

THE HFA INSTITUTE 2019

Monitoring Compliance with Multiple Subsidies

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NCHM



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 Limits and Rents

- Low Income Housing Tax Credits (LIHTC)
- Tax-Exempt Bonds
- HOME
- Housing Trust Fund (HTF)
- Rental Assistance Demonstration (RAD)
- Project-Based Section 8 (HUD P/B)
- Housing Choice Vouchers (HCV) and Project-Based Vouchers (PBV)



Calculating Household Income

- LIHTC, Bond, HTF, RAD, HUD P/B, HCV and PBV use HUD's Section 8 definition of income (24 CFR Part V)
- Calculate income based on HUD Handbook 4350.3 or HUD Guidebook 7420.10G:
 - Current Income  Par. 5-5A1
 - Anticipated Changes  Par. 5-5A2
 - Reasonable Judgment  Par. 5-5C
- HUD P/B, RAD* and also follows Par. 5-5A3, Using EIV, when calculating income at recertification (*PBV and HCV follow HUD's PIH EIV Notices)
- Two options for HOME income definition as determined by PJ:
 - Section 8 program definition
 - IRS definition of adjusted gross income as defined for IRS Form 1040
 - HUD indicates that owners/managers should request permission from PJ to use Section 8 definition for consistency when blended



Identifying Applicable Income Limit

- Income limits are determined by HUD on an annual basis and published per program:
 - HUD Program Income Limits (HUD P/B, RAD, HCV, PBV)
 - Multifamily Tax Subsidy Income Limits (LIHTC and Bond)
 - Published in the Federal Register or on the internet at www.huduser.org
 - 2018 Effective date was April 1st
- HOME/HTF limits are published separately at www.hudexchange.info
 - 2018 Effective date was June 1st
- Lag time between effective dates is a blended compliance issue



LIHTC Income Limit Provisions

- Newly published income limits be put into use by *the later of* effective date or 45 days from publication per Rev. Ruling 94-57.
- Three income limit provisions from HERA:
 - Rural properties - greater of: Actual HUD AMI or National Non-Metro AMI
 - Tax Credit/Bond properties in service prior to January 1, 2009 use HERA Special limits if located in impacted areas
 - LIHTC/Bond income limits are Held Harmless at highest level from Placed in Service
- None of the other programs use the ‘Rural Rule’ for income limits, nor are their income limits Held Harmless

