

THE HFA INSTITUTE 2019

Rent and Income Limits

H. Blair Kincer, MAI

Novogradac & Company LLP



National Council of
State Housing Agencies

HOME and
Housing Trust
Fund
JANUARY 13 – 15



Housing Credit
JANUARY 15 – 17



MRBs and
Other Federal
Homeownership
Programs
JANUARY 16 – 18



Section 8 and
Other Federally
Assisted
Multifamily
Housing
JANUARY 16 – 18

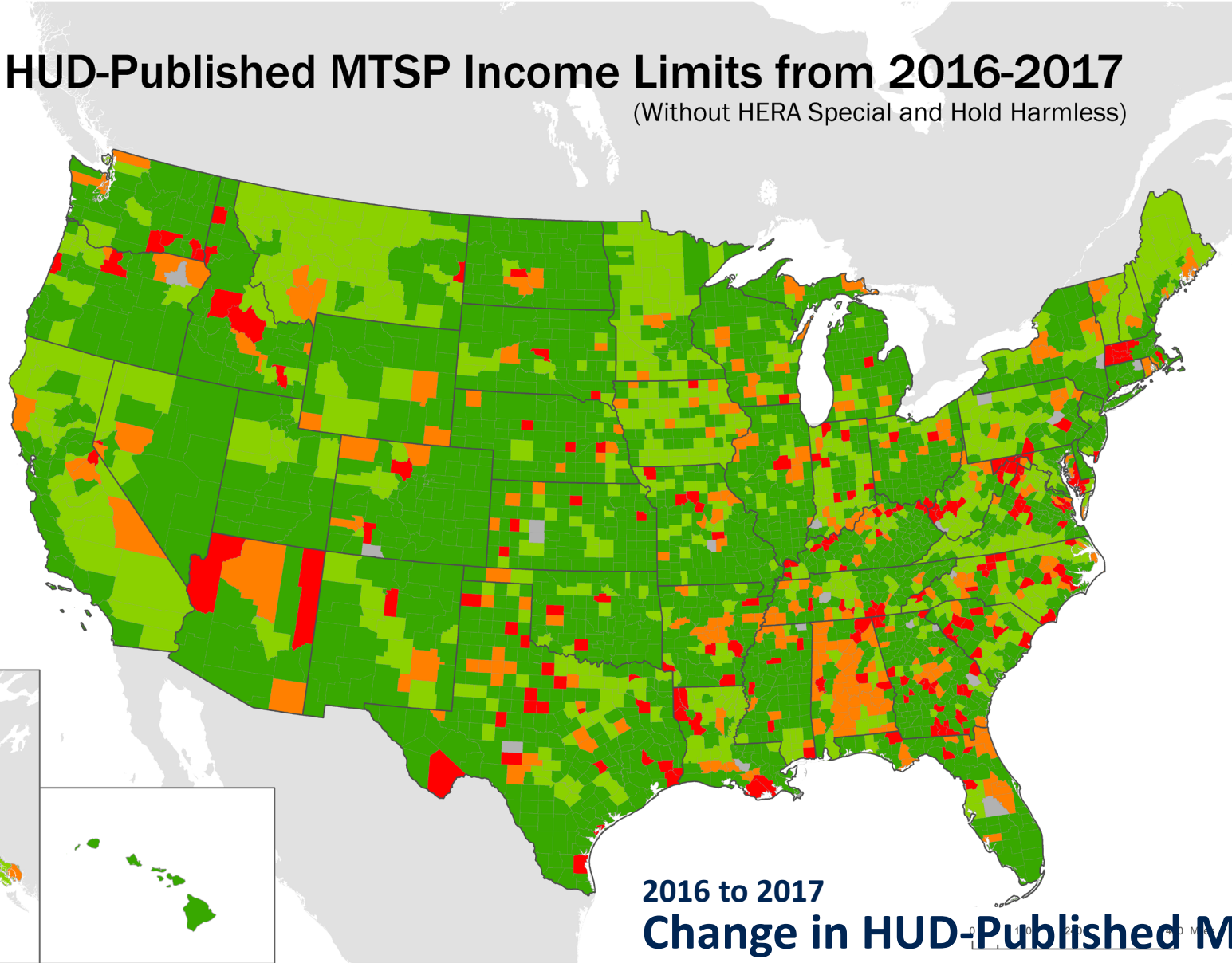
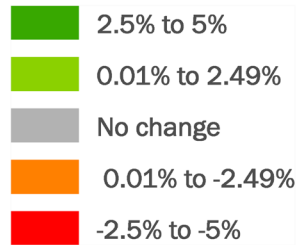


