

## CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: June 15, 2020

TO: Recipients of 2018 and 2019 9% Low-Income Housing Tax Credits

FROM: Judith Blackwell, Executive Director

RE: Placed in Service Deadline Extensions for COVID-19 Disaster Declaration

On March 22, 2020 the Federal Emergency Management Agency (FEMA) published a notice of Presidential declaration of a major disaster for the State of California resulting from the COVID-19 pandemic (FEMA-4482-DR). This designation allows the California Tax Credit Allocation Committee (TCAC) to extend the placed in service deadline required by Internal Revenue Code (IRC) § 42(h)(1)(E)(i), pursuant to Internal Revenue Service (IRS) and U.S. Treasury Notice 2014-49. The extension "must not extend beyond December 31 of the year following the end of the two-year period described in § 42(h)(1)(E)(i)."

## Notice 2014-49 permits the following:

The Agency may approve the carryover allocation relief provided in sections 6.02 and 6.03 of this revenue procedure only for Projects whose Owners cannot reasonably satisfy the deadlines of § 42(h)(1)(E) because of a Major Disaster. Depending on the extent of the damage in a Major Disaster Area, an Agency may make this determination on an individual Project basis or determine that all Owners or a particular group of Owners in the Major Disaster Area warrant the relief provided in sections 6.02 and 6.03 of this revenue procedure.

As permitted by Notice 2014-49, due to the statewide disaster declaration of FEMA 4482-DR, TCAC is granting projects with 2018 and 2019 carryover allocations a six month extension of their respective placed in service deadlines. Projects with a 2018 carryover allocation have a placed in service deadline of June 30, 2021. Projects with a 2019 carryover allocation have a placed in service deadline of June 30, 2022. If able to complete sooner, it is not advisable to use the full extension. Placed in

service extensions with corresponding delays in placed in service applications will also result in delayed Form 8609 issuance.

For projects that will receive a 2020 carryover allocation, TCAC is seeking guidance from the IRS and is not able to grant placed in service extensions at this time. FEMA 4482-DR was made on March 22, 2020 with an effective date of "January 20, 2020 and continuing." As of January 20, 2020, no 2020 carryover allocations had been made. TCAC has contacted the IRS for guidance regarding the applicability of FEMA 4482-DR to 2020 carryover allocations made after the disaster declaration date and will provide updated guidance when this information becomes available.