

**2020 EMBRACING TRANSFORMATION**  
FINANCIAL MANAGEMENT CONFERENCE

# Policy, Capital and Real Estate Markets Amidst Deep Change

October 27, 2020

**STRENGTHMATTERS®**

# WELCOME!

- Priya Jayachandran  
National Housing Trust
- Robert Moss  
CohnReznick
- Michael Novogradac  
Novogradac & Company



# Questions

- Please use the **Zoom Q&A feature** to submit questions.
  - **Q&A** is located on the black menu bar. If menu is not visible, move your cursor to view.
- We will respond to questions after the presentation.
- This webinar platform is “view & listen” only for participants. Presenters cannot hear participants during the webinar.

# Continuing Professional Education Requirements for CPAs

- **Polls are Required for CPEs**
  - If you are seeking CPE credits, please submit ALL polls and the conference evaluations.
- We use **Polls and the Zoom attendance record** to verify participation throughout the webinar.
  - **Participants must submit ALL polls and be logged in no later than 10 minutes after the scheduled session start time to receive a certificate.**

# Continuing Professional Education Credits (CPEs) for CPAs

- You may request a certificate of completion via the conference evaluations.
  - Links to the evaluations are emailed to all registrants.
- For more information on CPE credits, contact Lindsay Wells at [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com).

## Important note on COVID-19 and CPEs

- We are part of the NASBA Registry of CPE Sponsors for Group Live programs, which covers in-person events.
- **Due to the COVID-19 crisis, NASBA has provided a temporary allowance for Group Live Sponsors to convert typically in-person programs to virtual delivery.**
- As always, state boards of accountancy have discretion regarding CPE credit acceptance. **Two states have indicated they will not extend this flexibility (Kansas and New York).**
- For details on state board responses, please check the [CPE Info page](#) of the registration site or email [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com).



# STRENGTHMATTERS®

## 2020 EMBRACING TRANSFORMATION

### FINANCIAL MANAGEMENT CONFERENCE

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**Dauby O'Connor & Zaleski, LLC**  
A Limited Liability Company  
Certified Public Accountants

#### SILVER SPONSORS



Morgan Stanley



#### BRONZE SPONSORS



#### FRIENDS OF STRENGTH MATTERS



# Major Supporter of Strength Matters



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**Dauby O'Connor & Zaleski, LLC**

A Limited Liability Company

Certified Public Accountants



## Silver Sponsors



Morgan Stanley



# Bronze Sponsors



# Friends of Strength Matters



# Poll #1

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# Poll #2



# Poll #3

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# **Policy, Capital and Real Estate Markets Amidst Deep Change**

Michael Novogradac, Novogradac & Company LLP

 @Novogradac

October 27, 2020

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# Tax Provisions to Include in Relief Package/Lame Duck

1

4 Percent  
Floor

2

NMTC  
Extension

3

OZ Reporting  
Rules

# Tax Provisions to Include in Relief Package/Lame Duck

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4 Percent  
Floor

2

NMTC  
Extension

3

OZ Reporting  
Rules

# Impact of Minimum 4 Percent Rate

[www.novoco.com/blog](http://www.novoco.com/blog)

