

National Housing & Rehabilitation Association

Asset Management Conference

June 3-4, 2019 Minneapolis, MN





Income Averaging Overview

- Original LIHTC Minimum Set-Asides:
 - **40-60**
 - 40% of units reserved for tenants limited to 60% Area Median Income (AMI)
 - **20-50**
 - 20% of units reserved for tenants limited to 50% AMI



Income Averaging Overview

- **Income Averaging** established as third option in March 2018
 - Generally available for projects filing 8609s after March 23, 2018
 - State housing finance agencies drive how/when/if implemented
 - Allows broadening of tenant pool from 60% to 80% AMI



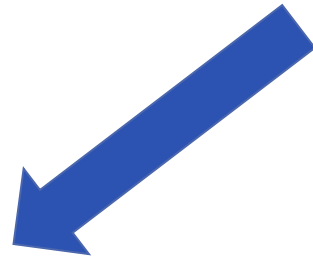
Income Averaging Overview

- 40% of units reserved for tenants **averaging** to 60% of AMI
- Unit AMI designations are in 10% increments from 20-80% of AMI
 - Tenant with income at 21% would be placed in 30% unit
- Minimum 40% of units must be LIHTC (20-80% AMI range)

Income Averaging Overview

- Example:

100 units total	
# of units	AMI
5	80%
5	70%
10	60%
20	50%
40 LIHTC	
Average AMI:	59% PASS
60 units @ market rates	



Calculation:

$$\frac{(5 \times 80\%) + (5 \times 70\%) + (10 \times 60\%) + (20 \times 50\%)}{40}$$



Income Averaging Overview

- Different **Next Available Unit Rule**
 - If tenant income increases above 140% of the greater of the following:
 - 60% AMI (minimum)
 - Unit's AMI designation (70% or 80%)
 - Next available market-rate unit that is smaller or comparable must be leased to tenant matching AMI designation of over-income unit