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Kutak Rock Client Alert

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HUD Finally Issues New Income Numbers

This morning HUD finally released its [2022 Income Numbers](#).

Those numbers are now in effect for purposes of single-family mortgage revenue bond and mortgage credit certificate purposes, as the IRS stated in its March 25, 2021 Rev. Proc. 2021-19, which finally provided permanent safe harbor income limit guidance for those programs. In the Rev Proc, the IRS states that every year the area median income will be either the current HUD publication of area median incomes or the previous year's HUD publication of area median incomes. The choice of the applicable area median income numbers to be applied is at the option of the issuer of the single-family mortgage revenue bonds or the sponsor of the mortgage credit certificate program. The choice of which HUD table is used is made when the mortgage loan or the MCC is committed to the mortgagor.

Furthermore, as a transition rule, for 90 days following HUD's publication of new median income tables, the issuer has the option of using the HUD median income table from two years prior. With respect to the high housing cost calculation of Section 143(f)(5) of the Internal Revenue Code, the issuer must use the 2022 HUD income limits as well as the 2022 HUD purchase price limits. Because the new purchase price safe harbor numbers have already been released, it is now possible to calculate the new "high housing cost" numbers for this year. Reminder—per an IRS Rev. Rul., the "Median Income" for single-family purposes is the Section 8 Income Limit "Very Low Income" number for a Family of four, multiplied by 2.

Note that these income limit determination options apply only to single-family MRBs and MCCs. For tax-exempt private activity multifamily bonds under Section 142(d) of the Internal Revenue Code, the income of tenants must be determined annually and applying the most recent HUD median income table.

If you have any questions, please contact one of the attorneys in Kutak Rock's [Housing Finance Agency Practice Group](#). You may also visit us at www.kutakrock.com.



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