



211 North Front Street
P.O. Box 8029
Harrisburg, PA 17105-8029
(717) 780-3846

To: Post 1989 Tax Credit Owners

**Re: IRS Revenue Ruling 2004-82 and Revenue Procedure 2005-37
Good Cause Evictions**

Earlier this year, the Pennsylvania Housing Finance Agency ("Agency") requested your acknowledgment of the requirements of Revenue Ruling 2004-82 dated August 30, 2004 addressing numerous issues relating to the federal tax credit program. One of the items addressed in the Revenue Ruling reiterated that low income residents in tax credit properties may not be evicted, except for good cause, throughout the entire project compliance period (including the extended use period).

Subsequent to the Agency's notice to you, the IRS issued Revenue Procedure 2005-37 effective June 21, 2005. The Revenue Procedure clarifies Revenue Ruling 2004-82 and sets forth the procedures for meeting the IRS's requirement.

Extended low-income housing commitments recorded in Pennsylvania contain language requiring building owners to comply with all requirements of Section 42 of the Internal Revenue Code of 1986 ("catch-all language").

The Agency hereby notifies building owners that:

- (a) consistent with the interpretation in Q&A-5 of Revenue Ruling 2004-82, the catch-all language prohibits the owner from evicting or terminating the tenancy of an existing tenant of any low-income unit (other than for good cause) throughout the entire commitment period;
- (b) the catch-all language prohibits the owner from making an increase in the gross rent with respect to a low-income unit not otherwise permitted by Section 42 throughout the entire commitment period;
- (c) the owner must, as part of its annual certification under Treasury Regulation 1.42-5(c)(1)(xi), certify that for the preceding 12-month period no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and that no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42;
- (d) if the owner fails to make the certifications in (c) above or the Agency learns that the owner has evicted tenants in low-income units or terminated their tenancies other than for good cause or has increased the gross rent of a tenant with respect to a low-income unit not otherwise permitted under Section 42, the Agency shall report the owner to the IRS using Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition and
- (e) the requirements contained in this notice shall also apply to any amendment to any commitment containing catch-all language if the amendment is executed after December 31, 2005.

If you have any questions regarding the foregoing information, feel free to contact Holly Glauser-Abel at 717-780-3994.