



South Carolina  
**STATE HOUSING**  
Finance and Development Authority

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## Memorandum

**Date:** July 23, 2010  
**To:** LIHTC Participants  
**From:** SCSHFDA, Compliance Monitoring Division  
**Subject:** 2010 Income and Gross Rent Limits

The 2010 Income and Gross Rent Limits have been published. There are some very significant changes to the methodology for determining the appropriate rent and income limits this year. Since, the rules have changed regarding HUD's "Hold Harmless" Policy it has become even more difficult to determine which income and gross rent limit set to utilize. Please be aware that the changes in rules result in income and gross rent limits having to be determined by "project", instead of by county, as was the case in the past.

The factors which determine income and gross rent limits are as follows:

- 1) The Placed In Service Date
  - a. Projects PIS prior to 01/01/09 are eligible for the HERA "Special" and HUD Hold Harmless Policy
  - b. Projects PIS on or after 01/01/09 but before 05/14/10 are eligible for the HUD Hold Harmless Policy
  - c. Projects PIS on or after 05/14/10 will utilize the Standard Area Median Income Limits or the National Non-Metro Income Limits (only 9% LIHTC deals if located in an area designated by USDA as "rural" on or after 05/14/10). In addition, the Gross Rent Limits will be the greater of the gross rent limits for which the project was eligible for the income limit year in which the Rent Floor Election (RFE) was made or the greater of the 2010 gross rent limits for which the project is eligible.

**NOTE:** In developments where the Owner elected to make all buildings part of one multi-building project on IRS Form 8609, Part II, 8b, the date the 1<sup>st</sup> building placed in service will be used to determine Income and Gross Rent Limits (with the exception of projects defined in paragraph c above) for all buildings which were elected to be part of that "project".

However, be aware that if the owner did not elect to make all buildings part of one multi-building project on IRS Form 8609, Part II, 8b, each building or designated buildings will be considered to be a separate "project". The determination of the appropriate income and gross rent limits will be based on the PIS of the building or designated buildings.

2) “Rural” designation of the project

- a. 9% LIHTC Projects (as defined by the Owner’s election on IRS Forms 8609, Part II, 8b) with project addresses designated by the USDA as “rural” may be eligible to use the National Non-Metro Income and Gross Rent Limits
- b. Projects with Tax Exempt Bond financing may not utilize the National Non-Metro Income and Gross Rent Limits

3) Rent Floor Election (RFE)

- a. For Projects which place in service on or after 5/14/10, income and gross rent limits may be severed. The Gross Rent Limits used will be the greater of the current gross rent limit sets (National Non-Metro, if eligible, or the Standard Non-Impacted MTSP Gross Rents) or the gross rent limits sets (National Non-Metro, if eligible, or the Standard Non-Impacted MTSP Gross Rents) for which the project was eligible at the time the rent floor election was made. Please see below for income limit years and the associated Gross Rent Limits:
  - i. 2008 Income Limit Year – RFE on or after 02/13/08 but before 03/19/09  
(**NOTE:** Only 2008 Standard Area Median Gross Rents may be used for the year of the rent floor election. Neither the National Non-Metro Income or Gross Rent Limits could be used prior to 03/19/09.)
  - ii. 2009 Income Limit Year – RFE on or after 03/19/09 but before 05/14/10
  - iii. 2010 Income Limit Year – RFE on or after 05/14/10

Attached please find income/gross rent determination worksheets for projects which placed in service prior to 01/01/09, on or after 01/01/09 but prior to 05/14/10 and on or after 05/14/10. It is strongly recommended that each Owner work through the determination sheets completely and maintain the documentation with the income/gross rent limits being used at the project for authority review. Documentation of “rural” designation by the USDA must also be maintained for review.

The Owner remains ultimately responsible for determining the appropriate income and gross rent limit set to utilize. It is strongly recommended that the Owner consult with their own legal counsel or tax credit professionals, prior to implementing any changes.

## LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09

### INTRODUCTION

The enactment of the 2008 Housing and Economic Recovery Act (HERA) made additional income and gross limit sets available for use at eligible LIHTC projects. In 2010, HUD discontinued their previous policy of holding Section 8 income limits harmless. Despite HUD's discontinuance of their Hold Harmless Policy, the 2008 HERA had established a general hold harmless rule for projects with LIHTC and Tax Exempt Bond funding. For 2010, HUD released two sets of income limits – one for Section 8 and one for Multifamily Tax Subsidy Projects (MTSPs), specifically for LIHTC and Tax Exempt Bond Projects. The MTSP Income Limits for an area typically contain two income/rent data sets. The Standard 50% Very Low Income Limits and Standard 60% Limits are for areas not impacted in 2007 or 2008 by HUD's Hold Harmless Policy. The second, the HERA "Special" 50% and 60% Income Limits are for those areas impacted in 2007 or 2008 by HUD's Hold Harmless Policy. In the 2010 MTSP Charts, it appears that, areas which were previously impacted in 2007 or 2008, no longer have a HERA "Special" Income Limit set. This is not the case. In these instances, the 2010 MTSP Standard Income Limit set was higher than the 2010 HERA "Special" Income Limit set so HUD did not list the 2010 HERA "Special". In addition, there are areas with 2010 HERA "Special" Income Limits for which no 2009 HERA "Special" Income Limits were published. A project, placed in service prior to 01/01/09, in an area which has new 2010 HERA "Special" (Impacted MTSP Income Limits) may include these limits in their consideration of eligibility for income limit sets. Eligibility for each income/gross rent limit set is based on specified factors such as: placed in service date, credit percentage, rural designation (as defined by Section 520 of the Housing Act of 1949) and whether the project was located in an area impacted in 2007 or 2008 by HUD's Hold Harmless Policy.

Due to the complexity of the rule changes, the following checklists should be used to determine eligibility for each available income/gross rent limit set: the National Non-Metropolitan Median Gross Income (NNMGI) Limits, the HERA "Special" Limits (Impacted MTSPs Income Limits) and the Standard (Non-Impacted MTSPs Income Limits). Through this process of elimination for each income limit set, the Owner will determine all income limit sets for which the project is eligible. From this final "pool" of income limit sets for which the project is eligible, the project may use the highest.

**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

<b>I. NATIONAL NON-METRO MEDIAN GROSS INCOME / RENT LIMITS (NNMGI)</b>		<b>Y</b>		<b>N</b>	
1	<b>Is the project a 9% LIHTC deal?</b>	<input type="checkbox"/>	See Note B	<input type="checkbox"/>	See Note A
Note A	<p>If the answer to 1 is “No”, the project is <b>ineligible</b> to use the 2010 National Non-Metro Gross Incomes and Gross Rents (NNMGI).</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for HERA “Special” Income/Gross Rent Limits.</p>				
Note B	If the answer to 1 is “Yes”, the project may be eligible to use the NNMGI. Continue to Question 2.				
2	<b>Is the project address defined by the USDA as “rural” for income limit year 2010 (on or after 5/14/10)?</b> (Reminder: The designations of areas as “rural” may change at the discretion of the USDA. Re-verify “rural” designation for 2010 prior to implementing limits. Keep documentation of eligibility.)	<input type="checkbox"/>	See Note D	<input type="checkbox"/>	See Note C
Note C	<p>If the answer to 2 is “No”, the project is <b>ineligible</b> and may not use the 2010 National Non-Metro Median Incomes and Gross Rents.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for 2010 HERA “Special” Income/Gross Rent Limits.</p>				
Note D	<p>If the answers to 1 <b>AND</b> 2 are “Yes”, the project is <b>eligible</b> to use the 2010 National Non-Metro Median Gross Income/Rent Limits.</p> <p><b>Go to</b> the determination of eligibility for 2010 HERA “Special” Income/Gross Rent Limits, since the project may use the highest of all income/gross rent limit sets for which it is eligible.</p>				