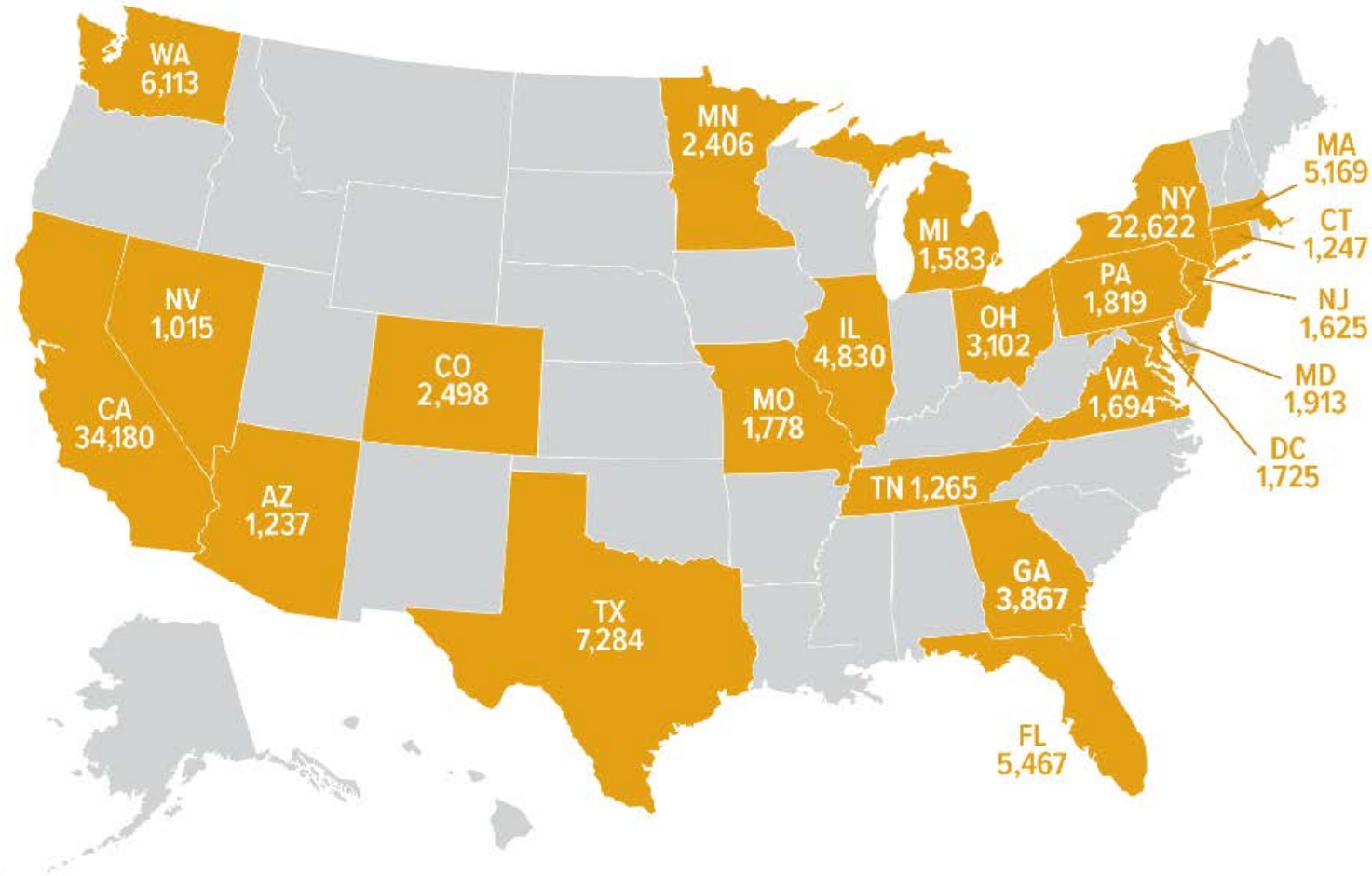


- Additional Rental Homes from Four Percent Floor: 126,000
- Updated estimate based on revised baseline of PAB-financed rental homes

