



Average Income

September 2, 2020

Disclaimer

In this webinar we will be discussing the Average Income Minimum Set-Aside.

The information contained within this webinar explains how the Texas Department of Housing and Community Affairs will monitor for compliance with the Average Income Minimum Set-Aside. Other State Housing Finance Agencies may have a very different approach.

The Compliance Monitoring Rules located within Chapter 10, Subchapter F of the Texas Administrative Code include the information in this webinar. TDHCA will monitor for compliance as explained herein until and unless the Internal Revenue Service or the Treasury Department issues conflicting guidance.

Key Terms

Minimum Set-Aside

- Used to determine if a project is a qualified low-income housing project

Applicable Fraction

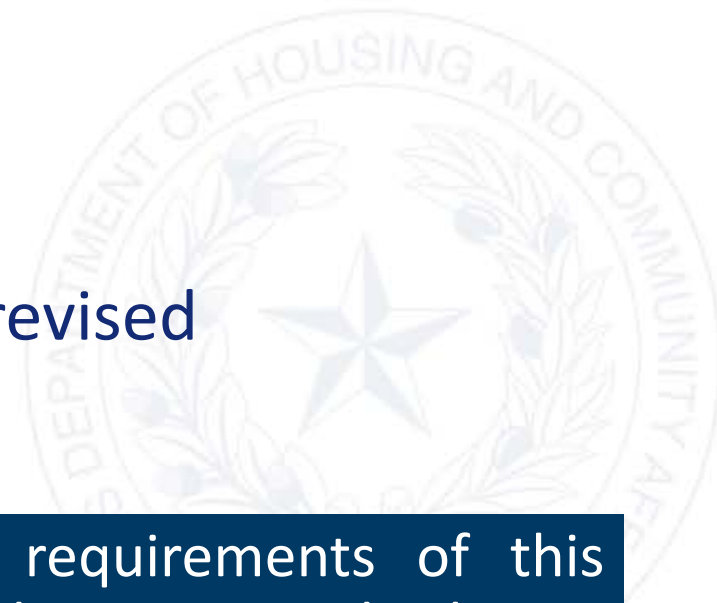
- Percentage of a building that is treated as low-income and eligible for the tax credit

Project Average

- “Not Income Averaging”
- The newest federal minimum set-aside test

Average Income Minimum Set-Aside

Consolidated Appropriations Act of 2018 revised
Internal Revenue Code Section 42



§42(g)(C)(i) In General – the project meets the minimum requirements of this subparagraph if 40 percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit

§42(g)(C)(II) Average Test – the average of the imputed income limitations designated under subclause (i) shall not exceed 60 percent of area median gross income

§42(g)(C)(III) 10 Percent Increments – the designated imputed income limitation of any unit under subclause (i) shall be 20 percent, 30 percent, 40 percent, 50 percent, 60 percent, 70 percent or 80 percent of area median gross income

Average Income Minimum Set-Aside

20/50

20% of the units in the Project must be occupied by households with an income AND rent less than 50%

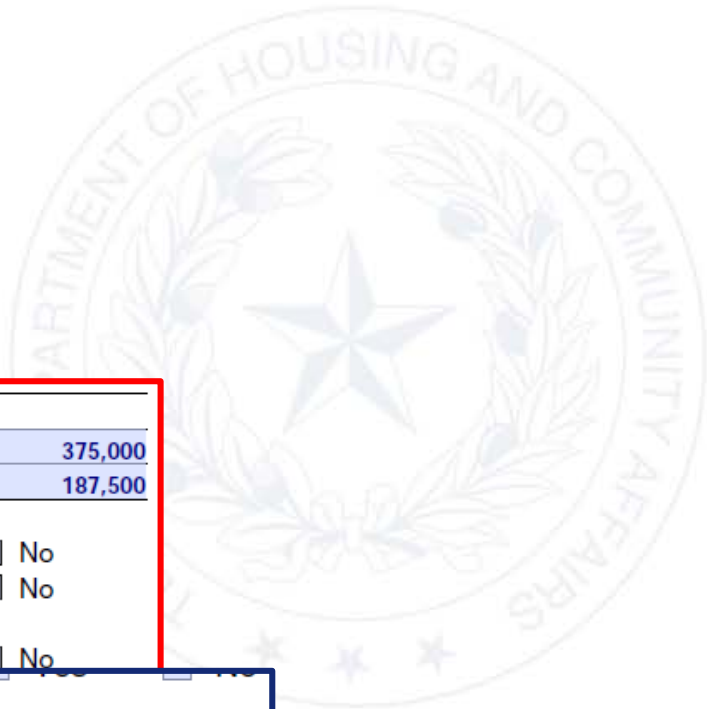
40/60

40% of the units in the Project must be occupied by households with an income AND rent less than 60%

Average
Income

40% of the units within the Project must be both income and rent restricted

Average Income Minimum Set-Aside



Form **8609**
 (Rev. May 2018)
 Department of the Treasury
 Internal Revenue Service

Low-Income Housing Credit Allocation and Certification

OMB No. 1545-0088

Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period

| | | | |
|----|--|----|---------|
| 7 | Eligible basis of building (see instructions) | 7 | 375,000 |
| 8a | Original qualified basis of the building at close of first year of credit period | 8a | 187,500 |

b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)? Yes No

9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)? Yes No

b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low-income units under section 42(d)(3)(B)? Yes No

10 Check the appropriate box for each election.

Caution: Once made, the following elections are irrevocable.

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) Yes No

b Elect not to treat large partnership as taxpayer (section 42(j)(5)) Yes

c Elect minimum set-aside requirement (section 42(g)) (see instructions):

20-50 40-60 Average income 25-60 (N.Y.C. only)

Signature: *Sam Morgan*

Name (please type or print): **Sam Morgan**

Taxpayer identification number: **91-1893333**

First year of the credit period: **2016**

Date: _____

Average Income Minimum Set-Aside

Line 10c. You must meet the minimum set-aside requirements under section 42(g)(1) for the project by electing one of the following tests. Once made, the election is irrevocable.

- **20-50 Test.** Twenty percent (20%) or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income.
- **40-60 Test.** Forty percent (40%) or more of the residential units in the project must be both rent restricted and occupied by individuals whose income is 60% or less of the area median gross income.
- **Average Income Test.** Forty percent (40%) or more (25% or more in the case of a project described in section 142(d)(6)) of the residential units in the project must be both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit. The average of the imputed income limitations designated must not be more than 60% of the area median gross income. The designated imputed income limitation of a unit can only be 20%, 30%, 40%, 50%, 60%, 70%, or 80% of the area median gross income.



The average income test is only available for elections made after March 23, 2018.



Average Income – Meeting the Minimum Set-Aside

40% meet owners designation
8609 10c election = Average Income

10 unit project (one building) with the following unit designation elections:
4 units at 80%, 2 units at 60%, 2 units at 50% and 2 units at 30% = 60%

| | | | | |
|---------|---------|---------|---------|--------|
| 80% | 80% | 30% | 50% | 80% |
| 5.24.18 | 8.24.18 | 7.17.18 | 9.15.18 | 1.7.19 |
| 101 | 102 | 103 | 104 | 105 |
| 80% | 60% | 50% | 60% | 30% |
| 2.19.19 | 12.7.18 | 1.1.19 | 6.16.18 | 6.7.18 |
| 106 | 107 | 108 | 109 | 110 |

Minimum set-aside met because 40 percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit ?

Average Income – Meeting the Minimum Set-Aside

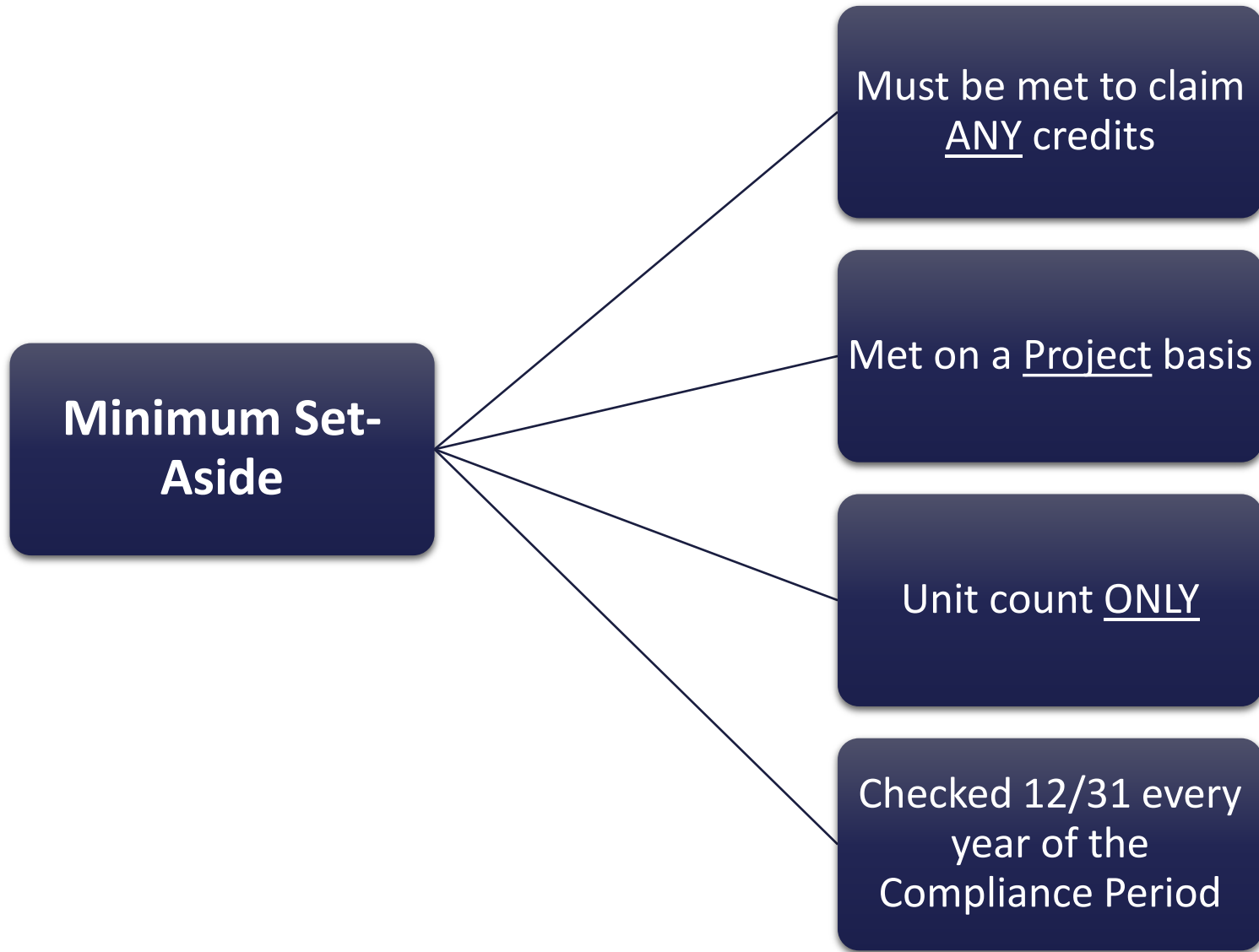
40% meet owners designation
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10 unit project (one building) with the following unit designation elections:
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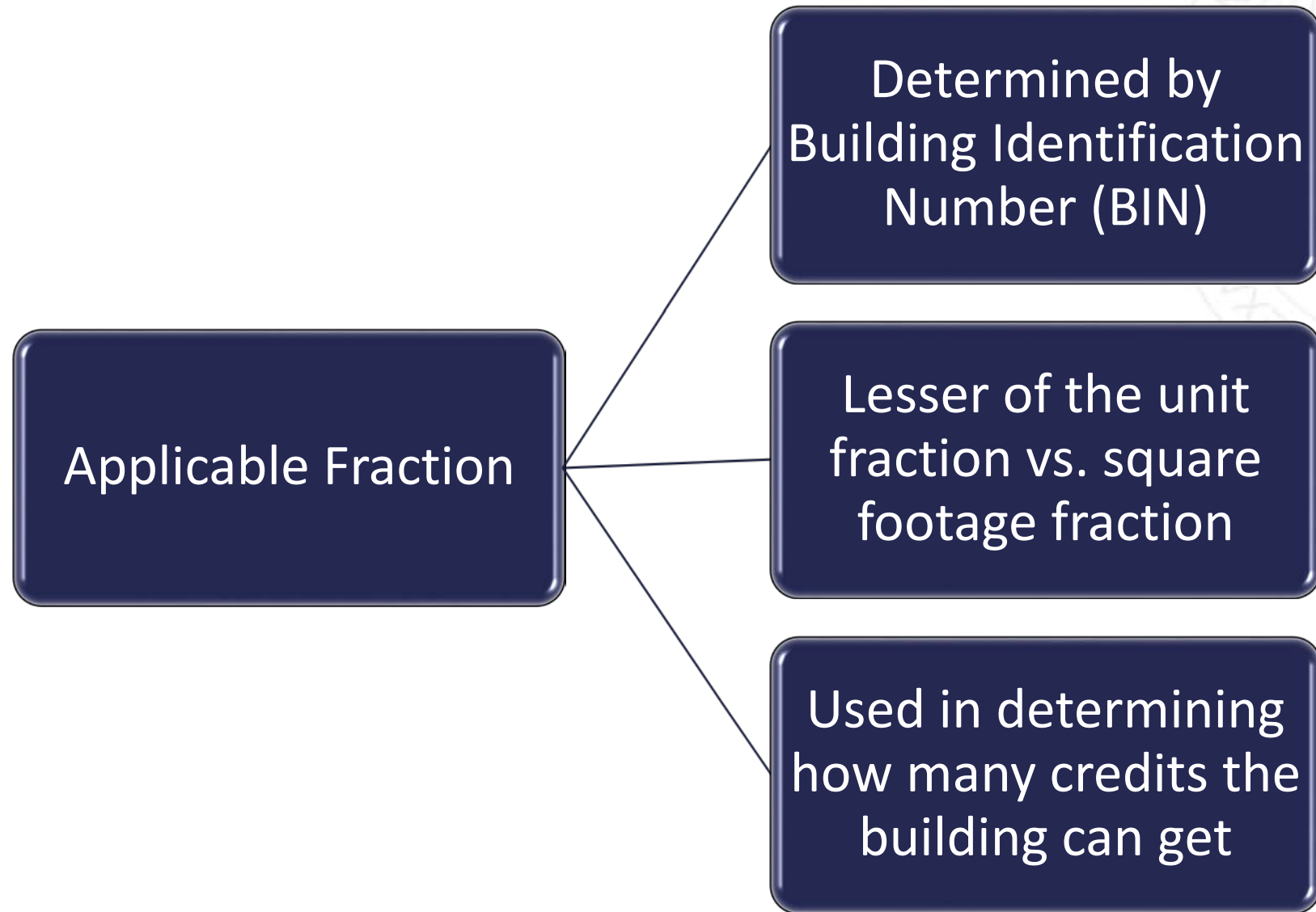
| | | | | |
|----------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------|
| 80% 5.24.18 101 | 80% 8.24.18 102 | 30% 7.17.18 103 | 50% 9.15.18 104 | 80% 1.7.19 105 |
| 80% 2.19.19 106 | 60% 12.7.18 107 | 50% 1.1.19 108 | 60% 6.16.18 109 | 30% 6.7.18 110 |

Minimum set-aside met because 40 percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit and the average of the imputed income limitation designated is not more than 60%

Average Income Minimum Set-Aside



Applicable Fraction



Credit Calculation

Eligible Basis × **Applicable Fraction** = **Qualified Basis**

Qualified Basis × **Credit Percentage** = **Annual Credit**

Annual Credit × **10 Years** = **Total Credit**

Applicable Fraction vs. Average Income

| | | |
|--|---|---|
| Market 101 Occupied 1 bedroom 600 sq. ft. | 40% 102 Occupied 2 bedroom 850 sq. ft. | 80% 103 Occupied 1 bedroom 600 sq. ft. |
| 30% 104 Occupied 2 bedroom 850 sq. ft. | 80% 105 Occupied 2 bedroom 850 sq. ft. | 70% 106 Occupied 1 bedroom 600 sq. ft. |

Minimum Set-Aside elected: Average Income
 One building – One project
 Applicable Fraction: 83.33%

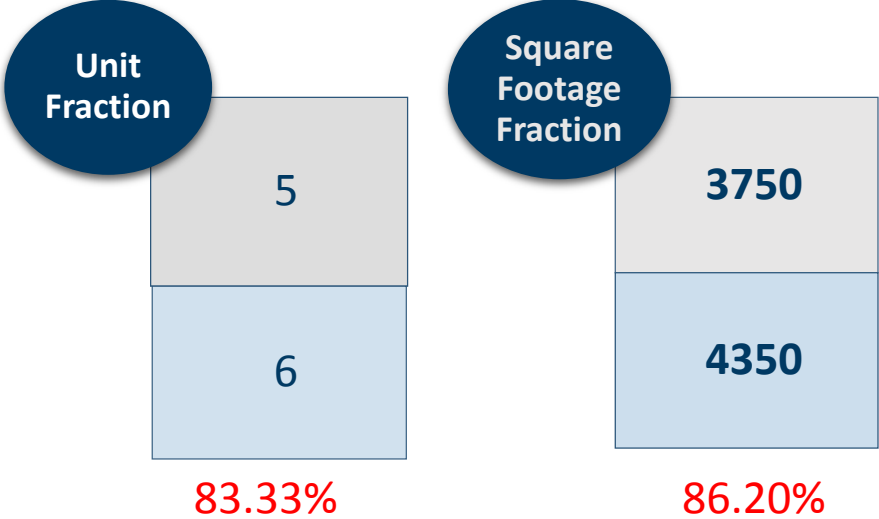
What is the Project's Minimum Set-Aside?

