

117TH CONGRESS
2D SESSION

H. R. 9246

To amend the Internal Revenue Code of 1986 to disallow the deduction of certain expenses relating to ownership of single-family homes by specified large investors, to impose an excise tax on the sale of such homes by such investors, to establish the neighborhood homes tax credit, and to prohibit Federal mortgage assistance relating to certain large investors.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 28, 2022

Mr. KHANNA (for himself, Ms. PORTER, and Mr. TAKANO) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to disallow the deduction of certain expenses relating to ownership of single-family homes by specified large investors, to impose an excise tax on the sale of such homes by such investors, to establish the neighborhood homes tax credit, and to prohibit Federal mortgage assistance relating to certain large investors.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Stop Wall Street Land-
3 lords Act of 2022”.

4 **SEC. 2. DISALLOWANCE OF DEDUCTION OF CERTAIN EX-**
5 **PENSES RELATED TO SINGLE-FAMILY HOMES**
6 **HELD BY SPECIFIED LARGE INVESTORS.**

7 (a) IN GENERAL.—Part IX of subchapter B of Chap-
8 ter 1 of subtitle A of the Internal Revenue Code of 1986
9 is amended by adding at the end the following new section:

10 **“SEC. 280I. CERTAIN EXPENSES RELATED TO SINGLE-FAM-**
11 **ILY HOMES HELD BY SPECIFIED LARGE IN-**
12 **VESTORS.**

13 “(a) IN GENERAL.—In the case of a specified large
14 investor, no deduction shall be allowed under this chapter
15 for the following expenses relating to the ownership of a
16 single-family home:

17 “(1) Amounts paid or incurred for the interest
18 on a mortgage relating to such single-family home or
19 to insure such single-family home.

20 “(2) Depreciation of such single-family home.

21 “(b) SPECIFIED LARGE INVESTOR.—For purposes of
22 this section—

23 “(1) IN GENERAL.—The term ‘specified large
24 investor’ means any person for any taxable year if
25 the aggregate fair market value of all assets of such
26 person (reduced by the aggregate debts of the tax-

1 payer) exceeds \$100,000,000 at any time during
2 such taxable year.

3 “(2) TREATMENT OF CONTROLLED GROUPS.—

4 For purposes of this subsection—

5 “(A) IN GENERAL.—All persons which are
6 part of a controlled group (within the meaning
7 of section 1563(a) applied by substituting ‘more
8 than 50 percent’ for ‘at least 80 percent’ each
9 place it appears) shall be treated as 1 person.

10 “(B) NONINCORPORATED PERSONS UNDER
11 COMMON CONTROL.—Under regulations or
12 other guidance provided by the Secretary, prin-
13 ciples similar to the principles of subparagraph
14 (A) shall apply to a group of persons under
15 common control where 1 or more of such per-
16 sons is not a corporation.

17 “(3) GOVERNMENT ENTITIES AND CERTAIN
18 TAX-EXEMPT ENTITIES.—Such term shall not in-
19 clude either of the following:

20 “(A) Any governmental entity.

21 “(B) Any organization which is described
22 in section 501(c)(3) and exempt from tax under
23 section 501(a).

24 “(c) SINGLE-FAMILY HOME.—

1 “(1) IN GENERAL.—For purposes of this sec-
2 tion, the term ‘single-family home’ means any real
3 property located in the United States if such prop-
4 erty includes at least 1 dwelling unit and not more
5 than 4 dwelling units.

6 “(2) EXCEPTION FOR FEDERALLY-ASSISTED
7 BUILDINGS.—For purposes of this section—

8 “(A) IN GENERAL.—Such term shall not
9 include any federally-assisted building.

10 “(B) FEDERALLY-ASSISTED BUILDING.—
11 The term ‘federally-assisted building’ means
12 any building—

13 “(C) which is substantially assisted, fi-
14 nanced, or operated under section 8 of the
15 United States Housing Act of 1937, section
16 221(d)(3), 221(d)(4), or 236 of the National
17 Housing Act, section 515 of the Housing Act of
18 1949, or any other housing program adminis-
19 tered by the Department of Housing and Urban
20 Development or by the Rural Housing Service
21 of the Department of Agriculture,

22 “(D) with respect to which a credit is al-
23 lowed to the taxpayer under section 42, or

1 “(E) for which financing is provided by a
2 qualified bond (within the meaning of section
3 141).

