

In this week's Tax Credit Tuesday podcast, Michael J. Novogradac, CPA, talks about federal coronavirus relief legislation and how housing and community development could play a role in those initiatives. He also discusses what coronavirus resources and relief may be available for various tax credit communities. He closes out with an update from the Federal Housing Financing Agency on its evaluation of Fannie Mae and Freddie Mac's duty to serve requirements, as well as an update on the Affordable Housing Credit Improvement Act (H.R. 3077) and the Revitalizing Economies, Housing and Businesses Act (H.R. 6175).

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GENERAL NEWS

Congress Works on Coronavirus Relief Package

- First, let's talk about federal legislation.
- Housing and community development incentives could play a role in coronavirus relief efforts.
 - That is if certain proposals are included in emergency relief legislation.
- Before I delve into those specific proposals, I'll recap what we know so far about coronavirus relief legislation.
- An initial supplemental appropriations bill was enacted March 6 to provide \$8.3 billion in emergency funding for various agencies, including the Department of Health and Human Services.
- Congress is now working on a second bill that focuses on protection and relief for families.
 - This second bill and a third, future piece of coronavirus legislation, are potential vehicles for housing and community development initiatives.
- The House late on Friday passed a coronavirus relief package.
- The House package would provide free coronavirus testing, including free tests for those who are uninsured.
 - It would increase the federal match for Medicaid by 6.2 percentage points, giving states tens of billions of dollars in increased health care funding.
- The bill would also provide up to 10 days of emergency paid sick days and up to 12 weeks of coronavirus-related sick leave at two-thirds pay for businesses of less than 500 employees, as well as \$2 billion for expanded unemployment insurance.
 - The bill does provide some refundable tax credits for qualifying businesses to help offset some of these costs.
- The package would also authorize \$1 billion for food assistance programs, including additional funding for food banks and the Supplemental Nutritional Assistance Program, commonly known as food stamps.
- The massive emergency bill was originally introduced Wednesday.
- But after negotiations between House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin, House leaders made adjustments to give the bill a better chance of winning Republican support.
- Thus, the version that the House passed reflects a bipartisan effort.
- I should note that that House bill did need technical corrections to the bill passed on Friday.
- The House did through unanimous consent pass those technical corrections yesterday, Monday.
- The Senate has not yet passed the bill, as it had already recessed for the weekend by the time the House had passed its bill.
- Senate Majority Leader Mitch McConnell cancelled this week's scheduled state work period so the Senate could work on the emergency package this week.
- That's a long way of saying the Senate is in session.
- Speaker Pelosi said a third legislative package will be released soon.

- Many expect the third package will include broader initiatives to help boost the U.S. economy.
- And with respect to the second package, there's a lot of talk of the Senate making adjustments to it.
- We'll need to see what adjustments the Senate may make.
- And then, if they do make such adjustments, the House would need to vote on it again.
- So, how do affordable housing and community development initiatives fit into these efforts?
- First, housing is a key issue.
- The Center for Disease Control recommends that those who are sick stay home.
- This recommendation is impossible for people who are homeless.
- This is also a concern for people who are vulnerable to losing their homes because of job insecurity and economic hardships related to the pandemic.
- In response, Senate Democrats have issued several proposals that directly relate to housing.
- Senate Minority Leader Chuck Schumer and Senate Banking Committee Ranking Member Sherrod Brown head the group.
- The Senate Democrats propose supplemental funding for federal housing.
 - That would mean additional funds for housing authorities, housing assistance providers and organizations serving the homeless.
- Senate Democrats sent a letter to Vice President Mike Pence, HUD Secretary Ben Carson and USDA Secretary Sonny Purdue.
- The letter asked the recipients to coordinate guidance for federally assisted housing properties.
 - Specifically, the letter called for guidance to help housing providers prevent and mitigate the spread of the virus.
 - By the way, after that letter was sent, HUD released a questions and answers document for multifamily housing stakeholders.
 - The document discussed emergency preparedness, resident health and other issues related to the coronavirus.
- Senate Democrats also propose emergency rental assistance and eviction prevention for people struggling to pay rent and utility bills.
 - This is meant to prevent more people from becoming homeless and increasing their risk of exposure during the pandemic.
- Now that the House-passed emergency bill is in the Senate, we might see Senate Democratic leaders try to advance some of these proposals in the final bill.
- There's also the economic impact side of the pandemic.
- Congress is concerned with how the coronavirus is affecting people's jobs, local communities and small businesses.
- To help ameliorate that, one idea that has been floated to help bolster local communities and local economies is to provide an increase in the new markets tax credit allocation.
- Supporters of the new markets tax credit are urging lawmakers to consider a \$1.5 billion allocation increase to the pending 2019 new markets tax credit round.
- The current round is authorized at \$3.5 billion.
- A \$1.5 billion boost would make \$5 billion in tax credit allocation authority available to incentivize community investments in the coming months.
 - As far as we know, the CDFI Fund still plans to announce 2019 awards this summer.

