

Excerpt from Novogradac & Co. rent and income calculator

Question A determines income AND rent limits.

Question B determines rent floor -- and only applies to Scenario 3 from Question A.

A. When is the project placed in service?

1. Prior to January 1, 2009 (Eligible for HERA Special and Hold Harmless)
2. On or after January 1, 2009 but before May 14, 2010 (Eligible for Hold Harmless)
3. On or after May 14, 2010 (Effective date of new income limits)

B. When is the rent floor election effective?

1. Unknown (your rent will be calculated without considering the rent floor election)
2. On or after 05/14/2010 (2010 rent limits)
3. On or after 03/19/2009 but before 05/14/2010 (2009 rent limits)
4. On or after 02/13/2008 but before 03/19/2009 (2008 rent limits)
5. On or after 03/20/2007 but before 02/13/2008 (2007 rent limits)
6. On or after 03/08/2006 but before 03/20/2007 (2006 rent limits)

Question B footnote (language from IRS Revenue Procedure 94-57):

Except for a low-income building described in section 42(h)(4)(B) (a bond-financed building), the Internal Revenue Service will treat the gross rent floor in section 42(g)(2)(A) as taking effect on the date an Agency initially allocates a housing credit dollar amount to the building under section 42(h)(1). However, the Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that made the allocation to the building no later than the date on which the building is placed in service.

For a bond-financed building, the Service will treat the gross rent floor in section 42(g)(2)(A) as taking effect on the date an Agency initially issues a determination letter to the building. However, the Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that issued the determination letter to the building no later than the date on which the building is placed in service.