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MEMORANDUM

TO: Owners and Managers of HOME-assisted Projects in the City of Saint Paul

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

DATE: January 20, 2012

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

The City of Saint Paul Community Planning & Economic Development Department (CPED), the Participating Jurisdiction ("PJ") for your rental housing project that is assisted with funding from the federal HOME Investment Partnership Program (HOME), has retained 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 the Minneapolis-St. Paul-Bloomington, MN-WI MSA. 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.

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 2010 (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 Increase Approval

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 city and project owner. A rent matrix or rent roll must be submitted to Affordable Housing Connections along with the utility allowance source document you are using. We will review the rents and utility allowance for compliance and forward the information to the City of Saint Paul PED for approval. **Proposed rents for 2012 - 2013 must be approved by the Participating Jurisdiction before project rents are increased. Rent increases may not be put into effect without prior written approval.**

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

Thank you.

Attachment

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

HOME Program Rent and Income Guidelines (Completed and provided to owner/manager by AHC)

Minneapolis-St. Paul-Bloomington, MN-WI MSA

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
Extremely Low Income 30% LIMITS	17650	20150	22650	25150	27200	29200	31200	33200
Very Low Income 50% of Median	29400	33600	37800	41950	45350	48700	52050	55400
Low Income 80% of Median	45500	52000	58500	65000	70200	75400	80600	85800

2012 HOME PROGRAM RENTS

Effective Date: February 9, 2012

	EFF	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
LOW HOME RENT LIMIT	646	761	924	1092*	1218*	1344*	1470*
HIGH HOME RENT LIMIT	646*	761*	924*	1210*	1359*	1563*	1767*
For Information Only:							
FAIR MARKET RENT	632	745	904	1183	1330	1530	1729
50% RENT LIMIT	735	787	945	1091	1217	1343	1468
65% RENT LIMIT	935	1003	1206	1385	1525	1664	1803

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

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