

## **Multifamily Housing Notice 20-8**

**July 20, 2020**

**To:** Developers, Sponsors, and Local Housing Contacts

**From:** **Gregory Hare, Director, Multifamily Housing**

**Re:** **Low-Income Housing Tax Credit Extensions and Compliance Monitoring Updates**

Thank you all for your partnership and commitment to continue advancing affordable housing. Below are two important updates on Maryland's Low Income Housing Tax Credit compliance monitoring and extensions on placed in service deadlines and 10% test that can be requested by eligible projects.

### **Maryland's Response to IRS Notice 2020-53**

For your convenience, use this link to access IRS Notice 2020-53 ("the IRS Notice"): <https://www.irs.gov/pub/irs-drop/n-20-53.pdf>. This Notice addresses issues raised in Section VI of the IRS Notice. After discussing the IRS Notice with IRS counsel CDA's position on Paragraphs A. and B. of Section VI of the IRS Notice is, as follows:

Section VI. A. Income Recertifications. Maryland historically requires 1st Year Recertifications. However, the IRS Notice waives all Recertifications that otherwise would have been due between the period of April 1, 2020, and December 31, 2020. IRS counsel has clarified its position in discussions with CDA to make it clear that, not only are the referenced Recertifications waived, but that such Recertifications will not need to be completed at any time in the future. Maryland will not impose any Recertification requirement during these challenging times that are more demanding than the waiver that the IRS Notice offers.

Section VI. B. Compliance-Monitoring. For those projects subject to a Site Visit for LIHTC compliance in 2020 that were not visited prior to April 1, 2020, Site Visits will not be performed during 2020. Based on our discussions with IRS counsel, generally speaking, each such project will next be subject to a Site Visit in 2023. However, DHCD reserves the right to schedule a Site Visits on a case by case basis.



## MULTIFAMILY HOUSING UPDATES

If you have any questions, please contact Patrick Gill, Director, Tax Credit Compliance via email at [Patrick.Gill@Maryland.gov](mailto:Patrick.Gill@Maryland.gov).

### **LIHTC relief available under IRS Revenue Procedures 2014-49, 2020-23 and 2020-53**

Under Internal Revenue Service (IRS) Revenue Procedures 2014-49, the Maryland Department of Housing and Community Development (DHCD) may approve extensions to certain federal LIHTC deadlines. An owner of a LIHTC development can request one of the following extensions from DHCD if the owner can demonstrate it cannot reasonably satisfy the existing federal LIHTC deadlines due to the current federally declared disaster.

- **Placed in Service Deadline:** DHCD will consider granting up to a 12-month extension of the placed in service deadline for projects with 2020 deadlines to place in service (i.e., projects that received an carryover allocation of 2018 LIHTC). Extensions may be granted to no later than 12 months from the date of the carryover allocation..
- **10% Test:** DHCD will consider granting up to a 6-month extension to the IRS requirement to meet the 10% test within 12 months of the carryover allocation for 9% projects with calendar year 2019 carryover allocations (for a total of 18 months from the date of the carryover allocation.)
- If you are considering requesting an extension, please consult your Carryover Agreement for any existing DHCD requirements and deadlines related to the 10% test and CPA certifications.

If you would like to request an extension due to the COVID-19, please send a request to the Cheri Curley, Director, Tax Credit Allocation at [Cheri.Curley@Maryland.gov](mailto:Cheri.Curley@Maryland.gov). In your request, please provide: The reason you cannot reasonably satisfy the deadline to meet the 10% test or place in service due date; an update on the current status of the project; an update anticipated development schedule and any other information you deem appropriate.

On April 10, 2020, the IRS published Notice 2020-23, providing additional relief for taxpayers affected by COVID-19. Please consult with your tax credit counsel to determine the impact on your LIHTC development. Owners should consult with lenders and investor partners before deciding whether to seek such HTC extensions.



## MULTIFAMILY HOUSING UPDATES

IRS Notice 2020-53 extends the IRS deadline to meet the 10% test to December 31, 2020 for projects with original deadlines on or after April 1, 2020 and before December 31, 2020. Please consult with your tax credit counsel to determine the impact of additional relief available under this notice.

If you have any questions, please contact Cheri Curley, Director, Tax Credit Allocation via email at [Cheri.Curley@maryland.gov](mailto:Cheri.Curley@maryland.gov).

Additional Notices will be circulated regularly regarding the LIHTC program. Please make sure appropriate individuals within your organization are signed up to receive Multifamily Notices as outlined below. Also, you can find more information regarding the Multifamily Housing Programs (including archived Notices) at the following website:  
<https://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#info>

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### *IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES*

*Multifamily Housing issues periodic notices (such as the one above) to announce new initiatives, provide important news, announce funding round deadlines, significant application changes, bond program amendments, and other key dates and facts on our website and by email only. You can subscribe to receive Multifamily Housing Notices at the following link:*

<http://dhcd.maryland.gov/HousingDevelopment/Pages/About.aspx>

*Notices are posted to the DHCD website at the following location:*

<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>