

2012 High Housing Cost Area Calculations With Respect to Mortgage Revenue Bonds

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The Internal Revenue Service yesterday released Revenue Procedure 2012-16, which contains information for issuers of single-family housing bonds and mortgage credit certificates specifically with respect to high housing cost area calculations including a “hold harmless” provision.

Revenue Procedure 2012-16 provides for a median gross income figure for the United States of \$65,000 as released by HUD on December 1, 2011. Please note that in calculating 2012 income limits, Section 3 of Revenue Procedure 2012-16 allows an issuer to use either (i) the median gross income for the United States, the state and statistical areas within the state, as released by HUD on December 1, 2011 (collectively, the “FY 2012 Income Figures”) or (ii) the median gross income for the United States, the state and statistical areas within the state, as released by HUD on May 31, 2011 (collectively, the “FY 2011 Income Figures”). In addition, if the issuer uses the FY 2012 Income Figures to calculate high housing cost areas then the issuer must use FY 2012 numbers for all purposes within the high housing cost area formula. Likewise, if the issuer uses the FY 2011 Income Figures to calculate high housing cost areas then the issuer must use FY 2011 numbers for all purposes within the high housing cost area formula.

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