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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Internal Revenue Code of 1986 to reform the low-income housing credit, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Affordable Housing Credit Improvement Act of 2025”.

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—REFORM OF STATE ALLOCATION FORMULAS

Sec. 101. Increases in State allocations.

TITLE II—REFORMS RELATING TO TENANT ELIGIBILITY

- Sec. 201. Average income test applicability to exempt facility bonds.
- Sec. 202. Codification of rules relating to increased tenant income.
- Sec. 203. Modification of student occupancy rules.
- Sec. 204. Tenant voucher payments taken into account as rent for certain purposes.
- Sec. 205. Requirement that low-income housing credit-supported housing protect victims of domestic abuse.
- Sec. 206. Clarification of general public use requirement relating to veterans, etc.

TITLE III—RULES RELATING TO CREDIT ELIGIBILITY AND DETERMINATION

- Sec. 301. Reconstruction or replacement period after casualty loss.
- Sec. 302. Modification of previous ownership rules; limitation on acquisition basis.
- Sec. 303. Certain relocation costs taken into account as rehabilitation expenditures.
- Sec. 304. Repeal of qualified census tract population cap.
- Sec. 305. Determination of community revitalization plan to be made by housing credit agency.
- Sec. 306. Prohibition of local approval and contribution requirements.
- Sec. 307. Increase in credit for certain projects designated to serve extremely low-income households.
- Sec. 308. Increase in credit for bond-financed projects designated by State agency.
- Sec. 309. Elimination of basis reduction for low-income housing properties energy efficient commercial building deduction.
- Sec. 310. Restriction of planned foreclosures.
- Sec. 311. Increase of population cap for difficult development areas.
- Sec. 312. Increased cost oversight and accountability.
- Sec. 313. Tax-exempt bond financing requirement.

TITLE IV—REFORMS RELATING TO NATIVE AMERICAN ASSISTANCE

- Sec. 401. Selection criteria under qualified allocation plans.
- Sec. 402. Inclusion of Indian areas as difficult development areas for purposes of certain buildings.

TITLE V—REFORMS RELATING TO RURAL ASSISTANCE

- Sec. 501. Inclusion of rural areas as difficult development areas.
- Sec. 502. Uniform income eligibility for rural projects.

TITLE VI—EXEMPT FACILITY BONDS

- Sec. 601. Revision and clarification of the treatment of refunding issues.

TITLE VII—AFFORDABLE HOUSING TAX CREDIT

- Sec. 701. Affordable housing tax credit.

TITLE VIII—DATA AND TRANSPARENCY

Sec. 801. Sense of Congress.

1 **TITLE I—REFORM OF STATE**
2 **ALLOCATION FORMULAS**

3 **SEC. 101. INCREASES IN STATE ALLOCATIONS.**

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

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

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

10 (b) **PER CAPITA AMOUNT; MINIMUM AMOUNT.**—Sec-
11 tion 42(h)(3) of the Internal Revenue Code of 1986 is
12 amended by striking subparagraphs (H) and (I) and in-
13 serting the following:

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

17 “(i) **CALENDAR YEAR 2025.**—For cal-
18 endar year, 2025, the per capita amount is
19 \$4.25.

20 “(ii) **CALENDAR YEAR 2026.**—For cal-
21 endar year 2026, the per capita amount is
22 the product of—

23 “(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 2024’ 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 2026.—In the case of any calendar year
20 after 2026, 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 2025’ 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 2025.—For cal-
15 endar year, 2025, the minimum amount is
16 \$4,876,000.

17 “(ii) CALENDAR YEAR 2026.—For cal-
18 endar year 2026, 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 2024’ 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 2026.—In the case of any calendar year
15 after 2026, 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 2025’ 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 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to calendar years beginning after
7 December 31, 2024.

8 **TITLE II—REFORMS RELATING**
9 **TO TENANT ELIGIBILITY**

10 **SEC. 201. AVERAGE INCOME TEST APPLICABILITY TO EX-**
11 **EMPT FACILITY BONDS.**

12 (a) IN GENERAL.—Paragraph (1) of section 142(d)
13 of the Internal Revenue Code of 1986 is amended—

14 (1) by striking “(A) or (B)” and inserting “(A),
15 (B), or (C)”, and

16 (2) by inserting after subparagraph (B) the fol-
17 lowing 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 made by
23 this section shall apply to elections made under section
24 142(d)(1) of the Internal Revenue Code of 1986 after
25 March 23, 2018.