$6 \text{ Units} \times 40\% = 2.4 \text{ (3 Units)}$

What is the Average Income?

$40\% + 80\% + 30\% + 80\% + 70\% = 300/5 = 60\%$

What is the Applicable Fraction of the building?



Average Income Minimum Set-Aside

Only applies to §42 of the Internal Revenue Code. Not §142

REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement" or this "Regulatory Agreement") dated as of July 1, 2020 is among the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (together

"Set Aside" means the requirement that at least 40% of the Available Units be occupied or set aside for occupancy at all times by Low-Income Tenants.

equipping of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Issuer in financing a multifamily residential rental housing development located on the real property described in Exhibit A, hereto (as

"Low-Income Tenant" means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under Sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of Section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under Section 42(i)(3)(D) of the Code.

into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Development and in order to ensure that the Development will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee, the Fee Owner and the Borrower hereby agree as follows:

Minimum Set-Aside for Bonds vs. Average Income

| | | |
|--|---|---|
| Market 101 Occupied 1 bedroom 600 sq. ft. | 40% 102 Occupied 2 bedroom 850 sq. ft. | 80% 103 Occupied 1 bedroom 600 sq. ft. |
| 30% 104 Occupied 2 bedroom 850 sq. ft. | 80% 105 Occupied 2 bedroom 850 sq. ft. | 70% 106 Occupied 1 bedroom 600 sq. ft. |

Minimum Set-Aside elected for HTC: Average Income
 One building – One project
 Minimum Set-Aside for Tax Exempt Bonds: 40/60

The Average Income is:

$$40\% + 80\% + 30\% + 80\% + 70\% = 300/5 = 60\%$$

Does this project meet the Housing Tax Credit minimum set-aside?

YES

6 units x 40% = 2.4 (3 units)
 3 units at or below 60% Average Income

Does this project meet the BOND minimum set-aside?

NO

Only 2 units are below 60%

Minimum Set-Aside for Bonds vs. Average Income

| | | |
|--|---|---|
| <p>30%</p> <p>301</p> <p>Occupied</p> <p>4 bedroom</p> <p>1600 sq. ft.</p> | <p>40%</p> <p>302</p> <p>Occupied</p> <p>2 bedroom</p> <p>850 sq. ft.</p> | <p>80%</p> <p>303</p> <p>Occupied</p> <p>3 bedroom</p> <p>1400 sq. ft.</p> |
| <p>60%</p> <p>304</p> <p>Occupied</p> <p>3 bedroom</p> <p>1400 sq. ft.</p> | <p>80%</p> <p>305</p> <p>Occupied</p> <p>2 bedroom</p> <p>850 sq. ft.</p> | <p>Market</p> <p>306</p> <p>Occupied</p> <p>4 bedroom</p> <p>1600 sq. ft.</p> |

Minimum Set-Aside elected for HTC: Average Income

Minimum Set-Aside for Tax Exempt Bonds: 40/60

What is the Average Income?

$$30\% + 40\% + 80\% + 60\% + 80\% = 290/5 = 58\%$$

Does this project meet the Housing Tax Credit minimum set-aside?

YES

6 units x 40% = 2.4 (3 units)
3 units at or below 60% Average Income

Does this project meet the BOND minimum set-aside?

YES

6 units x 40% = 2.4 (3 units)
3 units at or below 60%

Average Income Minimum Set-Aside

Effective March 23, 2018

Earlier 8609 line
10c elections are
irrevocable

Developments
that applied prior
to 2019 and do
not yet have
8609(s)

Developments
that applied, were
underwritten and
approved as
Average Income

Average Income Minimum Set-Aside

If you have a LURA that requires the 40/60 set-aside, you have not filed 8609s, can your LURA be amended?

SECTION 4 – INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Development Owner represents, warrants, and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that at least 40% or more of the Units in the Development are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of AMGI.



Average Income Minimum Set-Aside

Compliance Division will monitor for the requirements of the recorded LURA

SECTION 4 – INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Development Owner represents, warrants, and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that at least 40% or more of the Units in the Development are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of AMGI.

BIN #: TX1804706
(LIHTC Only)

Building #: 6

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR S | TIC DATE | RE CERT | HH SIZE | UNIT QUALIFICATIONS | MEETS SPECIAL NEEDS REQ. |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|--------|------------|---------|---------|-----------------------------------|--------------------------|
| 303 | 06/23/2020 | | Sally | 32569 | 800 | 68 | | 2 | 06/23/2020 | N | 1 | Income Rent HTC: 80 HTC: 80 | No |
| 304 | 11/22/2019 | | Green | 13467 | 525 | 61 | | 1 | 11/22/2019 | N | 1 | Income Rent HTC: 60 HTC: 60 | Yes |

Without Form 8609, the Compliance Division will issue Form 8823 reporting noncompliance to the IRS

Average Income Minimum Set-Aside

If your LURA requires 40/60 and the election on Form 8609 is average income, the Compliance Division will monitor for both elections

SECTION 4 – INCOME RESTRICTIONS/RENTAL RESTRICTIONS

The Development Owner represents, warrants, and covenants throughout the Term of this Declaration and in order to satisfy the requirements of Section 42 of the Code that at least 40% or more of the Units in the Development are and will continuously be maintained as both Rent-Restricted and occupied by individuals whose income is 60% or less of AMGI.

There may not be federal noncompliance however, there will probably be state noncompliance that is subject to administrative penalties

8609 Low-Income Housing Credit Allocation and Certification
 Form (Rev. May 2018) Department of the Treasury Internal Revenue Service
 OMB No. 1545-0068
 Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit
 Check Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)
 Pandora Springs Apartments
 1501 Circle S
 Austin, TX 78711
 19129

B Name and address of housing credit agency
 TDHCA
 221 East 11th Street
 Austin, TX 78711-3941

C Name, address, and TIN of building owner receiving allocation
 Pandora Springs Ltd
 10583 IH 49
 Burnet, Texas 78611

D Employer identification number of agency
 74-261052

E Building identification number (BIN)
 TX-19-01202

TIN 91-1893333

| | | | |
|---|------------|---|-------------------|
| 1a Date of allocation | 04/01/2019 | b Maximum housing credit dollar amount allowable | 1b 16,875 |
| 2 Maximum applicable credit percentage allowable (see instructions) | | | 2 9.00% |
| 3a Maximum qualified basis | | | 3a 187,500 |
| b Check here <input type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions) | | | 3b 1 0 0 % |
| 4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-) | | | 4 0.00% |
| 5 Date building placed in service | 01/15/2020 | | |

6 Check the boxes that describe the allocation for the building (check those that apply):
 Newly constructed and federally subsidized Newly constructed and not federally subsidized Existing building
 Sec. 42(e) rehabilitation expenditures federally subsidized Sec. 42(e) rehabilitation expenditures not federally subsidized
 Allocation subject to nonprofit set-aside under sec. 42(h)(5)

Signature of Authorized Housing Credit Agency Official—Completed by Housing Credit Agency Only
 Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

Signature of authorized official: John Smith
 Name (please type or print): John Smith
 Date: 04/14/2019

10 Check the appropriate box for each election.
Caution: Once made, the following elections are irrevocable.
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) **b** Elect not to treat large partnership as taxpayer (section 42(j)(5))
c Elect minimum set-aside requirement (section 42(g)) (see instructions):
 20-50 40-60 Average income 25-60 (N.Y.C. only)
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)

Name (please type or print): First year of the credit period:
 For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 63981U Form 8609 (Rev. 05-2018)

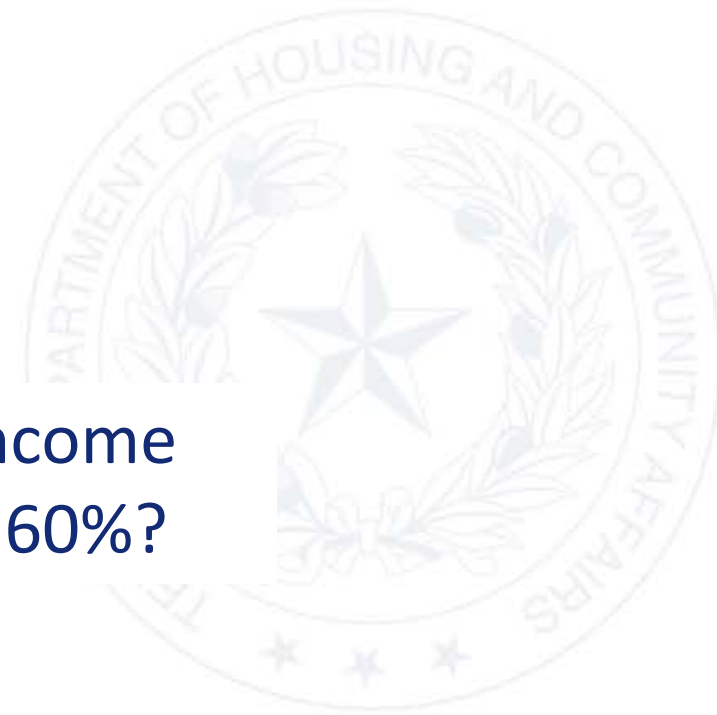
Average Income Minimum Set-Aside



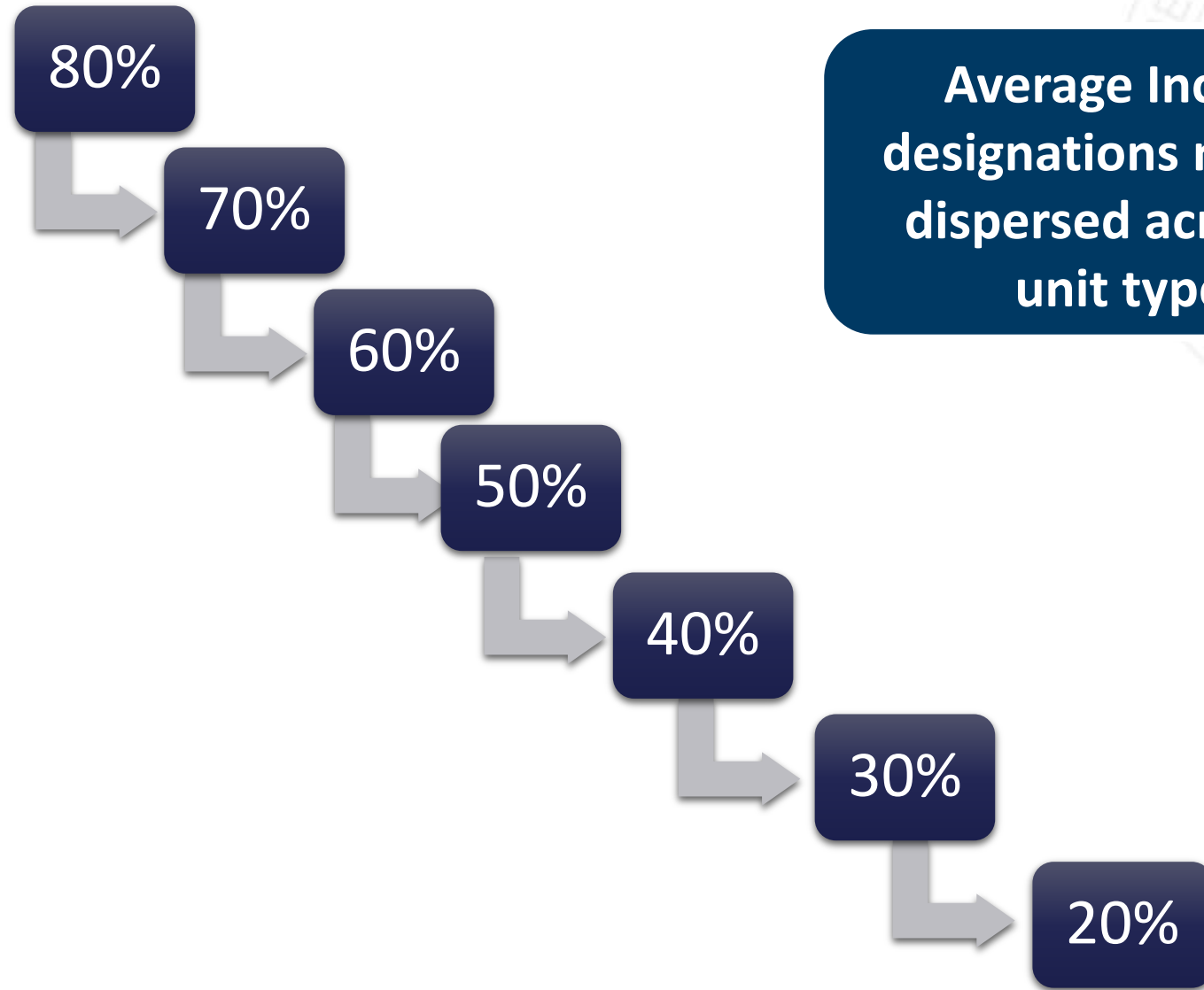
Can you elect average income and operate as 100% at 60%?

yes

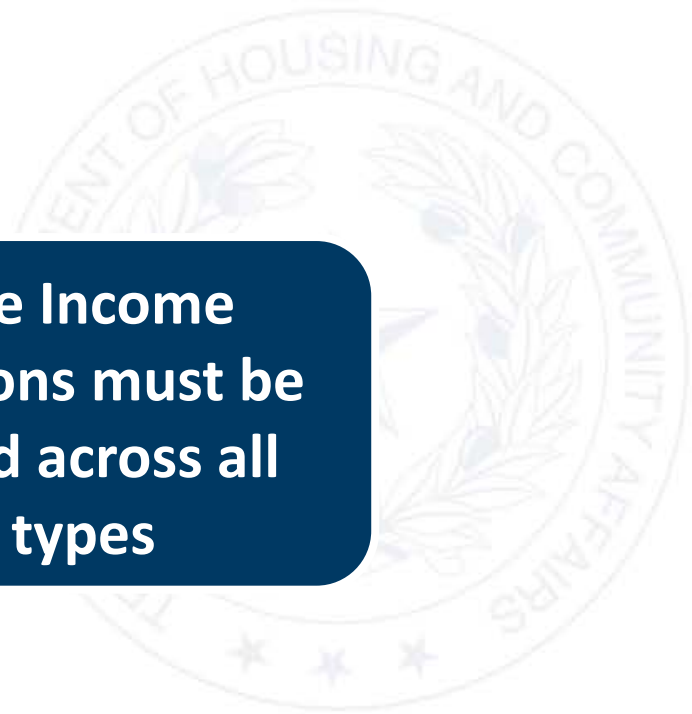
“mistakes” would not be federal noncompliance as long as income and rent are less than 80%.



