Department of the Treasury	Internal Revenue Service	Office of Chief Counsel	**Notice**

CC-2007-010

March 28, 2007

Subject: 2006 GO Zone Allocation Relief **Cancel Date**: Upon incorporation into CCDM

Purpose

This notice provides limited relief for satisfying the requirements for making a carryover allocation of low-income housing credit dollar amounts under § 42 (h)(1)(E) or (F) of the Internal Revenue Code in the Gulf Opportunity Zone (GO Zone) by the close of the 2006 calendar year.

Background

Section 1400M(1) of the Code provides that the terms "Gulf Opportunity Zone" and "GO Zone" mean that portion of the Hurricane Katrina disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina.

Section 1400N(c)(1)(A) of the Code provides that, for purposes of § 42, in the case of calendar years 2006, 2007, and 2008, the State housing credit ceiling of each State, any portion of which is located in the GO Zone, shall be increased by the lesser of—

(i) the aggregate housing credit dollar amount allocated by the State housing credit agency of such State to buildings located in the GO Zone for such calendar year, or

(ii) the Gulf Opportunity housing amount for such State for such calendar year.

Section 1400N(c)(1)(B) of the Code defines the term "Gulf Opportunity housing amount" to mean, for any calendar year, the amount equal to $18.00 multiplied by the portion of the State population that is in the Go Zone. The portion of the State population that is in the Go Zone is provided in Notice 2006-21, 2006-12 I.R.B. 643. The increased State housing credit ceiling amount provided under § 1400N(c)(1)(A) (Credit Cap) cannot be carried forward from any year to any other year (see Joint Committee on Taxation, *Technical Explanation of the Revenue Provisions of H.R. 4440, The "Gulf Opportunity Zone Act of 2005*" as Passed by the House of Representatives and the Senate (JCX-88-05), Dec. 16, 2005, at 12, as reprinted in 151 Cong. Rec., S. 14028, 14031). Thus, to the extent credit available from the Credit Cap in a given calendar year is not allocated during that calendar year, it cannot be later allocated.

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Section 42(h)(1)(E) and (F) of the Code provide requirements that must be met for an allocation (commonly referred to as “carryover allocation”) of credit to a building or a project. Section 1.42-6(d) of the Income Tax Regulations provides the requirements for making a carryover allocation under § 42(h)(1)(E) or (F). Section 1.42-6(d)(1) provides that an allocation made under § 42(h)(1)(E) or (F) reduces the state housing credit ceiling for the year in which the allocation is made. Section 1.42-6(d)(2) provides that an allocation under § 42(h)(1)(E) or (F) is made when an allocation document containing the information in § 1.42-6(d)(2)(i) through (x) is completed, signed, and dated by an authorized official of the allocating agency. Thus, an allocation under § 42(h)(1)(E) or (F) is not considered made in a calendar year unless all the requirements for making an allocation are completed by the close of that calendar year.

The Service has learned that one state in the GO Zone has encountered administrative difficulties in making allocations from the Credit Cap for the 2006 calendar year. Specifically, allocations intended to be made from the 2006 Credit Cap that were otherwise complete by the close of 2006 were not signed and dated by an authorized official of the allocating agency until January, 2007. Given the unique nature of the problems in the GO Zone and the administrative complexities associated with the initial allocation of credits from the Credit Cap, the Service will consider carryover allocations intended to be made from the 2006 Credit Cap that satisfy § 1.42-6(d)(2)(i) through (x), but were signed and dated by January 31, 2007, as having been made by the close of the 2006 calendar year.

Any questions relating to this notice should be addressed to Christopher Wilson, Passthroughs and Special Industries, at (202) 622-3040.

/s/

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