

In this week's Tax Credit Tuesday podcast, Michael J. Novogradac, CPA outlines several COVID-19 relief legislation packages including the recently enacted Families First Coronavirus Response Act (H.R. 6201). He also discusses several proposed bills, including the Coronavirus Aid, Relief and Economic Security Act, or CARES Act (S. 3548), a draft bill from House Speaker Nancy Pelosi and the Financial Protections and Assistance for America's Consumers, States, Businesses and Vulnerable Populations Act (H.R. 6321) that was introduced by House Financial Services Committee Chairwoman Maxine Waters. Then, he discusses the extension of the tax filing and payment deadlines from the IRS, and investment expansion authorizations from the FHFA and the Federal Reserve. Next he discusses how certain lending activities related to COVID-19 would receive positive Community Reinvestment Act consideration. He also talks about announcements from HUD and the FHFA that would suspend evictions and foreclosures for certain housing and provide mortgage forbearance for multifamily property owners. Next, he discusses a few state-level responses to the COVID-19 pandemic. He wraps up with news on the CDFI Fund notice of guarantee availability for the fiscal year 2020 CDFI Bond Guarantee Program.

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GENERAL NEWS

Coronavirus Relief Packages

- Last week, President Donald Trump signed into law the Families First Coronavirus Response Act.
 - This is often referred to as the phase 2 coronavirus relief legislation.
- Under the legislation, companies with fewer than 500 employees are generally eligible for refundable tax credits of up to \$10,000 per employee for the cost of now generally mandated paid family and medical leave.
- There are additional tax credits of up to \$5,110 per employee for paying now mandated sick leave.
- Similar tax credits are also available for self-employed individuals.
- If you need assistance determining your company's eligibility for these tax credits, please reach out to a Novogradac partner near you.
- For more information, you can also go to our COVID-19 resources page, where we have posted a client alert summary.
 - I will include a link to that memo in today's show notes and tweet it out as well.
- The legislation also provides for free testing for COVID-19, and an increase in unemployment and food assistance.
- Work is continuing, as I record this podcast on a third legislative package.
- This work officially began last Thursday, when Senate Majority Leader Mitch McConnell and six other Republican senators introduced the Coronavirus Aid, Relief and Economic Security Act, or CARES Act.
- S. 3548, the CARES Act, proposes relief measures that range from
 - providing tax rebate checks for individuals and families to
 - delaying estimated tax payments for corporations this year until Oct. 15.
- The bill is anywhere from \$1 trillion to \$2 trillion, and it's continuing to evolve.
- The bill would also correct a drafting error in the 2017 tax reform package regarding qualified improvement property.
 - The bill would allow companies to write off qualified improvement costs immediately, as opposed to current law that requires depreciating improvements over the life of the building.
- The bill would also change the limitation on the deduction of interest expense.
- The 2017 tax reform bill generally places a limit of 30% on the deductibility of interest expense based upon the income for the property.
- That limit would be raised to 50%.
- This is a provision, if adopted, may require filing amended or replacement returns for any 2019 returns already filed.
- The Senate has held two votes on the CARES act, and both votes failed.
- Senate Democrats are arguing that Senate Republicans are providing too many benefits for corporations and not enough for individuals, state and local governments.
- Republicans in turn, are arguing that Democrats are trying to force Republicans to include provisions in the bill unrelated to COVID-19 pandemic relief in this bill.
- While all this has been happening in the Senate, House Democrats have been working on their own COVID-19 relief provisions.
- House Speaker Nancy Pelosi has a draft bill that proposes direct payments of \$1,500 for individuals and \$3,000 for couples.

