

[DISCUSSION DRAFT]

118TH CONGRESS
2D SESSION

H. R. _____

To improve the safety of, affordability of, and access to housing.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To improve the safety of, affordability of, and access to
housing.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Revitalizing America’s Housing Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; Table of contents.

TITLE I—PROMOTING OPPORTUNITY AND INCREASING SUPPLY

Sec. 101. Identification of regulatory barriers to affordable housing in HUD
annual report.

- Sec. 102. Opportunity zones transparency, extension, and improvement.
- Sec. 103. Qualifying ordinary income added to special rules for investments in opportunity zones.
- Sec. 104. Relieving strain from shortages of transformers.
- Sec. 105. Incentivizing zoning reform.
- Sec. 106. Expanding and strengthening the low-income housing tax credit.
- Sec. 107. Decreasing the equity penalty and incentivizing more long-term owners to sell homes.

TITLE II— INCREASING ACCESS TO HOUSING AND ADDRESSING COST

- Sec. 201. Expanding workforce and volunteer housing.
- Sec. 202. Supporting affordability and safety for public servants.
- Sec. 203. Expanding programs supporting homeownership for those serving the community.
- Sec. 204. Improving volunteer first responder housing.
- Sec. 205. Improving access to housing for veterans.
- Sec. 206. Supporting veteran families in need.
- Sec. 207. Attracting private investment to build and rehabilitate owner-occupied homes.
- Sec. 208. Better utilizing and disposing of unused military and government lands for housing.
- Sec. 209. Energy conservation standards for manufactured housing.
- Sec. 210. Rental assistance demonstration program.
- Sec. 211. Creating incentives for small dollar loan originators.
- Sec. 212. Small dollar mortgage points and fees.
- Sec. 213. Removing Outdated Regulation for Manufactured Housing.
- Sec. 214. Relieving Burdens on Affordability.
- Sec. 215. Protecting Home Affordability from Energy Mandates.

TITLE III—SERVING THE MOST VULNERABLE; HEALTH AND SAFETY

- Sec. 301. GAO study to determine proximity of housing to Superfund sites.
- Sec. 302. Ensuring public housing agencies inspect each dwelling unit each year.
- Sec. 303. Incentivizing local solutions to homelessness.
- Sec. 304. Improving mold and health standards.
- Sec. 305. Improving Protection from Lead Hazards.
- Sec. 306. Improving housing for the elderly and disabled.

TITLE IV—GOOD GOVERNANCE

- Sec. 401. Requiring annual testimony and oversight from housing regulators.
- Sec. 402. Requiring annual testimony and oversight for government guaranteed or insured mortgage programs.
- Sec. 403. Testimony and report from United States Interagency Council on Homelessness.
- Sec. 404. Report detailing NYCHA compliance with and HUD oversight of 2019 agreement.
- Sec. 405. FHA reporting requirements on safety and soundness.
- Sec. 406. Combatting squatting.
- Sec. 407. Reallocation of voucher funding.

TITLE V—REGULATORY FLEXIBILITY

Sec. 501. Authorization of Moving to Work Program.

Sec. 502. Rescission of Public and Indian Housing Notice 2021–18.

TITLE VI—IMPROVING FINANCIAL LITERACY REGARDING
HOUSING

Sec. 601. Reforms to housing counseling and financial literacy programs.

1 **TITLE I—PROMOTING OPPOR-**
2 **TUNITY AND INCREASING**
3 **SUPPLY**

4 **SEC. 101. IDENTIFICATION OF REGULATORY BARRIERS TO**
5 **AFFORDABLE HOUSING IN HUD ANNUAL RE-**
6 **PORT.**

7 Section 8 of the Department of Housing and Urban
8 Development Act (42 U.S.C. 3536) is amended by adding
9 at the end the following: “Each such annual report shall
10 include an identification of significant regulatory barriers
11 to affordable housing, within the meaning of such term
12 as provided in the first sentence of section 1203 of the
13 Housing and Community Development Act of 1992 (42
14 U.S.C. 12705b), and a discussion and analysis of how to
15 reduce or remove such barriers.”.

16 **SEC. 102. OPPORTUNITY ZONES TRANSPARENCY, EXTEN-**
17 **SION, AND IMPROVEMENT.**

18 (a) **MODIFICATION OF POPULATION CENSUS TRACTS**
19 **DESIGNATED AS QUALIFIED OPPORTUNITY ZONES.**—Sec-
20 tion 1400Z–1 of the Internal Revenue Code of 1986 is
21 amended by adding at the end the following new sub-
22 section:

1 “(g) DISQUALIFICATION OF CERTAIN POPULATION
2 CENSUS TRACTS.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (5), any disqualified census tract shall not be
5 treated as a qualified opportunity zone for any pe-
6 riod after the date that is 30 days after the date on
7 which the Secretary publishes the final list of dis-
8 qualified census tracts under paragraph (4)(B).

9 “(2) REPLACEMENT ZONES.—

10 “(A) IN GENERAL.—The chief executive of-
11 ficer of a State shall nominate additional popu-
12 lation census tracts to replace any population
13 census tract the designation of which as a
14 qualified opportunity zone was terminated by
15 reason of paragraph (1). Except as otherwise
16 provided in this paragraph, the rules of sub-
17 sections (b), (c), (d), and (f) shall apply to any
18 population census tract nominated under this
19 paragraph.

20 “(B) CONSULTATION.—No population cen-
21 sus tract nominated under subparagraph (A)
22 may be designated as a qualified opportunity
23 zone unless the chief executive officer of the
24 State certifies in writing to the Secretary that
25 the chief executive officer has consulted with

1 the chief executive officer (or the equivalent) of
2 each local jurisdiction in which the population
3 census tract is located.

4 “(C) SPECIAL RULES.—For purposes of
5 this subchapter—

6 “(i) any population census tract which
7 is a disqualified census tract (as defined in
8 paragraph (3) without regard to subpara-
9 graph (A)(i) thereof) may not be nomi-
10 nated as a qualified opportunity zone
11 under this paragraph,

12 “(ii) the determination period with re-
13 spect to a nomination under subparagraph
14 (A) shall be the 45-day period beginning
15 on the date on which the Secretary pub-
16 lishes the final list of disqualified census
17 tracts under paragraph (4)(B), as ex-
18 tended under subsection (b)(2), and

19 “(iii) the period for which any such
20 designation is in effect shall be the period
21 beginning on the date such designation
22 takes effect and ending on the last day of
23 the 10th calendar year beginning on or
24 after the designation date as a qualified
25 opportunity zone for the population census

1 tract which it is replacing as such a zone
2 by reason of the termination under para-
3 graph (1).

4 “(D) REGULATIONS AND GUIDANCE.—The
5 Secretary shall prescribe such regulations or
6 other guidance as may be necessary or appro-
7 priate to carry out the purposes of this para-
8 graph.

9 “(3) DISQUALIFIED CENSUS TRACT.—For pur-
10 poses of this subsection—

11 “(A) IN GENERAL.—The term ‘disqualified
12 census tract’ means any population census tract
13 which—

14 “(i) was designated as a qualified op-
15 portunity zone before the date of the en-
16 actment of this subsection, and

17 “(ii) is described in subparagraph (B)
18 or (C).

19 “(B) HIGH MEDIAN FAMILY INCOME
20 TRACTS.—

21 “(i) IN GENERAL.—Except as pro-
22 vided in clauses (ii) and (iii), a population
23 census tract is described in this subpara-
24 graph if the median family income for such
25 tract exceeds 130 percent of the national

1 median family income as published by De-
2 partment of Housing and Urban Develop-
3 ment or the CDFI Fund.

4 “(ii) EXCEPTION.—Clause (i) shall
5 not apply if the poverty rate of such popu-
6 lation census tract (excluding students en-
7 rolled in an institution of higher education
8 (as defined in section 101 of the Higher
9 Education Act of 1965)) is equal to or
10 greater than 30 percent.

11 “(iii) REQUEST TO RETAIN DESIGNA-
12 TION FOR CERTAIN POPULATION CENSUS
13 TRACTS.—Clause (i) shall not apply if the
14 Secretary, upon a request of the chief exec-
15 utive officer of the State made not later
16 than 60 days after the date the Secretary
17 publishes the list described in paragraph
18 (4)(A), determines that—

19 “(I) the designation of such pop-
20 ulation census tract was consistent
21 with the purposes of this subchapter,
22 or

23 “(II) the median family income
24 for the population census tract does
25 not exceed 130 percent of the national

1 median family income as published by
2 Department of Housing and Urban
3 Development or the CDFI Fund.

4 “(C) ELECTION TO INCLUDE ADDITIONAL
5 POPULATION CENSUS TRACTS.—

6 “(i) IN GENERAL.—A population cen-
7 sus tract is described in this subparagraph
8 if the Secretary, upon the request of the
9 chief executive officer of the State sub-
10 mitted not later than 60 days after the
11 date the Secretary publishes the list de-
12 scribed in paragraph (4)(A), determines
13 that the continued designation of such pop-
14 ulation census tract as a qualified oppor-
15 tunity zone is not consistent with the pur-
16 poses of this subchapter.

17 “(ii) CONSULTATION.—No population
18 census tract nominated under clause (i)
19 may be designated as a qualified oppor-
20 tunity zone unless the chief executive offi-
21 cer of the State certifies in writing to the
22 Secretary that the chief executive officer
23 has consulted with the chief executive offi-
24 cer (or the equivalent) of each local juris-

1 diction in which the population census
2 tract is located.

3 “(iii) REGULATIONS AND GUID-
4 ANCE.—Not later than the date on which
5 the Secretary publishes the final list of dis-
6 qualified census tracts under paragraph
7 (4)(B), the Secretary shall issue regula-
8 tions or guidance with respect to the cri-
9 teria to be used for making a determina-
10 tion by the Secretary under clause (i).

11 “(4) IDENTIFICATION AND PUBLICATION OF
12 DISQUALIFIED CENSUS TRACTS.—

13 “(A) INITIAL IDENTIFICATION.—As soon
14 as practical, but not later than 12 months after
15 the date of the enactment of this subsection,
16 the Secretary shall make public—

17 “(i) a list of population census tracts
18 described in paragraph (3)(B) (determined
19 without regard to clause (iii) thereof), and

20 “(ii) a list of population census tracts
21 which are low-income communities and
22 were not designated as a qualified oppor-
23 tunity zone before the date of enactment of
24 this subsection.

1 “(B) FINAL LIST OF DISQUALIFIED CEN-
2 SUS TRACTS.—Not later than 105 days after
3 the date the Secretary publishes the list de-
4 scribed in subparagraph (A), the Secretary shall
5 make public a final list of disqualified census
6 tracts.

7 “(5) RULES FOR QUALIFIED PREEXISTING IN-
8 VESTMENTS.—

9 “(A) IN GENERAL.—For purposes of this
10 subchapter, section 1400Z–2 shall be applied
11 without regard to paragraph (1) with respect to
12 any qualified preexisting trade or business.

13 “(B) QUALIFIED PREEXISTING TRADE OR
14 BUSINESS.—For purposes of this paragraph—

15 “(i) IN GENERAL.—The term ‘quali-
16 fied preexisting trade or business’ means
17 any trade or business of a qualified oppor-
18 tunity fund or qualified opportunity zone
19 business which meets the requirements of
20 clauses (ii) and (iii) of section 1400Z–
21 2(d)(3)(A) and with respect to which—

22 “(I) before the date of the enact-
23 ment of this subsection, a registration
24 statement under the Securities Act of
25 1933 (15 U.S.C. 77a et seq.) is filed

1 or any comparable offering memo-
2 randum or similar disclosure docu-
3 ment is provided in reliance on section
4 230.506 of title 17, Code of Federal
5 Regulations (or successor regulations),
6 promulgated under the Securities Act
7 of 1933, that discloses the intent of
8 such trade or business to invest in the
9 disqualified census tract,

10 “(II) before the first date on
11 which the disqualified census tract ap-
12 pears on any list published under
13 paragraph (4), investments in the dis-
14 qualified census tract are made or
15 agreed pursuant to a binding agree-
16 ment to be made which—

17 “(aa) aggregate more than
18 \$250,000, and

19 “(bb) have been designated
20 in writing for the use in, or the
21 development of, such trade or
22 business, or

23 “(III) the qualified opportunity
24 fund or qualified opportunity zone
25 business is determined by the Sec-

1 retary to have relied on the designa-
2 tion of the disqualified census tract as
3 a qualified opportunity zone and to
4 have suffered or is expected to suffer
5 a loss as a result of the application of
6 paragraph (1).

7 “(ii) TRADE OR BUSINESS.—The term
8 ‘trade or business’ includes any activity in-
9 tended to qualify as a trade or business
10 within the meaning of section 162.

11 “(C) REGULATIONS AND GUIDANCE.—The
12 Secretary shall prescribe such regulations or
13 guidance as may be necessary or appropriate to
14 carry out the purposes of this paragraph, in-
15 cluding guidance to prevent speculative invest-
16 ment solely for the purpose of falling within the
17 definition of a qualified preexisting trade or
18 business.

19 “(6) DETERMINATION OF POPULATION CENSUS
20 TRACT DATA.—For purposes of applying this sub-
21 section, in determining whether a population census
22 tract meets any qualification with respect to poverty
23 rate or any aspect of median income, such deter-
24 mination shall be made using the most recent census
25 data that has been published by the Bureau of the

1 Census as of the date of enactment of this sub-
2 section.”.

3 (b) CERTAIN FORMER INDUSTRIAL TRACTS PER-
4 MITTED TO BE DESIGNATED AS OPPORTUNITY ZONES.—
5 Section 1400Z-1 of the Internal Revenue Code of 1986,
6 as amended by section 101, is amended by adding at the
7 end the following new subsection:

8 “(h) SPECIAL RULE FOR FORMER INDUSTRIAL
9 TRACTS CONTIGUOUS TO DESIGNATED OPPORTUNITY
10 ZONES.—

11 “(1) IN GENERAL.—For purposes of this chap-
12 ter, the term ‘qualified opportunity zone’ means an
13 population census tract which is described in para-
14 graph (2) and designated as a qualified opportunity
15 zone under this subsection.

16 “(2) POPULATION CENSUS TRACT DE-
17 SCRIBED.—A population census tract is described in
18 this subparagraph if—

19 “(A) the tract—

20 “(i) has a population of zero,

21 “(ii) was previously used for industrial
22 purposes and is a brownfield industrial
23 site, and

24 “(iii) is contiguous, including by
25 water, to a population census tract on at

1 least 1 side that has been designated as a
2 qualified opportunity zone under this sec-
3 tion, or

4 “(B) the tract was merged, as a result of
5 the 2020 decennial census, into a census tract
6 described in subparagraph (A)(iii) and met all
7 requirements described in subparagraph (A).

8 “(3) DESIGNATION.—For purposes of para-
9 graph (1), a population census tract that is de-
10 scribed in paragraph (2) is designated as a qualified
11 opportunity zone if—

12 “(A) not later than 30 days after the date
13 of the enactment of this subsection, the chief
14 executive officer of the State in which the tract
15 is located—

16 “(i) nominates the tract for designa-
17 tion as a qualified opportunity zone, and

18 “(ii) notifies the Secretary in writing
19 of such nomination, and

20 “(B) not later than 30 days after receiving
21 the notification under subparagraph (A)(ii), the
22 Secretary certifies such nomination and des-
23 ignates such tract as a qualified opportunity
24 zone.

1 “(4) DETERMINATION OF CENSUS TRACT IN-
2 FORMATION.—For purposes of this subsection, the
3 boundaries and population of a census tract shall be
4 determined based on United States Census Bureau
5 data for the 2010 decennial census.

6 “(5) NUMBER OF DESIGNATIONS.—Population
7 census tracts designated as a qualified opportunity
8 zone under this subsection shall not be taken into
9 account for purposes of subsection (d).

10 “(6) DEFINITIONS.—For purposes of this sub-
11 section—

12 “(A) BROWNFIELD INDUSTRIAL SITE.—
13 The term ‘brownfield industrial site’ means a
14 population census tract that includes real prop-
15 erty the expansion, redevelopment, or reuse of
16 which may be complicated by the presence or
17 potential presence of a hazardous substance or
18 pollutant or contaminant, including real prop-
19 erty covered by a prospective purchaser agree-
20 ment or similar agreement entered into by the
21 Environmental Protection Agency or the appro-
22 priate State authority.

23 “(B) HAZARDOUS SUBSTANCE.—The term
24 ‘hazardous substance’ means—

1 “(i) a hazardous substance as defined
2 in section 101(14) of the Comprehensive
3 Environmental Response, Compensation,
4 and Liability Act of 1980 (42 U.S.C.
5 9601(14)), or

6 “(ii) petroleum or a petroleum prod-
7 uct.

8 “(C) POLLUTANT OR CONTAMINANT.—The
9 term ‘pollutant or contaminant’ has the mean-
10 ing given such term in section 101(33) of such
11 Act.”.

12 (c) INFORMATION REPORTING ON QUALIFIED OP-
13 PORTUNITY FUNDS.—

14 (1) IN GENERAL.—

15 (A) FILING REQUIREMENTS FOR FUNDS
16 AND INVESTORS.—Subpart A of part III of sub-
17 chapter A of chapter 61 of the Internal Rev-
18 enue Code of 1986 is amended by inserting
19 after section 6039J the following new sections:

20 **“SEC. 6039K. RETURNS WITH RESPECT TO QUALIFIED OP-
21 PORTUNITY FUNDS.**

22 “(a) IN GENERAL.—Every qualified opportunity fund
23 shall file an annual return (at such time and in such man-
24 ner as the Secretary may prescribe) containing the infor-
25 mation described in subsection (b).

1 “(b) INFORMATION FROM QUALIFIED OPPORTUNITY
2 FUNDS.—The information described in this subsection
3 is—

4 “(1) the name, address, and taxpayer identifica-
5 tion number of the qualified opportunity fund,

6 “(2) whether the qualified opportunity fund is
7 organized as a corporation or a partnership,

8 “(3) the value of the total assets held by the
9 qualified opportunity fund as of each date described
10 in section 1400Z–2(d)(1),

11 “(4) the value of all qualified opportunity zone
12 property held by the qualified opportunity fund on
13 each such date,

14 “(5) with respect to each investment held by
15 the qualified opportunity fund in qualified oppor-
16 tunity zone stock or a qualified opportunity zone
17 partnership interest—

18 “(A) the name, address, and taxpayer
19 identification number of the corporation in
20 which such stock is held or the partnership in
21 which such interest is held, as the case may be,

22 “(B) each North American Industry Clas-
23 sification Code that applies to the trades or
24 businesses conducted by such corporation or
25 partnership,

1 “(C) the population census tracts in which
2 the qualified opportunity zone business property
3 of such corporation or partnership is located,

4 “(D) the amount of the investment in such
5 stock or partnership interest as of each date de-
6 scribed in section 1400Z–2(d)(1),

7 “(E) the value, as determined under regu-
8 lations issued by the Secretary, of tangible
9 property held by such corporation or partner-
10 ship on each such date which is owned by such
11 corporation or partnership,

12 “(F) the value, as determined under regu-
13 lations issued by the Secretary, of tangible
14 property held by such corporation or partner-
15 ship on each such date which is leased by such
16 corporation or partnership,

17 “(G) the information described in para-
18 graph (6)(E) with respect to buildings with 1 or
19 more residential rental units which are held by
20 such corporation or partnership, and

21 “(H) the approximate average monthly
22 number of full-time equivalent employees of
23 such corporation or partnership for the year
24 (within numerical ranges identified by the Sec-
25 retary) or such other indication of the employ-

1 ment impact of such corporation or partnership
2 as determined appropriate by the Secretary,
3 which shall account for direct and indirect, tem-
4 porary and permanent jobs,

5 “(6) with respect to the items of qualified op-
6 portunity zone business property held by the quali-
7 fied opportunity fund—

8 “(A) the North American Industry Classi-
9 fication Code that applies to the trades or busi-
10 nesses in which such property is held,

11 “(B) the population census tract in which
12 the property is located,

13 “(C) whether the property is owned or
14 leased,

15 “(D) the aggregate value, as determined
16 under regulations issued by the Secretary, of
17 the items of qualified opportunity zone property
18 held by the qualified opportunity fund as of
19 each date described in section 1400Z–2(d)(1),
20 and

21 “(E) in the case of each building with 1 or
22 more residential rental units—

23 “(i) the total number of such residen-
24 tial rental units,

1 “(ii) the number of such units occu-
2 pied by tenants with an income of 50 per-
3 cent or less of area median income ad-
4 justed for family size,

5 “(iii) the number of such units occu-
6 pied by tenants with an income in excess
7 of 50 percent, but not exceeding 60 per-
8 cent of area median income adjusted for
9 family size, and

10 “(iv) whether—

11 “(I) at least 20 percent of such
12 units are occupied by tenants de-
13 scribed in clause (ii), or

14 “(II) at least 40 percent of such
15 units are occupied by tenants with in-
16 come averaging not more than 60 per-
17 cent of area median income adjusted
18 for family size,

19 “(7) the approximate average monthly number
20 of full-time equivalent employees for the year of the
21 trades or businesses of the qualified opportunity
22 fund in which qualified opportunity zone business
23 property is held (within numerical ranges identified
24 by the Secretary) or such other indication of the em-
25 ployment impact of such trades or businesses as de-

1 terminated appropriate by the Secretary, which shall
2 account for direct and indirect, temporary and per-
3 manent jobs,

4 “(8) with respect to each person who disposed
5 of an investment in the qualified opportunity fund
6 during the year—

7 “(A) the name and taxpayer identification
8 number of such person,

9 “(B) the date or dates on which the invest-
10 ment disposed was acquired, and

11 “(C) the date or dates on which any such
12 investment was disposed and the amount of the
13 investment disposed, and

14 “(9) such other information as the Secretary
15 may require.

16 “(c) STATEMENT REQUIRED TO BE FURNISHED TO
17 INVESTORS.—Every person required to make a return
18 under subsection (a) shall furnish to each person whose
19 name is required to be set forth in such return by reason
20 of subsection (b)(8) a written statement showing—

21 “(1) the name, address and phone number of
22 the information contact of the person required to
23 make such return, and

1 “(2) the information required to be shown on
2 such return by reason of subsection (b)(8) with re-
3 spect to such person.

4 “(d) DEFINITIONS.—For purposes of this section—

5 “(1) IN GENERAL.—Any term used in this sec-
6 tion which is also used in subchapter Z of chapter
7 1 shall have the meaning given such term under
8 such subchapter.

9 “(2) FULL-TIME EQUIVALENT EMPLOYEES.—
10 The term ‘full-time equivalent employees’ means,
11 with respect to any month, the sum of—

12 “(A) the number of full-time employees (as
13 defined in section 4980H(c)(4)) for the month,
14 plus

15 “(B) the number of employees determined
16 (under rules similar to the rules of section
17 4980H(c)(2)(E)) by dividing the aggregate
18 number of hours of service of employees who
19 are not full-time employees for the month by
20 120.

21 **“SEC. 6039L. INFORMATION ON PERSONS INVESTING IN**
22 **QUALIFIED OPPORTUNITY FUNDS.**

23 “(a) IN GENERAL.—Every taxpayer who makes an
24 investment in a qualified opportunity fund shall provide
25 an annual statement (at such time and in such manner

1 as the Secretary may prescribe) containing the informa-
2 tion described in subsection (b) with respect to each such
3 investment.

4 “(b) INFORMATION FROM INVESTORS.—The infor-
5 mation described in this subsection is—

6 “(1) the name, address, and taxpayer identifica-
7 tion number of the taxpayer,

8 “(2) the name and taxpayer identification num-
9 ber of the qualified opportunity fund in which the
10 investment was made,

11 “(3) a description of such investment,

12 “(4) the date such investment was made,

13 “(5) the amount of short-term and long-term
14 capital gains for which an election was made under
15 section 1400Z–2(a)(1) for such investment,

16 “(6) in the case of any disposition of any in-
17 vestment in a qualified opportunity fund during the
18 taxable year—

19 “(A) a description of the investment dis-
20 posed,

21 “(B) the date of the disposition, and

22 “(C) the amount of any previously deferred
23 short-term and long-term capital gain included
24 in income as a result of such disposition, and

1 “(7) such other information as the Secretary
2 may require.

3 “(c) DEFINITIONS.—Any term used in this section
4 which is also used in subchapter Z of chapter 1 shall have
5 the meaning given such term under such subchapter.

6 **“SEC. 6039M. INFORMATION REQUIRED FROM CERTAIN**
7 **QUALIFIED OPPORTUNITY ZONE BUSI-**
8 **NESSES.**

9 “(a) IN GENERAL.—Every applicable qualified oppor-
10 tunity zone business shall furnish to the qualified oppor-
11 tunity fund described in subsection (b) a written state-
12 ment in such manner and setting forth such information
13 as the Secretary may by regulations prescribe for purposes
14 of enabling such qualified opportunity fund to meet the
15 requirements of section 6039(b)(5).

16 “(b) APPLICABLE QUALIFIED OPPORTUNITY ZONE
17 BUSINESS.—For purposes of subsection (a), the term ‘ap-
18 plicable qualified opportunity zone business’ means any
19 qualified opportunity zone business (as defined in section
20 1400Z–2(d)(3))—

21 “(1) which is a trade or business of a qualified
22 opportunity fund,

23 “(2) in which a qualified opportunity fund holds
24 qualified opportunity zone stock, or

1 “(3) in which a qualified opportunity fund holds
2 a qualified opportunity zone partnership interest.

3 “(c) OTHER TERMS.—Any term used in this section
4 which is also used in subchapter Z of chapter 1 shall have
5 the meaning given such term under such subchapter.”.

6 (B) PENALTIES.—

7 (i) IN GENERAL.—Part II of sub-
8 chapter B of chapter 68 of the Internal
9 Revenue Code of 1986 is amended by in-
10 serting after section 6725 the following
11 new section:

12 **“SEC. 6726. FAILURE TO COMPLY WITH INFORMATION RE-**
13 **PORTING REQUIREMENTS RELATING TO**
14 **QUALIFIED OPPORTUNITY FUNDS.**

15 “(a) INFORMATION RETURNS BY QUALIFIED OPPOR-
16 TUNITY FUNDS.—

17 “(1) IN GENERAL.—In the case of any person
18 required to file a return under section 6039K fails
19 to file a complete and correct return under such sec-
20 tion in the time and in the manner prescribed there-
21 for, such person shall pay a penalty of \$500 for each
22 day during which such failure continues.

23 “(2) LIMITATION.—

1 “(A) IN GENERAL.—The maximum penalty
2 under this subsection on failures with respect to
3 any 1 return shall not exceed \$10,000.

4 “(B) LARGE QUALIFIED OPPORTUNITY
5 FUNDS.—In the case of any failure described in
6 paragraph (1) with respect to a fund the gross
7 assets of which (determined on the last day of
8 the taxable year) are in excess of \$10,000,000,
9 subparagraph (A) shall be applied by sub-
10 stituting ‘\$50,000’ for ‘\$10,000’.