4 “(d) EXCEPTIONS.—

5 “(1) PRINCIPAL RESIDENCE.—In the case of a
6 specified large investor who is an individual, sub-
7 section (a) shall not apply to any single-family home
8 if such home is used as the principal residence of
9 such investor.

10 “(2) ORIGINAL CONSTRUCTION OR SUBSTAN-
11 TIAL REHABILITATION.—Subsection (a) shall not
12 apply with respect to a single-family home originally
13 constructed or substantially rehabilitated (as defined
14 in section 47(c)) by the taxpayer.”.

15 (b) CLERICAL AMENDMENT.—The table of sections
16 for part IX of subchapter B of chapter 1 of such Code
17 is amended by inserting after the item relating to section
18 280H the following new item:

 “Sec. 280I. Certain expenses related to single-family homes held by specified
 large investors.”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to amounts paid or incurred and
21 depreciation that occurs after the date that is 18 months
22 after the date of the enactment of this Act.

1 **SEC. 3. EXCISE TAX ON TRANSFERS OF SINGLE-FAMILY**
 2 **HOMES BY SPECIFIED LARGE INVESTORS.**

3 (a) IN GENERAL.—Subchapter C of chapter 36 of
 4 subtitle D of the Internal Revenue Code of 1986 is amend-
 5 ed to read as follows:

6 **“Subchapter C—Tax on Transfers of Single-**
 7 **family Homes by Specified Large Investors**

“Sec. 4471. Tax on transfers of single-family homes by specified large inves-
 tors.

8 **“SEC. 4471. TAX ON TRANSFERS OF SINGLE-FAMILY HOMES**
 9 **BY SPECIFIED LARGE INVESTORS.**

10 “(a) IN GENERAL.—There is hereby imposed a tax
 11 on the sale or transfer of a single-family home by a speci-
 12 fied large investor in an amount equal to the sale price
 13 of the single-family home.

14 “(b) SPECIFIED LARGE INVESTOR; SINGLE FAMILY
 15 HOME.—For purposes of this section, the terms ‘specified
 16 large investor’ and ‘single-family home’ shall have the re-
 17 spective meanings given such terms in section 280I.

18 “(c) SPECIAL RULES.—Rules similar to the rules of
 19 subsections (b)(2), (d)(1), and (d)(2) of 280I shall apply
 20 for purposes of this section.”.

21 (b) CLERICAL AMENDMENT.—The table of sub-
 22 chapters for chapter 36 of subtitle D of such Code is
 23 amended by adding after the item relating to subchapter
 24 B the following new item:

“Subchapter C. Tax on Transfers of Single-Family Homes by Specified Large Investors.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to sales and transfers occurring
3 after the date that is 18 months after the date of the en-
4 actment of this Act.

5 **SEC. 4. NEIGHBORHOOD HOMES CREDIT.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 is amended by inserting after section 42 the fol-
9 lowing new section:

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

11 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
12 tion 38, the neighborhood homes credit determined under
13 this section for the taxable year is, with respect to each
14 qualified residence sold by the taxpayer during such tax-
15 able year in an affordable sale, the lesser of—

16 “(1) the excess (if any) of—

17 “(A) the reasonable development costs paid
18 or incurred by the taxpayer with respect to such
19 qualified residence, over

20 “(B) the sale price of such qualified resi-
21 dence (reduced by any reasonable expenses paid
22 or incurred by the taxpayer in connection with
23 such sale), or

24 “(2) 35 percent of the lesser of—

1 “(A) the eligible development costs paid or
2 incurred by the taxpayer with respect to such
3 qualified residence, or

4 “(B) 80 percent of the national median
5 sale price for new homes (as determined pursu-
6 ant to the most recent census data available as
7 of the date on which the neighborhood homes
8 credit agency makes an allocation for the quali-
9 fied project).

