

**AMENDMENT TO RULES**  
**COMMITTEE PRINT 115-39**  
**OFFERED BY MR. ELLISON OF MINNESOTA**

Add at the end the following new title:

1 **TITLE VI—MANUFACTURED**  
2 **HOUSING COMMUNITY SUS-**  
3 **TAINABILITY**

4 **SEC. 6001. SHORT TITLE.**

5 This title may be cited as the “Frank Adelman  
6 Manufactured Housing Community Sustainability Act”.

7 **SEC. 6002. TAX CREDIT FOR MANUFACTURED HOME COM-**  
8 **MUNITY SALE TO RESIDENTS OR NONPROFIT**  
9 **ENTITY.**

10 (a) IN GENERAL.—Subpart D of part IV of sub-  
11 chapter A of chapter 1 of the Internal Revenue Code of  
12 1986 (relating to business related credits) is amended by  
13 adding at the end the following new section:

14 **“SEC. 45S. MANUFACTURED HOME COMMUNITY SALE TO**  
15 **RESIDENTS OR NONPROFIT ENTITY.**

16 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
17 tion 38, the manufactured home community sale credit de-  
18 termined under this section for any taxable year is an

1 amount equal to 75 percent of the qualified gain received  
2 by the taxpayer during the taxable year.

3 “(b) DEFINITIONS.—For purposes of this section—

4 “(1) QUALIFIED GAIN.—The term ‘qualified  
5 gain’ means gain from the sale or exchange of real  
6 property to a qualified manufactured home commu-  
7 nity cooperative or corporation if—

8 “(A) the real property is acquired for use  
9 as a manufactured home community, and

10 “(B) the requirements of paragraph (2)  
11 are met.

12 “(2) REQUIREMENTS.—The requirements of  
13 this paragraph are met if—

14 “(A) the seller (or any related person)  
15 owned the property for not less than the 2-year  
16 period ending before the sale or exchange, and

17 “(B) the property is transferred subject to  
18 a binding covenant that the property will be  
19 used as a manufactured home community for  
20 not less than 50 years.

21 “(3) MANUFACTURED HOME COMMUNITY.—The  
22 term ‘manufactured home community’ means a com-  
23 munity comprised primarily of manufactured homes  
24 used solely for residential purposes and owned by a

1 manufactured home community cooperative or cor-  
2 poration.

3 “(4) MANUFACTURED HOME COMMUNITY COOP-  
4 ERATIVE OR CORPORATION.—

5 “(A) IN GENERAL.—The term ‘qualified  
6 manufactured home community cooperative or  
7 corporation’ means a cooperative or a nonprofit  
8 corporation established pursuant to the laws of  
9 the State in which the property used as a man-  
10 ufactured home community is located and  
11 which—

12 “(i) in the case of a community owned  
13 by a nonprofit corporation whose member-  
14 ship interests are sold on a nonappre-  
15 ciating basis, has only one class of mem-  
16 bership consisting of residents, and

17 “(ii) in the case of a community  
18 owned by a cooperative, has no more than  
19 two classes of membership, which includes  
20 both members and a tax-exempt organiza-  
21 tion actively engaged in supporting afford-  
22 able housing and resident-owned manufac-  
23 tured home communities.

24 “(B) GOVERNANCE.—An entity shall not  
25 be treated as a qualified manufactured home

1 community cooperative or corporation for pur-  
2 poses of subparagraph (A) unless governance of  
3 the entity is carried out by members elected to  
4 a board of directors with voting structured eq-  
5 uitably among all members.

6 “(C) MEMBER.—The term ‘member’  
7 means—

8 “(i) an individual—

9 “(I) has attained the age of 18,

10 “(II) is entitled by reason of the  
11 individual’s membership interest to  
12 execute an occupancy agreement with  
13 the manufactured home community  
14 cooperative nonprofit with respect to  
15 one site in the manufactured home  
16 community for the purposes of situ-  
17 ating a manufactured home owned by  
18 the member or, as permitted by the  
19 manufactured community cooperative  
20 or corporation, the member’s trust or  
21 other entity, and

22 “(III) is a resident of the manu-  
23 factured home community, and

24 “(ii) a tax exempt organization.