11 “(3) REDUCTION WHERE CORRECTION IN SPEC-
12 IFIED PERIOD.—If any failure described in para-
13 graph (1) is corrected on or before the day 60 days
14 after the due date (including extensions) for filing
15 the return, the penalty imposed by paragraph (1)
16 shall be \$500 in lieu of the amount determined
17 under such paragraph.

18 “(4) DE MINIMIS ERRORS.—If—

19 “(A) there are one or more such failures
20 described in paragraph (1) relating to an incor-
21 rect dollar amount, and no single amount in
22 error differs from the correct amount by more
23 than \$100, or

24 “(B) there are one or more such failures
25 described in paragraph (1) relating to a non-nu-

1 merical amount and such error is inconsequen-
2 tial, then no correction shall be required, and,
3 for purposes of this section, such statement
4 shall be treated as having been filed with all
5 correct required information.

6 “(5) PENALTY IN CASES OF INTENTIONAL DIS-
7 REGARD.—If a failure described in paragraph (1) is
8 due to intentional disregard, then—

9 “(A) paragraph (1) shall be applied by
10 substituting ‘\$2,500’ for ‘\$500’,

11 “(B) paragraph (2)(A) shall be applied by
12 substituting ‘\$50,000’ for ‘\$10,000’, and

13 “(C) paragraph (2)(B) shall be applied by
14 substituting ‘\$250,000’ for ‘\$50,000’.

15 “(6) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of any
17 failure relating to a return required to be filed
18 in a calendar year beginning after 2023, each
19 of the dollar amounts in paragraphs (1), (2),
20 (3), and (5) shall be increased by an amount
21 equal to such dollar amount multiplied by the
22 cost-of-living adjustment determined under sec-
23 tion 1(f)(3) for the calendar year determined by
24 substituting ‘calendar year 2022’ for ‘calendar
25 year 2016’ in subparagraph (A)(ii) thereof.

1 “(B) ROUNDING.—

2 “(i) IN GENERAL.—If the \$500 dollar
3 amount in paragraph (1), (3), or (5)(A) or
4 the \$2,500 amount in paragraph (5)(A),
5 after being increased under subparagraph
6 (A), is not a multiple of \$10, such dollar
7 amount shall be rounded to the next lowest
8 multiple of \$10.

9 “(ii) ASSET THRESHOLD.—If the
10 \$10,000,000 dollar amount in paragraph
11 (2)(B), after being increased under sub-
12 paragraph (A), is not a multiple of
13 \$10,000, such dollar amount shall be
14 rounded to the next lowest multiple of
15 \$10,000.

16 “(iii) OTHER DOLLAR AMOUNTS.—If
17 any dollar amount in paragraph (2), (3),
18 or (5) (other than any amount to which
19 clause (i) or (ii) applies), after being in-
20 creased under subparagraph (A), is not a
21 multiple of \$1,000, such dollar amount
22 shall be rounded to the next lowest mul-
23 tiple of \$1,000.

24 “(b) STATEMENTS BY INVESTORS.—

25 “(1) IN GENERAL.—If—

1 “(A) any person is required to file a state-
2 ment under section 6039L for any period, and

3 “(B) fails—

4 “(i) to file such statement on or be-
5 fore the required filing date, or

6 “(ii) fails to include all of the infor-
7 mation required to be shown on the state-
8 ment or includes incorrect information,

9 such person shall pay a penalty of \$5,000.

10 “(2) REDUCTION WHERE CORRECTION IN SPEC-
11 IFIED PERIOD.—If any failure described in para-
12 graph (1)(B) is corrected on or before the day 60
13 days after the due date (including extensions) for fil-
14 ing the return, the penalty imposed by paragraph
15 (1) shall be \$500 in lieu of the amount determined
16 under such paragraph.

17 “(3) DE MINIMIS ERRORS.—If—

18 “(A) there are one or more such failures
19 described in paragraph (1)(B)(ii) relating to an
20 incorrect dollar amount, and no single amount
21 in error differs from the correct amount by
22 more than \$100, or

23 “(B) there are one or more such failures
24 described in paragraph (1)(B)(ii) relating to a

1 non-numerical amount and such error is incon-
2 sequential,
3 then no correction shall be required, and, for pur-
4 poses of this section, such statement shall be treated
5 as having been filed with all correct required infor-
6 mation.

7 “(4) PENALTY IN CASES OF INTENTIONAL DIS-
8 REGARD.—If one or more failures described in para-
9 graph (1)(B) are due to intentional disregard of the
10 filing requirement (or the correct information report-
11 ing requirement), then, with respect to each such
12 failure—

13 “(A) paragraphs (2) and (3) shall not
14 apply, and

15 “(B) the amount of the penalty determined
16 under paragraph (1) shall be \$25,000.

17 “(5) INFLATION ADJUSTMENT.—

18 “(A) IN GENERAL.—In the case of any
19 failure relating to a statement required to be
20 filed in a calendar year beginning after 2023,
21 each of the dollar amounts in paragraphs (1),
22 (2), and (4) shall be increased by an amount
23 equal to such dollar amount multiplied by the
24 cost-of-living adjustment determined under sec-
25 tion 1(f)(3) for the calendar year determined by

1 substituting ‘calendar year 2022’ for ‘calendar
2 year 2016’ in subparagraph (A)(ii) thereof.

3 “(B) ROUNDING.—The amount of any in-
4 crease under subparagraph (A) shall be round-
5 ed to the nearest multiple of \$100 (\$10 in the
6 case of any increase in the amount under para-
7 graph (2)).”.

8 (ii) INFORMATION REQUIRED TO BE
9 SENT TO OTHER TAXPAYERS.—Section
10 6724(d)(2) of such Code is amended—

11 (I) by striking “or” at the end of
12 subparagraph (II),

13 (II) by striking the period at the
14 end of the first subparagraph (JJ)
15 (relating to section 6226) and insert-
16 ing a comma,

17 (III) by redesignating the second
18 subparagraph (JJ) (relating to section
19 6050Y) as subparagraph (KK),

20 (IV) by striking the period at the
21 end of subparagraph (KK) (as reded-
22 icated by subclause (III)) and insert-
23 ing a comma, and

1 (V) by inserting after subpara-
2 graph (KK) (as so redesignated) the
3 following new subparagraphs:

4 “(LL) section 6039K(c) (relating to dis-
5 position of qualified opportunity fund invest-
6 ments), or

7 “(MM) section 6039M (relating to infor-
8 mation required from certain qualified oppor-
9 tunity zone businesses).”.

10 (C) ELECTRONIC FILING.—Section
11 6011(e) of such Code is amended by adding at
12 the end the following new paragraph:

13 “(8) QUALIFIED OPPORTUNITY FUNDS.—Not-
14 withstanding paragraphs (1) and (2), any return
15 filed by a qualified opportunity fund shall be filed on
16 magnetic media or other machine-readable form.”.

17 (D) CLERICAL AMENDMENTS.—

18 (i) The table of sections for subpart A
19 of part III of subchapter A of chapter 61
20 of such Code is amended by inserting after
21 the item relating to section 6039J the fol-
22 lowing new items:

“Sec. 6039K. Returns with respect to qualified opportunity funds.

“Sec. 6039L. Information on persons investing in qualified opportunity funds.

“Sec. 6039M. Information required from certain qualified opportunity zone
businesses.”.

1 (ii) The table of sections for part II of
2 subchapter B of chapter 68 of such Code
3 is amended by inserting after the item re-
4 lating to section 6725 the following new
5 item:

“Sec. 6726. Failure to comply with information reporting requirements relating to qualified opportunity funds.”.

6 (E) EFFECTIVE DATE.—The amendments
7 made by this paragraph shall apply to taxable
8 years beginning after the date of the enactment
9 of this Act.

10 (2) REPORTING OF DATA ON OPPORTUNITY
11 ZONE TAX INCENTIVES.—

12 (A) IN GENERAL.—As soon as practical
13 after the date of the enactment of this Act, and
14 annually thereafter, the Secretary of the Treas-
15 ury, or the Secretary’s delegate (referred to in
16 this section as the “Secretary”), in consultation
17 with the Director of the Bureau of the Census
18 and such other agencies as the Secretary deter-
19 mines appropriate, shall make publicly available
20 a report on qualified opportunity funds.

21 (B) INFORMATION INCLUDED.—The report
22 required under subparagraph (A) shall include,
23 to the extent available, the following informa-
24 tion:

1 (i) The number of qualified oppor-
2 tunity funds.

3 (ii) The aggregate dollar amount of
4 assets held in qualified opportunity funds.

5 (iii) The aggregate dollar amount of
6 investments made by qualified opportunity
7 funds in qualified opportunity fund prop-
8 erty across each industry class under the
9 North American Industry Classification
10 Code.

11 (iv) The percentage of population cen-
12 sus tracts designated as qualified oppor-
13 tunity zones that have received qualified
14 opportunity fund investments.

15 (v) For each population census tract
16 designated as a qualified opportunity zone,
17 the approximate average monthly number
18 of full-time equivalent employees of the
19 qualified opportunity zone businesses in
20 such qualified opportunity zone for the
21 preceding 12-month period (within numer-
22 ical ranges identified by the Secretary) or
23 such other indication of the employment
24 impact of such qualified opportunity fund

1 businesses as determined appropriate by
2 the Secretary.

3 (vi) The percentage of the total
4 amount of investments made directly or in-
5 directly by qualified opportunity funds
6 in—

7 (I) qualified opportunity zone
8 business property which is real prop-
9 erty; and

10 (II) other qualified opportunity
11 zone business property.

12 (vii) For each population census tract,
13 the aggregate approximate number of resi-
14 dential units resulting from investments
15 made by qualified opportunity funds in
16 real property.

17 (viii) The aggregate dollar amount of
18 investments made by qualified opportunity
19 funds in each population census tract.

20 (C) ADDITIONAL INFORMATION.—

21 (i) IN GENERAL.—Beginning with the
22 report submitted under subparagraph (A)
23 for the 6th year after the date of the en-
24 actment of this Act, the Secretary shall in-
25 clude in such report the impacts and out-

1 comes of a designation of a population cen-
2 sus tract as a qualified opportunity zone as
3 measured by economic indicators, such as
4 job creation, poverty reduction, new busi-
5 ness starts, and other metrics as deter-
6 mined by the Secretary.

7 (ii) SEMI-DECENNIAL INFORMA-
8 TION.—

9 (I) IN GENERAL.—In the case of
10 any report submitted under subpara-
11 graph (A) in the 6th year or the 11th
12 year after the date of the enactment
13 of this Act, the Secretary shall include
14 the following information:

15 (aa) For population census
16 tracts designated as a qualified
17 opportunity zone, a comparison
18 (based on aggregate information)
19 of the factors listed in subclause
20 (III) between the 5-year period
21 ending on the date of the enact-
22 ment of Public Law 115–97 and
23 the most recent 5-year period for
24 which data is available.

1 (bb) For population census
2 tracts designated as a qualified
3 opportunity zone, a comparison
4 (based on aggregate information)
5 of the factors listed in subclause
6 (III) for the most recent 5-year
7 period for which data is available
8 between such population census
9 tracts and a similar population
10 census tracts that were not des-
11 ignated as a qualified opportunity
12 zone.

13 (II) CONTROL GROUPS.—For
14 purposes of subclause (I), the Sec-
15 retary may combine population census
16 tracts into such groups as the Sec-
17 retary determines appropriate for pur-
18 poses of making comparisons.

19 (III) FACTORS LISTED.—The
20 factors listed in this subclause are the
21 following:

22 (aa) The unemployment
23 rate.

24 (bb) The number of persons
25 working in the population census

1 tract, including the percentage of
2 such persons who were not resi-
3 dents in the population census
4 tract in the preceding year.

5 (cc) Individual, family, and
6 household poverty rates.

7 (dd) Median family income
8 of residents of the population
9 census tract.

10 (ee) Demographic informa-
11 tion on residents of the popu-
12 lation census tract, including age,
13 income, education, race, and em-
14 ployment.

15 (ff) The average percentage
16 of income of residents of the pop-
17 ulation census tract spent on rent
18 annually.

19 (gg) The number of resi-
20 dences in the population census
21 tract.

22 (hh) The rate of home own-
23 ership in the population census
24 tract.

1 (ii) The average value of
2 residential property in the popu-
3 lation census tract.

4 (jj) The number of afford-
5 able housing units in the popu-
6 lation census tract.

7 (kk) The number and per-
8 centage of residents in the popu-
9 lation census tract that were not
10 employed for the preceding year.

11 (ll) The number of new busi-
12 ness starts in the population cen-
13 sus tract.

14 (mm) The distribution of
15 employees in the population cen-
16 sus tract by North American In-
17 dustry Classification Code.

18 (D) PROTECTION OF IDENTIFIABLE RE-
19 TURN INFORMATION.—In making reports re-
20 quired under this paragraph, the Secretary—

21 (i) shall establish appropriate proce-
22 dures to ensure that any amounts reported
23 do not disclose taxpayer return information
24 that can be associated with any particular

1 taxpayer or competitive or proprietary in-
2 formation,

3 (ii) if necessary to protect taxpayer
4 return information, may combine informa-
5 tion required with respect to individual
6 population census tracts into larger geo-
7 graphic areas, and

8 (iii) shall treat any violation of this
9 subparagraph as a violation of section
10 6103.

11 (E) DEFINITIONS.—Any term used in this
12 paragraph which is also used in subchapter Z
13 of chapter 1 of the Internal Revenue Code of
14 1986 shall have the meaning given such term
15 under such subchapter.

16 (d) EXTENSION OF DEFERRAL AND INVESTMENT
17 PERIOD.—

18 (1) IN GENERAL.—Subparagraph (B) of sec-
19 tions 1400Z–2(a)(2) and 1400Z–2(b)(1) of the In-
20 ternal Revenue Code of 1986 is amended by striking
21 “December 31, 2026” and inserting “December 31,
22 2028”.

23 (2) EFFECTIVE DATE.—The amendment made
24 by this subsection shall apply to amounts invested
25 after December 22, 2017.

1 (e) MODIFICATION OF DEFINITION OF QUALIFIED
2 OPPORTUNITY FUND.—

3 (1) IN GENERAL.—Section 1400Z-2(d)(1) of
4 the Internal Revenue Code of 1986 is amended to
5 read as follows:

6 “(1) IN GENERAL.—The term ‘qualified oppor-
7 tunity fund’ means—

8 “(A) any qualified feeder fund, or

9 “(B) any other investment vehicle if—

10 “(i) such investment vehicle is orga-
11 nized as a corporation or a partnership for
12 the purpose of investing in qualified oppor-
13 tunity zone property (other than another
14 qualified opportunity fund), and

15 “(ii) such investment vehicle holds at
16 least 90 percent of its assets in qualified
17 opportunity zone property, determined by
18 the average of the percentage of qualified
19 opportunity zone property held in the fund
20 as measured—

21 “(I) on the last day of the first
22 6-month period of the taxable year of
23 the fund, and

24 “(II) on the last day of the tax-
25 able year of the fund.”.

1 (2) QUALIFIED FEEDER FUND.—Section
2 1400Z–2(d) of such Code is amended by adding at
3 the end the following new paragraph:

4 “(4) QUALIFIED FEEDER FUND.—The term
5 ‘qualified feeder fund’ means any investment vehicle
6 that invests in a qualified opportunity fund if—

7 “(A) such investment vehicle is organized
8 as a domestic partnership for the purpose of in-
9 vesting in one more corporations or partner-
10 ships described in paragraph (1)(B),

11 “(B) all investments made in the invest-
12 ment vehicle are made in cash, and

13 “(C) not less than 95 percent of the assets
14 of which are equity investments in corporations
15 or partnerships described in paragraph (1)(B)
16 as measured—

17 “(i) on the last day of the first 6-
18 month period of the taxable year of the
19 feeder fund, and

20 “(ii) on the last day of the tax- able
21 year of the feeder fund.”.

22 (3) EFFECTIVE DATE.—The amendments made
23 by this subsection shall take effect on the date of the
24 enactment of this Act.

25 (f) STATE AND COMMUNITY DYNAMISM FUND.—

1 (1) ESTABLISHMENT.—There is established a
2 State and Community Dynamism Fund to support
3 public and private investment, including capital for
4 qualified opportunity zones designated under section
5 1400Z–1(a) of the Internal Revenue Code of 1986,
6 and existing small business and community economic
7 development programs and incentives, to under-
8 served businesses and communities.

9 (2) ALLOCATION.—

10 (A) IN GENERAL.—Funds appropriated to
11 the State and Community Dynamism Fund
12 shall be allocated to States.

13 (B) FORMULA.—

14 (i) IN GENERAL.—The Secretary of
15 the Treasury shall determine the allocation
16 by allocating Federal funds among the
17 States based on the proportion of prime
18 working age adults not employed in each
19 State bears to the total of prime working
20 age adults not employed for all the States.

21 (ii) MINIMUM ALLOCATION.—The Sec-
22 retary shall adjust the allocations under
23 clause (i) for each State to the extent nec-
24 essary to ensure that no State receives less
25 than 0.9 percent of the Federal funds.

1 (C) REQUIREMENT.—To receive an alloca-
2 tion under subparagraph (B), a State shall cer-
3 tify that the State will use funds to—

4 (i) build capacity in high-poverty,
5 underbanked, rural, and otherwise under-
6 served communities;

7 (ii) advance investment in minority-,
8 women, and veteran-owned businesses;

9 (iii) address workforce development in
10 strategic sectors of the State’s economy;
11 and

12 (iv) align priorities to support
13 affordably priced housing.

14 (D) SUBALLOCATION.—A State may spend
15 funds allocated under this paragraph directly or
16 suballocate the funds to other entities, including
17 units of general local government and non-
18 profits.

19 (E) ELIGIBLE USES.—Funds allocated
20 under this paragraph shall be used for any eli-
21 gible use in a low-income community, as defined
22 in section 45D(e) of the Internal Revenue Code
23 of 1986, including for—

24 (i) operating support and community
25 capacity building, with priority to given to

1 operating support and community capacity
2 building in qualified opportunity zones, in-
3 cluding—

4 (I) personnel to support activi-
5 ties, including coordination, education,
6 and investment;

7 (II) community-level capacity
8 building, training, and strategic plan-
9 ning;

10 (III) outreach, technical assist-
11 ance, and professional services to un-
12 derserved businesses and underserved
13 opportunity zone fund managers;

14 (ii) high-impact projects, including—

15 (I) predevelopment costs associ-
16 ated with individual Qualified Oppor-
17 tunity Zone projects; and

18 (II) risk mitigation for qualified
19 opportunity zone funds; and

20 (iii) administrative costs, not to ex-
21 ceed 3 percent of the funds allocated.

22 (F) ELIGIBLE PROJECTS.—Funds used for
23 high-impact project activities, as described in
24 subparagraph (E)(ii), shall only be used for—

1 (i) business with less than 200 em-
2 ployees;

3 (ii) projects that provide community
4 goods or services, including health care, so-
5 cial services, healthy food access, edu-
6 cation, broadband, and culture; or

7 (iii) affordable housing with at least
8 50 percent of the units that are affordable
9 to families making less than 80 percent of
10 area median family income.

11 (G) PRIORITIZATION.—A State that re-
12 ceives funds under this subsection must
13 prioritize activities that—

14 (i) promote investment in projects
15 that substantially support minorities, as
16 defined in section 1204(c) of the Financial
17 Institutions Reform, Recovery, and En-
18 forcement Act of 1989 (12 U.S.C. 1811
19 note), or other targeted populations, as de-
20 fined in section 103 of the Riegle Commu-
21 nity Development and Regulatory Improve-
22 ment Act of 1994 (12 U.S.C. 4702); and

23 (ii) have demonstrated meaningful en-
24 gagement with community stakeholders.

1 (3) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated
3 \$1,000,000,000 to carry out this subsection.

4 (4) GAO AUDIT.—The Comptroller General of
5 the United States shall perform an annual audit of
6 the Fund and submit to the appropriate committees
7 of Congress a report containing the results of the
8 audit.

9 (5) ANNUAL REPORT.—Not later than March
10 31 of each year, each State receiving funds under
11 this subsection shall submit to the Secretary a re-
12 port on the performance of the State and partici-
13 pating entities in the State that includes—

14 (A) an accounting of the expenditure of
15 funds received by the State, including on ad-
16 ministrative or indirect costs;

17 (B) information on the number and char-
18 acteristics of participants served under this sub-
19 section; and

20 (C) a summary describing the training, ca-
21 pacity-building, and technical assistance offered
22 by the State and participating entities.

23 (6) DEFINITIONS.—In this subsection:

24 (A) PRIME WORKING AGE ADULTS NOT
25 EMPLOYED.—The term “prime working age

1 adults not employed” means, with respect to a
2 State, the share of the adult population aged 25
3 to 54 that was not employed for the most re-
4 cent year for which data is available.

5 (B) STATE.—The term “State” includes
6 the District of Columbia, any territory or pos-
7 session of the United States, and any Indian
8 Tribe.

9 **SEC. 103. QUALIFYING ORDINARY INCOME ADDED TO SPE-**
10 **CIAL RULES FOR INVESTMENTS IN OPPOR-**
11 **TUNITY ZONES.**

12 (a) IN GENERAL.—Section 1400Z–2 of the Internal
13 Revenue Code of 1986 is amended—

14 (1) in the section heading, by striking “**CAP-**
15 **ITAL GAINS INVESTED**” and inserting “**INVEST-**
16 **MENTS**”,

17 (2) in subsection (a)—

18 (A) in paragraph (1)—

19 (i) in the heading, by inserting
20 “QUALIFYING ORDINARY INCOME AND”
21 after “OF”,

22 (ii) by inserting “qualifying ordinary
23 income and” after “case of”,

24 (iii) by amending subparagraph (A) to
25 read as follows:

1 “(A) gross income for the taxable year
2 shall not include—

3 “(i) so much of such gain as does not
4 exceed the aggregate amount invested by
5 the taxpayer in a qualified opportunity
6 fund during the 180-day period beginning
7 on the date of such sale or exchange, and

8 “(ii) so much of such qualifying ordi-
9 nary income as does not exceed the aggre-
10 gate amount invested by the taxpayer in a
11 qualified opportunity fund during such tax-
12 able year,” and

13 (iv) in subparagraph (B), by inserting
14 “qualifying ordinary income and” after
15 “amount of”,

16 (B) in paragraph (2)—

17 (i) in subparagraph (A), by striking
18 “or” at the end,

19 (ii) in subparagraph (B), by striking
20 the period at the end and inserting “, or”,
21 and

22 (iii) by adding at the end the fol-
23 lowing:

1 “(C) with respect to qualified ordinary in-
2 come received in a taxable year beginning after
3 December 31, 2026.”, and

4 (C) by adding at the end the following:

5 “(3) QUALIFYING ORDINARY INCOME DE-
6 FINED.—In this subsection, the term ‘qualifying or-
7 dinary income’ means ordinary income other than
8 income attributable to capital gains.”,

9 (3) in subsection (b)—

10 (A) in the subsection heading, by inserting
11 “QUALIFYING ORDINARY INCOME AND” after
12 “DEFERRAL OF”,

13 (B) in paragraph (1), by striking “Gain”
14 and inserting “Qualifying ordinary income and
15 gain”, and

16 (C) in paragraph (2)—

17 (i) in subparagraph (A)—

18 (I) by inserting “qualifying ordi-
19 nary income and” after “amount of”,
20 and

21 (II) in clause (i), by striking “of
22 gain”, and

23 (ii) in subparagraph (B)—

1 (I) in the clause (ii) heading, by
2 striking “GAIN” and inserting
3 “AMOUNT”, and

4 (II) by striking “the amount of
5 gain” each place it appears and in-
6 serting “the amount”, and

7 (4) in subsection (e)(1), by inserting “quali-
8 fying ordinary income and” after “investments of”.

9 (b) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to amounts invested after the date
11 of the enactment of this Act.

12 **SEC. 104. RELIEVING STRAIN FROM SHORTAGES OF TRANS-**
13 **FORMERS.**

14 Section 321(35) of the Energy Policy and Conserva-
15 tion Act (42 U.S.C. 6291(35)) is amended by adding at
16 the end the following:

17 “(C) EFFICIENCY LEVEL.—The Secretary
18 shall not finalize any rule under which the effi-
19 ciency level of a liquid-immersed type, low volt-
20 age dry type, or medium voltage dry type dis-
21 tribution transformer is greater than trial
22 standard level 2 (as described in table V.1 in
23 the proposed rule entitled ‘Energy Conservation
24 Program: Energy Conservation Standards for

1 Distribution Transformers’ (88 Fed. Reg. 1722
2 (January 11, 2023))).

3 “(D) EFFECTIVE DATE FOR CERTAIN
4 RULES.—Any rule finalized by the Secretary
5 under which the efficiency level of a liquid-im-
6 mersed type, low voltage dry type, or medium
7 voltage dry-type distribution transformer is trial
8 standard level 1 or 2 (as described in table V.1
9 in the proposed rule entitled ‘Energy Conserva-
10 tion Program: Energy Conservation Standards
11 for Distribution Transformers’ (88 Fed. Reg.
12 1722 (January 11, 2023))) shall not take effect
13 until 10 years after the date on which the rule
14 is finalized.”.

15 **SEC. 105. INCENTIVIZING ZONING REFORM.**

16 (a) PURPOSE.—The purpose of this section is to dis-
17 courage the use of discriminatory land use policies and
18 remove barriers to making housing more affordable in
19 order to further the original intent of the Community De-
20 velopment Block Grant program.

21 (b) LAND USE PLAN.—

22 (1) IN GENERAL.—Section 104 of the Housing
23 and Community Development Act of 1974 (42
24 U.S.C. 5304) is amended by adding at the end the
25 following:

1 “(n) PLAN TO TRACK DISCRIMINATORY LAND USE
2 POLICIES.—

3 “(1) IN GENERAL.—Prior to receipt in any fis-
4 cal year of a grant from the Secretary under sub-
5 section (b), (d)(1), or (d)(2)(B) of section 106, each
6 recipient shall have prepared and submitted, not less
7 frequently than once during the preceding 5-year pe-
8 riod, in accordance with this subsection and in such
9 standardized form as the Secretary shall, by regula-
10 tion, prescribe, with respect to each land use policy
11 described in paragraph (2) that is applicable to the
12 jurisdiction served by the recipient, a description
13 of—

14 “(A) whether the recipient has already
15 adopted the policy in the jurisdiction served by
16 the recipient;

17 “(B) the plan of the recipient to implement
18 the policy in that jurisdiction; or

19 “(C) the ways in which adopting the policy
20 will benefit the jurisdiction.

21 “(2) LAND USE POLICIES.—The policies de-
22 scribed in this paragraph are as follows:

23 “(A) Enacting high-density single-family
24 and multifamily zoning.

1 “(B) Expanding by-right multifamily zoned
2 areas.

3 “(C) Allowing duplexes, triplexes, or
4 fourplexes in areas zoned primarily for single-
5 family residential homes.

