

# THE HFA INSTITUTE 2020

## Coordinating Compliance with Multiple Subsidies

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HOME and Housing Trust Fund JANUARY 12 – 14			
			Housing Credit JANUARY 14 – 16
	MRBs and Other Federal Homeownership Programs JANUARY 15 – 17		
		Section 8 and Other Federally Assisted Multifamily Housing JANUARY 15 – 17	

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## What is Gross Rent?

Low Income Housing Tax Credit (LIHTC)

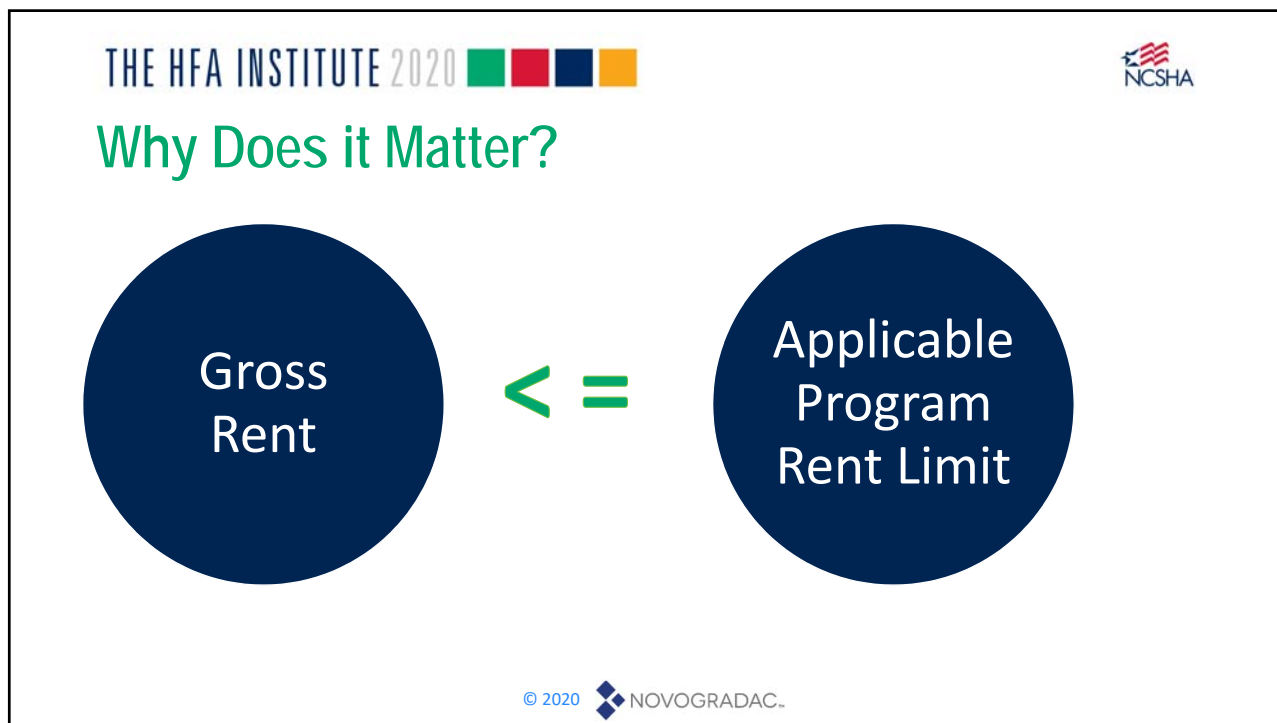
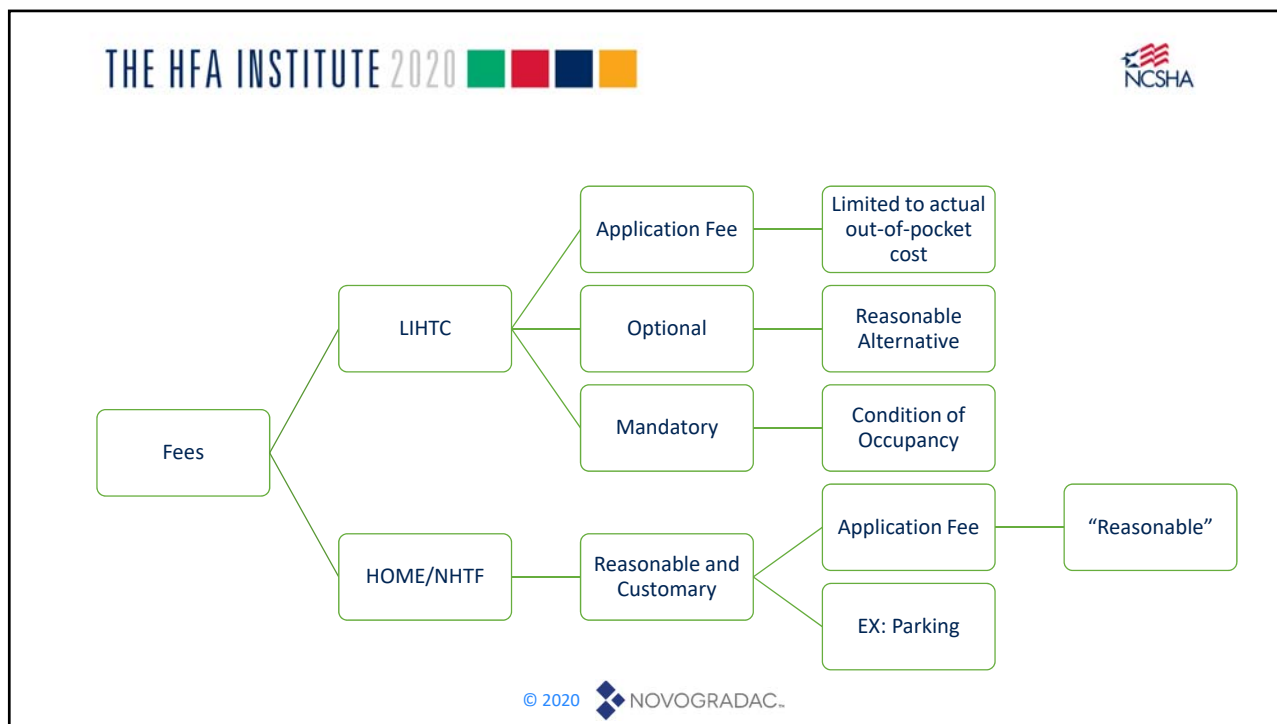
Tax Exempt Bond (Bonds)