Income Limit Trends

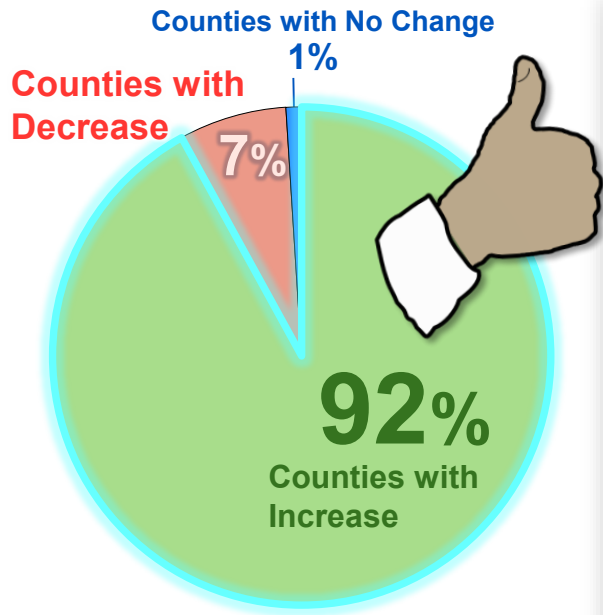
- AMI change
 - 2016-2017
 - 2017-2018
 - Signs of growth
- AMI calculation:
 - Is my metro area receiving a special adjustment from HUD?
- Projecting AMI
 - 2019
 - 2020
 - 2018 Income limits were released in April 2018, but shutdown could affect release dates for 2019.

Change in HUD-Published MTSP Income Limits from 2016-2017

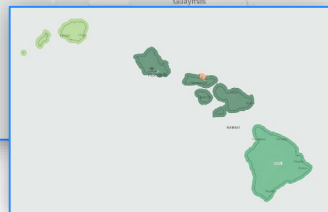
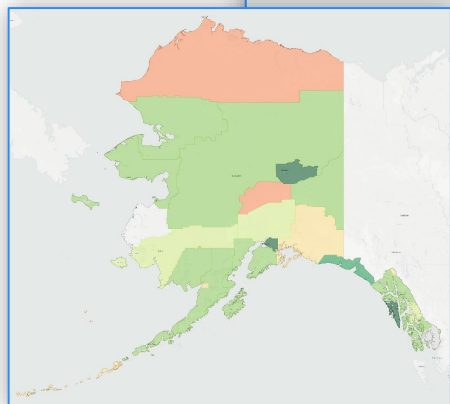
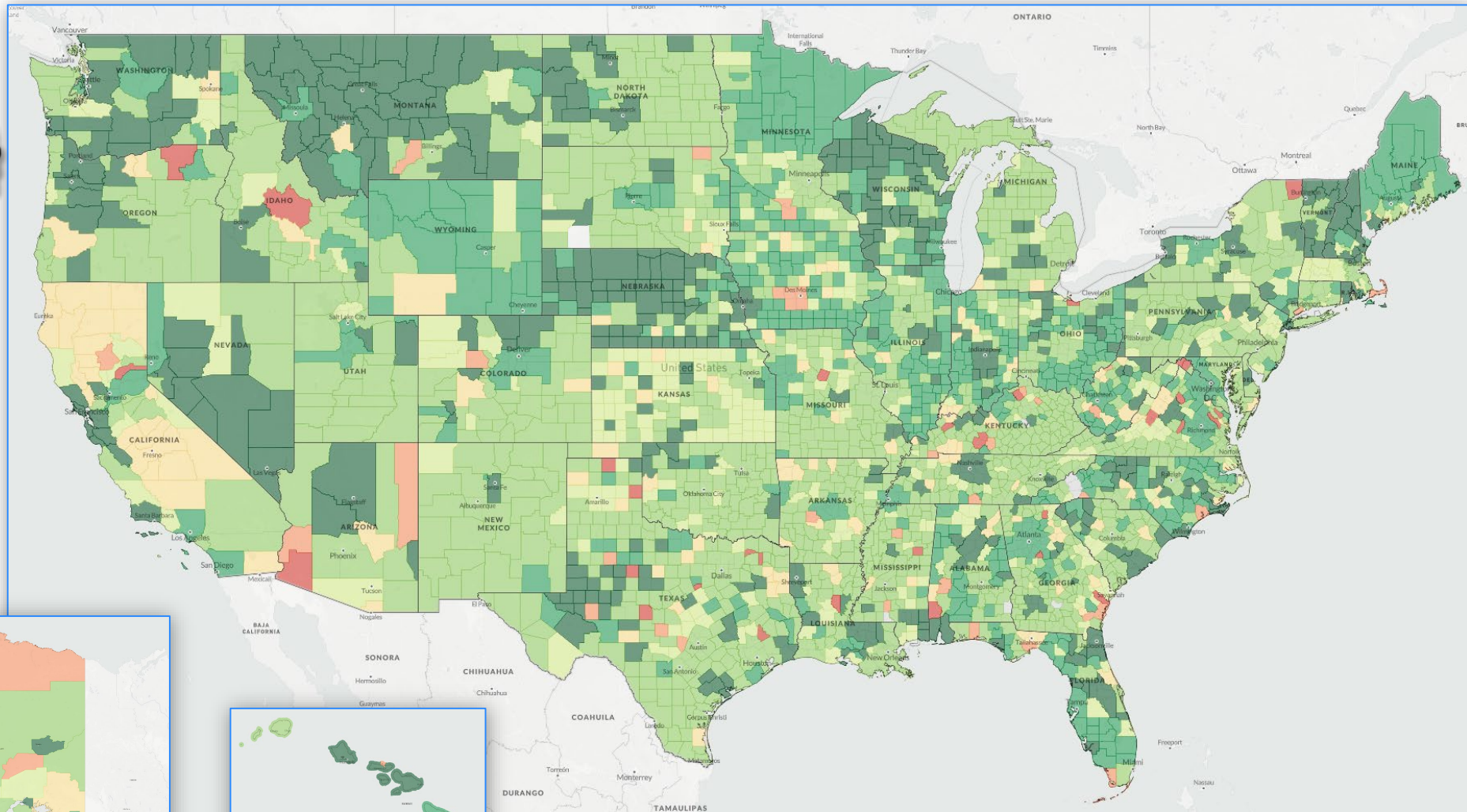
(Without HERA Special and Hold Harmless)



