

TO: Owners and Managers of HOME assisted Projects
FROM: Affordable Housing Connections, Inc.
DATE: May 26, 2022
SUBJECT: **2022 HOME Program Income and Rent Limits**

Affordable Housing Connections (AHC) monitors compliance of rental projects awarded Federal HOME Investment Partnerships Program (HOME) funding from the following Participating Jurisdictions (PJs):

- **Hennepin County**
- **City of Minneapolis**
- **City of Saint Paul**
- **City of Woodbury**
- **St. Louis County**
- **Ramsey County**
- **Washington County CDA**

At your PJ's request, we are providing the following information:

The recently published HOME Program income and rent limits for the Minneapolis-St. Paul-Bloomington, MN-WI MSA and Counties in the Northeast MN HOME Consortium. The 2022 HOME Income and Rent Limits effective date is June 15, 2022. These and limits for other local and national jurisdictions are available on the HUD Exchange at the links below:

- **[2022 HOME Income Limits](#)**
- **[2022 HOME Rent Limits](#)**

The 30% limits are provided for the HOME Program because the Consolidated Plan requires information on extremely low-income families. The 60% limits are provided because each PJ must invest HOME funds made available during a fiscal year so that not less than 90% of families receiving HOME rental assistance or occupying HOME rental units are families whose annual incomes do not exceed 60% of the median family income for the area. The 60% limits are calculated in accordance with current IRS guidelines to ensure consistency between the HOME Program and the LIHTC Program.

The Low HOME Rent Limit is the lesser of the Section 8 Fair Market Rent (FMR) for the area or a rent equal to 30% of the annual income of a family whose income equals 50% of the area median income, as determined by HUD. The High HOME Rent Limit is the lesser of the Section 8 Fair Market Rent (FMR) for the area or a rent equal to 30% of the annual income of a family whose income equals 65% of the area median income, as determined by HUD.

HUD's Economic and Market Analysis Division calculates the HOME rents each year using the FMRs and the Section 8 Income Limits. For informational purposes only, the HOME Rent Limit worksheets include the 2022 FMRs, the 50% rent limits, and the 65% rent limits. HUD is continuing to provide this information so that PJs will know which of the "lesser of" standards has been applied. Some jurisdictions may also find this information useful in designing local programs that do not use HOME funds.

The HOME Rent Limits are applicable to new leases and lease renewals effective on/after **June 15, 2022**. The maximum allowable rent for HOME assisted units includes the unit rent, an amount for utilities paid by the tenant (*using the correct utility allowance for the project*) and all non-optional charges. This amount is referred to as the **Gross Rent**. **Projects must carefully review current Gross Rents**. If the new rent limits are lower than a unit's current Gross Rent, or if rent increases anticipated in 2022 (for new leases and/or lease renewals executed on/after June 15, 2022) would cause the Gross Rent amount to exceed the HOME rent 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.*

2022-2023 RENT INCREASE APPROVALS

All rent increases must be approved by the PJ before implementation. The project owner may be required to reimburse overpayments if this requirement is violated. A [HOME Rent Increase Request Form](#) must be completed and submitted to AHC along with the appropriate utility allowance source document used at your project showing the total of tenant paid utilities for each Unit Type and Bedroom Size. AHC staff will review the rents and utility allowance for compliance and forward the information to the PJ for further action. **Rent increases may not be put into effect without prior written approval.**

Any leases executed on/after June 15, 2022 must comply with the 2022 rent limits. For existing tenants, please note that any increase in rent 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.

Please contact your AHC portfolio contact with any questions and concerns you may have.

Thank you.