10 “(b) DEVELOPMENT COSTS.—For purposes of this
11 section—

12 “(1) REASONABLE DEVELOPMENT COSTS.—

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

1 “(B) CONSIDERATIONS IN MAKING DETER-
2 MINATION.—In making the determination under
3 subparagraph (A), the neighborhood homes
4 credit agency shall consider—

5 “(i) the sources and uses of funds and
6 the total financing,

7 “(ii) any proceeds or receipts gen-
8 erated or expected to be generated by rea-
9 son of tax benefits, and

10 “(iii) the reasonableness of the devel-
11 opmental costs and fees.

12 “(2) ELIGIBLE DEVELOPMENT COSTS.—The
13 term ‘eligible development costs’ means the amount
14 which would be reasonable development costs if the
15 amounts taken into account as paid or incurred for
16 the acquisition of buildings and land did not exceed
17 75 percent of such costs determined without regard
18 to any amount paid or incurred for the acquisition
19 of buildings and land.

20 “(3) SUBSTANTIAL REHABILITATION.—The
21 term ‘substantial rehabilitation’ means amounts paid
22 or incurred for rehabilitation of a qualified residence
23 if such amounts exceed the greater of—

24 “(A) \$20,000, or

1 “(B) 20 percent of the amounts paid or in-
2 curred by the taxpayer for the acquisition of
3 buildings and land with respect to such quali-
4 fied residence.

5 “(4) CONSTRUCTION AND REHABILITATION
6 ONLY AFTER ALLOCATION TAKEN INTO ACCOUNT.—

7 “(A) IN GENERAL.—The terms ‘reasonable
8 development costs’ and ‘eligible development
9 costs’ shall not include any amount paid or in-
10 curred before the date on which an allocation is
11 made to the taxpayer under subsection (e) with
12 respect to the qualified project of which the
13 qualified residence is part unless such amount
14 is paid or incurred for the acquisition of build-
15 ings or land.

16 “(B) LAND AND BUILDING ACQUISITION
17 COSTS.—Amounts paid or incurred for the ac-
18 quisition of buildings or land shall be included
19 under paragraph (A) only if paid or incurred
20 not more than 3 years before the date on which
21 the allocation referred to in subparagraph (A)
22 is made. If the taxpayer acquired any building
23 or land from an entity (or any related party to
24 such entity) that holds an ownership interest in
25 the taxpayer, then such entity must also have

1 acquired such property within such 3-year pe-
2 riod, and the acquisition cost included under
3 subparagraph (A) with respect to the taxpayer
4 shall not exceed the amount such entity paid or
5 incurred to acquire such property.

6 “(c) QUALIFIED RESIDENCE.—For purposes of this
7 section—

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

10 “(A) is real property affixed on a perma-
11 nent foundation,

12 “(B) is—

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

15 “(ii) a condominium unit, or

16 “(iii) a house or an apartment owned
17 by a cooperative housing corporation (as
18 defined in section 216(b)),

19 “(C) is part of a qualified project with re-
20 spect to the neighborhood homes credit agency
21 has made an allocation under subsection (e),
22 and

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

25 “(2) QUALIFIED CENSUS TRACT.—

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

3 “(i) which—

4 “(I) has a median family income
5 which does not exceed 80 percent of
6 the median family income for the ap-
7 plicable area,

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

11 “(III) has a median value for
12 owner-occupied homes that does not
13 exceed the median value for owner-oc-
14 cupied homes in the applicable area,

15 “(ii) which—

16 “(I) is located in a city which has
17 a population of not less than 50,000
18 and such city has a poverty rate that
19 is not less than 150 percent of the
20 poverty rate of the applicable area,

21 “(II) has a median family income
22 which does not exceed the median
23 family income for the applicable area,
24 and

1 “(III) has a median value for
2 owner-occupied homes that does not
3 exceed 80 percent of the median value
4 for owner-occupied homes in the ap-
5 plicable area,

6 “(iii) which—

7 “(I) is located in a nonmetropoli-
8 tan county,

9 “(II) has a median family income
10 which does not exceed the median
11 family income for the applicable area,
12 and

13 “(III) has been designated by a
14 neighborhood homes credit agency
15 under this clause, or

16 “(iv) which is not otherwise a quali-
17 fied census tract and is located in a dis-
18 aster area (as defined in section
19 7508A(d)(3)), but only with respect to
20 credits allocated in any period during
21 which the President of the United States
22 has determined that such area warrants in-
23 dividual or individual and public assistance
24 by the Federal Government under the Rob-

1 ert T. Stafford Disaster Relief and Emer-
2 gency Assistance Act.

