

118TH CONGRESS
2D SESSION

H. R. 10025

To amend the Internal Revenue Code of 1986 to establish a new first-time homebuyer credit and to establish the starter home construction credit.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 2024

Mr. GOMEZ 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 establish a new first-time homebuyer credit and to establish the starter home construction credit.

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 “American Homeowner-
5 ship Opportunity Act of 2024”.

6 **SEC. 2. FIRST-TIME HOMEBUYER CREDIT.**

7 (a) IN GENERAL.—Section 36 of the Internal Rev-
8 enue Code of 1986 is amended to read as follows:

1 **“SEC. 36. FIRST-TIME HOMEBUYER CREDIT.**

2 “(a) IN GENERAL.—In the case of an individual who
3 is a first-time homebuyer of a principal residence in the
4 United States during a taxable year, there shall be allowed
5 as a credit against the tax imposed by this subtitle for
6 such taxable year an amount equal to so much of the
7 amount of the down payment paid by such taxpayer to
8 purchase such principal residence as does not exceed
9 \$25,000.

10 “(b) LIMITATION.—

11 “(1) IN GENERAL.—The amount allowable as a
12 credit under subsection (a) (determined without re-
13 gard to this paragraph) for the taxable year shall be
14 reduced (but not below zero) by the amount which
15 bears the same ratio to the amount which is so al-
16 lowable as—

17 “(A) the excess (if any) of—

18 “(i) the taxpayer’s modified adjusted
19 gross income for the preceding taxable
20 year, over

21 “(ii) the applicable threshold amount,
22 bears to—

23 “(B) \$100,000.

24 “(2) THRESHOLD AMOUNT.—For purposes of
25 this subsection, the term ‘threshold amount’
26 means—

1 “(A) \$300,000 in the case of a joint return
2 or surviving spouse,

3 “(B) \$225,000 in the case of a head of
4 household, or

5 “(C) \$150,000 in the case of any other in-
6 dividual.

7 “(3) MODIFIED ADJUSTED GROSS INCOME.—
8 For purposes of paragraph (1), the term ‘modified
9 adjusted gross income’ means the adjusted gross in-
10 come of the taxpayer for the taxable year increased
11 by any amount excluded from gross income under
12 section 911, 931, or 933.

13 “(c) INCREASE IN CREDIT FOR FIRST-GENERATION
14 HOMEBUYER.—

15 “(1) IN GENERAL.—In the case of a first-gen-
16 eration homebuyer, subsection (a) shall be applied
17 by substituting ‘\$50,000’ for ‘\$25,000’.

18 “(2) FIRST-GENERATION HOMEBUYER.—For
19 purposes of this subsection, the term ‘first-genera-
20 tion homebuyer’ means an individual who certifies
21 during the taxable year for which a credit is allowed
22 under subsection (a) that—

23 “(A) no parent or legal guardian of the in-
24 dividual (or the individual’s spouse, in the case
25 of a joint return) had a majority interest in a

1 residential property at any time during the life-
2 time of such individual (or during the lifetime
3 of such individual's spouse, as applicable), and

4 “(B) such individual (or such individual's
5 spouse, in the case of a joint return)—

6 “(i) aged out of the foster care sys-
7 tem,

8 “(ii) was emancipated from their par-
9 ent or legal guardian, or

10 “(iii) does not have a parent or legal
11 guardian who had any ownership interest
12 in a residential property during the 10-
13 year period ending on the date of a pur-
14 chase with respect to which a credit was
15 allowed under subsection (a).

16 “(d) EXCEPTIONS.—No credit under subsection (a)
17 shall be allowed to any taxpayer for any taxable year with
18 respect to the purchase of a residence if—

19 “(1) the taxpayer is a nonresident alien,

20 “(2) the taxpayer disposes of such residence (or
21 such residence ceases to be the principal residence of
22 the taxpayer (and, if married, the taxpayer's
23 spouse)) before the close of such taxable year,

1 “(3) a deduction under section 151 with respect
2 to such taxpayer is allowable to another taxpayer for
3 such taxable year, or

4 “(4) the taxpayer fails to attach to the return
5 of tax for such taxable year a properly executed copy
6 of the settlement statement used to complete such
7 purchase.