6 “(D) Allowing manufactured homes in
7 areas zoned primarily for single-family residen-
8 tial homes.

9 “(E) Allowing multifamily development in
10 retail, office, and light manufacturing zones.

11 “(F) Allowing single-room occupancy de-
12 velopment wherever multifamily housing is al-
13 lowed.

14 “(G) Reducing minimum lot size.

15 “(H) Ensuring historic preservation re-
16 quirements and other land use policies or re-
17 quirements are coordinated to encourage cre-
18 ation of housing in historic buildings and his-
19 toric districts.

20 “(I) Increasing the allowable floor area
21 ratio in multifamily housing areas.

22 “(J) Creating transit-oriented development
23 zones.

1 “(K) Streamlining or shortening permit-
2 ting processes and timelines, including through
3 one-stop and parallel-process permitting.

4 “(L) Eliminating or reducing off-street
5 parking requirements.

6 “(M) Ensuring impact and utility invest-
7 ment fees accurately reflect required infrastruc-
8 ture needs and related impacts on housing af-
9 fordability are otherwise mitigated.

10 “(N) Allowing prefabricated construction.

11 “(O) Reducing or eliminating minimum
12 unit square footage requirements.

13 “(P) Allowing the conversion of office units
14 to apartments.

15 “(Q) Allowing the subdivision of single-
16 family homes into duplexes.

17 “(R) Allowing accessory dwelling units, in-
18 cluding detached accessory dwelling units, on all
19 lots with single-family homes.

20 “(S) Establishing density bonuses.

21 “(T) Eliminating or relaxing residential
22 property height limitations.

23 “(U) Using property tax abatements to en-
24 able higher density and mixed-income commu-
25 nities.

1 “(V) Donating vacant land for affordable
2 housing development.

3 “(3) EFFECT OF SUBMISSION.—A submission
4 under this subsection shall not be binding with re-
5 spect to the use or distribution of amounts received
6 under section 106.

7 “(4) ACCEPTANCE OR NONACCEPTANCE OF
8 PLAN.—The acceptance or nonacceptance of any
9 plan submitted under this subsection in which the
10 information required under this subsection is pro-
11 vided is not an endorsement or approval of the plan,
12 policies, or methodologies, or lack thereof.”.

13 (2) EFFECTIVE DATE.—The requirements
14 under subsection (n) of section 104 of the Housing
15 and Community Development Act of 1974 (42
16 U.S.C. 5304), as added by paragraph (1), shall—

17 (A) take effect on the date that is 1 year
18 after the date of enactment of this Act; and

19 (B) apply to recipients of a grant under
20 subsection (b), (d)(1), or (d)(2)(B) of section
21 106 of the Housing and Community Develop-
22 ment Act of 1974 (42 U.S.C. 5306) before, on,
23 and after such date.

1 **SEC. 106. EXPANDING AND STRENGTHENING THE LOW-IN-**
2 **COME HOUSING TAX CREDIT.**

3 (a) INCREASES IN STATE ALLOCATIONS.—

4 (1) IN GENERAL.—Clause (ii) of section
5 42(h)(3)(C) of the Internal Revenue Code is amend-
6 ed—

7 (A) in subclause (I), by striking “\$1.75”
8 and inserting “the per capita amount”, and

9 (B) in subclause (II), by striking
10 “\$2,000,000” and inserting “the minimum
11 amount”.

12 (2) PER CAPITA AMOUNT; MINIMUM AMOUNT.—
13 Section 42(h)(3) of the Internal Revenue Code of
14 1986 is amended by striking subparagraphs (H) and
15 (I) and inserting the following:

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

19 “(i) CALENDAR YEAR 2023.—For cal-
20 endar year, 2023, the per capita amount is
21 \$3.90.

22 “(ii) CALENDAR YEAR 2024.—For cal-
23 endar year 2024, the per capita amount is
24 the product of—

25 “(I) 1.25, and

1 “(II) the dollar amount under
2 clause (i) increased by an amount
3 equal to—

4 “(aa) such dollar amount,
5 multiplied by

6 “(bb) the cost-of-living ad-
7 justment determined under sec-
8 tion 1(f)(3) for such calendar
9 year, determined by substituting
10 ‘calendar year 2022’ for ‘cal-
11 endar year 2016’ in subpara-
12 graph (A)(ii) thereof.

13 If the amount determined after appli-
14 cation of the preceding sentence is not
15 a multiple of \$5,000, such amount
16 shall be rounded to the next lowest
17 multiple of \$5,000.

18 “(iii) CALENDAR YEARS AFTER
19 2024.—In the case of any calendar year
20 after 2024, the per capita amount is the
21 dollar amount determined under clause (ii)
22 increased by an amount equal to—

23 “(I) such dollar amount, multi-
24 plied by

1 “(II) the cost-of-living adjust-
2 ment determined under section 1(f)(3)
3 for such calendar year, determined by
4 substituting ‘calendar year 2023’ for
5 ‘calendar year 2016’ in subparagraph
6 (A)(ii) thereof.

7 Any amount increased under the preceding
8 sentence which is not a multiple of 5 cents
9 shall be rounded to the next lowest mul-
10 tiple of 5 cents.

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

14 “(i) CALENDAR YEAR 2023.—For cal-
15 endar year, 2023, the minimum amount is
16 \$4,495,000.

17 “(ii) CALENDAR YEAR 2024.—For cal-
18 endar year 2024, the minimum amount is
19 the product of—

20 “(I) 1.25, and

21 “(II) the dollar amount under
22 clause (i) increased by an amount
23 equal to—

24 “(aa) such dollar amount,
25 multiplied by

1 “(bb) the cost-of-living ad-
2 justment determined under sec-
3 tion 1(f)(3) for such calendar
4 year, determined by substituting
5 ‘calendar year 2022’ for ‘cal-
6 endar year 2016’ in subpara-
7 graph (A)(ii) thereof.

8 If the amount determined after appli-
9 cation of the preceding sentence is not
10 a multiple of 5 cents, such amount
11 shall be rounded to the next lowest
12 multiple of 5 cents.

13 “(iii) CALENDAR YEARS AFTER
14 2024.—In the case of any calendar year
15 after 2024, the minimum amount is the
16 dollar amount determined under clause (ii)
17 increased by an amount equal to—

18 “(I) such dollar amount, multi-
19 plied by

20 “(II) the cost-of-living adjust-
21 ment determined under section 1(f)(3)
22 for such calendar year, determined by
23 substituting ‘calendar year 2023’ for
24 ‘calendar year 2016’ in subparagraph
25 (A)(ii) thereof.

1 Any amount increased under the preceding
2 sentence which is not a multiple of \$5,000
3 shall be rounded to the next lowest mul-
4 tiple of \$5,000.”.

5 (3) EFFECTIVE DATE.—The amendments made
6 by this subsection shall apply to calendar years be-
7 ginning after December 31, 2022.

8 (b) REFORMS RELATING TO TENANT ELIGIBILITY.—

9 (1) AVERAGE INCOME TEST APPLICABILITY TO
10 EXEMPT FACILITY BONDS.—

11 (A) IN GENERAL.—Paragraph (1) of sec-
12 tion 142(d) of the Internal Revenue Code of
13 1986 is amended—

14 (i) by striking “(A) or (B)” and in-
15 serting “(A), (B), or (C)”, and

16 (ii) by inserting after subparagraph
17 (B) the following new subparagraph:

18 “(C) AVERAGE INCOME TEST.—A project
19 meets the requirements of this subparagraph if
20 it meets the minimum requirements of section
21 42(g)(1)(C).”.

22 (B) EFFECTIVE DATE.—The amendments
23 made by this paragraph shall apply to elections
24 made under section 142(d)(1) of the Internal
25 Revenue Code of 1986 after March 23, 2018.

1 (2) CODIFICATION OF RULES RELATING TO IN-
2 CREASED TENANT INCOME.—

3 (A) IN GENERAL.—Clause (i) of section
4 42(g)(2)(D) of the Internal Revenue Code of
5 1986 is amended by striking “clauses (ii), (iii),
6 and (iv)” and all that follows and inserting
7 “clauses (ii), (iii), (iv), and (vi), notwith-
8 standing an increase in the income of the occu-
9 pants above the income limitation applicable
10 under paragraph (1)—

11 “(I) a low-income unit shall con-
12 tinue to be treated as a low-income
13 unit if the income of such occupants
14 initially was 60 percent or less of area
15 median gross income and such unit
16 continues to be rent-restricted, and

17 “(II) a unit to which, at the time
18 of initial occupancy by such occu-
19 pants, any Federal, State, or local
20 government income restriction ap-
21 plied, and which subsequently becomes
22 part of a building with respect to
23 which rehabilitation expenditures are
24 taken into account under subsection
25 (e), shall be treated as a low-income

1 unit if the income of such occupants
2 initially was 60 percent or less of area
3 median gross income and does not ex-
4 ceed 120 percent of area median gross
5 income as of the date of acquisition of
6 the property by the taxpayer.”.

7 (B) EXCEPTION.—Subparagraph (D) of
8 section 42(g)(2) of the Internal Revenue Code
9 of 1986, as amended by this section, is further
10 amended by adding at the end the following
11 new clause:

12 “(vi) EXCEPTION TO RULE RELATING
13 TO INCREASED TENANT INCOME.—In the
14 case of an occupant of a low-income unit
15 who initially qualified to occupy such unit
16 by reason of paragraph (1)(C) with an in-
17 come in excess of 60 percent of area me-
18 dian gross income but not in excess of 80
19 percent of area median gross income,
20 clause (i) shall be applied for substituting
21 ‘80 percent’ for ‘60 percent’ each place it
22 appears.”.

23 (C) EFFECTIVE DATE.—The amendments
24 made by this paragraph shall apply to taxable
25 years beginning after December 31, 2022.

1 (3) MODIFICATION OF STUDENT OCCUPANCY
2 RULES.—

3 (A) IN GENERAL.—Subparagraph (D) of
4 section 42(i)(3) of the Internal Revenue Code of
5 1986 is amended to read as follows:

6 “(D) RULES RELATING TO STUDENTS.—

7 “(i) IN GENERAL.—A unit occupied
8 solely by individuals who—

9 “(I) have not attained age 24,
10 and

11 “(II) are enrolled in a full-time
12 course of study at an institution of
13 higher education (as defined in section
14 3304(f)),

15 shall not be treated as a low-income unit.

16 “(ii) EXCEPTION FOR CERTAIN FED-
17 ERAL PROGRAMS.—In the case of a feder-
18 ally-assisted building (as defined in sub-
19 section (d)(6)(C)(i)), clause (i) shall not
20 apply to a unit all of the occupants of
21 which meet all applicable requirements
22 under the housing program described in
23 such subsection through which the building
24 is assisted, financed, or operated.

1 “(iii) OTHER EXCEPTIONS.—An indi-
2 vidual shall not be treated as described in
3 clause (i) if the individual meets the in-
4 come limitation applicable under subsection
5 (g)(1) to the project of which the building
6 is a part and—

7 “(I) is married,

8 “(II) is a person with disabilities
9 (as defined in section 3(b)(3)(E) of
10 the United States Housing Act of
11 1937),

12 “(III) is a veteran (as defined in
13 section 101(2) of title 38, United
14 States Code),

15 “(IV) has 1 or more qualifying
16 children (as defined in section
17 152(c)),

18 “(V) is or has been a victim or
19 threatened victim of domestic violence,
20 dating violence, sexual assault, or
21 stalking (as defined in section 40002
22 of the Violence Against Women Act of
23 1994),

24 “(VI) is or has been a victim of
25 any form of human trafficking, or

1 “(VII) is, or was prior to attain-
2 ing the age of majority—

3 “(aa) an emancipated minor
4 or in legal guardianship as deter-
5 mined by a court of competent
6 jurisdiction in the individual’s
7 State of legal residence,

8 “(bb) under the care and
9 placement responsibility of the
10 State agency responsible for ad-
11 ministering a plan under part B
12 or part E of title IV of the Social
13 Security Act, or

14 “(cc) an unaccompanied
15 youth (within the meaning of sec-
16 tion 725(6) of the McKinney-
17 Vento Homeless Assistance Act
18 (42 U.S.C. 11434a(6))) or a
19 homeless child or youth (within
20 the meaning of section 725(2) of
21 such Act (42 U.S.C.
22 11434a(2))).

23 For purposes of subclause (VI), an in-
24 dividual is or has been a victim of
25 human trafficking if such individual

1 was subjected to an act or practice de-
2 scribed in paragraph (11) or (12) of
3 section 103 of the Trafficking Victims
4 Protection Act of 2000.”.

5 (B) EFFECTIVE DATE.—The amendment
6 made by this paragraph shall apply to taxable
7 years beginning after December 31, 2023.

8 (4) TENANT VOUCHER PAYMENTS TAKEN INTO
9 ACCOUNT AS RENT FOR CERTAIN PURPOSES.—

10 (A) IN GENERAL.—Subparagraph (B) of
11 section 42(g)(2) of the Internal Revenue Code
12 of 1986 is amended by adding at the end the
13 following new sentence: “In the case of a
14 project with respect to which the taxpayer elects
15 the requirements of subparagraph (C) of para-
16 graph (1), or the portion of a project to which
17 subsection (d)(5)(C) applies, clause (i) shall not
18 apply with respect to any tenant-based assist-
19 ance (as defined in section 8(f)(7) of the United
20 States Housing Act of 1937 (42 U.S.C.
21 1437f(f)(7))).”.

22 (B) EFFECTIVE DATE.—The amendments
23 made by this paragraph shall apply to rent paid
24 in taxable years beginning after December 31,
25 2023.

1 (5) REQUIREMENT THAT LOW-INCOME HOUSING
2 CREDIT-SUPPORTED HOUSING PROTECT VICTIMS OF
3 DOMESTIC ABUSE.—

4 (A) IN GENERAL.—Subparagraph (B) of
5 section 42(h)(6) of the Internal Revenue Code
6 of 1986 is amended by striking “and” at the
7 end of clause (v), by striking the period at the
8 end of clause (vi) and inserting “, and”, and by
9 adding at the end the following new clause:

10 “(vii) which—

11 “(I) prohibits the refusal to lease
12 to, or termination of a lease by, a per-
13 son solely on the basis of criminal ac-
14 tivity directly relating to domestic vio-
15 lence, dating violence, sexual assault,
16 or stalking that is engaged in by a
17 member of the household of the ten-
18 ant or any guest or other person
19 under the control of the tenant, if the
20 tenant or an affiliated individual of
21 the tenant is the victim or threatened
22 victim of such domestic violence, dat-
23 ing violence, sexual assault, or stalk-
24 ing, and

1 “(II) allows prospective, present,
2 or former occupants of the building
3 the right to enforce in any State court
4 the prohibition of subclause (I).”.

5 (B) BIFURCATION.—

6 (i) IN GENERAL.—Subparagraph (B)
7 of section 42(h)(6) of the Internal Revenue
8 Code of 1986, as amended by subsection
9 (a), is further amended by adding at the
10 end the following new flush sentence:

11 “For purposes of clause (vii)(I), rules similar to
12 the rules of section 41411(b)(3)(B) of the Vio-
13 lence Against Women Act of 1994 shall apply
14 with respect to the owner or manager of a
15 building.”.

16 (ii) EFFECT OF BIFURCATION.—Para-
17 graph (2) of section 42(g) of such Code is
18 amended by adding at the end the fol-
19 lowing new subparagraph:

20 “(F) TREATMENT OF BIFURCATION IN
21 CASES OF DOMESTIC VIOLENCE.—In any case
22 in which—

23 “(i) an occupant is evicted or removed
24 from a low-income unit because such occu-
25 pant has engaged in criminal activity di-

1 rectly relating to domestic violence, dating
2 violence, sexual assault, or stalking against
3 an affiliated individual or other individual
4 on the basis of criminal activity directly re-
5 lating to domestic violence, dating violence,
6 sexual assault, or stalking, and

7 “(ii) the lease on such unit is bifur-
8 cated as provided in the last sentence of
9 subsection (h)(6)(B),

10 then the remaining occupants of such low-in-
11 come unit shall not be treated as a new tenant
12 for purposes of this section.”.

13 (C) CLARIFICATION OF GENERAL PUBLIC
14 USE REQUIREMENT.—Paragraph (9) of section
15 42(g) of the Internal Revenue Code of 1986 is
16 amended by striking “or” at the end of sub-
17 paragraph (B), by striking the period at the
18 end of subparagraph (C) and inserting “, or”,
19 and by adding at the end the following new sub-
20 paragraph:

21 “(D) who are victims or threatened victims
22 of criminal activity directly relating to domestic
23 violence, dating violence, sexual assault, or
24 stalking.”.

25 (D) EFFECTIVE DATES.—

1 (i) IN GENERAL.—Except as provided
2 in clause (ii), the amendments made by
3 this paragraph shall apply to agreements
4 executed or modified on or after the date
5 that is 30 days after the date of the enact-
6 ment of this Act.

7 (ii) PUBLIC USE REQUIREMENT.—The
8 amendments made by subparagraph (C)
9 shall apply to buildings placed in service
10 before, on, or after the date of the enact-
11 ment of this Act.

12 (6) CLARIFICATION OF GENERAL PUBLIC USE
13 REQUIREMENT RELATING TO VETERANS, ETC.—

14 (A) IN GENERAL.—Paragraph (9) of sec-
15 tion 42(g) of the Internal Revenue Code of
16 1986, as amended by paragraph (5) of this sec-
17 tion, is further amended by adding at the end
18 the following flush language:

19 “Any veteran of the Armed Forces shall be treated
20 as a member of a specified group under a Federal
21 program for purposes of subparagraph (B).”.

22 (B) QUALIFIED RESIDENTIAL RENTAL
23 PROJECTS.—Paragraph (2) of section 142(d) of
24 the Internal Revenue Code of 1986 is amended

1 by adding at the end the following new sub-
2 paragraph:

3 “(F) CLARIFICATION OF GENERAL PUBLIC
4 USE REQUIREMENT.—A unit shall not fail to
5 meet the general public use requirement solely
6 because of occupancy restrictions or pref-
7 erences, if such restrictions or preferences meet
8 the general public use requirement of section
9 42.”.

10 (C) EFFECTIVE DATES.—

11 (i) IN GENERAL.—The amendment
12 made by subparagraph (A) shall apply to
13 buildings placed in service before, on, or
14 after the date of the enactment of this Act.

15 (ii) QUALIFIED RESIDENTIAL RENTAL
16 PROJECTS.—The amendment made by sub-
17 paragraph (B) shall apply to bonds issued
18 before, on, or after the date of the enact-
19 ment of this Act.

20 (e) RULES RELATING TO CREDIT ELIGIBILITY AND
21 DETERMINATION.—

22 (1) RECONSTRUCTION OR REPLACEMENT PE-
23 RIOD AFTER CASUALTY LOSS.—

24 (A) NO RECAPTURE FOLLOWING CASUALTY
25 LOSS.—Subparagraph (E) of section 42(j)(4) of

1 the Internal Revenue Code of 1986 is amended
2 to read as follows:

3 “(E) NO RECAPTURE BY REASON OF CAS-
4 UALTY LOSS.—

5 “(i) IN GENERAL.—The increase in
6 tax under this subsection shall not apply to
7 a reduction in qualified basis by reason of
8 a casualty loss to the extent such loss is
9 restored by reconstruction or replacement
10 within a reasonable period established by
11 the applicable housing credit agency, not to
12 exceed 25 months from the date on which
13 the qualified casualty loss arises.

14 “(ii) QUALIFIED CASUALTY LOSSES.—
15 In the case of a qualified casualty loss, the
16 period described in clause (i) may be ex-
17 tended, but not in excess of 12 months, if
18 the applicable housing credit agency deter-
19 mines the qualified casualty arose by rea-
20 son of an event which was not discrete to
21 the building and which made a reconstruc-
22 tion or replacement within 25 months im-
23 practical. In the event the applicable hous-
24 ing credit agency determines a period in
25 excess of 25 months is necessary for such

1 reconstruction or replacement, the compli-
2 ance period shall be increased by any such
3 additional time.

4 “(iii) APPLICATION.—The determina-
5 tion under paragraph (1) shall not be
6 made with respect to a property the basis
7 of which is affected by a qualified casualty
8 loss until the period described in clause (i)
9 (as modified by clause (ii), if applicable)
10 with respect to such property has expired.

11 “(iv) QUALIFIED CASUALTY LOSS.—
12 For purposes of this subparagraph, the
13 term ‘qualified casualty loss’ means a cas-
14 ualty loss that is the result of a Federally
15 declared disaster (as defined in section
16 165(i)(5)).”.

17 (B) QUALIFIED BASIS FOLLOWING CAS-
18 UALTY LOSS.—Paragraph (1) of section 42(c)
19 of the Internal Revenue Code of 1986 is
20 amended by adding at the end the following
21 new subparagraph:

22 “(F) QUALIFIED BASIS FOLLOWING CAS-
23 UALTY LOSS.—If a casualty causes the qualified
24 basis of a building in any year to be less than
25 the qualified basis in the immediately preceding

1 year then, in the year of such casualty and each
2 succeeding year until such building or the units
3 affected by the casualty are reconstructed or re-
4 placed (but only through the last year of the pe-
5 riod permitted for reconstruction or replace-
6 ment under subsection (j)(4)(E))—

7 “(i) the qualified basis of such build-
8 ing shall be equal to the qualified basis of
9 such building as of the last day of the year
10 preceding the year in which such casualty
11 occurred,

12 “(ii) if such building is not recon-
13 structed or replaced by the expiration of
14 the applicable period for such reconstruc-
15 tion or replacement under subsection
16 (j)(4), then the recapture amount provided
17 for in subsection (j)(1) shall include the
18 amount of any credit claimed under this
19 section by reason of the application of
20 clause (i), and

21 “(iii) a building which was a qualified
22 low-income building as of the last day of
23 the year preceding the year in which such
24 casualty occurred shall not cease to be a

1 qualified low-income building solely be-
2 cause of such casualty.”.

3 (C) EFFECTIVE DATE.—The amendments
4 made by this paragraph shall apply to casual-
5 ties occurring after the date which is 25 months
6 before the date of the enactment of this Act.

7 (2) MODIFICATION OF PREVIOUS OWNERSHIP
8 RULES; LIMITATION ON ACQUISITION BASIS.—

9 (A) IN GENERAL.—Clause (ii) of section
10 42(d)(2)(B) of the Internal Revenue Code of
11 1986 is amended by inserting “, or the tax-
12 payer elects the application of subparagraph
13 (C)(ii)” after “service”.

14 (B) LIMITATION ON ACQUISITION BASIS.—
15 Subparagraph (C) of section 42(d)(2) of the In-
16 ternal Revenue Code of 1986 is amended—

17 (i) by striking “For purposes of sub-
18 paragraph (A), the adjusted basis” and in-
19 serting “For purposes of subparagraph
20 (A)—

21 “(i) IN GENERAL.—The adjusted
22 basis”, and

23 (ii) by adding at the end the following
24 new clauses:

1 “(ii) BUILDINGS IN SERVICE WITHIN
2 PREVIOUS 10 YEARS.—If the period be-
3 tween the date of acquisition of the build-
4 ing by the taxpayer and the date the build-
5 ing was last placed in service is less than
6 10 years, the taxpayer’s basis attributable
7 to the acquisition of the building which is
8 taken into account in determining the ad-
9 justed basis shall not exceed the sum of—

10 “(I) the lowest amount paid for
11 acquisition of the building by any per-
12 son during the 10 years preceding the
13 date of the acquisition of the building
14 by the taxpayer, adjusted as provided
15 in clause (iii), and

16 “(II) the value of any capital im-
17 provements made by the person who
18 sells the building to the taxpayer
19 which are reflected in such seller’s
20 basis.

21 “(iii) ADJUSTMENT.—With respect to
22 a basis determination made in any taxable
23 year, the amount described in clause (ii)(I)
24 shall be increased by an amount equal to—

25 “(I) such amount, multiplied by

1 “(II) a cost-of-living adjustment,
2 determined in the same manner as
3 under section 1(f)(3) for the calendar
4 year in which the taxable year begins
5 by taking into account the acquisition
6 year in lieu of calendar year 1992.

7 For purposes of the preceding sentence,
8 the acquisition year is the calendar year in
9 which the lowest amount referenced in
10 clause (ii)(I) was paid for the acquisition
11 of the building.”.

12 (C) CONFORMING AMENDMENTS.—Clause
13 (i) of section 42(d)(2)(D) of the Internal Rev-
14 enue Code of 1986 is amended—

15 (i) by striking “FOR SUBPARAGRAPH
16 (B)” in the heading, and

17 (ii) by striking “subparagraph
18 (B)(ii)” in the matter preceding subclause
19 (I) and inserting “subparagraph (B)(ii) or
20 (C)(ii)”.

21 (D) MODIFICATION OF PLACED IN SERVICE
22 RULE.—Clause (iii) of section 42(d)(2)(B) of
23 the Internal Revenue Code of 1986 is amended
24 to read as follows:

1 “(iii) the building was not owned by
2 the taxpayer or by any person related (as
3 of the date of acquisition by the taxpayer)
4 to the taxpayer at any time during the 5-
5 year period ending on the date of acquisi-
6 tion by the taxpayer, and”.

7 (E) EFFECTIVE DATE.—The amendments
8 made by this paragraph shall apply to buildings
9 placed in service after December 31, 2022.

10 (3) CERTAIN RELOCATION COSTS TAKEN INTO
11 ACCOUNT AS REHABILITATION EXPENDITURES.—

12 (A) IN GENERAL.—Paragraph (2) of sec-
13 tion 42(e) of the Internal Revenue Code of
14 1986 is amended by adding at the end the fol-
15 lowing new subparagraph:

16 “(C) CERTAIN RELOCATION COSTS.—In
17 the case of a rehabilitation of a building to
18 which section 280B does not apply, costs relat-
19 ing to the relocation of occupants, including—

20 “(i) amounts paid to occupants,

21 “(ii) amounts paid to third parties for
22 services relating to such relocation, and

23 “(iii) amounts paid for temporary
24 housing for occupants,

1 shall be treated as chargeable to capital account
2 and taken into account as rehabilitation ex-
3 penditures.”.

4 (B) EFFECTIVE DATE.—The amendment
5 made by this paragraph shall apply to expendi-
6 tures paid or incurred after December 31,
7 2022.

8 (C) NO INFERENCE.—Nothing in the
9 amendment made by this paragraph shall be
10 construed to create any inference with respect
11 to the treatment of relocation costs paid or in-
12 curred before December 31, 2022.

13 (4) REPEAL OF QUALIFIED CENSUS TRACT POP-
14 ULATION CAP.—

15 (A) IN GENERAL.—Clause (ii) of section
16 42(d)(5)(B) of the Internal Revenue Code of
17 1986 is amended—

18 (i) by striking subclauses (II) and
19 (III), and

20 (ii) by striking “QUALIFIED CENSUS
21 TRACT.—

22 “(I) IN GENERAL.—The term”,
23 and inserting “QUALIFIED CENSUS
24 TRACT.—The term”.