Impact of

## Selected State Estimates from the Minimum 4 Percent Rate

*Additional Homes from the Minimum 4% Rate, 2020-2029*



Source: Novogradac



Homes from  
126,000

based on  
PAB-financed



# Tax Provisions to Include in Relief Package/Lame Duck

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4 Percent  
Floor

2

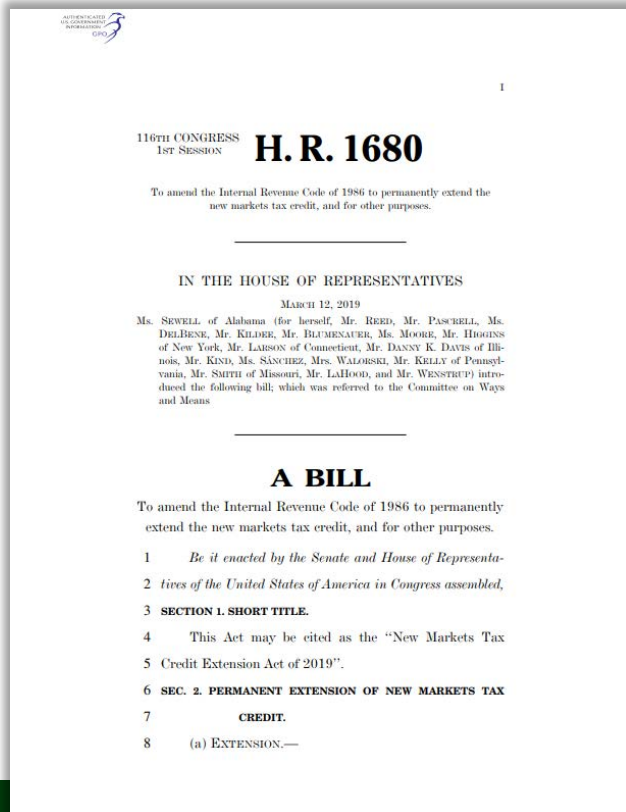
NMTC  
Extension

3

OZ Reporting  
Rules

# New Markets Tax Credit Extension Act of 2019

H.R. 1680



SEWELL  
D-AL



REED  
R-NY



SMITH  
R-MO



PASCRELL  
D-NJ



DELBENE  
D-WA



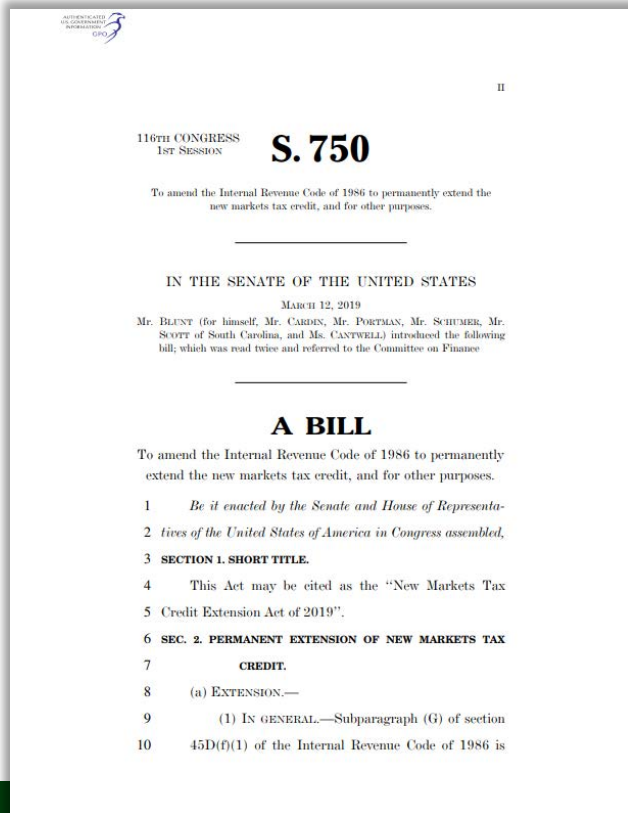
WALORSKI  
R-IN

Introduced  
March 12, 2019

Cosponsors  
57D 70R  
(as of October 19, 2020)

# New Markets Tax Credit Extension Act of 2019

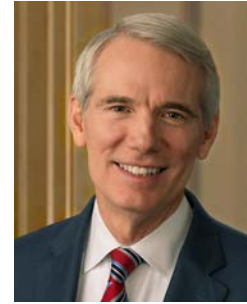
S. 750



BLUNT  
R-MO



CARDIN  
D-MD



PORTMAN  
R-OH



SCHUMER  
D-NY



SCOTT  
R-SC



CANTWELL  
D-WA

Introduced  
March 12, 2019

Cosponsors  
20D 18R  
(as of October 19, 2020)

# Tax Provisions to Include in Relief Package/Lame Duck

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4 Percent  
Floor

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NMTC  
Extension

3

OZ Reporting  
Rules

# Opportunity Zones Bills

## *The Ones to Watch*



S 2994, IMPACT Act | Lead: Tim Scott (R-SC), Cosponsors: 11R 1D

Improving and Reinstating the Monitoring, Prevention, Accountability, Certification, and Transparency (IMPACT) Act would help to determine the impact of OZs by reinstating and expanding upon **reporting requirements**.



