

117TH CONGRESS
1ST SESSION

H. R. 4204

To amend the Internal Revenue Code of 1986 to modify the low-income housing credit basis limitation rules in the case of the acquisition of an existing building.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2021

Mr. NEGUSE introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify the low-income housing credit basis limitation rules in the case of the acquisition of an existing building.

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 Housing
5 Opportunities for Utilization, Sustainment, and Expan-
6 sion Act of 2021” or the “Affordable HOUSE Act of
7 2021”.

1 **SEC. 2. MODIFICATION OF PREVIOUS OWNERSHIP RULES;**
 2 **LIMITATION ON ACQUISITION BASIS.**

3 (a) LIMITATION ON ACQUISITION BASIS.—

4 (1) IN GENERAL.—Section 42(d)(2)(B)(ii) of
 5 the Internal Revenue Code of 1986 is amended by
 6 inserting “, or the taxpayer elects the application of
 7 subparagraph (C)(ii)” after “service”.

8 (2) LIMITATION.—Section 42(d)(2)(C) of such
 9 Code is amended—

10 (A) by striking “for purposes of subpara-
 11 graph (A), the adjusted basis” and inserting
 12 the following: “For purposes of subparagraph
 13 (A)—

14 “(i) IN GENERAL.—The adjusted
 15 basis”, and

16 (B) by adding at the end the following new
 17 clauses:

18 “(ii) BUILDINGS IN SERVICE WITHIN
 19 PREVIOUS 10 YEARS.—If the period be-
 20 tween the date of acquisition of the build-
 21 ing by the taxpayer and the date the build-
 22 ing was last placed in service is less than
 23 10 years, the taxpayer’s basis attributable
 24 to the acquisition of the building which is
 25 taken into account in determining the ad-
 26 justed basis shall not exceed the sum of—

1 “(I) the lowest amount paid for
2 acquisition of the building by any per-
3 son during the 10 years preceding the
4 date of the acquisition of the building
5 by the taxpayer, adjusted as provided
6 in clause (iii), and

7 “(II) the value of any capital im-
8 provements made by the person who
9 sells the building to the taxpayer
10 which are reflected in such seller’s
11 basis.

12 “(iii) ADJUSTMENT.—With respect to
13 a basis determination made in any taxable
14 year, the amount described in clause (ii)(I)
15 shall be increased by an amount equal to—

16 “(I) such amount, multiplied by

17 “(II) a cost-of-living adjustment,
18 determined in the same manner as
19 under section 1(f)(3) for the calendar
20 year in which the taxable year begins
21 by taking into account the acquisition
22 year in lieu of calendar year 2016 in
23 subparagraph (A)(ii) thereof.

24 For purposes of the preceding sentence,
25 the acquisition year is the calendar year in

1 which the lowest amount referenced in
2 clause (ii)(I) was paid for the acquisition
3 of the building.”.

4 (3) CONFORMING AMENDMENTS.—Section
5 42(d)(2)(D)(i) of such Code is amended—

6 (A) by striking “FOR SUBPARAGRAPH (B)”
7 in the heading, and

8 (B) by striking “subparagraph (B)” in the
9 matter preceding subclause (I) and inserting
10 “subparagraph (B)(ii) or (C)(ii)”.

11 (b) MODIFICATION OF PLACED IN SERVICE RULE.—
12 Section 42(d)(2)(B)(iii) of such Code is amended to read
13 as follows:

14 “(iii) the building was not owned by
15 the taxpayer or by any person related (as
16 of the date of acquisition by the taxpayer)
17 to the taxpayer at any time during the 5-
18 year period ending on the date of acqui-
19 sition by the taxpayer, and”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to buildings placed in service after
22 December 31, 2020.

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