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Date: December 24, 2020

To: Issuers, Property Owners and Management Agents of Low-Income Housing Tax Credit (LIHTC) Properties

From: Spencer Walker, General Counsel
State Treasurer's Office

Re: IRS Notice 2020-53 - Compliance Monitoring Requirements

This is to notify Property Owners, Management Companies, and Issuers of Low-Income Housing Tax-Exempt Bonds, and other related parties that annual compliance reporting for the 2020 reporting period has been temporarily suspended by CDLAC.

In response to the ongoing COVID-19 crises, on July 1, 2020, the Internal Revenue Service (IRS) released IRS Notice 2020-53, which provides temporary relief for low-income housing projects under IRS Section 42 and IRS Section 142 as follows:

Section VI.A INCOME RECERTIFICATION “An Owner of a low-income building is not required to perform income recertifications under § 1.42-5(c)(1)(iii) in the period beginning on April 1, 2020, and ending on December 31, 2020. The Owner must resume the income recertifications as due under § 1.42-5(c)(1)(iii) after December 31, 2020.”

Section VI.B COMPLIANCE MONITORING “For purposes of § 1.42-5, an Agency is not required to conduct compliance-monitoring inspections or reviews in the period beginning on April 1, 2020 and ending on December 31,

2020. The Agency must resume compliance-monitoring inspections or reviews as due under § 1.42-5 after December 31, 2020.”

In line with relief provided by IRS Notice 2020-53, the following adjustments to the CDLAC compliance reporting requirements are effective immediately:

- 1) CDLAC Certification of Compliance Forms I and II are not required to be submitted to Issuers for the 2020 reporting year.
- 2) Income certification Audits scheduled for the 2020 reporting year will be postponed until 2021.
- 3) Projects scheduled for construction completion in 2020 can submit the CDLAC Completion Certification to Issuers by the 2021 reporting deadline of March 1, 2022.

Please note that all adjustments to the 2020 reporting period will expire on December 31, 2020. Therefore, CDLAC compliance reporting will commence again for the 2021 reporting year on March 1, 2022.

Please contact CDLAC staff if you have any questions or concerns.