Average Income Minimum Set-Aside



Average Income designations must be dispersed across all unit types



Owners and Management Companies

Decide what designations will be provided

Properly designate households

Ensure the Project averages out to 60% AMI or less

Maintain waitlist for each designation

Maintain information within the tenant selection criteria identifying:

1. What designations are available
2. How to get on the waiting list for the lower rent designation

Maintain writing policies and procedures on how changes in income designations will be handled

(If the development plans to change designations as income changes)

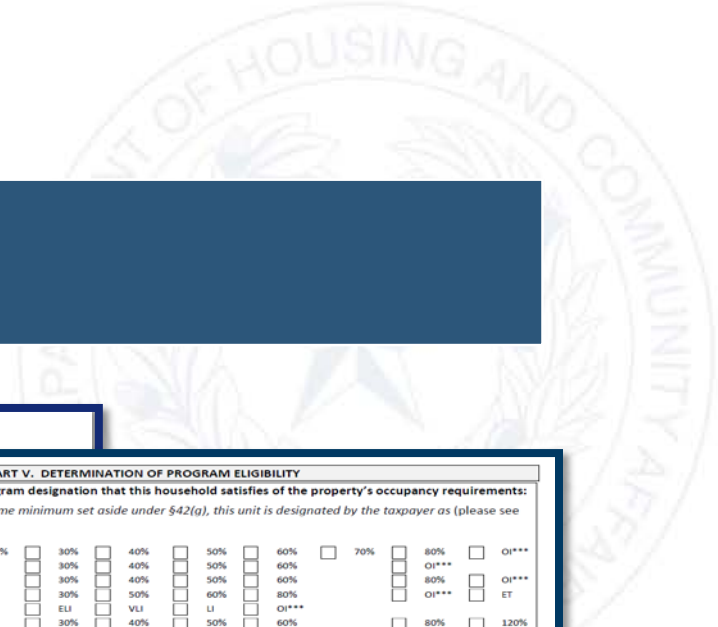
Owners and Management Companies

Decide what designations will be provided

| UNIT MIX/RENT SCHEDULE | | | | | | | | | | | | | | | | | | | | |
|------------------------|------------|-----------------|---------|--------------------------|----------|--------------------------------|----------------------|--------------|---------------|---------------------|--------------|------------------------------|-----------|---------------------|-------|--------------|-------------|---------|--------|---------|
| LOCATION DATA | | | | UNIT DISTRIBUTION | | | | | Income | | | Pro Forma ASSUMPTIONS | | | | | | | | |
| CITY: | | # Beds | # Units | % Total | Assisted | MDL | Income | # Units | % Total | Revenue Growth | 2.00% | | | | | | | | | |
| COUNTY: | | Eff | - | 0.0% | 0 | 0 | 20% | - | 0.0% | Expense Growth | 3.00% | | | | | | | | | |
| Area Median Income | \$83,100 | 1 | 30 | 35.7% | 0 | 0 | 30% | 9 | 10.7% | Basis Adjust | 130% | | | | | | | | | |
| PROGRAM REGION: | 3 | 2 | 42 | 50.0% | 0 | 0 | 40% | - | 0.0% | Applicable Fraction | 100% | | | | | | | | | |
| PROGRAM RENT YEAR: | 2019 | 3 | 12 | 14.3% | 0 | 0 | 50% | 58 | 69.0% | APP % Acquisition | 3.32% | | | | | | | | | |
| | | | | | | | 60% | - | 0.0% | APP % Construction | 9.00% | | | | | | | | | |
| | | | | | | | 70% | - | 0.0% | Average Unit Size | 928 sf | | | | | | | | | |
| | | | | | | | 80% | 17 | 20.2% | | | | | | | | | | | |
| | | | | | | | MR | - | 0.0% | | | | | | | | | | | |
| | | | | | | | TOTAL | 84 | 100.0% | | | | | | | | | | | |
| HTC | | UNIT MIX | | | | | | | | | | | | | | | | | | |
| Type | Gross Rent | # Units | # Beds | # Baths | NRA | UNIT MIX / MONTHLY RENT | | | | | | | | MARKET RENTS | | | | | | |
| TC 30% | \$467 | 3 | 1 | 1 | 794 | Program Rent | Max Net Program Rent | Delta to Max | Rent psf | per Unit | Monthly Rent | Rent | Unit | psf | Max | Underwritten | Mkt Analyst | | | |
| TC 50% | \$779 | 22 | 1 | 1 | 794 | \$83 | \$384 | \$0 | \$0.48 | \$384 | \$1,152 | \$1,152 | \$384 | \$0.48 | \$0 | \$1,233 | \$1,55 | \$1,233 | | |
| TC 80% | \$1,247 | 5 | 1 | 1 | 794 | \$83 | \$696 | \$0 | \$0.88 | \$696 | \$15,312 | \$15,312 | \$696 | \$0.88 | \$0 | \$1,233 | \$1,55 | \$1,233 | | |
| TC 30% | \$561 | 4 | 2 | 2 | 959 | \$83 | \$1,164 | \$0 | \$1.47 | \$1,164 | \$5,820 | \$5,820 | \$1,164 | \$1.47 | \$0 | \$1,233 | \$1,55 | \$1,233 | | |
| TC 50% | \$935 | 29 | 2 | 2 | 959 | \$96 | \$465 | \$0 | \$0.48 | \$465 | \$1,860 | \$1,860 | \$465 | \$0.48 | \$0 | \$1,404 | \$1.46 | \$1,404 | | |
| TC 80% | \$1,496 | 9 | 2 | 2 | 959 | \$96 | \$839 | \$0 | \$0.87 | \$839 | \$24,331 | \$24,331 | \$839 | \$0.87 | \$0 | \$1,404 | \$1.46 | \$1,404 | | |
| TC 30% | \$648 | 2 | 3 | 2 | 1,157 | \$96 | \$1,400 | \$0 | \$1.46 | \$1,400 | \$12,600 | \$12,600 | \$1,400 | \$1.46 | \$0 | \$1,404 | \$1.46 | \$1,404 | | |
| TC 50% | \$1,080 | 7 | 3 | 2 | 1,157 | 108 | \$540 | \$0 | \$0.47 | \$540 | \$1,080 | \$1,080 | \$540 | \$0.47 | \$0 | \$1,624 | \$1.40 | \$1,624 | | |
| TC 80% | \$1,729 | 3 | 3 | 2 | 1,157 | 108 | \$972 | \$0 | \$0.84 | \$972 | \$6,804 | \$6,804 | \$972 | \$0.84 | \$0 | \$1,624 | \$1.40 | \$1,624 | | |
| TOTALS/AVERAGES: | | 84 | | | 77,982 | 108 | \$1,621 | \$0 | \$1.40 | \$1,621 | \$4,863 | \$4,863 | \$1,621 | \$1.40 | \$0 | \$1,624 | \$1.40 | \$1,624 | | |
| | | | | | | | | | | \$0 | \$0.95 | \$879 | \$73,822 | \$73,822 | \$879 | \$0.95 | \$0 | \$1,374 | \$1.48 | \$1,374 |
| | | | | | | | | | | | | | \$885,864 | \$885,864 | | | | | | |

Owners and Management Companies

Properly designate households



BIN #: TX1901205 **Building #: 5**
(LIHTC Only)

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR S | TIC DATE | RE CERT | HH SIZE | UNIT |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|--------|------------|---------|---------|-----------------------------------|
| 17 | 08/13/2019 | | Russell | 10000 | 227 | 54 | | 0 1 | 08/13/2019 | N | 1 | Income Rent HTC: 40 HTC: 40 |
| 18 | 02/16/2020 | | Hunter | 30000 | 789 | 54 | | 0 1 | 02/16/2020 | N | 1 | Income Rent HTC: 60 HTC: 60 |
| 19 | 02/16/2020 | | Dority | 20916 | 938 | 74 | | 0 2 | 02/16/2020 | N | 1 | Income HTC: 60 |
| 20 | 04/28/2020 | | Fincher | | | | | | | | | |
| 21 | 11/18/2019 | | Setzer | | | | | | | | | |
| 22 | 07/22/2019 | | Ferguson | | | | | | | | | |

PART V. DETERMINATION OF PROGRAM ELIGIBILITY
 Mark the program(s) and applicable program designation that this household satisfies of the property's occupancy requirements: If the owner has elected the Average Income minimum set aside under §42(g), this unit is designated by the taxpayer as (please see instructions):

HTC or Exchange 20% 30% 40% 50% 60% 70% 80% OI***

TCAP 30% 40% 50% 60% 80% OI***

HOME/TCAP RF 30% 40% 50% 60% 80% OI***

BOND 30% 50% 60% 80% OI*** ET

SHTF ELI VLI LI OI***

NSP 30% 40% 50% 60% 80% 120%

NHTF 15% 30% OI***

Other

*** Upon Recertification household was determined to be over income (OI) according to eligibility requirements of the programs marked above.

3. Does at least one student participate in a program receiving assistance under the Job Training Partnership Act, Workforce Investment Act, or under other similar, federal, state or local laws? (attach documentation of participation) Yes No

4. Is at least one student a single parent with child(ren) and this parent is not a dependent of another individual and the child(ren) is/are not dependent(s) of someone other than a parent? Yes No

5. Are the students married and entitled to file a joint tax return? Yes No

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of program's rules, regulations and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____ DATE _____

Mark the program(s) and applicable program designation that this household satisfies of the property's occupancy requirements: If the owner has elected the Average Income minimum set aside under §42(g), this unit is designated by the taxpayer as (please see instructions):

Owners and Management Companies

Maintain waitlist for each designation

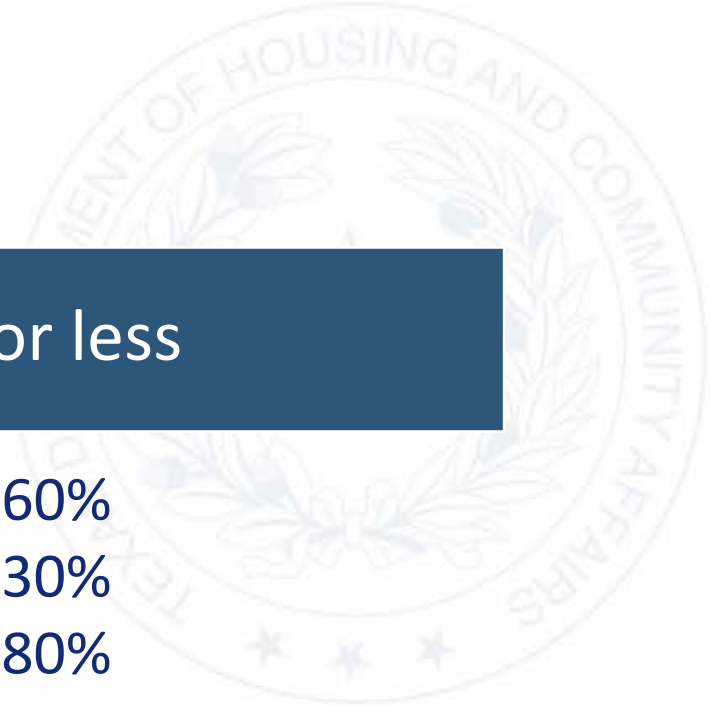
Maintain information within the tenant selection criteria identifying:

1. What designations are available
2. How to get on the waiting list for the lower rent designation

Owners and Management Companies

Ensure the Project averages out to 60% AMI or less

| | | | | |
|-----------|-----------|----------|-----------|-----------|
| 60% | 30% | 80% | 60% | 80% |
| 201 | 202 | 203 | 204 | 205 |
| 12.2.2019 | 10.4.2019 | 2.2.2020 | 1.14.2020 | 6.14.2020 |
| 40% | 60% | 60% | 50% | 80% |
| 206 | 207 | 208 | 209 | 210 |
| 2.1.2020 | 4.5.2020 | 5.5.2020 | 11.7.2019 | 2.16.2020 |



60%
30%
80%
60%
80%
40%
60%
60%
50%
+ 80%

600/10 = 60%

Owners and Management Companies

Maintain writing policies and procedures on how changes in income designations will be handled

(If the development plans to change designations as income changes)

§10.611(b): A household's income designation at the time of move-in cannot be changed unless:

The household goes Over Income (OI) and is replaced with another low income household

Written Policies and Procedures for the Development indicates changing designations as income changes

The household receives rental assistance, and due to changes in their income, their portion of rent exceeds the limit of their move-in designation

The household is designated as Market and a certification is performed that documents that the household is qualified as low income

The household is or has become an ineligible full time student household and the Development has units that are not restricted by the student regulations

The household's designation is being lowered

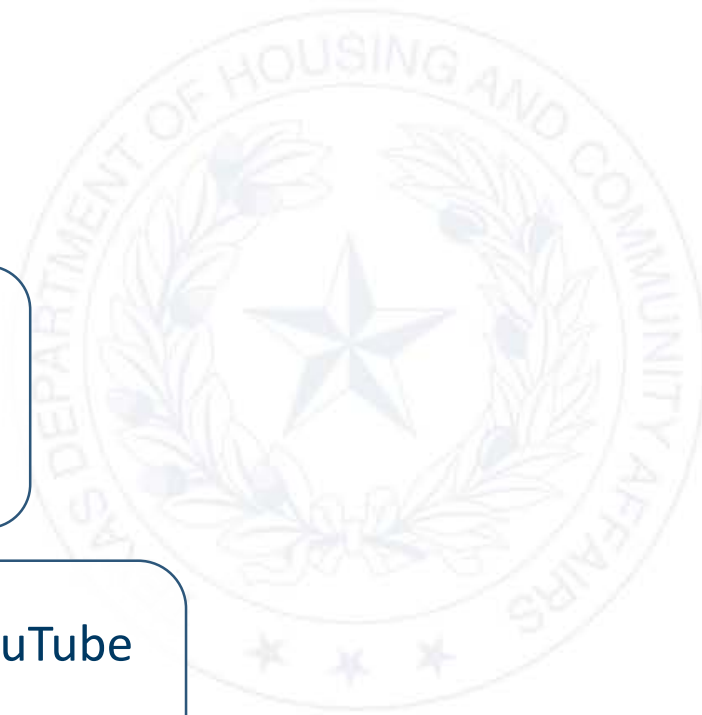
Update to Compliance Monitoring Rules

Overview of updates to the Compliance Monitoring Rules effective May 17, 2020

Can be found on the Department's YouTube Channel:

<https://www.youtube.com/c/tdhca/videos>

Detailed discussion about changing designations begins at 29:28



Texas Department of Housing and Community Affairs (TDHCA)



Until and unless the Internal Revenue Service or the Treasury Department issues conflicting or additional guidance, the Department will examine the actual gross rent and income of all households to determine if a Project that elected the average income test are at or below the federal minimum of 60% AMI

§10.605 Elections under IRC §42(g)(d)

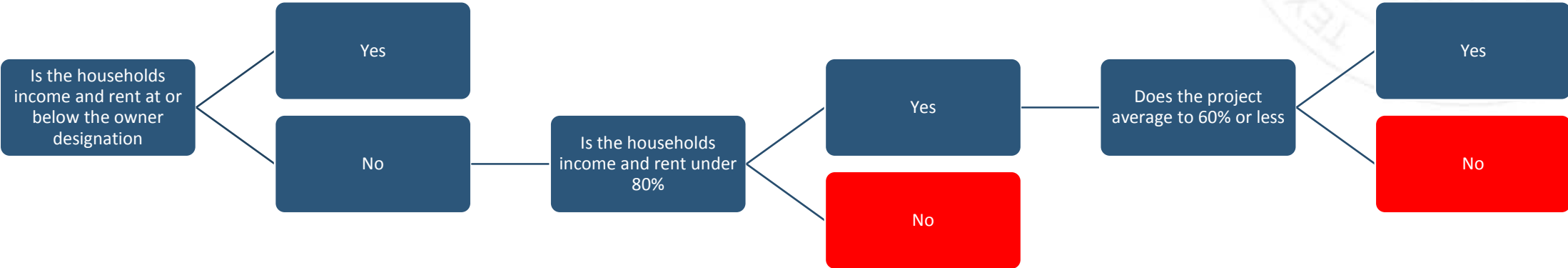
Average Income Minimum Set-Aside



What could possibly go wrong?



Average Income Minimum Set-Aside



Average Income – Household above the income limit

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME |
|--------|--------------|---------------|-------------|
| 1 | 04/05/2020 | | McGrath |
| 2 | 04/07/2020 | | McGillivray |
| 3 | 01/15/2020 | | Glass |
| 4 | 12/09/2019 | | Meadows |

8609 Low-Income Housing Credit Allocation and Certification

OMB No. 1545-0068

Form 8609 (Rev. May 2018)

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form8609 for instructions and the latest information.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)
 Pandora Springs Apartments
 1501 Circle S
 Austin, TX 78711
 19129

Total Buildings 7
 1 of 7

B Name and address of housing credit agency
 TDHCA
 221 East 11th Street
 Austin, TX 78711-3941

C Name, address, and TIN of building owner receiving allocation
 Pandora Springs Ltd
 10583 IH 49
 Burnet, Texas 78611
 TIN 91-1893333

D Employer identification number of agency
 74-261052

E Building identification number (BIN)
 TX-19-01201

1a Date of allocation 04/01/2019

b Maximum housing credit dollar amount allowable 45,000

2 Maximum applicable credit percentage allowable (see instructions) 9.00%

3a Maximum qualified basis 500,000

b Check here if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(B). Enter the percentage to which the eligible basis was increased (see instructions)

3b 1.00%

4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.) 0.00%

5 Date building placed in service 1/15/2020

6 Check the boxes that describe the allocation for the building (check those that apply):
 a Newly constructed and federally subsidized b Newly constructed and not federally subsidized c Existing building
 d Sec. 42(e) rehabilitation expenditures federally subsidized e Sec. 42(e) rehabilitation expenditures not federally subsidized
 f Allocation subject to nonprofit set-aside under sec. 42(h)(5)

Signature of Authorized Housing Credit Agency Official – Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

John Smith
 Signature of authorized official Name (please type or print) 04/14/2019 Date

Part II First-Year Certification – Completed by Building Owners with respect to the First Year of the Credit Period

8a Original qualified basis of the building at close of first year of credit period 500

b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)? Yes No

10 Check the appropriate box for each election.
 Caution: Once made, the following elections are irrevocable.

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) Yes No

b Elect not to treat large partnership as taxpayer (section 42(j)(5)) Yes No

c Elect minimum set-aside requirement (section 42(g)) (see instructions):
 20-50 40-60 Average income 25-60 (N.Y.C. only)

d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions) 15-40

Under penalties of perjury, I declare that I have examined this form and accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

Sam Morgam
 Signature Taxpayer identification number 91-1893333 Date 11/21/2019

Sam Morgam
 Name (please type or print) 2021 First year of the credit period

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 63981U Form 8609 (Rev. 05-2018)

0% + 30% + 80% + 50% = 220/4 = 55%

side = 4 units x 40% = 1.6 (2 units)

Applicable Fraction = 75%

| | |
|--------|----|
| TC: 60 | No |
| TC: 60 | No |
| TC: 30 | No |
| TC: 80 | No |
| TC: 80 | No |
| TC: 50 | No |
| TC: 50 | No |

Unit 3 is selected for review during a monitoring review.