1 **SEC. 202. CODIFICATION OF RULES RELATING TO IN-**
2 **CREASED TENANT INCOME.**

3 (a) IN GENERAL.—Clause (i) of section 42(g)(2)(D)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing “clauses (ii), (iii), and (iv)” and all that follows and
6 inserting “clauses (ii), (iii), (iv), and (vi), notwithstanding
7 an increase in the income of the occupants above the in-
8 come limitation applicable under paragraph (1)—

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

15 “(II) a unit to which, at the time
16 of initial occupancy by such occu-
17 pants, any Federal, State, or local
18 government income restriction ap-
19 plied, and which subsequently becomes
20 part of a building with respect to
21 which rehabilitation expenditures are
22 taken into account under subsection
23 (e), shall be treated as a low-income
24 unit if the income of such occupants
25 initially was 60 percent or less of area
26 median gross income and does not ex-

1 ceed 120 percent of area median gross
2 income as of the date of acquisition of
3 the property by the taxpayer.”.

4 (b) EXCEPTION.—Subparagraph (D) of section
5 42(g)(2) of the Internal Revenue Code of 1986, as amend-
6 ed by this Act, is further amended by adding at the end
7 the following new clause:

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

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to taxable years beginning after
21 December 31, 2024.

22 **SEC. 203. MODIFICATION OF STUDENT OCCUPANCY RULES.**

23 (a) IN GENERAL.—Subparagraph (D) of section
24 42(i)(3) of the Internal Revenue Code of 1986 is amended
25 to read as follows:

1 “(D) RULES RELATING TO STUDENTS.—

2 “(i) IN GENERAL.—A unit occupied
3 solely by individuals who—

4 “(I) have not attained age 24,

5 and

6 “(II) are enrolled in a full-time
7 course of study at an institution of
8 higher education (as defined in section
9 3304(f)),

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

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

20 “(iii) OTHER EXCEPTIONS.—An indi-
21 vidual shall not be treated as described in
22 clause (i) if the individual meets the in-
23 come limitation applicable under subsection
24 (g)(1) to the project of which the building
25 is a part and—

1 “(I) is married,

2 “(II) is a person with disabilities
3 (as defined in section 3(b)(3)(E) of
4 the United States Housing Act of
5 1937),

6 “(III) is a veteran (as defined in
7 section 101(2) of title 38, United
8 States Code),

9 “(IV) has 1 or more qualifying
10 children (as defined in section
11 152(c)),

12 “(V) is or has been a victim or
13 threatened victim of domestic violence,
14 dating violence, sexual assault, or
15 stalking (as defined in section 40002
16 of the Violence Against Women Act of
17 1994),

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

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

22 “(aa) an emancipated minor
23 or in legal guardianship as deter-
24 mined by a court of competent

1 jurisdiction in the individual's
2 State of legal residence,

3 “(bb) under the care and
4 placement responsibility of the
5 State agency responsible for ad-
6 ministering a plan under part B
7 or part E of title IV of the Social
8 Security Act, or

9 “(cc) an unaccompanied
10 youth (within the meaning of sec-
11 tion 725(6) of the McKinney-
12 Vento Homeless Assistance Act
13 (42 U.S.C. 11434a(6))) or a
14 homeless child or youth (within
15 the meaning of section 725(2) of
16 such Act (42 U.S.C.
17 11434a(2))).

18 For purposes of subclause (VI), an in-
19 dividual is or has been a victim of
20 human trafficking if such individual
21 was subjected to an act or practice de-
22 scribed in paragraph (11) or (12) of
23 section 103 of the Trafficking Victims
24 Protection Act of 2000.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

4 **SEC. 204. TENANT VOUCHER PAYMENTS TAKEN INTO AC-**
5 **COUNT AS RENT FOR CERTAIN PURPOSES.**

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

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to rent paid in taxable years begin-
18 ning after December 31, 2025.

19 **SEC. 205. REQUIREMENT THAT LOW-INCOME HOUSING**
20 **CREDIT-SUPPORTED HOUSING PROTECT VIC-**
21 **TIMS OF DOMESTIC ABUSE.**

22 (a) IN GENERAL.—Subparagraph (B) of section
23 42(h)(6) of the Internal Revenue Code of 1986 is amended
24 by striking “and” at the end of clause (v), by striking the

1 period at the end of clause (vi) and inserting “, and”, and
2 by adding at the end the following new clause:

3 “(vii) which—

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

18 “(II) allows prospective, present,
19 or former occupants of the building
20 the right to enforce in any State court
21 the prohibition of subclause (I).”.

