



Affordable Housing Program Technical Guidance 2015-01 August 1, 2015

AHP Maximum Rent Calculation

This technical guidance explains how to calculate a household's rent in an AHP rental project in accordance with the 30% maximum rent rule set forth in the AHP regulation at 12 C.F.R. 1291.1.

AHP Regulation

Under the AHP regulation, affordable is defined in relevant part as “the rent charged to a household for a unit that is to be reserved for occupancy by a household with an income at or below 80% of the median income for the area, does not exceed 30% of the income of a household of the maximum income and size expected, under the commitment made in the approved AHP application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 persons per unit without a separate bedroom).”

The maximum rents must align with the household income targeting committed to in the approved AHP application or any approved modification. The AHP has three income ranges: 50% or less of the area median income (AMI), 51% to 60% of the AMI and 61% to 80% of the AMI.

AHP Maximum Rent Calculation Example

Step 1: Determine number of persons per bedroom size:

<u>Bedroom Size</u>	<u>No. Persons</u>
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1	1.5
2	3.0
3	4.5
4	6.0

Step 2: Calculate maximum rent (30%) based on income targeting group using the HUD AMI for project location

Example using: 2015 HUD AMI Limits for Allegheny County, PA

Maximum rent for a 50% or less household

1 Bedroom $\$24,350 + \$27,800 = \$52,150/2 = \$26,075 \times 30\% = \$7,822.50/12 = \651.87

Based on the average of 1 person HH income + 2 person HH income

2 Bedrooms $\$31,300 \times 30\% = \$9,390/12 = \$782.50$

Based on 3 person HH income

3 Bedrooms $\$34,750 + \$37,550 = \$72,300/2 = \$36,150 \times 30\% = \$10,845/12 = \903.75

Based on the average of 4 person HH income + 5 person HH income

4 Bedrooms $\$40,350 \times 30\% = \$12,105/12 = \$1,008.75$

Based on 6 person HH income

Maximum rent for a 51% to 60% household

1 Bedroom $\$29,220 + \$33,360 = \$62,580/2 = \$31,290 \times 30\% = \$9,387/12 = \782.25

Based on the average of 1 person HH income + 2 person HH income

2 Bedrooms $\$37,560 \times 30\% = \$11,268/12 = \$939.00$

Based on 3 person HH income

3 Bedrooms $\$41,700 + \$45,060 = \$86,760/2 = \$43,380 \times 30\% = \$13,014/12 = \$1,084.50$

Based on the average of 4 person HH income + 5 person HH income

4 Bedrooms $\$48,420 \times 30\% = \$14,526/12 = \$1,210.50$

Based on 6 person HH income

Maximum rent for a 61% to 80% household

1 Bedroom $\$38,950 + \$44,500 = \$83,450/2 = \$41,725 \times 30\% = \$12,517.50/12 = \$1,043.12$

Based on the average of 1 person HH income + 2 person HH income

2 Bedrooms $\$50,050 \times 30\% = \$15,015/12 = \$1,251.25$

Based on 3 person HH income

3 Bedrooms $\$55,600 + 60,050 = \$115,650/2 = \$57,825 \times 30\% = \$17,347.50/12 = \$1,445.62$

Based on the average 4 person HH income + 5 person HH income

4 Bedrooms $\$64,500 \times 30\% = \$19,350/12 = \$1,612.50$

Based on 6 person HH income

Step 3: Rent to charge based on income targeting in the approved AHP application

Scenario No.1:

If a project's income targeting is comprised of all units at 50% or less, a project is permitted to charge up to the maximum amount calculated for a 50% or less household based on bedroom size. Using the rent calculations above, the maximum rent amounts would be:

1 Bedroom	\$651.87
2 Bedrooms	\$782.50
3 Bedrooms	\$903.75
4 Bedrooms	\$1,008.75

Scenario No.2:

If a project's income targeting is comprised of 10 units at 50% or less, 10 units at 51% to 60% and 10 units at 61% to 80%, a project is permitted to have 10 maximum rents at 50% or less, 10 maximum rents at 60% and 10 maximum rents at 80%. Using the rent calculation above, the amounts would be:

	50%	60%	80%
1 Bedroom	\$651.87	\$782.25	\$1,043.12
2 Bedrooms	\$782.50	\$939.00	\$1,251.25
3 Bedrooms	\$903.75	\$1,084.50	\$1,445.62
4 Bedrooms	\$1,008.75	\$1,210.50	\$1,612.50

Please note this is example is for the year 2015 using 2015 HUD AMI Limits for Allegheny County, PA. All maximum rent calculations are based on the current year and location of a project. If the year is 2016, the maximum rent calculation will be based on the 2016 HUD AMI Limits. For more information on the HUD AMI Limits, see <http://www.huduser.org/portal/datasets/il.html>.

Additional Guidance

It is important to note that the income targeting compliance and maximum rent rule compliance are two separate requirements that project sponsors/owners must comply with:

1. Income targeting of AHP units

The income targeting of a project's AHP units must be in compliance with the income targeting committed to within the approved AHP application or any approved modification.

2. 30% maximum rent rule

The rent charged to a household for an AHP unit that is to be reserved for occupancy by a household with an income at or below 80% of the AMI, must not exceed 30% of the income of a household of the maximum income and size expected, under the commitment made in the approved AHP application, to occupy the unit.