1 (B) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to designa-
3 tions of qualified census tracts under section
4 42(d)(5)(B)(ii) of the Internal Revenue Code of
5 1986 after December 31, 2023.

6 (5) DETERMINATION OF COMMUNITY REVITAL-
7 IZATION PLAN TO BE MADE BY HOUSING CREDIT
8 AGENCY.—

9 (A) IN GENERAL.—Subclause (III) of sec-
10 tion 42(m)(1)(B)(ii) of the Internal Revenue
11 Code of 1986 is amended by inserting “, as de-
12 termined by the housing credit agency accord-
13 ing to criteria established by such agency,”
14 after “(d)(5)(B)(ii) and”.

15 (B) CRITERIA.—Paragraph (1) of section
16 42(m) of the Internal Revenue Code of 1986 is
17 amended by adding at the end the following
18 new subparagraph:

19 “(E) CRITERIA FOR DETERMINATION RE-
20 LATING TO CONCERTED COMMUNITY REVITAL-
21 IZATION PLAN.—For purposes of subparagraph
22 (B)(ii)(III), the criteria which shall be estab-
23 lished by a housing credit agency for deter-
24 mining whether the development of a project
25 contributes to a concerted community develop-

1 ment plan shall take into account any factors
2 the agency deems appropriate, including the ex-
3 tent to which the proposed plan—

4 “(i) is geographically specific,

5 “(ii) outlines a clear plan for imple-
6 mentation and goals for outcomes,

7 “(iii) includes a strategy for applying
8 for or obtaining commitments of public or
9 private investment (or both) in nonhousing
10 infrastructure, amenities, or services, and

11 “(iv) demonstrates the need for com-
12 munity revitalization.”.

13 (C) EFFECTIVE DATE.—The amendments
14 made by this paragraph shall apply to alloca-
15 tions of housing credit dollar amounts made
16 under qualified allocation plans (as defined in
17 section 42(m)(1)(B) of the Internal Revenue
18 Code of 1986) adopted after December 31,
19 2023.

20 (6) PROHIBITION OF LOCAL APPROVAL AND
21 CONTRIBUTION REQUIREMENTS.—

22 (A) IN GENERAL.—Paragraph (1) of sec-
23 tion 42(m) of the Internal Revenue Code of
24 1986, as amended by paragraph (5) of this sub-
25 section, is further amended—

1 (i) by striking clause (ii) of subpara-
2 graph (A) and by redesignating clauses
3 (iii) and (iv) thereof as clauses (ii) and
4 (iii), and

5 (ii) by adding at the end the following
6 new subparagraph:

7 “(F) LOCAL APPROVAL OR CONTRIBUTION
8 NOT TAKEN INTO ACCOUNT.—The selection cri-
9 teria under a qualified allocation plan shall not
10 include consideration of—

11 “(i) any support or opposition with re-
12 spect to the project from local or elected
13 officials, or

14 “(ii) any local government contribu-
15 tion to the project, except to the extent
16 such contribution is taken into account as
17 part of a broader consideration of the
18 project’s ability to leverage outside funding
19 sources, and is not prioritized over any
20 other source of outside funding.”.

21 (B) EFFECTIVE DATE.—The amendments
22 made by this paragraph shall apply to alloca-
23 tions of housing credit dollar amounts made
24 under qualified allocation plans (as defined in
25 section 42(m)(1)(B) of the Internal Revenue

1 Code of 1986) adopted after December 31,
2 2023.

3 (7) INCREASE IN CREDIT FOR CERTAIN
4 PROJECTS DESIGNATED TO SERVE EXTREMELY LOW-
5 INCOME HOUSEHOLDS.—

6 (A) IN GENERAL.—Paragraph (5) of sec-
7 tion 42(d) of the Internal Revenue Code of
8 1986 is amended by adding at the end the fol-
9 lowing new subparagraph:

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

14 “(i) 20 percent or more of the resi-
15 dential units (determined as if the imputed
16 income limitation applicable to such units
17 were 30 percent of area median gross in-
18 come) in which are designated by the tax-
19 payer for occupancy by households the ag-
20 gregate household income of which does
21 not exceed the greater of—

22 “(I) 30 percent of area median
23 gross income, or

24 “(II) 100 percent of an amount
25 equal to the Federal poverty line

1 (within the meaning of section
2 36B(d)(3)), and

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

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

16 (B) EFFECTIVE DATE.—The amendment
17 made by this paragraph shall apply to buildings
18 which receive allocations of housing credit dol-
19 lar amount after the date of enactment of this
20 Act, or in the case of buildings that are de-
21 scribed in section 42(h)(4)(B) of the Internal
22 Revenue Code of 1986, for obligations that are
23 part of an issue the issue date of which is after
24 December 31, 2023.

1 (8) INCREASE IN CREDIT FOR BOND-FINANCED
2 PROJECTS DESIGNATED BY STATE AGENCY.—

3 (A) IN GENERAL.—Clause (v) of section
4 42(d)(5)(B) of the Internal Revenue Code of
5 1986 is amended by striking the second sen-
6 tence.

7 (B) TECHNICAL AMENDMENT.—Clause (v)
8 of section 42(d)(5)(B) of the Internal Revenue
9 Code of 1986, as amended by subparagraph
10 (A), is further amended—

11 (i) by striking “STATE” in the head-
12 ing, and

13 (ii) by striking “State housing credit
14 agency” and inserting “housing credit
15 agency”.

16 (C) EFFECTIVE DATE.—The amendments
17 made by this paragraph shall apply to buildings
18 that are described in section 42(h)(4)(B) of the
19 Internal Revenue Code of 1986, taking into ac-
20 count only obligations that are part of an issue
21 the issue date of which is after December 31,
22 2023.

23 (9) ELIMINATION OF BASIS REDUCTION FOR
24 LOW-INCOME HOUSING PROPERTIES ENERGY EFFI-
25 CIENT COMMERCIAL BUILDING DEDUCTION.—

1 (A) ENERGY EFFICIENT COMMERCIAL
2 BUILDINGS DEDUCTION.—Subsection (e) of sec-
3 tion 179D of the Internal Revenue Code of
4 1986 is amended—

5 (i) by striking “REDUCTION.—For
6 purposes” and inserting “REDUCTION.—
7 “(1) IN GENERAL.—For purposes”, and

8 (ii) by adding at the end the following
9 new paragraph:

10 “(2) EXCEPTION FOR AFFORDABLE HOUSING
11 PROPERTIES.—Paragraph (1) shall not apply for
12 purposes of determining eligible basis under section
13 42.”.

14 (B) EFFECTIVE DATE.—The amendments
15 made by this paragraph shall apply to buildings
16 which receive allocations of housing credit dol-
17 lar amount after the date of the enactment of
18 this Act and to buildings that are described in
19 section 42(h)(4)(B) of the Internal Revenue
20 Code of 1986 taking into account only obliga-
21 tions that are part of an issue the issue date of
22 which is after December 31, 2023.

23 (10) RESTRICTION OF PLANNED FORE-
24 CLOSURES.—

1 (A) IN GENERAL.—Subclause (I) of section
2 42(h)(6)(E)(i) of the Internal Revenue Code of
3 1986 is amended to read as follows:

4 “(I) on the 61st day after the
5 taxpayer (or a successor in interest)
6 provides notice to the Secretary and
7 the housing credit agency that the
8 building has been acquired by fore-
9 closure (or instrument in lieu of fore-
10 closure) and that the taxpayer intends
11 the termination of such period, unless,
12 before such date, the Secretary or the
13 housing credit agency determines that
14 such acquisition is part of an arrange-
15 ment with the taxpayer a purpose of
16 which is to terminate such period,
17 or”.

18 (B) CONFORMING AMENDMENT.—The sec-
19 ond sentence of clause (i) of section
20 42(h)(6)(E) of the Internal Revenue Code of
21 1986 is amended by striking “Subclause (II)”
22 and inserting “Subclauses (I) and (II)”.

23 (C) EFFECTIVE DATE.—The amendments
24 made by this paragraph shall apply to acquisi-

1 tions by foreclosure (or instrument in lieu of
2 foreclosure) after December 31, 2022.

3 (11) INCREASE OF POPULATION CAP FOR DIF-
4 FICULT DEVELOPMENT AREAS.—

5 (A) IN GENERAL.—Subclause (II) of sec-
6 tion 42(d)(5)(B)(iii) of the Internal Revenue
7 Code of 1986 is amended by striking “20 per-
8 cent” and inserting “30 percent”.

9 (B) EFFECTIVE DATE.—The amendment
10 made by this paragraph shall apply to designa-
11 tions made under section 42(d)(5)(B)(iii) of the
12 Internal Revenue Code of 1986 after December
13 31, 2023.

14 (12) INCREASED COST OVERSIGHT AND AC-
15 COUNTABILITY.—

16 (A) IN GENERAL.—Subparagraph (C) of
17 section 42(m)(1) of the Internal Revenue Code
18 of 1986 is amended by striking “and” at the
19 end of clause (ix), by striking the period at the
20 end of clause (x) and inserting “, and”, and by
21 adding at the end the following new clause:

22 “(xi) the reasonableness of the devel-
23 opment costs of the project.”.

24 (B) EFFECTIVE DATE.—The amendments
25 made by this paragraph shall apply to alloca-

1 tions of credits under section 42 of the Internal
2 Revenue Code of 1986 made after December
3 31, 2023.

4 (13) TAX-EXEMPT BOND FINANCING REQUIRE-
5 MENT.—

6 (A) IN GENERAL.—Subparagraph (B) of
7 section 42(h)(4) of the Internal Revenue Code
8 of 1986 is amended by adding at the end the
9 following new sentence: “In the case of build-
10 ings financed by an obligation first taken into
11 account under section 146 in calendar years be-
12 ginning after the date of the enactment of this
13 sentence, the preceding sentence shall be ap-
14 plied by substituting ‘25 percent’ for ‘50 per-
15 cent’.”.

16 (B) EFFECTIVE DATE.—The amendment
17 made by this paragraph shall apply to any
18 building some portion of which, or of the land
19 on which the building is located, is financed by
20 an obligation which is described in section
21 42(h)(4)(A) of the Internal Revenue Code of
22 1986 and which is part of an issue the issue
23 date of which is after December 31, 2023.

24 (d) REFORMS RELATING TO NATIVE AMERICAN AS-
25 SISTANCE.—

1 (1) SELECTION CRITERIA UNDER QUALIFIED
2 ALLOCATION PLANS.—

3 (A) IN GENERAL.—Subparagraph (C) of
4 section 42(m)(1) of the Internal Revenue Code
5 of 1986, as amended by subsection (c)(2), is
6 further amended by striking “and” at the end
7 of clause (x), by striking the period at the end
8 of clause (xi) and inserting “, and”, and by
9 adding at the end the following new clause:

10 “(xii) the affordable housing needs of
11 individuals in the State who are—

12 “(I) enrolled members of a tribe
13 with respect to an Indian tribal gov-
14 ernment (including any agencies or in-
15 strumentalities of an Indian tribal
16 government and any Alaska Native re-
17 gional or village corporation, as de-
18 fined in, or established pursuant to,
19 the Alaska Native Claims Settlement
20 Act (43 U.S.C. 1601 et seq.), or

21 “(II) described in section 801(9)
22 of the Native American Housing As-
23 sistance and Self-Determination Act
24 of 1996 (25 U.S.C. 4221(9)).”.

1 (B) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to alloca-
3 tions of credits under section 42 of the Internal
4 Revenue Code of 1986 made after December
5 31, 2023.

6 (2) INCLUSION OF INDIAN AREAS AS DIFFICULT
7 DEVELOPMENT AREAS FOR PURPOSES OF CERTAIN
8 BUILDINGS.—

9 (A) IN GENERAL.—Subclause (I) of section
10 42(d)(5)(B)(iii) of the Internal Revenue Code
11 of 1986 is amended by inserting before the pe-
12 riod the following: “, and any Indian area”.

13 (B) INDIAN AREA.—Clause (iii) of section
14 42(d)(5)(B) of the Internal Revenue Code of
15 1986 is amended by redesignating subclause
16 (II) as subclause (III) and by inserting after
17 subclause (I) the following new subclause:

18 “(II) INDIAN AREA.—For pur-
19 poses of subclause (I), the term ‘In-
20 dian area’ means any Indian area (as
21 defined in section 4(11) of the Native
22 American Housing Assistance and
23 Self Determination Act of 1996 (25
24 U.S.C. 4103(11))) and any housing

1 area (as defined in section 801(5) of
2 such Act (25 U.S.C. 4221(5))).”.

3 (C) ELIGIBLE BUILDINGS.—Clause (iii) of
4 section 42(d)(5)(B) of the Internal Revenue
5 Code of 1986, as amended by subparagraph
6 (B), is further amended by adding at the end
7 the following new subclause:

8 “(IV) SPECIAL RULE FOR BUILD-
9 INGS IN INDIAN AREAS.—In the case
10 of an area which is a difficult develop-
11 ment area solely because it is an In-
12 dian area, a building shall not be
13 treated as located in such area unless
14 such building is assisted or financed
15 under the Native American Housing
16 Assistance and Self Determination
17 Act of 1996 (25 U.S.C. 4101 et seq.)
18 or the project sponsor is an Indian
19 tribe (as defined in section
20 45A(c)(6)), a tribally designated hous-
21 ing entity (as defined in section 4(22)
22 of such Act (25 U.S.C. 4103(22))), or
23 wholly owned or controlled by such an
24 Indian tribe or tribally designated
25 housing entity.”.

1 (D) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to buildings
3 placed in service after December 31, 2023.

4 (e) REFORMS RELATING TO RURAL ASSISTANCE.—

5 (1) INCLUSION OF RURAL AREAS AS DIFFICULT
6 DEVELOPMENT AREAS.—

7 (A) IN GENERAL.—Subclause (I) of section
8 42(d)(5)(B)(iii) of the Internal Revenue Code
9 of 1986, as amended by subsection (d)(2), is
10 further amended by inserting “, any rural area”
11 after “median gross income”.

12 (B) RURAL AREA.—Clause (iii) of section
13 42(d)(5)(B) of the Internal Revenue Code of
14 1986, as amended by subsection (d)(2), is fur-
15 ther amended by redesignating subclause (III)
16 as subclause (IV) and by inserting after sub-
17 clause (II) the following new subclause:

18 “(III) RURAL AREA.—For pur-
19 poses of subclause (I), the term ‘rural
20 area’ means any non-metropolitan
21 area, or any rural area as defined by
22 section 520 of the Housing Act of
23 1949, which is identified by the quali-
24 fied allocation plan under subsection
25 (m)(1)(B).”.

1 (C) EFFECTIVE DATE.—The amendments
2 made by this paragraph shall apply to buildings
3 placed in service after December 31, 2023.

4 (2) UNIFORM INCOME ELIGIBILITY FOR RURAL
5 PROJECTS.—

6 (A) IN GENERAL.—Paragraph (8) of sec-
7 tion 42(i) of the Internal Revenue Code of 1986
8 is amended by striking the second sentence.

9 (B) EFFECTIVE DATE.—The amendment
10 made by this paragraph shall apply to taxable
11 years beginning after December 31, 2022.

12 (f) TREATMENT OF EXEMPT FACILITY BONDS RE-
13 FUNDING ISSUES.—

14 (1) IN GENERAL.—Subparagraph (A) of section
15 146(i)(6) of the Internal Revenue Code of 1986 is
16 amended to read as follows:

17 “(A) IN GENERAL.—During the 12-month
18 period beginning on the date of a repayment of
19 a loan financed by an issue 95 percent or more
20 of the net proceeds of which are used to provide
21 projects described in section 142(d), if such re-
22 payment is used to provide a new loan for any
23 project described in section 142(a)(7) or for
24 any purpose described in subsection (a)(2)(A)
25 or (b) of section 143, any bond which is issued

1 to refinance such issue shall be treated as a re-
2 funding issue. Any issue treated as a refunding
3 issue by reason of the preceding sentence shall
4 be so treated only to the extent the principal
5 amount of such refunding issue does not exceed
6 the principal amount of the bonds refunded.”.

7 (2) REMOVAL OF ONE-REFUNDING LIMIT.—
8 Subparagraph (B) of section 146(i)(6) of the Inter-
9 nal Revenue Code of 1986 is amended—

10 (A) by striking “4 years” in clause (i) and
11 inserting “10 years”,

12 (B) by striking “was issued” in clause (ii)
13 and inserting “is issued”,

14 (C) by redesignating clauses (i) (as so
15 amended), (ii) (as so amended), and (iii) as
16 subclauses (I), (II), and (III), respectively, and
17 by moving such subclauses 2 ems to the right,

18 (D) by striking “LIMITATIONS.—Subpara-
19 graph (A) shall apply to only one refunding of
20 the original issue and” and inserting “LIMITA-
21 TIONS.—

22 “(i) IN GENERAL.—Subparagraph (A)
23 shall apply to a bond”, and

24 (E) by adding at the end the following new
25 clause:

1 “(ii) SOURCE OF LOAN REPAY-
2 MENT.—Subparagraph (A) shall not apply
3 to any repayment of a loan which is—

4 “(I) made by a repayment of an-
5 other loan, or

6 “(II) financed by an issue treated
7 as a refunding issue under subpara-
8 graph (A).”.

9 (3) CONFORMING AMENDMENT.—The heading
10 of paragraph (6) of section 146(i) of the Internal
11 Revenue Code of 1986 is amended by striking “RES-
12 IDENTIAL RENTAL PROJECT BONDS AS REFUNDING
13 BONDS IRRESPECTIVE OF OBLIGOR” and inserting
14 “BONDS AS REFUNDING BONDS”.

15 (4) EFFECTIVE DATES.—

16 (A) IN GENERAL.—The amendments made
17 by paragraphs (1) and (3) shall apply to re-
18 funding issues described in section 146(i)(6)(A)
19 of the Internal Revenue Code of 1986 issued on
20 or after the date of the enactment of this Act.

21 (B) REMOVAL OF ONE-REFUNDING
22 LIMIT.—The amendments made by paragraph
23 (2) shall apply to repayments of loans received
24 after July 30, 2008.

25 (g) AFFORDABLE HOUSING TAX CREDIT.—

1 (1) IN GENERAL.—The heading of section 42 of
2 the Internal Revenue Code of 1986 is amended by
3 striking “**LOW-INCOME**” and inserting “**AFFORD-**
4 **ABLE**”.

5 (2) CONFORMING AMENDMENTS.—

6 (A) Subsection (a) of section 42 of the In-
7 ternal Revenue Code of 1986 is amended by
8 striking “low-income” and inserting “afford-
9 able”.

10 (B) Paragraph (5) of section 38(b) of such
11 Code is amended by striking “low-income” and
12 inserting “affordable”.

13 (C) The heading of subparagraph (D) of
14 section 469(i)(3) of such Code is amended by
15 striking “LOW-INCOME” and inserting “AF-
16 FORDABLE”.

17 (D) The heading of subparagraph (B) of
18 section 469(i)(6) of such Code is amended by
19 striking “LOW-INCOME” and inserting “AF-
20 FORDABLE”.

21 (E) Paragraph (7) of section 772(a) of
22 such Code is amended by striking “low-income”
23 and inserting “affordable”.

1 (F) Paragraph (5) of section 772(d) of
2 such Code is amended by striking “low-income”
3 and inserting “affordable”.

4 (3) CLERICAL AMENDMENT.—The item relating
5 to section 42 in the table of sections for subpart D
6 of part IV of subchapter A of chapter 1 of the Inter-
7 nal Revenue Code of 1986 is amended to read as fol-
8 lows:

“Sec. 42. Affordable housing credit.”.

9 (h) SENSE OF CONGRESS REGARDING DATA AND
10 TRANSPARENCY.—It is the sense of Congress that in addi-
11 tion to expanding and strengthening the affordable hous-
12 ing credit through the provisions in this section, subse-
13 quent steps should also be taken to share data and identify
14 other ways to increase the transparency of the program,
15 and the House of Representatives and the Senate should
16 work together with Federal agencies to identify data
17 sources that can be shared.

18 **SEC. 107. DECREASING THE EQUITY PENALTY AND**
19 **INCENTIVIZING MORE LONG-TERM OWNERS**
20 **TO SELL HOMES.**

21 (a) INCREASE OF EXCLUSION OF GAIN FROM SALE
22 OF PRINCIPAL RESIDENCE.—Section 121(b) of the Inter-
23 nal Revenue Code of 1986 is amended—

24 (1) by striking “\$250,000” and inserting
25 “\$500,000” each place it appears,

1 (2) by striking “500,000” and inserting
2 “\$1,000,000” each place it appears,

3 (3) in paragraph (2)(A), in the heading, by
4 striking “\$500,000” and inserting “\$1,000,000”, and

5 (4) by adding at the end the following new
6 paragraph:

7 “(5) ADJUSTMENT FOR INFLATION.—In the
8 case of a taxable year beginning after 2023, the
9 \$500,000 and \$1,000,000 amounts in paragraphs
10 (1), (2), and (4) shall be increased by an amount
11 equal to—

12 “(A) such dollar amount, multiplied by

13 “(B) the cost-of-living adjustment deter-
14 mined under section 1(f)(3) for the calendar
15 year in which the taxable year begins, deter-
16 mined by substituting ‘2022’ for ‘2016’ in sub-
17 paragraph (A)(ii) thereof.

18 If any increase under this clause is not a multiple
19 of \$100, such increase shall be rounded to the next
20 lowest multiple of \$100.”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to sales and exchanges after the
23 date of the enactment of this Act.

1 **TITLE II— INCREASING ACCESS**
2 **TO HOUSING AND ADDRESS-**
3 **ING COST**

4 **SEC. 201. EXPANDING WORKFORCE AND VOLUNTEER HOUS-**
5 **ING.**

6 (a) CONGRESSIONAL FINDINGS.—The Congress finds
7 that—

8 (1) the lack of affordable housing in the United
9 States is an issue impacting millions of middle-class,
10 working American families;

11 (2) many of these families earn more annually
12 than the income limits for certain Federal housing
13 financing and benefits; and

14 (3) these families are often excluded from living
15 in neighborhoods near their places of work, schools,
16 shopping, and healthcare due to a lack of afford-
17 ability.

18 (b) REPORT TO CONGRESS.—Not later than 180 days
19 after the date of the enactment of this Act, the Comp-
20 troller General of the United States shall submit to the
21 Congress a report that—

22 (1) identifies issues with housing affordability
23 for America’s middle-income homeowners and rent-
24 ers, including identifying geographically where hous-
25 ing is the most unaffordable for these populations;

1 (2) identifies Federal housing programs, includ-
2 ing Federal tax credits, grants, credit programs, and
3 other programs that currently benefit lower-income
4 households, which are not available to middle-income
5 households;

6 (3) identifies any gaps in the inclusion of mid-
7 dle-income households in Federal housing programs
8 designed to promote affordability;

9 (4) sets forth recommendations for a definition
10 of “workforce housing” based on income parameters
11 in order to assist Federal agencies in including mid-
12 dle-income households under existing Federal pro-
13 grams; and

14 (5) analyzes how such a definition could relate
15 to incentives for workforce housing development
16 through Federal programs, policies, and other initia-
17 tives.

18 **SEC. 202. SUPPORTING AFFORDABILITY AND SAFETY FOR**
19 **PUBLIC SERVANTS.**

20 Section 3(a) of the United States Housing Act of
21 1937 (42 U.S.C. 1437a(a)) is amended—

22 (1) in paragraph (1), by striking “Except as
23 provided in paragraph (2)” and inserting “Except as
24 provided in paragraphs (2) and (4)”; and

25 (2) in paragraph (4)—

1 (A) in the heading, by striking “OCCU-
2 PANCY BY POLICE OFFICERS” and inserting,
3 “OCCUPANCY BY POLICE OFFICERS, FIRE-
4 FIGHTERS, AND EMERGENCY MEDICAL TECHNI-
5 CIANS”;

6 (B) by redesignating subparagraph (C) as
7 subparagraph (D);

8 (C) by inserting after subparagraph (B)
9 the following:

10 “(C) RENTAL PAYMENTS.—Notwith-
11 standing paragraph (1), a family of which one
12 or more members are a police officer, fire-
13 fighter, or emergency medical technician shall
14 pay as rent for a dwelling unit assisted under
15 this Act the highest of the following amounts,
16 rounded to the nearest dollar:

17 “(i) 15 per centum of the family’s
18 monthly adjusted income; or

19 “(ii) 5 per centum of the family’s
20 monthly income”; and

21 (D) by amending subparagraph (D), as so
22 redesignated, to read as follows:

23 “(D) DEFINITIONS.—In this paragraph:

24 “(i) POLICE OFFICER.—The term ‘po-
25 lice officer’ means any person determined

1 by a public housing agency to be, during
2 the period of residence of that person in
3 public housing, employed on a full-time
4 basis as a duly licensed professional police
5 officer by a Federal, State, or local govern-
6 ment or by any agency thereof (including
7 a public housing agency having an accred-
8 ited police force).

9 “(ii) FIREFIGHTER.—The term ‘fire-
10 fighter’ means any person determined by a
11 public housing agency to be, during the pe-
12 riod of residence of that person in public
13 housing, employed on a full-time basis as
14 a firefighter by a fire department or emer-
15 gency medical services responder unit of
16 the Federal Government, a State, unit of
17 general local government, or an Indian
18 tribal government.

19 “(iii) EMERGENCY MEDICAL TECHNI-
20 CIAN.—The term ‘emergency medical tech-
21 nician’ means any person determined by a
22 public housing agency to be, during the pe-
23 riod of residence of that person in public
24 housing, employed on a full-time basis as
25 an emergency medical technician by a fire

1 department or emergency medical services
2 responder unit of the Federal Government,
3 a State, unit of general local government,
4 or an Indian tribal government.”.

5 **SEC. 203. EXPANDING PROGRAMS SUPPORTING HOMEOWN-**
6 **ERSHIP FOR THOSE SERVING THE COMMU-**
7 **NITY.**

8 (a) **ELIGIBILITY FOR GOOD NEIGHBORS NEXT DOOR**
9 **SALES PROGRAM.**—Members of the Armed Forces, fire-
10 fighters, and law enforcement officers shall be eligible to
11 purchase eligible properties under the Good Neighbor
12 Next Door Sales Program of the Secretary of Housing and
13 Urban Development, as provided under subsection (b).

14 (b) **ELIGIBLE PROPERTIES.**—Notwithstanding sec-
15 tion 204 of the National Housing Act (12 U.S.C. 1710),
16 part 291 of the regulations of the Secretary of Housing
17 and Urban Development (24 C.F.R. part 291), or any
18 other provision of law, regulation, guideline, order, or no-
19 tice, in carrying out the Good Neighbor Next Door Sales
20 Program for single-unit properties acquired by the Sec-
21 retary, properties shall be made available for purchase
22 under the Program by members of the Armed Forces, by
23 firefighters, and by law enforcement officers without re-
24 gard to whether or not they are located in a revitalization
25 area.