Unit 3 is the "Household with the highest occupancy"

at \$56,740, which exceeds the current income limit for a one person household.

| | | | |
|-----|-----------|-----------|----|
| 30 | \$ 20,520 | \$ 23,430 | \$ |
| 40 | \$ 27,360 | \$ 31,240 | \$ |
| 50 | \$ 34,200 | \$ 39,050 | \$ |
| 60 | \$ 41,040 | \$ 46,860 | \$ |
| 70 | \$ 47,880 | \$ 54,670 | \$ |
| 80 | \$ 54,720 | \$ 62,480 | \$ |
| 120 | \$ - | \$ - | \$ |

Average Income – Income and Rent

BIN #: TX1901206
(LIHTC Only)

Building #: 6

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR S | TIC DATE | RE CERT | HH SIZE | UNIT Q |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|--------|------------|---------|---------|------------------------|
| 23 | 02/16/2020 | | Smith | 28573 | 666 | 95 | 0 | 3 | 02/16/2020 | N | 6 | Income Rent HTC: 30 |
| 24 | 04/07/2020 | | Gordon | 41000 | 1244 | 74 | 0 | 2 | 04/07/2016 | N | 2 | Income Rent HTC: 60 |
| 25 | 08/17/2020 | | Collazo | 0 | 0 | 0 | 0 | 2 | | N | 3 | Income Market |
| 26 | 07/12/2020 | | Hill | 30560 | 805 | 74 | 0 | 2 | 07/12/2020 | Y | 2 | Income Rent HTC: 40 |
| 27 | 10/15/2019 | | Bast | 53694 | 1084 | 74 | 0 | 2 | 10/15/2019 | N | 1 | Income HTC: 80 |
| 28 | 06/15/2020 | | Schulz | 46000 | 1327 | 54 | 0 | 1 | 06/15/2020 | Y | 1 | Income Rent HTC: 70 |

Average income
 $30\% + 60\% + 50\% + 80\% + 70\% = 290/5 = 58\%$

Minimum Set-Aside
 $6 \text{ Units} \times 40\% = 2.4 \text{ (3 Units)}$

Applicable Fraction = 83.33%

Newly constructed and federally subsidized
 Newly constructed and not federally subsidized
 Existing building
 Sec. 42(e) rehabilitation expenditures federally subsidized
 Sec. 42(e) rehabilitation expenditures not federally subsidized
 Allocation subject to nonprofit set-aside under sec. 811(S)

Signature of Authorized Housing Credit Agency Official – Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the information made is in compliance with the requirements of this form and the rules of the Department of Housing and Community Development.

Signature of authorized official: *John Smith* John Smith

| INCOME | 0 | 1 | 2 | 3 | 4 | 5 |
|--------|-------|-------|-------|-------|-------|-------|
| 20 | \$342 | \$366 | \$390 | \$507 | \$527 | \$615 |
| 30 | \$513 | \$540 | \$567 | \$761 | \$810 | \$927 |

It was also determined that the household in unit 28 was overcharged rent at the \$10.622 Special Rules Regarding Rents and Rent Limit Violations

No Federal noncompliance
State noncompliance
“Development failed to meet additional state required rent and occupancy restrictions”

(b) If Owners agreed to additional rent and occupancy restrictions, the Department will monitor to confirm compliance. If noncompliance is discovered, the Department will require the Owner to restore compliance by refunding (not a credit to amounts owed the Development) any excess rents to a sufficient number of households to meet the set-aside.

Average Income – Household above the income limit

Unit 18 is selected for review during a monitoring review. It is determined that the household income is actually \$45,740, which exceeds the current 60% income limit for a one person household, but under the 70% income limit.

| TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR S | TIC DATE | RE CERT | HH SIZE | UNIT QUAL |
|------------------|----------------|-------------------------|--------|------------|---------|---------|-----------------------------------|
| 1428 | 95 | 0 | 3 | 05/12/2016 | N | 5 | Income Rent HTC: 60 HTC: 60 |
| 665 | 95 | 0 | 3 | 04/07/2020 | N | 3 | Income Rent HTC: 30 HTC: 30 |
| 1684 | 74 | 0 | 2 | 06/15/2019 | N | 1 | Income Rent HTC: 80 HTC: 80 |
| 1024 | 74 | 0 | 2 | 12/09/2019 | N | 2 | Income Rent HTC: 50 HTC: 50 |

| | | | |
|---------------------------------|------------------|----|------|
| 501 Circle S | Austin, TX 78611 | \$ | 60,7 |
| Total Credit for Project | | \$ | 94,9 |

Average income
 60% + 30% + 80% + 50% + 20%
 + 70% + 70% + 70% + 80% +
 80% =
 610/10 = 61%

Minimum Set-Aside
 10 Units x 40% = 4 Units
 Applicable Fraction = 100%

| | | | | | | | | | | | |
|----|------------|--------|-------|------|----|---|---|------------|---|---|-----------------------------------|
| 18 | 02/16/2020 | Hunter | 35000 | 1044 | 54 | 0 | 1 | 02/16/2020 | N | 1 | Income Rent HTC: 60 HTC: 60 |
|----|------------|--------|-------|------|----|---|---|------------|---|---|-----------------------------------|

b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)? Yes No

Federal Noncompliance reported on Form 8823 (line a) "Household above income upon initial occupancy"

| | 50 | 60 | 70 | 80 | 120 | \$ 34,200 | \$ 39,050 | \$ 43,950 | \$ 48,800 | \$ 52,750 | \$ 56,650 | \$ 60,550 | \$ 64,450 |
|--|----|-----------|-----------|-----------|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | | \$ 41,040 | \$ 47,880 | \$ 54,720 | \$ - | | | | | | | | |
| | | | | | | | \$ 46,860 | \$ 52,740 | \$ 58,560 | \$ 63,300 | \$ 67,980 | \$ 72,660 | \$ 77,340 |
| | | | | | | | \$ 54,670 | \$ 61,530 | \$ 68,320 | \$ 73,850 | \$ 79,310 | \$ 84,770 | \$ 90,230 |
| | | | | | | | \$ 62,480 | \$ 70,320 | \$ 78,080 | \$ 84,400 | \$ 90,640 | \$ 96,880 | \$ 103,120 |
| | | | | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Poll, Questions and additional examples



Average Income – Household above the income limit

| | | | | |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 60% 101 2.1.2020 | 40% 102 11.1.2019 | 80% 103 12.4.2019 | 60% 104 3.2.2020 | 80% 105 1.2.2020 |
| 30% 106 4.5.2020 | 60% 107 1.3.2020 | 60% 108 2.17.2020 | 50% 109 11.9.2019 | 80% 110 12.6.2019 |

Unit 106 is a two person household with initial income of \$24,530

Unit 106 is out of compliance

“Household above the income limit upon initial occupancy” reportable on Form 8823

60%
40%
80%
60%
80%
~~30%~~
60%
60%
50%
+ 80%

600

$600/100 = 601\%$

No violation of Minimum Set-Aside

| INCOME LIMITS | | 2020 Area Median Income: \$97,600 | | | | | | |
|---------------|-----------------------------|---|-----------|-----------------|-----------|-----------|-----------|------------|
| AMFI % | Number of Household Members | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 20 | \$ 13,680 | \$ 15,620 | \$ 17,560 | \$24,530 | \$ 20,500 | \$ 22,660 | \$ 24,220 | \$ 25,780 |
| 30 | \$ 20,520 | \$ 23,430 | \$ 26,340 | \$ 29,250 | \$ 32,160 | \$ 33,990 | \$ 36,330 | \$ 38,670 |
| 40 | \$ 27,360 | \$ 31,240 | \$ 35,160 | \$ 39,040 | \$ 42,200 | \$ 45,320 | \$ 48,440 | \$ 51,560 |
| 50 | \$ 34,200 | \$ 39,050 | \$ 43,950 | \$ 48,800 | \$ 52,750 | \$ 56,650 | \$ 60,550 | \$ 64,450 |
| 60 | \$ 41,040 | \$ 46,860 | \$ 52,740 | \$ 58,560 | \$ 63,300 | \$ 67,980 | \$ 72,660 | \$ 77,340 |
| 70 | \$ 47,880 | \$ 54,670 | \$ 61,530 | \$ 68,320 | \$ 73,850 | \$ 79,310 | \$ 84,770 | \$ 90,230 |
| 80 | \$ 54,720 | \$ 62,480 | \$ 70,320 | \$ 78,080 | \$ 84,400 | \$ 90,640 | \$ 96,880 | \$ 103,120 |
| 120 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Average Income – Household above the income limit

| | | | | |
|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| 60% 201 12.2.2019 | 30% 202 10.4.2019 | 80% 203 2.2.2020 | 60% 204 1.14.2020 | 80% 205 6.14.2020 |
| 30% 206 2.1.2020 | 60% 207 4.5.2020 | 60% 208 5.5.2020 | 50% 209 11.7.2019 | 80% 210 2.16.2020 |

Unit 206 is a two person household designated at 30%, however qualifies at 40%

Not a reportable issue of noncompliance. Average is still below 60%

60%
30%
80%
60%
80%
30%
60%
60%
50%
+ 80%

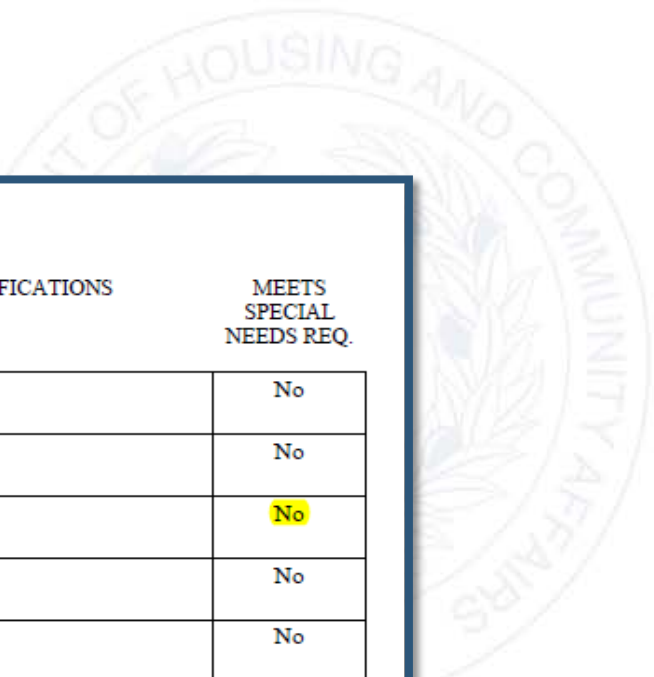
590

590/10 = 59%

| INCOME LIMITS | | 2019 Area Median Income: \$97,600 | | | | | | |
|---------------|-----------------------------|-----------------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| AMFI % | Number of Household Members | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 20 | \$ 13,680 | \$ 15,620 | \$ 17,560 | \$ 19,500 | \$ 21,100 | \$ 22,660 | \$ 24,220 | \$ 25,780 |
| 30 | \$ 20,520 | \$ 23,430 | \$ 26,340 | \$ 29,250 | \$ 31,650 | \$ 33,990 | \$ 36,330 | \$ 38,670 |
| 40 | \$ 27,360 | \$ 31,240 | \$ 35,160 | \$ 39,040 | \$ 42,200 | \$ 45,320 | \$ 48,440 | \$ 51,560 |
| 50 | \$ 34,200 | \$ 39,050 | \$ 43,950 | \$ 48,800 | \$ 52,750 | \$ 56,650 | \$ 60,550 | \$ 64,450 |
| 60 | \$ 41,040 | \$ 46,860 | \$ 52,740 | \$ 58,560 | \$ 63,300 | \$ 67,980 | \$ 72,660 | \$ 77,340 |
| 70 | \$ 47,880 | \$ 54,670 | \$ 61,530 | \$ 68,320 | \$ 73,850 | \$ 79,310 | \$ 84,770 | \$ 90,230 |
| 80 | \$ 54,720 | \$ 62,480 | \$ 70,320 | \$ 78,080 | \$ 84,400 | \$ 90,640 | \$ 96,880 | \$ 103,120 |
| 120 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

\$25,450

Average Income – Rents and Utilities



BIN #: TX1901205 (LIHTC Only) Building #: 5

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BRs | TIC DATE | RE CERT | HH SIZE | UNIT QUALIFICATIONS | MEETS SPECIAL NEEDS REQ. |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|-------|------------|---------|---------|---------------------|--------------------------|
| 17 | 08/13/2019 | | Russell | 10000 | 227 | 54 | 0 | 1 | 08/13/2019 | N | 1 | Income Rent HTC: 20 | No |
| 18 | 02/16/2020 | | Hunter | 30000 | 789 | 54 | 0 | 1 | 02/16/2020 | N | 1 | Income Rent HTC: 50 | No |
| 19 | 02/16/2020 | | Dority | 20916 | 938 | 74 | 0 | 2 | 02/16/2020 | N | 2 | Income Rent HTC: 60 | No |
| 20 | 04/28/2020 | | Fincher | 51300 | 1107 | 74 | 0 | 2 | 04/28/2020 | N | 4 | Income Rent HTC: 70 | No |
| 21 | 11/18/2019 | | Setzer | 41500 | 1077 | 54 | 0 | 1 | 11/18/2019 | N | 1 | Income Rent HTC: 80 | No |
| 22 | 07/22/2019 | | Ferguson | 53693 | 1463 | 95 | 0 | 2 | 07/22/2020 | Y | 3 | Income Rent HTC: 80 | No |

Noncompliance

Income
20%
50%
60%
70%
80%
+80%

$360/6 = 60\%$

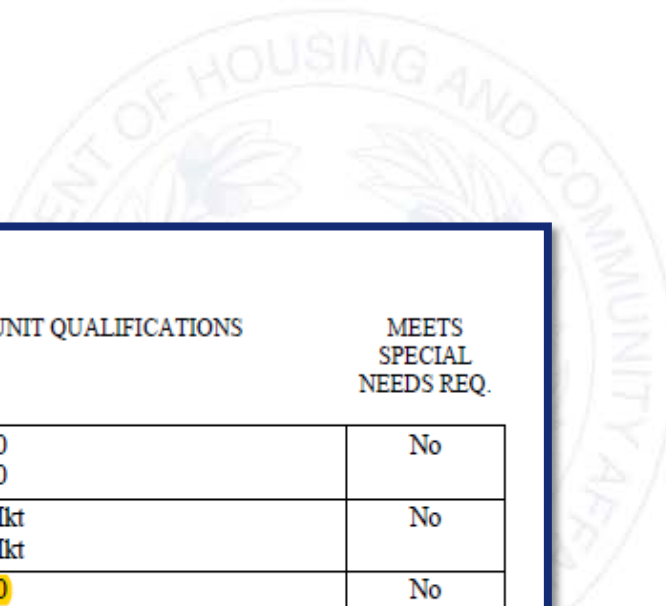
2 Bedroom UA = \$85

Rent
20%
50%
70%
80%
80%
+80%

$380/6 = 63.33\%$

| INCOME LIMITS | | Number of Bedrooms | | | | |
|---------------|---------|--------------------|---------|---------|---------|---------|
| AMFI % | 0 | 1 | 2 | 3 | 4 | 5 |
| 20 | \$262 | \$281 | \$337 | \$389 | \$404 | \$479 |
| 30 | \$393 | \$421 | \$506 | \$584 | \$651 | \$719 |
| 40 | \$525 | \$562 | \$675 | \$779 | \$869 | \$959 |
| 50 | \$656 | \$703 | \$843 | \$973 | \$1,086 | \$1,198 |
| 60 | \$787 | \$843 | \$1,012 | \$1,168 | \$1,303 | \$1,438 |
| 65 | | | | | | |
| 70 | \$918 | \$984 | \$1,181 | \$1,363 | \$1,415 | \$1,678 |
| 80 | \$1,050 | \$1,125 | \$1,350 | \$1,558 | \$1,738 | \$1,918 |

Average Income – Rents and Utilities



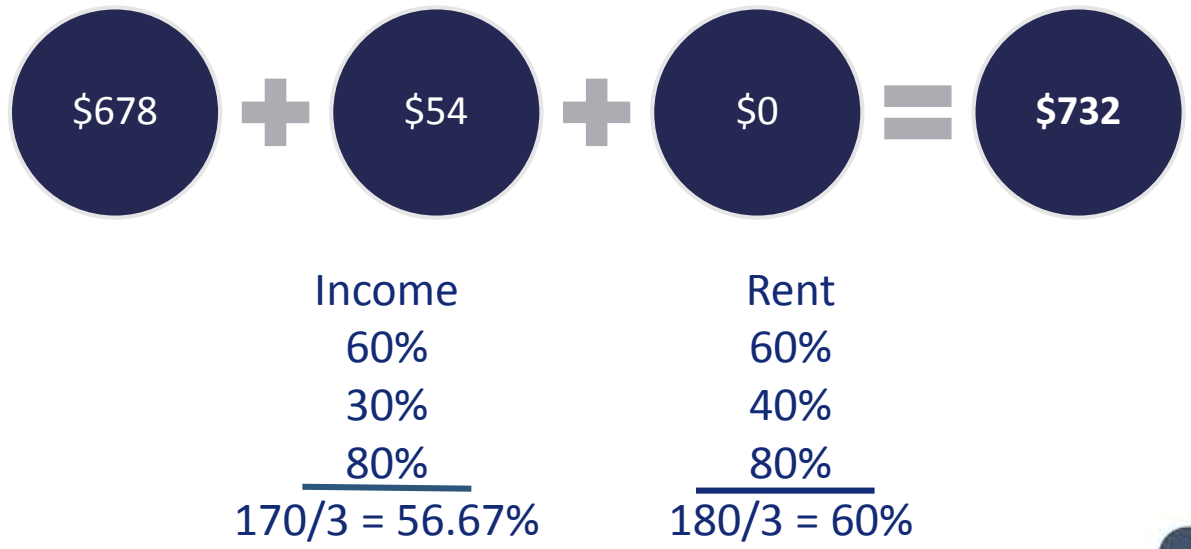
BIN #: TX1901204
(LIHTC Only)