22 (b) BIFURCATION.—

23 (1) IN GENERAL.—Subparagraph (B) of section
24 42(h)(6) of the Internal Revenue Code of 1986, as

1 amended by subsection (a), is further amended by
2 adding at the end the following new flush sentence:

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

8 (2) EFFECT OF BIFURCATION.—Paragraph (2)
9 of section 42(g) of such Code is amended by adding
10 at the end the following new subparagraph:

11 “(F) TREATMENT OF BIFURCATION IN
12 CASES OF DOMESTIC VIOLENCE.—In any case
13 in which—

14 “(i) an occupant is evicted or removed
15 from a low-income unit because such occu-
16 pant has engaged in criminal activity di-
17 rectly relating to domestic violence, dating
18 violence, sexual assault, or stalking against
19 an affiliated individual or other individual
20 on the basis of criminal activity directly re-
21 lating to domestic violence, dating violence,
22 sexual assault, or stalking, and

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

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

4 (c) CLARIFICATION OF GENERAL PUBLIC USE RE-
5 QUIREMENT.—Paragraph (9) of section 42(g) of the Inter-
6 nal Revenue Code of 1986 is amended by striking “or”
7 at the end of subparagraph (B), by striking the period
8 at the end of subparagraph (C) and inserting “, or”, and
9 by adding at the end the following new subparagraph:

10 “(D) who are victims or threatened victims
11 of criminal activity directly relating to domestic
12 violence, dating violence, sexual assault, or
13 stalking.”.

14 (d) EFFECTIVE DATES.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), the amendments made by this section
17 shall apply to agreements executed or modified on or
18 after the date that is 30 days after the date of the
19 enactment of this Act.

20 (2) PUBLIC USE REQUIREMENT.—The amend-
21 ments made by subsection (c) shall apply to build-
22 ings placed in service before, on, or after the date
23 of the enactment of this Act.

1 **SEC. 206. CLARIFICATION OF GENERAL PUBLIC USE RE-**
2 **QUIREMENT RELATING TO VETERANS, ETC.**

3 (a) **IN GENERAL.**—Paragraph (9) of section 42(g) of
4 the Internal Revenue Code of 1986, as amended by section
5 205, is further amended by adding at the end the following
6 flush language:

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

10 (b) **QUALIFIED RESIDENTIAL RENTAL PROJECTS.**—
11 Paragraph (2) of section 142(d) of the Internal Revenue
12 Code of 1986 is amended by adding at the end the fol-
13 lowing new subparagraph:

14 “(F) **CLARIFICATION OF GENERAL PUBLIC**
15 **USE REQUIREMENT.**—A unit shall not fail to
16 meet the general public use requirement solely
17 because of occupancy restrictions or pref-
18 erences, if such restrictions or preferences meet
19 the general public use requirement of section
20 42.”.

21 (c) **EFFECTIVE DATES.**—

22 (1) **IN GENERAL.**—The amendment made by
23 subsection (a) shall apply to buildings placed in serv-
24 ice before, on, or after the date of the enactment of
25 this Act.

1 (2) QUALIFIED RESIDENTIAL RENTAL
2 PROJECTS.—The amendment made by subsection (b)
3 shall apply to bonds issued before, on, or after the
4 date of the enactment of this Act.

5 **TITLE III—RULES RELATING TO**
6 **CREDIT ELIGIBILITY AND DE-**
7 **TERMINATION**

8 **SEC. 301. RECONSTRUCTION OR REPLACEMENT PERIOD**
9 **AFTER CASUALTY LOSS.**

10 (a) NO RECAPTURE FOLLOWING CASUALTY LOSS.—
11 Subparagraph (E) of section 42(j)(4) of the Internal Rev-
12 enue Code of 1986 is amended to read as follows:

13 “(E) NO RECAPTURE BY REASON OF CAS-
14 UALTY LOSS.—

15 “(i) IN GENERAL.—The increase in
16 tax under this subsection shall not apply to
17 a reduction in qualified basis by reason of
18 a casualty loss to the extent such loss is
19 restored by reconstruction or replacement
20 within a reasonable period established by
21 the applicable housing credit agency, not to
22 exceed 25 months from the date on which
23 the qualified casualty loss arises.

24 “(ii) QUALIFIED CASUALTY LOSSES.—

25 In the case of a qualified casualty loss, the

1 period described in clause (i) may be ex-
2 tended, but not in excess of 12 months, if
3 the applicable housing credit agency deter-
4 mines the qualified casualty arose by rea-
5 son of an event which was not discrete to
6 the building and which made a reconstruc-
7 tion or replacement within 25 months im-
8 practical. In the event the applicable hous-
9 ing credit agency determines a period in
10 excess of 25 months is necessary for such
11 reconstruction or replacement, the compli-
12 ance period shall be increased by any such
13 additional time.

14 “(iii) APPLICATION.—The determina-
15 tion under paragraph (1) shall not be
16 made with respect to a property the basis
17 of which is affected by a qualified casualty
18 loss until the period described in clause (i)
19 (as modified by clause (ii), if applicable)
20 with respect to such property has expired.

21 “(iv) QUALIFIED CASUALTY LOSS.—
22 For purposes of this subparagraph, the
23 term ‘qualified casualty loss’ means a cas-
24 ualty loss that is the result of a Federally

1 declared disaster (as defined in section
2 165(i)(5)).”.

