

# **Bond Case Briefs**

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## **Project Management Agency Requests Guidance on Low-Income Housing Tax Credit.**

John Lamey Jr. of the Atlantic County Improvement Authority has written to the IRS and Treasury to express support for guidance that would clarify what happens when an existing low-income housing tax credit property that was previously allocated 9 percent credits is rehabilitated following a natural disaster or casualty loss.

September 19, 2013

Ms. Lee A. Kelley

Deputy Tax Legislative Counsel

Department of the U.S. Treasury

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Mr. Paul F. Handleman

Branch Chief, 5 (CC:PSI:5)

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RE: Guidance to preserve 9% LIHTC buildings damaged by disasters or casualties

Dear Ms. Kelley and Mr. Handleman,

The Atlantic County Improvement Authority is a body corporate and politic of the State of New Jersey authorized to issue to sell private activity tax-exempt revenue bonds under Internal Revenue Code Section 142 allocated from the State of New Jersey's volume cap. We are enabled under New Jersey law to lend the proceeds of such bond issues to qualified low- and moderate income rental housing projects in conjunction with allocations of 4% LIHTCs equity financing, both for new construction and rehabilitation.

We understand Treasury is considering guidance clarifying what happens in situations where an existing LIHTC property previously allocated 9% credits is rehabilitated following a natural disaster or casualty loss. The rules will clarify that the existing property retains the 9% credit and the rehabilitation can qualify as "New Property" under Internal Revenue Code section 42(e) and be eligible for allocations of tax exempt volume cap bond financing and the 4% credit.

We strongly support the publication of this guidance. It is common sense tax administrative guidance that will be an important tool for state housing agencies, state housing bond issuers, owners and investors in applicable circumstances for maintaining and rehabilitating the stock of low income rental housing in New Jersey and throughout the United States.

The Authority respectfully urges the immediate publication of the requested guidance, which is badly needed now because many months have passed since the impacts of Hurricane Sandy have dealt a serious setback to New Jersey's affordable housing stock, a significant portion of which continues to need restoration. There are projects that could be rehabilitated now by bond and credit financings structured pursuant to the policy and technical parameters of the proposed guidance.

Sincerely.

John C. Lamey, Jr.

Executive Director

Atlantic County Improvement

Authority

Mays Landing, NJ

Mark J. Mazur,

Assistant Secretary (Tax Policy),

U.S. Treasury

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