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FOR IMMEDIATE RELEASE

**Novogradac Commends Treasury, Biden-Harris Administration for
Affordable Housing Guidance**
IRS Issues Final and Temporary Regulations on LIHTC Average-Income Set-Aside

SAN FRANCISCO—Novogradac applauds the work of the Internal Revenue Service (IRS) and others within the Department of the Treasury contained in the final and temporary regulations for the low-income housing tax credit (LIHTC) average-income set-aside test (AIT) released on Oct. 7.

“The final regulations address two major concerns that Novogradac and others in the affordable housing community expressed about the proposed AIT regulations issued in 2020: namely the “cliff-effect” and “fixed unit designations,” said Michael Novogradac, CPA, and managing partner of Novogradac & Company LLP. “Novogradac commends Treasury and the Biden-Harris Administration for releasing this updated guidance. We thank them for working with stakeholders to improve the rules contained in the proposed regulations.”

Novogradac published a post summarizing the release of the AIT regulations in its [Notes from Novogradac blog](#) and released a [Tax Credit Tuesday podcast](#) on the guidance. Novogradac will provide a more expansive discussion and further insight during an Oct. 20 [Examining the Updated Average Income Test Regulations Webinar](#).

About the Average-Income Set-Aside

The LIHTC average-income set-aside was created under the Consolidated Appropriations Act of 2018 as one of three minimum set-aside tests by which a residential rental property qualifies as a low-income housing development. The average-income test requires that at least 40% of residential units in a property be rent restricted, with the unit average rent restriction averaging to 60% or less of area median gross income, with a ceiling of 80%.

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The IRS issued proposed AIT guidance Oct. 30, 2020. Subsequently, stakeholders asked for changes to the proposal, including through numerous comment letters (including comment from the Novogradac [LIHTC Working Group](#)) and a public hearing at the [U.S. Department of the Treasury at which Novogradac partner Thomas Stagg testified](#). The final rule issued Oct. 7 will go into effect upon publication in the Federal Register, scheduled for Oct. 12.

About Novogradac

Novogradac began operations in 1989 and has grown to more than 700 employees and partners with offices in more than 25 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, community development, historic rehabilitation and renewable energy.

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