8 “(e) ELECTION FOR ADVANCED PAYMENT.—

9 “(1) IN GENERAL.—At the election of the first-
10 time homebuyer, the Secretary shall transfer to a
11 qualifying escrow account an amount equal to the
12 amount that is allowable to such first-time home-
13 buyer under subsection (a) in the present taxable
14 year.

15 “(2) TREATMENT OF TRANSFER.—The amount
16 of the credit allowed under subsection (a) to any
17 taxpayer for any taxable year shall be reduced (but
18 not below zero) by the aggregate amount of pay-
19 ments made under this subsection at the election of
20 such taxpayer during such taxable year. Any failure
21 to so reduce the credit shall be treated as arising out
22 of a mathematical or clerical error and assessed ac-
23 cording to section 6213(b)(1).

24 “(3) QUALIFYING ESCROW ACCOUNT.—For pur-
25 poses of this subsection, the term ‘qualifying escrow

1 account' means an escrow account established for
2 the purchase of a principal residence by a qualified
3 first-time homebuyer that meets the following re-
4 quirements:

5 “(A) Amounts in such account may only be
6 used for a down payment on a purchase with
7 respect to which a credit is allowed under sub-
8 section (a).

9 “(B) Such account is administered by a
10 bank (as defined in section 408A(n)).

11 “(C) The administrator of the account
12 shall transfer to the Secretary any amount in
13 such account not used under subparagraph (A)
14 on the earlier of—

15 “(i) the date that is 180 days after
16 the date on which such amount was trans-
17 ferred to such account under paragraph
18 (1), or

19 “(ii) as soon as practicable upon re-
20 quest of the qualified first-time homebuyer.

21 “(f) RECAPTURE OF CREDIT.—

22 “(1) IN GENERAL.—If, during any taxable year,
23 there is a recapture event with respect to any prop-
24 erty with respect to which a credit was allowed
25 under subsection (a), then the tax of the taxpayer to

1 whom such credit was allowed under this chapter for
2 such taxable year shall be increased by an amount
3 equal to the amount of the credit that was allowed
4 with respect to such property.

5 “(2) RECAPTURE EVENT.—For purposes of this
6 section, the term ‘recapture event’ means, during the
7 5-year period beginning on the date of the purchase
8 with respect to which a credit was allowed under
9 subsection (a)—

10 “(A) the sale, lease to a third party, or dis-
11 position of any part of the property with respect
12 to which such credit was allowed, or

13 “(B) such property ceases to be the prin-
14 cipal residence of the taxpayer (or, in the case
15 of a joint return, of the taxpayer’s spouse).

16 “(3) EXCEPTIONS.—Paragraph (1) shall not
17 apply to any of the following:

18 “(A) PURCHASE OF NEW PRIMARY RESI-
19 DENCE.—

20 “(i) IN GENERAL.—A sale of a prop-
21 erty with respect to which a credit was al-
22 lowed under subsection (a) which is inci-
23 dent to the purchase by a taxpayer of a
24 new primary residence if the proceeds of

1 such sale are used to carry out the pur-
2 chase of such new primary residence.

3 “(ii) TREATMENT OF NEW PRIMARY
4 RESIDENCE.—In the case of a purchase of
5 a primary residence described in clause (i),
6 for purposes of paragraph (1), such pri-
7 mary residence shall be treated as a prop-
8 erty with respect to which a credit was al-
9 lowed under subsection (a), except that the
10 period described in paragraph (2) shall
11 begin on the date on which the original
12 purchase with respect to which the credit
13 was allowed under subsection (a) occurred.

14 “(B) DEATH.—Any taxable year ending
15 after the death of the taxpayer (or, in the case
16 of a joint return, of the spouse of the taxpayer).

17 “(C) DIVORCE.—A transfer of a residence
18 to which section 1041(a) applies.

19 “(D) GOVERNMENT ORDERS.—A recapture
20 event relating to a principal residence occurring
21 in connection with Government orders received
22 by such individual, or such individual’s spouse,
23 for qualified official extended duty service.

24 “(E) QUALIFIED OFFICIAL EXTENDED
25 DUTY SERVICE.—For purposes of this para-

graph, the term ‘qualified official extended duty service’ means service on qualified official extended duty as—

“(i) a member of the uniformed services,

“(ii) a member of the Foreign Service of the United States, or

“(iii) an employee of the intelligence community.

