



KHC's Response to the Tornado, Storm Damage

Nothing is more important than a safe, warm home for the holidays. For many Kentuckians, that was ripped away – literally – this weekend during the devastating storms that ravaged Western Kentucky. Our hearts go out to all those affected.

We are working with governmental agencies, including the Governor's Office, Kentucky Emergency Management, and FEMA to see how Kentucky Housing Corporation (KHC) and our partners can assist relief efforts.

Thank you to all who reached out to KHC. We value and appreciate your partnership and willingness to help. It will take a coordinated effort to help those impacted rebuild and recover, and we welcome your assistance and support.

In Kentucky, we live by the motto, "United We Stand, Divided We Fall." As Governor Andy Beshear said yesterday, we are absolutely united in times of trouble – united in our grief and in our willingness to help our fellow Kentuckians.

Disaster Response: When to Contact KHC

1. **If you have units available:**

KHC is supplying KY Emergency Response and FEMA with potential units for displaced households. Send unit info to Joe Prichard at jprichard@kyhousing.org or 502-564-7630, ext. 244.

2. **If you have units that are no longer habitable:**
PBCA units: Contact Stacie Sutton at ssutton@kyhousing.org or 502-564-7630, ext. 772.
LIHTC units: Contact Phyllis Clem at pclem@kyhousing.org or 502-564-7630, ext. 221.
 3. **If you have major property damage and have a KHC multifamily loan:**
Contact Matt Mulberry at mmulberry@kyhousing.org or 502-564-7630, ext. 479.
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Housing for Displaced Residents

President Joe Biden declared a major federal disaster in Kentucky after a swarm of deadly tornadoes hit the state. As part of the declaration, federal aid will be provided to affected individuals in the counties of Caldwell, Fulton, Graves, Hopkins, Marshall, Muhlenberg, Taylor, and Warren (counties may be updated in the near future).

The major disaster declaration is significant since it makes low-income housing tax credit (LIHTC) and tax-exempt, bond-financed multifamily rental housing properties in these areas eligible for relief from certain provisions under the Internal Revenue Code (IRC) 42 and 142.

Revenue Procedure 2014-49

Rev. Proc. 2014-49 provides temporary relief from certain requirements of IRC Section 42 for agencies and owners as well as emergency housing relief for individuals displaced by a major disaster. When the president issues a declaration of a major disaster (as President Biden has done in Kentucky, FEMA may designate particular cities, counties or other local jurisdictions covered by the declaration as eligible for assistance under Rev. Proc. 2014-49.

Rev. Proc. 2014-49 relief in disaster areas includes:

- temporary suspension of certain income limitations for displaced individuals;
 - eliminating the need for self-certification of income eligibility;
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- permitting an LIHTC allocating agency to allow a property owner to provide emergency housing relief to displaced individuals from other jurisdictions;
- describing the consequences of providing emergency housing relief during and after the first year of the credit period; and
- modifying the safe harbor relating to the amount of credit allowable to a restored building.

Protection for Existing Tenants

- Another provision of Rev. Proc. 2014-49 is emergency housing relief. LIHTC property owners who have obtained written approval from the agency to house displaced individuals may do so for a period not longer than 12 months from the end of the month in which the major disaster incident period starts.
- Protection is provided to existing LIHTC property tenants who cannot be evicted solely to provide emergency housing relief for a displaced individual. The LIHTC property owner must keep detailed records for the displaced individuals and cannot charge more than the maximum LIHTC gross rents for those units. Further, if a displaced individual begins occupancy of a unit at a time that is within the temporary housing period and the first year of the credit period, the unit is treated as a low-income unit during the temporary housing period.
- The emergency housing of displaced individuals in low-income units during the temporary housing period does not cause the building to suffer a reduction in qualified basis which would cause recapture or loss of LIHTCs.

