



PROGRAM BULLETIN #21-2601

TO: Developers, Owners and Management Agents representing Owner's interest in Housing Tax Credit Developments

FROM: *RDC*
Robert D. Collier, Senior Vice President of Program Compliance

DATE: January 26, 2021

SUBJECT: IRS Extends Housing Credit and Bond Deadlines and Provides Other Guidance On COVID-19

In response to the COVID-19 pandemic, the IRS issued Notice 2020-53 in July 2020. This Notice provided temporary relief from certain requirements under §42 of the Internal Revenue Code and §142(d) and 147(d) of the Code for properties with tax-exempt bonds.

In response to the continuing presence of the pandemic, the IRS on January 15th issued Notice 2021-12, extending that relief, and, also providing temporary relief from additional §42 requirements not previously addressed in 2020-53.

Notice 2021-12 provides the following relief from compliance monitoring program deadlines:

- Extends the reasonable period for property restoration or replacement in the event of casualty loss to the earlier of one year from the original end date or December 31, 2021 (applies to casualty losses not due to a presidentially-declared major disaster and to casualty losses due to a pre-COVID-19 presidentially-declared major disaster);
- Extends the deadline by which a property must meet occupancy obligations by providing that the qualified basis of a building for the first year of the credit period is calculated by taking into account any increase in the number of low-income units by the close of the six-month period following the first year of the credit period;
- Extends the 12-month transition period for a tax-exempt bond financed project to satisfy the set-aside for qualification as a residential rental project to September 30, 2021;
- Extends the noncompliance corrective action period by one year, but not beyond December 31, 2021; and

- Building owners are not required to perform income recertifications for the period beginning April 1, 2020, and, ending September 30, 2021 (Student and Rent declaration form still required for Mississippi housing credit properties).

The notice also provides guidance clarifying the following:

- The temporary closure of property amenities and common space facilities from April 1, 2020, through September 30, 2021, in response to the COVID-19 pandemic will not negatively impact a property's eligible basis; and
- Housing Credit properties may be used temporarily to provide emergency housing for medical personnel and other essential workers providing services during the COVID-19 pandemic regardless of income eligibility.

If you plan to house medical personnel or other essential workers providing services during the COVID-19 in accordance with the emergency housing provisions of IRS Revenue Procedures 2014-49 and 2014-50, specific instructions and the applicable forms will be provided upon request.

Desk audits and physical inspections of the exterior of Mississippi housing credit properties will be conducted for the period beginning January 15, 2021, and, ending September 30, 2021.

Compliance monitoring requirements and reporting responsibilities not included in this program bulletin can be found in current and subsequent compliance monitoring publications and program bulletins on the MHC website.

Should you have any questions, please contact Alisha Chandler, Assistant Vice President of Program Compliance at alisha.chandler@mshc.com.