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

5 “(i) in the case of a metropolitan cen-
6 sus tract, the metropolitan area in which
7 such census tract is located, and

8 “(ii) in the case of a census tract
9 other than a census tract described in
10 clause (i), the State.

11 “(d) AFFORDABLE SALE.—For purposes of this sec-
12 tion—

13 “(1) IN GENERAL.—The term ‘affordable sale’
14 means a sale to a qualified homeowner of a qualified
15 residence that the neighborhood homes credit agency
16 certifies as meeting the standards promulgated
17 under subsection (f)(1)(D) for a price that does not
18 exceed—

19 “(A) in the case of any qualified residence
20 not described in subparagraph (B), (C), or (D),
21 the amount equal to the product of 4 multiplied
22 by the median family income for the applicable
23 area (as determined pursuant to the most re-
24 cent census data available as of the date of the
25 contract for such sale),

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

4 “(C) in the case of a house comprised of
5 3 residential units, 150 percent of the amount
6 described in subparagraph (A), or

7 “(D) in the case of a house comprised of
8 4 residential units, 175 percent of the amount
9 described in subparagraph (A).

10 “(2) QUALIFIED HOMEOWNER.—The term
11 ‘qualified homeowner’ means, with respect to a
12 qualified residence, an individual—

13 “(A) who owns and uses such qualified res-
14 idence as the principal residence of such indi-
15 vidual, and

16 “(B) whose family income (determined as
17 of the date that a binding contract for the af-
18 fordable sale of such residence is entered into)
19 is 140 percent or less of the median family in-
20 come for the applicable area in which the quali-
21 fied residence is located.

22 “(e) CREDIT CEILING AND ALLOCATIONS.—

23 “(1) CREDIT LIMITED BASED ON ALLOCATIONS
24 TO QUALIFIED PROJECTS.—

1 “(A) IN GENERAL.—The credit allowed
2 under subsection (a) to any taxpayer for any
3 taxable year with respect to one or more quali-
4 fied residences which are part of the same
5 qualified project shall not exceed the excess (if
6 any) of—

7 “(i) the amount allocated by the
8 neighborhood homes credit agency under
9 this paragraph to such taxpayer with re-
10 spect to such qualified project, over

11 “(ii) the aggregate amount of credit
12 allowed under subsection (a) to such tax-
13 payer with respect to qualified residences
14 which are a part of such qualified project
15 for all prior taxable years.

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

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

3 “(A) ALLOCATIONS LIMITED BY STATE
4 NEIGHBORHOOD HOMES CREDIT CEILING.—The
5 aggregate amount allocated to taxpayers with
6 respect to qualified projects by the neighbor-
7 hood homes credit agency of any State for any
8 calendar year shall not exceed the State neigh-
9 borhood homes credit amount of such State for
10 such calendar year.

11 “(B) SET-ASIDE FOR CERTAIN PROJECTS
12 INVOLVING QUALIFIED NONPROFIT ORGANIZA-
13 TIONS.—Rules similar to the rules of section
14 42(h)(5) shall apply for purposes of this sec-
15 tion.

16 “(3) DETERMINATION OF STATE NEIGHBOR-
17 HOOD HOMES CREDIT CEILING.—

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

21 “(i) the greater of—

22 “(I) the product of \$3 (\$6 in the
23 case of calendar year 2025), multi-
24 plied by the State population (deter-

1 mined in accordance with section
2 146(j)), or

3 “(II) \$4,000,000 (\$8,000,000 in
4 the case of calendar year 2025), and

5 “(ii) any amount previously allocated
6 to any taxpayer with respect to any quali-
7 fied project by the neighborhood homes
8 credit agency of such State which can no
9 longer be allocated to any qualified resi-
10 dence because the 5-year period described
11 in paragraph (1)(B) expires during cal-
12 endar year.

13 “(B) TERMINATION OF ADDITIONAL
14 AMOUNTS.—The amount determined under sub-
15 paragraph (A)(i) shall be zero with respect to
16 any calendar year beginning after December 31,
17 2025.

