



MEMO

To: Development Community
From: Eric Shorter, Director of Development
Date: April 10, 2020
Subject: COVID-19 guidance for Allocations of Low-Income Housing Tax Credits

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is the allocating agency for the low-income housing tax credit (“LIHTC”) for the State of Rhode Island. As the allocating agency, RIHousing is responsible for administering the LIHTC program in compliance with the requirements of Section 42 of the Internal Revenue Code (the “Code”).

In 2014, the Internal Revenue Service (“IRS”) issued disaster relief guidance through [IRS Revenue Procedure 2014-49](#) (the “2014 Revenue Procedure”). This revenue procedure provides the ability to extend the statutory deadlines for the 10% test and placed in service dates, and to waive certain physical inspection requirements of the IRS compliance monitoring regulations.

The four provisions specific to the allocation of LIHTC in the 2014 Revenue Procedure are:

- Provide a 6-month extension of the 10% test deadline for carryover allocations as required by IRC Section 42(h)(1)(E)(ii) and IRS regulation 1.42-6.
- Provide a 12-month extension of the 24-month minimum rehabilitation expenditure deadline as required by IRC Section 42(e)(3) and IRC Section 42(e)(4).
- Provide a 12-month extension of the placed in service deadline as required in IRC Section 42(h)(1)(E)(i).
- Provide at minimum a 12-month extension of the 25-month rehabilitation period currently allowed under IRS Revenue Procedures 2014-49 and 2014-50 to properties that suffered a casualty loss due to a Presidentially declared major disaster in the 25-month period prior to the onset of COVID-19. State Housing Credit agencies should be allowed to set restrictions within this period.

RIHousing has been notified, that in the absence of the IRS issuing specific COVID-19 guidance, jurisdictions that have received major disaster declarations for the COVID-19 pandemic can move forward with the relief outlined in the 2014 Revenue Procedure. A Major Disaster Declaration (the “Disaster Declaration”) for Rhode Island was issued on March 30, 2020.



Per the 2014 Revenue Procedure, RIHousing has the option to (i) extend the period for the 10% test deadline for up to 6 months and placed in service date deadline for up to 12 months, and (ii) offer this extension on either a project by project basis or on a statewide basis since the entire state is covered by the Disaster Declaration.

Accordingly, RIHousing has determined that it is in the best interest of the state to extend the deadlines for all developments in the State of Rhode Island as follows:

- 1) for developments that received a carryover allocation of LIHTC on or after April 1, 2019 or that will receive a carryover allocation of credits on or before June 30, 2020, the time period for completion of all 10% tests is extended by 6 months (making the new deadline the earlier of 6 months from the date set forth in the previously issued carryover allocation, or 18 months after the date the carryover allocation was signed by RIHousing's Executive Director); and
- 2) for developments that received a carryover allocation of LIHTC in 2018, 2019, or between January 1, 2020 and March 29, 2020, the original placed in service deadlines (including both rehabilitation and new construction) are extended by 12 months.

RIHousing will be issuing more detailed guidance over the next several weeks and months.