1           “(5) MEMBERSHIP INTEREST.—The term  
2           ‘membership interest’ means an ownership interest  
3           in a manufactured home community cooperative or  
4           corporation or a membership interest in a manufac-  
5           tured home community nonprofit corporation.

6           “(6) MANUFACTURED HOME.—The term ‘man-  
7           ufactured home’ means a structure, transportable in  
8           one or more sections, which—

9                   “(A) in the traveling mode, is 8 body feet  
10                   or more in width and 40 body feet or more in  
11                   length, or when erected on site, is 320 square  
12                   feet or more,

13                   “(B) is built on a permanent chassis and  
14                   designed to be used as a dwelling (with or with-  
15                   out a permanent foundation when connected to  
16                   required utilities) and includes plumbing, heat-  
17                   ing, and electrical heating systems, and

18                   “(C) in the case of a structure manufac-  
19                   tured after June 15, 1976, is certified as meet-  
20                   ing the Manufactured Home Construction and  
21                   Safety Standards issued under the National  
22                   Manufactured Housing Construction and Safety  
23                   Standards Act of 1974 (42 U.S.C. 5401–5426)  
24                   by the Department of Housing and Urban De-  
25                   velopment and displays a label of such certifi-

1 cation on the exterior of each transportable sec-  
2 tion.

3 “(c) SPECIAL RULES.—

4 “(1) RELATED PERSON.—For purposes of sub-  
5 section (b)(2)(A), a person (hereafter in this sub-  
6 paragraph referred to as the ‘related person’) is re-  
7 lated to the seller if—

8 “(A) the related person bears a relation-  
9 ship to the seller specified in section 267(b) or  
10 707(b)(1), or

11 “(B) the related person and the seller are  
12 engaged in trades or businesses under common  
13 control (within the meaning of subsections (a)  
14 and (b) of section 52).

15 “(2) ELECTION BY BOTH SELLER AND  
16 BUYER.—The credit is allowable under this section  
17 only if—

18 “(A) elected by both the seller and the  
19 buyer of the real property and evidenced by an  
20 affidavit executed by both parties, and

21 “(B) the buyer of the real property records  
22 the affidavit and the affidavit is referenced in  
23 its deed to the real property.

24 The seller shall elect the credit under this section on  
25 its return of tax.

1           “(d) TAX UPON VIOLATION OF COVENANT.—There  
2 is imposed a tax on the buyer for a violation of the cov-  
3 enant specified in subsection (b)(2)(B). The amount of  
4 such tax shall be 20 percent of the net proceeds after set-  
5 tlement for the sale or exchange of the real property re-  
6 ferred to in subsection (b)(2). For purposes of section  
7 501(a), the tax imposed by this subsection shall not be  
8 treated as a tax imposed by this subtitle.

9           “(e) REGULATIONS.—The Secretary shall issue such  
10 regulations or other guidance as may be necessary to carry  
11 out this section, including the recapture of the tax benefit  
12 under this section in any case in which the real property  
13 described in subsection (b) is not used as a manufactured  
14 home community for at least 50 years.”.

15           (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-  
16 NESS CREDIT.—Section 38(b) of such Code is amended  
17 by striking “plus” at the end of paragraph (35), by strik-  
18 ing the period at the end of paragraph (36) and inserting  
19 “, plus”, and by adding at the end the following new para-  
20 graph:

21                   “(37) the manufactured home community sale  
22 credit determined under section 45S(a).”.

23           (c) CONFORMING AMENDMENTS.—

24                   (1) Subsection (c) of section 196 of such Code  
25 is amended by striking “and” at the end of para-

1 graph (13), by striking the period at the end of  
2 paragraph (14) and inserting “, and”, and by add-  
3 ing at the end the following new paragraph:

4 “(15) the manufactured home community sale  
5 credit determined under section 45S(a).”.

6 (2) The table of sections for subpart D of part  
7 IV of subchapter A of chapter 1 of such Code is  
8 amended by adding at the end the following new  
9 item:

“Sec. 45S. Manufactured home community sale to residents or nonprofit enti-  
ty.”.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2017.

