

IRS Revenue Procedure 94-57 allows the owner/taxpayer to fix the date of the gross rent floor to be either:

1. the date of the initial allocation for tax credit projects (allocation award), or
2. the Placed-In-Service date.

In past years, some county median incomes have decreased during the years between these dates, thereby reducing the maximum allowable rent.

Except for a low-income building described in section 42(h)(4)(B) (a bond-financed building), the IRS will treat the gross rent floor in section 42(g)(2)(A) as taking effect on the first option: the date an agency initially allocates a housing credit dollar amount to the building under section 42(h)(1).

However, if the owner/taxpayer designates it as such on the Gross Rent Floor Election Form, the IRS will treat the gross rent floor as taking effect on the second option: a building's Placed-In-Service date. If this option is chosen, the owner/taxpayer must also inform the Agency that made the initial allocation no later than the building's Placed-In-Service date.

Instructions: Owners/taxpayers of qualified Housing Tax Credit projects (competitive state cap credit buildings) must complete this form to notify Minnesota Housing of the date the gross rent floor in section 42(g)(2)(A) of the Internal Revenue Code takes effect.

Minnesota Housing must receive this election form by the date the project is Placed-in-Service. If no election is made or if election form(s) are not received by that deadline, then the gross rent floor date will automatically be fixed by Minnesota Housing to be the date of the allocation/award.

An allocation/award is only made with the issuance of a Carryover Agreement or an 8609.

Statement should be submitted via Box or the Multifamily Portal.

Questions may be directed to tamara.wilson@state.mn.us or 1.800.657.3647/651.296.4451.