Building #: 4

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR S | TIC DATE | RE CERT | HH SIZE | UNIT QUALIFICATIONS | MEETS SPECIAL NEEDS REQ. |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|--------|------------|---------|---------|-------------------------------------|--------------------------|
| 13 | 08/29/2019 | | Guidry | 8165 | 25 | 74 | 1000 | 2 | 08/29/2019 | N | 1 | Income Rent HTC: 60 HTC: 60 | No |
| 14 | 08/23/2019 | | Kingston | 0 | 0 | 0 | 0 | 2 | | N | 3 | Income Rent HTC: Mkt HTC: Mkt | No |
| 15 | 05/11/2020 | | Lawrence | 18500 | 678 | 54 | 0 | 1 | 05/11/2020 | N | 2 | Income Rent HTC: 30 HTC: 30 | No |
| 16 | 05/01/2020 | | Yancy | 60080 | 1411 | 54 | 0 | 1 | 05/01/2020 | Y | 1 | Income Rent HTC: 80 HTC: 80 | No |

RENT LIMITS

| | 0 | 1 | 2 | 3 | 4 | 5 |
|----|---------|---------|---------|---------|---------|---------|
| 20 | \$342 | \$366 | \$439 | \$507 | \$527 | \$625 |
| 30 | \$513 | \$549 | \$659 | \$761 | \$849 | \$937 |
| 40 | \$684 | \$732 | \$879 | \$1,015 | \$1,133 | \$1,250 |
| 50 | \$855 | \$915 | \$1,098 | \$1,269 | \$1,416 | \$1,562 |
| 60 | \$1,026 | \$1,098 | \$1,318 | \$1,523 | \$1,699 | \$1,875 |
| 65 | | | | | | |
| 70 | \$1,197 | \$1,281 | \$1,538 | \$1,777 | \$1,846 | \$2,187 |
| 80 | \$1,368 | \$1,465 | \$1,758 | \$2,031 | \$2,266 | \$2,500 |



Average Income Minimum Set-Aside

Federal Noncompliance

- Income and/or Rent exceeds 80%
- Designation “mistakes” of income and/or rent that cause the project average to exceed 60%

State Noncompliance

- Rent charged over the owner designation
- Same as the 20/50 and 40/60 minimum set-aside



Average Income - Transfers

Can unit 502 transfer to unit 105?

Form 8609 Low-Income Housing Credit Allocation and Certification

Part I Allocation of Credit

Check Addition to Qualified Basis

A - Address of building (do not use P.O. box)
 Pandora Springs Apartments
 1501 Circle S
 Austin, TX 78711
 19129

Pandora Springs, Ltd.
 Federal ID # 91-1893333

| Addresses | | |
|-----------|---------|--|
| | Austin, | |
| | Austin, | |
| Total Cr | | |

| | | | | | |
|-----------------------------------|---|-----------------------------------|-----------------------------------|---|-----------------------------------|
| Unit 101 80% Low- Income | Unit 102 60% Low- Income | Unit 103 20% Low- Income | Unit 501 30% Low- Income | Unit 502 70% Vacant Low- Income | Unit 503 60% Low- Income |
| Unit 104 50% Low- Income | Unit 105 50% Vacant Low- Income | Unit 106 80% Low- Income | Unit 504 20% Low- Income | Unit 505 50% Low- Income | Unit 506 30% Low- Income |

Part II

8a Original **Original**
 b Are **Are**
 (see instructions)

Signature: Sam Morgan
 Taxpayer identification number: 91-1893333
 Date: 11/18/2019
 Name (please type or print): Sam Morgan
 First year of the credit period: 2021

Yes – multiple building election.

Units swap status and the average remains the same.

Average Income - Transfers

Can unit 604 transfer to unit 202?

Form 8609 - Low-Income Housing Credit Allocation and Certification

Left Form (Units 201-204):

- Unit 201: 50% Low-Income MI 2.1.2020
- Unit 202: 70% Low-Income MI 8.4.2020
- Unit 203: 70% Low-Income MI 3.25.2020
- Unit 204: 60% Low-Income MI 5.2.2020

Right Form (Units 601-604):

- Unit 601: 80% Low-Income Vacant
- Unit 602: 30% Low-Income MI 4.5.2020
- Unit 603: 50% Low-Income MI 7.4.2020
- Unit 604: 50% Low-Income Vacant

Handwritten Annotations:

- Left side: 50%, 70%, 70%, + 60%
- Bottom left: $2300/4 = 575\%$
- Bottom right: $210/4 = 52.5\%$
- Form 8a: Yes No

No - each building is it's own project.

The household in unit 604 could be certified as a new move-in for unit 202. However, be careful of the Average Income calculation.

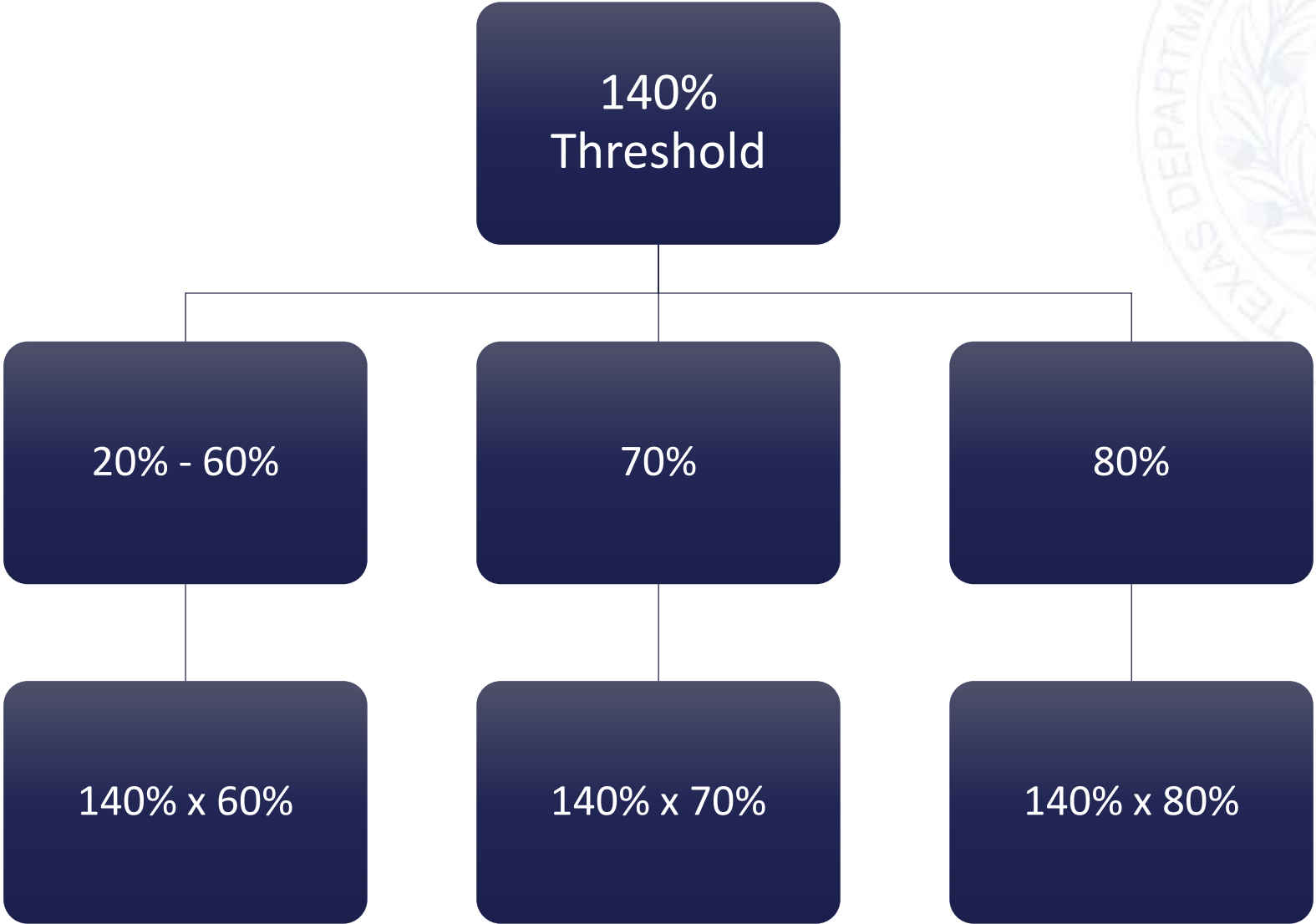
Average Income – Available Unit Rule



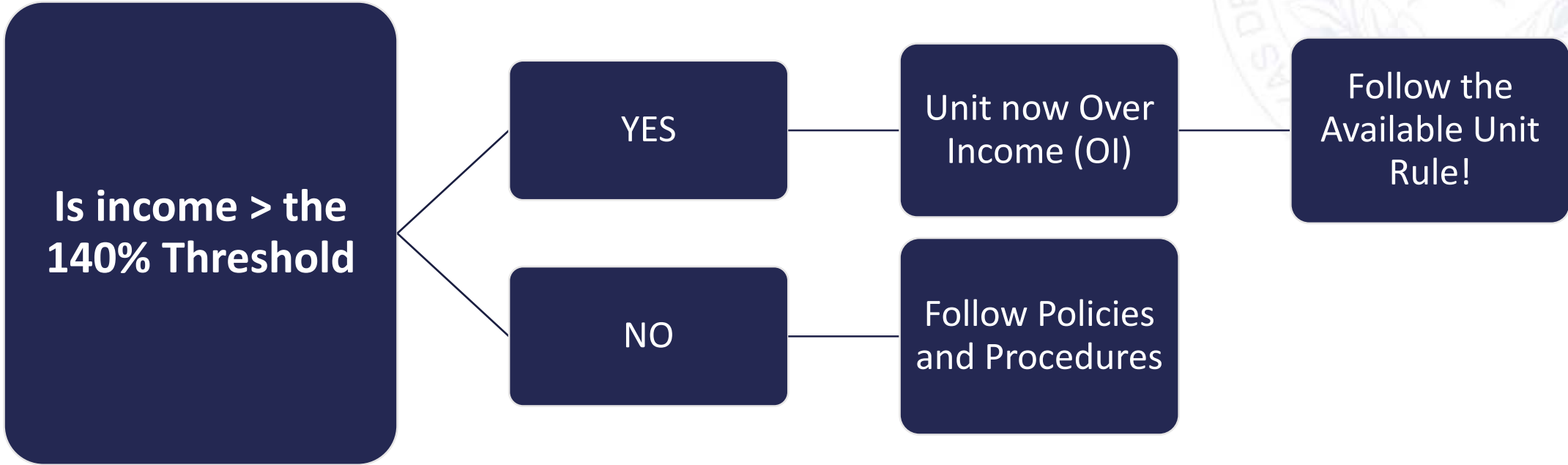
§42(g)(2)(D)

(i) An increase in the income of the occupants of a low-income unit above the income limitation applicable under paragraph (1), as determined by the minimum set-aside elected by the Owner, such unit shall continue to be treated as a low-income unit if the income of such occupants initially met such income limitation and such unit continues to be rent-restricted.

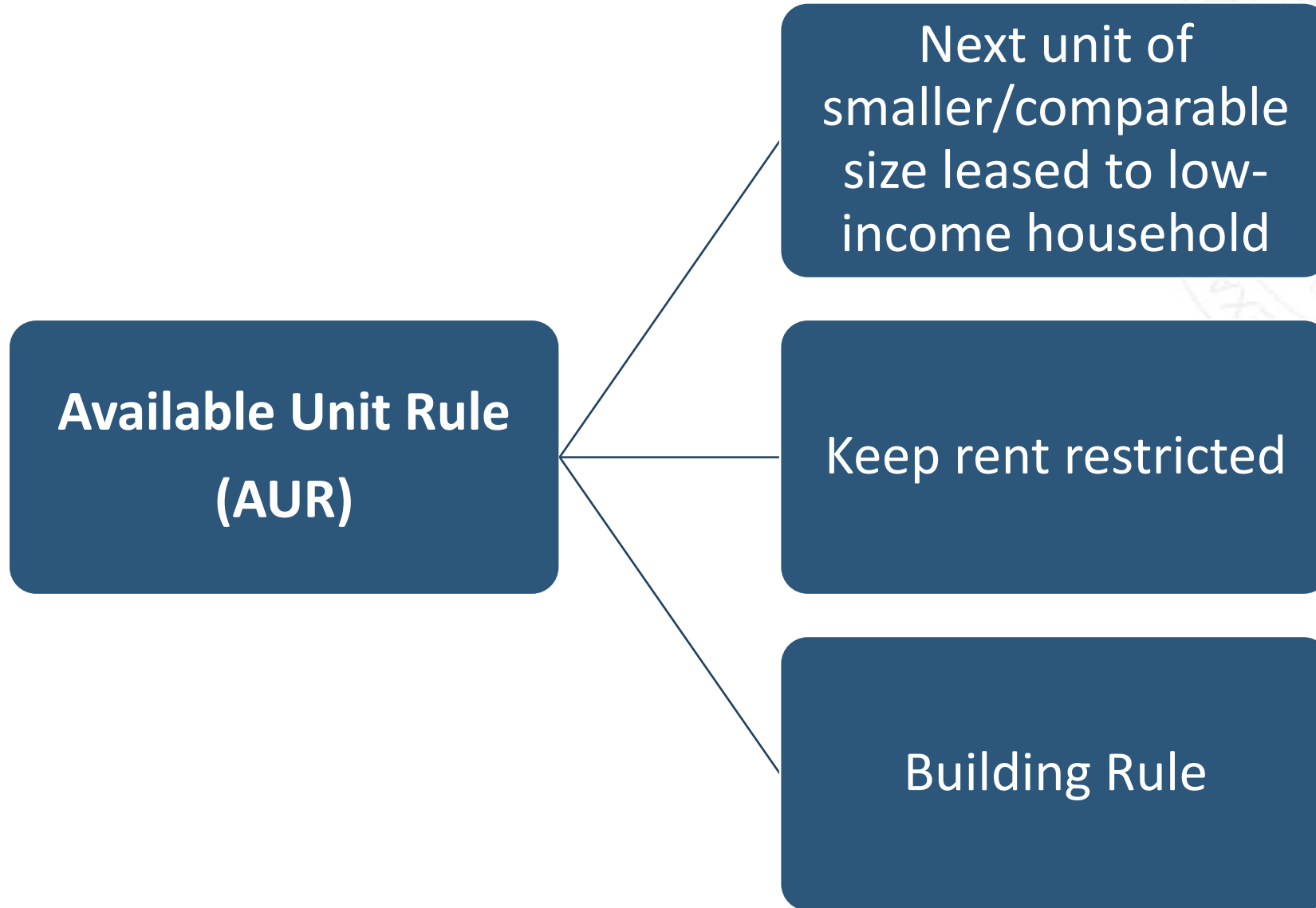
Average Income – Available Unit Rule



Average Income – Available Unit Rule



Average Income – Available Unit Rule



Average Income – Available Unit Rule

Unit 105 – a two person 80% AMI household recertifies with income of \$88,860

| | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------------------|
| 60% 101 Occupied | 40% 102 Occupied | 80% 103 Occupied | 60% 104 Occupied | Market 105 Occupied |
| 30% 106 Occupied | 60% 107 Occupied | 60% 108 Occupied | 50% 109 Occupied | 70% 110 Occupied |