HOME

National Housing Trust Fund (NHTF)

- Tenant Rent
  - Utility Allowance
  - Mandatory Fees
  - IRC §42(g)
- 
- None; unless....
  - Deep rent skewed project
  - IRC §142(d)
- 
- Tenant Rent
  - Utility Allowance
  - Rental Assistance
  - 24 CFR Part 92- §92.252
- 
- Tenant Rent
  - Utility Allowance
  - Rental Assistance
  - 24 CFR Part 93- §93.302

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## Where Do I Find Rent Limits?

- LIHTC/Bonds
  - Calculated from the Multifamily Tax Subsidy Income Limits
    - HUD Standard and HERA
    - 50% (Section 8 VLIL) and 60% published (Section 8 VLIL x 1.2)
- HOME
  - Published by HUD's Office of Policy Development and Research (PDR)
    - Low HOME = 30% of the annual income of a family whose income equals 50 percent of the area median income, as determined by HUD, capped by the High HOME Rent Limit
    - High HOME = lesser of the Section 8 Fair Market Rent (FMR) for the area or a rent equal to 30 percent of the annual income of a family whose income equals 65% of the area median income, as determined by HUD
- NHTF
  - Published by HUD's Office of Policy Development and Research (PDR)
    - 30% = the greater of 30% of the federal poverty line or 30% rent calculated by HUD
    - 50% = 30% of the income of a family whose annual income equals 50% of the median income for the area

## Utility Allowances

### LIHTC

- Treasury Regulation §1.42-10
- Owner

### HOME

- 24 CFR Part 92-§92.252(d)
- HOMEfires - Vol. 13 No. 2, May 2016 (revised August 2016)
- Participating Jurisdiction

### NHTF

- 24 CFR Part 93-§93.302(c)
- Guarantee

## HUD Programs- Utility Allowance

- **Section 8 Project Based**
  - 24 CFR Part 245- §245.416
  - HUD Multifamily Notice H-2015-04
- **Housing Choice Voucher (HCV)**
  - 24 CFR Part 982- §982.517
- **Rental Assistance Demonstration (RAD)**
  - Follows Section 8 project-based vouchers (PBV) or Section 8 project based rental assistance (PBRA) depending on activity

## Annual Review Requirements

### LIHTC/Bond

- PHA Method- implement within 90 days rent due after new allowance is made available
- Alternate Methods- once a calendar year

### HOME/NHTF

- Review and update annually (both rent and utility allowance)