18 “(C) 3-YEAR CARRYFORWARD OF UNUSED
19 LIMITATION.—The State neighborhood homes
20 credit amount for a State for a calendar year
21 shall be increased by the excess (if any) of the
22 State neighborhood homes credit amount for
23 such State for the preceding calendar year over
24 the aggregate amount allocated by the neigh-
25 borhood homes credit agency of such State dur-

1 ing such preceding calendar year. Any amount
2 carried forward under the preceding sentence
3 shall not be carried past the third calendar year
4 after the calendar year in which such credit
5 amount originally arose, determined on a first-
6 in, first-out basis.

7 “(f) RESPONSIBILITIES OF NEIGHBORHOOD HOMES
8 CREDIT AGENCIES.—

9 “(1) IN GENERAL.—Notwithstanding subsection
10 (e), the State neighborhood homes credit dollar
11 amount shall be zero for a calendar year unless the
12 neighborhood homes credit agency of the State—

13 “(A) allocates such amount pursuant to a
14 qualified allocation plan of the neighborhood
15 homes credit agency,

16 “(B) allocates not more than 20 percent of
17 amounts allocated in the previous year (or for
18 allocations made in 2022, not more than 20
19 percent of the neighborhood homes credit ceil-
20 ing for such year) to projects with respect to
21 qualified residences which—

22 “(i) are located in census tracts de-
23 scribed in subsection (c)(2)(A)(iii),
24 (c)(2)(A)(iv), (i)(5), or

1 “(ii) are not located in a qualified
2 census tract but meet the requirements of
3 (i)(8),

4 “(C) promulgates standards with respect
5 to reasonable qualified development costs and
6 fees,

7 “(D) promulgates standards with respect
8 to construction quality,

9 “(E) in the case of any neighborhood
10 homes credit agency which makes an allocation
11 to a qualified project which includes any quali-
12 fied residence to which subsection (i) applies,
13 promulgates standards with respect to pro-
14 tecting the owners of such residences, including
15 the capacity of such owners to pay rehabilita-
16 tion costs not covered by the credit provided by
17 this section and providing for the disclosure to
18 such owners of their rights and responsibilities
19 with respect to the rehabilitation of such resi-
20 dences, and

21 “(F) submits to the Secretary (at such
22 time and in such manner as the Secretary may
23 prescribe) an annual report specifying—

1 “(i) the amount of the neighborhood
2 homes credits allocated to each qualified
3 project for the previous year,

4 “(ii) with respect to each qualified
5 residence completed in the preceding cal-
6 endar year—

7 “(I) the census tract in which
8 such qualified residence is located,

9 “(II) with respect to the qualified
10 project that includes such qualified
11 residence, the year in which such
12 project received an allocation under
13 this section,

14 “(III) whether such qualified res-
15 idence was new, substantially rehabili-
16 tated and sold to a qualified home-
17 owner, or substantially rehabilitated
18 pursuant to subsection (i),

19 “(IV) the eligible development
20 costs of such qualified residence,

21 “(V) the amount of the neighbor-
22 hood homes credit with respect to
23 such qualified residence,

24 “(VI) the sales price of such
25 qualified residence, if applicable, and

1 “(VII) the family income of the
2 qualified homeowner (expressed as a
3 percentage of the applicable area me-
4 dian family income for the location of
5 the qualified residence), and

6 “(iii) such other information as the
7 Secretary may require.

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

11 “(A) sets forth the selection criteria to be
12 used to prioritize qualified projects for alloca-
13 tions of State neighborhood homes credit dollar
14 amounts, including—

15 “(i) the need for new or substantially
16 rehabilitated owner-occupied homes in the
17 area addressed by the project,

18 “(ii) the expected contribution of the
19 project to neighborhood stability and revi-
20 talization, including the impact on neigh-
21 borhood residents,

22 “(iii) the capability and prior perform-
23 ance of the project sponsor, and

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

1 “(B) has been made available for public
2 comment, and

3 “(C) provides a procedure that the neigh-
4 borhood homes credit agency (or any agent or
5 contractor of such agency) shall follow for pur-
6 poses of—

7 “(i) identifying noncompliance with
8 any provisions of this section, and

9 “(ii) notifying the Internal Revenue
10 Service of any such noncompliance of
11 which the agency becomes aware.