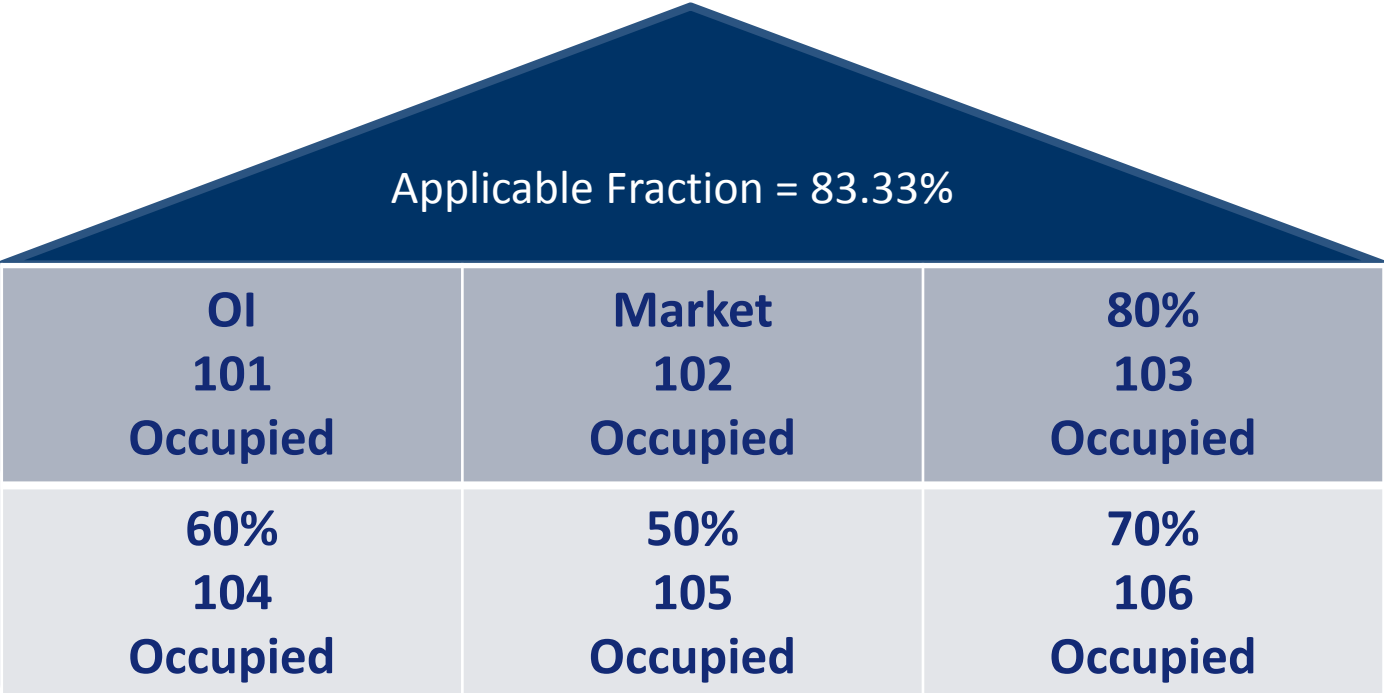
Unit 105 unit 110 is red
OI, occupied with a vacant
qualified household,
Available unit rule is

| | |
|-----------------------------|--|
| 2019 Area Median Income | \$27,600 |
| Number of Household Members | 2 |
| 1. Market Unit 105 rent | restricted at 80% |
| 2. Lease the unit 110 | to an household that maintains the average |

$\$62,480 \times 140\% = \$87,472$

| AMFI % | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 20 | \$ 13,680 | \$ 15,620 | \$ 17,580 | \$ 19,520 | \$ 21,100 | \$ 22,660 | \$ 24,220 | \$ 25,780 |
| 30 | \$ 20,520 | \$ 23,430 | \$ 26,370 | \$ 29,280 | \$ 31,650 | \$ 33,980 | \$ 36,380 | \$ 38,670 |
| 40 | \$ 27,360 | \$ 31,240 | \$ 35,160 | \$ 39,040 | \$ 42,200 | \$ 45,320 | \$ 48,440 | \$ 51,560 |
| 50 | \$ 34,200 | \$ 39,050 | \$ 43,950 | \$ 48,800 | \$ 52,750 | \$ 56,550 | \$ 60,350 | \$ 64,150 |
| 60 | \$ 41,040 | \$ 46,860 | \$ 52,740 | \$ 58,560 | \$ 63,300 | \$ 67,980 | \$ 72,660 | \$ 77,340 |
| 70 | \$ 47,880 | \$ 54,670 | \$ 61,530 | \$ 68,320 | \$ 73,850 | \$ 79,310 | \$ 84,770 | \$ 90,230 |
| 80 | \$ 54,720 | \$ 62,480 | \$ 70,320 | \$ 78,080 | \$ 84,400 | \$ 90,640 | \$ 96,880 | \$ 103,120 |
| 120 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Average Income – Available Unit Rule



Unit 101 happens to be the person 40% AMI household re-certifies at \$75,000

Reoccupy Unit 105 with a Unit 102 designation that it is maintained average Unit 101 should be designated as OI and kept rent restricted at 40% AMI

$\$52,740 \times 140\% = \$73,836$
 \$75,000 exceeds 140% of the 60% threshold

| | | 2019 Area Median Income: \$97,600 | | | | | | | |
|-----|----|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | | Number of Household Members | | | | | | | |
| | | 3 | 4 | 5 | 6 | 7 | 8 | | |
| | | \$ 17,580 | \$ 19,520 | \$ 21,100 | \$ 22,660 | \$ 24,220 | \$ 25,780 | | |
| 30 | \$ | \$ 20,520 | \$ 23,430 | \$ 26,370 | \$ 29,280 | \$ 31,650 | \$ 33,990 | \$ 36,330 | \$ 38,670 |
| 40 | \$ | \$ 27,360 | \$ 31,240 | \$ 35,160 | \$ 39,040 | \$ 42,200 | \$ 45,320 | \$ 48,440 | \$ 51,560 |
| 50 | \$ | \$ 34,200 | \$ 39,050 | \$ 43,950 | \$ 48,800 | \$ 52,750 | \$ 56,650 | \$ 60,550 | \$ 64,450 |
| 60 | \$ | \$ 41,040 | \$ 46,860 | \$ 52,740 | \$ 58,560 | \$ 63,300 | \$ 67,980 | \$ 72,660 | \$ 77,340 |
| 70 | \$ | \$ 47,880 | \$ 54,670 | \$ 61,530 | \$ 68,320 | \$ 73,850 | \$ 79,310 | \$ 84,770 | \$ 90,230 |
| 80 | \$ | \$ 54,720 | \$ 62,480 | \$ 70,320 | \$ 78,080 | \$ 84,400 | \$ 90,640 | \$ 96,880 | \$ 103,120 |
| 120 | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Average Income – Available Unit Rule

Same Building.....

Applicable Fraction = 83.33%

| | | |
|------------------------------------|------------------------------------|------------------------|
| Market 101 Occupied | Market 102 Occupied | 80% 103 Occupied |
| 60% 104 Occupied | Market 105 Occupied | 70% 106 Occupied |

What happens if the household in Unit 105 vacates the unit?

And it is reoccupied with a Market household

Unit 101 – loses its low-income status

Applicable Fraction drops to 50%

Has the Minimum Set-Aside been violated=

6 x 40% = 2.4 (3 units) ?

Average Income = 40% + 80% + 60% + 50% + 70% = 300/5 = 60%

Average Income = 80% + 60% + 70% = 210/3 = 70%

Average Income – Available Unit Rule

Same Building..... To Correct

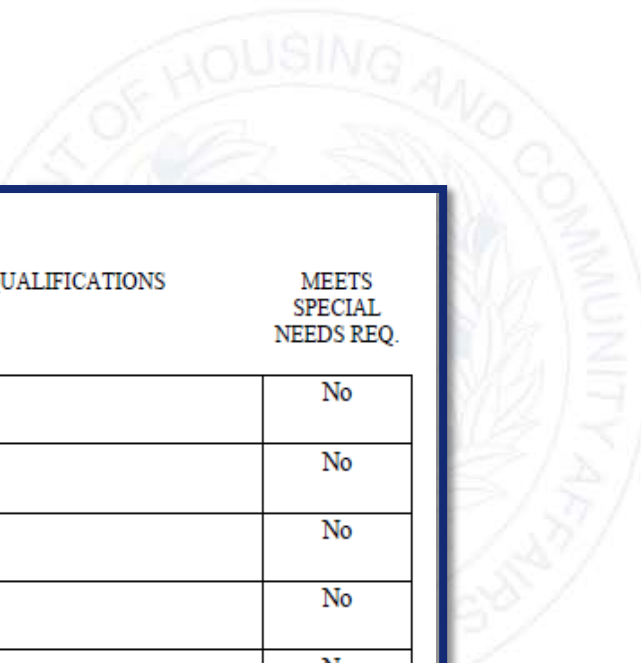
Applicable Fraction = 83.33%

| | | |
|------------------------|---------------------------|------------------------|
| 60% 101 Occupied | 30% 102 Occupied | 80% 103 Occupied |
| 60% 104 Occupied | Market 105 Occupied | 70% 106 Occupied |

As households vacate units replace them with households that restore the Average Income and Applicable Fraction.

Average Income = ~~60%~~ + ~~80%~~ + ~~80%~~ = ~~200%~~ / ~~3~~ = ~~66.6%~~ = ~~60%~~ / ~~5~~ = 60%

Average Income – Available Unit Rule



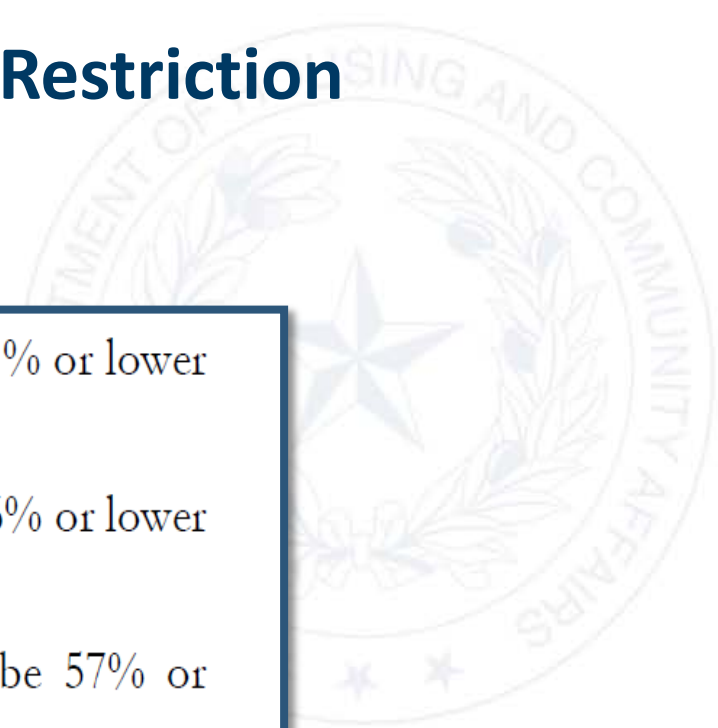
BIN #: TX1901206 **Building #: 6**
(LIHTC Only)

| UNIT # | MOVE IN DATE | MOVE OUT DATE | LAST NAME | ANNUAL INCOME | TENANT PAID RENT | UTILITY ALLOW. | HOUSING ASSIST. PAYMENT | # BR s | TIC DATE | RE CERT | HH SIZE | UNIT QUALIFICATIONS | MEETS SPECIAL NEEDS REQ. |
|--------|--------------|---------------|-----------|---------------|------------------|----------------|-------------------------|--------|------------|---------|---------|-----------------------------------|--------------------------|
| 23 | 02/16/2020 | | Smith | 28573 | 666 | 95 | 0 | 3 | 02/16/2020 | N | 6 | Income Rent HTC: 30 HTC: 30 | No |
| 24 | 04/07/2020 | | Gordon | 39000 | 1244 | 74 | 0 | 2 | 04/07/2016 | N | 2 | Income Rent HTC: 60 HTC: 60 | No |
| 25 | 08/17/2019 | | Collazo | 0 | 0 | 0 | 0 | 2 | | N | 3 | Income Rent Market Market | No |
| 26 | 07/12/2019 | | Hill | 65604 | 1244 | 74 | 0 | 2 | 07/12/2020 | Y | 2 | Income Rent HTC: OI HTC: 60 | No |
| 27 | 10/15/2019 | | Bast | 53694 | 1411 | 54 | 0 | 2 | 10/15/2019 | N | 1 | Income Rent HTC: 80 HTC: 80 | No |
| 28 | 06/15/2019 | | Schulz | 68000 | 1227 | 54 | 0 | 1 | 06/15/2020 | Y | 1 | Income Rent HTC: OI HTC: 70 | No |

If the Market unit vacates, which OI designation should be replaced first?

Either, as long as the Average Income is maintained

Average Income - State Additional Rent and Occupancy Restriction



ADDENDUM B TO DECLARATION – ADDITIONAL USE RESTRICTIONS

MARKETING (10 TAC §11.204(1)(G) OF THE 2019 QAP)

The affirmative marketing plans must provide affirmative marketing to persons with disabilities. The Development Owner will specifically market to veterans through direct marketing or contract marketing. The Development Owner will specify how they will specifically market to veterans and report to veterans. Exceptions to this requirement must be approved by the Department.

RENT AND OCCUPANCY RESTRICTIONS (DELETE THIS SECTION IF NOT APPLICABLE)

| INCOME LIMIT | |
|--------------|--|
| 30% OF AMI | |
| 40% OF AMI | |
| 50% OF AMI | |
| 60% OF AMI | |
| MARKET | |

If at recertification the Tenant's household income exceeds the income limit in accordance with the table above, the Tenant shall be required to pay the market rate for the unit.

AVERAGE INCOME RESTRICTION (DELETE THIS SECTION IF NOT APPLICABLE)

The Development Owner has represented to the Department that among other things, the Development Owner shall lease **PERCENTAGE OF OVERALL LOW INCOME UNITS (TO TWO DECIMAL PLACES)** of the Units in the Development to individuals or families whose imputed incomes do not exceed an average of 60% of the area median gross income (including adjustments for family size) and undertakings set forth therein, being incorporated herein by reference for all purposes.

LONGER EXTENDED USE PERIOD (10 TAC §11.9(e)(5) OF THE 2019 QAP)

In accordance with the Code, each Development is required to have a 30-year extended use period. Development Owner indicates below that the Development will extend the affordability period beyond the 30 years required in the Code as follows:

The Development will extend its affordability for 5 years.

MATERIAL PARTICIPATION BY QUALIFIED NONPROFIT ORGANIZATION (10 TAC §11.9(e)(6) OF THE 2019 QAP)

Throughout the Compliance Period, the ownership structure defined in Section 42(h)(5)(C) of the Code with a greater than 50% ownership by a qualified nonprofit organization, the Qualified Nonprofit Organization must be the sole member (meaning of Section 469(h) of the Code) in the development or an experience directly related to the housing industry, and shall be a party to any Principals of the Applicant or Developer unless the Qualified Nonprofit Organization. At the time this Declaration is filed, the Qualified Nonprofit Organization must be a party to the development and operation of the Development. If the status or role of such organization with respect to the development changes, the Development Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Development and (ii) if such organization is proposed to be replaced by a different Nonprofit Organization at time of transfer. At the time this Declaration is filed, the Nonprofit Organization is _____.

Throughout the Extended Use period, a Nonprofit Organization must be involved with the Development Services or in the provision of on-site resident services but will not qualify the Development as part of the Nonprofit Set-Aside. A Principal of the Nonprofit Organization cannot be a Related Party to any Principal of the Applicant or Developer (excluding another Principal of the Nonprofit Organization). The Development Owner shall notify the Department (i) of any change in the status or role of such organization with respect to the Development and (ii) if such organization is proposed to be replaced by a different Nonprofit Organization at time of transfer. At the time this Declaration is filed, the Nonprofit Organization is _____.

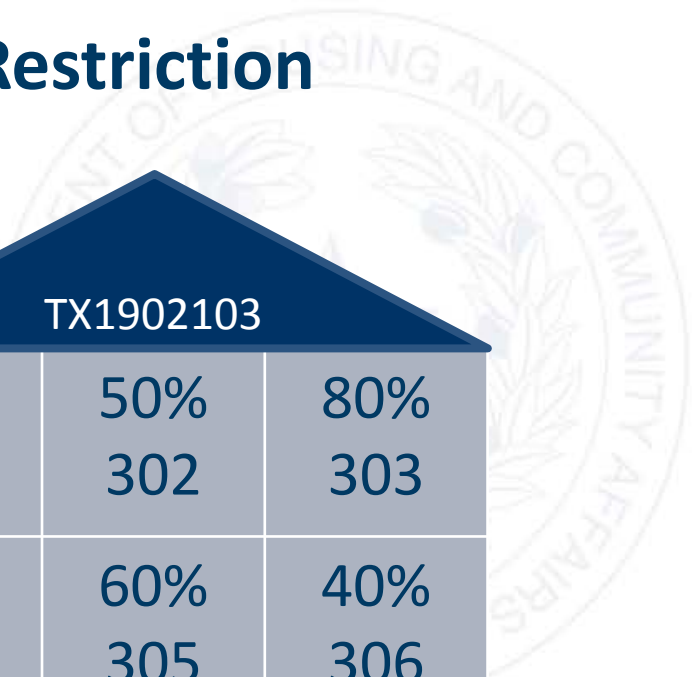
HISTORICALLY UNDERUTILIZED BUSINESS (HUB) (10 TAC §11.9(b)(2)(A) AND (B) OF THE 2019 QAP)

- (i) The Average Income for the proposed Development will be 55% or lower (16 points);
- (ii) The Average Income for the proposed Development will be 56% or lower (14 points); or
- (iii) The Average Income for the proposed Development will be 57% or lower (12 points).

