

**IRS Notice 2020-53:****Coronavirus Guidance for Housing Tax Credit and Tax-Exempt Bond Developments**

On July 1, 2020, the Internal Revenue Service (IRS) published [Notice 2020-53](#) providing temporary relief to owners and residents of Housing Tax Credit (HTC) and tax-exempt bond financed developments in response to the COVID-19 pandemic. Specific provisions of the Notice relating to compliance and monitoring include:

- Suspends the owner requirement to perform tenant income recertifications for the period beginning April 1, 2020, and ending December 31, 2020;
- Suspends the HTC allocating agency requirement to conduct compliance monitoring inspections or reviews for the period beginning April 1, 2020, and ending December 31, 2020;
- Allows temporary closure of property amenities or common areas during the period from April 1, 2020, to December 31, 2020, in response to the COVID-19 pandemic without resulting in a reduction of the eligible basis of the building; and
- Allows medical personnel or other essential workers providing services during the COVID-19 pandemic to temporarily occupy HTC units in accordance with the emergency housing provisions of IRS Revenue Procedures 2014-49 and 2014-50.

Please see the following [Frequently Asked Questions](#) that show how Minnesota Housing is implementing these relief provisions:

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**Annual Income Recertification Relief**

- **Does this Notice suspend new initial household certifications or just the annual recertifications (mixed-income projects)?**

The relief is only for annual income recertification, not the initial income certification. Initial certifications still must be completed as required. Since 100% HTC projects are not required to complete annual income recertifications, the relief applies only to mixed-income properties and any units needing to satisfy tax-exempt bond requirements. This relief only applies to HTC and bond income recertifications. Owners must comply with other applicable program recertification requirements and related relief guidance, if any.

- **Is document collection and verification of supporting documentation still required even if a certification is not?**

No. Since there is no income recertification required, there is no requirement to obtain supporting documentation including the Household Questionnaire or verification of income and/or assets.

- **Does the annual income recertification relief also include the requirement to recertify student status?**

- No. The Notice only relieves the owner from performing an annual income recertification which is used to determine whether the Available Unit Rule is triggered. Owners are still required to recertify student status. Failure to recertify student status for projects in the 15-year compliance period is subject to reporting to IRS on form 8823.

- **Would any tenant files not recertified between 4/1/2020 and 12/31/2020 be required to be certified retroactively during 2021?**

We received clarification from IRS that owners will not be required to retroactively recertify 2020 income.

- **When will the next income recertification be due?**

Income recertifications due before 4/1/2020 were required; the due date for the next recertification will be the anniversary date of the existing certification. For example: if an initial certification or recertification has an effective date of 3/1/2019, the next recertification was required to be completed on or before 3/1/2020 and the next recertification is due on or before 3/1/2021. For recertifications due between 4/1/2020 and 12/31/2020, the income recertification must be completed on or before the anniversary of when it should have been done. For example: if an initial certification or recertification has an effective date of 5/1/2019, the next recertification must be completed on or before 5/1/2021.

- **Does the income recertification relief apply to properties in the extended use period**

Yes.

- **How should owners report continuing compliance on HTC-12 for compliance year 2020 and how should occupancy data be reported?**

The annual owner certification uses the term “where applicable” in reference to completing annual income recertifications. Therefore, if the owner follows the guidance in Notice 2020-53 and in these FAQs it may certify in its HTC 12 for 2020 (due February 2021) that it has complied with the annual income recertification requirement. A recertification event must be reported in PORT but owners/agents can select Yes to indicate the household is exempt from reporting income at recertification.

- **Does this guidance apply to properties financed with Section 1602?**

Yes. The Treasury Department has clarified that the guidance applies to Section 1602.

- **Can owners continue to perform annual income recertifications if they want to?**

- Yes. Owners are not required to exercise this relief and are permitted to continue completing income recertifications.

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**Inspection Relief**

- **Will Minnesota Housing perform HTC and Section 1602 inspections in 2020?**

- Yes. Minnesota Housing has already begun to complete remote inspections and will continue to do so for any property that is due to have an inspection in 2020. The remote inspection includes review of administrative records and tenant file reviews. However, on-site Uniform Physical Conditions Standards (UPCS) inspections will not be conducted in 2020.

- **Will Minnesota Housing perform 2020 UPCS inspections in 2021?**

No. The IRS and Treasury Department clarified that monitoring agencies are not required to catch up on 2020 inspections in 2021. Minnesota Housing will rely on the owner's annual certification, under penalty of perjury, as to whether or not each building is suitable for occupancy. Owners must provide details with the annual owner certification, as well as evidence of correction or a plan and timeline for when corrections will be made if, for more than one rental period during the 2020 certification year, there were uncorrected UPCS violations or violations of state and local habitability codes or local ordinances in any part of the property or if any units were out of service. Minnesota Housing will also follow-up, as required, on any maintenance issues or physical condition concerns brought to our attention by LIHTC residents.

If a property is also due for a HOME inspection, absent any further relief from HUD, Minnesota Housing must perform the physical inspection for HOME no later than 120 days after the end of the year.

- **Does this guidance apply to properties in the extended use period?**

Yes.

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**Common Areas and Amenities**

- **If a property took COVID-19 related precautions prior to 4/1/2020 (examples: closure of the property's community room prior to 4/1 or closed a property amenity prior to 4/1), will Minnesota Housing file form 8823 to report this noncompliance?**

Minnesota Housing will not file form 8823 if the closure was COVID-related. Regardless of when the closure occurred, owners should document which amenities and common areas were closed as well as when and why they were closed and maintain that documentation with the property's administrative records. Owners should keep laundry facilities and computer rooms open whenever possible. It should be noted that not filing an 8823 does not guarantee that the credits are not affected. Owners should consult with their investor partner and tax advisor.

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**Emergency Housing Relief**

- **Can owners begin to provide emergency housing relief for medical or other essential workers?**

No. Minnesota Housing is not aware of a need to implement this relief provision at this time. We will consider implementing later if it is determined that emergency medical or other essential workers must be relocated to care for COVID-19 patients and other housing options are limited or unavailable. Please contact your assigned Compliance Officer to discuss this provision if conditions at your property warrant the need for this relief.

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**Questions?**

Please email [Renee Dickinson](#).



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