Housing Tax Credit Extensions During COVID-19

Thank you for your partnership and dedication to providing rental homes that are affordable to those that need it most during these uncertain times. Below is an update on Housing Tax Credit (HTC) extensions that can be requested by eligible projects.

Potential HTC Extensions Available under IRS Notice 2021-12

On January 15, 2021 the Internal Revenue Service (IRS) issued Notice 2021-12, which extends COVID-19 relief measures originally provided under Notice 2020-53 and provides further relief that have expired or were not included in the prior relief notice. Notice 2021-12 provides the following relief from program deadlines:

- Extends the deadline to meet the carryover allocation test to the earlier of one year from the original due date or September 30, 2021.
- Extends the 24-month minimum rehabilitation expenditure period to the earlier of one year from the original end date or September 30, 2021.
- Extends the placed in service deadline for buildings with original deadlines of December 31, 2020 to December 31, 2021.

These extensions are automatic and do not require a formal request letter. Please inform Minnesota Housing if you intend to use the extension by uploading an intent letter to the Multifamily Customer Portal in the Project Documents: Customer area under the "Extension Request" folder. Chatter to NicolaViana to notify us that it is there.

Potential HTC Extensions Available under IRS Revenue Procedure 2014-49 for 2019 HTCs

Under IRS Revenue Procedures 2014-49, Minnesota Housing may approve extensions to certain federal HTC deadlines. An owner of an HTC development can request an extension from Minnesota Housing if the owner can demonstrate it cannot reasonably satisfy the existing federal HTC deadlines due to the current federally declared disaster.

- Placed in Service Deadline: Minnesota Housing will consider granting up to a 12-month extension of the placed in service deadline for projects that received an allocation of 2019 HTCs. Extensions may be granted no later than December 31, 2022.

If you intend to request an extension due to COVID-19 Disaster Declaration under IRS Rev-Proc 2014-49, upload your HTC extension letter to the Multifamily Customer Portal in the Project Documents: Customer area under the "Extension Request" folder. Chatter to NicolaViana to notify us that it is there. Minnesota Housing will provide documentation of our final extension determination.

Please include the following information in your extension letter:

- Project name
- Item for which you are requesting an extension
- Project status
- Reason for extension
- New proposed timeline

Please consult with your tax credit counsel to determine the impact on your HTC development. Owners should consult with lenders and investor partners before deciding whether to seek HTC extensions.

If you have questions concerning this notice, please contact htc.mhfa@state.mn.us.