1 (c) REGULATIONS.—The Secretary of Housing and
2 Urban Development shall amend the regulations of the
3 Secretary as necessary to carry out subsections (a) and
4 (b).

5 **SEC. 204. IMPROVING VOLUNTEER FIRST RESPONDER**
6 **HOUSING.**

7 (a) DEFINITIONS.—In this section:

8 (1) BONA FIDE VOLUNTEER; ELIGIBLE EM-
9 PLOYER; QUALIFIED SERVICES.—The terms “bona
10 fide volunteer”, “eligible employer”, and “qualified
11 services” have the meanings given those terms in
12 section 457(e) of the Internal Revenue Code of
13 1986.

14 (2) INDIAN TRIBE.—The term “Indian Tribe”
15 has the meaning given the term “Indian tribe” in
16 section 501(b) of the Housing Act of 1949 (42
17 U.S.C. 1471(b)).

18 (3) QUALIFIED VOLUNTEER FIRST RE-
19 SPONDER.—The term “qualified volunteer first re-
20 sponder” means any individual who—

21 (A) is a bona fide volunteer performing
22 qualified services for an eligible employer;

23 (B) continuously served as a volunteer for
24 the eligible employer during the 2-year period
25 preceding the date on which the individual sub-

1 mits a verification letter under section 3(b) or
2 4(b);

3 (C) during each of the 2 years described in
4 subparagraph (B)—

5 (i) met the minimum requirements for
6 active membership established by the eligi-
7 ble employer; or

8 (ii) if the eligible employer did not es-
9 tablish minimum requirements, volunteered
10 for not less than 200 hours; and

11 (D) is certified as a firefighter or other
12 first responder in the State, political subdivision
13 of a State, or jurisdiction of an Indian Tribe in
14 which the individual is serving as volunteer.

15 (b) DEPARTMENT OF AGRICULTURE SINGLE FAMILY
16 HOUSING GUARANTEED LOAN PROGRAM.—

17 (1) IN GENERAL.—A qualified volunteer first
18 responder who submits to the Secretary of Agri-
19 culture (referred to in this subsection as the “Sec-
20 retary”) a verification letter in accordance with
21 paragraph (2) shall be eligible for a deduction in an-
22 nual income under section 3555.152(c) of title 7,
23 Code of Federal Regulations (or any successor regu-
24 lation), in the amount of \$18,000.

1 (2) VERIFICATION LETTER.—To be eligible for
2 a deduction under paragraph (1), a qualified volun-
3 teer first responder shall submit to the Secretary a
4 verification letter from the head of the eligible em-
5 ployer for which the qualified volunteer first re-
6 sponder volunteers, which shall—

7 (A) include the date on which the qualified
8 volunteer first responder joined the eligible em-
9 ployer as a volunteer;

10 (B) attest to the Secretary that the quali-
11 fied volunteer first responder meets the require-
12 ments under subparagraphs (B) and (C) of sub-
13 section (a)(3); and

14 (C) include a copy of the certification de-
15 scribed in subsection (a)(3)(D).

16 (c) GOOD NEIGHBOR NEXT DOOR SALES PROGRAM
17 AND SIMILAR PROGRAMS.—

18 (1) ELIGIBILITY.—A qualified volunteer first
19 responder who submits to the Secretary of Housing
20 and Urban Development (referred to in this section
21 as the “Secretary”) a verification letter in accord-
22 ance with paragraph (2) shall qualify as a firefighter
23 or emergency medical technician for purposes of any
24 single family property disposition program carried
25 out by the Secretary by regulation under section

1 204(g) of the National Housing Act (12 U.S.C.
2 1710(g)) that offers discounted home prices to fire-
3 fighters or emergency medical technicians.

4 (2) VERIFICATION LETTER.—To qualify to pur-
5 chase a home under a single family property disposi-
6 tion program referred to in paragraph (1), a quali-
7 fied first responder shall submit to the Secretary a
8 verification letter from the head of the eligible em-
9 ployer for which the qualified volunteer first re-
10 sponder volunteers, which shall—

11 (A) include the date on which the qualified
12 volunteer first responder joined the eligible em-
13 ployer as a volunteer;

14 (B) attest to the Secretary that the quali-
15 fied volunteer first responder meets the require-
16 ments under subparagraphs (B) and (C) of sub-
17 section (a)(3);

18 (C) include a copy of the certification de-
19 scribed in subsection (a)(3)(D); and

20 (D) include a certification from the quali-
21 fied volunteer first responder of the responder's
22 good faith intention to continue serving as a
23 volunteer for the eligible employer for not less
24 than 1 year following the date of closing.

1 **SEC. 205. IMPROVING ACCESS TO HOUSING FOR VETERANS.**

2 (a) SERVICE CONNECTED DISABILITY COMPENSA-
3 TION.—Section 102(a)(20) of the Housing and Commu-
4 nity Development Act of 1974 (42 U.S.C. 5302(a)(20))
5 is amended by adding at the end the following:

6 “(C) SERVICE-CONNECTED DISABILITY
7 COMPENSATION.—When determining whether a
8 person is of a person of low and moderate in-
9 come, a person of low income, or a person of
10 moderate income under this paragraph, a State,
11 unit of general local government, or Indian
12 tribe shall exclude any service-connected dis-
13 ability compensation received by such person
14 from the Department of Veterans Affairs.”.

15 (b) REPORT.—The Comptroller General of the
16 United States shall, not later than 1 year after the date
17 of the enactment of this Act, submit to the Congress a
18 report that—

19 (1) examines how service-connected disability
20 compensation is treated for the purposes of deter-
21 mining eligibility for all programs administered by
22 the Secretary of Housing and Urban Development
23 and identifies any cases where service-connected dis-
24 ability compensation is treated inconsistently across
25 a program; and

1 (2) with respect to each program administered
2 by the Secretary of Housing and Urban Develop-
3 ment, provides legislative recommendations relating
4 to how such program could better serve veteran pop-
5 ulations, and under-served communities.

6 **SEC. 206. SUPPORTING VETERAN FAMILIES IN NEED.**

7 Section 2044(e) of title 38, United States Code, is
8 amended—

9 (1) by redesignating subparagraphs (A) through
10 (H) as paragraphs (1) through (8), respectively; and

11 (2) by adding at the end the following new
12 paragraph:

13 “(9) The amounts that are appropriated to
14 carry out such subsections for fiscal year 2025 and
15 each fiscal year thereafter.”.

16 **SEC. 207. ATTRACTING PRIVATE INVESTMENT TO BUILD**
17 **AND REHABILITATE OWNER-OCCUPIED**
18 **HOMES.**

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:

23 **“SEC. 42A. NEIGHBORHOOD HOMES CREDIT.**

24 “(a) **ALLOWANCE OF CREDIT.**—For purposes of sec-
25 tion 38, the neighborhood homes credit determined under

1 this section for the taxable year is, with respect to each
2 qualified residence sold by the taxpayer during such tax-
3 able year in an affordable sale, the lesser of—

4 “(1) an amount equal to—

5 “(A) the excess (if any) of—

6 “(i) the reasonable development costs
7 paid or incurred by the taxpayer with re-
8 spect to such qualified residence, over

9 “(ii) the sale price of such qualified
10 residence (reduced by any reasonable ex-
11 penses paid or incurred by the taxpayer in
12 connection with such sale), or

13 “(B) if the neighborhood homes credit
14 agency determines it is necessary to ensure fi-
15 nancial feasibility, an amount not to exceed 120
16 percent of the amount under subparagraph (A),

17 “(2) 35 percent of the eligible development
18 costs paid or incurred by the taxpayer with respect
19 to such qualified residence, or

20 “(3) 28 percent of the national median sale
21 price for new homes (as determined pursuant to the
22 most recent census data available as of the date on
23 which the neighborhood homes credit agency makes
24 an allocation for the qualified project).

1 “(b) DEVELOPMENT COSTS.—For purposes of this
2 section—

3 “(1) REASONABLE DEVELOPMENT COSTS.—

4 “(A) IN GENERAL.—The term ‘reasonable
5 development costs’ means amounts paid or in-
6 curred for the acquisition of buildings and land,
7 construction, substantial rehabilitation, demoli-
8 tion of structures, or environmental remedi-
9 ation, to the extent that the neighborhood
10 homes credit agency determines that such
11 amounts meet the standards specified pursuant
12 to subsection (f)(1)(C) (as of the date on which
13 construction or substantial rehabilitation is sub-
14 stantially complete, as determined by such
15 agency) and are necessary to ensure the finan-
16 cial feasibility of such qualified residence.

17 “(B) CONSIDERATIONS IN MAKING DETER-
18 MINATION.—In making the determination under
19 subparagraph (A), the neighborhood homes
20 credit agency shall consider—

21 “(i) the sources and uses of funds and
22 the total financing,

23 “(ii) any proceeds or receipts gen-
24 erated or expected to be generated by rea-
25 son of tax benefits, and

1 “(iii) the reasonableness of the devel-
2 opmental costs and fees.

3 “(2) ELIGIBLE DEVELOPMENT COSTS.—The
4 term ‘eligible development costs’ means the amount
5 which would be reasonable development costs if the
6 amounts taken into account as paid or incurred for
7 the acquisition of buildings and land did not exceed
8 75 percent of such costs determined without regard
9 to any amount paid or incurred for the acquisition
10 of buildings and land.

11 “(3) SUBSTANTIAL REHABILITATION.—The
12 term ‘substantial rehabilitation’ means amounts paid
13 or incurred for rehabilitation of a qualified residence
14 if such amounts exceed the greater of—

15 “(A) \$20,000, or

16 “(B) 20 percent of the amounts paid or in-
17 curred by the taxpayer for the acquisition of
18 buildings and land with respect to such quali-
19 fied residence.

20 “(4) CONSTRUCTION AND REHABILITATION
21 ONLY AFTER ALLOCATION TAKEN INTO ACCOUNT.—

22 “(A) IN GENERAL.—The terms ‘reasonable
23 development costs’ and ‘eligible development
24 costs’ shall not include any amount paid or in-
25 curred before the date on which an allocation is

1 made to the taxpayer under subsection (e) with
2 respect to the qualified project of which the
3 qualified residence is part unless such amount
4 is paid or incurred for the acquisition of build-
5 ings or land.

6 “(B) LAND AND BUILDING ACQUISITION
7 COSTS.—Amounts paid or incurred for the ac-
8 quisition of buildings or land shall be included
9 under paragraph (A) only if paid or incurred
10 not more than 3 years before the date on which
11 the allocation referred to in subparagraph (A)
12 is made. If the taxpayer acquired any building
13 or land from an entity (or any related party to
14 such entity) that holds an ownership interest in
15 the taxpayer, then such entity must also have
16 acquired such property within such 3-year pe-
17 riod, and the acquisition cost included under
18 subparagraph (A) with respect to the taxpayer
19 shall not exceed the amount such entity paid or
20 incurred to acquire such property.

21 “(c) QUALIFIED RESIDENCE.—For purposes of this
22 section—

23 “(1) IN GENERAL.—The term ‘qualified resi-
24 dence’ means a residence that—

1 “(A) is real property affixed on a perma-
2 nent foundation,

3 “(B) is—

4 “(i) a house which is comprised of 4
5 or fewer residential units,

6 “(ii) a condominium unit, or

7 “(iii) a house or an apartment owned
8 by a cooperative housing corporation (as
9 defined in section 216(b)),

10 “(C) is part of a qualified project with re-
11 spect to which the neighborhood homes credit
12 agency has made an allocation under subsection
13 (e), and

14 “(D) is located in a qualified census tract
15 (determined as of the date of such allocation).

16 “(2) QUALIFIED CENSUS TRACT.—

17 “(A) IN GENERAL.—The term ‘qualified
18 census tract’ means a census tract—

19 “(i) which—

20 “(I) has a median family income
21 which does not exceed 80 percent of
22 the median family income for the ap-
23 plicable area,

1 “(II) has a poverty rate that is
2 not less than 130 percent of the pov-
3 erty rate of the applicable area, and

4 “(III) has a median value for
5 owner-occupied homes that does not
6 exceed the median value for owner-oc-
7 cupied homes in the applicable area,

8 “(ii) which—

9 “(I) is located in a city which has
10 a population of not less than 50,000
11 and such city has a poverty rate that
12 is not less than 150 percent of the
13 poverty rate of the applicable area,

14 “(II) has a median family income
15 which does not exceed the median
16 family income for the applicable area,
17 and

18 “(III) has a median value for
19 owner-occupied homes that does not
20 exceed 80 percent of the median value
21 for owner-occupied homes in the ap-
22 plicable area,

23 “(iii) which—

24 “(I) is located in a nonmetropoli-
25 tan county,

1 “(II) has a median family income
2 which does not exceed the median
3 family income for the applicable area,
4 and

5 “(III) has been designated by a
6 neighborhood homes credit agency
7 under this clause, or

8 “(iv) which is not otherwise a quali-
9 fied census tract and is located in a dis-
10 aster area (as defined in section
11 7508A(d)(3)), but only with respect to
12 credits allocated in any period during
13 which the President of the United States
14 has determined that such area warrants in-
15 dividual or individual and public assistance
16 by the Federal Government under the Rob-
17 ert T. Stafford Disaster Relief and Emer-
18 gency Assistance Act.

19 “(B) APPLICABLE AREA.—The term ‘appli-
20 cable area’ means—

21 “(i) in the case of a metropolitan cen-
22 sus tract, the metropolitan area in which
23 such census tract is located, and

1 “(ii) in the case of a census tract
2 other than a census tract described in
3 clause (i), the State.

4 “(d) AFFORDABLE SALE.—For purposes of this sec-
5 tion—

6 “(1) IN GENERAL.—The term ‘affordable sale’
7 means a sale to a qualified homeowner of a qualified
8 residence that the neighborhood homes credit agency
9 certifies as meeting the standards promulgated
10 under subsection (f)(1)(D) for a price that does not
11 exceed—

12 “(A) in the case of any qualified residence
13 not described in subparagraph (B), (C), or (D),
14 the amount equal to the product of 4 multiplied
15 by the median family income for the applicable
16 area (as determined pursuant to the most re-
17 cent census data available as of the date of the
18 contract for such sale),

19 “(B) in the case of a house comprised of
20 2 residential units, 125 percent of the amount
21 described in subparagraph (A),

22 “(C) in the case of a house comprised of
23 3 residential units, 150 percent of the amount
24 described in subparagraph (A), or

1 “(D) in the case of a house comprised of
2 4 residential units, 175 percent of the amount
3 described in subparagraph (A).

4 “(2) QUALIFIED HOMEOWNER.—The term
5 ‘qualified homeowner’ means, with respect to a
6 qualified residence, an individual—

7 “(A) who owns and uses such qualified res-
8 idence as the principal residence of such indi-
9 vidual, and

10 “(B) whose family income (determined as
11 of the date that a binding contract for the af-
12 fordable sale of such residence is entered into)
13 is 140 percent or less of the median family in-
14 come for the applicable area in which the quali-
15 fied residence is located.

16 “(e) CREDIT CEILING AND ALLOCATIONS.—

17 “(1) CREDIT LIMITED BASED ON ALLOCATIONS
18 TO QUALIFIED PROJECTS.—

19 “(A) IN GENERAL.—The credit allowed
20 under subsection (a) to any taxpayer for any
21 taxable year with respect to one or more quali-
22 fied residences which are part of the same
23 qualified project shall not exceed the excess (if
24 any) of—

1 “(i) the amount allocated by the
2 neighborhood homes credit agency under
3 this paragraph to such taxpayer with re-
4 spect to such qualified project, over

5 “(ii) the aggregate amount of credit
6 allowed under subsection (a) to such tax-
7 payer with respect to qualified residences
8 which are a part of such qualified project
9 for all prior taxable years.

10 “(B) DEADLINE FOR COMPLETION.—No
11 credit shall be allowed under subsection (a)
12 with respect to any qualified residence unless
13 the affordable sale of such residence is during
14 the 5-year period beginning on the date of the
15 allocation to the qualified project of which such
16 residence is a part (or, in the case of a qualified
17 residence to which subsection (i) applies, the re-
18 habilitation of such residence is completed dur-
19 ing such 5-year period).

20 “(2) LIMITATIONS ON ALLOCATIONS TO QUALI-
21 FIED PROJECTS.—

22 “(A) ALLOCATIONS LIMITED BY STATE
23 NEIGHBORHOOD HOMES CREDIT CEILING.—The
24 aggregate amount allocated to taxpayers with
25 respect to qualified projects by the neighbor-

1 hood homes credit agency of any State for any
2 calendar year shall not exceed the State neigh-
3 borhood homes credit amount of such State for
4 such calendar year.

5 “(B) SET-ASIDE FOR CERTAIN PROJECTS
6 INVOLVING QUALIFIED NONPROFIT ORGANIZA-
7 TIONS.—Rules similar to the rules of section
8 42(h)(5) shall apply for purposes of this sec-
9 tion.

10 “(3) DETERMINATION OF STATE NEIGHBOR-
11 HOOD HOMES CREDIT CEILING.—

12 “(A) IN GENERAL.—The State neighbor-
13 hood homes credit amount for a State for a cal-
14 endar year is an amount equal to the sum of—

15 “(i) the greater of—

16 “(I) the product of \$7, multiplied
17 by the State population (determined
18 in accordance with section 146(j)), or

19 “(II) \$9,000,000, and

20 “(ii) any amount previously allocated
21 to any taxpayer with respect to any quali-
22 fied project by the neighborhood homes
23 credit agency of such State which can no
24 longer be allocated to any qualified resi-
25 dence because the 5-year period described

1 in paragraph (1)(B) expires during cal-
2 endar year.

3 “(B) 3-YEAR CARRYFORWARD OF UNUSED
4 LIMITATION.—The State neighborhood homes
5 credit amount for a State for a calendar year
6 shall be increased by the excess (if any) of the
7 State neighborhood homes credit amount for
8 such State for the preceding calendar year over
9 the aggregate amount allocated by the neigh-
10 borhood homes credit agency of such State dur-
11 ing such preceding calendar year. Any amount
12 carried forward under the preceding sentence
13 shall not be carried past the third calendar year
14 after the calendar year in which such credit
15 amount originally arose, determined on a first-
16 in, first-out basis.

17 “(f) RESPONSIBILITIES OF NEIGHBORHOOD HOMES
18 CREDIT AGENCIES.—

19 “(1) IN GENERAL.—Notwithstanding subsection
20 (e), the State neighborhood homes credit dollar
21 amount shall be zero for a calendar year unless the
22 neighborhood homes credit agency of the State—

23 “(A) allocates such amount pursuant to a
24 qualified allocation plan of the neighborhood
25 homes credit agency,

1 “(B) allocates not more than 20 percent of
2 amounts allocated in the previous year (or for
3 allocations made in 2023, not more than 20
4 percent of the neighborhood homes credit ceil-
5 ing for such year) to projects with respect to
6 qualified residences which—

7 “(i) are located in census tracts de-
8 scribed in subsection (c)(2)(A)(iii),
9 (c)(2)(A)(iv), (i)(5), or

10 “(ii) are not located in a qualified
11 census tract but meet the requirements of
12 subsection (i)(8),

13 “(C) promulgates standards with respect
14 to reasonable qualified development costs and
15 fees,

16 “(D) promulgates standards with respect
17 to construction quality,

18 “(E) in the case of any neighborhood
19 homes credit agency which makes an allocation
20 to a qualified project which includes any quali-
21 fied residence to which subsection (i) applies,
22 promulgates standards with respect to pro-
23 tecting the owners of such residences, including
24 the capacity of such owners to pay rehabilita-
25 tion costs not covered by the credit provided by

1 this section and providing for the disclosure to
2 such owners of their rights and responsibilities
3 with respect to the rehabilitation of such resi-
4 dences,

5 “(F) submits to the Secretary (at such
6 time and in such manner as the Secretary may
7 prescribe) an annual report specifying—

8 “(i) the amount of the neighborhood
9 homes credits allocated to each qualified
10 project for the previous year,

11 “(ii) with respect to each qualified
12 residence completed in the preceding cal-
13 endar year—

14 “(I) the census tract in which
15 such qualified residence is located,

16 “(II) with respect to the qualified
17 project that includes such qualified
18 residence, the year in which such
19 project received an allocation under
20 this section,

21 “(III) whether such qualified res-
22 idence was new, substantially rehabili-
23 tated and sold to a qualified home-
24 owner, or substantially rehabilitated
25 pursuant to subsection (i),

1 “(IV) the eligible development
2 costs of such qualified residence,

3 “(V) the amount of the neighbor-
4 hood homes credit with respect to
5 such qualified residence,

6 “(VI) the sales price of such
7 qualified residence, if applicable, and

8 “(VII) the family income of the
9 qualified homeowner (expressed as a
10 percentage of the applicable area me-
11 dian family income for the location of
12 the qualified residence), and

13 “(iii) such other information as the
14 Secretary may require, and

15 “(G) makes available to the general public
16 a written explanation for any allocation of a
17 neighborhood homes credit dollar amount which
18 is not made in accordance with established pri-
19 orities and selection criteria of the neighbor-
20 hood homes credit agency.

21 Subparagraph (B) shall be applied by substituting
22 ‘40 percent’ for ‘20 percent’ each place it appears in
23 the case of any State in which at least 45 percent
24 of the State population resides outside metropolitan
25 statistical areas (within the meaning of section

1 143(k)(2)(B)) and less than 20 percent of the cen-
2 sus tracts located in the State are described in sub-
3 section (c)(2)(A)(i).

4 “(2) QUALIFIED ALLOCATION PLAN.—For pur-
5 poses of this subsection, the term ‘qualified alloca-
6 tion plan’ means any plan which—

7 “(A) sets forth the selection criteria to be
8 used to prioritize qualified projects for alloca-
9 tions of State neighborhood homes credit dollar
10 amounts, including—

11 “(i) the need for new or substantially
12 rehabilitated owner-occupied homes in the
13 area addressed by the project,

14 “(ii) the expected contribution of the
15 project to neighborhood stability and revi-
16 talization, including the impact on neigh-
17 borhood residents,

18 “(iii) the capability and prior perform-
19 ance of the project sponsor, and

20 “(iv) the likelihood the project will re-
21 sult in long-term homeownership,

22 “(B) has been made available for public
23 comment, and

24 “(C) provides a procedure that the neigh-
25 borhood homes credit agency (or any agent or

1 contractor of such agency) shall follow for pur-
2 poses of—

3 “(i) identifying noncompliance with
4 any provisions of this section, and

5 “(ii) notifying the Internal Revenue
6 Service of any such noncompliance of
7 which the agency becomes aware.

8 “(g) REPAYMENT.—

9 “(1) IN GENERAL.—

10 “(A) SOLD DURING 5-YEAR PERIOD.—If a
11 qualified residence is sold during the 5-year pe-
12 riod beginning immediately after the affordable
13 sale of such qualified residence referred to in
14 subsection (a), the seller shall transfer an
15 amount equal to the repayment amount to the
16 relevant neighborhood homes credit agency.

17 “(B) USE OF REPAYMENTS.—A neighbor-
18 hood homes credit agency shall use any amount
19 received pursuant to subparagraph (A) only for
20 purposes of qualified projects.

21 “(2) REPAYMENT AMOUNT.—For purposes of
22 paragraph (1)(A)—

23 “(A) IN GENERAL.—The repayment
24 amount is an amount equal to the applicable

1 percentage of the gain from the sale to which
2 the repayment relates.

3 “(B) APPLICABLE PERCENTAGE.—For
4 purposes of subparagraph (A), the applicable
5 percentage is 50 percent, reduced by 10 per-
6 centage points for each year of the 5-year pe-
7 riod referred to in paragraph (1)(A) which ends
8 before the date of such sale.

9 “(3) LIEN FOR REPAYMENT AMOUNT.—A
10 neighborhood homes credit agency receiving an allo-
11 cation under this section shall place a lien on each
12 qualified residence that is built or rehabilitated as
13 part of a qualified project for an amount such agen-
14 cy deems necessary to ensure potential repayment
15 pursuant to paragraph (1)(A).

16 “(4) WAIVER.—

17 “(A) IN GENERAL.—The neighborhood
18 homes credit agency may waive the repayment
19 required under paragraph (1)(A) if the agency
20 determines that making a repayment would
21 constitute a hardship to the seller.

22 “(B) HARDSHIP.—For purposes of sub-
23 paragraph (A), with respect to the seller, a
24 hardship may include—

25 “(i) divorce,

1 “(ii) disability,
2 “(iii) illness, or
3 “(iv) any other hardship identified by
4 the neighborhood homes credit agency for
5 purposes of this paragraph.

6 “(h) OTHER DEFINITIONS AND SPECIAL RULES.—

7 For purposes of this section—

8 “(1) NEIGHBORHOOD HOMES CREDIT AGEN-
9 CY.—The term ‘neighborhood homes credit agency’
10 means the agency designated by the governor of a
11 State as the neighborhood homes credit agency of
12 the State.

13 “(2) QUALIFIED PROJECT.—The term ‘qualified
14 project’ means a project that a neighborhood homes
15 credit agency certifies will build or substantially re-
16 habilitate one or more qualified residences.

17 “(3) DETERMINATIONS OF FAMILY INCOME.—
18 Rules similar to the rules of section 143(f)(2) shall
19 apply for purposes of this section.

20 “(4) POSSESSIONS TREATED AS STATES.—The
21 term ‘State’ includes the District of Columbia and
22 the possessions of the United States.

23 “(5) SPECIAL RULES RELATED TO CONDOMIN-
24 IUMS AND COOPERATIVE HOUSING CORPORATIONS.—

1 “(A) DETERMINATION OF DEVELOPMENT
2 COSTS.—In the case of a qualified residence de-
3 scribed in clause (ii) or (iii) of subsection
4 (c)(1)(A), the reasonable development costs and
5 eligible development costs of such qualified resi-
6 dence shall be an amount equal to such costs,
7 respectively, of the entire condominium or coop-
8 erative housing property in which such qualified
9 residence is located, multiplied by a fraction—

10 “(i) the numerator of which is the
11 total floor space of such qualified resi-
12 dence, and

13 “(ii) the denominator of which is the
14 total floor space of all residences within
15 such property.

16 “(B) TENANT-STOCKHOLDERS OF COOPER-
17 ATIVE HOUSING CORPORATIONS TREATED AS
18 OWNERS.—In the case of a cooperative housing
19 corporation (as such term is defined in section
20 216(b)), a tenant-stockholder shall be treated
21 as owning the house or apartment which such
22 person is entitled to occupy.

23 “(6) RELATED PARTY SALES NOT TREATED AS
24 AFFORDABLE SALES.—

1 “(A) IN GENERAL.—A sale between related
2 persons shall not be treated as an affordable
3 sale.

4 “(B) RELATED PERSONS.—For purposes
5 of this paragraph, a person (in this subpara-
6 graph referred to as the ‘related person’) is re-
7 lated to any person if the related person bears
8 a relationship to such person specified in sec-
9 tion 267(b) or 707(b)(1), or the related person
10 and such person are engaged in trades or busi-
11 nesses under common control (within the mean-
12 ing of subsections (a) and (b) of section 52).
13 For purposes of the preceding sentence, in ap-
14 plying section 267(b) or 707(b)(1), ‘10 percent’
15 shall be substituted for ‘50 percent’.

