

On March 23, the National Council of State Housing Agencies sent a letter to the Internal Revenue Service outlining the steps state Housing Credit allocating agencies and the Housing Credit industry need IRS to take to extend program deadlines and provide other accommodations in light of the severe disruptions the COVID-19 pandemic is having on development and construction activities and the ongoing operations of existing Credit properties. This matrix compares the accommodations NCSHA is requesting to those allowed under existing IRS Revenue Procedures 2014-49 and 2014-50, which provide relief in instances of Presidentially-declared Major Disasters, and to recent IRS Notice 2020-23, which extends certain program deadlines until July 15, 2020.

ISSUE	NCSHA Recommendation to IRS for COVID-19 Guidance	IRS Revenue Procedures 2014-49 and 2014-50	IRS Notice 2020-23 and IRS Revenue Procedure 2018-58
10% Test deadline as required in IRC Section 42(h)(1)(E)(ii)	12-month extension	6-month extension for properties in Major Disaster areas at discretion of Housing Credit agency	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Rehabilitation expenditure deadline as required in IRC Sections 42(e)(3) and 42(e)(4)	12-month extension	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Placed in service deadline as required in IRC Section 42(h)(1)(E)(i)	12-month extension	12-month extension for properties in Major Disaster areas at discretion of Housing Credit agency	N/AP
Rehabilitation period allowed under IRS Revenue Procedures 2014-49 and 2014-50 for casualty loss due to Major Disaster	12-month extension, at minimum	N/AP	N/AP
Year-end restoration period deadline for properties suffering a casualty loss in 2020 not for Major Disaster reasons	12-month extension	N/AP	N/AP
Physical inspections and tenant file reviews as required in IRS regulation 1.42-5	12-month moratorium; Housing Credit agencies to resume inspections at their discretion but no penalty for states or owners	N/AP	N/AP
Tenant income recertifications	12-month moratorium; Housing Credit agencies to resume recertification requirements at their discretion	N/AP	N/AP

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Noncompliance corrective action periods	12-month extension; Housing Credit agencies to reinstate deadlines at their discretion	N/AP	N/AP
Implementation of new compliance monitoring requirements in IRS regulation 1.42-5	Indefinite suspension	N/AP	N/AP
Closure of property amenities and common space facilities	Guidance that temporary closure will not negatively impact property eligible basis	N/AP	N/AP
Annual owner compliance certification as required in IRS regulation 1.42-5(c)(1)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Tenant income certification requirement in IRS regulation 1.42-5(c)(1)(iii)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Notarization of binding agreement by 5th day following end of month in which agreement made as referenced in IRS regulation 1.42-8(a)(3)(v)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Notarization of binding agreement by 5th day following end of month in which tax-exempt bonds are issued as referenced in IRS regulation 1.42-8(b)(1)(vii)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
10-year rule for claiming credits on an existing building as required in IRC Section 42(d)(2)(D)(i)(IV)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Minimum set-aside requirement as referenced in IRC Section 42(g)(3)(A)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020
Requirement that LURA in effect as of beginning of year as referenced in IRC Section 42(h)(6)(J)	N/AP	N/AP	Deadlines falling between April 1 and July 15, 2020, extended to July 15, 2020