

HUD Publishes Income Limits for 2009

By Thomas Stagg, CPA, Novogradac & Company LLP

On March 19, 2009, the U.S. Department of Housing and Urban Development (HUD) published income limits for 2009 and for the first time it is publishing a set of income limits for multifamily tax subsidy projects (MTSP) and a separate set of income limits for HUD's assisted housing programs. HUD is publishing the MTSP income limits to incorporate changes to the way income is determined due to new guidance set forth in the Housing and Economic Recovery Act of 2008 (HERA).

MTSP

Projects financed with tax-exempt bonds or tax credits are required to base their rent and income calculations on the MTSP income charts starting in HUD Fiscal Year (FY) 2009. For FY 2009 the MTSP 50 percent income limit is equal to HUD's very low-income (VLI) limit. HUD has indicated that beginning with FY 2010, it will no longer hold harmless its Section 8 income limits. However, HERA created a general hold harmless provision that does not allow the income limit for a project to be less than the project's income limit "determined" from the previous year. HUD's briefing material states the following concerning the new general hold harmless provision:

HUD is planning on eliminating its traditional hold harmless provision for Section 8 income limits. But each non-impacted MTSP's income limit will be the highest Section 8 income limit achieved during the project's qualifying period. Therefore, each MTSP's income limit going forward will depend on the path of income limits in its individual area and the year the initial income limit was determined. HUD will publish sufficient historical data on income limits for such determinations to be made, but they will need to be done on a project-by-project basis.

It appears that HUD is applying the general hold harmless provision outlined in HERA on a project-by-proj-

ect basis, based on when the project's "qualifying period" begins. The IRS has not issued guidance concerning the onset of a project's qualified period. Further IRS guidance is required to determine if a qualifying period begins at tax credit allocation (tax-exempt bond reservation), placed in service, a financial projection first run, or a separate date determined by the IRS.

HERA Special

HERA also established a special income limit calculation for projects that had their incomes determined under the HUD hold harmless policy in 2007 or 2008. An impacted MTSP is defined as any project with respect to which area median gross income was "determined" under subparagraph (B) for calendar year 2007 or 2008 if such determination would have been less but for the HUD hold harmless policy. HUD is calculating these limits by taking the greater of the FY 2008 VLI times the growth in median incomes between the current year and FY 2008 or the regular MTSP income limits. Further IRS guidance is required to ascertain what Congress intended by the word determined. It is unclear if a project's income is determined at the placed-in-service date, tax credit allocation (tax-exempt bond reservation), or if determined applies to any project located in a county that had its income determined under this method during 2007 or 2008.

How Income Limits are Calculated

The IRS requires very low-income limits to be the starting point for calculating income limits for LIHTC and tax-exempt bond projects. The VLI limit for a four-person family is calculated by HUD as follows:

1. 50 percent of the area median family income (MFI) is calculated and tentatively set as the four-person family income limit;
2. a minimum four-person income limit is established at the amount required to afford a two-bedroom unit renting at 85 percent of the fair

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- market rent (FMR) if 35 percent of income is used for rent (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to the median income);
3. a maximum four-person income limit is calculated as the greater of 80 percent of the U.S. MFI or the income needed to afford a two-bedroom unit renting at 100 percent of the FMR if 30 percent of income is used for rent (this adjusts income limits downward for areas with unusually high incomes and relatively moderate rental housing costs);
 4. in areas where OMB metropolitan area definitions have changed, income limits are not allowed to fall below the previous year's income limits for the largest old FMR area component of the new FMR/income limit area, which is done to minimize program disruptions; and,

5. in no instance are income limits less than if based on the state non-metropolitan median family income level (even if the step 2 calculation produces a lower amount).

In addition, the MTSP limits incorporate the HERA general hold harmless.

Inside the Numbers

If the HERA special income limits are used, for the first time in a long time the majority of counties saw an increase in their income limits for FY 2009. Ninety-eight percent of the counties had an increase in their income for FY 2009. Wakulla County, Fla. had the largest percentage increase (15.15 percent) and Maui County, Hawaii had the largest dollar increase (\$4,350). The average increase across all counties was 4.4 percent and \$1,190. Even San Francisco County, which had not had an income limit increase since FY 2003, had a \$1,500 (2.65 percent) increase.

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Novogradac & Company LLP's Rent and Income Limit Calculator© Updated

Complete income limit information can be downloaded from www.taxcredithousing.com. Income limits and LIHTC rents can also be calculated online using Novogradac & Company LLP's LIHTC Rent & Income Limit Calculator.

