

119TH CONGRESS
1ST SESSION

H. R. 2410

To amend the Internal Revenue Code of 1986 to provide an investment credit for converting non-residential buildings to affordable housing.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2025

Mr. CAREY (for himself, Mr. GOMEZ, Mr. LARSON of Connecticut, Mr. FITZPATRICK, Ms. SEWELL, Ms. TENNEY, Mr. BEYER, Mr. KUSTOFF, Ms. CHU, Mr. KELLY of Pennsylvania, Mr. PANETTA, Mrs. MILLER of West Virginia, Mr. DAVIS of Illinois, Mr. MOORE of Utah, Mr. EVANS of Pennsylvania, Ms. MALLIOTAKIS, Mr. SUOZZI, Mr. MORAN, Mr. BOYLE of Pennsylvania, Mr. LAHOOD, Ms. SÁNCHEZ, Mr. MILLER of Ohio, Ms. MOORE of Wisconsin, Mr. AMODEI of Nevada, Mr. SCHNEIDER, Mr. CISCOMANI, Mr. HORSFORD, and Ms. DELBENE) 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 provide an investment credit for converting non-residential buildings to 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 “Revitalizing Down-
5 towns and Main Streets Act”.

1 **SEC. 2. INVESTMENT CREDIT FOR CONVERSION OF NON-**
2 **RESIDENTIAL BUILDINGS TO AFFORDABLE**
3 **HOUSING.**

4 (a) IN GENERAL.—Subpart E of part IV of sub-
5 chapter A of chapter 1 of subtitle A of the Internal Rev-
6 enue Code of 1986 is amended by inserting after section
7 48E the following new section:

8 **“SEC. 48F. AFFORDABLE HOUSING CONVERSION CREDIT.**

9 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-
10 tion 46, the affordable housing conversion credit for any
11 taxable year is an amount equal to 20 percent of the quali-
12 fied conversion expenditures of the taxpayer with respect
13 to a qualified affordable housing building placed in service
14 by the taxpayer during the taxable year.

15 “(b) QUALIFIED CONVERSION EXPENDITURES.—For
16 purposes of this section—

17 “(1) IN GENERAL.—The term ‘qualified conver-
18 sion expenditures’ means, with respect to any quali-
19 fied affordable housing building, any amount prop-
20 erly chargeable to capital account—

21 “(A) for property for which depreciation is
22 allowable under section 168, and

23 “(B) in connection with the qualified con-
24 version of a qualified affordable housing build-
25 ing.

1 “(2) CERTAIN EXPENDITURES NOT IN-
2 CLUDED.—The term ‘qualified conversion expendi-
3 tures’ does not include—

4 “(A) LIMITATION ON PERIOD OF CONVER-
5 SION.—Except as provided in subsection (f),
6 any amount paid or incurred other than during
7 the 2-year period ending on the date on which
8 the taxpayer places the qualified affordable
9 housing building in service.

10 “(B) COST OF ACQUISITION.—The cost of
11 acquiring any building or interest therein.

12 “(3) SPECIAL RULE FOR BROWNFIELDS.—
13 Paragraph (1)(A) shall not apply with respect to any
14 expenditure for clean up of qualifying brownfield
15 property (as defined in section 512(b)(19)).

16 “(4) COORDINATION WITH REHABILITATION
17 CREDIT.—In the case of any qualified conversion ex-
18 penditures which are taken into account for pur-
19 poses of determining the rehabilitation credit under
20 section 47, the amount of such expenditures taken
21 into account under this section (determined without
22 regard to this paragraph) shall be reduced by 50
23 percent.

24 “(c) QUALIFIED CONVERSION.—For purposes of this
25 section—

1 “(1) IN GENERAL.—The term ‘qualified conver-
 2 sion’ means the conversion of an eligible commercial
 3 building into a qualified affordable housing building
 4 if the qualified conversion expenditures of the tax-
 5 payer with respect to such conversion exceed the
 6 greater of—

7 “(A) an amount equal to 50 percent of the
 8 adjusted basis of such building (determined im-
 9 mediately prior to such conversion), or

10 “(B) \$100,000.

11 “(2) ELIGIBLE COMMERCIAL BUILDING.—The
 12 term ‘eligible commercial building’ means any build-
 13 ing which, with respect to any conversion—

14 “(A) was originally placed in service not
 15 less than 20 years before the date on which
 16 such conversion begins, and

17 “(B) immediately prior to such conversion,
 18 was nonresidential real property (as defined in
 19 section 168).

