

DATE: March 9, 2021

TO: Low Income Housing Tax Credit Development Owners/Managers

SUBJECT: **IRS Notice 2021-12, Extended temporary relief, Low Income housing credit under IRC Section 42 (COVID-19)**

The Internal Revenue Service (IRS) released Notice 2021-12 on January 15, 2021. The Notice provides continued temporary relief from certain requirements of IRC Section 42 to help prevent the spread of Coronavirus Disease 2019 (COVID-19). The temporary compliance relief measures for Low Income Housing Tax Credit (LIHTC) and Tax Exempt Bond developments are summarized below:

Income Recertifications

This Notice, 2021-12, offers relief from annual income recertifications for the period of April 1, 2020 through September 30, 2021. This applies to both 100% and mixed income LIHTC developments. **It does not eliminate the requirement for an initial income certification to determine program eligibility nor does it eliminate the annual Student Certification requirement.**

Alaska Housing Finance Corporation (AHFC) requires the household complete at minimum, a self-certification of annual income. It is strongly suggested that property owners of mixed income developments continue to complete annual income recertifications to maintain compliance with the Next Available Unit Rule. Owners completing self-certifications must document in the tenant file that the annual recertification was not completed due to guidance from IRS Notice 2021-12.

All annual recertifications due after September 30, 2021 must be completed prior to the move-in anniversary date.

Compliance Monitoring

IRS Notice 2021-12 allows AHFC to discontinue compliance monitoring for the period of April 1, 2020 through September 30, 2021, and clarifies that AHFC must resume compliance monitoring no later than October 1, 2021.

AHFC will continue to monitor the situation and will resume physical inspections once it has been determined safe to do so. AHFC is continuing to perform desk reviews to help ensure that development owners meet IRS program requirements. All physical inspections that were postponed in response to the COVID-19 pandemic will be completed prior to the end of 2021.

Common Areas and Amenities

IRS Notice 2021-12 provides guidance that if a common area or amenity is temporarily unavailable between the period of April 1, 2020 through September 30, 2021 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 those properties with laundry and/or computers rooms remain open as these are considered essential to the tenants of a development.

Emergency Housing for Medical Personnel and other Essential Workers

IRS Notice 2021-12 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 September 30, 2021. 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.

For those engaging in this opportunity, 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 for the period of April 1, 2020 through September 30, 2021. Any households that remain in the units must be certified as program eligible no later than September 30, 2021.

Prior to implementation, development owners who wish to apply these provisions of IRS Notice 2021-12 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 2021-12. 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 2021-12

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