

109TH CONGRESS
2^D SESSION

H. R. 6205

To amend the Internal Revenue Code of 1986 to provide an ex-offender low-income housing credit to encourage the provision of housing, job training, and other essential services to ex-offenders through a structured living environment designed to assist the ex-offenders in becoming self-sufficient.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2006

Mr. DAVIS of Illinois 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 ex-offender low-income housing credit to encourage the provision of housing, job training, and other essential services to ex-offenders through a structured living environment designed to assist the ex-offenders in becoming self-sufficient.

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 “Public Safety Ex-Of-
5 fender Self-Sufficiency Act of 2006”.

1 **SEC. 2. TEMPORARY EX-OFFENDER LOW-INCOME HOUSING**
2 **CREDIT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45N. EX-OFFENDER LOW-INCOME HOUSING CREDIT.**

8 “(a) IN GENERAL.—For purposes of section 38, the
9 amount of the ex-offender low-income housing credit de-
10 termined under this section for any taxable year in the
11 credit period shall be an amount equal to—

12 “(1) the applicable percentage of

13 “(2) the qualified basis of each qualified ex-of-
14 fender residential building.

15 “(b) APPLICABLE PERCENTAGE.—In the case of any
16 qualified ex-offender residential building, the term ‘appli-
17 cable percentage’ has the meaning given such term in sec-
18 tion 42(b)(2) with respect to qualified low-income build-
19 ings, except that, for the purposes of this subsection, the
20 percentages prescribed by the Secretary under section
21 42(b)(2)(B) shall yield amounts of credit which have a
22 present value equal to 70 percent of the qualified basis
23 of any qualified ex-offender residential building.

24 “(c) QUALIFIED BASIS.—

25 “(1) IN GENERAL.—For purposes of subsection

26 (a) and except as otherwise provided in this sub-

1 section, the term ‘qualified basis’ means the ad-
2 justed basis of a qualified ex-offender residential
3 building as of the close of the 1st taxable year of the
4 credit period.

5 “(2) QUALIFIED BASIS TO INCLUDE PORTION
6 OF BUILDING USED TO PROVIDE EX-OFFENDER SUP-
7 PORT SERVICES.—The qualified basis of any quali-
8 fied ex-offender residential building for any taxable
9 year shall be increased by the lesser of—

10 “(A) so much of the qualified basis of such
11 building as is used throughout the year to pro-
12 vide ex-offender support services, or

13 “(B) 20 percent of the qualified basis of
14 such building (determined without regard to
15 this paragraph).

16 “(3) SPECIAL RULES.—Rules similar to the
17 rules of paragraphs (4), (5) (other than subpara-
18 graph (A) thereof), and (7) of section 42(d) shall
19 apply in determining the adjusted basis of any quali-
20 fied ex-offender residential building.

21 “(d) REHABILITATION EXPENDITURES.—Rules simi-
22 lar to the rules of section 42(e) shall apply in determining
23 the treatment of rehabilitation expenditures paid or in-
24 curred by the taxpayer with respect to a qualified ex-of-
25 fender residential building.

1 “(e) CREDIT PERIOD.—For purposes of this section,
2 rules similar to the rules of section 42(f) shall apply in
3 determining the credit period with respect to any qualified
4 ex-offender residential building.

5 “(f) QUALIFIED EX-OFFENDER RESIDENTIAL
6 BUILDING.—For purposes of this section, the term ‘quali-
7 fied ex-offender residential building’ means any building
8 which, at all times during the compliance period, meets
9 the following requirements:

10 “(1) EX-OFFENDER RESIDENTIAL UNITS.—

11 “(A) IN GENERAL.—Each residential unit
12 in such building shall be made available for oc-
13 cupancy to not more than 1 ex-offender.

14 “(B) RESIDENCY REQUIREMENTS.—Such
15 ex-offender must—

16 “(i) meet the residency requirements
17 under subsection (g);

18 “(ii) have failed to meet such require-
19 ments for fewer than 14 days; or

20 “(iii) be in the process of being evict-
21 ed from such building for failing to meet
22 such requirements.

23 “(C) FLEXIBILITY.—A building shall not
24 be determined to fail to satisfy the require-
25 ments of this paragraph solely because—

1 “(i) some or all of the residential
2 units in such building are single room oc-
3 cupancy (as defined in section (8)(n) of the
4 United States Housing Act of 1937 (42
5 U.S.C. 1437f(n))), or

6 “(ii) any unit made available to an ex-
7 offender is also made available to one or
8 more members of the ex-offender’s family
9 (as determined by the taxpayer).

10 “(2) SELF-SUFFICIENCY CENTERS FOR EX-OF-
11 FENDERS.—The building shall include a self-suffi-
12 ciency center for ex-offenders that—

13 “(A) is specifically designed to accommo-
14 date, and reserved for, the provision of ex-of-
15 fender support services to residents of the facil-
16 ity and other ex-offenders;

17 “(B) is made available for rental by pro-
18 viders of such services at a rate determined by
19 the owner of the facility; and

20 “(C) provides an array of such services
21 sufficient to meet a significant portion of the
22 needs of ex-offenders for ex-offender support
23 services.

