

Technical Advisory



Date: April 16, 2018

Re: LIHTC Income Averaging Option - Consolidated Appropriations Act of 2018

Dear Partners:

As you may have heard, on March 23, 2018 Congress passed the Consolidated Appropriations Act of 2018. This is an Omnibus spending bill that permanently establishes **income averaging** as a third option for a minimum set-aside election for new Low Income Housing Tax Credit (LIHTC) developments. Income averaging provides the ability to serve households earning as much as 80% Area Median Income (AMI) in a tax credit qualified unit as long as the **average** income/rent limit in the properties qualified tax credit units are 60% AMI or less.

This means that moving forward, projects may be able to choose to adopt a minimum set-aside wherein the portion of the project that contains qualified units is income averaged to a stated AMI. This is a third option in addition to one of the two previously existing minimum set-aside elections. The pre-existing two choices for minimum set-aside elections are (1) to have 40 percent of the units in a project at 60% AMI or (2) to have 20 percent of the units in a project at 50% AMI.

OHCS is working diligently to develop and implement State policies around this new provision. We will keep you posted as we work through the process. In the meantime, if you would like to learn more about income averaging, the National Council of State Housing Agencies (NCSHA) in partnership with the Housing Credit program administration experts, Tony Freeman of Holland and Knight and Mark Shelburne of Novogradac & Company have developed an Income Averaging Q&A. This document will continue to be updated with the latest information on implementing the new income averaging provision.

NCSHA Income Averaging Q&A:

https://www.ncsha.org/ncsha_blog/ncsha-develops-income-averaging-qa/

If you have any specific feedback as we go through this process, please contact our Tax Credit Program Manager Tai Dunson-Strane at Tai.Dunson-Strane@oregon.gov

With appreciation,

A handwritten signature in cursive script that reads "Julie V. Cody".

Julie V. Cody

Assistant Director for Housing Finance

Julie.Cody@oregon.gov

