

OVATION AT MEEKER, LLC

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Via Upload to Federal Rulemaking Portal

CC:PA:LPD:PR (REG 119890-18)
Room 5203
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044
Attention: Sunita Lough, Depute Commissioner for Services and Enforcement

RE: Comments on REG-119890-18: Section 42, Low-Income Housing Credit Average Income Test Regulations

Dear Ms. Lough:

We are in the development stage for an affordable senior multifamily housing development in Kent, Washington. We are disappointed in the draft regulations as it appears that it is that the income designations will be fixed. If the rules are implemented, as drafted, the following is a concern:

Income averaging expands the band of affordability to households with lower and higher incomes. This results in more diverse and inclusive communities. By "fixing" the income designations, compliance concerns will cause developers and tax credit investors to shy away from income averaging. The proposed regulations will result in a concentration on a narrow band of affordability and discourage fairer, more equitable opportunities.

State and local housing credit agencies have the expertise and experience to monitor compliance with floating income designations. It is a necessity to allow this flexibility to adjust imputed income designations over time.

We recommend the following:

1. Final regulations should allow owners to adjust imputed income designations over time, provided that the owner's adjusted designations continue to satisfy the parameters of the new set-aside (i.e. at all times 40 percent of the units remain rent-restricted and occupied by tenants whose income does not exceed the imputed income limitation designated by the owner, and the average of the imputed income limitation designations would not exceed 60 percent of the area median gross income in any given year). The underlying rules for changing designations should be determined based on procedures established by the State or local housing credit agencies.

Thank you,



Philip Nored
Managing Member

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