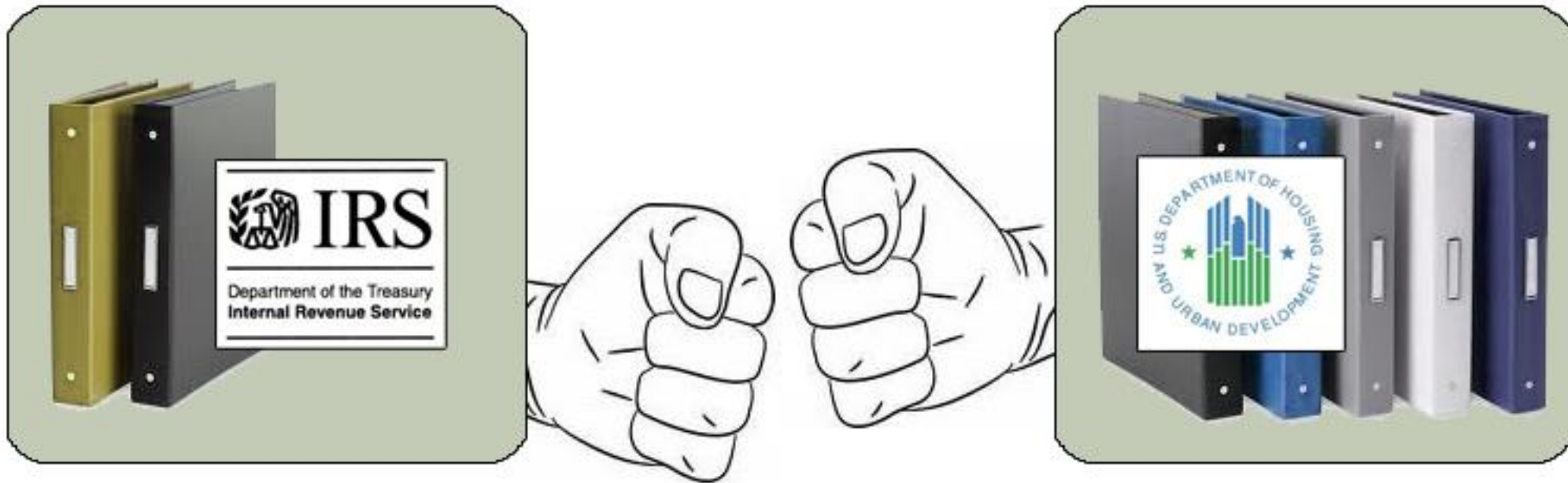


Multiple Program Income Targeting

- LIHTC – Traditionally 50% AMI and 60% AMI; with Income Averaging 20% AMI - 80% AMI in 10% increments
- Bond – 50% AMI and 60% AMI
- HOME – 50% AMI (Very Low) and 80% AMI (Low)
- HTF – Extremely Low Income (greater of 30% AMI or Poverty Guidelines)
- RAD – 80% AMI, 50% AMI and Extremely Low Income (see above)
- HUD P/B - 80% AMI, 50% AMI and Extremely Low Income (see above)
- HCV/PBV - 80% AMI, 50% AMI and Extremely Low Income (see above)



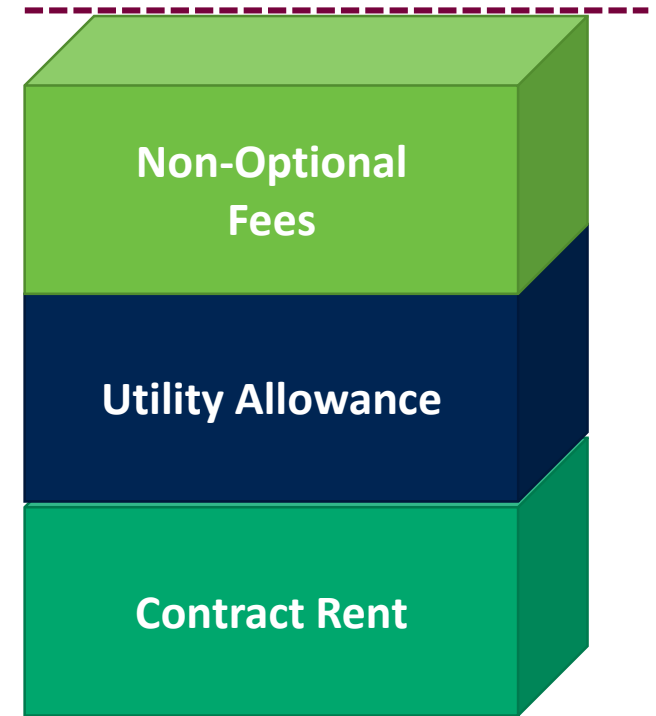
Multiple Program Income Limits Challenge



When program regulations conflict, comply with the regulation that is most restrictive.

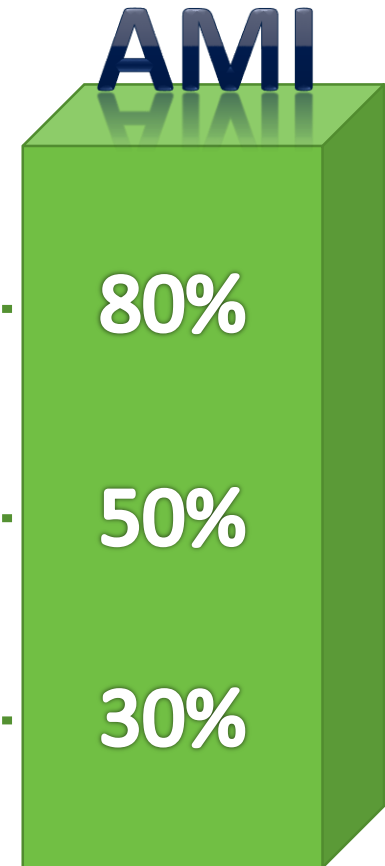
Setting LIHTC Rent and Bond Rent

- Tax Credit Units must be Rent Restricted
 - Owners may not set Rents that exceed the **Gross Rent Limit**
- Rent limits are based exclusively on bedroom size in relation to Area Median Income
- Occupancy Standards for Calculations
 - Assumes 1.5 persons per bedroom as the occupancy standard for calculations, except:
 - 1 person per bedroom if Efficiency unit
- Tax-exempt Bond Program has no rent limits; may be imposed by Bond issuer, however