24 “(3) RENT LIMITATIONS.—The portion of the
25 monthly rent payable by the occupant of each unit

1 in the building may not exceed 30 percent of the ad-
2 justed monthly income (as such term is defined in
3 section 3(b) of the United States Housing Act of
4 1937 (42 U.S.C. 1437a(b)) of the occupant.

5 “(g) RESIDENCY REQUIREMENTS.—

6 “(1) IN GENERAL.—An ex-offender meets the
7 residency requirements for a qualified ex-offender
8 residential building if such ex-offender—

9 “(A) has a low income;

10 “(B) is participating in an ex-offender sup-
11 port services program as described in paragraph
12 (3)(B);

13 “(C) has not been prohibited from resi-
14 dency under paragraph (4); and

15 “(D) commences occupancy of a unit in a
16 qualified ex-offender residential building on a
17 date that is not later than—

18 “(i) in the case of an ex-offender who
19 has been discharged from prison, jail, a
20 half-way house, or any other correctional
21 facility, 12 months after such discharge; or

22 “(ii) in the case of any ex-offender
23 whose sentence did not include confine-
24 ment to a correctional facility, 12 months

1 after the date of the ex-offender’s convic-
2 tion.

3 “(2) LOW-INCOME.—For purposes of this sec-
4 tion, an ex-offender is considered to have a low in-
5 come if, at the commencement of the ex-offender’s
6 occupancy of a residential unit, the income (if any)
7 of the ex-offender does not exceed 60 percent of area
8 median gross income (as determined consistent with
9 section 8 of the United States Housing Act of
10 1937).

11 “(3) PARTICIPATION IN EX-OFFENDER SUP-
12 PORT SERVICES PROGRAM.—

13 “(A) PROGRAM.—For purposes of this sec-
14 tion, an ex-offender support services program is
15 a program for the provision of specific ex-of-
16 fender support services for an ex-offender
17 that—

18 “(i) is created and managed by a co-
19 ordinating individual or entity having edu-
20 cation, training, and experience with ex-of-
21 fenders and their support services needs;

22 “(ii) is specifically designed to meet
23 the needs of the particular ex-offender for
24 ex-offender support services;

1 “(iii) sets forth a specific duration
2 over which the ex-offender support services
3 are to be provided and goals by which to
4 assess the progress of the ex-offender; and

5 “(iv) provides for continual oversight
6 to monitor the progress and needs of the
7 ex-offender and to ensure that the ex-of-
8 fender is being provided the appropriate
9 ex-offender support services and is com-
10 plying with the requirements of the pro-
11 gram.

12 “(B) PARTICIPATION.—For purposes of
13 this section, an ex-offender is considered to be
14 participating in an ex-offender support services
15 program if the ex-offender—

16 “(i) has entered into a written agree-
17 ment with the coordinator for the program
18 that—

19 “(I) sets forth the ex-offender
20 support services that are appropriate
21 for, and will be made available to, the
22 ex-offender and the duration of the
23 program for the ex-offender; and

24 “(II) provides that the ex-offend-
25 er’s continued attendance at scheduled

1 program meetings and events and ob-
2 taining of program services are a con-
3 dition of the ex-offender's continued
4 residency in the facility; and

5 “(ii) is not in default with regard to
6 the ex-offender's obligations under such
7 agreement.

8 “(C) EX-OFFENDER SUPPORT SERVICES.—

9 For purposes of this section, the term ‘ex-of-
10 fender support services’ means services that as-
11 sist ex-offenders to develop skills necessary for
12 life outside of the environment of a correctional
13 institution, and includes—

14 “(i) job training;

15 “(ii) employment counseling and
16 placement;

17 “(iii) entrepreneurial training;

18 “(iv) financial management training;

19 “(v) homeownership and rental coun-
20 seling;

21 “(vi) drug and alcohol abuse coun-
22 seling;

23 “(vii) self-esteem and peer develop-
24 ment assistance;

25 “(viii) anger management counseling;

1 “(ix) health care services, including
2 mental health services and behavioral
3 counseling;

4 “(x) probation services;

5 “(xi) family and crisis management
6 counseling; and

7 “(xii) general educational assistance
8 and counseling.

9 “(4) LIMITATION ON TERM OF RESIDENCY.—

10 An ex-offender may not reside in an ex-offender resi-
11 dential facility at any time after the expiration of
12 the 2-year period beginning upon the commencement
13 of the ex-offender’s occupancy in the ex-offender resi-
14 dential facility.

15 “(h) EX-OFFENDER.—For purposes of this section,
16 the term ‘ex-offender’ means any individual who has been
17 convicted of a crime under State or Federal law which is
18 punishable by imprisonment for a maximum term of 6
19 months or longer.