HR 5011, Opportunity Zone Accountability and Transparency Act | Lead: Ron Kind (D-WI-3), Cosponsors: 1R 7D

Would require QOFs to: annually **report assets**; their aggregate amount of qualified OZ stock, OZ partnership interests and OZ business property; and details about the types of OZ businesses for which the QOF holds business property.



S 2787, Opportunity Zone **Reporting** and Reform Act | Lead: Ron Wyden (D-OR), Cosponsors: 1I 1D

Would require: information **reporting** from both Opportunity Funds and their investors; assessment of penalties for failure to report; re-designation of certain OZs; a GAO report of effectiveness of OZ incentive.

# Administrative Provisions to Extend COVID-19 Relief Extensions

LIHTC

## Notice 2020-53

Notice 2020-53

### I. PURPOSE

In response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic, this notice provides temporary relief from certain requirements under § 42 of the Internal Revenue Code (Code) for qualified low-income housing projects and under §§ 142(d) and 147(d) of the Code for qualified residential rental projects. Section IV of this notice describes the Agencies, Issuers, Operators, and Owners eligible for the relief granted in section V of this notice, which provides relief pursuant to § 7508A(a) of the Code, and section VI of this notice, which provides relief pursuant to § 1.42-13(a) of the Income Tax Regulations. In this notice, the terms "Agency," "Issuer," "Operator," and "Owner" have the same meanings as described in section 5 of Rev. Proc. 2014-49, 2014-37 I.R.B. 535, or section 4 of Rev. Proc. 2014-50, 2014-37 I.R.B. 540.

### II. BACKGROUND

#### A. Qualified low-income housing projects

Section 42(a) provides that the amount of the low-income housing credit for any taxable year in the credit period is an amount equal to the applicable percentage of the qualified basis of each qualified low-income building.

Section 42(c)(1)(A) provides that the qualified basis of any qualified low-income building for any taxable year is an amount equal to (i) the applicable fraction

NMTC

## Notice 2020-49

Notice 2020-49

### I. PURPOSE

On March 13, 2020, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic (Emergency Declaration). The Emergency Declaration instructed the Secretary of the Treasury "to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency, as appropriate, pursuant to 26 U.S.C. 7508A(a)." This notice postpones to December 31, 2020, the due dates for making investments, making reinvestments, and expending amounts for construction of real property under § 45D of the Internal Revenue Code (Code) due to be performed or expended on or after April 1, 2020, and before December 31, 2020.

### II. BACKGROUND

Section 38(b) of the Code provides a credit against income taxes for certain business credits, including the new markets tax credit determined under § 45D(a). See § 38(b)(3).

Under § 45D(a)(1), a taxpayer may claim the new markets tax credit on certain credit allowance dates described in § 45D(a)(3) over a 7-year credit period with respect

Opportunity  
Zones

## Notice 2020-39

Relief for Qualified Opportunity Funds and Investors Affected by Ongoing Coronavirus Disease 2019 Pandemic

Notice 2020-39

### I. PURPOSE

This notice provides relief under section 7508A(a) of the Internal Revenue Code (Code) for qualified opportunity funds (QOFs) and their investors in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. This notice also addresses the application of certain relief provisions in the Income Tax Regulations under section 14002-2 of the Code (section 14002-2 regulations). Part III of this notice (i) provides relief for certain failures by a QOF to meet the 90-percent investment standard and (ii) postpones the time periods for satisfying certain other requirements. Part IV of this notice confirms that (i) the 24-month extension for the working capital safe harbor and (ii) the 12-month extension for QOFs to reinvest certain proceeds, both as provided under the section 14002-2 regulations, are available to otherwise qualifying QOFs and qualified opportunity zone businesses.

