

Public Comment Related to Section 42, Low-Income Housing Credit Average Income Test Regulations (REG-119890-18)

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ID: IRS-2020-0038-0060

Submitter Name: R4 Capital LLC

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Department of the Treasury
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Re: IRS Notice of Proposed Rule Making:
Section 42 Low Income Housing Credit Average Income Test Regulations
Reg-119890-18

R4 Capital is a debt and equity provider for Low Income Housing Credit properties with offices in New York City, Boston, Austin and Newport Beach, CA. We have invested in properties utilizing the Average Income Test and have found it is very effective in providing affordable housing to a larger band of low income persons especially in rural markets.

We strongly support the income averaging flexibility, which has been widely used to make more types of affordable housing developments possible since enactment in 2018. However, we are concerned that the proposed regulations will severely limit utilization of the income averaging flexibility, and we believe mitigation remedies are needed to ensure that income averaging remains a viable option.

We support the assertions and recommendations provided by the Affordable Housing Tax Credit Coalition in their comment letter, which is attached as a supporting document.

R4 Capital appreciates the opportunity to comment on the proposed regulations. The income averaging flexibility has successfully made affordable housing available to more people that are in critical need, and we hope it continues to do so in the future. However, without changes to the regulations as outlined in the AHTCC letter, investors and lenders may not be willing to risk the potential noncompliance penalties suggested by the proposed IRS Regulations.

If you have any questions regarding these comments, please contact me at 949 438-1050 or at rthielen@r4cap.com.

Sincerely,
Ronne Thielen
Executive Vice President and Director of Public Policy & Advocacy