**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

<b>II. HERA “SPECIAL” INCOME AND GROSS RENT LIMITS</b>		<b>Y</b>		<b>N</b>	
3	Is the LIHTC project, placed in service on or before 12/31/08, located in an area impacted in 2007 or 2008 by the HUD Hold Harmless policy? (Is there a 2010 HERA “Special” Income Limit set for the area?)	<input type="checkbox"/>	See Note F	<input type="checkbox"/>	See Note E
Note E	If the answer to 3 is “No”, the project is <b>ineligible</b> to use the 2010 HERA “Special” (Impacted MTSP Income and Gross Rent Limits).  <b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income and Gross Rent Limits).				
Note F	If the answer to 3 is “Yes”, the project is eligible to use the 2010 HERA “Special” (Impacted MTSP Income and Gross Rent Limits).  (NOTE: Other funding sources, used in conjunction with LIHTC, may prohibit the use of these limits.)				

<b>III. STANDARD (NON-IMPACTED MTSP) INCOME AND GROSS RENT LIMITS</b>		<b>Y</b>		<b>N</b>	
4	Are the 2010 Standard (Non-Impacted MTSP) Income and Gross Rent Limits higher than 2009 Standard (Non-Impacted MTSP) Income and Gross Rent Limits?	<input type="checkbox"/>	See Note G	<input type="checkbox"/>	See Note H
Note G	If the answer to 4 is “Yes”, the project is eligible to use the 2010 Standard (Non-Impacted MTSP Income and Gross Rent Limits).				
Note H	If the answer to 4 is “No”, due to the hold harmless policy in the 2008 HERA, the project is eligible to use the <b>greater</b> of the 2010 Standard (Non-Impacted MTSP Income and Gross Rent Limits) or the 2009 Standard (Non-Impacted MTSP Income and Gross Rent Limits)  (NOTE: Other funding sources, used in conjunction with LIHTC, may prohibit the use of these limits.)				

**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

Based on the answers to the questions above, please review the following and determine which summary of responses matches:

SUMMARY OF RESPONSES		Q	Y	N	INCOME AND GROSS RENT LIMITS TO USE:
I	Eligible for 2010 National Non-Metro?	1	Y		The project may use the <b>greater</b> of the 2010 National Non-Metro or 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2	Y		
II	Eligible to use the published 2010 HERA "Special"?	3		N	
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

SUMMARY OF RESPONSES		Q	Y	N	INCOME AND GROSS RENT LIMITS TO USE:
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2	Y		
II	Eligible to use the published 2010 HERA "Special"?	3		N	
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1	Y		The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2		N	
II	Eligible to use the published 2010 HERA "Special"?	3		N	
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2		N	
II	Eligible to use the published 2010 HERA "Special"?	3		N	
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the <b>greater</b> of the 2009 Standard (Non-Impacted MTSP Income/Gross Rent Limits) or the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)*  * HERA Hold Harmless rule
		2		N	
II	Eligible to use the published 2010 HERA “Special”?	3		N	
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4		N	
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1	Y		The project may use the <b>greatest</b> of the 2010 National Non-Metro, the 2010 HERA “Special” (Impacted MTSP Income/Gross Rent Limits) or the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2	Y		
II	Eligible to use the published 2010 HERA “Special”?	3	Y		
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			



**LIHTC PROJECTS PLACED IN SERVICE PRIOR TO 01/01/09**

SUMMARY OF RESPONSES		Q	Y	N	INCOME AND GROSS RENT LIMITS TO USE:
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the <b>greater</b> of the 2010 HERA “Special” (Impacted MTSP Income/Gross Limits) or the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2		N	
II	Eligible to use the published 2010 HERA “Special”?	3	Y		
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

SUMMARY OF RESPONSES		Q	Y	N	INCOME AND GROSS RENT LIMITS TO USE:
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the <b>greatest</b> of the 2010 HERA “Special” (Impacted MTSP Income/Gross Limits), the 2009 Standard (Non-Impacted MTSP Income/Gross Rent Limits) or the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)*
		2		N	
II	Eligible to use the published 2010 HERA “Special”?	3	Y		
III	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	4		N	
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

**CAUTION:** If the Owner did not make the election on the IRS Forms 8609s, Part II, 8b to make the buildings part of a multi-building project, the determination of applicable income/rent limits must be made on a building by building basis.