### HUD Programs

- Review annually and required to revise if change  $\geq$  10%

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## Special Rule for LIHTC

- Section 8 Tenants:
  - The portion of the rent paid by Section 8 tenants can exceed the LIHTC rent ceiling as long as the owner receives a Section 8 assistance payment on behalf of the resident
- Rural Development
  - Gross rent can exceed the LIHTC limit as long as the owner pays RD the rent amount over the limit (all of the overage) that unit is in compliance

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## Special Rule for HOME and NHTF

- If the unit receives Federal/State project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30% of the tenant's adjusted income, the maximum rent is the rent allowable under the Federal/State project-based rental subsidy program.
  - Unit must be receiving rental assistance
  - Household gross income must be restricted to 50% (VLI)

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## Special Rule for HOME

- Over-income Tenants
  - Continue to qualify as affordable if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected...
    - If 100% restricted, rent = 30% of the household's adjusted income
    - With unrestricted units, rent = to the lesser of 30% of the household's adjusted income or the comparable Market rent
    - With LIHTC units, rent = to the lesser of 30% of the household's adjusted income or the rent allowable under the other program

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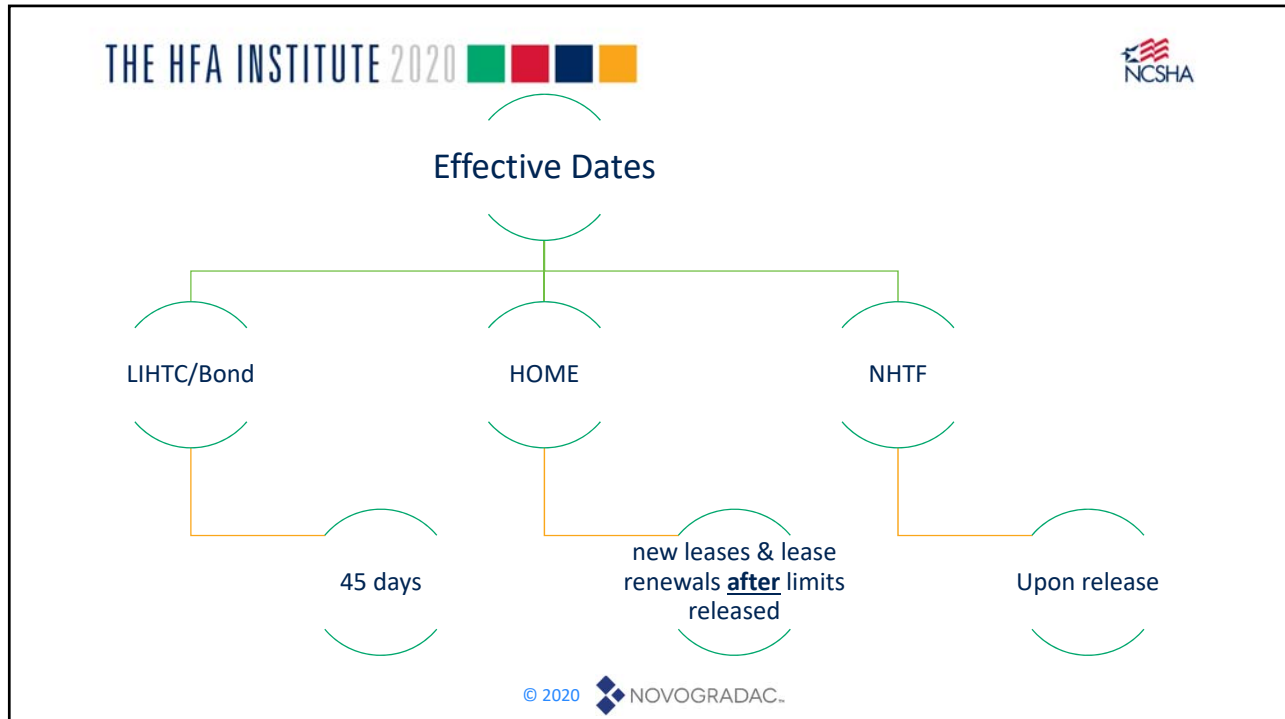
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## Rent "Floors"

- LIHTC
  - Revenue Procedure 94-57
  - Is the initial date LIHTCs allocated; unless...
  - Owner takes action to elect at placed in service (DON'T DO THIS!)
- HOME
  - Rents do not have to fall below the HOME rents in effect at the time the HOME funds were committed


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