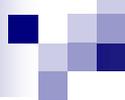# 2010 Income and Rent limits

Presented by:

TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
*Building Homes. Strengthening Communities.*

The 2010 income and rent limits for the Housing Tax Credit, Tax Exempt Bond and Housing Trust Fund programs are available

They are effective 5-14-2010

The 2010 income limits for HOME, CDBG and NSP are out; we are working to get them posted to our website

The 2010 rent limits for HOME, CDBG and NSP are <u>not</u> out. Continue to use 2009.
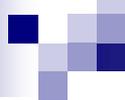
Call Content

- Rural income and rent limits
- Housing and Economic Recovery Act of 2008
- HUD "hold harmless" policy changes
- Gross rent floor

Rural limits

- HUD published limits based on the greater of actual area median income or the State non metropolitan limit

- Example: Comanche County
- AMI: $44,400= 4 person 50% income limit of $22,200
- State non metro income limit: $46,500
- HUD published 4 person 50% limit: $23,250

- HUD published limit based on state non metro, not area income, because state is higher.

Rural limits

- Housing and Economic Recovery Act of 2008 permits certain HTC properties to use the greater of area median income or **national** non metropolitan income limit.

- National non metro limit: $51,600

- Since national is greater than state, many areas have limits based on national non metro limit

Rural limits

- In 2008 and 2009, TDHCA released a separate Rural Income and Rent Limit and a list of places eligible to use rural limits
- The list of places only included areas of the state where TDHCA already has HTC units

Rural Limits

- The 2010 limits released by TDHCA have the rural income limit incorporated where it can be used.

- So, for example, the Comanche County income limits released by TDHCA reflect the "rural limits", not the limits published by HUD.

Rural Limits

- Not all properties can use the Rural Limits.

- Properties financed with Tax Exempt Bonds <u>cannot</u> use the Rural Limits.

- TDHCA released separate income and rent limits for the Bond program.

- They are equal to or less than the HTC limits.

- If you have bonds from TDHCA or a local issuer, use the Bond limits

Rural limits

- Properties located in urban areas or areas with a population in excess of 25,000 cannot use rural income limits

Rural income limits

- **Example: Val Verde County**
  - ☐ Del Rio is in Val Verde County and has a population in excess of 25,000.
  - ☐ HTC properties in Del Rio cannot use Rural income limits
  - ☐ All other areas of Val Verde County can use Rural Income limits

Rural Limits

Del Rio

Val Verde	**30**	**9780**	**11160**	**12570**	**13950**	**15090**	**16200**	**17310**	**18420**
	40	**13040**	**14880**	**16760**	**18600**	**20120**	**21600**	**23080**	**24560**
	50	**16300**	**18600**	**20950**	**23250**	**25150**	**27000**	**28850**	**30700**
	60	**19560**	**22320**	**25140**	**27900**	**30180**	**32400**	**34620**	**36840**
	80	**26080**	**29760**	**33520**	**37200**	**40240**	**43200**	**46160**	**49120**

All other areas of Val Verde County

Val Verde	**30**	*10830*	*12390*	*13920*	*15480*	*16710*	*17970*	*19200*	*20430*
	40	*14440*	*16520*	*18560*	*20640*	*22280*	*23960*	*25600*	*27240*
	50	*18050*	*20650*	*23200*	*25800*	*27850*	*29950*	*32000*	*34050*
	60	*21660*	*24780*	*27840*	*30960*	*33420*	*35940*	*38400*	*40860*
	80	*28880*	*33040*	*37120*	*41280*	*44560*	*47920*	*51200*	*54480*

Rural limits

- Counties with limits based on national non metro and area median income:

- Cameron, El Paso, Webb, Hidalgo, Ector, Bowie, Howard, Kleberg, Lamar, Nacogdoches, Val Verde

- If you have a property in these counties, review carefully, there are 2 sets of limits!

Rural Limits

- HOME properties layered with Tax Credits
  - HOME program units cannot use rural income and rent limits
  - Non HOME units can use rural income and rent limits

HERA

- ## Sec 3009

- *"IN GENERAL- Any determination of area median gross income under subparagraph (B) with respect to any project for any calendar year after 2008 shall not be less than the area median gross income determined under such subparagraph with respect to such project for the calendar year preceding the calendar year for which such determination is made"*
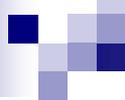
HERA

- Translation: Once your property is placed in service your income limits will not decrease.

HERA

- Areas of the state affected by this:
  - ☐ San Angelo,
  - ☐ Grayson County (PIS b/w 1/1/09 & 5/14/10)
  - ☐ Bowie County (PIS b/w 1/1/09 & 5/14/10)

HERA Example: San Angelo

- 2009 60% income limits:

1: $22,020   5: $33,960

2: $25,140   6: $36,480

3: $28,320   7: $39,000

4: $31,440   8: $41,520

- 2010 HUD published 60% income limits:

1: $21,780   5: $33,600

2: $24,900   6: $36,060

3: $28,020   7: $38,580

4: $31,080   8: $41,040

HERA

- The TDHCA 2010 income limits for San Angelo, Grayson and Bowie for projects placed in service before 12/31/2008 and PIS b/w 1/1/2009 and 5/14/2010 do not match the limits released by HUD.

