

117TH CONGRESS
2D SESSION

S. 4181

To amend title VI of the Social Security Act to allow coronavirus State and local fiscal recovery funds to be used for low-income housing credit projects.

IN THE SENATE OF THE UNITED STATES

MAY 11 (legislative day, MAY 10), 2022

Mr. LEAHY (for himself, Ms. COLLINS, Mr. WYDEN, Mr. BENNET, Ms. CORTEZ MASTO, Mr. KING, Ms. HASSAN, Mr. PADILLA, Mr. REED, Mr. SANDERS, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title VI of the Social Security Act to allow coronavirus State and local fiscal recovery funds to be used for low-income housing credit projects.

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 “LIHTC Financing En-
5 abling Long-term Investment in Neighborhood Excellence
6 Act” or the “LIFELINE Act”.

1 **SEC. 2. AUTHORITY TO USE CORONAVIRUS STATE AND**
2 **LOCAL FISCAL RECOVERY FUNDS FOR LOW-**
3 **INCOME HOUSING CREDIT PROJECTS.**

4 (a) IN GENERAL.—Title VI of the Social Security Act
5 (42 U.S.C. 801 et seq.) is amended—

6 (1) in section 602—

7 (A) in subsection (a)(1), by inserting “(ex-
8 cept as provided in subsection (c)(5))” after
9 “December 31, 2024”; and

10 (B) in subsection (c)—

11 (i) in paragraph (1), in the matter
12 preceding subparagraph (A), by striking
13 “paragraph (3)” and inserting “para-
14 graphs (3), (4), and (5)”; and

15 (ii) by adding at the end the following
16 new paragraph:

17 “(5) USE OF FUNDS FOR LOW-INCOME HOUS-
18 ING CREDIT PROJECTS.—

19 “(A) IN GENERAL.—A State, territory, or
20 Tribal government, in consultation with a hous-
21 ing finance agency, may use funds provided
22 under this section to finance the cost of con-
23 struction of 1 or more new qualified low-income
24 buildings (as defined in section 42(c)(2) of the
25 Internal Revenue Code of 1986), or the cost of
26 rehabilitation expenditures (as defined in sec-

1 tion 42(e)(2) of such Code), which are expected
2 to be eligible for the low-income housing credit
3 under section 42 of such Code in an amount
4 greater than \$0, including credits described in
5 subsection (h)(4) thereof. The financing per-
6 mitted by the preceding sentence must be pro-
7 vided by loans having maturities of 30 or more
8 years, with such buildings having a placed in
9 service date that is no earlier than the date of
10 enactment of this paragraph. Funds provided
11 under this section to finance such buildings
12 must be obligated by December 31, 2024, and
13 expended by December 31, 2026. Any amount
14 loaned in accordance with this subparagraph
15 shall be considered expended in accordance with
16 the requirements of this subsection.

17 “(B) REQUIREMENTS.—The project spon-
18 sor of a building financed in whole or in part
19 by loans for which financing is permitted under
20 this paragraph shall agree, as a condition for
21 accepting such a loan—

22 “(i) to waive any right to request a
23 qualified contract (as defined in section
24 42(h)(6)(F) of the Internal Revenue Code
25 of 1986); and

1 “(ii) to repay any loaned funds to the
2 entity that originated the loan at the time
3 the project of which the building is a part
4 becomes non-compliant, including if such
5 project ceases to satisfy the requirements
6 to be considered a qualified low-income
7 housing project (as defined in section
8 42(g) of the Internal Revenue Code) or a
9 qualified residential rental project (as de-
10 fined in section 142(d) of such Code), or if
11 such project fails to comply with an ex-
12 tended low-income housing commitment
13 (as defined in section 42(h)(6) of such
14 Code).

15 “(C) RETURNED OR REPAID FUNDS.—Any
16 funds used by a State, territory, or Tribal gov-
17 ernment in accordance with subparagraph (A)
18 that are returned to the State, territory, or
19 Tribal government, including from loan repay-
20 ment, shall be used to finance affordable hous-
21 ing, including buildings that are eligible for low-
22 income housing credits under section 42(a) of
23 the Internal Revenue Code of 1986 by virtue of
24 being part of 1 or more qualified low-income
25 housing projects (as defined in section 42(g) of

1 such Code), or being part of 1 or more qualified
2 residential rental projects (as defined in section
3 142(d) of such Code).

4 “(D) REPORTS.—

5 “(i) ANNUAL REPORTS ON LIHTC
6 PROJECT OBLIGATIONS.—During the pe-
7 riod beginning on the date of enactment of
8 this paragraph and ending on December
9 31, 2026, the Secretary shall provide an-
10 nual reports to the Committee on Ways
11 and Means of the House of Representa-
12 tives, the Committee on Oversight and Re-
13 form of the House of Representatives, the
14 Committee on Appropriations of the House
15 of Representatives, the Committee on Fi-
16 nance of the Senate, and the Committee on
17 Appropriations of the Senate on the obliga-
18 tion and expenditure of funds for projects
19 under this paragraph.

