

Don't Forget to Update Your Income Limit Tables

By Alison McBay – CPO, Tax Credits Business Analyst

Don't forget to update your income limit tables for your metropolitan statistical area. HUD will be releasing the 2005 income limits soon. You can check your state's web site or HUD's web site at <http://www.huduser.org/datasets/il.html> to get the latest updates.

Q. When does the new income limit table become effective?

A. Once HUD has published the 2005 income limits, you may use your income limit table for 2004 until 45 days after the 2005 income limits are released or until HUD's effective date for 2005 limits, whichever is later.

Revenue ruling 94-57: Rev. Rul. 89-24 is modified and superseded. In the future, taxpayers may rely on a list of income limits released by HUD until 45 days after HUD releases a new list of income limits, or until HUD's effective date for this new list, whichever is later.

Q. What do the different limits mean?

A. Income limits are determined by HUD based on the area median gross income (AMGI). HUD usually publishes these at the median income, low income, and the very low income level. If a different level is needed, you will need to calculate it or have the software calculate it for you.

100%	Median Income
95%	BMIR Limit
80%	Low Income Limit
60%	Low Income Limit
50%	Very Low Limit
30%	Extremely Low Limit

Q. What do I need to do when HUD publishes the new income limits?

A. Once HUD issues the new income limit tables for 2005, you will need to update your software settings, depending on what software you are running.

OneSite Leasing & Rents Affordable collects income limits on the Setup/Compliance/Income Limits page. The effective date and the new income limit amounts are entered on this page. When the changes are saved, the system will automatically add a pending correction certification for any certification completed since the effective date of the income limit table update.

OneSite Leasing & Rents – Tax Credits users can modify income limit tables by going to Setup/Affordable/Income limits. Click the Edit link next to the income limit table you wish to edit and input the new income limits at the 50% Very Low Limit level and the effective date provided by HUD. The system will calculate out the other levels for you. Then click Save. After updating your income limit table, tax credit properties may also want to run the exception listing report to detail any households that might have become unqualified due to the income limit change or any other compliance issues on your site.

If you are a **HUDManager 2000**, **HFAManager 2000**, or **HUDManager 2000 Plus** user, update the income limit table in contract setup by entering the 100% Median Income for member 4 and click Enter. The system will prompt you to automatically recalculate the entire table based on your change for the low, very low, and extremely low limits for members 1–8. You can click Yes and have the table recalculate, but you will still be able to go in and edit any values needed. If you choose No, the system leaves the old values and you will still be able to edit the fields. Once you are finished, hit F10 and enter the effective date.

MicroHUD/RENT 2000 users should enter F8 (MicroHUD/Rent 2000 menu), then option 1 for entering an income table. **MicroHUD 2000** users should enter F4 and then option 5 for entering an income table. The income limit tables are listed by number of members in a household and the columns are Low Income, Very Low Income, and Extremely Low Income. You will need to complete each limit in the table.

RHSManager users should go to Project/Project Information and page down three times to see the RHS Income Limits. The table is by number of members in a household and the columns are Moderate Limit, Low Limit, and Very Low Limit. Complete each limit in the table.

InSite Tax Credits users should go to System/Income Limits from your toolbar. Click the Add button and enter the new effective date published by HUD. Next, click the Enter limits button and add 50% of the Median Income Limit. The system will calculate the other limits for you automatically.