



## Average Income Test Policy

- **The Owner shall lease at least 40% of the units in the development to individuals whose income is 80% or less of area median gross income (adjustments for family size) as determined in accordance with section 42 of the Code (“Low-Income Tenants) so long as the average income and rent restriction of such units is 60% or less of area median gross income.**
- New final regulations apply to taxable years beginning after December 31, 2023. For taxable years prior to the application of these regulations, taxpayers should rely on RIHousing’s original guidance.
- This policy applies to 100% LIHTC Projects only.
- Owners of multi-building projects that applied to use the average income test are required to elect to treat each building as part of a multi-building project.
- This policy applies only for Projects that have not yet executed an IRS form 8609.
- Evidence of the owners election of AIT must be documented in the RIHousing approved Management Plan and Tenant Selection Plan (TSP)
- The AIT minimum set-aside is considered met as long as 40 percent of the units in the property have designations that average 60 percent or less of area median income (AMI) and the households living in those units meet the income designation for their respective units.
- Should a household living in a unit become ineligible under the respective income designation of that unit, and the removal of that unit from the applicable fraction causes the average to exceed 60 percent of AMI across all low-income units, it does not result in a violation of the minimum set-aside as long as 40 percent of the units in the project have an average designation of 60 percent or less with households living in them that are in compliance with those designations.
- The owner must keep records and report to RIHousing on unit designation for all units.

- The owner must identify the AIT units within the qualified group of units that satisfy the AIT minimum set-aside (at least 40 percent of total units).
- The owner's reports and records must be sufficient so that RIHousing may ensure accuracy of the project's applicable fraction, satisfaction with the AIT set-aside, and compliance with all requirements of Section 42 and regulations.
- An income qualified tenant may unit transfer within the Project and the same AIT income limitation will follow to the new unit.
- Annual income certifications are required per RIHousing policy. Waivers may be authorized at RIHousing's discretion.
- Owner/agent is responsible to upload tenant data for all units and their AMI designation to RIHousing's Procorem software. Reporting of unit designations through the Procorem software Portal is required by the 10<sup>th</sup> of each month. Redesignation of units does not require prior RIHousing approval.
- For AIT related non-compliance that is not discovered and corrected within a taxable year, retroactive corrections, if possible, must be made within 180 days of discovery of the issue.
- The owner is required to submit the annual Owner's Certification of Continued Program Compliance.
- LIHTC compliance monitoring fees will be higher for AIT Projects.