In addition, the Owner must be mindful that other funding sources and/or housing programs may require the use of more restrictive Income and/or Gross Rent Limits.

## **LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 01/01/09 BUT PRIOR TO 05/14/10**

### **INTRODUCTION**

The enactment of the 2008 Housing and Economic Recovery Act (HERA) made additional income and gross limit sets available for use at eligible LIHTC projects. In 2010, HUD discontinued their previous policy of holding Section 8 income limits harmless. Despite HUD's discontinuance of their Hold Harmless Policy, the 2008 HERA had established a general hold harmless rule for projects with LIHTC and Tax Exempt Bond funding. For 2010, HUD released two sets of income limits – one for Section 8 and one for Multifamily Tax Subsidy Projects (MTSPs), specifically for LIHTC and Tax Exempt Bond Projects. The MTSP Income Limits for an area typically contain two income/rent data sets. The Standard 50% Very Low Income Limits and Standard 60% Limits are for areas not impacted in 2007 or 2008 by HUD's Hold Harmless Policy. The second, the HERA "Special" 50% and 60% Income Limits are for those areas impacted in 2007 or 2008 by HUD's Hold Harmless Policy. Projects that placed in service on or after 01/01/09 are not eligible to use the HERA "Special" (Impacted MTSP Income Limits). Eligibility for each income/gross rent limit set is based on specified factors such as: placed in service date, credit percentage and rural designation (as defined by Section 520 of the Housing Act of 1949).

Due to the complexity of the rule changes, the following checklists should be used to determine eligibility for each available income/gross rent limit set: the National Non-Metropolitan Median Gross Income (NNMGI) Limits and the Standard (Non-Impacted MTSPs Income Limits). Through this process of elimination for each income limit set, the Owner will determine all income limit sets for which the project is eligible. From this final "pool" of income limit sets for which the project is eligible, the project may use the highest.

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 01/01/09 BUT PRIOR TO 05/14/10**

<b>I. NATIONAL NON-METRO MEDIAN GROSS INCOME /RENT LIMITS (NNMGI)</b>		<b>Y</b>		<b>N</b>	
1	<b>Is the project a 9% LIHTC deal?</b>	<input type="checkbox"/>	See Note B	<input type="checkbox"/>	See Note A
Note A	<p>If the answer to 1 is “No”, the project is <b>ineligible</b> to use the National Non-Metro Gross Incomes and gross rents.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income Limits).</p>				
Note B	If the answer to 1 is “Yes”, the project may be eligible to use the NNMGI. Continue to Question 2.				
2	<b>Is the project address defined by the USDA as “rural” for income limit year 2010 (on or after 5/14/10)?</b> (Reminder: The designations of areas as “rural” may change at the discretion of the USDA. Re-verify “rural” designation for 2010 prior to implementing limits. Keep documentation of eligibility.)	<input type="checkbox"/>	See Note D	<input type="checkbox"/>	See Note C
Note C	<p>If the answer to 2 is “No”, the project is <b>ineligible</b> to use the 2010 National Non-Metro Median Incomes and Gross Rents.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income/Gross Rent Limits).</p>				
Note D	<p>If the answers to 1 <b>AND</b> 2 are “Yes”, the project is <b>eligible</b> to use the 2010 National Non-Metro Median Gross Income/Rent Limits.</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income/Gross Rent Limits), since the project may use the highest of all income/gross rent limit sets for which it is eligible.</p>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 01/01/09 BUT PRIOR TO 05/14/10**