12 “(g) REPAYMENT.—

13 “(1) IN GENERAL.—

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

22 “(B) USE OF REPAYMENTS.—A neighbor-
23 hood homes credit agency shall use any amount
24 received pursuant to subparagraph (A) only for
25 purposes of qualified projects.

1 “(2) REPAYMENT AMOUNT.—For purposes of
2 paragraph (1)(A), the repayment amount is an
3 amount equal to 50 percent of the gain from the
4 sale to which the repayment relates, reduced by 20
5 percent for each year of the 5-year period referred
6 to in paragraph (1)(A) which ends before the date
7 of such sale.

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

15 “(4) DENIAL OF DEDUCTIONS IF CONVERTED
16 TO RENTAL HOUSING.—If, during the 5-year period
17 described in paragraph (1), an individual who owns
18 a qualified residence fails to use such qualified resi-
19 dence as such individual’s principal residence for any
20 period of time, no deduction shall be allowed for ex-
21 penses paid or incurred by such individual with re-
22 spect to renting, during such period of time, such
23 qualified residence.

24 “(5) WAIVER.—The neighborhood homes credit
25 agency may waive the repayment required under

1 paragraph (1)(A) in the case of homeowner experi-
2 encing a hardship.

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

4 For purposes of this section—

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

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

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

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

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

22 “(A) DETERMINATION OF DEVELOPMENT
23 COSTS.—In the case of a qualified residence de-
24 scribed in clause (ii) or (iii) of subsection
25 (c)(1)(A), the reasonable development costs and

1 eligible development costs of such qualified resi-
2 dence shall be an amount equal to such costs,
3 respectively, of the entire condominium or coop-
4 erative housing property in which such qualified
5 residence is located, multiplied by a fraction—

6 “(i) the numerator of which is the
7 total floor space of such qualified resi-
8 dence, and

9 “(ii) the denominator of which is the
10 total floor space of all residences within
11 such property.

12 “(B) TENANT-STOCKHOLDERS OF COOPER-
13 ATIVE HOUSING CORPORATIONS TREATED AS
14 OWNERS.—In the case of a cooperative housing
15 corporation (as such term is defined in section
16 216(b)), a tenant-stockholder shall be treated
17 as owning the house or apartment which such
18 person is entitled to occupy.

19 “(6) RELATED PARTY SALES NOT TREATED AS
20 AFFORDABLE SALES.—

21 “(A) IN GENERAL.—A sale between related
22 persons shall not be treated as an affordable
23 sale.

24 “(B) RELATED PERSONS.—For purposes
25 of this paragraph, a person (in this subpara-

1 graph referred to as the ‘related person’) is re-
2 lated to any person if the related person bears
3 a relationship to such person specified in sec-
4 tion 267(b) or 707(b)(1), or the related person
5 and such person are engaged in trades or busi-
6 nesses under common control (within the mean-
7 ing of subsections (a) and (b) of section 52).
8 For purposes of the preceding sentence, in ap-
9 plying section 267(b) or 707(b)(1), ‘10 percent’
10 shall be substituted for ‘50 percent’.

11 “(7) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of a cal-
13 endar year after 2022, the dollar amounts in
14 subsections (b)(3)(A), (e)(3)(A)(i)(I),
15 (e)(3)(A)(i)(II), and (i)(2)(C) shall each be in-
16 creased by an amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the cost-of-living adjustment de-
19 termined under section 1(f)(3) for such
20 calendar year by substituting ‘calendar
21 year 2021’ for ‘calendar year 2016’ in sub-
22 paragraph (A)(ii) thereof.

23 “(B) ROUNDING.—

24 “(i) In the case of the dollar amounts
25 in subsection (b)(3)(A) and (i)(2)(C), any

1 increase under paragraph (1) which is not
2 a multiple of \$1,000 shall be rounded to
3 the nearest multiple of \$1,000.

