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**FOR IMMEDIATE RELEASE**

**LIHTC Working Group Asks IRS to Provide Clarity on 4% Minimum Tax Credit Rate**

**Letter Seeks Guidance on Rate for Properties Receiving Subsequent Bond Issuances after 2020**

SAN FRANCISCO—The Novogradac Low-Income Housing Tax Credit (LIHTC) Working Group submitted a letter to the Internal Revenue Service (IRS) asking for guidance to clarify that the minimum rate for the 4% LIHTC applies to properties in a manner consistent with previous guidance on determining when a bond is issued.

The minimum rate for the 4% LIHTC was established by the Consolidated Appropriations Act of 2021. The legislation made the minimum rate available to buildings placed in service after Dec. 31, 2020, that satisfied one of two effective date requirements: receiving an allocation of housing credits after Dec. 31, 2020, or a building for which any portion is financed with any tax-exempt bonds issued after Dec. 31, 2020.

The [LIHTC Working Group letter](#) asks for clarity, particularly relating to properties that receive subsequent bond issuances after 2020 or that use “draw-down” bonds issued over time. The letter emphasizes broader interpretations of a nominal subsequent allocation qualifying a property for a federal housing program, including the Tax Credit Assistance Program created under the American Recovery and Reinvestment Act of 2009. The letter concludes by asking the IRS to promulgate guidance to provide certainty to the LIHTC community.

**MORE**

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“The minimum rate for the 4% LIHTC is a tremendous tool to help finance more affordable rental housing in America,” said Dirk Wallace, CPA, a partner at Novogradac and head of the LIHTC Working Group. “Unfortunately, we lack some clarity on the specific issue of how to apply the minimum rate to many properties financed in part by bonds issued in 2021 or later years. We hope that in bringing this to the attention of the IRS, we can receive guidance to provide clarity and certainty for LIHTC stakeholders. There is an urgency for this, since many of these properties are under construction now.”

The [LIHTC Working Group](#) consists of LIHTC professionals who work together to help resolve technical LIHTC issues and provide recommendations to make the incentive more efficient in delivering benefits. The group is hosted by Novogradac, a national public accounting and consulting enterprise.

### **About Novogradac**

Novogradac began operations in 1989 and has grown to more than 600 employees and partners with offices in more than 25 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, opportunity zones, community development, historic rehabilitation and renewable energy