



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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REVISED

DATE: November 19, 2018

TO: Property Owners of Tax Credit Properties

FROM: Mark Stivers, Executive Director

RE: Relief from Certain Low-Income Housing Credit Requirements in Response to Major Disasters

Internal Revenue Service (IRS) Revenue Procedure [2014-49](#) provides temporary relief from certain requirements of Section 42 of the Internal Revenue Code for Housing Credit Agencies and Project Owners. This revenue procedure also provides emergency housing relief for individuals who are displaced by a Major Disaster from their principal residences in certain Major Disaster Areas.

Sections 12, 13 and 14 of the Revenue Procedure contain the requirements and restrictions for Emergency Housing Relief. In accordance with Section 12.02 of the Revenue Procedure, this memorandum serves as “Agency Approval” from the California Tax Credit Allocation Committee (CTCAC) permitting the Owners of California Low-Income Housing Tax Credit projects to make vacant units available as temporary housing to individuals displaced by the federally declared Major Disaster. The Temporary Housing Period ends November 8, 2019 for those displaced due to the [California Wildfires](#).

Many of the Housing Tax Credit properties in California have long waiting lists with few vacancies and may not be able to provide emergency housing.

If an owner chooses to provide Emergency Housing Relief to a Displaced Individual that cannot establish eligibility for Section 42, it may disregard the income of the Displaced Individual’s household during the Temporary Housing Period and the unit retains the status it had prior to occupancy by the Displaced Individual (see Section 13.04 regarding treatment of units in the first year of the credit period). However, the rent cannot exceed the applicable Section 42 rent limit and owner must obtain a statement signed by the Displaced Individual under penalties of perjury

containing the information noted in Item 3 below. In order to suspend income limitations the project owner must meet all of the following requirements:

1. The Displaced Individual must have resided in one of the counties designated for individual assistance by Federal Emergency Management Agency (FEMA) as a result of the California Wildfires.
2. The project owner must observe a temporary housing period, to extend no later than November 8, 2019 for those displaced due to the California Wildfires, for each project that suspends income limitations. CTCAC hereby determines that the project's temporary housing period is appropriate so long as it does not to extend beyond the specified time period and the project owner is in compliance with the Notice and CTCAC directives.
3. To comply with the requirements of Internal Revenue Code Section 1.42-5, project owners must maintain and certify certain information concerning each Displaced Individual temporarily housed in the project. Specifically, the project owner must obtain and maintain a separate file designated for each Displaced Individual that contains the following information:
 - The name of the Displaced Individual (including the names of all household members);
 - The address of the principal residence at the time of the Major Disaster of the Displaced Individual;
 - The Displaced Individual's social security number;
 - A statement signed under penalties of perjury by the Displaced Individual stating that he or she was displaced from his or her principal residence as a result of a Major Disaster and that his or her principal residence was located in a city, county, or other local jurisdiction that is covered by the President's declaration of a Major Disaster and that is designated as eligible for Individual Assistance by FEMA because of the Major Disaster; and
 - Certification by the project owner certifying the date the individual began occupancy and the date the project will discontinue providing temporary housing, if applicable, not to extend beyond November 8, 2019 for those displaced due to the California Wildfires.
 - The Owner must maintain a record both of the Agency's approval of the Project's use for Displaced Individuals and of the approved Temporary Housing Period. The Owner must report to TCAC at the end of the Temporary Housing Period a list of the names of the Displaced Individuals and the dates the Displaced Individuals began occupancy. The Owner must also provide any dates Displaced Individuals ceased occupancy and, if applicable, the date each unit occupied by a Displaced Individual becomes occupied by a subsequent tenant.

The Owner must maintain the records described above as part of the annual compliance monitoring process with CTCAC imposed by Section 42 and provide this information to the IRS upon request.

4. Rent for the low-income units housing Displaced Individuals must not exceed the existing rent-restricted rates for the low-income units established in the project's recorded Regulatory Agreement.
5. Existing tenants in occupied low-income housing tax credit units may not be evicted or have their tenancy otherwise terminated solely to provide emergency housing relief for a Displaced Individual.
6. The occupancy of a unit in a Project by a Displaced Individual during the Temporary Housing Period is treated as satisfying the non-transient use requirement under Section 42(i)(3)(B)(i).
7. Project owners must submit a CTCAC Temporary Housing Report with the Annual Owner Certification due March 18, 2019. A template of the Report is available on the TCAC website at <http://www.treasurer.ca.gov/ctcac/>.

If a Displaced Individual wishes to continue to occupy a low-income unit after the end of the Temporary Housing Period, the household must be initially qualified for Section 42 and all documentation rules apply. Owner must complete a full and complete initial Tenant Income Certification and Annual Student Certification. The effective date must be no later than the day following the end of the above-identified Temporary Housing Period.

This memorandum is intended to highlight key points addressed in the Revenue Procedure 2014-49 and provide some degree of guidance. Project owners must refer to Revenue Procedure 2014-49 or contact the IRS directly for specifics concerning suspension of income-limitation and non-transient requirements. If you have questions concerning this memorandum, contact Anthony Zeto or Rose Guerrero of my staff at (916) 653-6340.