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IRS Provides Relief for Low-Income Housing Tax Credit

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In response to the COVID-19 pandemic, on July 1, 2020, the Internal Revenue Service (the "IRS") issued [Notice 2020-53](#) to provide relief for operators and owners of qualified low-income housing projects and qualified residential rental projects financed with exempt facility bonds. This guidance relaxes certain requirements for the low-income housing tax credit ("LIHTC") under Section 42 of the Internal Revenue Code (the "Code") and requirements for qualified residential rental projects under Sections 142(d) and 147(d) of the Code.

Time-Sensitive Actions

If any of the following deadlines is on or after April 1, 2020, and before December 31, 2020, the deadline is postponed to December 31, 2020, under Notice 2020-53:

- The last day for an owner of a building with a carryover allocation to meet the 10% test;
- The last day of the 24-month minimum rehabilitation expenditure period for a building;
- The last day of the reasonable period to restore by reconstruction or replacement any low-income building that has suffered a casualty loss;
- The last day of the reasonable restoration period for any low-income building that, due to a prior major disaster, suffered a casualty loss that would have reduced its qualified basis;
- The last day of a 12-month transition period for a qualified residential project; and
- The last day of the 2-year rehabilitation expenditure period for a bond used to provide a qualified residential rental project.

Income Recertification

Between April 1, 2020 and December 31, 2020, owners of qualified low-income housing projects are not required to perform certain income recertifications.

Common Areas and Amenities

If an amenity or common area in a qualified low-income housing project is temporarily closed due to COVID-19 during any period from April 1, 2020 to December 31, 2020, owners of the project are not required to reduce the eligible basis in the building.

Emergency Housing for Medical Personnel

If medical personnel and other essential workers are providing services during the COVID-19 pandemic between April 1, 2020 and December 31, 2020, owners and operators of low-income housing projects may treat those personnel as if they were Displaced Individuals (as defined in Revenue Procedures 2014-49 and 2014-50), and thus may provide emergency housing for them.

Compliance Monitoring

State agencies that have jurisdiction over the projects are not required to conduct compliance monitoring inspections or reviews between April 1, 2020 and December 31, 2020.

In conjunction with Notice 2020-53, the Treasury issued [proposed regulations](#) relating to the LIHTC compliance-monitoring duties of state agencies. These proposed regulations lower the minimum compliance-monitoring sampling requirement, which will reduce burdens on those state agencies with respect to the compliance-monitoring requirements set forth in the February 26, 2019 final regulations.

This taxpayer-friendly notice should help to alleviate some of the difficulties and disruptions that many LIHTC developers and project owners are facing as a result of the COVID-19 pandemic.



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