20 “(d) QUALIFIED AFFORDABLE HOUSING BUILD-
 21 ING.—For purposes of this section—

22 “(1) IN GENERAL.—The term ‘qualified afford-
 23 able housing building’ means any residential building
 24 if during the 30-year period beginning on the date
 25 on which such building is placed in service by the

1 taxpayer, not less than 20 percent of the residential
2 units in the building are both rent-restricted and re-
3 served for individuals whose income is 80 percent or
4 less of the area median income.

5 “(2) RENT AND INCOME LIMITATION.—For
6 purposes of this subsection, rules similar to the rules
7 of subsection (g) of section 42 shall apply to deter-
8 mine whether a unit is rent-restricted, treatment of
9 units occupied by individuals whose incomes rise
10 above the limit, and the treatment of units where
11 Federal rental assistance is reduced as tenant’s in-
12 come increases.

13 “(e) LIMITATION ON AGGREGATE CREDIT ALLOW-
14 ABLE.—

15 “(1) CREDIT MAY NOT EXCEED CREDIT
16 AMOUNT ALLOCATED TO BUILDING.—

17 “(A) IN GENERAL.—The amount of the
18 credit determined under this section with re-
19 spect to any building shall not exceed the quali-
20 fied conversion credit dollar amount allocated to
21 such building under this subsection by the
22 housing credit agency of the State in which
23 such building is located.

24 “(B) TIME FOR MAKING ALLOCATION.—
25 Except in the case of an allocation which meets

the requirements of subparagraph (C), an allocation shall be taken into account under subparagraph (A) only if it is made not later than the close of the calendar year in which the building is placed in service.

“(C) EXCEPTION WHERE BINDING COMMITMENT.—An allocation meets the requirements of this subparagraph if there is a binding commitment (not later than the close of the calendar year in which the building is placed in service) by the housing credit agency to allocate a specified housing credit dollar amount to such building beginning in a later taxable year.

“(2) STATE LIMITATION.—

“(A) IN GENERAL.—The aggregate qualified conversion credit dollar amount which a housing credit agency of any State may allocate is the sum of—

“(i) the amount which bears the same ratio to the national qualified conversion credit limitation as—

“(I) the population of such State,

bears to

“(II) the population of all States,

plus

1 “(ii) the sum of any amounts deter-
 2 mined under subparagraph (C).

3 “(B) NATIONAL QUALIFIED CONVERSION
 4 CREDIT LIMITATION.—The national qualified
 5 conversion credit limitation is \$12,000,000,000.

6 “(C) ADDITIONAL AMOUNTS PROVIDED
 7 FOR CERTAIN BUILDINGS IN ECONOMICALLY
 8 DISTRESSED AREAS.—

9 “(i) IN GENERAL.—For purposes of
 10 subparagraph (A)(ii), in any case in
 11 which—

12 “(I) the housing credit agency of
 13 a State allocates an amount to a
 14 building which is located in an eco-
 15 nomically distressed area, and

16 “(II) the Secretary subsequently
 17 designates such amount for purposes
 18 of this paragraph,

19 the amount determined under this para-
 20 graph with respect to such building shall
 21 be the amount originally allocated by the
 22 housing credit agency of the State under
 23 clause (i).

24 “(ii) LIMITATION.—The aggregate
 25 amount which the Secretary may designate

under clause (i)(II) shall not exceed \$3,000,000,000.

“(iii) MANNER OF DESIGNATION.—
Not later than 120 days after the date of the enactment of this section, the Secretary shall establish a program for determining the designation of amounts that may be designated under this subparagraph.

“(D) REALLOCATION OF CERTAIN AMOUNTS.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A)—

“(I) no amount may be allocated under paragraph (1) by a housing credit agency of an undersubscribed State after December 31, 2028, and

“(II) the dollar amount determined under subparagraph (A) with respect to any oversubscribed State after such date shall be increased by such State’s share of the reallocation amount.

“(ii) STATE SHARE.—For purposes of clause (i), an oversubscribed State’s share

1 of the reallocation amount is the amount
 2 which bears the same ratio to the realloca-
 3 tion amount as—

4 “(I) the population of such State,
 5 bears to

6 “(II) the population of all over-
 7 subscribed States.

8 “(iii) DEFINITIONS.—For purposes of
 9 this subparagraph—

10 “(I) UNDERSUBSCRIBED
 11 STATE.—The term ‘undersubscribed
 12 State’ means any State that is not an
 13 oversubscribed State.

14 “(II) OVERSUBSCRIBED
 15 STATE.—The term ‘oversubscribed
 16 State’ means any State the housing
 17 credit agency of which has allocated
 18 all of the qualified conversion credit
 19 dollar amount which may be allocated
 20 by it before the date described in
 21 clause (i)(I).