- \$5 billion is the same amount currently authorized for the 2020 round.
- Increasing the new markets tax credit allocation authority in an emergency would be nothing new.
- In fact, Congress has a history of authorizing new markets tax credit allocation boosts in response to economic and natural disasters.
 - Think of the Gulf Opportunity Zone Act in 2005 in response to Hurricanes Katrina, Rita and Wilma.
 - Think of the American Recovery and Reinvestment Act in 2009 in response to the Great Recession.
 - Both of those bills included special allocations of new markets tax credit allocation authority to allocation rounds already in progress.
- Fast forward to the current pandemic.
- A new markets tax credit expansion could be included in a third coronavirus response bill that focuses on boosting the economy.
- I'll keep an eye on these proposals and we'll report any updates in future podcast episodes.

Coronavirus Guidance, Resources

- Next, I'll talk about current guidance, resources and relief measures available to the tax incentive community related, as they relate to COVID-19.
- As I mentioned in the opening of this podcast, Novogradac has a new web page with all of this information.
 - I'll share the link to that page in today's show notes.
- Here's a quick summary.
- And bear in mind that this is changing rapidly and some of the positions state agencies have taken will be changing over time.
- First, the low-income housing tax credit.
- California, Texas, Florida and several other state housing agencies are suspending physical compliance inspections of occupied units.
 - You can read about specific state policies on the Novogradac COVID-19 page.
- That said, responses are varied by state.
- For example, the Mississippi Home Corporation announced on March 16 that its program deadlines, and such, remain in place.
 - That includes the March 27 application deadline for the 2020 low-income housing tax credit cycle.
 - If developers encounter delays directly related to the current COVID-19 outbreak, the Mississippi agency said it will take them up on a case-by-case basis.
- Turning now to HUD.
- HUD has announced that Real Estate Assessment Center inspections and funding will be postponed indefinitely.
 - This REAC postponement will affect all multifamily housing and public and Indian housing properties.
- HUD said staff is working diligently to ensure all housing assistance payments, operations funding, and various other funding streams continue to be obligated.
 - That's even in the event of a prolonged telework situation.
- HUD has also launched a COVID-19 information page.

- The page includes guidance and Q&A documents for various stakeholder groups, including multifamily housing providers.
- If you have any suggestions for other resources we should include on the Novogradac COVID-19 page, please email us at CPAs@novoco.com.

