

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3701

To amend the Internal Revenue Code of 1986 to provide for a temporary 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.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2002

Mr. DAVIS of Illinois (for himself, Mr. RANGEL, Mr. CONYERS, Mr. TOWNS, Ms. CARSON of Indiana, Mr. THOMPSON of Mississippi, and Ms. NORTON) 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 provide for a temporary 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 2002”.

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. 45G. 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) SINGLE OCCUPANCY EX-OFFENDER RESI-  
11 DENTIAL UNITS.—Each residential unit in such  
12 building may be made available for occupancy to not  
13 more than 1 individual. Such individual must be an  
14 ex-offender who—

15           “(A) meets the residency requirements  
16 under subsection (g);

17           “(B) has failed to meet such requirements  
18 for fewer than 14 days; or

19           “(C) is in the process of being evicted from  
20 such building for failing to meet such require-  
21 ments.

22       “A building shall not be determined to fail to satisfy  
23 the requirements of this paragraph solely because  
24 some or all of the residential units in such building  
25 are single room occupancy (as defined in section

1 (8)(n) of the United States Housing Act of 1937 (42  
2 U.S.C. 1437f(n)).

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

6 “(A) is specifically designed to accommo-  
7 date, and reserved for, the provision of ex-of-  
8 fender support services to residents of the facil-  
9 ity and other ex-offenders;

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

13 “(C) provides an array of such services  
14 sufficient to meet a significant portion of the  
15 needs of ex-offenders for ex-offender support  
16 services.

17 “(3) RENT LIMITATIONS.—The portion of the  
18 monthly rent payable by the occupant of each unit  
19 in the building may not exceed 30 percent of the ad-  
20 justed monthly income (as such term is defined in  
21 section 3(b) of the United States Housing Act of  
22 1937 (42 U.S.C. 1437a(b)) of the occupant.

23 “(g) RESIDENCY REQUIREMENTS.—

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

4                   “(A) has a low income;

5                   “(B) is participating in an ex-offender sup-  
6           port services program as described in paragraph  
7           (3)(B);

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

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

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

17                   “(ii) in the case of any ex-offender  
18           whose sentence did not include confine-  
19           ment to a correctional facility, 12 months  
20           after the date of the ex-offender’s convic-  
21           tion.

22           “(2) LOW-INCOME.—For purposes of this sec-  
23           tion, an ex-offender is considered to have a low in-  
24           come if, at the commencement of the ex-offender’s  
25           occupancy of a residential unit, the income (if any)

1 of the ex-offender does not exceed 60 percent of area  
2 median gross income (as determined consistent with  
3 section 8 of the United States Housing Act of  
4 1937).

5 “(3) PARTICIPATION IN EX-OFFENDER SUP-  
6 PORT SERVICES PROGRAM.—

7 “(A) PROGRAM.—For purposes of this sec-  
8 tion, an ex-offender support services program is  
9 a program for the provision of specific ex-of-  
10 fender support services for an ex-offender  
11 that—

12 “(i) is created and managed by a co-  
13 ordinating individual or entity having edu-  
14 cation, training, and experience with ex-of-  
15 fenders and their support services needs;

16 “(ii) is specifically designed to meet  
17 the needs of the particular ex-offender for  
18 ex-offender support services;

19 “(iii) sets forth a specific duration  
20 over which the ex-offender support services  
21 are to be provided and goals by which to  
22 assess the progress of the ex-offender; and

23 “(iv) provides for continual oversight  
24 to monitor the progress and needs of the  
25 ex-offender and to ensure that the ex-of-

1 fender is being provided the appropriate  
2 ex-offender support services and is com-  
3 plying with the requirements of the pro-  
4 gram.

5 “(B) PARTICIPATION.—For purposes of  
6 this section, an ex-offender is considered to be  
7 participating in an ex-offender support services  
8 program if the ex-offender—

9 “(i) has entered into a written agree-  
10 ment with the coordinator for the program  
11 that—

12 “(I) sets forth the ex-offender  
13 support services that are appropriate  
14 for, and will be made available to, the  
15 ex-offender and the duration of the  
16 program for the ex-offender; and

17 “(II) provides that the ex-offend-  
18 er’s continued attendance at scheduled  
19 program meetings and events and ob-  
20 taining of program services are a con-  
21 dition of the ex-offender’s continued  
22 residency in the facility; and

23 “(ii) is not in default with regard to  
24 the ex-offender’s obligations under such  
25 agreement.

