

## Revisions to Chapter 7 of the MAP Guide

### Valuation Analysis

Frequently asked questions, such as the one below have prompted the following revisions to Chapter 7 of the MAP Guide:

**Q. What is the proper procedure for deriving the Unit Rent Per Month when proposals have Project Based Section 8 and Low Income Housing Tax Credits?**

For units combining project-based Section 8 with Low Income Housing Tax Credits (LIHTCs), an additional application exhibit is required. The applicant must provide a letter from an tax attorney providing an opinion that combining the Section 8 with the LIHTC restricted rent will not be in violation of IRS tax code or any other applicable law or regulation.

Where it is concluded to be legally permissible to combine Section 8 with LIHTCs, the debt service analysis will be underwritten to the lesser of market rents or Section 8 rents.

Example:

Assume the LIHTC rent limitation for the tenant is \$450 and the Section 8 contract rent on that unit has been set at \$650; the tenant pays their \$450 and the Section 8 payment makes up the remainder, or \$200 for a total of \$650. In such cases, the LIHTC rent is not the limiting factor, as actual income to the project is the Section 8 rent of \$650.

1 BR Market rent.....\$750

1 BR Section 8 Contract rent.....\$650  
(LIHTC rent \$450 + Sect. 8 payment \$200)

Processing rent.....\$650

This policy does not apply to units with Section 8 vouchers. (4/19/04)