

2010 HTC and Tax Exempt Bond RENT Limits
Effective 05/14/2010

June 21, 2010

As you know, HUD issued revised income limits effective May 14, 2010. Minnesota Housing has posted the new tables with rent limits on its website. HERA established additional sets of income and rent limits due to certain hold harmless provisions that affect some counties in Minnesota, including the Rochester HMFA and the St. Cloud MSA. According to HERA, **the Placed in Service (PIS) date for a Project in these counties determines which set of limits to use.** Unless the Owner has elected treatment as a multiple building project on IRS Form 8609, each building is considered a separate "project;" therefore it may be possible that different rent limits must be applied within a project if buildings were placed in service on different dates. **2010 Rent and Income Limits for all Minnesota projects with tax credits are now published in three tables:**

Table A, for projects Placed In Service on or before 12/13/2008

Table B, for projects Placed In Service on 1/1/2009 to 5/13/2010

Table C, for projects Placed In Service on or after 5/14/2010

NOTE: There is a forty-five (45) day grace period from the effective date to when the rent and income limits must be implemented. Although there was a delay from the effective date to posting, the new rent and income limits must be implemented by June 28, 2010.

For your information, according to IRS requirements, rent limits are based on an imputed formula of 1.5 persons per bedroom. For example, to calculate the one-bedroom rent limit: add the one person income limit to the 2 person income limit, divide by two, multiply by 30% and divide by twelve. **Any rent limit that ends in cents must be rounded down.** Rent is gross rent, which includes utilities paid by the tenant and other non-optional charges.

Use <http://www.housinglink.org/Home.aspx> to reach the Minnesota Housing Link website and locate the current PHA utility allowances for projects with tax credits issued by Suballocators.

The Housing and Economic Recovery Act of 2008 (HERA) changed the procedure for calculating income limits. Income limits for projects funded with tax credits and/or financed with tax exempt housing bonds (TE Bonds) now are calculated and presented separately from the Section 8 income limits. Beginning with the publication of FY2009 Median Family Income estimates and Income Limits, the Section 8 income limits CAN NO LONGER BE USED for tax credit or TE Bond properties. **The tax credit and TE Bond limits published by HUD can be found at the following link:**

<http://www.huduser.org/datasets/mtsp.html> .

If you are interested in the rent and income limits formula for your general education and information, use http://www.mnhousing.gov/housing/tax-credits/compliance/MHFA_004656.aspx to reach Minnesota Housing's description of requirements for hold harmless counties.