Certifying Displaced Tenants

- Although displaced tenants will continue to be considered qualified tenants during the 12-month period following the start of the incident period, after this period they will no longer be considered income qualified unless an initial certification is performed. Therefore, many owners will choose to income certify the temporarily displaced households so that they can remain in the units for longer than 12 months and not jeopardize the project's LIHTC.

Revenue Procedure 2014-50

- Rev. Proc. 2014-50 provides temporary relief from certain requirements of IRC Section 142(d) for issuers and operators of qualified residential rental properties financed with tax-exempt bonds. If a property owner obtains written approval to house displaced individuals, they may do so for a period not exceeding 12 months from the end of the month of the start of the incident period for major disaster.
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Protection is provided to existing tenants from being evicted solely to house a displaced individual.

- If a displaced individual has demonstrated low-income qualification, the operator may accept the individual either as a low-income tenant or as a displaced individual. If a displaced individual has not demonstrated low-income qualification and the operator wishes to accept the individual as a tenant, the individual would be treated either as not low-income or as receiving emergency housing relief as a displaced individual.
- Rev. Proc. 2014-50 further provides that the income of a displaced individual during the temporary housing period is disregarded and does not change the status of the unit. If a displaced individual takes occupancy of a unit in a bond/LIHTC project during the first year of the credit period, the unit is treated as occupied by a low-income individual. If a displaced individual continues to occupy a unit at the end of the temporary housing period, then the status of the unit and the income of the individual are re-evaluated as though the individual commenced occupancy the day immediately following the end of the temporary housing period.

Recordkeeping

- Under both Rev. Proc. 2014-49 and Rev. Proc. 2014-50, property owners and managers must maintain records, including the name, address, and Social Security number of each displaced individual, as well as a displacement statement.
- Owners and managers of Low Income Housing Tax Credit (LIHTC) properties who wish to provide temporary emergency housing to displaced residents must have written approval from the Kentucky Housing Corporation (KHC) and complete the Owner Request to Provide Emergency Housing form.

Unless your written policies and procedures provide a preference for households displaced by presidentially declared disasters, you may not skip over households on your waiting list to provide emergency housing. Likewise, you may not displace existing households in order to provide emergency housing.

Ready to Rent Units

Kentucky Housing Corporation is requesting our partners to reach out to us with a list of projects you may have available (ready to rent) units in Western Kentucky. We are currently creating a list of units to make available to all displaced households in Western Kentucky. Please email the available project list to Phyllis Clem at pclem@kyhousing.org or Ariane Butcher at abutcher@kyhousing.org.

Forms to use for record keeping of displaced households will be forthcoming.

Federal Disaster Assistance Available

Kentuckians who were impacted by the weekend storms and tornado can apply for federal disaster relief. The Federal Emergency Management Agency (FEMA) created [a page](#) with resources relating to the disaster and a portal for Kentuckians to [apply for relief](#).

Residents should get on the FEMA list NOW. They can receive funding in as little as five days, and the average payment is \$4,800, though they could qualify for up to \$30,000.

The U.S. Department of Housing and Urban Development is implementing protections for homeowners, including 90-day [foreclosure relief](#) for qualifying counties and providing insurance for [mortgages](#) and [home rehabilitation](#).

[Apply for Disaster Assistance](#)

Additional Resources

- **FEMA Assistance**
 - Call 800-621-3362; TTY: 800-462-7585
 - [Read *Help After A Disaster*](#)
 - Find out [what to expect after applying](#)
 - [Learn how FEMA inspects your property](#) (FEMA's primary form of damage assessment)
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- **Small Business Association Disaster Loan Program**
 - [Learn more about the program](#)
 - Call 1-800-659-2955
 - Email DisasterCustomerService@sba.gov.

 - **Printable Fliers**
 - [English](#)
 - [Spanish](#)
 - All FEMA pages translate into multiple languages to aid multilingual applicants

 - Visit KHC's [Resources for Kentuckians in Need page](#)
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