**LIHTC Income Averaging**

The Low-Income Housing Tax Credit (LIHTC) is a critical tool in addressing the rental housing crisis. LIHTC’s public-private partnership model financed more than 2.5 million affordable housing units since 1987. A new LIHTC Income Averaging legislative proposal can make the program even more effective.

Current LIHTC Rules create housing for families at the very top of the eligible income range (54–60% AMI) unless paired with additional capital subsidies or rental assistance, which are needed to serve extremely low-income individuals like seniors and low-income working families.

- Household Income Limit ≤ 60% AMI
- Discourages cross subsidization in high-cost markets
- Limits income diversity in affordable buildings

Proposed LIHTC Income Averaging Rules offer a cost-neutral solution to better serve households across the low-income spectrum in buildings with mixed incomes.

- Household Income Limit ≤ 80% AMI
- Average Household Income Limit ≤ 60% AMI (average income of all tax-credit units in building)
- Cross subsidization of rents allows deeper affordability
- Optional program component for markets that need it

**How Income Averaging Will Work in New York**

(in the same 100-unit building)

**CURRENT RULES**

- 100 apts @60% AMI
  - Rent: $1,123

**INCOME AVERAGING EXAMPLES**

- 33 apts @80% AMI
  - Rent: $1,511

- 34 apts @60% AMI
  - Rent: $1,123

- 33 apts @40% AMI
  - Rent: $735

- 20 apts @80% AMI
  - Rent: $1,168–$1,740

- 40 apts @60% AMI
  - Rent: $867–$1,292

- 20 apts @50% AMI
  - Rent: $716–$1,067

- 20 apts @30% AMI
  - Rent: $413–$618

Saves $4.8M in public subsidy.

**Note:** 1st and 2nd bldgs show 2-bed rents. 3rd bldg shows range of rents for 0 to 3-bed units as per NYC finance programs.

www.thenyhc.org
Who would LIHTC Income Averaging Help?

1,500,000 Renter Households Are Rent-Burdened in New York State
(Paying more than 30% of income on housing)

Real New Yorkers Who Could Qualify With Income Averaging

- **A young family.** This married couple with two small children is expecting a baby. The husband is a full-time security guard earning $12.50/hr. The mom stays at home to care for the children. Their application was rejected due to insufficient income.
  - Household income: $25,000
  - 27% AMI

- **Elderly couple.** The husband receives Social Security income and his wife continues to work as a home health aide. These seniors were rejected from a housing lottery because they couldn’t afford minimum rent.
  - Household income: $22,985
  - 33% AMI

- **Disabled household.** The husband is mobility impaired and uses a wheelchair. He receives social security disability insurance. His wife is employed by a local medical lab. They earn just over the tax credit income limit so their application to an accessible affordable building was denied.
  - Household income: $41,932
  - 61% AMI

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The Low Income Housing Tax Credit is a successful program with bipartisan support. Let’s make it even more effective by enacting Congressional legislation for Income Averaging.