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## MEMORANDUM

TO: Owners and Managers of HOME-assisted Projects monitored by St. Louis County

FROM: Peris Oladipo, Compliance Officer - Affordable Housing Connections, Inc. *Peris*

DATE: January 20, 2012

SUBJECT: **2012 HOME Program Rent and Income Limits**

St. Louis County, the Participating Jurisdiction (“PJ”) for your rental housing project that is assisted with funding from the federal HOME Investment Partnership Program (HOME), has contracted our services to assist them with compliance monitoring. At their request, we are providing the following information:

Find enclosed the recently released HOME Program rent and income limits for counties within the NE Minnesota HOME Consortium of which St. Louis County is the PJ. These rent and income limits are **effective February 9, 2012.**

The HOME rent limits are based on the FY 2012 Section 8 Fair Market Rents which were published in the Federal Register on September 30, 2011 (**76 FR 60968**) and on the FY 2012 Income Limits for the Public Housing/Section 8 Income Limits which were issued on December 1, 2011 by Notice **PDR-2012-02.**

In accordance with 24 CFR 92.252(a), the High HOME Rents are the lesser of the Fair Market Rents (FMRs) or 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area. The Low HOME Rents are based on 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area. By regulation, the Low HOME Rents may not exceed the High HOME Rents.

For FY 2012 any HOME rent limits that would have decreased from FY 2011 levels were held constant at last year's rent limit amount. The hold harmless policy for HOME rent limits is described in the May 17, 2010 Federal Register Notice "Final Notice on Ending the "Hold-Harmless" Policy in Calculating Section 8 Income Limits under the United States Housing Act of 1937." The specific rent limits that were held harmless are identified with an asterisk on the enclosed rent limit page.

Please take note of the applicable limits for the county where your project is located. The maximum allowable rent for HOME assisted units includes both the contract rent and an amount for utilities paid by the tenant (published current utility allowances). This total often is referred to as the “Total Tenant Payment.” If the new rent limits are lower than the current Total Tenant Payment being charged, or if rent increases anticipated in 2012 (for new leases, including month-to-month, executed

after February 9, 2012) would cause Total Tenant Payment amounts over the limit, the rents must be adjusted downward, with the following exception in accordance with the HOME Final Rule:

**§ 92.252 Qualification as Affordable Housing: Rental Housing**

f. *Subsequent rents during the affordability period.*

1. *The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.*

**2012-13 Rent Increases**

Any leases (including month-to-month) executed on or after February 9, 2012 must be in compliance with the new rent limits. For existing tenants, please note that “any increase in rents for HOME-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase (or decrease) in rents.” Any rent increases must also be in accordance with the written Agreement between the county and project owner.

Please feel free to call me at (651) 222-8319 with any questions or concerns or e-mail me at [peris@ahcinc.net](mailto:peris@ahcinc.net)

Thank you.

Attachment

# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

## Northeast Minnesota HOME Consortium HOME Program Rent and Income Guidelines

(Compiled and provided to owner/manager by AHC)

### 2012 HOME Program Rent Limits

Effective Date: February 9, 2012

PROGRAM	EFF	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
<b>Duluth, MN-WI MSA (St. Louis County)</b>							
LOW HOME RENT LIMIT	447	545	687	810	903	997	1090
HIGH HOME RENT LIMIT	447	545	687	863	1099	1215	1312
For Information Only:							
FAIR MARKET RENT	447	545	687	863	1099	1264	1429
50% RENT LIMIT	546	585	701	810	903	997	1090
65% RENT LIMIT	689	739	889	1019	1118	1215	1312
<b>Cook County, MN</b>							
LOW HOME RENT LIMIT	435	553	671	780	866	960	1050
HIGH HOME RENT LIMIT	435	553	671	841	866	996	1126
For Information Only:							
FAIR MARKET RENT	435	553	671	841	866	996	1126
50% RENT LIMIT	525	562	675	780	870	960	1050
65% RENT LIMIT	663	711	856	980	1074	1167	1259
<b>Itasca County, MN</b>							
LOW HOME RENT LIMIT	426	526	655	780	870	960	1050
HIGH HOME RENT LIMIT	426	526	655	793	930	1070	1209
For Information Only:							
FAIR MARKET RENT	426	526	655	793	930	1070	1209
50% RENT LIMIT	525	562	675	780	870	960	1050
65% RENT LIMIT	663	711	856	980	1074	1167	1259
<b>Koochiching County, MN</b>							
LOW HOME RENT LIMIT	387	495	596	752	774	890	1006
HIGH HOME RENT LIMIT	387*	495*	596*	752*	774*	890*	1006*
For Information Only:							
FAIR MARKET RENT	378	484	583	735	757	871	984
50% RENT LIMIT	543	582	698	807	901	994	1086
65% RENT LIMIT	686	737	887	1015	1114	1210	1306
<b>Lake County, MN</b>							
LOW HOME RENT LIMIT	429	545	661	780	853	960	1050
HIGH HOME RENT LIMIT	429	545	661	828	853	981	1109
For Information Only:							
FAIR MARKET RENT	429	545	661	828	853	981	1109
50% RENT LIMIT	525	562	675	780	870	960	1050
65% RENT LIMIT	663	711	856	980	1074	1167	1259

\* HOME Program Rent held at last year's level.

**Note:** For all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent Limit and/or Low HOME Rent Limit.

**2012 Adjusted HOME Income Limits**  
**Effective Date: February 9, 2012**

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
<b>Duluth, MN-WI MSA (St. Louis County)</b>								
30% OF MEDIAN	13100	15000	16850	18700	20200	21700	23200	24700
VERY LOW INCOME	21850	24950	28050	31150	33650	36150	38650	41150
LOW-INCOME	34900	39900	44900	49850	53850	57850	61850	65850
<b>Cook County, MN</b>								
30% LIMITS	12600	14400	16200	18000	19450	20900	22350	23800
VERY LOW INCOME	21000	24000	27000	30000	32400	34800	37200	39600
LOW INCOME	33600	38400	43200	48000	51850	55700	59550	63400
<b>Itasca County, MN</b>								
30% LIMITS	12600	14400	16200	18000	19450	20900	22350	23800
VERY LOW INCOME	21000	24000	27000	30000	32400	34800	37200	39600
LOW INCOME	33600	38400	43200	48000	51850	55700	59550	63400
<b>Koochiching County, MN</b>								
30% LIMITS	13100	14950	16800	18650	20150	21650	23150	24650
VERY LOW INCOME	21750	24850	27950	31050	33550	36050	38550	41000
LOW INCOME	34800	39800	44750	49700	53700	57700	61650	65650
<b>Lake County, MN</b>								
30% LIMITS	12600	14400	16200	18000	19450	20900	22350	23800
VERY LOW INCOME	21000	24000	27000	30000	32400	34800	37200	39600
LOW INCOME	33600	38400	43200	48000	51850	55700	59550	63400