1           “(C) EX-OFFENDER SUPPORT SERVICES.—  
2           For purposes of this section, the term ‘ex-of-  
3           fender support services’ means services that as-  
4           sist ex-offenders to develop skills necessary for  
5           life outside of the environment of a correctional  
6           institution, and includes—  
7                   “(i) job training;  
8                   “(ii) employment counseling and  
9                   placement;  
10                  “(iii) entrepreneurial training;  
11                  “(iv) financial management training;  
12                  “(v) homeownership and rental coun-  
13                  seling;  
14                  “(vi) drug and alcohol abuse coun-  
15                  seling;  
16                  “(vii) self-esteem and peer develop-  
17                  ment assistance;  
18                  “(viii) anger management counseling;  
19                  “(ix) health care services, including  
20                  mental health services and behavioral  
21                  counseling;  
22                  “(x) probation services;  
23                  “(xi) family and crisis management  
24                  counseling; and

1                   “(xii) general educational assistance  
2                   and counseling.

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

4                   An ex-offender may not reside in an ex-offender resi-  
5                   dential facility at any time after the expiration of  
6                   the 2-year period beginning upon the commencement  
7                   of the ex-offender’s occupancy in the ex-offender resi-  
8                   dential facility.

9                   “(h) EX-OFFENDER.—For purposes of this section,  
10                  the term ‘ex-offender’ means any individual who has been  
11                  convicted of a felony under State or Federal law.

12                  “(i) ALLOCATION AND DETERMINATION OF CRED-  
13                  IT.—

14                  “(1) IN GENERAL.—Except as otherwise pro-  
15                  vided in this subsection, rules similar to the rules of  
16                  section 42(h) (other than subparagraphs (E) and  
17                  (F) of paragraph (1) thereof) shall apply with re-  
18                  spect to allocating and determining any credit under  
19                  this section.

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

22                         “(A) IN GENERAL.—The State housing  
23                         credit ceiling shall be calculated by substituting  
24                         the amount determined under section  
25                         42(h)(3)(C)(ii) with the greater of—

1           “(i) \$85,000,000 multiplied by the  
2           State ratio, or

3           “(ii) \$500,000.

4           “(B) TERMINATION.—The State housing  
5           credit ceiling applicable to any State for any  
6           calendar year beginning after December 31,  
7           2007, shall be zero.

8           “(C) STATE RATIO.—The State ratio for  
9           any State is equal to—

10           “(i) the reported number of sentenced  
11           prisoners released from State or Federal  
12           jurisdiction in such State during the most  
13           recent year for which information is avail-  
14           able, divided by

15           “(ii) the reported number of sen-  
16           tenced prisoners released from State or  
17           Federal jurisdiction in the United States  
18           during the most recent year for which in-  
19           formation is available.

20           “(D) REPORTED NUMBER OF SENTENCED  
21           PRISONERS.—The reported number of sen-  
22           tenced prisoners is the number of such pris-  
23           oners reported to the Attorney General by the  
24           National Prison Statistics Program.

1           “(3) INVOLVEMENT OF QUALIFIED NON-PROFIT  
2           ORGANIZATIONS.—For purposes of this section, sec-  
3           tion 42(h)(5)(A) shall be applied by substituting ‘0’  
4           for ‘90’.

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

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

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

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

19          (b) INCLUSION AS CURRENT YEAR BUSINESS CRED-  
20          IT.—Section 38(b) of the Internal Revenue Code of 1986  
21          is amended by adding at the end the following new para-  
22          graph:

23                  “(13) the ex-offender low-income housing credit  
24                  under section 45G(a).”.

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

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

5           (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply with respect to qualified ex-of-  
7 fender residential buildings placed in service during tax-  
8 able years beginning after December 31, 2002.

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