

1 Code (as so in effect) shall have the same
2 meaning as when used in such section.

3 “(B) COORDINATION WITH SECTION
4 199A.—No deduction shall be allowed under sec-
5 tion 199A of such Code for any qualified pay-
6 ment to which subparagraph (A) applies.”.

7 (d) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendments made by
10 this section shall take effect as if included in section
11 11011 of Public Law 115–97.

12 (2) APPLICATION OF SECTION 199 TO CERTAIN
13 QUALIFIED PAYMENTS PAID AFTER 2017.—The
14 amendment made by subsection (c) shall take effect
15 as if included in section 13305 of Public Law 115–
16 97.

17 **SEC. 102. INCREASE IN STATE HOUSING CREDIT CEILING**
18 **FOR , 2019, 2020, 2021.**

19 (a) IN GENERAL.—Section 42(h)(3)(I) of the Inter-
20 nal Revenue Code of 1986 is amended to read as follows:

21 “(I) INCREASE IN STATE HOUSING CREDIT
22 CEILING FOR 2018, 2019, 2020, AND 2021.—
23 In the case of calendar years 2018, 2019, 2020,
24 and 2021, each of the dollar amounts in effect
25 under clauses (I) and (II) of subparagraph

1 (C)(ii) for any calendar year (after any increase
2 under subparagraph (H)) shall be increased by
3 multiplying such dollar amount by 1.125.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to calendar years beginning after
6 December 31, 2017.

7 **SEC. 103. AVERAGE INCOME TEST FOR LOW-INCOME HOUS-**
8 **ING CREDIT.**

9 (a) IN GENERAL.—Paragraph (1) of section 42(g) of
10 the Internal Revenue Code of 1986 is amended—

11 (1) by striking “subparagraph (A) or (B)” and
12 inserting “subparagraph (A), (B), or (C)”, and

13 (2) by inserting after subparagraph (B) the fol-
14 lowing new subparagraph:

15 “(C) AVERAGE INCOME TEST.—

16 “(i) IN GENERAL.—The project meets
17 the minimum requirements of this sub-
18 paragraph if 40 percent or more (25 per-
19 cent or more in the case of a project de-
20 scribed in section 142(d)(6)) of the resi-
21 dential units in such project are both rent-
22 restricted and occupied by individuals
23 whose income does not exceed the imputed
24 income limitation designated by the tax-
25 payer with respect to the respective unit.

1 “(ii) SPECIAL RULES RELATING TO
2 INCOME LIMITATION.—For purposes of
3 clause (i)—

4 “(I) DESIGNATION.—The tax-
5 payer shall designate the imputed in-
6 come limitation of each unit taken
7 into account under such clause.

8 “(II) AVERAGE TEST.—The aver-
9 age of the imputed income limitations
10 designated under subclause (I) shall
11 not exceed 60 percent of area median
12 gross income.

13 “(III) 10-PERCENT INCRE-
14 MENTS.—The designated imputed in-
15 come limitation of any unit under sub-
16 clause (I) shall be 20 percent, 30 per-
17 cent, 40 percent, 50 percent, 60 per-
18 cent, 70 percent, or 80 percent of
19 area median gross income.”.

20 (b) RULES RELATING TO NEXT AVAILABLE UNIT.—
21 Subparagraph (D) of section 42(g)(2) of the Internal Rev-
22 enue Code of 1986 is amended—

23 (1) in clause (i), by striking “clause (ii)” and
24 inserting “clauses (ii), (iii), and (iv)”,

25 (2) in clause (ii)—

1 (A) by striking “If” and inserting “In the
2 case of a project with respect to which the tax-
3 payer elects the requirements of subparagraph
4 (A) or (B) of paragraph (1), if”,

5 (B) by striking the second sentence, and

6 (C) by striking “NEXT AVAILABLE UNIT
7 MUST BE RENTED TO LOW-INCOME TENANT IF
8 INCOME RISES ABOVE 140 PERCENT OF INCOME
9 LIMIT” in the heading and inserting “RENTAL
10 OF NEXT AVAILABLE UNIT IN CASE OF 20–50 OR
11 40–60 TEST”, and

12 (3) by adding at the end the following new
13 clauses:

14 “(iii) RENTAL OF NEXT AVAILABLE
15 UNIT IN CASE OF AVERAGE INCOME
16 TEST.—In the case of a project with re-
17 spect to which the taxpayer elects the re-
18 quirements of subparagraph (C) of para-
19 graph (1), if the income of the occupants
20 of the unit increases above 140 percent of
21 the greater of—

22 “(I) 60 percent of area median
23 gross income, or

1 “(II) the imputed income limita-
2 tion designated with respect to the
3 unit under paragraph (1)(C)(ii)(I),
4 clause (i) shall cease to apply to any such
5 unit if any residential rental unit in the
6 building (of a size comparable to, or small-
7 er than, such unit) is occupied by a new
8 resident whose income exceeds the limita-
9 tion described in clause (v).

10 “(iv) DEEP RENT SKEWED
11 PROJECTS.—In the case of a project de-
12 scribed in section 142(d)(4)(B), clause (ii)
13 or (iii), whichever is applicable, shall be
14 applied by substituting ‘170 percent’ for
15 ‘140 percent’, and—

16 “(I) in the case of clause (ii), by
17 substituting ‘any low-income unit in
18 the building is occupied by a new resi-
19 dent whose income exceeds 40 percent
20 of area median gross income’ for ‘any
21 residential rental unit’ and all that
22 follows in such clause, and

23 “(II) in the case of clause (iii),
24 by substituting ‘any low-income unit
25 in the building is occupied by a new

1 resident whose income exceeds the
2 lesser of 40 percent of area median
3 gross income or the imputed income
4 limitation designated with respect to
5 such unit under paragraph
6 (1)(C)(ii)(I) for ‘any residential rent-
7 al unit’ and all that follows in such
8 clause.

9 “(v) LIMITATION DESCRIBED.—For
10 purposes of clause (iii), the limitation de-
11 scribed in this clause with respect to any
12 unit is—

13 “(I) the imputed income limita-
14 tion designated with respect to such
15 unit under paragraph (1)(C)(ii)(I), in
16 the case of a unit which was taken
17 into account as a low-income unit
18 prior to becoming vacant, and

19 “(II) the imputed income limita-
20 tion which would have to be des-
21 ignated with respect to such unit
22 under such paragraph in order for the
23 project to continue to meet the re-
24 quirements of paragraph

1 (1)(C)(ii)(II), in the case of any other
2 unit.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to elections made under section
5 42(g)(1) of the Internal Revenue Code of 1986 after the
6 date of the enactment of this Act.