### II. BACKGROUND

#### A. Emergency Declaration and Prior Grants of Relief

On March 13, 2020, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. 5121 et seq.) in response to the ongoing COVID-19 pandemic

HTC

## Notice 2020-58

Notice 2020-58

### I. PURPOSE

On March 13, 2020, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act in response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The emergency declaration instructed the Secretary of the Treasury "to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency, as appropriate, pursuant to 26 U.S.C. 7508A(a)." Section III of this notice describes the relief provided pursuant to § 7508A(a) of the Internal Revenue Code (Code) for certain requirements of the rehabilitation credit under § 47 of the Code.

### II. BACKGROUND

Section 38(b)(1) of the Code provides that the current year general business credit includes the investment credit determined under § 46 of the Code. The investment credit under § 46 includes the rehabilitation credit under § 47.

On December 22, 2017, former § 47 was amended by section 13402 of Public Law No. 115-97, 131 Stat. 2054 (2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA). Prior to the TCJA, former § 47(a) provided for the purposes of § 46 a tax-credit for qualified rehabilitation expenditures (QREs) incurred in connection with the

ITC/PTC

## Notice 2020-41

Notice 2020-41

### SECTION 1. PURPOSE

This notice modifies the prior Internal Revenue Service (IRS) notices<sup>1</sup> addressing the beginning of construction requirement for both the production tax credit for renewable energy facilities under section 45 of the Internal Revenue Code (Code) and the investment tax credit for energy property under § 48. In response to the Coronavirus Disease 2019 (COVID-19) pandemic, this notice provides that the Continuity Safe Harbor provided and extended by the prior IRS notices is further extended for projects that began construction in either calendar year 2016 or 2017. This notice also provides a 31% Month Safe Harbor for services or property paid for by the taxpayer on or after September 16, 2019 and received by October 15, 2020.

### SECTION 2. BACKGROUND

Section 38 allows certain business credits against the tax imposed by chapter 1 of the Code. Among the credits allowed by § 38 are the investment tax credit determined under § 46 and the renewable electricity production tax credit under § 45. The investment tax credit includes the energy credit under § 48. The credits under §§ 45 and 48 generally are referred to as the production tax credit (PTC) and the

<sup>1</sup> Notice 2013-29, 2013-1 CB 189; Notice 2013-45, 2013-2 CB 431; Notice 2014-48, 2014-2 CB 520; Notice 2015-25, 2015-13 I.R.B. 814; Notice 2016-31, 2016-1 CB 1023; Notice 2017-04, 2017-4 I.R.B. 541; Notice 2018-59, 2018-26 I.R.B. 196; and Notice 2019-43, 2019-21 I.R.B. 487 (collectively, prior IRS notices).



