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Subject: IRS Notice 2020-53 Overview & CHFA Revised Compliance Monitoring Process

CHFA MULTIFAMILY ANNOUNCEMENT

IRS NOTICE 2020-53 Overview and CHFA Revised Compliance Monitoring Process



To our LIHTC Multifamily Owners and Management Agents:

In response to the COVID-19 pandemic, the Internal Revenue Service (IRS) issued Notice 2020-53 on July 1, 2020 to provide temporary relief to owners and residents of Low-Income Housing Tax Credit (LIHTC) and tax-exempt bond financed developments.

For certain time-sensitive actions scheduled to be performed and requirements to be met on or after April 1, 2020 and before December 31, 2020, owners and operators now have until December 31, 2020 to perform the actions and satisfy the requirements.

Specific provisions of the notice include:

- Extending the deadline for an owner of a building with a carryover allocation to meet the 10 percent test to December 31, 2020, if the original deadline was on or after April 1, 2020, and before December 31, 2020;
- Extending the minimum rehabilitation expenditure period to December 31, 2020, if the original 24-month period ended on or after April 1, 2020, and before December 31, 2020;
- Extending the reasonable restoration period in the event of casualty loss or prior major disaster to December 31, 2020, if the original deadline was on or after April 1, 2020, and before December 31, 2020;
- Extending the transition period to meet the tax-exempt bond set-aside to December 31, 2020, if the original 12-month period ended on or after April 1, 2020, and before December 31, 2020;
- Extending the tax-exempt bond rehabilitation expenditure period to December 31, 2020, if the original two-year period ended on or after April 1, 2020, and before December 31, 2020;
- The owner is not required to perform tenant income recertifications for the period beginning April 1, 2020, and ending December 31, 2020;

- The Housing Credit allocating agency is not required to conduct compliance monitoring inspections or reviews for the period beginning April 1, 2020, and ending December 31, 2020;
- Allowing temporary closure of property amenities or common areas during the period beginning April 1, 2020, and ending December 31, 2020, in response to the COVID-19 pandemic without resulting in a reduction of the eligible basis of the building; and
- Allowing medical personnel or other essential workers providing services during the COVID-19 pandemic to temporarily occupy Housing Credit units in accordance with the emergency housing provisions of IRS Revenue Procedures 2014-49 and 2014-50.

CHFA Revised Compliance Monitoring Process

Since March of 2020, the Connecticut Housing Finance Authority CHFA has suspended onsite physical inspections of LIHTC properties and units. In accordance with IRS Notice 2020-53, CHFA will not perform onsite physical inspections until December 31, 2020 or until a time that a determination has been made that it is safe for staff, residents and owners to resume physical inspections.

CHFA has been conducting compliance monitoring file reviews remotely since the pandemic commenced. CHFA will continue to proceed with remote, electronic file reviews for the foreseeable future. However, owners will not be penalized for not performing tenant income recertifications for the period beginning April 1, 2020 and ending December 31, 2020. On March 27, 2020, CHFA posted frequently asked questions (FAQs) to assist owners with completing tenant income certifications during the pandemic crisis; those [FAQs have been updated](#) to reflect the guidance provided in IRS Notice 2020-53 and to outline CHFA's compliance monitoring process through December 31, 2020.

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