2016 to 2017
Change in HUD-Published MTSP Limits



- Less Than 5%
- -5% to -2.5%
- -2.5% - 0
- No change
- 0-2.5%
- 2.5-5.75%
- 5.75 - 8%
- Greater than 8%



2017 to 2018

For NEW Projects
Change in HUD-Published MTSP Limits

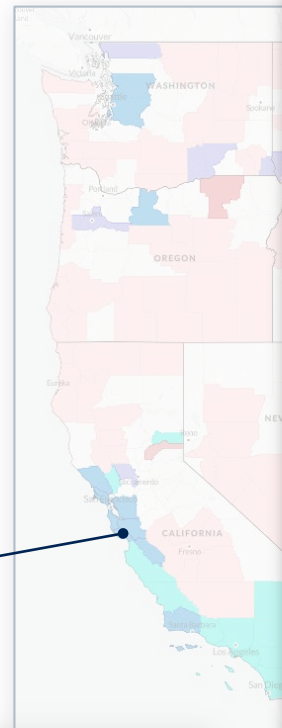
Table 1 summarizes the rules governing very low-income limit determinations:

Table 1
Summary of Income Limits Determinations for
FY 2018 Very Low-income Limits

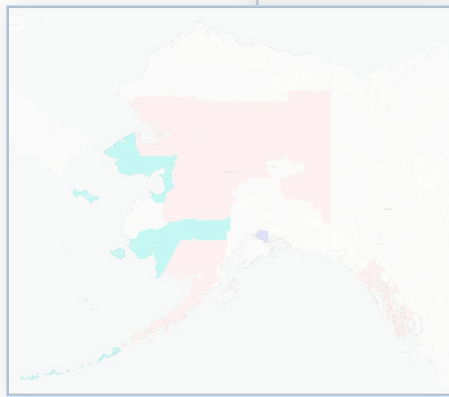
Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
1. Limits based on 50% of local median family income	595	396
2. Limits based on State non-metropolitan median family income level	1278	118
3. Limits increased to the amount at which 35% of 4-person family's income equals 85% of the 2-bedroom 40 th percentile rent	14	24
4. Limits decreased to the greater of 80% of the U.S. median family income or the amount at which 10% of a 4-person family's income equals 100% of the 2-bedroom 40 th percentile rent	1	1
5. Limits floored if they would be less than 95% of last year's limit	28	15
6. Limits capped if they would otherwise increase by more than twice the increase in the National Median Income (i.e., would be more than 111.5% of last year's limit)	58	71
7. TOTALS	1974	625