4 “(ii) In the case of the dollar amount
5 in subsection (e)(3)(A)(i)(I), any increase
6 under paragraph (1) which is not a mul-
7 tiple of \$0.01 shall be rounded to the near-
8 est multiple of \$0.01.

9 “(iii) In the case of the dollar amount
10 in subsection (e)(3)(A)(i)(II), any increase
11 under paragraph (1) which is not a mul-
12 tiple of \$100,000 shall be rounded to the
13 nearest multiple of \$100,000.

14 “(8) REPORT.—

15 “(A) IN GENERAL.—The Secretary shall
16 annually issue a report, to be made available to
17 the public, which contains the information sub-
18 mitted pursuant to subsection (f)(1)(F).

19 “(B) DE-IDENTIFICATION.—The Secretary
20 shall ensure that any information made public
21 pursuant to paragraph (1) excludes any infor-
22 mation that would allow for the identification of
23 qualified homeowners.

24 “(9) LIST OF QUALIFIED CENSUS TRACTS.—

25 The Secretary of Housing and Urban Development

1 shall, for each year, make publicly available a list of
2 qualified census tracts under—

3 “(A) on a combined basis, clauses (i) and
4 (ii) of subsection (c)(2)(A),

5 “(B) clause (iii) of such subsection, and

6 “(C) subsection (i)(5)(A).

7 “(i) APPLICATION OF CREDIT WITH RESPECT TO
8 OWNER-OCCUPIED REHABILITATIONS.—

9 “(1) IN GENERAL.—In the case of a qualified
10 rehabilitation by the taxpayer of any qualified resi-
11 dence which is owned (as of the date that the writ-
12 ten binding contract referred to in paragraph (3) is
13 entered into) by a specified homeowner, the rules of
14 paragraphs (2) through (7) shall apply.

15 “(2) ALTERNATIVE CREDIT DETERMINATION.—
16 In the case of any qualified residence described in
17 paragraph (1), the neighborhood homes credit deter-
18 mined under subsection (a) with respect to such resi-
19 dence shall (in lieu of any credit otherwise deter-
20 mined under subsection (a) with respect to such resi-
21 dence) be allowed in the taxable year during which
22 the qualified rehabilitation is completed (as deter-
23 mined by the neighborhood homes credit agency)
24 and shall be equal to the least of—

25 “(A) the excess (if any) of—

1 “(i) the amounts paid or incurred by
2 the taxpayer for the qualified rehabilitation
3 of the qualified residence to the extent that
4 such amounts are certified by the neigh-
5 borhood homes credit agency (at the time
6 of the completion of such rehabilitation) as
7 meeting the standards specified pursuant
8 to subsection (f)(1)(C), over

9 “(ii) any amounts paid to such tax-
10 payer for such rehabilitation,

11 “(B) 50 percent of the amounts described
12 in subparagraph (A)(i), or

13 “(C) \$50,000.

14 “(3) QUALIFIED REHABILITATION.—

15 “(A) IN GENERAL.—For purposes of this
16 subsection, the term ‘qualified rehabilitation’
17 means a rehabilitation or reconstruction per-
18 formed pursuant to a written binding contract
19 between the taxpayer and the qualified home-
20 owner if the amount paid or incurred by the
21 taxpayer in the performance of such rehabilita-
22 tion or reconstruction exceeds the dollar
23 amount in effect under subsection (b)(3)(A).

24 “(B) APPLICATION OF LIMITATION TO EX-
25 PENSES PAID OR INCURRED AFTER ALLOCA-

1 TION.—A rule similar to the rule of section
2 (b)(4) shall apply for purposes of this sub-
3 section.

4 “(4) SPECIFIED HOMEOWNER.—For purposes
5 of this subsection, the term ‘qualified homeowner’
6 means, with respect to a qualified residence, an indi-
7 vidual—

8 “(A) who owns and uses such qualified res-
9 idence as the principal residence of such indi-
10 vidual as of the date that the written binding
11 contract referred to in paragraph (3) is entered
12 into, and

13 “(B) whose family income (determined as
14 of such date) does not exceed the median family
15 income for the applicable area (with respect to
16 the census tract in which the qualified residence
17 is located).