“(g) DEFINITIONS.—For purposes of this section—

“(1) FIRST-TIME HOMEBUYER.—The term ‘first-time homebuyer’ means any individual if such individual (and if married, such individual’s spouse)—

“(A) had no present ownership interest in a principal residence during the 10-year period ending on the date of the purchase of the principal residence to which this section applies,

“(B) has not been allowed a credit under subsection (a) for any preceding taxable year, and

“(C) attests that such individual (and if married, such individual’s spouse) has never had a majority interest in a residential property.

1 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
2 cipal residence’ has the same meaning as when used
3 in section 121.

4 “(3) PURCHASE.—

5 “(A) IN GENERAL.—The term ‘purchase’
6 means any acquisition, but only if—

7 “(i) the property is purchased using a
8 mortgage loan from a commercial lender,

9 “(ii) the property is not acquired from
10 a person related to the person acquiring
11 such property (or, if married, such individ-
12 ual’s spouse), and

13 “(iii) the basis of the property in the
14 hands of the person acquiring such prop-
15 erty is not determined—

16 “(I) in whole or in part by ref-
17 erence to the adjusted basis of such
18 property in the hands of the person
19 from whom acquired, or

20 “(II) under section 1014(a).

21 “(B) CONSTRUCTION.—A residence which
22 is constructed by the taxpayer shall be treated
23 as purchased by the taxpayer on the date the
24 taxpayer first occupies such residence.

1 “(4) RELATED PERSONS.—A person shall be
2 treated as related to another person if the relation-
3 ship between such persons would result in the dis-
4 allowance of losses under section 267 or 707(b) (but,
5 in applying section 267(b) and (c) for purposes of
6 this section, paragraph (4) of section 267(c)(4) shall
7 be treated as providing that the family of an indi-
8 vidual shall include only his spouse, ancestors, and
9 lineal descendants).

10 “(h) BASIS ADJUSTMENT.—For purposes of this sub-
11 title, if a credit is allowed under this section in connection
12 with any expenditure for any property, the increase in the
13 basis of such property which would (but for this sub-
14 section) result from such expenditure shall be reduced by
15 the amount of the credit so determined.

16 “(i) INFLATION ADJUSTMENT.—

17 “(1) IN GENERAL.—in the case of any taxable
18 year beginning after 2024, the dollar amounts in
19 this section shall be increased by an amount equal
20 to—

21 “(A) such dollar amount, multiplied by

22 “(B) the cost-of-living adjustment deter-
23 mined under section 1(f)(3) for the calendar
24 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2023’ for
2 calendar year 2016 in subparagraph (A)(ii).

3 “(2) ROUNDING.—If any increase under para-
4 graph (1) is not a multiple of \$100, such increase
5 shall be rounded to the nearest multiple of \$100.

6 “(j) REPORTING.—

7 “(1) IN GENERAL.—If the Secretary requires
8 information reporting under section 6045 by a per-
9 son described in subsection (e)(2) thereof to verify
10 the eligibility of taxpayers for the credit allowable by
11 this section, the exception provided by section
12 6045(e) shall not apply.

13 “(2) INFORMATION FROM LENDER.—The Sec-
14 retary may require any lender issuing a loan for the
15 purchase of a property with respect to which a credit
16 is allowed under subsection (a) or with respect to
17 which a first-time homebuyer has made a request for
18 a transfer under subsection (e)(1) to provide such
19 information relating to the related purchase as the
20 Secretary determines appropriate.

21 “(k) REGULATIONS.—The Secretary shall issue such
22 regulations or other guidance as may be necessary or ap-
23 propriate to carry out the purposes of this section.”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to residences purchased in taxable

1 years beginning after the date of the enactment of this
2 Act.

3 **SECTION 3. STARTER HOME CONSTRUCTION CREDIT.**

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

8 **“SEC. 45U. STARTER HOME CONSTRUCTION CREDIT.**

9 “(a) IN GENERAL.—For the purposes of section 38,
10 the starter home construction credit determined under this
11 section for any taxable year is an amount equal to 15 per-
12 cent of the qualified home construction costs of the tax-
13 payer for the taxable year.