3 (b) QUALIFIED BASIS FOLLOWING CASUALTY
4 LOSS.—Paragraph (1) of section 42(c) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(F) QUALIFIED BASIS FOLLOWING CAS-
8 UALTY LOSS.—If a casualty causes the qualified
9 basis of a building in any year to be less than
10 the qualified basis in the immediately preceding
11 year then, in the year of such casualty and each
12 succeeding year until such building or the units
13 affected by the casualty are reconstructed or re-
14 placed (but only through the last year of the pe-
15 riod permitted for reconstruction or replace-
16 ment under subsection (j)(4)(E))—

17 “(i) the qualified basis of such build-
18 ing shall be equal to the qualified basis of
19 such building as of the last day of the year
20 preceding the year in which such casualty
21 occurred,

22 “(ii) if such building is not recon-
23 structed or replaced by the expiration of
24 the applicable period for such reconstruc-
25 tion or replacement under subsection

1 (j)(4), then the recapture amount provided
2 for in subsection (j)(1) shall include the
3 amount of any credit claimed under this
4 section by reason of the application of
5 clause (i), and

6 “(iii) a building which was a qualified
7 low-income building as of the last day of
8 the year preceding the year in which such
9 casualty occurred shall not cease to be a
10 qualified low-income building solely be-
11 cause of such casualty.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to casualties occurring after the
14 date which is 25 months before the date of the enactment
15 of this Act.

16 **SEC. 302. MODIFICATION OF PREVIOUS OWNERSHIP RULES;**
17 **LIMITATION ON ACQUISITION BASIS.**

18 (a) IN GENERAL.—Clause (ii) of section 42(d)(2)(B)
19 of the Internal Revenue Code of 1986 is amended by in-
20 serting “, or the taxpayer elects the application of sub-
21 paragraph (C)(ii)” after “service”.

22 (b) LIMITATION ON ACQUISITION BASIS.—Subpara-
23 graph (C) of section 42(d)(2) of the Internal Revenue
24 Code of 1986 is amended—

1 (1) by striking “For purposes of subparagraph
2 (A), the adjusted basis” and inserting “For pur-
3 poses of subparagraph (A)—

4 “(i) IN GENERAL.—The adjusted
5 basis”, and

6 (2) by adding at the end the following new
7 clauses:

8 “(ii) BUILDINGS IN SERVICE WITHIN
9 PREVIOUS 10 YEARS.—If the period be-
10 tween the date of acquisition of the build-
11 ing by the taxpayer and the date the build-
12 ing was last placed in service is less than
13 10 years, the taxpayer’s basis attributable
14 to the acquisition of the building which is
15 taken into account in determining the ad-
16 justed basis shall not exceed the sum of—

17 “(I) the lowest amount paid for
18 acquisition of the building by any per-
19 son during the 10 years preceding the
20 date of the acquisition of the building
21 by the taxpayer, adjusted as provided
22 in clause (iii), and

23 “(II) the value of any capital im-
24 provements made by the person who
25 sells the building to the taxpayer

1 which are reflected in such seller's
2 basis.

3 “(iii) ADJUSTMENT.—With respect to
4 a basis determination made in any taxable
5 year, the amount described in clause (ii)(I)
6 shall be increased by an amount equal to—

7 “(I) such amount, multiplied by
8 “(II) a cost-of-living adjustment,
9 determined in the same manner as
10 under section 1(f)(3) for the calendar
11 year in which the taxable year begins
12 by taking into account the acquisition
13 year in lieu of calendar year 1992.

14 For purposes of the preceding sentence,
15 the acquisition year is the calendar year in
16 which the lowest amount referenced in
17 clause (ii)(I) was paid for the acquisition
18 of the building.”.

19 (c) CONFORMING AMENDMENTS.—Clause (i) of sec-
20 tion 42(d)(2)(D) of the Internal Revenue Code of 1986
21 is amended—

22 (1) by striking “FOR SUBPARAGRAPH (B)” in
23 the heading, and

1 (2) by striking “subparagraph (B)(ii)” in the
2 matter preceding subclause (I) and inserting “sub-
3 paragraph (B)(ii) or (C)(ii)”.

4 (d) **MODIFICATION OF PLACED IN SERVICE RULE.**—
5 Clause (iii) of section 42(d)(2)(B) of the Internal Revenue
6 Code of 1986 is amended to read as follows:

7 “(iii) the building was not owned by
8 the taxpayer or by any person related (as
9 of the date of acquisition by the taxpayer)
10 to the taxpayer at any time during the 5-
11 year period ending on the date of acquisi-
12 tion by the taxpayer, and”.

13 (e) **EFFECTIVE DATE.**—The amendments made by
14 this section shall apply to buildings placed in service after
15 December 31, 2024.

