “(ii) the number of low-income units
 13 in the building which are occupied at the
 14 close of the applicable taxable year.

15 “(c) APPLICABLE TAXABLE YEAR.—For purposes of
 16 this section, the term ‘applicable taxable year’ means the
 17 first taxable year in the credit period with respect to the
 18 qualified low-income building described in subsection
 19 (b)(1).

20 “(d) QUALIFIED SUPPORTIVE SERVICES.—For pur-
 21 poses of this section, the term ‘qualified supportive serv-
 22 ices’ means services—

23 “(1) provided by the owner of a qualified low-
 24 income building (directly or through contracts with

1 a third party service provider) to tenants of the
 2 building,

3 “(2) which include health services (including
 4 mental health services), coordination of tenant bene-
 5 fits, job training, financial counseling, resident en-
 6 gagement services, or services the principal purpose
 7 of which is to help tenants retain permanent hous-
 8 ing, or such other services as the Secretary may by
 9 regulation provide,

10 “(3) which are provided at no cost to tenants,
 11 and

12 “(4) usage of or participation in which is not
 13 required for tenants.

14 Such term includes reasonable and necessary measures for
 15 the provision of such services, including measures to en-
 16 gage tenants in and coordinate such services and measures
 17 required to obtain the certification described in subsection
 18 (e)(4).

19 “(e) EXTENDED SUPPORTIVE SERVICES COMMIT-
 20 MENT.—The term ‘extended supportive services commit-
 21 ment’ means any agreement between the owner of a quali-
 22 fied low-income building and the housing credit agency
 23 which—

24 “(1) requires that amounts in a qualified sup-
 25 portive housing reserve fund are spent exclusively on

1 the provision of qualified supportive services to ten-
 2 ants of such building,

3 “(2) requires that the amounts in such fund be
 4 spent entirely during the extended use period, and
 5 provides for the manner in which such spending will
 6 be distributed across such period,

7 “(3) requires the designation of one or more in-
 8 dividuals to engage tenants regarding and coordinate
 9 delivery of qualified supportive services,

10 “(4) requires the maintenance of an appro-
 11 priate certification, as determined by the Secretary
 12 in consultation with the housing credit agencies, for
 13 qualified supportive services, subject to recertifi-
 14 cation at least once every 5 years,

15 “(5) requires appropriate annual reporting to
 16 the housing credit agency on expenditures and out-
 17 comes, as determined by such agency, and

18 “(6) is binding on all successors in ownership of
 19 such building.

20 “(f) RECAPTURE OF QUALIFIED SUPPORTIVE HOUS-
 21 ING RESERVE AMOUNTS.—

22 “(1) IN GENERAL.—If the owner of a qualified
 23 low-income building is determined to be noncompli-
 24 ant with the extended supportive services commit-
 25 ment or extended low-income housing commitment

1 with respect to such building, any remaining
2 amounts in the qualified supportive housing reserve
3 fund with respect to such building shall be trans-
4 ferred to the housing credit agency.

5 “(2) USE OF REPAYMENTS.—A housing credit
6 agency shall use any amount received pursuant to
7 paragraph (1) only for purposes of qualified low-in-
8 come buildings.

9 “(g) SPECIAL RULES.—

10 “(1) IN GENERAL.—Notwithstanding any other
11 provision of this section, no credit shall be allowed
12 under this section for any taxable year with respect
13 to any qualified low-income building unless—

14 “(A) the building has received an alloca-
15 tion of the low-income housing credit under sec-
16 tion 42 by a housing credit agency which is ap-
17 proved by the governmental unit (in accordance
18 with rules similar to the rules of section
19 147(f)(2) (other than subparagraph (B)(ii)
20 thereof)) of which such agency is a part,

21 “(B) the housing credit agency sets forth
22 selection criteria to determine appropriate, evi-
23 dence-based supportive services and provides a
24 procedure that the agency (or an agent or other
25 private contractor of such agency) will follow in

1 monitoring for noncompliance with the provi-
 2 sions of this section and in reporting such non-
 3 compliance to the Secretary,

4 “(C) an extended low-income housing com-
 5 mitment is in effect with respect to such build-
 6 ing as of the end of such taxable year,

7 “(D) an extended supportive services com-
 8 mitment is in effect with respect to such build-
 9 ing as of the end of such taxable year, and

10 “(E) appropriate books and records for
 11 itemized expenses and expenditures with respect
 12 to the qualified supportive housing reserve fund
 13 are maintained on an annual basis, and are
 14 available for inspection upon request by the
 15 housing credit agency.

16 “(2) DENIAL OF DOUBLE BENEFIT.—The de-
 17 ductions otherwise allowed under this chapter for the
 18 taxable year shall be reduced by the amount of the
 19 credit allowed under this section for such taxable
 20 year.

21 “(h) DEFINITIONS.—Any term used in this section
 22 which is also used in section 42 shall have the same mean-
 23 ing as when used in such section.”.

24 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 25 CREDIT.—

1 (1) IN GENERAL.—Section 38(b) of the Internal
 2 Revenue Code of 1986 is amended by striking
 3 “plus” at the end of paragraph (32), by striking the
 4 period at the end of paragraph (33) and inserting “,
 5 plus”, and by adding at the end the following new
 6 paragraph:

7 “(34) the low-income housing supportive serv-
 8 ices credit determined under section 42A(a).”.

9 (2) TREATMENT AS SPECIFIED CREDIT.—
 10 Clause (iii) of section 38(c)(4)(B) of such Code is
 11 amended by inserting “, and the credit determined
 12 under section 42A” after “2007”.

13 (c) TREATMENT FOR PURPOSES OF TAX ON BASE
 14 EROSION PAYMENTS.—Paragraph (4) of section 59A(b)
 15 of the Internal Revenue Code of 1986 is amended by re-
 16 designating subparagraphs (B) and (C) as subparagraphs
 17 (C) and (D), respectively, and by inserting after subpara-
 18 graph (A) the following new subparagraph:

19 “(B) the low-income housing supportive
 20 services credit determined under section
 21 42A(a),”.

22 (d) PASSIVE ACTIVITY CREDITS.—

23 (1) IN GENERAL.—Section 469 of the Internal
 24 Revenue Code of 1986 is amended by striking “42”

1 each place it appears in subsections (i)(3)(C),
 2 (i)(6)(B)(i), and (k)(1) and inserting “42 or 42A”.

3 (2) CONFORMING AMENDMENTS.—The head-
 4 ings of subsections (i)(3)(C) and (i)(6)(B) of section
 5 469 of such Code are each amended by striking
 6 “CREDIT” and inserting “CREDITS”.

7 (e) CLERICAL AMENDMENT.—The table of sections
 8 for subpart D of part IV of subchapter A of chapter 1
 9 of the Internal Revenue Code of 1986 is amended by in-
 10 serting after the item relating to section 42 the following
 11 new item:

“Sec. 42A. Credit for contributions to low-income housing supportive services.”.

12 (f) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to buildings placed in service after
 14 December 31, 2020.

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