AVERAGE INCOME RESTRICTION (DELETE THIS SECTION IF NOT AVERAGE INCOME AND USE THE PARAGRAPH ABOVE ONLY)

The Development Owner has represented to the Department in the Development Owner's Application, authorized by the Department Rules, that among other things, the Development Owner shall lease **PERCENTAGE OF OVERALL LOW INCOME UNITS (TO TWO DECIMAL PLACES)** of the Units in the Development to individuals or families whose imputed incomes do not exceed an average of 60% of the area median gross income (including adjustments for family size), as more specifically provided herein, such Application, and the representations and undertakings set forth therein, being incorporated herein by reference for all purposes.

Average Income - State Additional Rent and Occupancy Restriction



Five Building Development

| TX1902101 | | |
|-----------|-----|-----|
| 70% | 50% | 80% |
| 101 | 102 | 103 |
| 60% | 80% | 40% |
| 104 | 105 | 106 |

| TX1902103 | | |
|-----------|-----|-----|
| 70% | 50% | 80% |
| 301 | 302 | 303 |
| 60% | 60% | 40% |
| 304 | 305 | 306 |

| TX1902105 | | |
|-----------|-----|-----|
| 30% | 50% | 80% |
| 501 | 502 | 503 |
| 70% | 60% | 50% |
| 504 | 505 | 506 |

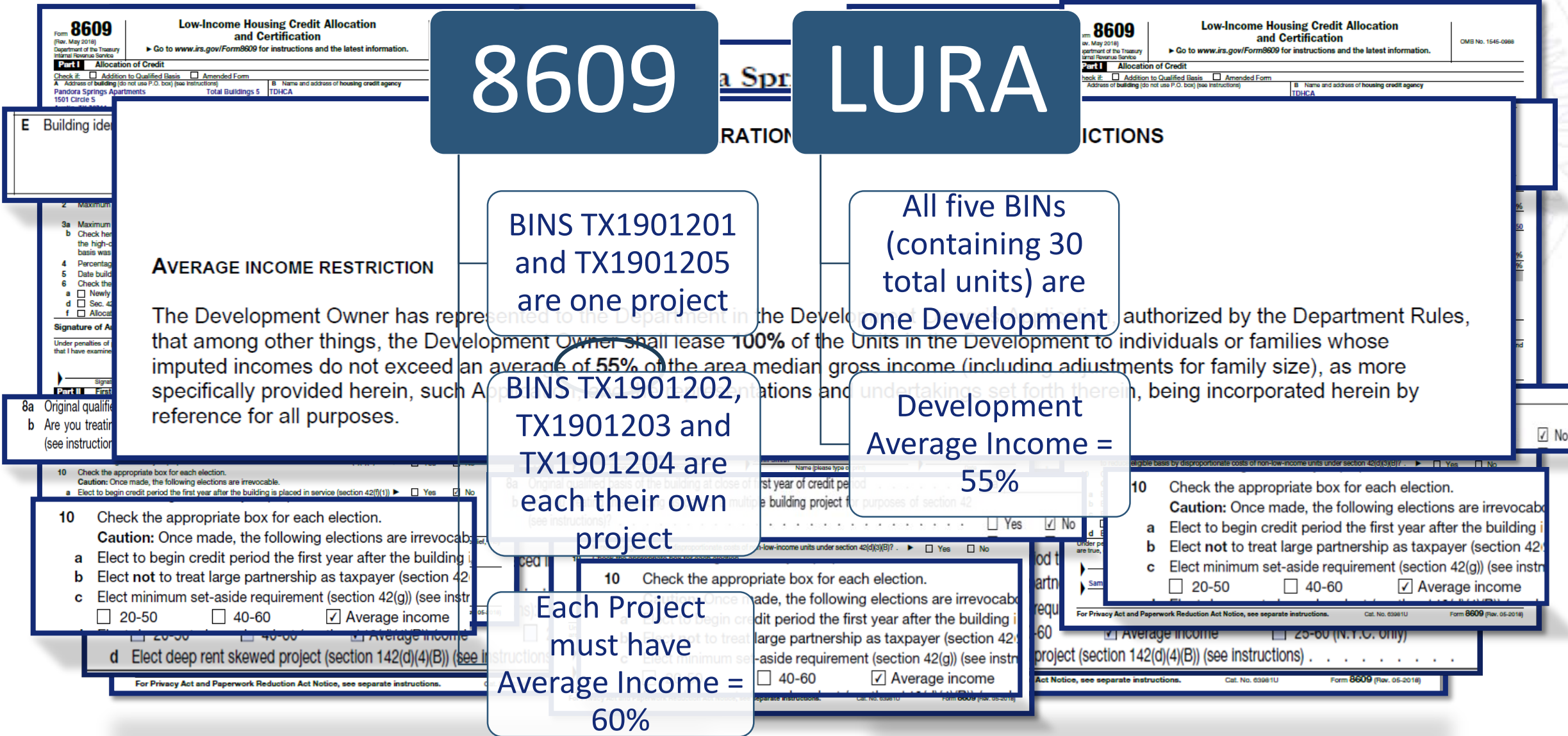
| TX1902102 | | |
|-----------|-----|-----|
| 80% | 50% | 80% |
| 201 | 202 | 203 |
| 60% | 50% | 30% |
| 204 | 205 | 206 |

| TX1902104 | | |
|-----------|-----|-----|
| 70% | 50% | 30% |
| 401 | 402 | 403 |
| 80% | 70% | 40% |
| 404 | 405 | 406 |

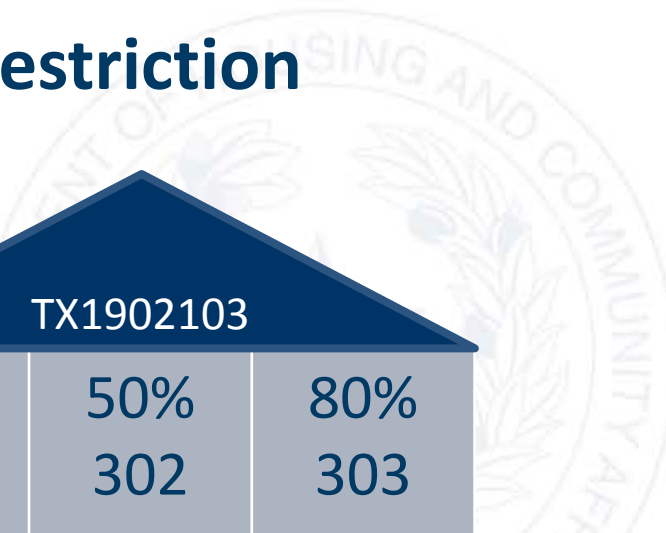
Average Income - State Additional Rent and Occupancy Restriction

8609

LURA



Average Income - State Additional Rent and Occupancy Restriction



Federal Test

| TX1902101 | | |
|-----------|-----|-----|
| 70% | 50% | 80% |
| 101 | 102 | 103 |
| 60% | 80% | 40% |

| TX1902103 | | |
|-----------|-----|-----|
| 70% | 50% | 80% |
| 301 | 302 | 303 |

BIN TX1902102 average
 $80\% + 50\% + 80\% + 60\% + 50\% + 30\% = 350$
 $350/6 = 58.33\%$

BIN TX1902104 average
 $70\% + 50\% + 30\% + 80\% + 70\% + 40\% = 340$
 $340/6 = 56.66\%$

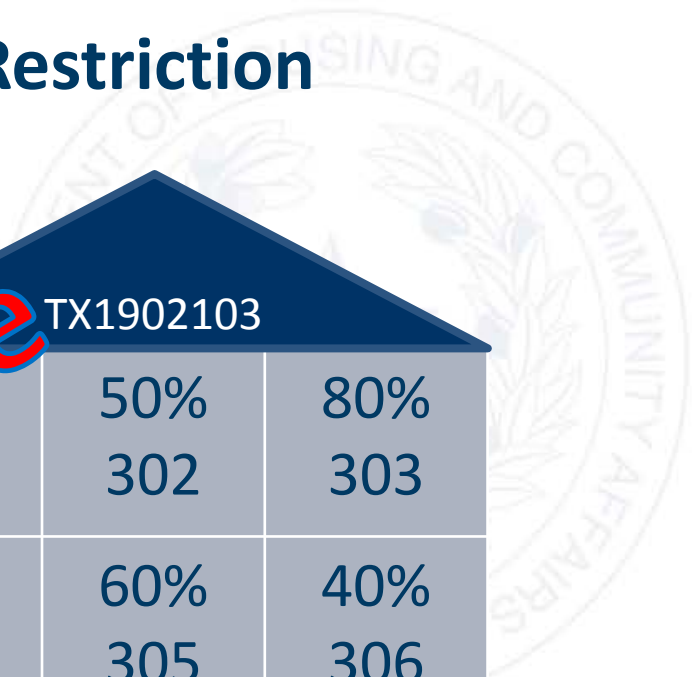
$70\% + 50\% + 80\% + 60\% + 60\% + 40\% = 360$
 $360/6 = 60\%$

| TX1902102 | | |
|-----------|-----|--|
| 70% | 60% | |
| 504 | 505 | |

BIN TX1902101 and BIN TX1902105 average
 $70\% + 50\% + 80\% + 60\% + 80\% + 40\% + 30\%$
 $+ 50\% + 80\% + 70\% + 60\% + 50\% = 720$
 $720/12 = 60\%$

| | | |
|-----|-----|-----|
| 70% | 50% | 30% |
| 401 | 402 | 403 |
| 80% | 70% | 40% |
| 404 | 405 | 406 |

Average Income - State Additional Rent and Occupancy Restriction



TX1902101

| | | |
|-----|-----|-----|
| 70% | 50% | 80% |
| 101 | 102 | 103 |
| 60% | 80% | 40% |
| 104 | 105 | 106 |

State Test

TX1902105

| | | |
|-----|-----|-----|
| 30% | 50% | 80% |
| 501 | 502 | 503 |
| 40% | 60% | 50% |
| 504 | 505 | 506 |

TX1902103

| | | |
|-----|-----|-----|
| 70% | 50% | 80% |
| 301 | 302 | 303 |
| 60% | 60% | 40% |
| 304 | 305 | 306 |

TX1902102

| | | |
|-----|-----|-----|
| 80% | 50% | 80% |
| 201 | 202 | 203 |
| 60% | 50% | 30% |
| 204 | 205 | 206 |

TX1902104

| | | |
|-----|-----|-----|
| 70% | 50% | 30% |
| 401 | 402 | 403 |
| 80% | 70% | 40% |
| 404 | 405 | 406 |

State Noncompliance

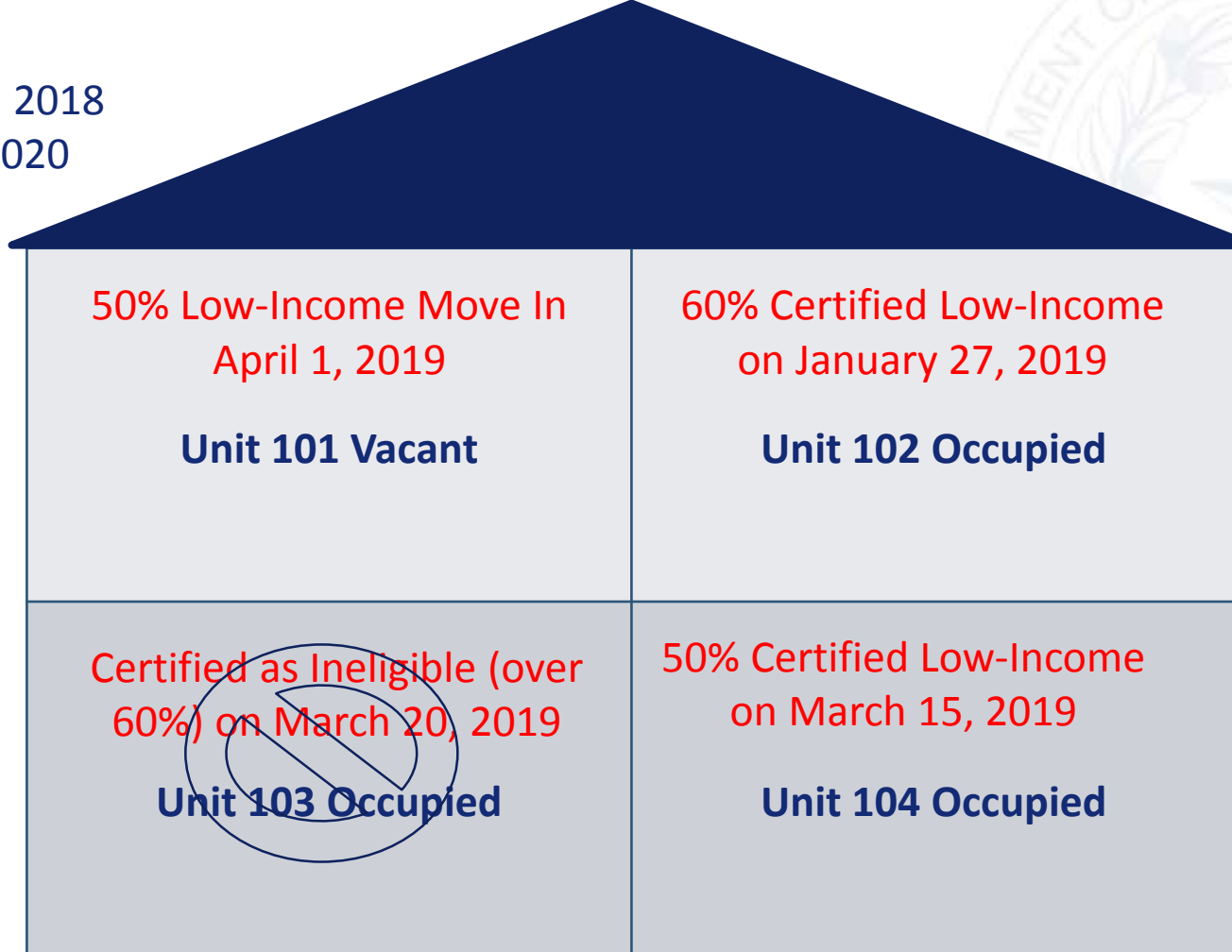
$1770/30 = 59\%$

Acquisition and Rehabilitation with NO Previous Tax Credit Allocation and Average Income

Building Acquired: November 12, 2018

Credit Period began: January 1, 2020

Minimum Set-Aside = 40/60

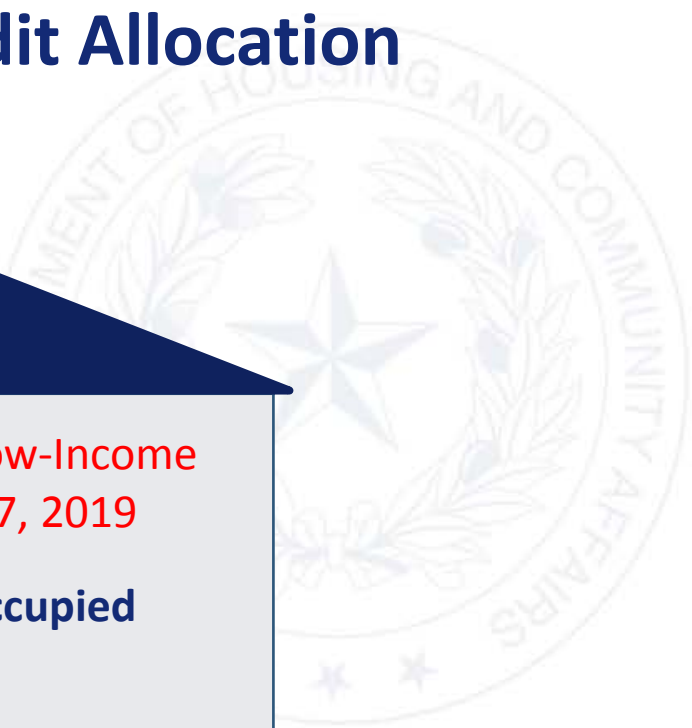


| | |
|---|---|
| <p>50% Low-Income Move In April 1, 2019</p> <p>Unit 101 Vacant</p> | <p>60% Certified Low-Income on January 27, 2019</p> <p>Unit 102 Occupied</p> |
| <p>Certified as Ineligible (over 60%) on March 20, 2019</p> <p>Unit 103 Occupied</p> | <p>50% Certified Low-Income on March 15, 2019</p> <p>Unit 104 Occupied</p> |

If an existing household is NOT income eligible at the time of Acquisition and at the first year of the credit period, the unit is not eligible for credits until it is occupied with an eligible household

Acquisition and Rehabilitation with NO Previous Tax Credit Allocation and Average Income

Building Acquired: November 12, 2018
Credit Period began: January 1, 2020
Minimum Set-Aside = Average Income



| | |
|---|---|
| <p>50% Low-Income Move In April 1, 2019</p> <p>Unit 101 Vacant</p> | <p>60% Certified Low-Income on January 27, 2019</p> <p>Unit 102 Occupied</p> |
| <p>70% Certified Low-Income on March 20, 2019</p> <p>Unit 103 Occupied</p> | <p>50% Certified Low-Income on March 15, 2019</p> <p>Unit 104 Occupied</p> |

$50\% + 60\% + 70\% + 50\% = 230/4 = 57.5\%$

If an existing household is NOT income eligible at the time of Acquisition and at the first year of the credit period, the unit is not eligible for credits until it is occupied with an eligible household

Acquisition and Rehabilitation WITH Previous Tax Credit Allocation and Average Income

LDHCA #: _____

DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW-INCOME HOUSING CREDITS

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS FOR LOW-INCOME HOUSING TAX CREDITS (this "Declaration"), dated as of April 1, 2002, is made by and between _____, (together with its successors and assigns, the "Project Owner") and The Texas Department of Housing & Community Affairs, an instrumentality of the State of Texas and a public corporation (together with any successor to its rights, duties and obligations, the "Department"), and is given by Project Owner as a condition precedent to [the determination that the Project, as defined herein, satisfies the requirements of the State of Texas's Qualified Allocation Plan] the allocation of low-income housing tax credits (the "Tax Credits"), pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (the "Code"), by the Department. This Declaration incorporates the extended low-income housing commitment required by Section 42(h)(6) of the Code and is promulgated in accordance with the provisions of Chapter 2306, Tex. Gov. Code, (the "Act"), as may be amended from time to time.

