

116TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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.

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IN THE SENATE OF THE UNITED STATES

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

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**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 sserting “\$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 sserting “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 sserting “2019”,

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

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 DEVELOP-**  
10                                   **MENT 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          1st 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 1 or more indi-  
8 viduals 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.