- That's an increase from the \$1,200 for individuals and \$2,400 for couples proposed in the Senate version, albeit the Senate version is changing.
- Pelosi's draft bill also includes a \$50 billion fund of forgivable loans for small businesses.
- As well as a \$100 billion fund to support renters in non-assisted housing who cannot pay rent.
- The exact language of the House bill is still being negotiated.
- I do want to note that both the Senate and House draft bills contain supplemental appropriations for HUD as well.
- In separate legislation, House Financial Services Committee Chairwoman Maxine Waters introduced her own bill with many provisions that center on housing, and many of which will likely merge into the House and/or Senate bill.
- The Waters bill would:
 - provide \$15.5 billion in emergency homeless assistance,
 - provide \$15 billion for Community Development Block Grants, which is up from the usual annual amounts in the \$3 billion range,
 - suspend rental payments for renters in assisted housing,
 - and ban all evictions and foreclosures during the pandemic.
 - Later in this podcast, I'll talk about some of the steps HUD has already taken in this regard.
- Chairwoman Waters' bill is called the Financial Protections and Assistance for America's Consumers, States, Businesses and Vulnerable Populations Act, or H.R. 6321.
- Not to be out done, The New Democrat Coalition last Thursday released its own list of coronavirus relief principles that it wants Congress to prioritize.
 - One of the recommendations from the New Democrat Coalition is to issue a one-year extension of low-income housing tax credit deadlines.
 - The purpose is to prevent developments from losing their housing tax credits.
 - In particular, there is the:
 - 10 percent test for carryover allocations,
 - Placed-in-service deadlines for new property, and
 - deadlines to place rehabilitated property in service.
 - The group also recommended stabilizing the 4 percent low-income housing tax credit.
 - By "stabilizing," they mean establishing a minimum for the 4 percent tax credit.
 - That's one of the headline provisions of the Affordable Housing Credit Improvement Act, or AHCIA.
 - Establishing the 4 percent floor now is particularly important given how the federal borrowing rates have dropped to historic lows because of the COVID-19 economic fallout.
 - In fact, the IRS last week released the April 2020 applicable percentages, and the 4 percent rate is at a record low of 3.12 percent.
 - And the May rate could go even lower.
 - These low rates have increased financing gaps for tax-exempt bond-financed properties, making financing affordable rental housing even more difficult.
 - One of the New Democrat Coalition's vice chairwomen is the AHCIA's lead sponsor in the House, Rep. Suzan DelBene of Washington.
- Over the coming weeks, we'll see even more coronavirus relief proposals.
 - As I noted earlier, a phase four and potentially a phase five proposal.

- I'll continue to report on them in the podcast, as warranted and I'll send out tweets as well.
- Novogradac has posted these proposals on our dedicated COVID-19 resources page.
 - The web page also includes other advocacy, legislation, guidance and more.
 - You can find it at www.novoco.com/coronavirus, or just search "Novogradac coronavirus."
 - If there is information you are looking for, or resources we should add to the page, please email cpas@novoco.com
 - This is an important free service we want to make available and we want to increase its utility as much as possible.

IRS Extends Tax Filing, Payment Deadlines

- Next, I'll talk about certain COVID-19 relief measures already in place, starting with a change to Tax Day.
- The IRS has extended both the tax filing and tax payment deadlines by three months.
- Basically, changing April 15 deadlines to July 15.
 - The extensions to file and pay come with no interest or penalties.
 - I should note, that the June 15 estimated tax payment deadline hasn't been pushed back, as of yet.
- The extensions resulted from the president's directive for Treasury to provide tax deadline relief during the COVID-19 outbreak.
- As I said, in last week's podcast, we at Novogradac do expect many states will also change their filing and payment deadlines to mirror the federal change.
- In fact, some have.
- That said, you must be sure to monitor each state.
- I also encourage you to contact a Novogradac professional for assistance in understanding the impact of these deadlines on your personal tax situation.

Fed, FHFA Expand Investment to Support Smooth Market Function

- There are also other steps being taken on a national level that are intended to increase market liquidity and soften the economic blow of the COVID-19 pandemic.
- FHFA authorized Fannie Mae and Freddie Mac to support more liquidity in the secondary mortgage market by entering into additional dollar roll transactions.
 - These transactions provide mortgage-backed securities investors with short-term financing for their positions, which enhances liquidity to investors.
- Meanwhile, the Federal Reserve announced that the Federal Open Market Committee will purchase at least \$500 billion in Treasury securities and \$200 billion of mortgage-backed securities to support smooth market function.
- The Fed is also expanding programs to provide \$300 billion in new financing to help employers, consumers and businesses, as well as provide credit to state and local governments.
- The FHFA and the Fed's moves are meant to strengthen the mortgage market and provide liquidity for mortgage financing during the COVID-19 pandemic.

Favorable CRA Consideration for COVID-19 Lending

- Next, I have news that could benefit low- and moderate-income communities affected by COVID-19 and could also benefit the banks that serve them.

