



TaxNewsFlash

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Notice 2020-53: Temporary relief, low-income housing credit under section 42 (COVID-19)

The IRS today released an advance version of Notice 2020-53 to provide temporary relief from certain requirements regarding the low-income housing credit available under section 42 for qualified low-income housing projects.

The relief provided by [Notice 2020-53](#) [PDF 113 KB] is in response to the coronavirus (COVID-19) pandemic and includes the following:

- For purposes of section 42(h)(1)(E)(ii), if the last day for an owner of a building with a carryover allocation to meet the 10% test is on or after April 1, 2020, and before December 31, 2020, the last day for the owner to meet the 10% test is postponed to December 31, 2020.
- For purposes of section 42(e)(1)(A)(ii), if the 24-month minimum rehabilitation expenditure period for a building originally ends on or after April 1, 2020, and before December 31, 2020, the last day for the owner to incur the minimum rehabilitation expenditures with respect to the building is postponed to December 31, 2020.
- For purposes of section 42(j)(4)(E), if a low-income building has suffered a casualty loss and the reasonable period to restore by reconstruction or replacement ends on or after April 1, 2020, and before December 31, 2020, the last day for the owner of the building to restore the loss by reconstruction or replacement is postponed to December 31, 2020.
- For purposes of section 8.02 of Rev. Proc. 2014-49, if a low-income building, due to a prior “major disaster” has suffered a casualty loss that would have reduced its qualified basis and if the reasonable restoration period determined for the building ends on or after April 1, 2020, and before December 31, 2020, the last day for the owner of the building to complete the repair and restoration is postponed to December 31, 2020.
- For purposes of section 5.02 of Rev. Proc. 2004-39, the last day of a 12-month transition period for a qualified residential rental project that ends on or after April 1, 2020, and before December 31, 2020, is postponed to December 31, 2020.

- If a bond is used to provide a qualified residential rental project and if the section 147(d) two-year rehabilitation expenditure period for the bond ends on or after April 1, 2020, and before December 31, 2020, the last day of that period is postponed to December 31, 2020.
- An owner of a low-income building is not required to perform income re-certifications under Reg. section 1.42-5(c)(1)(iii) in the period beginning on April 1, 2020, and ending on December 31, 2020. The owner must resume the income re-certifications after December 31, 2020.
- For purposes of Reg. section 1.42-5, an agency is not required to conduct compliance-monitoring inspections or reviews in the period beginning on April 1, 2020, and ending on December 31, 2020. The agency must resume compliance-monitoring inspections or reviews after December 31, 2020.
- If an amenity or common area in a low-income building or project is temporarily unavailable or closed during some or all of the period from April 1, 2020, to December 31, 2020, in response to the COVID-19 pandemic, and not because of other noncompliance for section 42 purposes, this temporary closure does not result in a reduction of the eligible basis of the building.
- If individuals who are medical personnel or other essential workers (as defined) provide services during the COVID-19 pandemic, then for purposes of providing emergency housing from April 1, 2020, to December 31, 2020, under Rev. Proc. 2014-49 or under Rev. Proc. 2014-50, the owners or others involved in low-income housing projects may treat these individuals as if they were "displaced individuals" and thus may provide emergency housing for these individuals pursuant to the provisions of the applicable revenue procedure.

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