Federal Tax Return Filing Extension

- Continuing with coronavirus-related announcements, the April 15 deadline to file 2019 tax returns will be extended for certain taxpayers, in response to disruptions caused by the coronavirus.
- President Trump made the announcement Wednesday night during his Oval Office address to the nation.
- Trump directed Treasury to extend the filing deadline for individuals and businesses negatively affected by the coronavirus.
- Trump said there would be no interest or penalties on the deferred tax payments.
- At the time of this recording, it's unclear exactly which taxpayers qualify for the deferral and how long the filing extension will be.
- Before Trump's announcement, Treasury Secretary Steven Mnuchin told reporters that the extension would apply to, and I quote, "virtually all Americans, other than the super rich." End quote.
- The administration has not yet clarified any income or asset thresholds that would qualify taxpayers for the extension.
- With a change in the federal filing deadline, I expect many states that levy income taxes to follow suit.
- For example, California extended until June 15 its deadline for partnerships, LLCs and individuals to file returns and make payments.
- State extensions would make sense considering most taxpayers file their federal and state income tax returns at the same time.
- Obviously, this filing deadline extension is a developing story.
- I will keep you posted on Twitter and in future podcast episodes as more information becomes available.
- In the meantime, I encourage you to reach out to a Novogradac professional with questions about your business tax returns.

Other News

- Now, moving to some non-pandemic updates.
- In affordable housing news, the FHFA announced last week that it is strengthening its duty to serve evaluation criteria and compliance requirements for Fannie Mae and Freddie Mac.
 - These changes will increase the targeting of duty to serve related mortgage purchases and could affect low-income housing tax credit equity investment by Fannie and Freddie.
 - But until Fannie and Freddie release their revised plans, it will be too early to tell exactly how these announced evaluation changes will affect the GSEs' investments.
 - Fannie and Freddie are each allowed to invest up to \$500 million a year in low-income housing tax credit equity.
 - About \$200 million of that investment is influenced by their duty to serve underserved markets, namely
 - manufactured housing,
 - affordable housing preservation and
 - rural housing.
- In other affordable housing news, legislation to enhance and expand the low-income housing tax credit now has a majority of House members as cosponsors.
 - The Affordable Housing Credit Improvement Act or H.R. 3077 earned five new cosponsors in the House last week meaning more than a majority of House members are cosponsors.
 - The bill has 221 cosponsors at the time of this recording.
 - Proponents of the bill hope the co-sponsor milestone of more than half will create momentum for its inclusion in a tax legislative vehicle in the House this year.
- In other legislative news, a bipartisan group of House lawmakers introduced legislation they say will complement the federal historic tax credit.
 - H.R. 6175 is the Revitalizing Economies, Housing and Businesses Act, or REHAB Act of 2020.
 - The REHAB Act would create a 15 percent tax credit for non-historic buildings that are:
 - More than 50 years old,
 - Within a half-mile of a public transportation center, and
 - Not located in a historic district or on the National Register of Historic Places.
 - There would be a higher 25 percent credit on costs that are associated with properties that meet all those other requirements and are also affordable housing related or they're costs associated with public infrastructure that are required by state or local governments as a condition of project completion.



Related Resources

Novogradac

[Novogradac's Response to the COVID-19 Pandemic](#)

[Novogradac COVID-19 Resources for the Affordable Housing, Community Development and Renewable Energy Communities](#)

[Contact a Novogradac partner](#)

Coronavirus Relief Package

[H.R. 6201](#)

[Senate Democratic Leaders Announce Targeted New Economic and Community Relief Proposal To Help States With Coronavirus Outbreaks](#)

[HUD Coronavirus Q&A](#)

Coronavirus Resources, Policies

[Novogradac COVID-19 Resources for the Affordable Housing, Community Development and Renewable Energy Communities](#)

[Notes from Novogradac Blog Post: LIHTC Allocating Agencies Respond to Coronavirus](#)

[HUD's COVID-19 Resource Page](#)

[HUD Memo Confirming REAC Inspections Postponement Until Further Notice](#)

Federal Tax Filing Extension

[Contact a Novogradac partner](#)

FHFA Duty to Serve

[Duty to Serve Evaluation Guidance 2020-4](#)

Affordable Housing Credit Improvement Act

[H.R. 3077](#)

[S. 1703](#)



REHAB Act of 2020

[Revitalizing Economies, Housing and Businesses Act of 2020](#)