



Oregon
Theodore R. Kulongoski, Governor



Housing and Community Services

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To: Owners/Agents of LIHTC and Tax-Exempt Bond Properties
From: Tonya Evans, LIHTC Program Lead, Program Analysis and Enforcement
Date: April 7, 2009
Re: Multifamily Tax Subsidy Program (MTSP) Income and Rent Limits

As most of you are already aware, HUD recently posted (on 03/19/09) the new 2009 Income and Rent Limits to their website. However, as a result of the enactment of the Housing and Economic Recovery Act of 2008 (commonly referred to as “HERA”), income and rent limits for projects funded with Housing Credits (under Section 42 of the IRC) and/or Tax-Exempt Bonds (under Section 142 of the IRC) **will no longer be** calculated and published with HUD’s Section 8 limits.

Instead, LIHTC and Tax-Exempt Bond Program rent and income limits will be referred to as the MTSP Limits, and can be found on HUD’s website at <http://www.huduser.org/datasets/mtsp.html> . Within these datasets you will find the income limits separated into two categories for each Metropolitan Statistical Area (MSA) or county:

1. **Very Low Income and 60% Income Limits** – to be used for projects that are considered to be in “existence” (defined by OHCS as “placed-in-service”, or “PIS”) *after* 12/31/08, and the
2. **HERA Special 50% and 60% Limits** – these limits are slightly higher than the very low (50%) and 60% income limits and can only be applied to HUD hold harmless impacted projects that were considered to be in “existence” (or “PIS”) *prior to* 01/01/09. For multiple building projects, at least one of the buildings must have been PIS on or prior to 12/31/08 to be considered “in existence”.

** Please note that not all MSAs or Counties in Oregon have projects that are eligible to use the HERA Special Limits. If the HERA limits **are not** listed next to a project’s applicable MSA or County, the project would not be considered a HUD hold harmless impacted project. To determine the eligible areas in Oregon, please refer to HUD’s FY2009 MTSP Income Limits Table (at http://www.huduser.org/datasets/mtsp/mtsp09/MTSP_IncomeLimits_Report.pdf).

If your project is considered to be part of a HUD hold harmless MSA or county, **use the set of limits that provide the highest amounts available**, which will be the HERA Special Limits.

National Non-Metro Median Income

In addition to the two options listed above, HERA also provided certain LIHTC projects with rural or non-metro designations the option to base their income and rent limits on (a) the National Non-Metro Median Income (**\$51,300 for 2009**) or (b) the Actual Median Gross Income (AMGI), whichever one is higher.

In order to determine if a project is eligible to use the National Non-Metro Median Income, the project must meet the definition of rural as provided by the US Department of Agriculture (USDA). The USDA has made these determinations available by area at the following web page address:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp&NavKey=property@12>

After entering the site, click “Accept” and you will be directed to a page which will allow you to fill in the project’s address. Once this has been done, the site will state if the project does indeed fit the USDA’s definition of rural.

This rule became effective on 07/31/08, is not retroactive, and **only applies to rural or non-metro** LIHTC Developments with 9% credit allocations. Housing Credit projects with tax-exempt bond financing or HOME funding attached are not eligible to use this option.

Please note that some of the information provided above was based on OHCS’ interpretation of the language within the Housing and Economic Recovery Act of 2008, as well as based on guidance provided by industry leaders. As such, the direction provided here within may be subject to future changes at the discretion of HUD, the IRS, or by legislative mandate. We will do our best to stay current with Program updates and changes.

The 2009 LIHTC and Tax-Exempt Bond Program Income and Rent Limits are now posted on the OHCS website (at http://www.ohcs.oregon.gov/OHCS/HPM_income_rent_limits.shtml) and present, by County, the income and rent limits discussed here that will apply to your project.

Should you have questions or concerns, please contact your project’s assigned Compliance Officer, or you may contact me at Tonya.Evans@hcs.state.or.us. You may also contact Heather Pate, the Program Enforcement and Analysis Section Manager at Heather.Pate@hcs.state.or.us.

Sincerely,

Tonya Evans
Compliance Officer, LIHTC Lead
Program Enforcement and Analysis Section