# Pennsylvania Housing Finance Agency
# Average Income Policy

The Agency's Allocation Plan for Low Income Housing Tax Credits permits the utilization of the average income set aside ("Average Income") provided that one hundred percent (100%) of the units are affordable to persons at or below 80% of Area Median Income (AMI) or less as long as the average development income and rent limit is 60% AMI or less. Developments may not contain unrestricted or market rate residential units (manager units are excluded). In order to include Average Income in a development, applications must:

- Contain no more than four (4) income targets. At least 40% of the units have to be both rent restricted and occupied by tenants whose "incomes do not exceed the imputed income limitation designated by the taxpayer."
- Specify the income targets in 10% increments (i.e., at or below 20% AMI, 30% AMI, 40% AMI, 50% AMI, 60% AMI, 70% AMI, and 80% AMI).
- Match the targeted rent to the targeted income level.
- Reasonably distribute units of similar size and income targeting throughout the property regardless of assigned income restrictions;
- Provide a market study evidencing demand for each proposed targeted incomes;
- Demonstrate management agent capacity/experience to implement Average Income in compliance with applicable Treasury Regulations and Agency policy;
- Not change income targets after application (developments may elect 20/50 or 40/60 set aside post award);
- Make the 8b election on the IRS Form 8609 form indicating that it will be treated as a multiple building project (for multiple building proposals).
- Not be subject to the extended low-income commitment period as set forth in a Restrictive Covenant Period;
- Provide equity and financing commitment letters specifically confirming approval of Average Income; and
- Not reject tenancy from a person holding a Section 8 voucher regardless of income target.

If the development elects Average Income, **a compliance monitoring fee of $2,000 will be assessed for all units in the property**. Additionally, owner must submit Annual Owner Certifications and/or any other periodic compliance requirement that may be required as this policy is further developed (and IRS or Treasury guidance evolves). All tenants in Average Income developments must submit annual income certifications.