

DATE: January 14, 2022

TO: LIHTC Development Owners/Managers

SUBJECT: **IRS Notice 2022-05, Extended temporary relief, low-income housing credit under IRC Section 42 (COVID-19)**

The Internal Revenue Service released Notice 2022-05 on January 11, 2022. Their Notice provides continued temporary relief from certain requirements of Internal Revenue Code Section 42 to help prevent the spread of Coronavirus 2019 (COVID-19). The temporary Low Income Housing Tax Credit (LIHTC) and Tax Exempt Bond compliance relief measures are:

Compliance Monitoring –Physical Inspections

Notice 2022-05 allows continued postponement of physical inspections of LIHTC and Tax Exempt Bond properties through June 30, 2022. AHFC will continue to monitor the status of COVID-19 cases in the State of Alaska and could potentially resume physical inspections prior to this date but no later than July 1, 2022.

IRS Notice 2022-05 allows AHFC to provide up to 30 days’ notice before physical inspection of a LIHTC or Tax Exempt Bond development through December 31, 2022. AHFC will be using this portion of the waiver sparingly to allow for additional time should an area experience an outbreak of COVID-19 or should there be logistical barriers in place due to the pandemic. Effective January 1, 2023 reasonable notice of the inspection will revert back to 15 days’ notice in accordance with § 1.42-5(c)(2)(iii)(C)(3).

Notice 2022-05 *did not* extend the offer of relief for annual income recertifications. This relief expired September 30, 2021 in accordance with Notice 2021-12.

AHFC will continue to perform desk reviews to help ensure that development Owners continue to meet IRS program requirements. Tenant file examinations will continue to be performed electronically for both ‘Desk’ and ‘Site’ reviews until it is determined safe to complete file reviews on-site.

Common Areas and Amenities

Notice 2022-05 provides guidance that if a common area or amenity is temporarily unavailable between the period of April 1, 2020 through December 31, 2022 in response to the COVID-19 pandemic, the temporary closure will not result in a reduction of the eligible basis of the building. Common areas though closed to the residents must continue to meet the Uniform Physical Conditions Standards and the may not be converted to another use without prior approval by the AHFC’s Planning and Program Development Department.

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

Emergency Housing for Medical Personnel and other Essential Workers

Notice 2022-05 continues to allow 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 through December 31, 2022. 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 to 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 through December 31, 2022. Any units occupied by “medical personnel or essential workers” that will continue to reside in the development after the waiver expires must be determined to be program eligible no later than January 1, 2023.

Prior to implementation, development Owners who wish to apply this provision of Notice 2022-05 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 2022-05 as well as AHFC Form ‘Owner’s Request to Provide Housing for Medical Personnel or Other Essential Workers’ for your convenience. Should you have any questions regarding this Notice 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 2022-05

AHFC Form “Owner’s Request to Provide Housing for Medical Personnel or Other Essential Workers”