18 “(5) ADDITIONAL CENSUS TRACTS IN WHICH
19 OWNER-OCCUPIED RESIDENCES MAY BE LOCATED.—
20 In the case of any qualified residence described in
21 paragraph (1), the term ‘qualified census tract’ in-
22 cludes any census tract which—

23 “(A) meets the requirements of subsection
24 (c)(2)(A)(i) without regard to subclause (III)
25 thereof, and

1 “(B) is designated by the neighborhood
2 homes credit agency for purposes of this para-
3 graph.

4 “(6) MODIFICATION OF REPAYMENT REQUIRE-
5 MENT.—In the case of any qualified residence de-
6 scribed in paragraph (1), subsection (g) shall be ap-
7 plied by beginning the 5-year period otherwise de-
8 scribed therein on the date on which the qualified
9 owner acquired the residence.

10 “(7) RELATED PARTIES.—Paragraph (1) shall
11 not apply if the taxpayer is the owner of the quali-
12 fied residence described in paragraph (1) or is re-
13 lated (within the meaning of subsection (h)(6)(B))
14 to such owner.

15 “(8) PYRRHOTITE REMEDIATION.—The require-
16 ment of subsection (c)(1)(C) shall not apply to a
17 qualified rehabilitation under this subsection of a
18 qualified residence that is documented by an engi-
19 neer’s report and core testing to have a foundation
20 that is adversely impacted by pyrrhotite or other
21 iron sulfide minerals.

22 “(j) REGULATIONS.—The Secretary shall prescribe
23 such regulations as may be necessary or appropriate to
24 carry out the purposes of this section, including regula-

1 tions that prevent avoidance of the rules, and abuse of
2 the purposes, of this section.”.

3 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
4 NESS CREDIT.—Section 38(b) is amended by striking
5 “plus” at the end of paragraph (39), by striking the period
6 at the end of paragraph (40) and inserting “, plus”, and
7 by adding at the end the following new paragraph:

8 “(41) the neighborhood homes credit deter-
9 mined under section 42A(a),”.

10 (c) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
11 IMUM TAX.—Section 38(c)(4)(B), as amended by the pre-
12 ceding provisions of this Act, is amended by redesignating
13 clauses (iv) through (xiii) as clauses (v) through (xiv), re-
14 spectively, and by inserting after clause (iii) the following
15 new clause:

16 “(iv) the credit determined under sec-
17 tion 42A,”.

18 (d) CONFORMING AMENDMENTS.—

19 (1) Subsections (i)(3)(C), (i)(6)(B)(i), and
20 (k)(1) of section 469 are each amended by inserting
21 “or 42A” after “section 42”.

22 (2) The table of sections for subpart D of part
23 IV of subchapter A of chapter 1 is amended by in-
24 serting after the item relating to section 42 the fol-
25 lowing new item:

“Sec. 42A. Neighborhood homes credit.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

4 **SEC. 5. PROHIBITIONS ON FEDERAL MORTGAGE ASSIST-**
5 **ANCE.**

6 (a) FANNIE MAE AND FREDDIE MAC.—Subpart A of
7 part 2 of subtitle A of title XIII of the Housing and Com-
8 munity Development Act of 1992 (12 U.S.C. 4541 et seq.)
9 is amended by adding at the end the following new section:
10 **“SEC. 1329. PROHIBITION RELATING TO SPECIFIED LARGE**
11 **INVESTORS.**

12 “The Director shall, by regulation, prohibit the enter-
13 prises from newly purchasing any mortgage on a single
14 family housing or any portion thereof (or any interest in
15 such a mortgage), and from newly lending on the security
16 of or securitizing any such mortgage under which the
17 mortgagee is a specified large investor (as such term is
18 defined in section 280I of the Internal Revenue Code of
19 1986).”.

20 (b) GINNIE MAE.—Section 302(c) of the National
21 Housing Act (12 U.S.C. 1717(c)) is amended by adding
22 at the end the following new paragraph:

23 “(6) The Association may not newly guarantee
24 the payment of principal of or interest on any trust
25 certificate or other security based or backed by a

1 trust or pool that contains, or purchase or acquire,
2 any mortgage under which the mortgagee is a speci-
3 fied large investor (as such term is defined in section
4 280I of the Internal Revenue Code of 1986).”.

○