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Rev. Proc. 2019-17: General public use requirements, qualified residential rental projects financed with tax-exempt bonds

The IRS today released an advance version of Rev. Proc. 2019-17 that provides guidance regarding the general public use requirements for qualified residential rental projects financed with tax-exempt bonds under section 142(d).

Rev. Proc. 2019-17 [PDF 21 KB] coordinates these requirements with the provisions in section 42(g)(9). Under section 42(g)(9), a project does not violate the general public use requirement under section 42 as a result of specified occupancy restrictions or preferences (for example, certain housing preferences for military veterans).

Today's revenue procedure only applies to exempt facility bonds that finance qualified residential rental projects under section 142(d) and does not affect the rules applicable to exempt facility bonds that finance other exempt facilities.

A qualified residential rental project (as defined in section 142(d)) does not fail to meet the general public use requirement applicable to exempt facilities solely because of occupancy restrictions or preferences that favor tenants described in section 42(g)(9) (for example, certain housing preferences for military veterans).

This revenue procedure applies to bonds sold before, on, or after April 3, 2019.

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