16 “(7) INFLATION ADJUSTMENT.—

17 “(A) IN GENERAL.—In the case of a cal-
18 endar year after 2023, the dollar amounts in
19 subsections (b)(3)(A), (e)(3)(A)(i)(I),
20 (e)(3)(A)(i)(II), and (i)(2)(C) shall each be in-
21 creased by an amount equal to—

22 “(i) such dollar amount, multiplied by

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) for such
25 calendar year by substituting ‘calendar

1 year 2022’ for ‘calendar year 2016’ in sub-
2 paragraph (A)(ii) thereof.

3 “(B) ROUNDING.—

4 “(i) In the case of the dollar amounts
5 in subsections (b)(3)(A) and (i)(2)(C), any
6 increase under paragraph (1) which is not
7 a multiple of \$1,000 shall be rounded to
8 the nearest multiple of \$1,000.

9 “(ii) In the case of the dollar amount
10 in subsection (e)(3)(A)(i)(I), any increase
11 under paragraph (1) which is not a mul-
12 tiple of \$0.01 shall be rounded to the near-
13 est multiple of \$0.01.

14 “(iii) In the case of the dollar amount
15 in subsection (e)(3)(A)(i)(II), any increase
16 under paragraph (1) which is not a mul-
17 tiple of \$100,000 shall be rounded to the
18 nearest multiple of \$100,000.

19 “(8) REPORT.—

20 “(A) IN GENERAL.—The Secretary shall
21 annually issue a report, to be made available to
22 the public, which contains the information sub-
23 mitted pursuant to subsection (f)(1)(F).

24 “(B) DE-IDENTIFICATION.—The Secretary
25 shall ensure that any information made public

1 pursuant to subparagraph (A) excludes any in-
2 formation that would allow for the identification
3 of qualified homeowners.

4 “(9) LIST OF QUALIFIED CENSUS TRACTS.—
5 The Secretary of Housing and Urban Development
6 shall, for each year, make publicly available a list of
7 qualified census tracts under—

8 “(A) on a combined basis, clauses (i) and
9 (ii) of subsection (c)(2)(A),

10 “(B) clause (iii) of such subsection, and

11 “(C) subsection (i)(5)(A).

12 “(10) DENIAL OF DEDUCTIONS IF CONVERTED
13 TO RENTAL HOUSING.—If, during the 5-year period
14 beginning immediately after the affordable sale of a
15 qualified residence referred to in subsection (a), an
16 individual who owns a qualified residence (whether
17 or not such individual was the purchaser in such af-
18 fordable sale) fails to use such qualified residence as
19 such individual’s principal residence for any period
20 of time, no deduction shall be allowed for expenses
21 paid or incurred by such individual with respect to
22 renting, during such period of time, such qualified
23 residence.

24 “(i) APPLICATION OF CREDIT WITH RESPECT TO
25 OWNER-OCCUPIED REHABILITATIONS.—

1 “(1) IN GENERAL.—In the case of a qualified
2 rehabilitation by the taxpayer of any qualified resi-
3 dence which is owned (as of the date that the writ-
4 ten binding contract referred to in paragraph (3) is
5 entered into) by a specified homeowner, the rules of
6 paragraphs (2) through (7) shall apply.

7 “(2) ALTERNATIVE CREDIT DETERMINATION.—
8 In the case of any qualified residence described in
9 paragraph (1), the neighborhood homes credit deter-
10 mined under subsection (a) with respect to such res-
11 idence shall (in lieu of any credit otherwise deter-
12 mined under subsection (a) with respect to such res-
13 idence) be allowed in the taxable year during which
14 the qualified rehabilitation is completed (as deter-
15 mined by the neighborhood homes credit agency)
16 and shall be equal to the least of—

17 “(A) the excess (if any) of—

18 “(i) the amounts paid or incurred by
19 the taxpayer for the qualified rehabilitation
20 of the qualified residence to the extent that
21 such amounts are certified by the neigh-
22 borhood homes credit agency (at the time
23 of the completion of such rehabilitation) as
24 meeting the standards specified pursuant
25 to subsection (f)(1)(C), over

1 “(ii) any amounts paid to such tax-
2 payer for such rehabilitation,

3 “(B) 50 percent of the amounts described
4 in subparagraph (A)(i), or

5 “(C) \$50,000.

6 “(3) QUALIFIED REHABILITATION.—

7 “(A) IN GENERAL.—For purposes of this
8 subsection, the term ‘qualified rehabilitation’
9 means a rehabilitation or reconstruction per-
10 formed pursuant to a written binding contract
11 between the taxpayer and the specified home-
12 owner if the amount paid or incurred by the
13 taxpayer in the performance of such rehabilita-
14 tion or reconstruction exceeds the dollar
15 amount in effect under subsection (b)(3)(A).

16 “(B) APPLICATION OF LIMITATION TO EX-
17 PENSES PAID OR INCURRED AFTER ALLOCA-
18 TION.—A rule similar to the rule of section
19 (b)(4) shall apply for purposes of this sub-
20 section.

21 “(4) SPECIFIED HOMEOWNER.—For purposes
22 of this subsection, the term ‘qualified homeowner’
23 means, with respect to a qualified residence, an indi-
24 vidual—

1 “(A) who owns and uses such qualified res-
2 idence as the principal residence of such indi-
3 vidual as of the date that the written binding
4 contract referred to in paragraph (3) is entered
5 into, and

6 “(B) whose family income (determined as
7 of such date) does not exceed the median family
8 income for the applicable area (with respect to
9 the census tract in which the qualified residence
10 is located).

11 “(5) ADDITIONAL CENSUS TRACTS IN WHICH
12 OWNER-OCCUPIED RESIDENCES MAY BE LOCATED.—
13 In the case of any qualified residence described in
14 paragraph (1), the term ‘qualified census tract’ in-
15 cludes any census tract which—

16 “(A) meets the requirements of subsection
17 (c)(2)(A)(i) without regard to subclause (III)
18 thereof, and

19 “(B) is designated by the neighborhood
20 homes credit agency for purposes of this para-
21 graph.

22 “(6) MODIFICATION OF REPAYMENT REQUIRE-
23 MENT.—In the case of any qualified residence de-
24 scribed in paragraph (1), subsection (g) shall be ap-
25 plied by beginning the 5-year period otherwise de-

1 scribed therein on the date on which the qualified
2 homeowner acquired such residence.

3 “(7) RELATED PARTIES.—Paragraph (1) shall
4 not apply if the taxpayer is the owner of the quali-
5 fied residence described in paragraph (1) or is re-
6 lated (within the meaning of subsection (h)(6)(B))
7 to such owner.

8 “(8) PYRRHOTITE REMEDIATION.—The require-
9 ment of subsection (c)(1)(C) shall not apply to a
10 qualified rehabilitation under this subsection of a
11 qualified residence that is documented by an engi-
12 neer’s report and core testing to have a foundation
13 that is adversely impacted by pyrrhotite or other
14 iron sulfide minerals.

15 “(j) REGULATIONS.—The Secretary shall prescribe
16 such regulations as may be necessary or appropriate to
17 carry out the purposes of this section, including regula-
18 tions that prevent avoidance of the rules, and abuse of
19 the purposes, of this section.”.

20 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
21 NESS CREDIT.—Section 38(b) of the Internal Revenue
22 Code of 1986 is amended by striking “plus” at the end
23 of paragraph (37), by striking the period at the end of
24 paragraph (38) and inserting “, plus”, and by adding at
25 the end the following new paragraph:

1 “(39) the neighborhood homes credit deter-
2 mined under section 42A(a).”.

3 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
4 IMUM TAX.—Section 38(c)(4)(B) of the Internal Revenue
5 Code of 1986 is amended by redesignating clauses (iv)
6 through (xii) as clauses (v) through (xiii), respectively, and
7 by inserting after clause (iii) the following new clause:

8 “(iv) the credit determined under sec-
9 tion 42A,”.

10 (d) BASIS ADJUSTMENTS.—

11 (1) ENERGY EFFICIENT HOME IMPROVEMENT
12 CREDIT.—Section 25C(g) of the Internal Revenue
13 Code of 1986 is amended by adding after the first
14 sentence the following new sentence: “This sub-
15 section shall not apply for purposes of determining
16 the eligible development costs or adjusted basis of
17 any building under section 42A.”.

18 (2) RESIDENTIAL CLEAN ENERGY CREDIT.—
19 Section 25D(f) of such Code is amended by adding
20 after the first sentence the following new sentence:
21 “‘This subsection shall not apply for purposes of de-
22 termining the eligible development costs or adjusted
23 basis of any building under section 42A.’”.

24 (3) NEW ENERGY EFFICIENT HOME CREDIT.—
25 Section 45L(e) of such Code is amended by inserting

1 “or for purposes of determining the eligible develop-
2 ment costs or adjusted basis of any building under
3 section 42A” after “section 42”.

4 (e) EXCLUSION FROM GROSS INCOME.—Part III of
5 subchapter B of chapter 1 of the Internal Revenue Code
6 of 1986 is amended by inserting before section 140 the
7 following new section:

8 **“SEC. 139J. STATE ENERGY SUBSIDIES FOR QUALIFIED**
9 **RESIDENCES.**

10 “(a) EXCLUSION FROM GROSS INCOME.—Gross in-
11 come shall not include the value of any subsidy provided
12 to a taxpayer (whether directly or indirectly) by any State
13 energy office (as defined in section 124(a) of the Energy
14 Policy Act of 2005 (42 U.S.C. 15821(a))) for purposes
15 of any energy improvements made to a qualified residence
16 (as defined in section 42A(c)(1)).”.

17 (f) CONFORMING AMENDMENTS.—

18 (1) Subsections (i)(3)(C), (i)(6)(B)(i), and
19 (k)(1) of section 469 of the Internal Revenue Code
20 of 1986 are each amended by inserting “or 42A”
21 after “section 42”.

22 (2) The table of sections for subpart D of part
23 IV of subchapter A of chapter 1 of such Code is
24 amended by inserting after the item relating to sec-
25 tion 42 the following new item:

“Sec. 42A. Neighborhood homes credit.”.

1 (3) The table of sections for part III of sub-
2 chapter B of chapter 1 of such Code is amended by
3 inserting before the item relating to section 140 the
4 following new item:

“Sec. 139J. State energy subsidies for qualified residences.”.

5 (g) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2023.

8 **SEC. 208. BETTER UTILIZING AND DISPOSING OF UNUSED**
9 **MILITARY AND GOVERNMENT LANDS FOR**
10 **HOUSING.**

11 (a) **IN GENERAL.**—A State or unit of local govern-
12 ment may submit a petition to a Federal agency request-
13 ing to use unused property owned by such Federal agency
14 for the construction of affordable housing.

15 (b) **SUBMISSION TO PBRB.**—Any Federal agency
16 that receives a petition under subsection (a) shall submit
17 a copy of such petition to the Public Buildings Reform
18 Board.

19 (c) **DETERMINATION.**—A Federal agency that re-
20 ceives a petition under subsection (a) shall, not less than
21 60 days after receiving such petition determine whether
22 the property is excess.

23 (d) **JUSTIFICATION REQUIRED.**—If a Federal agency
24 determines under subsection (c) that a property is not ex-
25 cess such Federal agency shall submit to the Office of

1 Management and Budget a statement that justifies why
2 such property is not excess.

3 (e) DONATION BY GSA.—If a Federal agency deter-
4 mines a property to be excess under subsection (b), the
5 General Services Administration may donate such prop-
6 erty to the State or unit of local government that sub-
7 mitted the petition under subsection (a).

8 **SEC. 209. ENERGY CONSERVATION STANDARDS FOR MANU-**
9 **FACTURED HOUSING.**

10 The Secretary of Energy may not, by rule or other-
11 wise, establish energy conservation standards for manu-
12 factured housing.

13 **SEC. 210. RENTAL ASSISTANCE DEMONSTRATION PRO-**
14 **GRAM.**

15 The matter under the heading “Rental Assistance
16 Demonstration” in the Department of Housing and Urban
17 Development Appropriations Act, 2012 (Public Law 112–
18 55), is amended—

19 (1) by striking the second proviso; and

20 (2) by striking the fourth proviso.

21 **SEC. 211. CREATING INCENTIVES FOR SMALL DOLLAR**
22 **LOAN ORIGINATORS.**

23 (a) SMALL DOLLAR MORTGAGE DEFINED.—In this
24 section, the term “small dollar mortgage” means a mort-
25 gage loan that—

1 (1) has an original principal obligation of not
2 more than \$70,000;

3 (2) is secured by real property designed for the
4 occupancy of 1 to 4 families; and

5 (3) is—

6 (A) insured by the Federal Housing Ad-
7 ministration under title II of the National
8 Housing Act (12 U.S.C. 1707 et seq.);

9 (B) made, guaranteed, or insured by the
10 Department of Veterans Affairs;

11 (C) made, guaranteed, or insured by the
12 Department of Agriculture; or

13 (D) eligible to be purchased or securitized
14 by the Federal Home Loan Mortgage Corpora-
15 tion or the Federal National Mortgage Associa-
16 tion.

17 (b) REQUIREMENT TO UPDATE REGULATIONS.—Not
18 later than 270 days after the date of enactment of this
19 Act, the Director of the Bureau of Consumer Financial
20 Protection shall issue regulations to update part 1026 of
21 title 12, Code of Federal Regulations (commonly referred
22 to as “Regulation Z”) to allow for salaried originators of
23 residential mortgage loans that only originate small dollar
24 mortgages.

1 **SEC. 212. SMALL DOLLAR MORTGAGE POINTS AND FEES.**

2 (a) DEFINITION.—In this section, the term “small
3 dollar mortgage” means a mortgage with an original prin-
4 cipal obligation of less than \$70,000.

5 (b) AMENDMENTS REQUIRED.—Not later than 180
6 days after the date of enactment of this Act, the Director
7 of the Bureau of Consumer Financial Protection, in con-
8 sultation with the Secretary of Housing and Urban Devel-
9 opment and the Director of the Federal Housing Finance
10 Agency, shall amend the limitations with respect to points
11 and fees under section 1026.32 of title 12, Code of Fed-
12 eral Regulations, or any successor regulation, to encourage
13 additional lending for small dollar mortgages.

14 **SEC. 213. REMOVING OUTDATED REGULATION FOR MANU-
15 FACTURED HOUSING.**

16 (a) IN GENERAL.—Section 603(6) of the National
17 Manufactured Housing Construction and Safety Stand-
18 ards Act of 1974 (42 U.S.C. 5402(6)) is amended by
19 striking “built on a permanent chassis and”.

20 (b) IMPLEMENTATION.—Not later than 90 days after
21 the date of the enactment of this Act, the consensus com-
22 mittee established under section 604(a)(3) of the National
23 Manufactured Housing Construction and Safety Stand-
24 ards Act of 1974 (42 U.S.C. 5403(a)(3)) shall meet to
25 develop and recommend to the Secretary of Housing and
26 Urban Development such revisions to the Federal manu-

1 factored home construction and safety standards, and re-
2 lated regulations, as are necessary to implement the
3 amendment made by subsection (a) of this section. Such
4 revised standards shall be considered by the Secretary for
5 adoption pursuant to the process set forth in section 604
6 of such Act.

7 **SEC. 214. RELIEVING BURDENS ON AFFORDABILITY.**

8 (a) IN GENERAL.—Section 164(b)(6) of the Internal
9 Revenue Code of 1986 is amended by adding at the end
10 the following: “In the case of a joint return for a taxable
11 year beginning after December 31, 2022, and before Jan-
12 uary 1, 2024, if the taxpayer’s adjusted gross income for
13 such taxable year is less than \$500,000, subparagraph (B)
14 shall be applied by substituting ‘\$20,000’ for ‘\$10,000’.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2022.

18 **SEC. 215. PROTECTING HOME AFFORDABILITY FROM EN-**
19 **ERGY MANDATES.**

20 Congress disapproves the rule submitted by the De-
21 partment of Housing and Urban Development and the De-
22 partment of Agriculture relating to “Final Determination:
23 Adoption of Energy Efficiency Standards for New Con-
24 struction of HUD- and USDA-Financed Housing” (89

1 Fed. Reg. 33112 (April 26, 2024)), and such rule shall
2 have no force or effect.

3 **TITLE III—SERVING THE MOST**
4 **VULNERABLE; HEALTH AND**
5 **SAFETY**

6 **SEC. 301. GAO STUDY TO DETERMINE PROXIMITY OF HOUS-**
7 **ING TO SUPERFUND SITES.**

8 (a) STUDY.—The Comptroller General of the United
9 States shall carry out a study to identify how many resi-
10 dential dwelling units, and how many dwelling units in
11 public housing (as such term is defined in section 3(b)
12 of the United States Housing Act of 1937 (42 U.S.C.
13 1437a(B))), are located within one mile of a site that is
14 included on the National Priorities List pursuant to sec-
15 tion 105 of the Comprehensive Environmental Response,
16 Compensation, and Liability Act of 1980 (42 U.S.C.
17 9605).

18 (b) REPORT.—Not later than the expiration of the
19 6-month period beginning on the date of the enactment
20 of this Act, the Comptroller General shall submit a report
21 to the Congress identifying, for each site referred to in
22 subsection (a), how many residential dwelling units, and
23 how many dwelling units in public housing, are located
24 within one mile of such site.

1 **SEC. 302. ENSURING PUBLIC HOUSING AGENCIES INSPECT**
2 **EACH DWELLING UNIT EACH YEAR.**

3 The Secretary of Housing and Urban Development
4 and the Comptroller General of the United States shall,
5 not later than 1 year after the date of the enactment of
6 this section, conduct a study and submit a report to the
7 Congress that identifies:

8 (1) how many inspections required to be con-
9 ducted by the Secretary of Housing and Urban De-
10 velopment in the 1-year period are incomplete; and

11 (2) how many inspectors are needed to ensure
12 that all inspections required to be conducted by the
13 Secretary of Housing and Urban Development can
14 be completed each year.

15 **SEC. 303. INCENTIVIZING LOCAL SOLUTIONS TO HOME-**
16 **LESSNESS.**

17 (a) CONTINUUM OF CARE PROGRAM.—Section 428 of
18 the McKinney-Vento Homeless Assistance Act (42 U.S.C.
19 1186b) is amended by adding at the end the following:

20 “(f) INCENTIVES FOR REDUCING HOMELESNESS.—

21 “(1) IN GENERAL.—From the amounts made
22 available to carry out this subtitle for a fiscal year,
23 the Secretary may use not more than 10 percent of
24 the amounts made available to carry out this subtitle
25 for incentives described in paragraph (2).

1 “(2) INCENTIVES.—The Secretary may provide
2 bonuses or other incentives to a geographic area
3 under this subtitle if, during a fiscal year, the Sec-
4 retary determines that an entity receiving funds
5 under this subtitle has demonstrably and measurably
6 improved housing outcomes for homeless individuals
7 in the geographic area.”.

8 (b) EMERGENCY SOLUTIONS GRANTS PROGRAM.—
9 Section 413 of the McKinney-Vento Homeless Assistance
10 Act (42 U.S.C. 11372a) is amended by adding at the end
11 the following:

12 “(c) INCENTIVES FOR REDUCING HOMELESNESS.—

13 “(1) IN GENERAL.—From the amounts made
14 available to carry out this subtitle for a fiscal year,
15 the Secretary may use not more than 10 percent of
16 the amounts made available to carry out this subtitle
17 for incentives described in paragraph (2).

18 “(2) INCENTIVES.—The Secretary may provide
19 bonuses or other incentives to a geographic area
20 under this subtitle if, during a fiscal year, the Sec-
21 retary determines that an entity receiving funds
22 under this subtitle has demonstrably and measurably
23 improved housing outcomes for homeless individuals
24 in the geographic area.”.

1 **SEC. 304. IMPROVING MOLD AND HEALTH STANDARDS.**

2 (a) DEFINITIONS.—In this section:

3 (1) INDOOR RESIDENTIAL MOLD.—The term
4 “indoor residential mold” means any form of multi-
5 cellular fungi in indoor environments, including
6 cladosporium, penicillium, alternaria, aspergillus, fu-
7 sarium, trichoderma, memnoniella, mucor,
8 stachybotrys chartarum, streptomyces, and
9 epicoccum often found in water-damaged indoor envi-
10 ronments and building materials.

11 (2) RESIDENTIAL MOLD INSPECTION.—The
12 term “residential mold inspection” means an inspec-
13 tion, by a certified or licensed mold inspector or
14 other indoor environmental professional, including
15 through the Real Estate Assessment Center, of real
16 property that is designed to discover—

17 (A) indoor mold growth in residential prop-
18 erties;

19 (B) conditions that facilitate indoor resi-
20 dential mold growth; or

21 (C) indicia of conditions that are likely to
22 facilitate indoor residential mold growth.

23 (3) TOXIGENIC MOLD.—The term “toxigenic
24 mold” means any indoor mold growth that may be
25 capable of producing a toxin or toxic compound, in-
26 cluding mycotoxins and mVOCs, that can cause pul-

1 monary, respiratory, neurological, gastrointestinal,
2 or dermatological illnesses, or other major adverse
3 health impacts, as jointly determined by the Director
4 of the National Institutes of Health, the Secretary
5 of Housing and Urban Development, the Adminis-
6 trator of the Environmental Protection Agency, and
7 the Director of the Centers for Disease Control and
8 Prevention.

9 (b) INTERAGENCY RESEARCH ON HEALTH IMPACTS
10 OF INDOOR RESIDENTIAL MOLD.—

11 (1) RESEARCH.—

12 (A) IN GENERAL.—As soon as practicable
13 after the date of enactment of this Act, the Di-
14 rector of the National Institute of Environ-
15 mental Health Sciences at the National Insti-
16 tutes of Health, in conjunction with the Sec-
17 retary of Housing and Urban Development, the
18 Director of the Centers for Disease Control and
19 Prevention, the Administrator of the Environ-
20 mental Protection Agency, the Secretary of En-
21 ergy, the Secretary of Health and Human Serv-
22 ices, the President of the National Academy of
23 Sciences, and the Chair of the board of direc-
24 tors of the National Institute of Building
25 Sciences shall jointly conduct a comprehensive

1 study of the health effects of indoor residential
2 mold growth, using the most up-to-date sci-
3 entific peer-reviewed medical literature.

4 (B) CONTENTS.—The study conducted
5 under subparagraph (A) shall ascertain, among
6 other things—

7 (i) detailed information about harmful
8 or toxigenic mold, as well as any toxin or
9 toxic compound such mold can produce;

10 (ii) the most accurate research-based
11 methods of detecting harmful or toxigenic
12 mold;

13 (iii) potential dangers of prolonged or
14 chronic exposure to indoor residential mold
15 growth;

16 (iv) the hazards involved with inad-
17 equate residential mold inspections and im-
18 proper indoor residential mold remediation;

19 (v) the estimated current public
20 health burden of new or exacerbated phys-
21 ical illness resulting from exposure to in-
22 door residential mold, including its dis-
23 proportionate impact on vulnerable com-
24 munities, including children and seniors;

1 (vi) improved understanding of the
2 different health symptomology that can re-
3 sult from exposure to mold in indoor resi-
4 dential environments;

5 (vii) ongoing surveillance of the preva-
6 lence of idiopathic pulmonary hemorrhage
7 (AIPH) in infants; and

8 (viii) longitudinal studies on the ef-
9 fects of indoor mold exposure in early child-
10 hood on the development of asthma and
11 other respiratory illnesses.

12 (C) AVAILABILITY.—Not later than the ex-
13 piration of the 3-year period beginning on the
14 date of the enactment of this Act, the results of
15 the study conducted under subparagraph (A)
16 shall be submitted to Congress and the Presi-
17 dent and made available to the general public.

18 (c) MAPPING.—

19 (1) IN GENERAL.—Not later than one year
20 after the date of the enactment of this Act, the Sec-
21 retary of Housing and Urban Development shall,
22 using the previous two years of inspection data, es-
23 tablish a geographic information system mapping
24 tool that identifies areas which are impacted by a
25 known presence of indoor residential mold.

1 (2) REQUIRED INCLUSIONS.—The Secretary
2 shall include, as part of the mapping tool—

3 (A) inspection documentation;

4 (B) management and occupancy reviews;

5 (C) transfers of budget authority for con-
6 tracts under section 8 of the United States
7 Housing Act of 1937 (42 U.S.C. 1437f); and

8 (D) any additional information, as required
9 by the Secretary.

10 (3) UPDATES.—The Secretary shall update the
11 mapping tool with the latest inspection data not less
12 often than once per year.

13 (d) PUBLIC INFORMATION AND EDUCATION CAM-
14 PAIGN.—

15 (1) REQUIREMENT.—The Administrator of the
16 Environmental Protection Agency, the Secretary of
17 Housing and Urban Development, and the heads of
18 any other relevant Federal agencies, as determined
19 by such Administrator and Secretary, shall jointly
20 develop and carry out a public information and edu-
21 cation campaign regarding indoor air quality and re-
22 lated issues that provides information required
23 under this section on a recurring and annual basis
24 through public outreach. The campaign shall com-

1 mence within 1 year after the date of the enactment
2 of this Act.

3 (2) TOPICS.—The information and education
4 campaign shall include information on the dangers
5 and prevention of indoor residential moisture and
6 mold, volatile organic compounds, dust, smoking,
7 pollution, indoor origins of smoke, including cooking,
8 and any other health risks, as determined by such
9 Administrator and Secretary.

10 (3) INDOOR RESIDENTIAL MOLD INFORMA-
11 TION.—The information and education campaign
12 shall include, at minimum, the following information
13 regarding indoor residential mold:

14 (A) The conditions that facilitate indoor
15 residential moisture and mold growth.

16 (B) Guidelines for inspecting indoor resi-
17 dential mold growth.

18 (C) Guidelines for remediating indoor resi-
19 dential mold growth.

20 (D) The dangers and health risks of expo-
21 sure to indoor residential mold growth.

22 (E) The importance of ventilation and
23 methods to prevent moisture accumulation in
24 indoor residential environments.

1 (F) Any other information as determined
2 appropriate by the heads of the agencies re-
3 ferred to in paragraph (1).

4 (4) MODES OF COMMUNICATION.—

5 (A) IN GENERAL.—The public information
6 and education campaign shall provide education
7 and information through modes of communica-
8 tion that are commonly utilized and able to be
9 easily consumed by relevant individuals or orga-
10 nizations, which shall include communication
11 through advertisements on public transit in all
12 50 States and in territories and possessions of
13 the United States, and distribution of the pam-
14 phlet developed pursuant to paragraph (9) as
15 required under such paragraph.

16 (B) AVAILABILITY.—All education and in-
17 formation that is part of the information and
18 education campaign shall be made publicly
19 available on the websites of the Environmental
20 Protection Agency, the Department of Housing
21 and Urban Development, and any other applica-
22 ble Federal agencies.

