

117TH CONGRESS
2D SESSION

H. R. 8401

To amend the Internal Revenue Code of 1986 to modify the low-income housing tax credit to incentivize affordable and transit-oriented development and development in certain difficult development areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 2022

Mr. KAHELE (for himself and Mr. CASE) 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 tax credit to incentivize affordable and transit-oriented development and development in certain difficult development areas, 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.**

4 This Act may be cited as the “Transit Oriented De-
5 velopment Act of 2022”.

1 **SEC. 2. LOW-INCOME HOUSING TAX CREDIT FOR TRANSIT-**
2 **ORIENTED DEVELOPMENT AREAS.**

3 (a) IN GENERAL.—Section 42(d)(5) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new subparagraph:

6 “(C) INCREASE IN CREDIT FOR BUILDINGS
7 IN TRANSIT-ORIENTED DEVELOPMENT
8 AREAS.—

9 “(i) IN GENERAL.—In the case of any
10 building located in a transit-oriented devel-
11 opment area which is designated for pur-
12 poses of this subparagraph—

13 “(I) in the case of a new build-
14 ing, the eligible basis of such building
15 shall be 180 percent of such basis de-
16 termined without regard to this sub-
17 paragraph, and

18 “(II) in the case of an existing
19 building, the rehabilitation expendi-
20 tures taken into account under sub-
21 section (e) shall be 180 percent of
22 such expenditures determined without
23 regard to this subparagraph.

24 “(ii) TRANSIT-ORIENTED DEVELOP-
25 MENT AREA.—For purposes of this sub-
26 paragraph, the term ‘transit-oriented de-

1 velopment area' means an area designated
2 by the Secretary of Housing and Urban
3 Development and State housing credit
4 agency as located in an area within 1/2 of
5 a mile from a rail, bus, harbor, or water-
6 way station and as zoned for high-density.

7 “(iii) LIMIT ON AREAS DES-
8 IGNATED.—The portions of metropolitan
9 statistical areas which may be designated
10 for purposes of this subparagraph shall not
11 exceed an aggregate area having 20 per-
12 cent of the population of such metropolitan
13 statistical areas. A comparable rule shall
14 apply to nonmetropolitan statistical areas.

15 “(iv) COORDINATION WITH HIGH COST
16 AREAS.—If the eligible basis of a new
17 building, or the rehabilitation expenditures
18 with respect to an existing building, are
19 determined pursuant to subparagraph (B),
20 such building shall not be treated as lo-
21 cated in a transit-oriented development
22 area for purposes of this subparagraph.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to buildings placed in service after
25 the date of the enactment of this Act.

1 **SEC. 3. LOW-INCOME HOUSING TAX CREDIT FOR DIFFICULT**
 2 **DEVELOPMENT AREAS IN NON-CONTIGUOUS**
 3 **STATES AND POSSESSIONS.**

4 (a) IN GENERAL.—Section 42(d)(5)(B) of the Inter-
 5 nal Revenue Code of 1986 is amended by adding at the
 6 end the following new clause:

7 “(vi) SPECIAL RULE FOR NON-CON-
 8 TIGUOUS STATES AND POSSESSIONS.—In
 9 the case of Hawaii, Alaska, and any pos-
 10 session of the United States, subclauses (I)
 11 and (II) of clause (i) shall each be applied
 12 by substituting ‘170 percent’ for ‘130 per-
 13 cent’.”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to buildings placed in service after
 16 the date of the enactment of this Act.

17 **SEC. 4. HUD STUDY REGARDING ADJUSTMENT OF TAX**
 18 **CREDIT ALLOCATIONS TO REFLECT GEO-**
 19 **GRAPHIC COST-OF-LIVING DIFFERENCES.**

20 The Secretary of Housing and Urban Development
 21 shall conduct a study to identify cost-of-living differences
 22 throughout the United States based on geographic loca-
 23 tion and proximity and accessibility to transit. Not later
 24 than the expiration of the 1-year period beginning on the
 25 date of the enactment of this Act, the Secretary shall sub-
 26 mit a report to the Congress setting forth the results and

1 conclusions of the study and recommending formulas for
2 the adjustment of annual allocations to the States of low-
3 income housing tax credits under section 42 of the Inter-
4 nal Revenue Code of 1986 (26 U.S.C. 42) to reflect such
5 cost-of -living differences.

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