

## Highlights of New IRS LIHTC COVID-19 Relief and New Regulation on Compliance Monitoring

### IRS Releases COVID-19 Relief for LIHTC Projects and New Regulation on Agency Compliance Monitoring

On July 1<sup>st</sup>, the IRS issued [Notice 2020-53](#) providing relief for low-income housing tax credit (“LIHTC”) projects and tax-exempt bond projects. Applegate & Thorne-Thomsen worked with industry groups to draft letters to the IRS requesting relief and Notice 2020-53 granted much of what was requested. Highlights of the guidance are below.

1. 10% Test for LIHTC Projects - For 10% Tests due on or after April 1, 2020 and before December 31, 2020, the 10% date is postponed to December 31, 2020.
2. LIHTC 24-Month Minimum Rehab Test - if the 24-month period ends on or after April 1, 2020 and before December 31, 2020, the date to meet the requirement is postponed to December 31, 2020.
3. Casualty Loss - for Projects that had a casualty, if the reasonable period to restore ends on or after April 1, 2020 and before December 31, 2020, the date to meet the requirement is postponed to December 31, 2020.
4. Prior Major Disaster - for Projects that had a casualty from a major disaster, if the reasonable period to restore ends on or after April 1, 2020 and before December 31, 2020, the date to meet the requirement is postponed to December 31, 2020.
5. Income Recertifications - Income certifications are not required to be performed for the period beginning on April 1, 2020 and ending on December 31, 2020. Regular recertifications begin again after December 31, 2020.
6. Compliance Monitoring Inspections or Reviews - Credit Agencies do not have to perform monitoring inspections or reviews for the period beginning on April 1, 2020 and ending on December 31, 2020. Agencies have to resume inspections after December 31, 2020.
7. Common Areas and Amenities Temporary Closure - if a common area or amenity is temporarily closed for some or all of the period from April 1, 2020 through December 31, 2020 in response to the COVID-19 pandemic and not for other reasons, then such closure will not impact eligible basis.
8. Emergency Housing for Medical Personnel and Other Essential Workers - from April 1, 2020 through December 31, 2020, Owners can treat Medical Personnel and Other Essential Workers (as defined by state or local government) as displaced individuals thus allow them to rent units in low-income projects in compliance with other guidance the IRS has previously issued.

Unfortunately, the IRS did not grant our request for an extension on the 2-calendar year placement in service requirement for Projects with carryover allocations. The extension of the 10% date will be helpful to many Projects, but for credit agencies like the Illinois Housing Development Authority that already have a December 31, 2020 deadline, no relief is given.

For more detailed information and additional measures for bond projects, see [Notice 2020-53](#) and see this [IRS Newsroom Article](#).

Also on July 1, the IRS released [Proposed Regulations](#) which relax the minimum compliance-monitoring sampling requirement for purposes of physical inspections and low-income certification review.

For more information, please contact [Glenn Graff](#) or any of your contacts at Applegate & Thorne-Thomsen.