23 (5) TARGETED GROUPS.—The public informa-
24 tion and education campaign shall be designed to
25 reach tenants, tenant organizations working directly

1 with tenants in project-based rental assistance and
2 other types of federally-assisted housing, resident
3 groups, landlords, health professionals, the general
4 public, homeowners, prospective homeowners, the
5 real estate industry, the home construction and ren-
6 ovation industries, the health, property and casualty,
7 and life insurance industries, technical and voca-
8 tional schools and colleges, and other academic insti-
9 tutions.

10 (6) INFORMATION SPECIFIC TO HEALTH PRO-
11 FESSIONS.—The public information and education
12 campaign shall include information about warning
13 signs of mold and other indoor air exposure pollut-
14 ants and shall include education for health profes-
15 sions on mold-related illness, including for health
16 professions who work with vulnerable populations
17 and children in school or daycare settings.

18 (7) COORDINATION.—In developing and car-
19 rying out the public information and education cam-
20 paign, the heads of the agencies referred to in para-
21 graph (1) may coordinate with the Ad Council.

22 (8) LANGUAGE.—All information provided
23 under the public information and education cam-
24 paign—

1 (A) shall be provided in at least two lan-
2 guages, as determined by the Secretary, based
3 on the most common languages spoken in the
4 neighborhood, tribe, municipality, State, or re-
5 gion, and may be provided in additional lan-
6 guages based on the most common languages
7 spoken in the neighborhood, tribe, municipality,
8 State, or region, as determined by the Sec-
9 retary; and

10 (B) shall be provided in language that is at
11 a sixth grade reading level and is easy to under-
12 stand.

13 (9) PAMPHLET.—

14 (A) REQUIREMENT.—The Secretary of
15 Housing and Urban Development, in consulta-
16 tion with the Director of the National Institutes
17 of Health, the Administrator of the Environ-
18 mental Protection Agency, and the heads of any
19 other agencies the Secretary considers appro-
20 priate, shall develop, publish, and revise, not
21 less frequently than every 5 years, a pamphlet
22 regarding indoor residential mold hazards.

23 (B) CONTENT.—The pamphlet required
24 under this subsection shall—

1 (i) contain information regarding the
2 health risks associated with exposure to in-
3 door residential mold growth;

4 (ii) provide information on the haz-
5 ards of indoor residential mold growth in
6 federally-assisted and federally-owned
7 housing;

8 (iii) describe the risks of indoor resi-
9 dential mold exposure for persons residing
10 in a dwelling with toxigenic mold;

11 (iv) provide information on approved
12 methods for evaluating and reducing in-
13 door residential mold growth and their ef-
14 fectiveness in identifying, reducing, elimi-
15 nating, or preventing indoor residential
16 mold growth;

17 (v) provide advice on how to obtain a
18 list of persons certified to inspect or reme-
19 diate indoor residential mold growth in the
20 area in which the pamphlet is to be used;

21 (vi) include a statement that a risk
22 assessment or inspection for indoor resi-
23 dential mold growth is recommended prior
24 to the purchase, lease, or renovation of tar-
25 get housing;

1 (vii) include a statement that certain
2 State and local laws impose additional re-
3 quirements related to indoor residential
4 mold growth in housing and provide a list-
5 ing of Federal, State, and local agencies in
6 each State, including address, telephone
7 number, and electronic mail address, if
8 available, that can provide information
9 about applicable laws and available govern-
10 mental and private assistance and financ-
11 ing;

12 (viii) provide information considered
13 by the Administrator of the Environmental
14 Protection Agency to be appropriate or
15 necessary to promote awareness of the haz-
16 ards posed by indoor residential mold;

17 (ix) include information on indoor air
18 quality safety generally, including best
19 practices when cooking, taking a shower or
20 bath, and smoking cessation;

21 (x) be publicly available on the
22 websites of the Department of Housing
23 and Urban Development, the Environ-
24 mental Protection Agency, and other appli-
25 cable Federal agencies; and

1 (xi) include any other information
2 considered by the Administrator of the En-
3 vironmental Protection Agency to be ap-
4 propriate or necessary.

5 (10) AUTHORIZATION OF APPROPRIATIONS.—

6 There is authorized to be appropriated such sums as
7 may be necessary to carry out this subsection.

8 (e) GAO STUDY ON HEALTH AND SAFETY CON-
9 CERNS IN FEDERALLY-ASSISTED HOUSING.—Not later
10 than the expiration of the 3-year period beginning on the
11 date of the enactment of this Act, the Comptroller General
12 of the United States shall submit a report to the Congress
13 analyzing and assessing the communication, as applicable,
14 between public housing agencies, landlords, and tenants
15 over resolving problems with the health, safety, or other
16 issues of dwelling units that are federally subsidized and
17 inspected through subpart G of part 5 of title 24, Code
18 of Federal Regulations, landlord responsiveness regarding
19 such issues, opportunities for improvement in such com-
20 munications, and how tenants understand their rights and
21 how they are responded to when issues arise, including
22 protocols for responding to tenant complaints and tenant
23 understanding of such processes. The report shall include
24 recommendations for how to improve such communica-

1 tions and the physical quality of the housing stock for
2 which such assistance is provided.

3 **SEC. 305. IMPROVING PROTECTION FROM LEAD HAZARDS.**

4 (a) DEFINITIONS.—In this section—

5 (1) the term “covered housing” means a dwell-
6 ing unit receiving project-based rental assistance or
7 tenant-based rental assistance under section 8 of the
8 United States Housing Act of 1937 (42 U.S.C.
9 1437f); and

10 (2) the term “Department” means the Depart-
11 ment of Housing and Urban Development.

12 (b) ANNUAL RISK ASSESSMENT AND REPORT.—Not
13 later than 1 year after the date of enactment of this Act,
14 and every year thereafter, the Deputy Assistant Secretary
15 for the Office of Multifamily Housing Programs of the De-
16 partment, in collaboration with the Office of Lead Hazard
17 Control and Healthy Homes of the Department, shall—

18 (1) conduct a risk assessment of covered hous-
19 ing to identify properties with the greatest risk of
20 exposing children under the age of 6 years old to
21 lead hazards, including lead-based paint and lead
22 service lines;

23 (2) develop an action plan relating to remedi-
24 ation, control, and safeguards to address lead haz-
25 ards, including lead-based paint and lead-service

1 lines, in covered housing identified in the risk as-
2 sessment conducted under paragraph (1), with pri-
3 ority given to those properties with children under
4 the age of 6 years old; and

5 (3) submit to Congress a report on properties
6 with covered housing that have lead-based paint or
7 lead service lines, including the number of children
8 under the age of 6 years old living at these prop-
9 erties.

10 (c) UNIFORM PHYSICAL CONDITION STANDARD IN-
11 SPECTIONS.—In conducting uniform physical condition in-
12 spections in accordance with part 5 of title 24, Code of
13 Federal Regulations, or any successor regulation, the Sec-
14 retary shall include lead-based paint and lead service lines
15 in the graded scoring as an exigent health and safety defi-
16 ciency to ensure that—

17 (1) lead-based paint and lead service lines are
18 tracked at each applicable property; and

19 (2) the owners of those properties are held ac-
20 countable for remediating deficiencies.

21 **SEC. 306. IMPROVING HOUSING FOR THE ELDERLY AND**
22 **DISABLED.**

23 The Comptroller General of the United States shall,
24 not later than 1 year after the date of the enactment of
25 this section, conduct a study that identifies options to re-

1 move barriers and improve housing for persons who are
2 elderly or disabled, including any potential impacts of pro-
3 viding capital advances for—

4 (1) the program for supportive housing for the
5 elderly under section 202 of the Housing Act of
6 1959; and

7 (2) the program for supportive housing for per-
8 sons with disabilities under section 811 of the Cran-
9 ston-Gonzalez National Affordable Housing Act.

10 **TITLE IV—GOOD GOVERNANCE**

11 **SEC. 401. REQUIRING ANNUAL TESTIMONY AND OVER-** 12 **SIGHT FROM HOUSING REGULATORS.**

13 (a) TESTIMONY BY SECRETARY.— Section 7 of the
14 Department of Housing and Urban Development Act (42
15 U.S.C. 3535) is amended by adding at the end the fol-
16 lowing new subsection:

17 “(u) ANNUAL TESTIMONY.—The Secretary shall ap-
18 pear before the Committee on Financial Services of the
19 House of Representatives and the Committee on Banking,
20 Housing, and Urban Affairs of the Senate at an annual
21 hearing and present testimony regarding the operations
22 of the Department during the preceding year, including
23 regarding the following topics:

24 “(1) The physical condition of all public hous-
25 ing and other housing assisted by the Department.

1 “(2) The financial health of the mortgage in-
2 surance funds of the FHA.

3 “(3) Oversight by the Department of grantees
4 and sub-grantees engaging in waste, fraud, and
5 abuse.

6 “(4) Ongoing activities of the Department, as
7 appropriate.”.

8 (b) TESTIMONY BY INSPECTOR GENERAL.—Not later
9 than October 1 of each year, the Inspector General of the
10 Department of Housing and Urban Development shall ap-
11 pear before the Committee on Financial Services of the
12 House of Representatives and the Committee on Banking,
13 Housing, and Urban Affairs of the Senate and present tes-
14 timony on the Office of Inspector General’s—

15 (1) efforts to detect and prevent fraud, waste,
16 and abuse;

17 (2) ability to conduct and supervise audits, in-
18 vestigations, and reviews;

19 (3) actions to identify opportunities for the pro-
20 grams of the Department of Housing and Urban
21 Development to progress and succeed; and

22 (4) ongoing activities regarding any such addi-
23 tional work, as appropriate.

1 **SEC. 402. REQUIRING ANNUAL TESTIMONY AND OVER-**
2 **SIGHT FOR GOVERNMENT GUARANTEED OR**
3 **INSURED MORTGAGE PROGRAMS.**

4 On an annual basis, the following individuals shall
5 testify before the Committee on Banking, Housing, and
6 Urban Affairs of the Senate and the Committee on Finan-
7 cial Services of the House of Representatives on mortgage
8 loans guaranteed or insured by the Federal Government:

9 (1) The President of the Government National
10 Mortgage Association.

11 (2) The Federal Housing Commissioner.

12 (3) The Administrator of the Rural Housing
13 Service.

14 **SEC. 403. TESTIMONY AND REPORT FROM UNITED STATES**
15 **INTERAGENCY COUNCIL ON HOMELESSNESS.**

16 Section 203(a) of the McKinney-Vento Homeless As-
17 sistance Act (42 U.S.C. 11313(a)) is amended—

18 (1) in paragraph (1)—

19 (A) by striking “Homeless Emergency As-
20 sistance and Rapid Transition to Housing Act
21 of 2009” and inserting “Revitalizing America’s
22 Housing Act”; and

23 (B) by striking “update such plan annu-
24 ally” and inserting the following: “submit to the
25 President and Congress a report every year
26 thereafter that includes—

1 “(A) the status of completion of the plan;

2 “(B) any modifications that were made to
3 the plan and the reasons for those modifica-
4 tions; and

5 “(C) an estimate of when homelessness will
6 be ended;”;

7 (2) by redesignating paragraphs (10) through
8 (13) as paragraphs (11) through (14), respectively;

9 (3) by redesignating the second paragraph (9)
10 (relating to collecting and disseminating informa-
11 tion) as paragraph (10);

12 (4) in paragraph (13), as so redesignated, by
13 striking “and” at the end;

14 (5) in paragraph (14), as so redesignated, by
15 striking the period at the end and inserting “; and”;

16 and

17 (6) by adding at the end the following:

18 “(15) testify annually before Congress.”.

19 **SEC. 404. REPORT DETAILING NYCHA COMPLIANCE WITH**
20 **AND HUD OVERSIGHT OF 2019 AGREEMENT.**

21 (a) CONGRESSIONAL FINDINGS.—The Congress finds
22 that—

23 (1) the New York City Housing Authority (in
24 this section referred to as the “Authority”) is the
25 largest housing authority in the United States, pro-

1 viding housing for over 520,000 residents in over
2 177,000 apartments in the City of New York (in
3 this section referred to as the “City”);

4 (2) the Authority is a public housing agency
5 that receives Federal financial assistance from the
6 Department of Housing and Urban Development (in
7 this section referred to as the “Department”) to ad-
8 minister its public housing program;

9 (3) the Authority is required to, among other
10 things, provide decent, safe, and sanitary housing
11 for the public housing residents of the City and com-
12 ply with Federal law protecting children from the
13 hazards of lead poisoning;

14 (4) on June 11, 2018, the United States filed
15 a complaint in the United States District Court for
16 the Southern District of New York (in this section
17 referred to as the “Complaint”); which set forth the
18 findings of the United States investigation, alleging,
19 among other things, that the Authority had—

20 (A) routinely failed to comply with lead-
21 based paint safety regulations;

22 (B) failed to provide decent, safe, and san-
23 itary housing, including with respect to the pro-
24 vision of heat and elevators and the control and
25 treatment of mold and pests; and

1 (C) repeatedly misled the Department
2 through false statements and deceptive prac-
3 tices;

4 (5) in a Consent Decree executed June 11,
5 2018, the Authority made admissions regarding,
6 among other things, deficiencies in physical condi-
7 tions with respect to lead, mold, heating, elevators
8 and pests and made untrue statements to the De-
9 partment regarding the conditions of the Authority's
10 properties and practices with regard to Public Hous-
11 ing Assessment System inspections;

12 (6) based on the Authority's misconduct as de-
13 tailed in the Complaint, on January 31, 2019, the
14 Secretary of Housing and Urban Development (in
15 this section referred to as the "Secretary") declared
16 that the Authority is in substantial default within
17 the meaning of section 6(j)(3)(A) of the United
18 States Housing Act of 1937 (42 U.S.C.
19 1437d(j)(3)(A));

20 (7) the Department did not take possession of
21 the Authority or appoint a receiver, but instead en-
22 tered into a voluntary agreement between the Au-
23 thority, the Department, and the City on January
24 31, 2019, under which the Authority agreed to rem-

1 edy noted deficiencies subject to the oversight of a
2 Monitor appointed by the City;

3 (8) as of the date of the enactment of this Act,
4 the Authority has still fully not complied with the
5 agreement, including the remedying of deficiencies
6 or compliance with its obligations under Federal law;

7 (9) the Department and the United States At-
8 torney's Office for the Southern District of New
9 York have sought to extend the term of a Monitor
10 over the Authority for an additional five years begin-
11 ning in 2024;

12 (10) the residents of housing provided by the
13 Authority should not be required to wait five addi-
14 tional years for the Authority to provide decent,
15 safe, and sanitary housing conditions, as is the
16 Authority's most basic and necessary function under
17 the law; and

18 (11) the Congress believes that it must provide
19 additional oversight over the Authority, the Depart-
20 ment, the City, and the Monitor in order to compel
21 the Authority to fix the appalling conditions and
22 other issues that lead to a declaration of substantial
23 default under section 6(j)(3)(A) of the United States
24 Housing Act of 1937.

25 (b) INVESTIGATION AND REPORT TO CONGRESS.—

1 (1) INVESTIGATION.—The Inspector General of
2 the Department of Housing and Urban Development
3 shall conduct an investigation of the Authority,
4 which shall include at a minimum—

5 (A) determining the status of the New
6 York City Housing Authority’s compliance with
7 the agreement entered into between the Author-
8 ity, the Department, and the City on January
9 31, 2019, including specific areas of deficiency
10 and progress towards compliance;

11 (B) conducting a review of actions taken
12 by the Monitor over the Authority pursuant to
13 such Agreement, including any gaps in over-
14 sight by the Monitor;

15 (C) conducting a survey of the physical
16 conditions of housing provided by the Authority
17 for the City’s residents;

18 (D) conducting an examination of any
19 waste, fraud, abuse and violations of Federal
20 law committed by employees or contractors of
21 the Authority; and

22 (E) identifying other priority issues and
23 areas, as deemed necessary and appropriate by
24 the Inspector General.

1 (2) REPORT.—Not later than the expiration of
2 the 180-day period beginning on the date of the en-
3 actment of this Act, the Inspector General shall pro-
4 vide to the Committee on Financial Services of the
5 House of Representatives and the Committee on
6 Banking, Housing, and Urban Affairs of the Senate
7 a report setting forth the findings of its investiga-
8 tion, a summary of actions the Department may
9 take to compel the Authority to remedy deficiencies,
10 and any other recommendations of the Inspector
11 General.

12 **SEC. 405. FHA REPORTING REQUIREMENTS ON SAFETY**
13 **AND SOUNDNESS.**

14 (a) MONTHLY REPORTING ON MUTUAL MORTGAGE
15 INSURANCE FUND CAPITAL RATIO.—Section 202(a) of
16 the National Housing Act (12 U.S.C. 1708(a)) is amended
17 by adding at the end the following:

18 “(8) OTHER REQUIRED REPORTING.—The Sec-
19 retary shall—

20 “(A) submit to Congress monthly reports
21 on the capital ratio required under section
22 205(f)(2); and

23 “(B) notify Congress as soon as prac-
24 ticable after the Fund falls below the capital
25 ratio required under section 205(f)(2).”.

1 (b) FIRST-TIME HOMEBUYERS.—

2 (1) DEFINITIONS.—In this section—

3 (A) the terms “consumer report” has the
4 meaning given the term in section 603 of the
5 Fair Credit Reporting Act (15 U.S.C. 1681a);
6 and

7 (B) the term “Federally backed mortgage
8 loan” has the meaning given the term in section
9 4022 of the CARES Act (15 U.S.C. 9056).

10 (2) DEFINITION OF FIRST-TIME HOMEBUYER.—

11 For purposes of qualifying for a Federally backed
12 mortgage loan for which a consumer report is fur-
13 nished to a creditor by a consumer reporting agency
14 described in section 603(p) of the Fair Credit Re-
15 porting Act (15 U.S.C. 1681a(p)), a first-time
16 homebuyer shall be defined as a borrower whose con-
17 sumer report does not indicate that the borrower has
18 or had a loan with a consumer purpose that is se-
19 cured by a 1- to 4-unit residential real property.

20 (c) GAO STUDY ON SUSTAINABLE HOMEOWNER-
21 SHIP.—Not later than 180 days after the date of enact-
22 ment of this Act, the Comptroller General of the United
23 States shall conduct a study and submit to Congress a
24 report on—

1 (1) the value for the Federal Housing Adminis-
2 tration of defining what is sustainable homeowner-
3 ship in way that considers borrower default, refi-
4 nancing to a non-insured mortgage product, paying
5 off a mortgage loan and transitioning back to rent-
6 ing, and other factors that demonstrate whether in-
7 surance provided under title II of the National
8 Housing Act (12 U.S.C. 1707 et seq.) has success-
9 fully served a borrower, including for first-time
10 homebuyers as defined in subsection (b)(2); and

11 (2) the feasibility of the Federal Housing Ad-
12 ministration developing a scorecard using the
13 metrics described in paragraph (1) to measure bor-
14 rower performance and reporting the scorecard data
15 to Congress.

16 **SEC. 406. COMBATTING SQUATTING.**

17 (a) CONGRESSIONAL FINDINGS.—The Congress finds
18 that—

19 (1) unlawfully entering a property without the
20 permission of the property owner and residing in
21 that property for consecutive days without the per-
22 mission of the property owner and without the pay-
23 ment of rent or a rental contract agreed to by the
24 property owner can be defined as “squatting” and

1 should not confer any special status as a tenant or
2 lawful occupant of the property;

3 (2) local law enforcement should take actions to
4 expeditiously remove from a property any persons or
5 persons engaging in squatting and should prosecute
6 such actions as prescribed by local law;

7 (3) Federal Government benefits, including
8 loans, loan guarantees, subsidies, and tax credits,
9 should not be used to reinforce, condone, or other-
10 wise incentivize squatting; and

11 (4) real estate collateral securing a government
12 or government-sponsored enterprise loan, or subject
13 to a loan guarantee, mortgage insurance or other
14 Federal mortgage support program must be pro-
15 tected from persons engaging in squatting as it cre-
16 ates undue risks for the value of such property.

17 (b) PROHIBITION ON CDBG FUNDING.—Section 104
18 of the Housing and Community Development Act of 1974
19 (42 U.S.C. 5304) is amended by adding at the end the
20 following:

21 “(n) WITHHOLDING OF FUNDS FOR JURISDICTIONS
22 THAT PERMIT SQUATTING.—

23 “(1) PROHIBITION.—The Secretary shall, by
24 regulation—

1 “(A) prohibit the allocation and provision
2 of funds under this title for any unit of general
3 local government that permits squatting or con-
4 fers special status for rights of tenancy for a
5 person or persons engaging in the practice of
6 squatting; and

7 “(B) provide for—

8 “(i) units of general local government
9 to take corrective actions to remedy the
10 applicability of the prohibition under sub-
11 paragraph (A) to such unit of general local
12 government; and

13 “(ii) certification by the Secretary
14 upon a determination that such actions
15 taken by a unit of general local govern-
16 ment are sufficient for the unit of general
17 local government to receive funds under
18 this title.

19 “(2) PUBLIC NOTICE.—The Secretary shall
20 make publicly available for each fiscal year a list of
21 all units of general local government that are prohib-
22 ited by paragraph (1) from receiving funds under
23 this title and the justification for inclusion in the list
24 of each such unit of general local government.

1 “(3) SQUATTING.—For purposes of this sub-
2 section, the term ‘squatting’ means the practice of
3 entering a property without the permission of the
4 property owner and residing in that property for 14
5 or more consecutive days without the permission of
6 the property owner and without the payment of rent
7 or a rental contract agreed to by the property
8 owner.”.

9 (c) PROHIBITION ON FEDERAL MORTGAGE SUP-
10 PORT.—

11 (1) PROHIBITION.—No Federal support may be
12 provided for any loan that is secured by a first or
13 subordinate lien on residential real property (includ-
14 ing individual units of condominiums and coopera-
15 tives) and designed principally for the occupancy of
16 from 1- to 4- families if the property securing such
17 loan is located in a unit of general local government
18 that is, at such time, prohibited from receiving funds
19 under title I of the Housing and Community Devel-
20 opment Act of 1974 by section 104(n)(1)(A) of such
21 Act.

22 (2) REGULATIONS.—The heads of the covered
23 agencies shall jointly develop, by regulations issued
24 not later than 90 days after the date of the enact-

1 ment of this Act, guidelines for such covered agen-
2 cies to carry out this subsection.

3 (3) DEFINITIONS.—For purposes of this sub-
4 section, the following definitions shall apply:

5 (A) COVERED AGENCY.—The term “cov-
6 ered agency” means—

7 (i) the Department of Housing and
8 Urban Development;

9 (ii) the Federal Housing Finance
10 Agency;

11 (iii) the Department of Veterans Af-
12 fairs; and

13 (iv) the Department of Agriculture.

14 (B) FEDERAL SUPPORT.—The term “Fed-
15 eral support” means, with respect to a loan—

16 (i) insurance of the loan by the Fed-
17 eral Housing Administration under title II
18 of the National Housing Act (12 U.S.C.
19 1707 et seq.);

20 (ii) insurance of the loan under sec-
21 tion 255 of the National Housing Act (12
22 U.S.C. 1715z–20);

23 (iii) guarantee of the loan under sec-
24 tion 184 or 184A of the Housing and

1 Community Development Act of 1992 (12
2 U.S.C. 1715z–13a, 1715z–13b);

3 (iv) guarantee or insurance of the
4 loan by the Department of Veterans Af-
5 fairs;

6 (v) guarantee or insurance of the loan
7 by the Department of Agriculture;

8 (vi) making of the loan by the Depart-
9 ment of Agriculture; or

10 (vii) purchase or securitization of the
11 loan by the Federal Home Loan Mortgage
12 Corporation or the Federal National Mort-
13 gage Association.

14 (C) SQUATTING.—The term “squatting”
15 means the practice of entering a property with-
16 out the permission of the property owner and
17 residing in that property for 14 or more con-
18 secutive days without the permission of the
19 property owner and without the payment of
20 rent or a rental contract agreed to by the prop-
21 erty owner.

22 **SEC. 407. REALLOCATION OF VOUCHER FUNDING.**

23 Section 8(o) of the United States Housing Act of
24 1937 is amended by adding at the end the following:

1 “(24) REALLOCATION OF AMOUNTS.—The Sec-
2 retary shall, at the end of each fiscal year—

3 “(A) recapture from each public housing
4 agency any amounts provided to such public
5 housing agency for tenant-based assistance
6 under paragraph (1)(A) that such public hous-
7 ing agency did not obligate during such fiscal
8 year; and

9 “(B) provide amounts recaptured under
10 subparagraph (A) to public housing agencies that
11 used all of the amounts provided to them for
12 tenant-based assistance under paragraph
13 (1)(A).”.

14 **TITLE V—REGULATORY** 15 **FLEXIBILITY**

16 **SEC. 501. AUTHORIZATION OF MOVING TO WORK PRO-** 17 **GRAM.**

18 (a) PROGRAM REFORMS.—Section 204 of the Depart-
19 ments of Veterans Affairs and Housing and Urban Devel-
20 opment, and Independent Agencies Appropriations Act,
21 1996 (42 U.S.C. 1437f note) is amended—

22 (1) in the section heading, by striking “DEM-
23 ONSTRATION” and inserting “PROGRAM”;

24 (2) by striking subsection (a) and inserting the
25 following:

1 “(a) PURPOSES.—The purposes of the program
2 under this section are as follows:

3 “(1) ECONOMIC INDEPENDENCE.—To develop
4 measures to promote economic independence for
5 families with children whose head of household is
6 working, seeking work, or preparing for work, for
7 able-bodied individuals, and for persons with disabil-
8 ities who are able to work on a limited basis, to ob-
9 tain employment and become economically inde-
10 pendent, by participating in job training, educational
11 programs, or other supportive services and programs
12 that assist in meeting such goal.

13 “(2) FLEXIBILITY AND COST-EFFECTIVE-
14 NESS.—To give public housing agencies and the Sec-
15 retary of Housing and Urban Development the flexi-
16 bility to design and implement various approaches
17 for providing and administering housing assistance
18 that reduce cost and achieve greater cost effective-
19 ness in Federal expenditures.