16 **SEC. 303. CERTAIN RELOCATION COSTS TAKEN INTO AC-
17 COUNT AS REHABILITATION EXPENDITURES.**

18 (a) **IN GENERAL.**—Paragraph (2) of section 42(e) of
19 the Internal Revenue Code of 1986 is amended by adding
20 at the end the following new subparagraph:

21 “(C) **CERTAIN RELOCATION COSTS.**—In
22 the case of a rehabilitation of a building to
23 which section 280B does not apply, costs relat-
24 ing to the relocation of occupants, including—

25 “(i) amounts paid to occupants,

1 tracts under section 42(d)(5)(B)(ii) of the Internal Rev-
2 enue Code of 1986 after December 31, 2025.

3 **SEC. 305. DETERMINATION OF COMMUNITY REVITALIZA-**
4 **TION PLAN TO BE MADE BY HOUSING CREDIT**
5 **AGENCY.**

6 (a) IN GENERAL.—Subclause (III) of section
7 42(m)(1)(B)(ii) of the Internal Revenue Code of 1986 is
8 amended by inserting “, as determined by the housing
9 credit agency according to criteria established by such
10 agency,” after “(d)(5)(B)(ii) and”.

11 (b) CRITERIA.—Paragraph (1) of section 42(m) of
12 the Internal Revenue Code of 1986 is amended by adding
13 at the end the following new subparagraph:

14 “(E) CRITERIA FOR DETERMINATION RE-
15 LATING TO CONCERTED COMMUNITY REVITAL-
16 IZATION PLAN.—For purposes of subparagraph
17 (B)(ii)(III), the criteria which shall be estab-
18 lished by a housing credit agency for deter-
19 mining whether the development of a project
20 contributes to a concerted community develop-
21 ment plan shall take into account any factors
22 the agency deems appropriate, including the ex-
23 tent to which the proposed plan—

24 “(i) is geographically specific,

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

3 “(iii) includes a strategy for applying
4 for or obtaining commitments of public or
5 private investment (or both) in nonhousing
6 infrastructure, amenities, or services, and

7 “(iv) demonstrates the need for com-
8 munity revitalization.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to allocations of housing credit dol-
11 lar amounts made under qualified allocation plans (as de-
12 fined in section 42(m)(1)(B) of the Internal Revenue Code
13 of 1986) adopted after December 31, 2025.

14 **SEC. 306. PROHIBITION OF LOCAL APPROVAL AND CON-**
15 **TRIBUTION REQUIREMENTS.**

16 (a) IN GENERAL.—Paragraph (1) of section 42(m)
17 of the Internal Revenue Code of 1986, as amended by sec-
18 tion 305, is further amended—

19 (1) by striking clause (ii) of subparagraph (A)
20 and by redesignating clauses (iii) and (iv) thereof as
21 clauses (ii) and (iii), and

22 (2) by adding at the end the following new sub-
23 paragraph:

24 “(F) LOCAL APPROVAL OR CONTRIBUTION
25 NOT TAKEN INTO ACCOUNT.—The selection cri-

1 teria under a qualified allocation plan shall not
2 include consideration of—

3 “(i) any support or opposition with re-
4 spect to the project from local or elected
5 officials, or

6 “(ii) any local government contribu-
7 tion to the project, except to the extent
8 such contribution is taken into account as
9 part of a broader consideration of the
10 project’s ability to leverage outside funding
11 sources, and is not prioritized over any
12 other source of outside funding.”.

13 (b) **EFFECTIVE DATE.**—The amendments made by
14 this section shall apply to allocations of housing credit dol-
15 lar amounts made under qualified allocation plans (as de-
16 fined in section 42(m)(1)(B) of the Internal Revenue Code
17 of 1986) adopted after December 31, 2025.

18 **SEC. 307. INCREASE IN CREDIT FOR CERTAIN PROJECTS**
19 **DESIGNATED TO SERVE EXTREMELY LOW-IN-**
20 **COME HOUSEHOLDS.**

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

24 “(C) **INCREASE IN CREDIT FOR PROJECTS**
25 **DESIGNATED TO SERVE EXTREMELY LOW-IN-**

1 COME HOUSEHOLDS.—In the case of any build-
2 ing—

3 “(i) 20 percent or more of the resi-
4 dential units (determined as if the imputed
5 income limitation applicable to such units
6 were 30 percent of area median gross in-
7 come) in which are designated by the tax-
8 payer for occupancy by households the ag-
9 gregate household income of which does
10 not exceed the greater of—

11 “(I) 30 percent of area median
12 gross income, or

13 “(II) 100 percent of an amount
14 equal to the Federal poverty line
15 (within the meaning of section
16 36B(d)(3)), and

17 “(ii) which is designated by the hous-
18 ing credit agency as requiring the increase
19 in credit under this subparagraph in order
20 for such building to be financially feasible
21 as part of a qualified low-income housing
22 project,

23 subparagraph (B) shall not apply to the portion
24 of such building which is comprised of such
25 units (determined in a manner similar to the

1 unit fraction under subsection (c)(1)(C), and
2 the eligible basis of such portion of the building
3 shall be 150 percent of such basis determined
4 without regard to this subparagraph.”.