20 “(ii) ANNUAL REPORTS ON LIHTC
21 PROJECT LOANS.—For each year during
22 the term of an initial loan financed by
23 funds made available under this paragraph
24 is outstanding, the Secretary shall provide
25 an annual report to each of the committees

1 identified in clause (i) on any repayment of
 2 such funds.”; and

3 (2) in section 603—

4 (A) in subsection (a), by inserting “(except
 5 as provided in subsection (e)(6))” after “De-
 6 cember 31, 2024”; and

7 (B) in subsection (c)—

8 (i) in paragraph (1), in the matter
 9 preceding subparagraph (A), by striking
 10 “paragraphs (3) and (4)” and inserting
 11 “paragraphs (3), (4), (5), and (6)”; and

12 (ii) by adding at the end the following
 13 new paragraph:

14 “(6) USE OF FUNDS FOR LOW-INCOME HOUS-
 15 ING CREDIT PROJECTS.—

16 “(A) IN GENERAL.—A metropolitan city,
 17 nonentitlement unit of local government, or
 18 county, in consultation with a housing finance
 19 agency, may use funds provided under this sec-
 20 tion to finance the cost of construction of 1 or
 21 more new qualified low-income buildings (as de-
 22 fined in section 42(c)(2) of the Internal Rev-
 23 enue Code of 1986), or the cost of rehabilita-
 24 tion expenditures (as defined in section 42(e)(2)
 25 of such Code), which are expected to be eligible

1 for the low-income housing credit under section
2 42 of such Code in an amount greater than \$0,
3 including credits described in subsection (h)(4)
4 thereof. The financing permitted by the pre-
5 ceding sentence must be provided by loans hav-
6 ing maturities of 30 or more years, with such
7 buildings having a placed in service date that is
8 no earlier than the date of enactment of this
9 paragraph. Funds provided under this section
10 to finance such buildings must be obligated by
11 December 31, 2024, and expended by December
12 31, 2026. Any amount loaned in accordance
13 with this subparagraph shall be considered ex-
14 pended in accordance with the requirements of
15 this subsection.

16 “(B) REQUIREMENTS.—The project spon-
17 sor of a building financed in whole or in part
18 by loans for which financing is permitted under
19 this paragraph shall agree, as a condition for
20 accepting such a loan—

21 “(i) to waive any right to request a
22 qualified contract (as defined in section
23 42(h)(6)(F) of the Internal Revenue Code
24 of 1986); and

1 “(ii) to repay any loaned funds to the
2 entity that originated the loan at the time
3 the project of which the building is a part
4 becomes non-compliant, including if such
5 project ceases to satisfy the requirements
6 to be considered a qualified low-income
7 housing project (as defined in section
8 42(g) of the Internal Revenue Code) or a
9 qualified residential rental project (as de-
10 fined in section 142(d) of such Code), or if
11 such project fails to comply with an ex-
12 tended low-income housing commitment
13 (as defined in section 42(h)(6) of such
14 Code).

15 “(C) RETURNED OR REPAID FUNDS.—Any
16 funds used by a metropolitan city, nonentitle-
17 ment unit of local government, or county in ac-
18 cordance with subparagraph (A) that are re-
19 turned to the metropolitan city, nonentitlement
20 unit of local government, or county, including
21 from loan repayment, shall be used to finance
22 affordable housing, including buildings that are
23 eligible for low-income housing credits under
24 section 42(a) of the Internal Revenue Code of
25 1986 by virtue of being part of 1 or more quali-

1 fied low-income housing projects (as defined in
2 section 42(g) of such Code), or being part of 1
3 or more qualified residential rental projects (as
4 defined in section 142(d) of such Code).

5 “(D) REPORTS.—

6 “(i) ANNUAL REPORTS ON LIHTC
7 PROJECT OBLIGATIONS.—During the pe-
8 riod beginning on the date of enactment of
9 this paragraph and ending on December
10 31, 2026, the Secretary shall provide an-
11 nual reports to the Committee on Ways
12 and Means of the House of Representa-
13 tives, the Committee on Oversight and Re-
14 form of the House of Representatives, the
15 Committee on Appropriations of the House
16 of Representatives, the Committee on Fi-
17 nance of the Senate, and the Committee on
18 Appropriations of the Senate on the obliga-
19 tion and expenditure of funds for projects
20 under this paragraph.

21 “(ii) ANNUAL REPORTS ON LIHTC
22 PROJECT LOANS.—For each year during
23 the term of an initial loan financed by
24 funds made available under this paragraph
25 is outstanding, the Secretary shall provide

1 an annual report to each of the committees
2 identified in clause (i) on any repayment of
3 such funds.”.

4 (b) TECHNICAL AMENDMENTS.—Sections 602(c)(3)
5 and 603(c)(3) of title VI of the Social Security Act (42
6 U.S.C. 802(c)(3), 803(c)(3)) are each amended by striking
7 “paragraph (17) of”.

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