- The three regulatory agencies that oversee Community Reinvestment Act compliance published a statement that they delivered to financial institutions last Thursday.
- The agencies said they will provide favorable CRA consideration for certain activities related to the national emergency.
- What does this mean for banks?
- Financial institutions can now receive favorable CRA consideration for activities in a broader statewide or regional area that includes a bank's CRA assessment area.
- Those activities must help stabilize communities affected by COVID-19, which is basically every community.
- The Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency jointly urged financial institutions to work with customers and communities affected by the pandemic.
- And of note: especially low- and moderate-income communities.
- Qualified community development activities do include those that help revitalize or stabilize low- or moderate-income communities, as well as activities that target low- or moderate-income individuals.
- Loans made to low-income housing tax credit and new markets tax credit investments would automatically qualify as serving low- and moderate-income individuals.
- Favorable consideration will be given to community development activities that are
 - located in a broader statewide or regional area that includes a bank's CRA assessment area and
 - activities that help to stabilize communities affected by COVID-19.
 - This has provided clarity for institutions in that, as long as they are responsive to the community development needs and opportunities that exist in their own assessment area or areas, they can get this broader treatment.
- The agencies' statement is effective through the six-month period after the national emergency declaration is lifted, unless extended by the agencies.

HUD Suspends Evictions, Foreclosures through April

- As I noted earlier, HUD has been taking steps to adjust to the pandemic in advance of any legislative directive.
- Last week, President Trump announced HUD will suspend all evictions and foreclosures on FHA-insured owner-occupied homes through the end of April.
- We do expect more announcements from HUD with respect to matters like this.
- First, what is official:
- The day President Trump made that announcement, the FHFA announced a suspension of foreclosures and evictions.
- The FHFA told Fannie Mae and Freddie Mac to suspend foreclosures and evictions for at least 60 days for homeowners with a Fannie- or Freddie-backed single-family mortgage.
- Now, the HUD announcement in the Fannie Mae and Freddie Mac mortgages affected single-family mortgages.
- Of note, FHFA guidance did not, at the time, apply to multifamily mortgages.
- As you likely know, many affordable multifamily properties have mortgages purchased by Fannie or Freddie.

- The good news for renters is on Monday, the FHFA announced that Fannie and Freddie will offer mortgage forbearance to multifamily property owners affected by the COVID-19 pandemic.
 - If they cease evictions during the period of time of the forbearance.
 - This is a nice step from the FHFA to direct and guide Fannie and Freddie to provide mortgage forbearance in exchange for eviction suspension.
 - We need to get more details on this, and we will be reporting on our COVID-19 page as we get more details as to how this forbearance will work.
- I should also note with respect to HUD compliance, HUD announced a 30-day extension for all financial statements that had a due date of March 31.
- The revised due date for those financial statements is April 30.
- Stay tuned, because I wouldn't be surprised if that due date is pushed out again.
- If you need any help with respect to these deadlines or further understanding some of the implications of what I've mentioned so far, please reach out to a Novogradac office near you.
- Now, the question is whether HUD will suspend all evictions and foreclosures for all properties under their dominion.
 - That would be a significant step, since HUD provides housing to 4.3 million low-income families, according to its website.
 - That's 4.3 million families, not individuals.
 - Based on the average household size in America, that's more than 11 million people, more than 3 percent of our nation's population.
 - For perspective, that's about how many people live in Ohio.
- Presumably, that type of restriction would apply to public housing, rental subsidy and voucher programs.
- In other words, it would likely apply to all Section 8 programs, Section 202, Section 811, public housing and more.
- Those involved in affordable housing already know that there are significant tenant protections in place.
 - But a HUD announcement suspending evictions would be more sweeping.
 - There are some communities that have already put such suspensions in place.
 - If such suspensions were put in place, obviously that has income issues for the properties owners, and there needs to be some offset for that.
 - The various bills that are being considered in Congress could provide some level of relief for the property owners themselves to the extent that eviction bans are in place.
- If you have questions about how to handle those situations for your property, I'd urge you to reach out to a Novogradac office.

State COVID-19 Responses

- I spent a lot of time discussing federal level responses, but I do want to spend a little bit of time on some state agency responses to the coronavirus pandemic.
 - Obviously, I can't talk about all states and territories of the United States, but I think it would be useful to discuss some of the responses as emblematic and examples of what's happening.
 - If there's a particular state that you're concerned about, please reach out directly to a Novogradac professional near you to identify that state's response.