Low-income Limits

Most four-person low-income limits are the higher of: (a) 80 percent of the area median family income, or (b) 80 percent of the State non-metropolitan median family income level. Because the very low-income limits are not always based on 50 percent of median, simply calculating low-income limits as 80 percent of median could produce anomalies inconsistent with statutory intent (e.g., very low-income limits could be higher than low-income limits). The calculation normally used, therefore, is to set the four-person low-income limit at 1.6 (i.e., 80% x 50%) times the relevant four-person very low-income limit. The only exceptions are that the resulting income limit may not exceed the U.S. median family income level (\$71,900 for FY 2018) except when justified by high housing costs. Further, that income limit



High Housing Cost Area -AND- 11.5% Cap

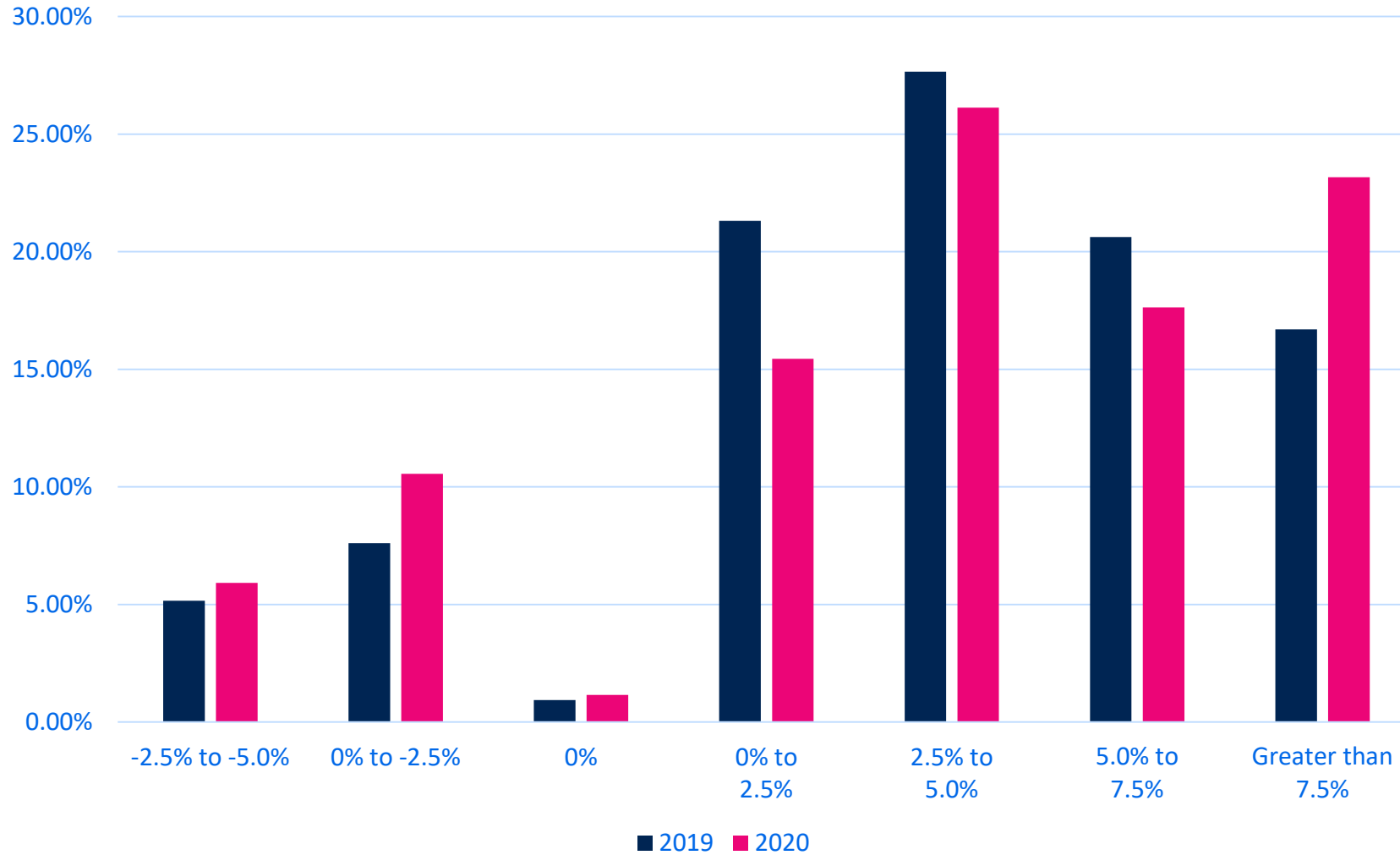


- Equal to 50% AMI
- State Median Income Area
- High Housing Cost Area
- Low Housing Cost Area
- 5% Floor
- 11.5% Cap

	Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
1.	Limits based on 50% of local median family income	595	396
2.	Limits based on State non-metropolitan median family income level	1278	118
3.	Limits increased to the amount at which 35% of 4-person family's income equals 85% of the 2-bedroom 40 th percentile rent	14	24
4.	Limits decreased to the greater of 80% of the U.S. median family income or the amount at which 30% of a 4-person family's income equals 100% of the 2-bedroom 40 th percentile rent	1	1
5.	Limits floored if they would be less than 95% of last year's limit	28	15
6.	Limits capped if they would otherwise increase by more than twice the increase in the National Median Income (i.e., would be more than 111.5% of last year's limit)	58	71
7.	TOTALS	1974	625



Estimated change in VLI (Percent of Areas)



OPEX Trends

- 2010-2017 LIHTC audited financial data from Novogradac
 - Overall operating expense growth
 - Utility trends
 - NOI

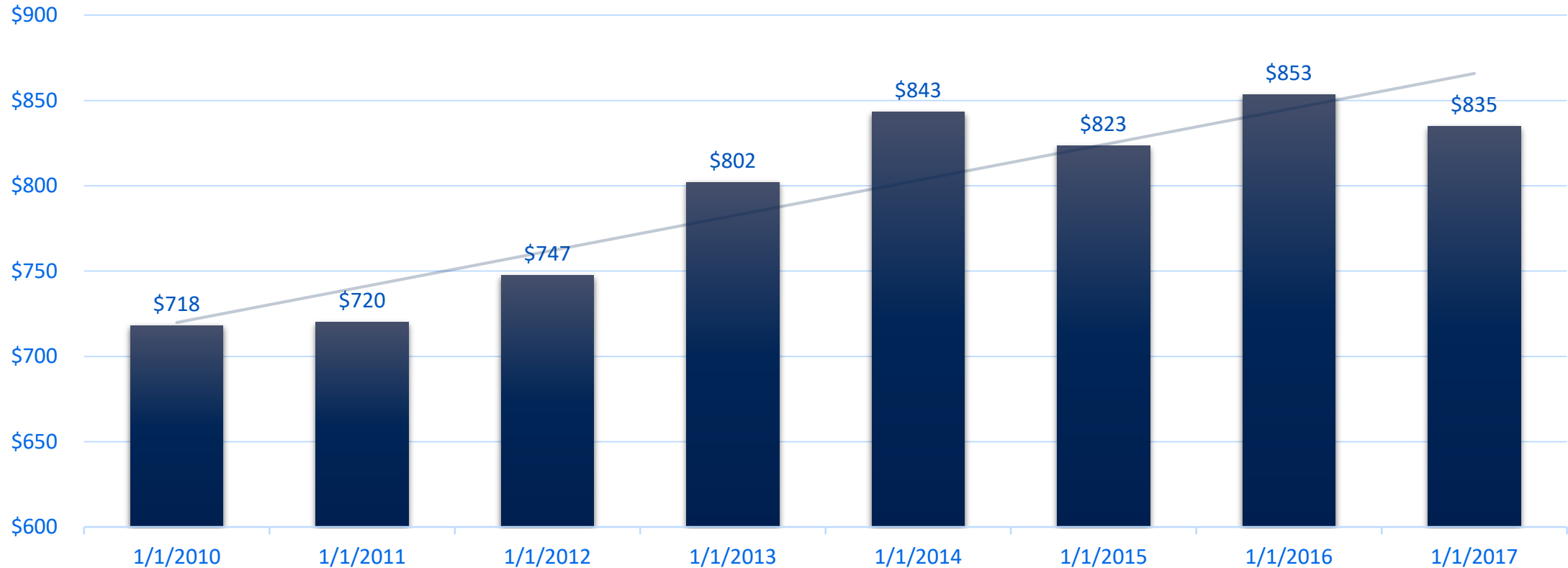
Overall LIHTC operating expenses

Median Operating Expenses per Unit



Overall LIHTC Utility Expenses

Median Utility Cost Per Unit





LIHTC NOI

Net Operating Income (NOI)