<b>II. STANDARD (NON-IMPACTED MTSP INCOME AND GROSS RENT LIMITS)</b>		<b>Y</b>		<b>N</b>	
3	Are the 2010 Standard (Non-Impacted MTSP Income and Gross Rent Limits) greater than 2009 Standard (Non-Impacted MTSP Income and Gross Rent Limits)?	<input type="checkbox"/>	See Note F	<input type="checkbox"/>	See Note E
Note E	If the answer to 2 is “No”, the project is eligible to use the <b>greater</b> of the 2010 Standard (Non-Impacted MTSP Income and Gross Rent Limits) or the 2009 Standard (Non-Impacted MTSP Income and Gross Rent Limits). *				
	* HERA Hold Harmless rule				
Note F	If the answer to 1 is “Yes”, the project is eligible to use the 2010 Standard (Non-Impacted MTSP Income and Gross Rent Limits).				
	(NOTE: Other funding sources, used in conjunction with LIHTC, may prohibit the use of these limits.)				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 01/01/09 BUT PRIOR TO 05/14/10**

Based on the answers to the questions above, please review the following and determine which summary of responses matches:

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1	Y		The project may use the <b>greater</b> of the 2010 National Non-Metro or 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2	Y		
II	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	3	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2	Y		
II	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	3	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1	Y		The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2		N	
II	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	3	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 01/01/09 BUT PRIOR TO 05/14/10**

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)
		2		N	
II	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	3	Y		
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

<b>SUMMARY OF RESPONSES</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME AND GROSS RENT LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro?	1		N	The project may use the <b>greater</b> of the 2009 Standard (Non-Impacted MTSP Income/Gross Rent Limits) or the 2010 Standard (Non-Impacted MTSP Income/Gross Rent Limits)*
		2		N	
II	2010 Standard (Non-Impacted MTSP) Income Limits higher than 2009?	3		N	
<input type="checkbox"/>		<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>			

**CAUTION:** If the Owner did not make the election on the IRS Forms 8609s, Part II, 8b to make the buildings part of a multi-building project, the determination of applicable income/rent limits must be made on a building by building basis.

In addition, the Owner must be mindful that other funding sources and/or housing programs may require the use of more restrictive Income and/or Gross Rent Limits.

## LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10

### INTRODUCTION

The enactment of the 2008 Housing and Economic Recovery Act (HERA) made additional income and gross limit sets available for use at eligible LIHTC projects. In 2010, HUD discontinued their previous policy of holding Section 8 income limits harmless. Despite HUD's discontinuance of their Hold Harmless Policy, the 2008 HERA had established a general hold harmless rule for projects with LIHTC and Tax Exempt Bond funding. For 2010, HUD released two sets of income limits – one for Section 8 and one for Multifamily Tax Subsidy Projects (MTSPs), specifically for LIHTC and Tax Exempt Bond Projects. The MTSP Income Limits for an area typically contain two income/rent data sets. The Standard 50% Very Low Income Limits and Standard 60% Limits are for areas not impacted in 2007 or 2008 by HUD's Hold Harmless Policy. The second, the HERA "Special" 50% and 60% Income Limits are for those areas impacted in 2007 or 2008 by HUD's Hold Harmless Policy. Projects that placed in service on or after 01/01/09 are not eligible to use the HERA "Special" (Impacted MTSP Income Limits). Eligibility for each income/gross rent limit set is based on specified factors such as: placed in service date, credit percentage, rural designation (as defined by Section 520 of the Housing Act of 1949), and Rent Floor Election (RFE).

For projects placed in service on or after 05/14/10, income limits and gross limits may be severed. It is necessary to make a determination for both the applicable income limit set and the gross rent limit for the project for 2010. Due to the complexity of the rule changes, the following checklists should be used to determine eligibility for each available income limit set: the National Non-Metropolitan Median Gross Income (NNMGI) Limits and the 2010 Standard (Non-Impacted MTSPs Income Limits). Through this process of elimination for each income limit set, the Owner will determine all income limit sets for which the project is eligible. From this final "pool" of 2010 Income Limit sets, the project may use the highest for which it is eligible. For Gross Rents, the project may use the greater of the gross rents for the income year of the rent floor election (RFE) for which it was eligible or the 2010 gross rent limit sets for which it is eligible.

