



Housing Matters! Tax Credit Casualty Loss

EDITION



National Council of
State Housing Agencies

Presented by



Casualty loss

= Hurricane | Kitchen Fire

DEFINITION

- Damage, destruction or loss
 - Identifiable event
 - Sudden, unexpected or unusual
- “Reasonable time”**
- Defined by state HFA, with limits



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Casualty Loss

Casualty loss

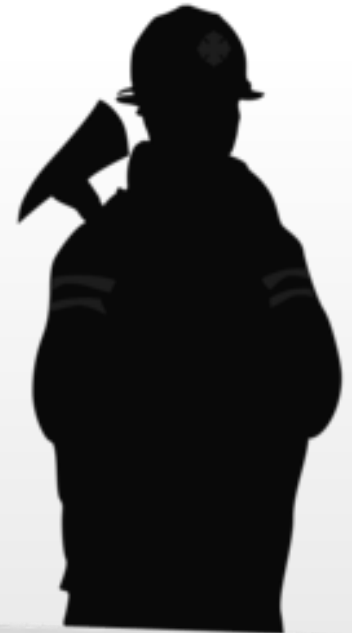
= Hurricane | Kitchen Fire

- President declares disaster
- FEMA designates area to be assisted
- NO disallowance OR recapture
 - If restored no more than “reasonable time”

DEFINITION Reasonable Period Disaster

25th month following month of declaration

- More restrictive than other loss



FEMA

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Casualty Loss

EXAMPLE Casualty Loss in a Declared Disaster

- Declared disaster and loss occurs March 2018
- No disallowance or recapture if restored by deadline:

25 months after end of month of declaration

APRIL 2020

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Casualty Loss

During Carryover and Lease-up

- **8609 allocation** – BIN placed in service that year
- **Carryover allocation** – by Dec. 31
 - 10% of REB in 12 months
 - PIS by Dec 31 of 2nd year following carryover

EXAMPLE Allocation/Construction Timeline

2018	2019	2020	2021
1. Allocation OR 2. Carryover by 12-31-2018	10% REB 12 months from carryover	PIS by 12-31-2020 Claim first credits OR Defer	Claim first credits

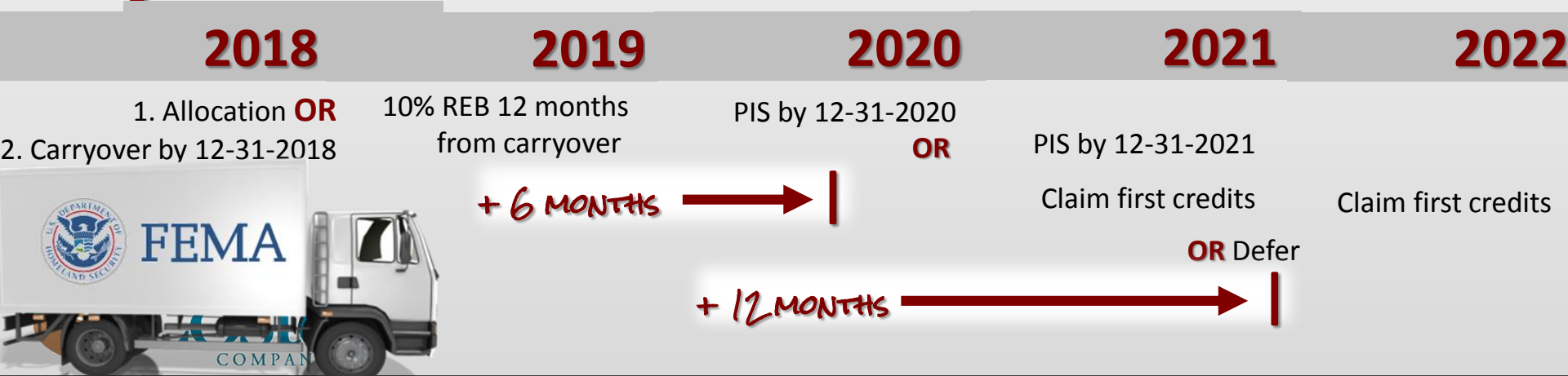
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Casualty Loss

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EXAMPLE Allocation/Construction Timeline



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Casualty Loss

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EXAMPLE Allocation/Construction Timeline

2018

2019

2020

2021

1. Allocation **OR**

10% REB 12 months
from carryover

2. Carryover by 12-31-2018

First year may toll until end of “reasonable period”

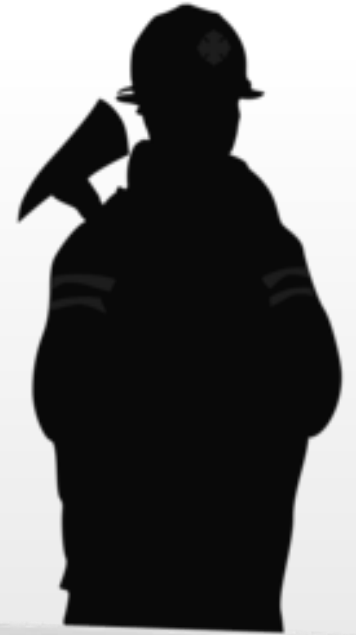


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Casualty Loss

Casualty loss

= Hurricane | Kitchen Fire



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Casualty Loss

Casualty loss

= Hurricane | Kitchen Fire

- Not a declared disaster
- No credits, but recapture avoided if restored in the “reasonable period.”

DEFINITION Reasonable Period Non-disaster
24 months following end of casualty year

- Less restrictive than declared disaster



FEMA

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Casualty Loss

EXAMPLE Casualty Loss NOT in Declared Disaster

- Fire occurs March 2018
- If loss restored by 12-31-2018:
 - No credit loss or recapture
- No credits, but recapture if restored by deadline:

24 months after end of year of loss

DEC 2019

More time than for a disaster **APRIL 2020...**
but no credits while down...

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Casualty Loss

Result of Casualty Loss on Tax Credits

Type of Loss:	Disallowance	Recapture	Max "Reasonable Period"
Declared			
& restored in reasonable period			
& not restored in reasonable period			
Nondeclared			
& restored in reasonable period			
& not restored in reasonable period			

Displaced persons

States may establish a policy to assist

- Policy written
- Relief must not exceed 24 months disaster
- Existing TC tenants must not be evicted
- Gross rents remain in place
- Statement must be received from displaced persons with basic information
 - Form generally provided by HFA

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Casualty Loss

Casualty loss checklist

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Casualty Loss

Check out article on
www.costellocompliance.com

A Not-So-Casual Look at X

Scott Michael

Secure | <https://www.costellocompliance.com/single-post/2017/11/07/A-Not-So-Casual-Look-at-Casualty-Loss---Part-1>

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A Not-So-Casual Look at Casualty Loss - Part 1

November 7, 2017 | Scott Michael Dunn

Introduction and IRS Guidance

"I've already lost my property, will I lose tax credits, too?"

Whether it is a kitchen fire that destroys a unit or a hurricane that takes out an entire apartment community, property damage events result in casualty loss. As far as major disasters, a review of





Reduce, Reuse, Resyndicate - FAQs - Part 1

December 26, 2017

Recent Posts

Quiz 04/30/2018:



COMPANIES