The Rent & Income Limit Calculator© has been updated to include the 2009 rent and income limit data. It is available online at www.novoco.com/products/rentincome.php with the compliments of Novogradac & Company LLP.

Stay Tuned for More

Novogradac & Company is working on additional analysis of the 2009 income limit data. An article in the May issue of the *Property Compliance Report* will provide more insight in to what this information means for owners of LIHTC properties.

Questions about the 2009 income limits can be submitted by sending an e-mail to CPAs@novoco.com.

Largest Increases in 50 Percent Income Limits in California

County	2009 income limits	2008 income limits	\$ increase	% increase
Solano County	\$ 40,300	\$ 37,700	2,600	6.90%
Nevada County	\$ 34,750	\$ 32,550	2,200	6.76%
Santa Cruz County	\$ 46,350	\$ 43,500	2,850	6.55%
San Luis Obispo County	\$ 35,400	\$ 33,500	1,900	5.67%
Stanislaus County	\$ 29,800	\$ 28,250	1,550	5.49%
Mariposa County	\$ 28,300	\$ 27,000	1,300	4.81%
Santa Clara County	\$ 55,600	\$ 53,050	2,550	4.81%
Los Angeles County	\$ 39,650	\$ 37,900	1,750	4.62%
Sierra County	\$ 29,500	\$ 28,200	1,300	4.61%
San Diego County	\$ 41,300	\$ 39,500	1,800	4.56%
Monterey County	\$ 33,650	\$ 32,400	1,250	3.86%
Inyo County	\$ 29,850	\$ 28,750	1,100	3.83%
San Joaquin County	\$ 31,800	\$ 30,650	1,150	3.75%
Colusa County	\$ 27,900	\$ 26,900	1,000	3.72%
Del Norte County	\$ 27,900	\$ 26,900	1,000	3.72%
Fresno County	\$ 27,900	\$ 26,900	1,000	3.72%
Glenn County	\$ 27,900	\$ 26,900	1,000	3.72%
Humboldt County	\$ 27,900	\$ 26,900	1,000	3.72%
Imperial County	\$ 27,900	\$ 26,900	1,000	3.72%
Kern County	\$ 27,900	\$ 26,900	1,000	3.72%

(Source: HUD, Novogradac & Company LLP)

Largest Increases in 50 Percent Income Limits in Texas

County	2009 income limits	2008 income limits	\$ increase	% increase
Atascosa County	\$ 25,050	\$ 22,750	2,300	10.11%
Starr County	\$ 23,650	\$ 21,800	1,850	8.49%
Culberson County	\$ 23,600	\$ 21,800	1,800	8.26%
King County	\$ 25,700	\$ 23,850	1,850	7.76%
McLennan County	\$ 27,050	\$ 25,200	1,850	7.34%
Brown County	\$ 24,050	\$ 22,500	1,550	6.89%
Haskell County	\$ 23,300	\$ 21,800	1,500	6.88%
Kenedy County	\$ 23,300	\$ 21,800	1,500	6.88%
Rusk County	\$ 25,000	\$ 23,400	1,600	6.84%
Midland County	\$ 30,100	\$ 28,200	1,900	6.74%
Irion County	\$ 26,200	\$ 24,550	1,650	6.72%
Tom Green County	\$ 26,200	\$ 24,550	1,650	6.72%
El Paso County	\$ 23,250	\$ 21,800	1,450	6.65%
Newton County	\$ 23,250	\$ 21,800	1,450	6.65%
Lamar County	\$ 24,250	\$ 22,750	1,500	6.59%
Maverick County	\$ 23,200	\$ 21,800	1,400	6.42%
Trinity County	\$ 23,200	\$ 21,800	1,400	6.42%
Glasscock County	\$ 26,600	\$ 25,000	1,600	6.40%
Bosque County	\$ 25,500	\$ 24,000	1,500	6.25%
Cameron County	\$ 23,150	\$ 21,800	1,350	6.19%

(Source: HUD, Novogradac & Company LLP)

