

Affordable and Homeless Housing Incentives Act

Across the country, too many of our constituents are struggling to find a place to live because of severe shortages in affordable housing. In competitive real estate markets, nonprofits and government agencies who build and operate affordable and homeless housing often face difficulties acquiring new properties to develop—even when they have funding available to do so. That's why I am introducing the *Affordable and Homeless Housing Incentives Act* to incentivize property owners who sell to eligible housing operators, thereby increasing the stock of affordable housing.

Mechanism

This bill applies the existing § 1033 exchange framework to property sold to affordable housing operators—the same tax treatment used when property is seized or condemned by the government. This would provide property owners who sell to an eligible affordable housing operator an option to avoid capital gains tax liability as long as they use the proceeds to purchase a replacement property within three years. This incentive will help tilt the scale in favor of affordable housing operators as they seek to acquire new property, particularly in competitive real estate markets.

Requirements

Property sales receiving the benefits provided by this section must have a deed restriction or other legal agreement that mandates it be used for at least 30 years as either housing affordable to low-income families or a shelter eligible for assistance under the McKinney-Vento Homeless Assistance Act.

Eligibility

Sales to four types of qualified housing operators are covered, including:

1. **State and local government entities**, including public housing authorities.
2. **Tribally-designated housing entities** (i.e. nonprofits authorized to receive federal funding under the Native American Housing Assistance and Self-Determination Act of 1996).
3. **Community housing development organizations** (CHDOs, i.e. nonprofits designated by a participating jurisdiction to receive HOME Investment Partnership funds).
4. **Low-income housing nonprofits** that have a proven record of receiving federal, state, or local grant funds or low-income housing tax credit allocations to develop or operate affordable housing.

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