TO: LIHTC Property Owners, Site Managers and Others

FROM: Thalia Lee, Manager
Compliance Monitoring Department

DATE: April 20, 2009

RE: 2009 LIHTC Program Income Limits: Standard, HERA, HUD Impacted Hold Harmless Areas and National Nonmetropolitan Areas

---

As you know, the Housing and Economic Recovery Act (HERA) brought about some changes for the LIHTC industry. By now you have printed the new standard income limits and noticed that some counties have HERA Special Incomes. Additionally, you can use the greater of the area median gross income or the National Nonmetropolitan Median Income for some properties.

First, HUD did us a tremendous favor by publishing the LIHTC standard limits separately from the Section 8 limits. You will now access the Multifamily Tax Subsidy Program (MTSP) datasets at: http://www.huduser.org/datasets/mtsp.html. These limits will apply in most areas.

Secondly, what does "HUD Hold Harmless Impacted Area" mean?
A. In certain areas, the median gross income decreased and incomes would have been less than in the previous year but HUD, under its hold harmless policy, allowed the income amounts to remain at the amounts they were before the decrease. The HUD Hold Harmless Areas ARE the same as the two HERA Special areas.

HERA Special Rates are designed to benefit existing properties affected by the 2007 and 2008 HUD changes in census data tracking and adjusted area median income definitions. Existing means those properties **placed in service** by **12/31/08.**

Q. How do I know I can use the HERA Special Rates?
A. Two conditions apply: If HERA Special Rates are listed for the area in which your property is located AND the property was in service by 12/31/08, you can use the HERA rates. NOTE: There are only two (2) areas in Arkansas in which the HERA Special Rates apply and those are Fayetteville-Springdale-Rogers HFMA and Memphis-West Memphis HFMA (Crittenden County, AR). These areas are also the HUD Hold Harmless Impacted areas.

NOTE: If your project placed in service 1/1/2009 and forward, you CANNOT use the HERA Special Rates. You use the standard rates listed.

Q. Do the HERA Special Rates only apply to certain projects?
A. No. If your projects are located in the two areas listed and **in service** by 12/31/08, you can use the HERA Special Rates.

Q. Can I use HERA Special Rates in acquisition/rehab projects?
A. Yes, if the projects were in service by 12/31/08 and located in the two areas listed.

Q. Do the HERA Special Rates apply to properties funded with tax-exempt bonds?
A. Yes. Reference is made to Subsection 142(d)(2) –bond regulation made a part of section 42 by IRC 42(g)(4).

Thirdly, you have a choice of using the GREATER of standard 2009 area median gross income (AMGI) OR National Nonmetropolitan median income for properties defined as rural according to section 520 of the Housing Act of 1949. NOTE: This rule does NOT apply to tax-exempt bond financed properties. Use standard rates for tax-exempt bond financed properties.

Q. How do I know if my property address meets the definition of rural?
A. You will use the USDA website to determine if your property qualifies. Go to:
http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do;jsessionid+F7B80AD457B2DFBD4912310FC17E44

Go to Property Eligibility
Multifamily Housing
Property Eligibility Disclaimer
Click on ACCEPT
Enter your project address including the zip code
Click on Get Map
A statement will appear – "This address is located in an eligible area" or "This address is not located in an eligible area".
NOTE: This website is used for the sole purpose of determining if the property address qualifies as rural and not for incomes or rents.

Q. So, if my property address qualifies as rural, which income do I use?
A. You compare the area median gross income, adjusted for family size, with the nonmetropolitan median income, adjusted for family size, and use the GREATER of the two.

The National Nonmetropolitan Median Income for 2009 is $51,300.00. The chart below shows the adjustments for family size. The incomes shown on this chart ARE the amounts you compare to AMGI, adjusted for family size, and use the greater of the two.

	National Non-Metropolitan												
	Income Limit For Family Size												
	Median Income: $51,300								Rent Limits				
% of Median Income	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person	Efficiency	1/BR	2/BR	3/BR	4/BR
30%	10,770	12,300	13,860	15,390	16,620	17,850	19,080	29,310	269	288	346	400	446
50%	17,950	20,500	23,100	25,650	27,700	29,750	31,800	33,850	448	480	577	666	743
60%	21,540	24,600	27,720	30,780	33,240	35,700	38,160	40,620	538	576	693	800	892

Fayetteville - Springdale - Rogers HFMA	HERA Special Area (effective 3/19/2009)												
	Income Limit for Family Size												
	Median Income: $56,000								Rent Limits				
% of Median Income	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person	Efficiency	1/BR	2/BR	3/BR	4/BR
30%	11,880	13,560	15,270	16,950	18,300	19,650	21,030	22,380	297	318	381	440	491
50%	19,800	22,600	25,450	28,250	30,500	32,750	35,050	37,300	495	530	636	734	818
60%	23,760	27,120	30,540	33,900	36,600	39,300	42,060	44,760	594	636	763	881	982

Memphis - West	HERA Special Area (effective 3/19/2009)												
Memphis HFMA	Income Limit for Family Size												
	Median Income: $57,800								Rent Limits				
% of Median Income	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person	Efficiency	1/BR	2/BR	3/BR	4/BR
30%	12,780	14,610	16,440	18,270	19,740	21,180	22,650	24,120	319	342	411	475	529
50%	21,300	24,350	27,400	30,450	32,900	35,300	37,750	40,200	532	570	685	791	882
60%	25,560	29,220	32,880	36,540	39,480	42,360	45,300	48,240	639	684	822	950	1,059

Q. Are rents based on the higher income limits?
A. Yes. The method for calculating rents has not changed. Remember that the tenant's portion of rent plus utility allowance cannot exceed the maximum allowable rent.

<u>CAUTION: If you have other programs, such as the HOME Program, layered with tax credit properties, the rules are different. Please be aware the income and rent limits for the HOME program may be lower and you must comply with the HOME program requirements.</u>