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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to allow for nonrecognition
of gain on real property sold for use as affordable housing.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To amend the Internal Revenue Code of 1986 to allow for
nonrecognition of gain on real property sold for use
as affordable 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.**

4 This Act may be cited as the “Affordable and Home-
5 less Housing Incentives Act of 2020”.

1 **SEC. 2. NONRECOGNITION OF GAIN ON PROPERTY SOLD**
2 **FOR USE AS AFFORDABLE HOUSING.**

3 (a) IN GENERAL.—Section 1033 of the Internal Rev-
4 enue Code of 1986 is amended by redesignating subsection
5 (k) as subsection (l) and by inserting after subsection (j)
6 the following new subsection:

7 “(k) SALES FOR USE AS AFFORDABLE HOUSING.—

8 “(1) IN GENERAL.—For purposes of this sub-
9 title, if real property is sold or otherwise transferred
10 to a qualified housing operator for use or develop-
11 ment by such operator as affordable housing and
12 such property meets the requirements of paragraph
13 (3), such sale or transfer shall be treated as an in-
14 voluntary conversion to which this section applies.

15 “(2) QUALIFIED HOUSING OPERATOR.—For
16 purposes of this section, the term ‘qualified housing
17 operator’ means any of the following:

18 “(A) A State or local government, or any
19 political subdivision or instrumentality thereof.

20 “(B) A tribally designated housing entity
21 (as such term is defined in section 4 of the Na-
22 tive American Housing Assistance and Self-De-
23 termination Act of 1996).

24 “(C) A community housing development
25 organization (as such term is defined in section

1 104 of the Cranston-Gonzalez National Afford-
2 able Housing Act).

3 “(D) An organization—

4 “(i) described in section 501(e) and
5 exempt from taxation under section
6 501(a),

7 “(ii) the purpose of which includes
8 providing affordable housing, and

9 “(iii) which—

10 “(I) has received Federal, State,
11 or local grant funds to develop or op-
12 erate affordable housing, or

13 “(II) is described in section
14 42(h)(5)(B) with respect to a quali-
15 fied low-income housing project that is
16 allocated housing credit dollar
17 amounts under section 42.

18 “(3) AFFORDABLE HOUSING REQUIREMENT.—

19 The requirements of this paragraph are met with re-
20 spect to property if such property has, as of the date
21 of the sale or transfer referred to in paragraph (1),
22 a legal restriction or agreement sufficient to obligate
23 any owner to make (at all times during the 30-year
24 period beginning on such date) such property ei-
25 ther—

1 “(A) residential rental property (within the
2 meaning of section 168) not less than 75 per-
3 cent of the units of which are affordable to low-
4 income families and either occupied by or avail-
5 able for use by low-income residents, or

6 “(B) a shelter eligible for assistance under
7 title IV of the McKinney-Vento Homeless As-
8 sistance Act.

9 “(4) SPECIAL RULE WITH RESPECT TO PERIOD
10 WITHIN WHICH PROPERTY MUST BE REPLACED.—In
11 the case of a sale or transfer described in paragraph
12 (1), subsection (a)(2)(B)(i) shall be applied by sub-
13 stituting ‘3 years’ for ‘2 years’.

14 “(5) SPECIAL RULE FOR REAL PROPERTY HELD
15 FOR PRODUCTIVE USE IN TRADE OR BUSINESS.—
16 For purposes of subsection (a), if the real property
17 described in paragraph (1) is held for productive use
18 in a trade or business or for investment, property of
19 a like kind to be held either for productive use in a
20 trade or business or for investment shall be treated
21 as property similar or related in service or use to the
22 property so described.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to sales and transfers after the
25 date of the enactment of this Act.