22 “(III) REALLOCATION
 23 AMOUNT.—The term ‘reallocation
 24 amount’ means the sum of the
 25 amounts described in subparagraph

1 (A) which have not been allocated by
2 undersubscribed States before the
3 date described in clause (i)(I).

4 “(3) MANNER OF ALLOCATION.—

5 “(A) PLAN FOR ALLOCATION.—

6 “(i) IN GENERAL.—Notwithstanding
7 any other provision of this section, the
8 qualified conversion credit dollar amount
9 with respect to any building shall be zero
10 unless such amount was allocated pursuant
11 to a conversion credit allocation plan of the
12 housing credit agency which is approved by
13 the governmental unit (in accordance with
14 rules similar to the rules of section
15 147(f)(2) (other than subparagraph (B)(ii)
16 thereof)) of which such agency is a part.

17 “(ii) CONVERSION CREDIT ALLOCA-
18 TION PLAN.—For purposes of this sub-
19 paragraph, the term ‘conversion credit allo-
20 cation plan’ means a plan—

21 “(I) which sets selection criteria
22 for allocations, taking into account—

23 “(aa) whether the credit is
24 needed to assure the financial
25 feasibility of the conversion,

1 “(bb) the extent to which
2 the conversion results in the cre-
3 ation of affordable housing,

4 “(cc) the extent to which the
5 conversion results in the creation
6 of housing near transportation,
7 employment, and commercial op-
8 portunities,

9 “(dd) the extent to which
10 the conversion will support small
11 businesses and economic revital-
12 ization in the surrounding area,

13 “(ee) the degree of local gov-
14 ernment support for the conver-
15 sion, and

16 “(ff) the readiness of the
17 building for a qualified conver-
18 sion, and

19 “(II) which provides a procedure
20 that the agency (or an agent or other
21 private contractor of such agency) will
22 follow in monitoring for noncompli-
23 ance with the requirements of sub-
24 section (d) and in notifying the Inter-

1 nal Revenue Service of such non-
2 compliance.

3 “(B) BINDING ALLOCATION AGREEMENTS;
4 REPORTING.—In making allocations of qualified
5 conversion credit dollar amounts, each housing
6 credit agency shall—

7 “(i) enter into binding agreements
8 with taxpayers for the allocation of quali-
9 fied conversion credit dollar amounts,
10 which agreements shall specify the amount
11 of qualified conversion credit dollar amount
12 allocated to the building and the terms for
13 any modifications or withdrawal of such al-
14 location, and

15 “(ii) report to the Secretary, at such
16 time and in such manner as the Secretary
17 may require, the amount of allocations
18 made with respect to any building.

19 “(C) STATE EXTENDED USE REQUIRE-
20 MENTS PERMITTED PAST 30 YEARS.—For pur-
21 poses of this paragraph, a housing credit agen-
22 cy’s plan shall not fail to be treated as a con-
23 version credit allocation plan merely because it
24 includes, and nothing in this section shall be
25 construed to limit a binding allocation agree-

1 ment from including, affordability or rent re-
2 striction requirements with respect to the build-
3 ing that apply for a longer period than the 30-
4 year period described in subsections (d) and
5 (g)(1)(B).

6 “(4) DEFINITIONS AND OTHER RULES.—

7 “(A) HOUSING CREDIT AGENCY.—The
8 term ‘housing credit agency’ means, with re-
9 spect to any State, the housing credit agency
10 authorized under section 42(h)(8) or such other
11 agency as authorized by the State for purposes
12 of this section.

13 “(B) ECONOMICALLY DISTRESSED AREA.—
14 The term ‘economically distressed area’ means
15 any area which—

16 “(i) has been designated as a qualified
17 census tract under section 42(d)(5)(B)(ii)
18 or as a difficult development area under
19 section 42(d)(5)(B)(iii), or

20 “(ii) meets the requirement of section
21 301(a)(3) of the Public Works and Eco-
22 nomic Development Act of 1965.

23 “(C) STATE.—The term ‘State’ includes a
24 possession of the United States.

1 “(D) OTHER RULES.—Rules similar to the
 2 rules of subparagraphs (A) and (B) of section
 3 42(h)(7) shall apply for purposes of this sec-
 4 tion.

5 “(f) PROGRESS EXPENDITURES.—If the Secretary
 6 determines, on the basis of architectural plans and speci-
 7 fications that a qualified conversion is reasonably expected
 8 to exceed 2 years, rules similar to the rules of section
 9 47(d) shall apply with respect to such conversion for pur-
 10 poses of this section.