14 “(b) LIMITATION.—The amount allowable as a credit
15 under subsection (a) to any taxpayer for any taxable year
16 shall not exceed the amount allocated to such taxpayer for
17 the calendar year in which such taxable year ends under
18 subsection (d).

19 “(c) INCREASE FOR FIRST-TIME HOMEBUYER.—In
20 the case of a unit of housing sold to a first-time home-
21 buyer (as defined in section 36(g)(1)), subsection (a) shall
22 be applied by substituting ‘30 percent’ for ‘15 percent’.

23 “(d) QUALIFIED HOME CONSTRUCTION COSTS.—For
24 purposes of this section, the term ‘qualified home con-
25 struction costs’ means, with respect to a taxable year,

1 amounts paid or incurred by the taxpayer for labor and
2 material costs to construct a unit of housing placed in
3 service during such taxable year—

4 “(1) the total square footage of which does not
5 exceed 1200 feet, and

6 “(2) the sale price of which does not exceed 80
7 percent of the area median home price.

8 “(e) ALLOCATION.—

9 “(1) IN GENERAL.—The aggregate starter
10 home construction credit dollar amount which a
11 housing credit agency may allocate for any calendar
12 year is the portion of the State starter home con-
13 struction credit ceiling allocated under this para-
14 graph for such calendar year to such agency.

15 “(2) STATE CEILING INITIALLY ALLOCATED TO
16 STATE HOUSING CREDIT AGENCIES.—The State
17 starter home construction credit ceiling for each cal-
18 endar year shall be allocated to the housing credit
19 agency of such State. If there is more than 1 hous-
20 ing credit agency of a State, all such agencies shall
21 be treated as a single agency.

22 “(3) STATE STARTER HOME CREDIT CEILING.—
23 The State starter home credit ceiling applicable to
24 any State for any calendar year shall be an amount
25 equal to the sum of—

1 “(A) the unused State housing credit ceil-
2 ing (if any) of such State for the preceding cal-
3 endar year, plus

4 “(B) \$30 multiplied by the population of
5 the State (determined in accordance with sec-
6 tion 146(j)).

7 “(4) HOUSING CREDIT AGENCY.—For purposes
8 of this subsection, the term ‘housing credit agency’
9 has the meaning given in section 42(h)(8)(A).

10 “(5) INFLATION ADJUSTMENT.—

11 “(A) IN GENERAL.—In the case of any
12 taxable year beginning after 2024, the dollar
13 amount in paragraph (3)(B) shall be increased
14 by an amount equal to—

15 “(i) such dollar amount, multiplied by

16 “(ii) the cost-of-living adjustment de-
17 termined under section 1(f)(3) for the cal-
18 endar year in which the taxable year be-
19 gins, determined by substituting ‘calendar
20 year 2023’ for ‘calendar year 2016’ in sub-
21 paragraph (A)(ii) thereof.

22 “(B) ROUNDING.—If any increase under
23 subparagraph (A) is not a multiple of \$5, such
24 increase shall be rounded to the nearest mul-
25 tiple of \$5.

1 “(f) BASIS ADJUSTMENT.—For purposes of this sub-
 2 title, if a credit is allowed under this section in connection
 3 with any expenditure for any property, the increase in the
 4 basis of such property which would (but for this sub-
 5 section) result from such expenditure shall be reduced by
 6 the amount of the credit so determined.

7 “(g) REGULATIONS.—The Secretary shall issue such
 8 regulations or other guidance as may be necessary or ap-
 9 propriate to carry out the purposes of this section.”.

10 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 11 CREDIT.—Section 38(b) of such Code is amended by strik-
 12 ing “plus” at the end of paragraph (32), by striking the
 13 period at the end of paragraph (33) and inserting “, plus”,
 14 and by adding at the end the following new paragraph:

15 “(34) the starter home construction credit de-
 16 termined under section 45U(a).”.

17 (c) CLERICAL AMENDMENT.—The table of sections
 18 for subpart D of part IV of subchapter A of chapter 1
 19 of such Code is amended by inserting after the item relat-
 20 ing to section 45T the following new item:

“Sec. 45U. Starter home construction credit.”.

21 (d) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years beginning after
 23 the date of the enactment of this section.

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