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>I. NATIONAL NON-METRO GROSS MEDIAN INCOME LIMITS (NNMGI)</b>		<b>Y</b>		<b>N</b>	
1	Is the project a 9% LIHTC deal?	<input type="checkbox"/>	See Note B	<input type="checkbox"/>	See Note A, F
Note A	<p>If the answer to 1 is “No”, the project is <b>ineligible</b> to use the 2010 National Non-Metro Median Gross Income Limits.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income Limits).</p>				
Note B	<p>If the answer to 1 is “Yes”, the project may be eligible to use the NNMGI. Continue to Question 2.</p>				
2	Is the project address defined by the USDA as “rural” for income limit year 2010 (on or after 5/14/10)? (Reminder: The designations of areas as “rural” may change at the discretion of the USDA. Re-verify “rural” designation for 2010 prior to implementing limits. Keep documentation of eligibility.)	<input type="checkbox"/>	See Note D	<input type="checkbox"/>	See Note C, F
Note C	<p>If the answer to 2 is “No”, the project is <b>ineligible</b> to use the 2010 National Non-Metro Median Incomes.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted MTSP Income Limits).</p>				
Note D	<p>If the answers to 1 <b>AND</b> 2 are “Yes”, the project is <b>eligible</b> to use the 2010 National Non-Metro Median Gross Income Limits.</p> <p><b>Go to</b> the determination of eligibility for Standard (Non-Impacted Income MTSP Income Limits), since the project may use the highest of all income limit sets for which it is eligible.</p>				



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<b>II. STANDARD (NON-IMPACTED MTSP INCOME LIMITS)</b>		<b>Y</b>		<b>N</b>	
3	Eligible to use 2010 National Non-Metro Median Gross Income Limits?	<input type="checkbox"/>		<input type="checkbox"/>	See Note E
Note E	If the answer to 3 is “No”, the project must use the 2010 Standard (Non-Impacted MTSP Income Limits).				

<b>III. GROSS RENT LIMITS</b>		<b>Y</b>		<b>N</b>	
4	Was the rent floor election (RFE) made on or after 02/13/08 and before 03/19/09 (2008 income limit year)?	<input type="checkbox"/>	See Note F, G	<input type="checkbox"/>	
Note F	<p>If answers to Questions 1 or 2 are “No”, the project is <b>ineligible</b> to use the National Non-Metro Median Gross Rent Limits.</p> <p>If the answer to Question 4 is “Yes”, the project may use the <b>greater</b> of the 2008 Standard Area Median Gross Rents (income limit year of the rent floor election or RFE) or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).</p>				
Note G	<p>If answers to Questions 1 AND 2 are “Yes” and the answer to 4 is “Yes”, the project may use the <b>greatest</b> of the 2008 Standard Area Median Gross Rent Limits (the income limit year of the rent floor election or RFE), the 2010 National Non-Metro Median Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits). The National Non-Metro Incomes and Gross Rent Limits could not be used prior to 03/19/09.</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>III. GROSS RENT LIMITS Cont'd</b>		<b>Y</b>		<b>N</b>	
5	Was the rent floor election (RFE) made on or after 03/19/09 and before 05/14/10 (2009 income limit year)?	<input type="checkbox"/>	See Note H, I	<input type="checkbox"/>	
Note H	<p>If answers to Questions 1 or 2 are “No”, the project is <b>ineligible</b> to use the National Non-Metro Median Gross Rent Limits.</p> <p>If the answer to Question 5 is “Yes”, the project may use the <b>greater</b> of the 2009 Standard (Non-Impacted MTSP Gross Rent Limits), the income limit year of the rent floor election or RFE, or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).</p>				
Note I	<p>If answers to Questions 1 AND 2 are “Yes” and the answer to 5 is “Yes”, the project may use the <b>greater</b> of the 2009 Standard (Non-Impacted MTSP Gross Rent Limits), 2009 National Non-Metro Median Gross Rent Limits (2009 is the income limit year of the rent floor election or RFE) OR the <b>greater</b> of the 2010 National Non-Metro Median Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>III. GROSS RENT LIMITS Cont'd</b>		<b>Y</b>		<b>N</b>	
6	Was the rent floor election (RFE) made on or after 05/14/10 (2010 income limit year)?	<input type="checkbox"/>	See Note J, K	<input type="checkbox"/>	
Note J	<p>If answers to Questions 1 or 2 are “No”, the project is <b>ineligible</b> to use the National Non-Metro Median Gross Rent Limits.</p> <p>If the answer to Question 6 is “Yes”, the project may use the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).</p>				
Note K	<p>If answers to Questions 1 AND 2 are “Yes” and the answer to 6 is “Yes”, the project may use the <b>greater</b> of the 2010 National Non-Metro Median Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).</p> <p>(NOTE: Projects financed with Tax Exempt Bond funding are <b>never eligible</b> to use the NNMGI. Other funding sources used in conjunction with LIHTC may also prohibit the use of these limits.)</p>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