HERA

- Limits for all projects placed in service should be the same or higher than the 2009 limits

- If it appears that your limits have dropped, please call me.

HERA

- Projects placed in service prior to 12/31/2008 use the "HERA special limit"
  - Limits released by HUD for some areas of the state show 2 sets of income limits.
  - One set is labeled "HERA special" (these are higher)
  - We will refer to other set as "regular"
- Chart that was labeled Income limits for Projects placed in service before 5/14/2010 has been renamed Income Limits for projects placed in service prior to 12/31/2008
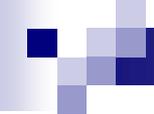
- Projects placed in service after 1/1/2009 do not get to use "HERA special"
- If placed in service before 5/14/2010, use the greater of the 2010 regular limit or the 2009 income limit
- TDHCA has added a new chart that reflects these limits
- Areas shaded in yellow are the only differences from the limits posted 5/21/2010

Gross rent floor

- Rents are calculated from the income limits
- If income limits drop, so do rent limits

Gross rent floor

- Revenue Procedure 94-57 has provided a gross rent floor for the HTC program

- Gross rent (before utility allowance deduction) will not fall below limits in affect at time of the initial allocation

  - Or, if an owner makes an election, the gross rent floor will be the limits in effect at the Placed in Service Date

Gross rent floor

- No property in Texas has needed it because HUD held the income limits harmless;

- In the past, HUD did not publish decreased limits

- HUD has revised this policy and has published decreased limits
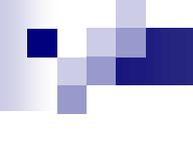
- Effective dates of limits:
  - 3/20/2007
  - 2/13/2008
  - 3/19/2009
  - 5/14/2010

- TDHCA has released revised rent limit charts in a new format:

- Rent limits for projects Placed in Service on or prior to 12/31/2008

  - Reflects rents calculated on HERA Special

- If your project was allocated Housing Tax Credit on or prior to 2/13/2008 and placed in service after 1/1/2009 OR,

- If your project received an allocation between 3/1/2009 and 5/14/2010
  - Reflects the greater of:
    - 2009 regular or 2010 regular
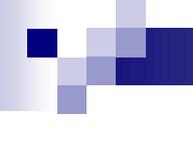
- **If your project received an allocation between 2/13/2008 and 3/19/2009**
  - Reflects greater of:
    - 2008 rent limit
    - 2009 regular rent limit (if PIS in 2009) OR
    - 2010 regular rent limit
- **Caution San Angelo, Sherman-Denison MSA, must select based on PIS date.**

- If you project receives an allocation on or after 5/14/2010
  - Reflects rents calculated off of the regular 2010 income limits.
  - These are the lowest.

Gross Rent floor

- Examples: Texarkana **Texas**
- Project 1: allocated in 10/31/2008, placed in service October 2010
  - For income, use the limits in Table 3.
  - For rents, use the limits In Table 3.
  - 2 bedroom rent limit: $697/ 2 person income limit: $24,360

Gross rent floor

Project 2: Allocated credit in 10/1/2001, Placed in Service 12/15/2003

- ☐ For income, use the limits in Table 1
- ☐ For rents, use the limits in Table 1
- ☐ 2 bedroom rent limit: $697/ 2 person income limit: $24,840

Gross rent floor

- Project 3: Applying for a 2010 allocation of Housing Tax Credits
  - For income, use the limits in table 3
  - For rents, use the limits in Table 4
  - 2 bedroom rent limit: $685/ 2 person income limit: $24,360

Limits

- To determine which limits to use you must know your placed in service date and the date your property was allocated credit
- For 9% housing tax credit properties, your allocation date is the date of your carryover agreement
- For 4% HTC/Bond properties, your allocation date is the date of your determination agreement

- For Exchange properties, your allocation date is the date of your sub award agreement

- For TCAP, you allocation date is the date of your carryover agreement
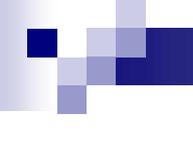
- Areas of Texas where HUD published 2010 limits decreased:
  - ☐ Atascosa, San Angelo, Sherman-Dennison, Texarkana, Angelina, Fayette, Sutton
  - ☐ Projects in San Angelo, Sherman, parts of Texarkana, and Fayette awarded HTCs after 5/14/2010 will have lower income and rent limits than existing HTC projects in the same area.
  - ☐ Atascosa, parts of Texarkana, Angelina and Sutton not affected because of rural limits.
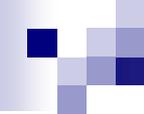
- Note that limits are for a "project" and it's possible to have more than one "project" for tax purposes on the same property.

- Form 8609, line 8b asks "Are you treating this building as part of a multiple building project for the purposes of Section 42?"

Assumptions

- Published limits assume that no project awarded and not yet placed in service has made a gross rent floor election to use the rent limits in effect at the time the buildings are placed in service.

Utility Allowances

- **Reminder: rent limits reflect a gross limit**

- **If residents pay some or all of the utilities, you must reduce the rent by a utility allowance**

- **Utility allowances must be reviewed and updated once a calendar year**

- Please review the limits
- Remember:
  - Your rents should not be lower than rents at the time of allocation
  - If you were in service, income and rents should not be lower than last year
  - Limits should not reflect a big increase

■ Questions