Setting HOME and HTF Rent

- HOME and HTF Rent Limits published by HUD annually in conjunction with HOME/HTF Income Limits
 - High HOME Rent units are for Low-Income tenant households qualifying at 80% AMI
 - Low HOME Rent units are for Very Low-Income tenant households qualifying at 50% AMI
 - HTF Rent Limits are the higher of 30% Rent Limit and Poverty Guidelines Rent
 - Rent limits include utility allowances and non-optional fees for both programs



Calculating TTP/Minimum Family Contribution for HUD P/B, PBV (RAD) & HCV

- **The Greater of the Following:**

- 10% of Monthly Income
- 30% of Monthly Adjusted Income
- Minimum Monthly TTP

Calculation:

Annual Income \div 12 \times .10

Adjusted Income \div 12 \times .30

\$25 (or \$0 to \$50 for PBV/HCV)

- For HCV, the Maximum Initial Rent Burden may be up to 40% of Monthly Adjusted Income



Calculating Tenant Rent for HUD P/B, PBV (RAD) & HCV

IF:

- No utility allowance
- Utility allowance
- Utility allowance > TTP
- For HCV, families may consider rents between minimum and maximum gross rents (family contribution plus maximum subsidy)
- For LIHTC, total contribution may exceed gross rent limits as long as families receive rental subsidy payments
- For HOME, total contribution may not exceed gross rent limits for HCV

THEN:

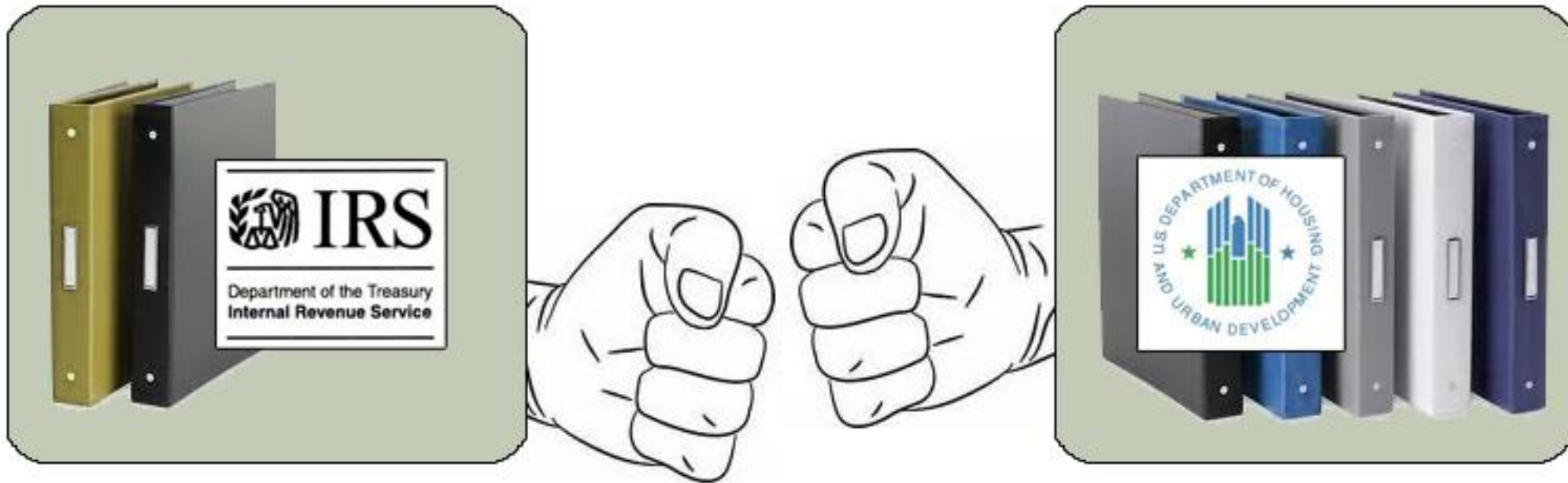
Tenant Rent = TTP

TTP - Utility Allowance = Tenant Rent

Enter \$0.00 for Tenant Rent on 50059



Multiple Program Rents Challenge



When program regulations conflict, comply with the regulation that is most restrictive.*

Thank you!

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