

119TH CONGRESS  
2D SESSION

# H. R. 7820

To amend the Internal Revenue Code of 1986 to modify the rules for investments in qualified opportunity funds, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 2026

Mrs. CHERFILUS-McCORMICK introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to modify the rules for investments in qualified opportunity funds, 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. MODIFICATION OF RULES FOR INVESTMENTS**

4 **IN QUALIFIED OPPORTUNITY FUNDS.**

5 (a) EXTENSION OF DESIGNATION PERIOD OF QUALI-  
6 FIED OPPORTUNITY ZONES.—Section 1400Z–1(f) of the  
7 Internal Revenue Code of 1986 is amended by striking  
8 “10th calendar year” and inserting “20th calendar year”.

1 (b) EXTENSION OF ELECTION PERIOD.—Section  
2 1400Z–2(a)(2)(B) is amended by striking “December 31,  
3 2026” and inserting “December 31, 2036”.

4 (c) YEAR OF INCLUSION.—Subparagraph (B) of sec-  
5 tion 1400Z–2(b)(1) of such Code is amended to read as  
6 follows:

7 “(B)(i) December 31, 2026, in the case of  
8 an amount invested before the date of the en-  
9 actment of this clause, and

10 “(ii) December 31, 2036, in the case of an  
11 amount invested after the date of the enact-  
12 ment of this clause and before January 1,  
13 2037.”.

14 (d) RULES APPLICABLE TO INVESTMENTS INVOLV-  
15 ING RESIDENTIAL RENTAL PROJECTS.—

16 (1) INCREASES IN BASIS.—Section 1400Z–  
17 2(b)(2)(B) of such Code is amended—

18 (A) in clause (ii), by adding at the end the  
19 following new sentence: “Notwithstanding the  
20 preceding sentence, if the taxpayer invests in a  
21 qualified opportunity fund that holds any asset  
22 in qualified opportunity zone property that is a  
23 residential rental project, the basis in the tax-  
24 payer’s investment shall be increased in accord-  
25 ance with the preceding sentence if, and only if,

1 at least 50 percent of the occupied residential  
2 units in the project are occupied, as of the date  
3 gain is recognized by reason of subsection  
4 (a)(1)(B), by individuals whose income, ad-  
5 justed for family size, is 100 percent or less of  
6 the area median income.”,

7 (B) in clause (iii), by adding at the end the  
8 following new sentence: “In the case such in-  
9 vestment so held is an investment in a qualified  
10 opportunity fund that holds any asset in quali-  
11 fied opportunity zone property that is a residen-  
12 tial rental project, the preceding sentence shall  
13 be applied by substituting ‘15 percent’ for ‘10  
14 percent’.”, and

15 (C) in clause (iv), by adding at the end the  
16 following new sentence: “In the case such in-  
17 vestment so held is an investment in a qualified  
18 opportunity fund that holds any asset in quali-  
19 fied opportunity zone property that is a residen-  
20 tial rental project, the preceding sentence shall  
21 be applied by substituting ‘7 percent’ for ‘5 per-  
22 cent’.”.

23 (2) TREATMENT OF RESIDENTIAL RENTAL  
24 PROJECTS AS QUALIFIED OPPORTUNITY ZONE PROP-  
25 ERTY.—Section 1400Z–2(d) of such Code is amend-

1 ed by adding at the end the following new para-  
2 graph:

3 “(4) TREATMENT OF RESIDENTIAL RENTAL  
4 PROJECTS AS QUALIFIED OPPORTUNITY ZONE PROP-  
5 ERTY.—A residential rental project shall be treated  
6 as qualified opportunity zone property if, and only if,  
7 the project meets the following requirements:

8 “(A) The project meets the definition of  
9 qualified opportunity zone business property in  
10 paragraph (2)(D).

11 “(B) At least 30 percent of the occupied  
12 residential units in the project are occupied by  
13 individuals whose income, adjusted for family  
14 size, is 100 percent or less of the area median  
15 income during substantially all of the qualified  
16 opportunity fund’s holding period for such  
17 property.

18 “(C) Rent increases do not exceed 3 per-  
19 cent annually for any of the residential units in  
20 the project.

21 “(D) At least 60-day advance notice is pro-  
22 vided with respect to any rent increase for a  
23 residential unit in the project.”.

24 (e) EFFECTIVE DATES.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), the amendments made by this section  
3           shall take effect on the date of the enactment of this  
4           Act.

5           (2) EXTENSION OF DESIGNATION PERIOD OF  
6           QUALIFIED OPPORTUNITY ZONES.—The amendment  
7           made by subsection (a) shall apply to designations in  
8           effect on the date of the enactment of this Act.

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