20 “(i) ALLOCATION AND DETERMINATION OF CRED-
21 IT.—

22 “(1) IN GENERAL.—Except as otherwise pro-
23 vided in this subsection, rules similar to the rules of
24 section 42(h) (other than subparagraphs (E) and
25 (F) of paragraph (1) thereof) shall apply with re-

1 spect to allocating and determining any credit under
2 this section.

3 “(2) STATE HOUSING CREDIT CEILING.—For
4 purposes of this section:

5 “(A) IN GENERAL.—The State housing
6 credit ceiling shall be calculated by substituting
7 the amount determined under section
8 42(h)(3)(C)(ii) with the State allocation.

9 “(B) STATE ALLOCATION.—

10 “(i) COMPETITIVE PROCESS.—The
11 State allocation for any State shall be de-
12 termined by the Secretary, utilizing a com-
13 petitive application process.

14 “(ii) BASIS FOR COMPETITION.—In
15 determining the State allocation for any
16 State, the Secretary shall consider the fol-
17 lowing:

18 “(I) Need, as determined by the
19 ratio between the reported number of
20 sentenced prisoners released from
21 State or Federal jurisdiction in the
22 applicant State during the most re-
23 cent year for which information is
24 available, and the total population of
25 the applicant State.

1 “(II) The commitment of Federal
2 and other funds within the applicant
3 State for operating costs and ex-of-
4 fender support services in projects
5 that are to be funded by the State
6 temporary ex-offender low-income
7 housing credit.

8 “(III) The applicant’s plan to
9 collect available information about the
10 success of the program with respect to
11 increased housing stability and lack of
12 additional incarceration of ex-offender
13 participants.

14 “(IV) The applicant’s organiza-
15 tional capacity for the successful de-
16 velopment or operation of qualified ex-
17 offender residential buildings.

18 “(V) The goal of making alloca-
19 tions to the largest feasible number of
20 States.

21 “(iii) AGGREGATE AMOUNT.—The ag-
22 gregate amount of State allocations for
23 any year shall be \$85,000,000.

24 “(C) BUILDING ALLOCATIONS.—The Sec-
25 retary may allocate a housing credit dollar

1 amount to any building. In making such alloca-
2 tions, the Secretary shall utilize a competitive
3 application process and shall consider the fac-
4 tors described in subparagraph (B)(ii). Any al-
5 location made under this subparagraph shall be
6 treated for purposes of this subsection as part
7 of the State allocation for the State in which
8 such building is located.

9 “(D) UNUSED HOUSING CREDIT
10 CARRYOVERS.—

11 “(i) IN GENERAL.—The State housing
12 credit ceiling shall be calculated by sub-
13 stituting the amount determined under
14 section 42(h)(3)(C)(iv) with the State car-
15 ryover allocation.

16 “(ii) STATE CARRYOVER ALLOCA-
17 TION.—The State carryover allocation for
18 any State shall be determined by the Sec-
19 retary in a manner similar to the manner
20 in which the State allocation is determined
21 under subparagraph (B). The aggregate
22 amount of State carryover allocations for
23 any year shall be equal to the aggregate
24 unused housing credit carryovers (within

1 the meaning of section 42(h)(3)(D)) of all
2 States for the preceding calendar year.

3 “(3) REQUIRED INVOLVEMENT OF QUALIFIED
4 NON-PROFIT ORGANIZATIONS.—For purposes of this
5 section, section 42(h)(5)(A) shall be applied by sub-
6 stituting ‘75’ for ‘90’.

7 “(j) RECAPTURE OF CREDIT.—Rules similar to the
8 rules of subsections (i)(1) and (j) of section 42 shall apply
9 for purposes of this section.

10 “(k) APPLICATION OF AT-RISK RULES.—Rules simi-
11 lar to the rules of section 42(k) shall apply for purposes
12 of this section.

13 “(l) CERTIFICATION AND OTHER REPORTS TO SEC-
14 RETARY.—Subject to such regulations as the Secretary
15 may prescribe, rules similar to the rules of section 42(l)
16 shall apply for purposes of this section.

17 “(m) RESPONSIBILITIES OF THE SECRETARY AND
18 HOUSING CREDIT AGENCIES.—Rules similar to the rules
19 of subsections (m) and (n) of section 42 shall apply for
20 purposes of this section.”.

21 (b) INCLUSION AS CURRENT YEAR BUSINESS CRED-
22 IT.—Section 38(b) of the Internal Revenue Code of 1986
23 is amended by striking “and” at the end of paragraph
24 (29), by striking the period at the end of paragraph (30)

1 and inserting “, and”, and by adding at the end the fol-
2 lowing new paragraph:

3 “(31) the ex-offender low-income housing credit
4 under section 45N(a).”.

5 (c) CLERICAL AMENDMENT.—The table of sections
6 for subpart D of part IV of subchapter A of chapter 1
7 of the Internal Revenue Code of 1986 is amended by add-
8 ing at the end the following new item:

 “Sec. 45N. Ex-offender low-income housing credit.”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to property placed in service during
11 taxable years beginning after the date of the enactment
12 of this Act.

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