Largest Increases Nationally in 50% Income Limit

County	State	2009 income limits	2008 income limits	\$ increase	% increase
Wakulla County	Florida	\$ 29,650	\$ 25,750	\$ 3,900	15.15%
Union County	Ohio	\$ 38,400	\$ 34,250	\$ 4,150	12.12%
Miami-Dade County	Florida	\$ 33,700	\$ 30,150	\$ 3,550	11.77%
Elmore County	Idaho	\$ 27,250	\$ 24,400	\$ 2,850	11.68%
DeKalb County	Alabama	\$ 25,350	\$ 22,700	\$ 2,650	11.67%
Jefferson County	West Virginia	\$ 36,950	\$ 33,100	\$ 3,850	11.63%
Barnwell County	South Carolina	\$ 32,600	\$ 29,250	\$ 3,350	11.45%
Washington County	Maine	\$ 27,450	\$ 24,650	\$ 2,800	11.36%
Maui County	Hawaii	\$ 42,700	\$ 38,350	\$ 4,350	11.34%
Kauai County	Hawaii	\$ 38,400	\$ 34,500	\$ 3,900	11.30%
Sabine Parish	Louisiana	\$ 23,150	\$ 20,800	\$ 2,350	11.30%
Kalawao County	Hawaii	\$ 36,500	\$ 32,800	\$ 3,700	11.28%
Walton County	Florida	\$ 26,650	\$ 23,950	\$ 2,700	11.27%
Marquette County	Michigan	\$ 29,800	\$ 26,800	\$ 3,000	11.19%
Lee County	Mississippi	\$ 28,050	\$ 25,400	\$ 2,650	10.43%
Meigs County	Ohio	\$ 28,550	\$ 25,900	\$ 2,650	10.23%
Hoke County	North Carolina	\$ 26,500	\$ 24,050	\$ 2,450	10.19%
Atascosa County	Texas	\$ 25,050	\$ 22,750	\$ 2,300	10.11%
Pittsburg County	Oklahoma	\$ 24,200	\$ 22,000	\$ 2,200	10.00%
Macoupin County	Illinois	\$ 28,350	\$ 25,800	\$ 2,550	9.88%

(Source: HUD, Novogradac & Company)

Largest Increases in 50 Percent Income Limits in Florida

County	2009 income limits	2008 income limits	\$ increase	% increase
Wakulla County	\$ 29,650	\$ 25,750	3,900	15.15%
Miami-Dade County	\$ 33,700	\$ 30,150	3,550	11.77%
Walton County	\$ 26,650	\$ 23,950	2,700	11.27%
Palm Beach County	\$ 37,700	\$ 34,600	3,100	8.96%
Broward County	\$ 38,250	\$ 35,600	2,650	7.44%
Washington County	\$ 24,300	\$ 22,700	1,600	7.05%
Highlands County	\$ 24,500	\$ 23,050	1,450	6.29%
Monroe County	\$ 37,600	\$ 35,450	2,150	6.06%
Calhoun County	\$ 24,000	\$ 22,700	1,300	5.73%
Alachua County	\$ 29,900	\$ 28,300	1,600	5.65%
Gilchrist County	\$ 29,900	\$ 28,300	1,600	5.65%
Volusia County	\$ 27,600	\$ 26,150	1,450	5.54%
Okaloosa County	\$ 33,150	\$ 31,600	1,550	4.91%
Hernando County	\$ 29,600	\$ 28,250	1,350	4.78%
Hillsborough County	\$ 29,600	\$ 28,250	1,350	4.78%
Pasco County	\$ 29,600	\$ 28,250	1,350	4.78%
Pinellas County	\$ 29,600	\$ 28,250	1,350	4.78%
Manatee County	\$ 31,150	\$ 29,800	1,350	4.53%
Sarasota County	\$ 31,150	\$ 29,800	1,350	4.53%
Bay County	\$ 28,100	\$ 26,900	1,200	4.46%

(Source: HUD, Novogradac & Company LLP)

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(all charts have been prepared utilizing the HERA special income limits)

Income Limits for 2009

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FY 2009 MEDIAN FAMILY INCOMES FOR STATES, METROPOLITAN AND NONMETROPOLITAN PORTIONS OF STATES

