

DATE: July 28, 2020

TO: LIHTC Development Owners/Managers

SUBJECT: **IRS Notice 2020-53, Temporary relief from certain requirements of IRC Section 42**

The Internal Revenue Service (IRS) released Notice 2020-53 on July 1, 2020. This Notice provides temporary relief from certain requirements of IRC Section 42 to help prevent the spread of Coronavirus Disease 2019 (COVID-19). The temporary Low Income Housing Tax Credit (LIHTC) and Tax Exempt Bond compliance relief measures are:

Income Recertifications

This Notice, 2020-53, offers relief from all annual income recertifications for the period of April 1, 2020 through December 31, 2020. This applies to both 100% and Mixed Income LIHTC developments. **It does not eliminate the requirement for an initial income certification to be performed to determine program eligibility or eliminate the annual Student Certification requirement.**

Alaska Housing Finance Corporation (AHFC) will require that the household complete at a minimum a self-certification of annual income. It is strongly suggested that mixed income developments continue to complete annual income recertifications to maintain compliance with the next available unit rule. Owners completing self-certifications must document the file indicating that the annual recertification was not completed due to guidance from IRS Notice 2020-53. AHFC will require that recertifications resume in 2021 on the normal anniversary date of the household.

Compliance Monitoring

Notice 2020-53 allows AHFC to discontinue compliance monitoring for the period of April 1, 2020 through December 31, 2020, and clarifies that AHFC must resume compliance monitoring January 1, 2021.

Through 2020 AHFC will continue to perform desk reviews, postponing all physical inspections to help ensure that development Owners continue meeting IRS program requirements. All physical inspections postponed in 2020 will be completed during the 2021 compliance review.

Common Areas and Amenities

Notice 2020-53 provides guidance that if a common area or amenity is temporarily unavailable between the period of April 1, 2020 through December 31, 2020 in response to the COVID-19 pandemic, the temporary closure will not result in a reduction of the eligible basis of the building.

AHFC requests that both the laundry and computers rooms remain open as these are considered essential to the tenants of a development.

Emergency Housing for Medical Personnel and other Essential Workers

Notice 2020-53 allows Owners of LIHTC developments to provide emergency housing to medical personnel or other essential workers (as defined by State of Alaska or local governments) during the COVID-19 pandemic for the period of April 1, 2020 through December 31, 2020. An Owner may treat these individuals as “displaced” and provide emergency housing under the provisions of Rev Proc 2014-49 and Rev Proc 2014-50.

AHFC will require each unit housing medical personnel or other essential workers have a printed document in the file from the State or local government defining the term “essential worker”. Income eligibility will not be required to temporarily house medical personnel or other essential workers for the period of April 1, 2020 through December 31, 2020. Any households that remain in the units must be certified as program eligible on January 1, 2021.

Prior to implementation, development owners who wish to apply this provision of Notice 2020-53 to their development must provide written notice to AHFC’s Internal Audit Department utilizing the attached *OWNER’S REQUEST TO PROVIDE HOUSING FOR MEDICAL PERSONNEL OR OTHER ESSENTIAL WORKERS* form.

The guidance provided in this memo is only applicable to the LIHTC and Tax Exempt Bond programs. Developments with multiple funding sources will need to review requirements of the other housing programs to ensure compliance.

I have attached a copy of the above-referenced IRS Notice 2020-53. Should you have any questions regarding this issue please feel free to contact me directly at (907) 330-8414.

Sincerely,



Jerusha Gatfield
Compliance Officer
Internal Audit Department
Alaska Housing Finance Corporation

Enclosure: IRS Notice 2020-53

OWNER’S REQUEST TO PROVIDE HOUSING FOR MEDICAL PERSONNEL OR
OTHER ESSENTIAL WORKERS