20 “(3) HOUSING CHOICE.—To increase housing
21 choices for low-income families.”;

22 (3) in subsection (b)—

23 (A) by striking “(b) PROGRAM AUTHOR-
24 ITY.—The Secretary” and inserting the fol-
25 lowing:

1 “(b) PROGRAM AUTHORITY.—

2 “(1) IN GENERAL.—The Secretary”;

3 (B) in the first sentence, by striking “con-
4 duct a demonstration program” and all that fol-
5 lows through “Indian housing program and”
6 and inserting “carry out a program under this
7 section under which public housing agencies ad-
8 ministering the public housing program or”;

9 (C) by inserting after the first sentence the
10 following: “There shall be no limitation on the
11 number of public housing agencies that may
12 participate in the program under this section.”;

13 (D) by striking “The Secretary shall” and
14 all that follows through “demonstration.” and
15 inserting the following:

16 “(2) IDENTIFICATION OF REPLICABLE MOD-
17 ELS.—The Secretary shall provide training and tech-
18 nical assistance under the program and conduct de-
19 tailed evaluations of various agencies to identify
20 replicable program models promoting the purposes
21 of the program.”;

22 (E) by striking “Under the demonstration”
23 and inserting the following:

24 “(3) COMBINATION OF ASSISTANCE.—Under
25 the program under this section”; and

1 (F) by striking “operating assistance pro-
2 vided under section 9 of the United States
3 Housing Act of 1937, modernization assistance
4 provided under section 14” and inserting
5 “amounts provided to the agency from the Op-
6 erating Fund under section 9(e) of the United
7 States Housing Act of 1937, amounts provided
8 to the agency from the Capital Fund under sec-
9 tion 9(d)”;

10 (4) in subsection (c)—

11 (A) in the matter preceding paragraph (1),
12 by striking “demonstration” and inserting “pro-
13 gram under this section”;

14 (B) in paragraph (1), by striking “9, and
15 14” and inserting “9(d), and 9(e)”;

16 (C) in paragraph (3)—

17 (i) in subparagraph (A), by striking
18 “demonstration”;

19 (ii) in subparagraph (B)—

20 (I) by striking “self-sufficiency”
21 and inserting “economic independ-
22 ence”; and

23 (II) by striking “purpose of this
24 demonstration” and inserting “pur-

1 pose of the program under subsection
2 (a)(1)”;

3 (iii) in subparagraph (D), by striking
4 “demonstration” and inserting “program
5 under this section;”;

6 (iv) in subparagraph (E), by striking
7 “demonstration program” and inserting
8 “program under this section”;

9 (v) by redesignating subparagraphs
10 (A), (B), (C), (D), and (E) as subpara-
11 graphs (B), (C), (D), (G), and (H), respec-
12 tively;

13 (vi) by inserting before subparagraph
14 (B), as so redesignated, the following:

15 “(A) actions to be taken under the pro-
16 posed program to achieve the purposes of the
17 program under paragraphs (1), (2), and (3) of
18 subsection (a);” and

19 (vii) by inserting after subparagraph
20 (D), as so redesignated, the following:

21 “(E) hardship exceptions consistent with
22 the purposes under subsection (a) under which
23 tenants may be temporarily exempted from
24 compliance with the program operated by the
25 agency in the event of extenuating cir-

1 cumstances preventing such compliance and a
2 process that provides tenants with recourse to
3 a speedy determination regarding such an ex-
4 ception and makes available the contents and
5 results of such a determination available to the
6 public and the board of directors or other gov-
7 erning body on request of the tenant concerned
8 or the director or other head official of the
9 agency;

10 “(F) providing assisted families and par-
11 ticipants in the program operated by the agency
12 with an informal administrative hearing or
13 grievance process, prior to any eviction or ter-
14 mination of assistance, which process shall
15 make the content and determination of the
16 hearing available to the public and the board of
17 directors or other governing body on request of
18 the tenant concerned or the director or other
19 head official of the agency;” and

20 (D) in paragraph (4), by striking “dem-
21 onstration” and inserting “proposed program”;
22 (5) in subsection (d)—

23 (A) by striking “(d) SELECTION.—In se-
24 lecting among applications, the Secretary shall

1 take into account the” and inserting the fol-
2 lowing:

3 “(d) APPLICATIONS FOR PARTICIPATION.—

4 “(1) SUBMISSION; STANDARDS FOR PARTICIPA-
5 TION.—The Secretary shall provide for public hous-
6 ing agencies to submit applications for participation
7 in the program under this section and shall estab-
8 lish, and make public, standards and requirements
9 for participation that further the purposes of this
10 program set forth in subsection (a), which shall—

11 “(A) provide that all public housing agen-
12 cies not designated as troubled pursuant to part
13 902 or subpart B of part 985, Code of Federal
14 Regulations, at any time during the most recent
15 2 fiscal years are invited to submit applications
16 for consideration;

17 “(B) provide that participation of a public
18 housing agency, upon approval, shall be for a
19 period not shorter than 10 years;

20 “(C) include a common set of budget
21 metrics for use under the program that allow
22 for comparison of the performance of different
23 public housing agencies under the program;

24 “(D) require that each public housing
25 agency include in its application—

1 “(i) a list of innovative proposals to
2 be carried out under the program that are
3 designed to reduce the cost of, and in-
4 crease the cost-efficiency of, housing pro-
5 vided in connection with the program and
6 metrics to assess the progress of the agen-
7 cy toward such goals; and

8 “(ii) a list of innovative manners in
9 which the public housing agency will use
10 the authorities under the program to assist
11 families, goals regarding such activities to
12 accomplish on an annual basis, and metrics
13 to assess the progress of the agency toward
14 such goals; and

15 “(E) include a plan for using, to the great-
16 est extent feasible, electronic data-matching for
17 income verification services.

18 “(2) DETERMINATION AND NOTIFICATION.—

19 “(A) REVIEW AND DETERMINATION.—
20 Upon receipt of an application for participation
21 in the program under this section, the Secretary
22 shall provide for review such application by a
23 selection panel comprised of Federal officials
24 and employees and established by the Secretary
25 for such purpose. Based on such review, such

1 selection panel shall make a determination of
2 whether to approve such agency for participa-
3 tion in the program under this section, based
4 on the criteria under paragraph (4).

5 “(B) NOTIFICATION.—Upon making a de-
6 termination pursuant to subparagraph (A), the
7 selection panel shall notify the public housing
8 agency, the Secretary, and the governments for
9 any counties and municipalities in which the ju-
10 risdiction of the public housing agency is lo-
11 cated of such determination. In the case of dis-
12 approval of an application, such notice shall in-
13 clude a statement specifying the reasons for
14 such disapproval.

15 “(3) TRANSITION.—

16 “(A) NUMERICAL LIMITATION.—

17 “(i) IN GENERAL.—The Secretary
18 shall review and process such applications
19 as to enable the transition of not less than
20 25 public housing agencies per year to the
21 program under this section (subject to ap-
22 provable applications), until such time as
23 there are not 25 public housing agencies
24 whose applications merit approval.

1 “(ii) RESERVED SPOTS FOR SMALL
2 AND RURAL PHAS.—Of the applications of
3 public housing agencies approved in each
4 year pursuant to clause (i), not less than
5 10 shall be applications of public housing
6 agencies that administer, in the aggregate,
7 fewer than 6,000 vouchers for rental as-
8 sistance under section 8 of the United
9 States Housing Act of 1937 (42 U.S.C.
10 1437f) and public housing dwelling units,
11 except that if for any year the Secretary
12 receives fewer than 10 applications by pub-
13 lic housing agencies described in this
14 clause that merit approval, the require-
15 ment under this clause shall apply for such
16 year only to the extent of the number of
17 such approvable applications received.

18 “(iii) TREATMENT OF NEW MTW
19 AGENCIES.—Any agency that is newly
20 transitioned under this subparagraph to
21 participation in the program as in effect
22 pursuant to the amendments made by this
23 Act shall count toward fulfillment of the
24 numerical limitation in clause (i), notwith-
25 standing the authority under section 239

1 of the Transportation, Housing and Urban
2 Development, and Related Agencies Approp-
3 riations Act, 2016 (division L of Public
4 Law 114–113) or any other provision of
5 law other than this section authorizing
6 participation of new agencies.

7 “(B) CONTRACT REVISIONS.—The Sec-
8 retary shall, from time to time and in consulta-
9 tion with public housing agencies, amend con-
10 tracts for participation by agencies in the pro-
11 gram under this section as may be necessary,
12 based on experiences of agencies that have par-
13 ticipated in the program, to correct mistakes
14 and better achieve the goals of this program set
15 forth in subsection (a).

16 “(C) RENEWAL OF CERTIFICATION.—

17 “(i) IN GENERAL.—The Secretary
18 shall provide that upon expiration of a con-
19 tract for participation by a public housing
20 agency in the program under this section,
21 to continue participating in the program
22 the agency shall be required to recertify
23 with the Secretary for such renewed par-
24 ticipation. The standards and requirements
25 applicable to applications for initial partici-

1 pation in the program shall also apply to
2 applications for renewed participation in
3 the program.

4 “(ii) TREATMENT OF NUMERICAL LIM-
5 ITATION.—An agency approved for contin-
6 ued participation in the program pursuant
7 to recertification under this subparagraph
8 shall not count toward fulfillment of the
9 numerical limitation in subparagraph
10 (A)(i).

11 “(4) CRITERIA.—The Secretary shall establish
12 criteria for approval of applications of public housing
13 agencies for participation in the program under this
14 section, which shall provide for approval of applica-
15 tions that are reasonably designed to carry out the
16 purposes of the program under subsection (a). Such
17 criteria shall take into consideration the capacity
18 and”;

19 (B) by striking “each” and inserting
20 “the”;

21 (C) by striking “a program under the dem-
22 onstratation” and inserting “the proposed pro-
23 gram in the application”; and

24 (D) by striking “an agency” and inserting
25 “the agency”;

1 (6) in subsection (e)—

2 (A) in paragraph (1), by striking “this
3 demonstration” and inserting “the program
4 under this section”; and

5 (B) in paragraph (2), by striking “dem-
6 onstration” and inserting “program under this
7 section”;

8 (7) in subsection (f), by striking “section 9, or
9 pursuant to section 14 by a public housing agency
10 participating in the demonstration under this part”
11 and inserting “of the United States Housing Act of
12 1937, or provided from the Operating Fund under
13 section 9(e) or from the Capital Fund under section
14 9(d) of such Act, by a public housing agency partici-
15 pating in the program under this section”;

16 (8) in subsection (g)—

17 (A) in paragraph (1), by inserting “, in-
18 cluding performance in achieving each of the
19 purposes of the program specified in subsection
20 (a)”;

21 (B) in paragraph (2)—

22 (i) in the first sentence—

23 (I) by inserting “, and including
24 such content, as shall be” before
25 “specified by the Secretary”; and

1 (II) by inserting “, but not less
2 often than annually” before the period
3 at the end; and

4 (ii) by striking subparagraph (C) and
5 inserting the following:

6 “(C) describe and analyze the effects of
7 the program of the agency and the assisted ac-
8 tivities under such program in addressing and
9 achieving the objectives of the program under
10 this section and each of the purposes specified
11 in subsection (a), including the effects of the
12 program on—

13 “(i) the number of new families the
14 agency has been able to assist from the
15 waiting lists for housing assistance that is
16 administered by the agency, including
17 vouchers for rental assistance under sec-
18 tion 8(o) of the United States Housing Act
19 of 1937 (42 U.S.C. 1437f(o)) and dwelling
20 units in public housing and in housing as-
21 sisted with project-based section 8 assist-
22 ance, as a result of the flexibility of funds
23 and achievement of economic independ-
24 ence;

1 “(ii) the cost and annual change, per
2 family participating in the program, of
3 providing housing assistance referred to in
4 clause (i) that is administered by the agen-
5 cy;

6 “(iii) any cost savings and additional
7 housing resulting from the program; and

8 “(iv) the household incomes, and
9 changes in such incomes, of members of
10 families participating in the program who
11 are not exempt from work requirements;
12 and

13 “(v) such other factors as the Sec-
14 retary considers appropriate.”;

15 (C) by redesignating paragraphs (3) and
16 (4) as paragraphs (5) and (6); and

17 (D) by inserting after paragraph (2) the
18 following new paragraphs:

19 “(3) ANNUAL BUDGET PLAN.—

20 “(A) REQUIREMENT.—Each agency shall
21 submit annually to the Secretary, together with
22 the report under paragraph (2), a budget plan
23 for the program of the agency for the upcoming
24 year and shall make such budget plan publicly
25 available.

1 “(B) FORM AND METRICS.—Each annual
2 budget plan shall be set forth in a standard
3 form, prescribed by the Secretary and shall uti-
4 lize a common budget metric that allows for
5 comparison of the budget plans of all public
6 housing agencies participating in the program.

7 “(C) CONTENT.—Each annual budget plan
8 shall include such content as the Secretary shall
9 specify, which shall include—

10 “(i) a description and explanation of
11 all new rules and policy changes adopted
12 by the agency in accordance with this sec-
13 tion and the program under this section
14 and, with respect to such new rules and
15 policy changes—

16 “(I) a description of the effect
17 such rules and changes will have on
18 the operation of the agency as com-
19 pared to the preceding year and as
20 compared to the operations of the
21 agency other than under the program
22 under this section;

23 “(II) a description of the extent
24 to which such rules and changes
25 helped to achieve the annual goals

1 identified in the public housing agen-
2 cy’s application pursuant to sub-
3 section (d)(1)(E) and, in the case of
4 any such goals not achieved, a de-
5 scription of the extent to which such
6 goals were not achieved and the rea-
7 sons for such failure; and

8 “(III) whether the adoption of
9 such new rules and policy changes re-
10 quired an adjustment in the annual
11 goals identified in the public housing
12 agency’s application pursuant to sub-
13 section (d)(1);

14 “(ii) a plan for all capital assets and
15 anticipated construction and rehabilitation
16 activities of the public housing agency in
17 the upcoming year and a description of
18 whether and how such activities are au-
19 thorized and assisted under the program
20 under this section; and

21 “(iii) assurances satisfactory to the
22 Secretary that such plan will conform with
23 all applicable provisions of the Civil Rights
24 Act of 1964 (42 U.S.C. 2000d et seq.), the
25 Fair Housing Act (42 U.S.C. 3601 et

1 seq.), the Rehabilitation Act of 1973 (29
2 U.S.C. 701 et seq.), and the Americans
3 with Disabilities Act of 1990 (42 U.S.C.
4 12101 et seq.).

5 “(4) PUBLIC AND RESIDENT PARTICIPATION.—

6 “(A) NOTIFICATION OF RESIDENTS.—Each
7 public housing agency shall annually hold a
8 meeting to notify all assisted families partici-
9 pating in the program of the public housing
10 agency of the contents of the report under
11 paragraph (2) for such year and budget plan
12 under paragraph (3) for such year and impacts
13 on such assisted families. Any public housing
14 agency that assists, in the aggregate, more than
15 50,000 families or assists families in multiple
16 counties shall hold as many meetings as nec-
17 essary to provide each assisted family a good-
18 faith opportunity to attend such a meeting.

19 “(B) PUBLIC COMMENT.—Each annual re-
20 port under paragraph (2) and annual plan
21 under paragraph (3) shall—

22 “(i) be made available for inspection
23 and public comment 30 days before the
24 meeting required by subparagraph (A) re-
25 garding such plan or report; and

1 “(ii) be approved in a public meeting
2 of the board of directors or other gov-
3 erning body of the public housing agency
4 before submission to the Secretary.

5 “(C) PUBLIC AVAILABILITY.—Each annual
6 report under paragraph (2) and annual plan
7 under paragraph (3) shall, upon submission to
8 the Secretary, be made publicly available and
9 shall include all comments provided pursuant to
10 subparagraph (B).”;

11 (9) in subsection (h)—

12 (A) in paragraph (1), by striking “dem-
13 onstration” and inserting “program under this
14 section”; and

15 (B) by striking paragraph (2) and insert-
16 ing the following:

17 “(2) REVIEW.—The Secretary shall annually
18 review the activities of each public housing agency
19 participating in the program under this section and,
20 based on such review and the information submitted
21 by the agency pursuant to subsection (g), deter-
22 mine—

23 “(A) the impact and effectiveness of the
24 public housing agency’s program and activities
25 in achieving each of the purposes of the pro-

1 gram specified in subsection (a), including an
2 assessment of such impact and effectiveness
3 using the common set of budget metrics estab-
4 lished pursuant to subsection (d)(1)(D);

5 “(B) the progress of the public housing
6 agency toward meeting the goals identified in
7 the public housing agency’s application pursu-
8 ant to subsection (d)(1)(E), using the metrics
9 identified in the public housing agency’s appli-
10 cation pursuant to such subsection; and

11 “(C) the extent of compliance by the public
12 housing agency with the requirements of the
13 program under this section and, in determining
14 such extent of compliance, shall take into con-
15 sideration the unique characteristics of the pub-
16 lic housing agency.

17 “(3) VERIFICATION OF ACCURACY.—In assess-
18 ing information submitted by public housing agen-
19 cies pursuant to subsection (g) and in reviewing
20 such information and making determinations pursu-
21 ant to paragraph (2) of this subsection, the Sec-
22 retary shall carry out control activities and proce-
23 dures designed to verify the accuracy of such infor-
24 mation, which shall include auditing a representative

1 sample of such information using standard statis-
2 tical methods.

3 “(4) CONTINUED PARTICIPATION.—The Sec-
4 retary shall not terminate the participation of any
5 public housing agency in the program under this
6 section unless the Secretary finds that the agency—

7 “(A) is in material default of the condi-
8 tions and obligations under the agreement en-
9 tered into between the agency and the Secretary
10 providing for such participation;

11 “(B) as demonstrated in its reports under
12 subsection (g)(2) and its annual budget plans
13 under subsection (g)(3), has persistently failed
14 to meet the goals identified in its application,
15 and the reasons or circumstances specified in
16 the public housing agency’s reports and plans
17 for such failure are not sufficient to justify the
18 continued failure;

19 “(C) has misused or misappropriated
20 funds;

21 “(D) has failed to make a good faith effort
22 to carry out the purposes of the program speci-
23 fied in subsection (a); or

1 “(E) has failed to cure a material defi-
2 ciency in performance after notice and an op-
3 portunity to correct the deficiency.

4 “(5) CORRECTIVE ACTION PROGRAM.—The Sec-
5 retary shall carry out a program—

6 “(A) to identify public housing agencies
7 participating in the program under this section
8 that are at risk of termination of such partici-
9 pation pursuant to paragraph (6);

10 “(B) to consult with such public housing
11 agencies regarding actions that may be taken to
12 avoid such termination;

13 “(C) to establish goals and timelines for
14 such corrective actions; and

15 “(D) to provide appropriate technical as-
16 sistance designed to facilitate such actions and
17 avoid such termination.

18 “(6) TERMINATION OF PARTICIPATION.—Any
19 public housing agency whose participation in the
20 program under this section is terminated shall be
21 subject to the provisions of the United States Hous-
22 ing Act of 1937 (42 U.S.C. 1437 et seq.) and all
23 other provisions of law applicable to public housing
24 agencies not participating in the program, except
25 that the Secretary shall provide a transition period,

1 that begins upon such termination and is not shorter
2 than 18 months, for such public housing agencies to
3 come into compliance with such laws.

4 “(7) REPORTS TO CONGRESS.—Not later than
5 the expiration of the 5-year period beginning on the
6 date of the enactment of this Act, and not later than
7 the expiration of each successive 5-year period there-
8 after, the Secretary shall submit a report to the
9 Congress regarding the program under this section
10 and the results of the reviews conducted under para-
11 graph (2), which shall—

12 “(A) evaluate the programs carried out by
13 public housing agencies participating in the pro-
14 gram, including with respect to each of the pur-
15 poses specified in subsection (a); and

16 “(B) include findings and recommenda-
17 tions for appropriate legislative changes to the
18 program.

19 “(8) GAO REVIEWS AND REPORTS.—Not later
20 than 180 days after the date of enactment of this
21 Act, and not less frequently than every 8 years
22 thereafter, the Comptroller General of the United
23 States shall—

24 “(A) conduct and complete a review of the
25 program under this section, which shall include

1 examination and analysis of the implementation
2 of the program and identification of any short-
3 comings and any means for improving the pro-
4 gram; and

5 “(B) submit to the Congress a report re-
6 garding the review, which shall set forth a de-
7 tailed description of such implementation, any
8 shortcomings of the program identified, and
9 recommendations for improving the program.”;
10 (10) in subsection (i)—

11 (A) in the matter preceding paragraph (1),
12 by striking “section 14 of the United States
13 Housing Act of 1937 for fiscal years 1996,
14 1997, and 1998” and inserting “the Capital
15 Fund under section 9(d) of the United States
16 Housing Act of 1937 in each fiscal year”; and

17 (B) in paragraph (1)(B), by striking “up
18 to 10”; and

19 (11) by striking subsection (j).

20 (b) TREATMENT OF PARTICIPATING AGENCIES.—

21 (1) CONTINUATION OF PARTICIPATION.—This
22 section and the amendments made by this section
23 shall not affect the status of any public housing
24 agency that, as of the date of the enactment of this
25 Act, is participating in the Moving to Work Program

1 under section 204 of the Departments of Veterans
2 Affairs and Housing and Urban Development, and
3 Independent Agencies Appropriations Act, 1996 (42
4 U.S.C. 1437f note), as such a participating agency.

5 (2) ELECTION.—Any public housing agency re-
6 ferred to in paragraph (1) may elect—

7 (A) to continue participation in the Pro-
8 gram under section 204 of the Departments of
9 Veterans Affairs and Housing and Urban De-
10 velopment, and Independent Agencies Appro-
11 priations Act, 1996 (42 U.S.C. 1437f note)
12 under the terms of the agreement entered into
13 between the agency and the Secretary providing
14 for such participation until the date of the expi-
15 ration of such agreement; or

16 (B) at any time before date of the expira-
17 tion of such agreement, to transition to partici-
18 pation under the program under such section
19 204, as amended by this Act.

20 (3) CONVERSION TO REFORMED PROGRAM.—

21 (A) IN GENERAL.—Except as provided in
22 subparagraph (B) of this paragraph, any public
23 housing agency that elects pursuant to para-
24 graph (2)(A) of this subsection to continue par-
25 ticipation in the Program under section 204 of

1 the Departments of Veterans Affairs and Hous-
2 ing and Urban Development, and Independent
3 Agencies Appropriations Act, 1996 (42 U.S.C.
4 1437f note) shall, upon the expiration of the
5 agreement referred to in such paragraph, be
6 considered to have been approved for participa-
7 tion in the Program under such section 204, as
8 amended by this Act, and the Secretary of
9 Housing and Urban Development shall provide
10 for the transition of the agency to participation
11 under the Program under such section as so
12 amended.

13 (B) INAPPLICABILITY.—Subparagraph (A)
14 shall not apply to any public housing agency
15 that is determined by the Secretary to be in
16 material default, upon the expiration of the
17 agreement referred to in paragraph (2)(A), of
18 the conditions and obligations under such
19 agreement.

20 (4) INAPPLICABILITY OF NUMERICAL LIMITA-
21 TION.—Any public housing agency transitioned pur-
22 suant to paragraph (2)(B) or (3)(A) of this sub-
23 section to participation under the program under
24 section 204 of the Departments of Veterans Affairs
25 and Housing and Urban Development, and Inde-

1 pendent Agencies Appropriations Act, 1996 (42
2 U.S.C. 1437f note), as amended by this section,
3 shall not count toward fulfillment of the numerical
4 limitation under section 204(d)(3)(A) of the Depart-
5 ments of Veterans Affairs and Housing and Urban
6 Development, and Independent Agencies Appropria-
7 tions Act, 1996 (42 U.S.C. 1437f note), as added by
8 the amendment made by this section.

9 **SEC. 502. RESCISSION OF PUBLIC AND INDIAN HOUSING**

10 **NOTICE 2021–18.**

11 The Public and Indian Housing Notice 2021–18 of
12 the Department of Housing and Urban Development is
13 hereby rescinded.

14 **TITLE VI—IMPROVING FINAN-**
15 **CIAL LITERACY REGARDING**
16 **HOUSING**

17 **SEC. 601. REFORMS TO HOUSING COUNSELING AND FINAN-**
18 **CIAL LITERACY PROGRAMS.**

19 (a) IN GENERAL.—Section 106(a)(4) of the Housing
20 and Urban Development Act of 1968 (12 U.S.C.
21 1701x(a)(4)) is amended—

22 (1) in subparagraph (B)—

23 (A) by striking “The Secretary” and in-
24 serting the following:

1 “(i) IN GENERAL.—The Secretary”;

2 and

3 (B) by adding at the end the following:

4 “(ii) REQUIREMENT.—The Secretary
5 shall require each organization receiving
6 assistance under this paragraph to employ
7 individuals providing housing counseling
8 who—

9 “(I) are certified to understand
10 sustainable homeownership; and

11 “(II) pass required examinations
12 that determine the ability of the indi-
13 vidual to counsel borrowers on respon-
14 sible homeownership.

15 “(iii) SUSPENSION OF CERTIFI-
16 CATION.—If an individual employed by an
17 organization that receives assistance under
18 this paragraph provides counseling services
19 to borrowers who, after receiving those
20 services, have default rates that exceed the
21 average default rates for borrowers coun-
22 seled by individuals in the area served by
23 the organization, the Secretary—

24 “(I) shall suspend the certifi-
25 cation from the individual; and

1 “(II) may deny future assistance
2 under this paragraph to that organi-
3 zation.

4 “(iv) PROHIBITION ON LOBBYING AC-
5 TIVITIES.—An organization that applies
6 for or receives assistance under this para-
7 graph shall not engage in political activi-
8 ties, advocacy, or lobbying, whether di-
9 rectly or through other parties.”; and
10 (2) by adding at the end the following:

11 “(F) SET ASIDES.—The Secretary shall set
12 aside 40 percent of amounts authorized to carry
13 out this paragraph for organizations that pro-
14 vide rental counseling or pre-foreclosure coun-
15 seling.

16 “(G) GEOGRAPHIC DIVERSITY.—In making
17 grants under this paragraph, the Secretary
18 shall ensure that the recipients are geographi-
19 cally diverse and include organizations that
20 serve urban and rural areas.”.

21 (b) REQUIRING PREPURCHASE AND FORECLOSURE
22 MITIGATION COUNSELING.—

23 (1) COVERED MORTGAGE LOAN DEFINED.—In
24 this subsection, the term “covered mortgage loan”
25 means any loan which is secured by a first or subor-

1 dinate lien on residential real property (including in-
2 dividual units of condominiums and cooperatives) de-
3 signed principally for the occupancy of from 1- to 4-
4 families that is—

5 (A) insured by the Federal Housing Ad-
6 ministration under title II of the National
7 Housing Act (12 U.S.C. 1707 et seq.);

8 (B) insured under section 255 of the Na-
9 tional Housing Act (12 U.S.C. 1715z–20);

10 (C) guaranteed under section 184 or 184A
11 of the Housing and Community Development 3
12 Act of 1992 (12 U.S.C. 1715z–13a, 1715z– 4
13 13b);

14 (D) guaranteed or insured by the Depart-
15 ment of Agriculture; or

16 (E) made by the Department of Agri-
17 culture.

18 (2) REQUIREMENT FOR PURCHASERS.—Before
19 purchasing residential real property that secures a
20 covered mortgage loan, the purchaser shall partici-
21 pate in prepurchase housing counseling.

22 (3) REQUIREMENT FOR BORROWERS.—A bor-
23 rower with respect to a covered mortgage loan who
24 is 30 days or more delinquent on payments for the

1 covered mortgage loan shall participate in fore-
2 closure mitigation counseling.