5 (b) **EFFECTIVE DATE.**—The amendment made by
6 this section shall apply to buildings which receive alloca-
7 tions of housing credit dollar amount after the date of en-
8 actment of this Act, or in the case of buildings that are
9 described in section 42(h)(4)(B) of the Internal Revenue
10 Code of 1986, for obligations that are part of an issue
11 the issue date of which is after December 31, 2025.

12 **SEC. 308. INCREASE IN CREDIT FOR BOND-FINANCED**
13 **PROJECTS DESIGNATED BY STATE AGENCY.**

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

17 (b) **TECHNICAL AMENDMENT.**—Clause (v) of section
18 42(d)(5)(B) of the Internal Revenue Code of 1986, as
19 amended by subsection (a), is further amended—

20 (1) by striking “STATE” in the heading, and
21 (2) by striking “State housing credit agency”
22 and inserting “housing credit agency”.

23 (c) **EFFECTIVE DATE.**—The amendments made by
24 this section shall apply to buildings that are described in
25 section 42(h)(4)(B) of the Internal Revenue Code of 1986,

1 taking into account only obligations that are part of an
2 issue the issue date of which is after December 31, 2025.

3 **SEC. 309. ELIMINATION OF BASIS REDUCTION FOR LOW-IN-**
4 **COME HOUSING PROPERTIES ENERGY EFFI-**
5 **CIENT COMMERCIAL BUILDING DEDUCTION.**

6 (a) ENERGY EFFICIENT COMMERCIAL BUILDINGS
7 DEDUCTION.—Subsection (e) of section 179D of the In-
8 ternal Revenue Code of 1986 is amended—

9 (1) by striking “REDUCTION.—For purposes”
10 and inserting “REDUCTION.—

11 “(1) IN GENERAL.—For purposes”, and

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

14 “(2) EXCEPTION FOR AFFORDABLE HOUSING
15 PROPERTIES.—Paragraph (1) shall not apply for
16 purposes of determining eligible basis under section
17 42.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to buildings which receive alloca-
20 tions of housing credit dollar amount after the date of the
21 enactment of this Act and to buildings that are described
22 in section 42(h)(4)(B) of the Internal Revenue Code of
23 1986 taking into account only obligations that are part
24 of an issue the issue date of which is after December 31,
25 2025.

1 **SEC. 310. RESTRICTION OF PLANNED FORECLOSURES.**

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

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

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

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to acquisitions by foreclosure (or
25 instrument in lieu of foreclosure) after December 31,
26 2024.

1 **SEC. 311. INCREASE OF POPULATION CAP FOR DIFFICULT**
2 **DEVELOPMENT AREAS.**

3 (a) IN GENERAL.—Subclause (II) of section
4 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is
5 amended by striking “20 percent” and inserting “30 per-
6 cent”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to designations made under section
9 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986
10 after December 31, 2025.

11 **SEC. 312. INCREASED COST OVERSIGHT AND ACCOUNT-**
12 **ABILITY.**

13 (a) IN GENERAL.—Subparagraph (C) of section
14 42(m)(1) of the Internal Revenue Code of 1986 is amend-
15 ed by striking “and” at the end of clause (ix), by striking
16 the period at the end of clause (x) and inserting “, and”,
17 and by adding at the end the following new clause:

18 “(xi) the reasonableness of the devel-
19 opment costs of the project.”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to allocations of credits under sec-
22 tion 42 of the Internal Revenue Code of 1986 made after
23 December 31, 2025.

24 **SEC. 313. TAX-EXEMPT BOND FINANCING REQUIREMENT.**

25 (a) IN GENERAL.—Subparagraph (B) of section
26 42(h)(4) of the Internal Revenue Code of 1986 is amended

1 by adding at the end the following new sentence: “In the
2 case of buildings financed by an obligation first taken into
3 account under section 146 in calendar years beginning
4 after the date of the enactment of the Affordable Housing
5 Credit Improvement Act of 2025, the preceding sentence
6 shall be applied by substituting ‘25 percent’ for ‘50 per-
7 cent’.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to any building some portion of
10 which, or of the land on which the building is located, is
11 financed by an obligation which is described in section
12 42(h)(4)(A) of the Internal Revenue Code of 1986 and
13 which is part of an issue the issue date of which is after
14 December 31, 2025.