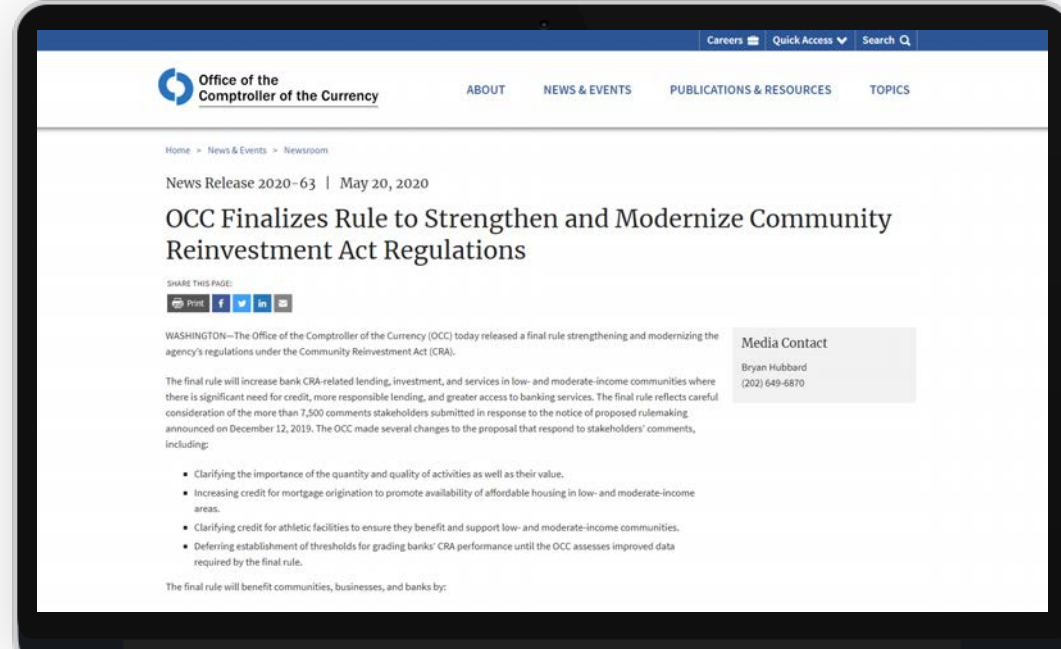
# CRA Update

# Community Reinvestment Act Regulations

Office of the Comptroller of the Currency released final regulations on May 20, 2020

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*Federal Reserve's CRA ANPR  
was released on September  
21, 2020*



[BILLING CODE: ]  
DEPARTMENT OF THE TREASURY  
Office of the Comptroller of the Currency  
12 CFR Parts 25 and 195  
[Docket ID OCC-2018-0008]  
RIN 1557-AE34  
**Community Reinvestment Act Regulations**  
AGENCY: Office of the Comptroller of the Currency, Treasury.  
ACTION: Final rule.  
SUMMARY: The Office of the Comptroller of the Currency (OCC) is adopting a final rule to strengthen and modernize the Community Reinvestment Act (CRA) by clarifying and expanding the activities that qualify for CRA credit; updating where activities count for CRA credit; creating a more consistent and objective method for evaluating CRA performance; and providing for more timely and transparent CRA-related data collection, recordkeeping, and reporting.  
DATES: This rule is effective on October 1, 2020. Banks must comply with the final amendments by October 1, 2020, January 1, 2023, or January 1, 2024, as applicable. Until the compliance dates, banks must continue to comply with parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C to 12 CFR 25). Alternatively, the OCC may permit a bank to voluntarily comply, in whole or in part, with the amendments adopted in this release prior to the applicable compliance dates. Parts 25 and 195 that are in effect on September 30, 2020 (as set forth in appendix C) expire on January 1, 2024.

DRAFT  
FEDERAL RESERVE SYSTEM  
12 CFR Part 228  
Regulation BB  
Docket No. R-xxxx  
RIN 7100-AF[j]xx  
**Community Reinvestment Act**  
AGENCY: Board of Governors of the Federal Reserve System  
ACTION: Advance notice of proposed rulemaking; request for comment.  
SUMMARY: The Board of Governors of the Federal Reserve System (Board) is publishing for public comment an advance notice of proposed rulemaking (ANPR) to solicit public input regarding modernizing the Board's Community Reinvestment Act regulatory and supervisory framework. The Board is seeking comment on all aspects of the ANPR from all interested parties and also requests commenters to identify other issues that the Board should consider.  
DATES: Comments on this ANPR must be received on or before [INSERT DATE 120 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].  
ADDRESSES: You may submit comments, identified by Docket No. R-XXXX and RIN 7100-AF[j], by any of the following methods:  
• **Agency Website:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.  
• **E-mail:** [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include docket and RIN numbers in the subject line of the message.  
• **FAX:** (202) 452-3819 or (202) 452-3102.  
• **Mail:** Ann E. Mishack, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, NW., Washington, DC 20551.

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# Poll #4

# Poll #5