WITNESSETH:

WHEREAS, the Project Owner is or shall be the Project Owner of a low income rental housing development, known as or to be known as Apartment, (the "Project Improvements"), on real property located in the City of S. _____ -County of _____

Sometimes, the Development has an existing allocation of credits and is bound by a Housing Tax Credit Extended Use Agreement (LURA)

APPENDIX A - ADDITIONAL USE RESTRICTIONS
(Check all restrictions which were elected at the time of Application.)

Additional Rent and Occupancy Restrictions

At least 11 Units in the Project must be occupied by Tenants at or below 50 % of Area Median Gross Income. The rents for these Units must not be higher than the allowable tax credit rents at the 50 _____ % AMGI level.

WHEREAS, the Code requires as a condition precedent to the allocation of Tax Credits that the Project Owner execute, deliver and record in the real property records of the county in which the Project is located this Declaration in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Project Owner, under this Declaration, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project Land for the Term stated herein, are binding upon all subsequent owners and operators of the Project during such Term, and are not merely personal covenants of the Project Owner.

NOW, THEREFORE, in consideration of the premises set forth above, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Project Owner and the Department agree as follows:

Acquisition and Rehabilitation with Previous Tax Credit Allocation and Average Income

Form **8609** (Rev. January 2000) **Low-Income Housing Credit Allocation Certification** OMB No. 1545-0088
 Department of the Treasury Internal Revenue Service **► Do not file separately. The building owner must attach Form 8885, Form 8609, and Schedule A (Form 8609) to its Federal income tax return.** Attachment Sequence No. **36**

Part I Allocation of Credit—Completed by Housing Credit Agency Only

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)
 Bldg. 1 (1 of 8)
 Pandora Springs Apartments
 1501 Circle S
 Austin, TX 78711

B Name and address of housing credit agency
 Texas Department of Housing & Community Affairs
 P.O. Box 13941
 Austin, TX 78711-3941

C Name, address, and TIN of building owner receiving allocation
 Pandora Springs Ltd
 10583 IH 49
 Burnet, TX 78611
 TIN ► 91-1893333

D Employer identification number of agency
 74-261052

E Building identification number (BIN)
 TX-19-201

| | | | |
|--|--|----|---------|
| 1a Date of allocation ► 10/31/2000 | b Maximum housing credit dollar amount allowable | 1b | 8,290 |
| 2 Maximum applicable credit percentage allowable | | 2 | 3.60% |
| 3a Maximum qualified basis | | 3a | 230,278 |

4 Percentage of the aggregate basis financed by tax-exempt bonds: (if zero, enter "0")

5 Date building placed in service ► 03/20/2002

6 Check the box that describes the allocation for the building (check those that apply):

a Newly constructed and federally subsidized b Newly constructed and not federally subsidized c Existing building
 d Sec. 42(e) rehabilitation expenditures federally subsidized e Sec. 42(e) rehabilitation expenditures not federally subsidized

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined Part I of this form and to the best of my knowledge and belief, the information is true, correct, and complete.

Edwina P. Carrington, Executive Director
 Signature of authorized official Date 8/19/03

Part II First-Year Certification—Completed by Building Owner for First Year of Credit Period Only

7a Date building placed in service ► 03/20/02 b Eligible basis of building (see instructions) 7b 230,278
 8a Original qualified basis of the building at close of first year of credit period 8a 230,278

b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)? Yes No

10 Check the appropriate box for each election:

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))

b Elect not to treat large partnership as taxpayer (section 42(j)(5))

c Elect minimum set-aside requirement (section 42(g)) (see instructions) 20-50 40-60

d Elect deep-rent-skewed project (section 142(d)(4)(B)) (see instructions)

Caution: Read the instructions under **Signature** (page 4) before signing this part.

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Revenue Code section 42 and that the qualified basis of the building has not decreased for this tax year. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

Form **8609** (Rev. May 2016) **Low-Income Housing Credit Allocation and Certification** OMB No. 1545-0088
 Department of the Treasury Internal Revenue Service **► Go to www.irs.gov/Form8609 for instructions and the latest information.**

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions)
 Pandora Springs Apartments
 1501 Circle S
 Austin, TX 78711
 Total Buildings 8
 1 of 8

B Name and address of housing credit agency
 TDHCA
 221 East 11th Street
 Austin, TX 78711

C Name, address, and TIN of building owner receiving allocation
 Pandora Springs Ltd
 10583 IH 49
 Burnet, TX 78611
 TIN ► 91-1893333

D Employer identification number of agency
 74-261052

E Building identification number (BIN)
 TX-19-201

| | | | |
|---|--|----|------------|
| 1a Date of allocation ► 4/1/2019 | b Maximum housing credit dollar amount allowable | 1b | 24,647.63 |
| 2 Maximum applicable credit percentage allowable (see instructions) | | 2 | 9.00% |
| 3a Maximum qualified basis | | 3a | 273,862.50 |

4 Percentage of the aggregate basis financed by tax-exempt bonds: (if zero, enter "0")

5 Date building placed in service ► 1/15/2020

6 Check the box that describes the allocation for the building (check those that apply):

d Sec. 42(e) rehabilitation expenditures federally subsidized e Sec. 42(e) rehabilitation expenditures not federally subsidized
 f Allocation subject to nonprofit set-aside under sec. 42(h)(5)

Signature of Authorized Housing Credit Agency Official—Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

John Smith
 Signature of authorized official Name (please type or print) Date

10 Check the appropriate box for each election.

Caution: Once made, the following elections are irrevocable.

a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))

b Elect not to treat large partnership as taxpayer (section 42(j)(5))

c Elect minimum set-aside requirement (section 42(g)) (see instructions):
 20-50 40-60 Average income 25-60 (N.Y.C. only)

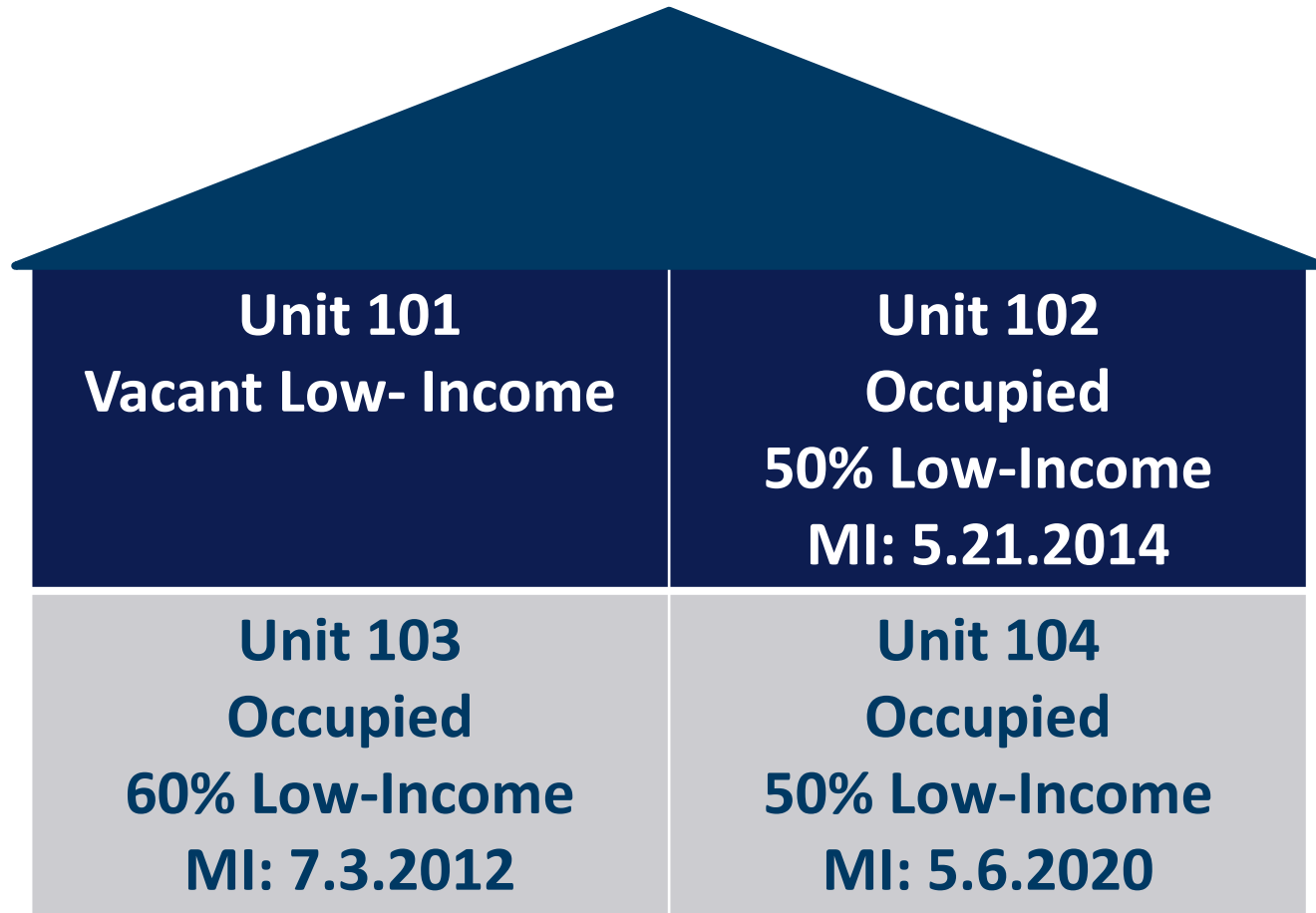
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)

Acquisition and Rehabilitation with Previous Tax Credit Allocation and Average Income

8823 Audit Guide, Chapter 4

“... any household determined to be income qualified at the time of move-in for purpose of the extended use agreement is a qualified low-income household for any subsequent allocation of IRC §42 credit.”

Acquisition and Rehabilitation with Previous Tax Credit Allocation and Average Income

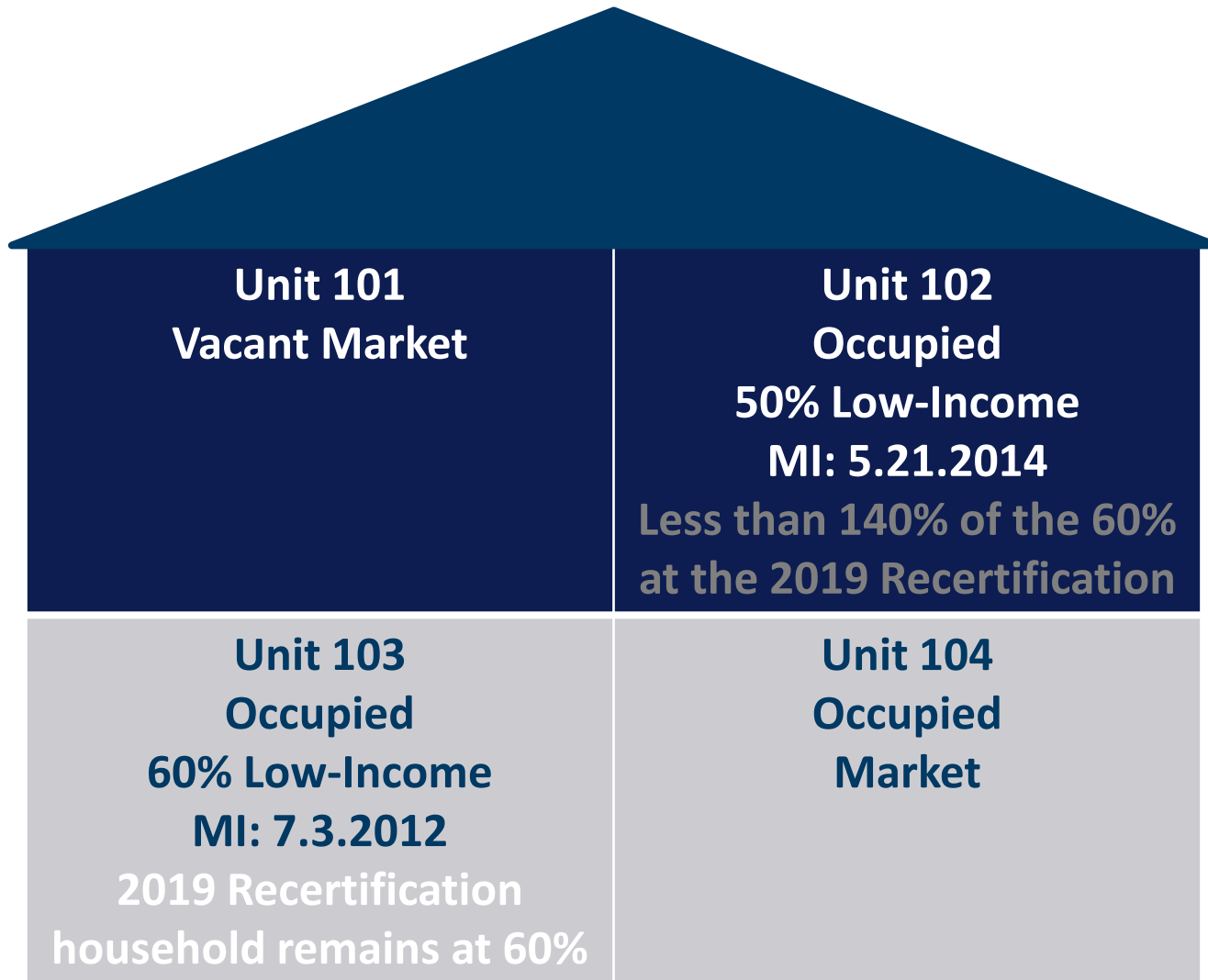


| | |
|--|---|
| Unit 101 Vacant Low- Income | Unit 102 Occupied 50% Low-Income MI: 5.21.2014 |
| Unit 103 Occupied 60% Low-Income MI: 7.3.2012 | Unit 104 Occupied 50% Low-Income MI: 5.6.2020 |

Do units 103 and 102 need to be certified as eligible?

No, the Development was under a HTC Land Use Restriction agreement and the households were qualified as eligible at the time of occupancy. However, units 103 and 102 need to be screened for current student status.

Acquisition and Rehabilitation with Previous Tax Credit Allocation and Average Income



The diagram shows a house with a dark blue roof and a dark blue upper body, and a light grey lower body. The house is divided into four units in a 2x2 grid. The top-left unit (Unit 101) is dark blue and labeled 'Vacant Market'. The top-right unit (Unit 102) is dark blue and labeled 'Occupied 50% Low-Income MI: 5.21.2014 Less than 140% of the 60% at the 2019 Recertification'. The bottom-left unit (Unit 103) is light grey and labeled 'Occupied 60% Low-Income MI: 7.3.2012 2019 Recertification household remains at 60%'. The bottom-right unit (Unit 104) is light grey and labeled 'Occupied Market'.

| | |
|--|---|
| Unit 101 Vacant Market | Unit 102 Occupied 50% Low-Income MI: 5.21.2014 Less than 140% of the 60% at the 2019 Recertification |
| Unit 103 Occupied 60% Low-Income MI: 7.3.2012 2019 Recertification household remains at 60% | Unit 104 Occupied Market |

What designation do I use for Average Income under the new allocation?

Unit 102 and 103 maintain their original designations and those designations may be used towards the Average Income

What is the same?

Recertification
Requirements

UPCS
Standards

Eligible Basis

Students

Utility
Allowance

Average Income Takeaways

Looking forward to Treasury Regulations addressing Average Income

Follow all policies and procedures for changing designations

8823s will be issued when any units income/rent exceed the 80% limit or if the project average is over 60%

Monitoring and Interpretation of noncompliance differs from State to State

Recommendation to make a multiple building election

You Can Do It!
We Can Help!

Closing Thoughts

Thank you for joining us today!

Please remember.... This presentation represents how TDHCA will monitor until and unless the Internal Revenue Service or the Treasury Department issue conflicting guidance.

The examples used today may be overly simplified and we recognize that as we all move forward many areas may get more complicated. It is our goal to work with Owners, Management Companies and other organizations within the Industry to make the Average Income set-aside successful for everyone.

We will now open the floor for questions and discussion.

Questions



| | | |
|------------------------|-----------------------------------|--|
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That's all Folks!

Thank You

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