Based on the answers to the questions above, please review the following and determine which summary of responses matches:

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1	Y		The project may use the <b>greater</b> of the 2010 National Non-Metro or 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4	Y		Use the <b>greatest</b> of 2008 Standard Area Median Gross Rent Limits (year of RFE) *, the 2010 National Non-Metro Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits). * National Non-Metro Incomes or Rents could not be used prior to 03/19/09.
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4	Y		Use the <b>greater</b> of 2008 Standard Area Median Gross Rent Limits (year of RFE) or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits). Limits).
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2		N	
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4	Y		Use the <b>greater</b> of 2008 Standard Area Median Gross Rent Limits (year of RFE) or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/> <b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>					

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1	Y		The project may use the <b>greater</b> of the 2010 National Non-Metro or 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the <b>greatest</b> of 2009 Standard Area Median Gross Rent Limits (year of RFE), the 2009 National Non-Metro Gross Rent Limits (year of RFE), the 2010 National Non-Metro Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5	Y		
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/> <b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>					

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the <b>greater</b> of 2009 Standard Area Median Gross Rent Limits (year of RFE) or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5	Y		
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2		N	
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the <b>greater</b> of 2009 Standard Area Median Gross Rent Limits (year of RFE) or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5	Y		
	RFE on or after 05/14/10	6		N	
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1	Y		The project may use the <b>greater</b> of the 2010 National Non-Metro or 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the <b>greater</b> of the 2010 National Non-Metro Gross Rent Limits or the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6	Y		
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2	Y		
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6	Y		
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

**LIHTC PROJECTS PLACED IN SERVICE ON OR AFTER 05/14/10**

<b>SUMMARY OF RESPONSES (INCOME)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>INCOME LIMITS TO USE:</b>
I	Eligible for 2010 National Non-Metro Incomes?	1		N	The project may use the 2010 Standard (Non-Impacted MTSP Income Limits)
		2		N	
<b>SUMMARY OF RESPONSES (GROSS RENTS)</b>		<b>Q</b>	<b>Y</b>	<b>N</b>	<b>GROSS RENT LIMITS TO USE:</b>
III	RFE on or after 02/13/08 but before 03/19/09	4		N	Use the 2010 Standard (Non-Impacted MTSP Gross Rent Limits).
	RFE on or after 03/19/09 but before 05/14/10	5		N	
	RFE on or after 05/14/10	6	Y		
<input type="checkbox"/>	<b>Check box if this is the final determination of applicable income and gross rent limits for the project. Maintain determination form with applicable income and rent limits for authority review.</b>				

**CAUTION: If the Owner did not make the election on the IRS Forms 8609s, Part II, 8b to make the buildings part of a multi-building project, the determination of applicable income/rent limits must be made on a building by building basis.**

**In addition, the Owner must be mindful that other funding sources and/or housing programs may require the use of more restrictive Income and/or Gross Rent Limits.**