

Internal Revenue Service

Department of the Treasury

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Refer Reply To:
CC:TEGE:EOEG:TEB-PLR-123396-02
Date:
August 22, 2002

Legend

Authority =

A =

B =

C =

D =

E =

F =

G =

H =

I =

J =

K =

L =

M =

Dear :

This replies to your ruling request on behalf of the Authority concerning the use of average area purchase price limitations based upon more accurate and comprehensive data than that used to calculate the safe harbor limitations published in Rev. Proc. 94-55, 1994-2 C.B. 716. The Authority submitted data concerning sales of new single-family residences for certain statistical areas and for all other areas for the 12-month period from January 1, 2001 to December 31, 2001. The Authority also submitted data concerning sales of existing single-family residences for certain statistical areas and for all other areas for the same period. The data submitted conform with the definitions for the nation's metropolitan statistical areas established in Office of Management and Budget Bulletin No. OMB-99-04, dated June 30, 1999, and effective June 30, 1999.

Based on the information submitted and representations made, we conclude that the calculations submitted by the Authority, in the cases of new and existing single-family residences are based upon more accurate and comprehensive data than that used for calculating the limitations published in Rev. Proc. 94-55, and may be used by the Authority as provided by section 6a.103A-2(f)(5)(i) of the Temporary Income Tax Regulations.

Accordingly, the following are the new average area purchase price safe harbor limitations for single-family residences justified by the documentation received:

| <u>Statistical Area</u> | <u>New Housing</u> | <u>Existing Housing</u> |
|-------------------------|--------------------|-------------------------|
| A | \$228,531 | \$195,104 |
| B | 145,343 | 88,074 |
| C | 145,343 | 94,934 |
| D | 145,343 | 121,195 |
| E | 190,173 | 177,356 |
| F | 145,343 | 111,253 |
| G | 210,122 | 142,388 |
| H | 145,343 | 102,736 |

| | | |
|---|---------|---------|
| I | 159,894 | 145,561 |
| J | 145,343 | 139,748 |
| K | 150,481 | 125,176 |
| L | 145,343 | 94,349 |
| M | 145,343 | 91,883 |

In order to meet the purchase price requirement of section 143(e) of the Internal Revenue Code ("Code"), the acquisition cost of a single family residence may not exceed 90% of the applicable average area purchase price, except in the case of a targeted area residence, where the acquisition cost may not exceed 110% of the applicable average area purchase price. The figures approved above may be relied upon for a period of not more than 30 months following the termination date of the 12-month period used by the Authority to compute the average area purchase price limitation for purposes of issuing mortgage credit certificates under section 25 and qualified mortgage bonds under section 143 of the Code.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,
Assistant Chief Counsel
(Exempt Organizations/Employment
Tax/Government Entities)
By: Timothy L. Jones
Senior Counsel
Tax Exempt Bond Branch

cc: