



Updated PPA and Application Timelines and Income Averaging Update

Updated PPA and Application Timeline 2019 9% LIHTC

As you are aware, Preliminary Project Assessments (PPA's) and Low Income Housing Tax Credit (LIHTC) applications are now accepted via the Multifamily Portal. PPA's previously approved for the 2018 9% LIHTC Round are eligible to apply for 2019 LIHTC. IHDA is accepting PPA's on a rolling basis and will close the portal for 2019 9% PPA's on November 9, 2018. IHDA intends to inform sponsors of PPA status no later than December 21, 2018. 2019 9% LIHTC Applications will be due February 15, 2019.

	Event	Date
November	PPA Deadline for 2019 LIHTC Applications	11/9/2018
December	PPA Notification to Sponsors	12/21/2018
February	2019 LIHTC Applications Due	2/15/2019
May	2019 LIHTC Applications to Board	5/17/2019

Income Averaging

As is well known throughout the affordable housing industry, Congress recently created a new occupancy set-aside option known as "income averaging." Instead of electing the 20/50 or 40/60 minimum set-aside, an owner may elect an income averaging set-aside. This allows a property to serve households up to 80% AMI, as long as at least 40% of the total units are rent and income restricted and the average income limit for all tax credit units in the project is at or below 60% AMI.

The Authority understands its stakeholders are excited to take advantage of this new option to better serve the needs of those seeking affordable housing. Given the nuances of this new set-aside option, the Authority is carefully reviewing applicable law and industry guidance with the goal of developing a policy around income averaging that will ensure the Authority can continue to administer the low-income housing tax credit ("LIHTC") program in the most effective and efficient way possible.

As the Authority continues its analysis of this new set-aside option, the Authority wanted to provide some information about the parameters currently being considered. The information in this bulletin is not intended to be conclusive or exhaustive. The Authority's

final policy may or may not include the elements discussed below. In addition, if determined to be applicable, the Authority will take steps to amend the 2018-2019 Qualified Allocation Plan.

Please note, developments will be ineligible to select income averaging if: (i) the development received 9% LIHTC award from the Authority in 2018 (or earlier); or (ii) the development receives a 9% award from the Authority in 2019; or (iii) the development already has a recorded Extended Use Agreement (including resyndications); or (iv) the development already filed a Form 8609.

Developments seeking 4% LIHTC's that desire to elect income averaging will be considered by the Authority on a case-by-case basis. Tax exempt bond developments will still need to meet all applicable bond-related compliance requirements.

Additionally, the Authority is in the process of updating the Affordable Rental Unit Survey (ARUS) to reflect all the allowable income levels under income averaging. Please click the link below for additional information.

<https://www.ihda.org/developers/market-research/affordable-rental-unit-survey/>

Anticipated mandatory requirements for any development requesting to elect income averaging:

- All units must be designated low income; the development may not contain unrestricted or market rate residential units.
- Designated income/rent levels may only be set at 10% increments beginning at 20% of AMI. Allowable income/rent designation levels are 20%, 30%, 40%, 50%, 60%, or 80% of AMI. The Authority reserves the right to limit the number of AMI designations per property.

Anticipated supplemental application items for any development requesting to elect income averaging:

- Written acknowledgement from the LIHTC equity investor that income averaging is compatible with requirements of other public and private funding sources.
- Written acknowledgement from the property manager regarding the compliance implications and commitment to provide annual income averaging training to on-site property management.
- Payment of an additional application fee to re-underwrite the development, if applicable.
- Payment of an additional compliance fee to reflect increased monitoring requirements for developments that elect income averaging.
- Updated common application.
- Updated market study demonstrating sufficient market demand for each income bracket proposed.