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GENERAL NEWS

Treasury Posts New ERAP Resources

The U.S. Department of the Treasury ([Treasury](#)) has posted the following resources to the Emergency Rental Assistance Program ([ERAP](#)) website:

- The reallocation amounts for [ERA1 Round 3 Designated Voluntary Reallocations](#) and [ERA1 Tribal Reallocations](#)

You can find more ERA resources on the [ERAP website](#).

Treasury Issues Final Rule on Low-Income Housing Credit Average Income Test

On October 12, 2022, the Department of the Treasury ([Treasury](#)) published a [notice](#) in the *Federal Register* that contains final and temporary regulations setting forth guidance on the average income test for purposes of the low-income housing credit. According to the document, if a building is part of a residential rental project that satisfies the test, the building may be eligible to earn low-income housing credits. The final and temporary regulations affect owners of low-income housing projects, tenants in those projects, and state or local housing credit agencies that monitor compliance. Below are some key points of the notice:

- The final regulations consider the average income test to be satisfied if at least 40 percent of the building's residential units are eligible to be low-income units and have designated imputed income limitations that collectively average 60 percent or less of the area median gross income (AMGI). This fixes the "cliff test" of the proposed rule, meaning that one unit going out of compliance would not cause a project to fail the minimum set-aside test.
- Under the final regulations, a taxpayer may change the imputed income limitation designation of a previously designated low-income unit if certain conditions are met.
- To provide clarity on the definition of low-income unit for a project electing the average income test, the final regulations include a definition of low-income unit that takes into account whether the unit is a member of a group of units with a compliant average limitation.
- The temporary regulations require a taxpayer to separately identify (1) units in the qualified group of units used for satisfying the average income set-aside and (2) units in the qualified group for purposes of the applicable fractions. This information must be recorded in the taxpayer's books and records and communicated annually to the applicable agency.

You can find further details in the [notice](#).



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