- I'd also encourage you, if that state hasn't taken the steps needed yet, you can reference some of the other states as examples of what that state should follow.
- I mentioned in last week's podcast that several housing finance agencies suspended physical inspections of occupied units, and that list is expanding.
- These measures are meant to protect inspectors and residents from exposure to the virus.
- You can't really social distance if inspectors are going into residents' units.
- We're also seeing coronavirus precautions affecting low-income housing tax credit and bond allocation rounds and other deadlines.
- The California Tax Credit Allocation Committee, or CTCAC, extended its readiness-to-proceed deadline for 2019 second-round awardees.
 - California requires awardees to be ready to proceed with construction on a development within 180 after receiving a tax credit allocation reservation.
 - Hence, the "readiness-to-proceed" deadline.
 - Awardees with a 180-day deadline of March 23 now have a 194-day deadline of April 6.
 - We'll see if that deadline needs to be extended again.
 - That provides some relief for awardees who originally had a March 23 deadline.
 - They'll have an additional two weeks to get their developments ready.
 - The allocation committee previously split the deadlines to help parties with multiple concurrent closings.
 - Now, all properties with a 180-day deadline have the 194-day deadline.
 - CTCAC also announced it would not rescind a 2019 low-income housing tax credit reservation for failure to meet readiness-to-proceed requirements if the delay was due to the COVID-19 pandemic.
 - That's an additional provision you want to make sure you're aware of.
- In Nebraska, meanwhile, the Nebraska Investment Finance Authority announced Friday that it would extend its 2020 round two applications for the federal 9 percent low-income housing tax credit and the state affordable housing tax credit.
 - The extension gives applicants a little more time to prepare and adjust their applications.
 - The threshold application due date moved from March 23 to April 6.
 - The final application deadline moved from May 4 to May 11.
 - Tax credit reservations are still scheduled for announcement June 19, but that's subject to change.
 - All these dates are subject to change.
- In South Carolina, SC Housing announced Thursday that it will not accept any applications for tax-exempt bond financing until further notice.
 - Developers who were planning to use tax-exempt bond financing for their developments may need to fill that gap with other resources or perhaps delay their developments until bonds are available again.
 - This is unfortunate but it's something we're seeing in more and more states having to slow down or halt applications for additional or new tax-exempt bond projects.
- These are just a few examples of state agencies' responses.
- Novogradac is posting additional updates on our site every day.
- If you know of any other COVID-19 state responses, please email them to me at CPAs@novoco.com.

Other News

- I do want to discuss some other news that's not COVID-19 related.
- The CDFI Fund published a notice of guarantee availability for the fiscal year 2020 CDFI Bond Guarantee program.
 - The CDFI Fund has up to \$500 million in guarantee authority to support CDFI lending for eligible community and economic development purposes.
 - Purposes include lending for rental housing, commercial real estate and other uses.
 - Applications for qualified issuers must be submitted by May 11.
 - Guarantee applications are due by May 18.
 - Any required CDFI certification application must be received by the CDFI Fund by April 6.
 - That's a little less than two weeks from today.
 - If you need help with or have questions about your CDFI Fund applications, please contact Novogradac's Bob Ibanez.
 - I'll include his email address in today's show notes.

Related Resources

Coronavirus Relief Package

[Families First Coronavirus Response Act \(H.R. 6201\)](#)

[Coronavirus Aid, Relief and Economic Security Act \(S. 3548\)](#)

[S. 3548 Summary](#)

[Financial Protections and Assistance for America's Consumers, States, Businesses and Vulnerable Populations Act \(H.R. 6321\)](#)

[House Financial Services Chairwoman Waters Proposes Legislative Responses to the COVID-19 Crisis](#)

[New Democrat Coalition Recommendations for Coronavirus Response & Economic Recovery](#)

Novogradac COVID-19 Page

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

Federal Tax Filing Extension

[Notice 2020-17](#)

[Notice 2020-18](#)

[Chairman Neal Letter to Treasury Secretary Steven Mnuchin Urging Extension of Tax Filing Deadline to July 15](#)

[Contact a Novogradac partner](#)

Federal Reserve, FHFA

[Federal Reserve Announces Extensive New Measures to Support the Economy](#)

[FHFA Authorizes the Enterprises to Support Liquidity in the Secondary Mortgage Market](#)

CRA

[Joint Statement on CRA Consideration for Activities in Response to COVID-19](#)



HUD

[FHFA Moves to Provide Eviction Suspension Relief for Renters in Multifamily Properties](#)

State Agencies

[California Message Regarding TCAC Readiness to Proceed Deadline](#)

[Nebraska Extends LIHTC 2020 Round Two Application Deadlines](#)

[South Carolina Suspends Applications for Tax-Exempt Bond Financing](#)

[Novogradac COVID-19 Resources Page](#)

Bond Guarantee Program

[Notice of Guarantee Availability](#)

[Email Bob Ibanez](#)