	-----	FY 2009		-----	FY 2008	
	TOTAL	METRO	NONMETRO	TOTAL	METRO	NONMETRO
ALABAMA	53200	56600	46800	51700	55000	45400
ALASKA	76300	79000	70100	73400	76000	67400
ARIZONA	60400	62000	43700	58500	60100	42300
ARKANSAS	49100	53800	43500	47400	51900	42000
CALIFORNIA	70400	70900	55800	67800	68300	53800
COLORADO	71000	73800	56400	67900	70400	53800
CONNECTICUT	85700	86300	80300	82100	82600	76900
DELAWARE	70800	75100	57900	65800	69800	54700
DISTRICT OF COLUMBIA	64600	64600	51300*	64200	64200	49300*
FLORIDA	58800	59700	46700	57200	58000	45400
GEORGIA	61200	65200	46300	58900	62800	44600
HAWAII	76000	80300	67500	73800	77900	65500
IDAHO	56300	60300	50700	54200	58000	48800
ILLINOIS	69400	72800	54300	66300	69500	51900
INDIANA	61000	62800	55500	58600	60200	53200
IOWA	62000	67700	56600	58500	63900	53500
KANSAS	62300	69800	52300	59700	66900	50100
KENTUCKY	52800	62200	42300	51200	60300	41000
LOUISIANA	52600	55800	43200	50700	53800	41600
MAINE	58600	64400	52000	55400	60900	49200
MARYLAND	85500	86500	69200	81700	82700	66200
MASSACHUSETTS	82000	82000	77600	78200	78200	74000
MICHIGAN	63800	67300	52700	60900	64200	50200
MINNESOTA	72900	79900	58900	70200	76900	56700
MISSISSIPPI	46800	54000	41900	45000	51900	40300
MISSOURI	58300	64500	45800	55700	61600	43800
MONTANA	55500	59200	53500	53600	57200	51700
NEBRASKA	62000	70500	53700	59800	68000	51800
NEVADA	65900	66200	63800	64500	64800	62500
NEW HAMPSHIRE	77600	84100	68700	74700	81100	66200
NEW JERSEY	85600	85600	51300*	81800	81800	49300*
NEW MEXICO	51700	56600	44100	50600	55500	43200
NEW YORK	67900	69500	54900	65300	66800	52700
NORTH CAROLINA	57000	61200	49900	55000	59100	48100
NORTH DAKOTA	60700	69300	55100	58200	66400	52800
OHIO	61400	63400	53800	59000	60800	51600
OKLAHOMA	53100	57700	46400	50400	54800	44000
OREGON	61100	65200	50000	58700	62600	48100
PENNSYLVANIA	63800	66100	53800	61100	63300	51500
RHODE ISLAND	72800	72800	51300*	68000	68000	49300*
SOUTH CAROLINA	55000	57500	48400	52900	55200	46500
SOUTH DAKOTA	57500	64800	52500	56500	63600	51600
TENNESSEE	54500	58500	46300	52300	56200	44400
TEXAS	57400	59800	45600	55000	57300	43600
UTAH	64200	65800	51800	61100	62600	49300
VERMONT	64800	73800	61400	61100	69600	57900
VIRGINIA	73700	79000	53100	70200	75300	50600
WASHINGTON	69300	72000	54500	66900	69500	52600
WEST VIRGINIA	48400	53700	43100	46200	51200	41100
WISCONSIN	66300	70200	58500	63700	67400	56200
WYOMING	63900	64600	63600	60400	61000	60100
US	64000	67000	51300	61500	64300	49300

* US non-metropolitan median

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Largest Increases in 50 Percent Income Limits in Georgia

County	2009 income limit	2008 income limit	\$ increase	% increase
Thomas County	\$26,050	\$23,850	2,200	9.22%
Bryan County	\$31,000	\$28,800	2,200	7.64%
Chatham County	\$31,000	\$28,800	2,200	7.64%
Effingham County	\$31,000	\$28,800	2,200	7.64%
Brooks County	\$26,400	\$24,600	1,800	7.32%
Echols County	\$26,400	\$24,600	1,800	7.32%
Lanier County	\$26,400	\$24,600	1,800	7.32%
Lowndes County	\$26,400	\$24,600	1,800	7.32%
Bulloch County	\$26,750	\$25,100	1,650	6.57%
Warren County	\$24,700	\$23,200	1,500	6.47%
Telfair County	\$24,650	\$23,200	1,450	6.25%
Bacon County	\$24,600	\$23,200	1,400	6.03%
Washington County	\$24,550	\$23,200	1,350	5.82%
Bibb County	\$29,050	\$27,500	1,550	5.64%
Crawford County	\$29,050	\$27,500	1,550	5.64%
Jones County	\$29,050	\$27,500	1,550	5.64%
Twiggs County	\$29,050	\$27,500	1,550	5.64%
Catoosa County	\$28,200	\$26,700	1,500	5.62%
Dade County	\$28,200	\$26,700	1,500	5.62%
Walker County	\$28,200	\$26,700	1,500	5.62%

(Source: HUD, Novogradac & Company LLP)