11 “(g) SPECIAL RULES FOR CERTAIN AREAS.—

12 “(1) QUALIFIED CENSUS TRACTS AND DIF-
 13 FICULT DEVELOPMENT AREAS.—In the case of a
 14 qualified affordable housing building—

15 “(A) which is located in any area which is
 16 designated as a qualified census tract under
 17 section 42(d)(5)(B)(ii) or as a difficult develop-
 18 ment area under section 42(d)(5)(B)(iii), and

19 “(B) with respect to which during 30-year
 20 period beginning on the date on which such
 21 building is placed in service by the taxpayer,
 22 not less than 20 percent of the residential units
 23 in the building are both rent-restricted and re-
 24 served for individuals whose income is 60 per-
 25 cent or less of the area median income,

1 subsection (a) shall be applied by substituting ‘30
2 percent’ for ‘20 percent’.

3 “(2) HISTORIC PRESERVATION IN RURAL
4 AREAS.—

5 “(A) IN GENERAL.—In the case of a quali-
6 fied affordable housing building which is in a
7 rural area and is part of an historic preserva-
8 tion project, the taxpayer may elect to sub-
9 stitute ‘35 percent’ for ‘20 percent’ under sub-
10 section (a) with respect to such portion of the
11 aggregate qualified conversion expenditures
12 taken into account under such subsection as
13 does not exceed \$2,000,000.

14 “(B) DEFINITIONS.—For purposes of this
15 paragraph—

16 “(i) RURAL AREA.—The term ‘rural
17 area’ shall have the meaning given such
18 term under section 1393(a)(2).

19 “(ii) HISTORIC PRESERVATION
20 PROJECT.—The term ‘historic preservation
21 project’ means a qualified conversion which
22 involves the certified rehabilitation of a
23 certified historic structure. Whether con-
24 version of a certified historic structure in-
25 volves certified rehabilitation shall be de-

1 terminated under rules similar to the rules of
2 section 47(c)(2)(C).

3 “(h) REGULATIONS.—The Secretary shall issue such
4 regulations or other guidance as may be necessary or ap-
5 propriate to carry out the purposes of this section, includ-
6 ing regulations or other guidance—

7 “(1) providing for the recapture of the credit
8 determined under subsection (a) if the qualified af-
9 fordable housing building ceases to be a qualified af-
10 fordable housing building during the 30-year period
11 beginning on the date that such building is placed
12 in service by the taxpayer,

13 “(2) detailing any certifications required from
14 the taxpayer or any housing credit agency of a
15 State,

16 “(3) with respect to the application of sub-
17 section (b)(4),

18 “(4) with respect to information reporting on
19 allocations of qualified conversion credit dollar
20 amounts,

21 “(5) providing rules for making a determination
22 as to whether an area is described in subsection
23 (e)(4)(B), and

24 “(6) which encourages housing credit agencies
25 to allocate, to the extent practicable, qualified con-

1 version credit dollar amounts to non-metropolitan
 2 counties within a State in proportion to the non-
 3 metropolitan population of the State, but only to the
 4 extent it is demonstrated within such non-metropoli-
 5 tan counties that there are sufficient qualified con-
 6 version expenditures to warrant such allocations.”.

7 (b) TRANSFERABILITY OF CREDIT.—Section
 8 6418(f)(1)(A) of such Code is amended by adding at the
 9 end the following new clause:

10 “(xii) The affordable housing conver-
 11 sion credit determined under section
 12 48F.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Section 46 of such Code is amended in
 15 paragraph (5) by striking “and” at the end, in para-
 16 graph (6) by striking the period at the end and in-
 17 serting “, and”, and by adding at the end the fol-
 18 lowing new paragraph:

19 “(7) the affordable housing conversion credit.”.

20 (2) Section 49(a)(1)(C) of such Code is amend-
 21 ed by striking “and” at the end of clause (v), in
 22 clause (vi) by striking the period at the end and in-
 23 serting “, and”, and by adding at the end the follow
 24 new clause:

1 “(vii) the basis of any property which
2 is being converted as part of a qualified
3 conversion under section 48F.”.

4 (3) Section 50(a)(2)(E) of such Code is amend-
5 ed by striking “or 48E(e)” and inserting “48E(e),
6 or 48F(f)”.

7 (4) The table of sections for subpart E of part
8 IV of subchapter A of chapter 1 of subtitle A of
9 such Code is amended by adding at the end the fol-
10 lowing new item:

“Sec. 48F. Affordable housing conversion credit.”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to qualified affordable housing
13 buildings (as defined in section 48F of the Internal Rev-
14 enue Code of 1986, as added by this section) placed in
15 service after the date of the enactment of this Act.

○