15 **TITLE IV—REFORMS RELATING**
16 **TO NATIVE AMERICAN AS-**
17 **SISTANCE**

18 **SEC. 401. SELECTION CRITERIA UNDER QUALIFIED ALLO-**
19 **CATION PLANS.**

20 (a) IN GENERAL.—Subparagraph (C) of section
21 42(m)(1) of the Internal Revenue Code of 1986, as
22 amended by section 312, is further amended by striking
23 “and” at the end of clause (x), by striking the period at
24 the end of clause (xi) and inserting “, and”, and by adding
25 at the end the following new clause:

1 “(xii) the affordable housing needs of
2 individuals in the State who are—

3 “(I) enrolled members of a tribe
4 with respect to an Indian tribal gov-
5 ernment (including any agencies or in-
6 strumentalities of an Indian tribal
7 government and any Alaska Native re-
8 gional or village corporation, as de-
9 fined in, or established pursuant to,
10 the Alaska Native Claims Settlement
11 Act (43 U.S.C. 1601 et seq.), or

12 “(II) described in section 801(9)
13 of the Native American Housing As-
14 sistance and Self-Determination Act
15 of 1996 (25 U.S.C. 4221(9)).”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to allocations of credits under sec-
18 tion 42 of the Internal Revenue Code of 1986 made after
19 December 31, 2025.

20 **SEC. 402. INCLUSION OF INDIAN AREAS AS DIFFICULT DE-**
21 **VELOPMENT AREAS FOR PURPOSES OF CER-**
22 **TAIN BUILDINGS.**

23 (a) IN GENERAL.—Subclause (I) of section
24 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986 is

1 amended by inserting before the period the following: “,
2 and any Indian area”.

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

8 “(II) INDIAN AREA.—For pur-
9 poses of subclause (I), the term ‘In-
10 dian area’ means any Indian area (as
11 defined in section 4(11) of the Native
12 American Housing Assistance and
13 Self Determination Act of 1996 (25
14 U.S.C. 4103(11))) and any housing
15 area (as defined in section 801(5) of
16 such Act (25 U.S.C. 4221(5))).”.

17 (c) ELIGIBLE BUILDINGS.—Clause (iii) of section
18 42(d)(5)(B) of the Internal Revenue Code of 1986, as
19 amended by subsection (b), is further amended by adding
20 at the end the following new subclause:

21 “(IV) SPECIAL RULE FOR BUILD-
22 INGS IN INDIAN AREAS.—In the case
23 of an area which is a difficult develop-
24 ment area solely because it is an In-
25 dian area, a building shall not be

1 treated as located in such area unless
2 such building is assisted or financed
3 under the Native American Housing
4 Assistance and Self Determination
5 Act of 1996 (25 U.S.C. 4101 et seq.)
6 or the project sponsor is an Indian
7 tribe (as defined in section
8 45A(c)(6)), a tribally designated hous-
9 ing entity (as defined in section 4(22)
10 of such Act (25 U.S.C. 4103(22))), or
11 wholly owned or controlled by such an
12 Indian tribe or tribally designated
13 housing entity.”.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to buildings placed in service after
16 December 31, 2025.

17 **TITLE V—REFORMS RELATING**
18 **TO RURAL ASSISTANCE**

19 **SEC. 501. INCLUSION OF RURAL AREAS AS DIFFICULT DE-**
20 **VELOPMENT AREAS.**

21 (a) IN GENERAL.—Subclause (I) of section
22 42(d)(5)(B)(iii) of the Internal Revenue Code of 1986, as
23 amended by section 402, is further amended by inserting
24 “, any rural area” after “median gross income”.

1 (b) RURAL AREA.—Clause (iii) of section
2 42(d)(5)(B) of the Internal Revenue Code of 1986, as
3 amended by section 402, is further amended by redesi-
4 gning subclause (III) as subclause (IV) and by inserting
5 after subclause (II) the following new subclause:

6 “(III) RURAL AREA.—For pur-
7 poses of subclause (I), the term ‘rural
8 area’ means any non-metropolitan
9 area, or any rural area as defined by
10 section 520 of the Housing Act of
11 1949, which is identified by the quali-
12 fied allocation plan under subsection
13 (m)(1)(B).”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to buildings placed in service after
16 December 31, 2025.

17 **SEC. 502. UNIFORM INCOME ELIGIBILITY FOR RURAL**
18 **PROJECTS.**

19 (a) IN GENERAL.—Paragraph (8) of section 42(i) of
20 the Internal Revenue Code of 1986 is amended by striking
21 the second sentence.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2024.

1 **TITLE VI—EXEMPT FACILITY**
2 **BONDS**

3 **SEC. 601. REVISION AND CLARIFICATION OF THE TREAT-**
4 **MENT OF REFUNDING ISSUES.**

5 (a) IN GENERAL.—Subparagraph (A) of section
6 146(i)(6) of the Internal Revenue Code of 1986 is amend-
7 ed to read as follows:

8 “(A) IN GENERAL.—During the 12-month
9 period beginning on the date of a repayment of
10 a loan financed by an issue 95 percent or more
11 of the net proceeds of which are used to provide
12 projects described in section 142(d), if such re-
13 payment is used to provide a new loan for any
14 project described in section 142(a)(7) or for
15 any purpose described in subsection (a)(2)(A)
16 or (b) of section 143, any bond which is issued
17 to refinance such issue shall be treated as a re-
18 funding issue. Any issue treated as a refunding
19 issue by reason of the preceding sentence shall
20 be so treated only to the extent the principal
21 amount of such refunding issue does not exceed
22 the principal amount of the bonds refunded.”.