Largest Increases in 50 Percent Income Limits in Illinois

County	2009 income limit	2008 income limit	\$ increase	% increase
Macoupin County	\$28,350	\$25,800	2,550	9.88%
Scott County	\$28,550	\$26,100	2,450	9.39%
Pope County	\$28,300	\$26,100	2,200	8.43%
Livingston County	\$31,200	\$28,850	2,350	8.15%
Montgomery County	\$28,150	\$26,100	2,050	7.85%
Putnam County	\$31,750	\$29,500	2,250	7.63%
Adams County	\$29,650	\$27,650	2,000	7.23%
Effingham County	\$30,400	\$28,350	2,050	7.23%
Lee County	\$31,300	\$29,300	2,000	6.83%
De Witt County	\$34,500	\$32,350	2,150	6.65%
Shelby County	\$28,100	\$26,350	1,750	6.64%
McLean County	\$39,150	\$36,750	2,400	6.53%
Carroll County	\$29,850	\$28,050	1,800	6.42%
Jo Daviess County	\$30,850	\$29,000	1,850	6.38%
Hancock County	\$28,400	\$26,700	1,700	6.37%
Cass County	\$27,750	\$26,100	1,650	6.32%
Grundy County	\$38,650	\$36,400	2,250	6.18%
Douglas County	\$29,650	\$27,950	1,700	6.08%
Hardin County	\$27,650	\$26,100	1,550	5.94%
Champaign County	\$33,150	\$31,300	1,850	5.91%

(Source: HUD, Novogradac & Company LLP)

Largest Increases in 50 Percent Income Limits in New York

County	2009 income limit	2008 income limit	\$ increase	% increase
Cortland County	\$28,400	\$26,350	2,050	7.78%
Montgomery County	\$33,850	\$31,750	2,100	6.61%
Herkimer County	\$27,900	\$26,350	1,550	5.88%
Oneida County	\$27,900	\$26,350	1,550	5.88%
Columbia County	\$32,700	\$30,900	1,800	5.83%
Rockland County	\$51,000	\$48,350	2,650	5.48%
Wyoming County	\$29,650	\$28,150	1,500	5.33%
Chemung County	\$27,750	\$26,350	1,400	5.31%
Albany County	\$37,050	\$35,300	1,750	4.96%
Rensselaer County	\$37,050	\$35,300	1,750	4.96%
Saratoga County	\$37,050	\$35,300	1,750	4.96%
Schenectady County	\$37,050	\$35,300	1,750	4.96%
Schoharie County	\$37,050	\$35,300	1,750	4.96%
Nassau County	\$50,900	\$48,550	2,350	4.84%
Suffolk County	\$50,900	\$48,550	2,350	4.84%
Livingston County	\$33,550	\$32,050	1,500	4.68%
Monroe County	\$33,550	\$32,050	1,500	4.68%
Ontario County	\$33,550	\$32,050	1,500	4.68%
Orleans County	\$33,550	\$32,050	1,500	4.68%
Wayne County	\$33,550	\$32,050	1,500	4.68%

(Source: HUD, Novogradac & Company LLP)

Largest Increases in 50 Percent Income Limits in Ohio

County	2009 income limit	2008 income limit	\$ increase	% increase
Union County	\$38,400	\$34,250	4,150	12.12%
Meigs County	\$28,550	\$25,900	2,650	10.23%
Hardin County	\$28,350	\$25,900	2,450	9.46%
Guernsey County	\$28,300	\$25,900	2,400	9.27%
Morgan County	\$28,200	\$25,900	2,300	8.88%
Holmes County	\$28,050	\$25,900	2,150	8.30%
Hocking County	\$27,950	\$25,900	2,050	7.92%
Ashland County	\$29,200	\$27,100	2,100	7.75%
Tuscarawas County	\$27,900	\$25,900	2,000	7.72%
Auglaize County	\$31,400	\$29,150	2,250	7.72%
Seneca County	\$28,000	\$26,000	2,000	7.69%
Monroe County	\$27,750	\$25,900	1,850	7.14%
Columbiana County	\$27,650	\$25,900	1,750	6.76%
Scioto County	\$27,650	\$25,900	1,750	6.76%
Jefferson County	\$27,600	\$25,900	1,700	6.56%
Brown County	\$28,200	\$26,500	1,700	6.42%
Putnam County	\$32,700	\$30,750	1,950	6.34%
Ashtabula County	\$32,000	\$30,100	1,900	6.31%
Athens County	\$27,500	\$25,900	1,600	6.18%
Crawford County	\$27,450	\$25,900	1,550	5.98%

(Source: HUD, Novogradac & Company LLP)

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