23 (b) REMOVAL OF ONE-REFUNDING LIMIT.—Sub-
24 paragraph (B) of section 146(i)(6) of the Internal Rev-
25 enue Code of 1986 is amended—

1 (1) by striking “4 years” in clause (i) and in-
2 serting “10 years”,

3 (2) by striking “was issued” in clause (ii) and
4 inserting “is issued”,

5 (3) by redesignating clauses (i) (as so amend-
6 ed), (ii) (as so amended), and (iii) as subclauses (I),
7 (II), and (III), respectively, and by moving such sub-
8 clauses 2 ems to the right,

9 (4) by striking “LIMITATIONS.—Subparagraph
10 (A) shall apply to only one refunding of the original
11 issue and” and inserting “LIMITATIONS.—

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

14 (5) by adding at the end the following new
15 clause:

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

19 “(I) made by a repayment of an-
20 other loan, or

21 “(II) financed by an issue treated
22 as a refunding issue under subpara-
23 graph (A).”.

24 (c) CONFORMING AMENDMENT.—The heading of
25 paragraph (6) of section 146(i) of the Internal Revenue

1 Code of 1986 is amended by striking “RESIDENTIAL
2 RENTAL PROJECT BONDS AS REFUNDING BONDS IRRE-
3 SPECTIVE OF OBLIGOR” and inserting “BONDS AS RE-
4 FUNDING BONDS”.

5 (d) EFFECTIVE DATES.—

6 (1) IN GENERAL.—The amendments made by
7 subsections (a) and (c) shall apply to refunding
8 issues described in section 146(i)(6)(A) of the Inter-
9 nal Revenue Code of 1986 issued on or after the
10 date of the enactment of this Act.

11 (2) REMOVAL OF ONE-REFUNDING LIMIT.—The
12 amendments made by subsection (b) shall apply to
13 repayments of loans received after July 30, 2008.

14 **TITLE VII—AFFORDABLE**
15 **HOUSING TAX CREDIT**

16 **SEC. 701. AFFORDABLE HOUSING TAX CREDIT.**

17 (a) IN GENERAL.—The heading of section 42 of the
18 Internal Revenue Code of 1986 is amended by striking
19 “**LOW-INCOME**” and inserting “**AFFORDABLE**”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Subsection (a) of section 42 of the Internal
22 Revenue Code of 1986 is amended by striking “low-
23 income” and inserting “affordable”.

1 (2) Paragraph (5) of section 38(b) of such Code
2 is amended by striking “low-income” and inserting
3 “affordable”.

4 (3) The heading of subparagraph (D) of section
5 469(i)(3) of such Code is amended by striking
6 “LOW-INCOME” and inserting “AFFORDABLE”.

7 (4) The heading of subparagraph (B) of section
8 469(i)(6) of such Code is amended by striking
9 “LOW-INCOME” and inserting “AFFORDABLE”.

10 (5) Paragraph (7) of section 772(a) of such
11 Code is amended by striking “low-income” and in-
12 serting “affordable”.

13 (6) Paragraph (5) of section 772(d) of such
14 Code is amended by striking “low-income” and in-
15 serting “affordable”.

16 (c) CLERICAL AMENDMENT.—The item relating to
17 section 42 in the table of sections for subpart D of part
18 IV of subchapter A of chapter 1 of the Internal Revenue
19 Code of 1986 is amended to read as follows:

“Sec. 42. Affordable housing credit.”.

20 **TITLE VIII—DATA AND**
21 **TRANSPARENCY**

22 **SEC. 801. SENSE OF CONGRESS.**

23 (a) TRANSPARENCY.—It is the sense of Congress that
24 in addition to expanding and strengthening the affordable
25 housing credit through the provisions in the Affordable

1 Housing Credit Improvement Act of 2025, subsequent
2 steps should also be taken to share data and identify other
3 ways to increase the transparency of the program, and the
4 House of Representatives and the Senate should work to-
5 gether with Federal agencies to identify data sources that
6 can be shared.

7 (b) DISCRIMINATORY LAND USE POLICIES.—It is the
8 Sense of Congress that action should be taken to discour-
9 age the use of discriminatory land use policies and remove
10 barriers to making housing more affordable to further the
11 original intent of the affordable housing credit program.
12 The House and Senate should work together to develop
13 incentives within the affordable housing credit program to
14 encourage states and localities to remove or reform bur-
15 densome land use and zoning regulations and facilitate the
16 adoption or continuation of inclusive land use and zoning
17 policies to increase housing supply and affordability.