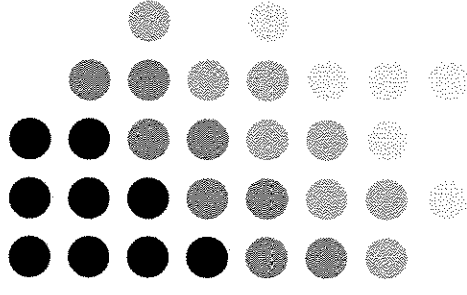
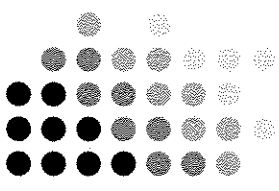


# Calculating Maximum Incomes & Rents

Michael Kotin  
Kay-Kay Realty Corp.  
2007



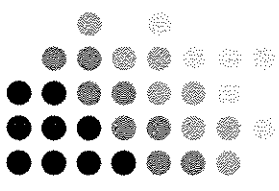
# HUD Income Tables



HUD Publishes income limits for all counties and MSAs in the country on an annual basis.

HUD publishes 30%, 50% and 80% of median tables.

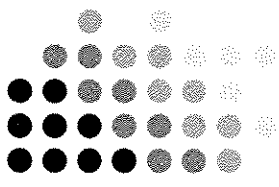
# HUD Income Tables



The 80% table is called the “Low Income” table. But don’t use it!

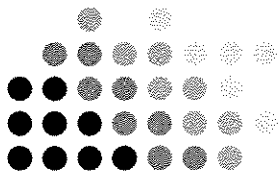
All LIHTC calculations based upon 50% table using a “conversion” table.

# Conversion Factors



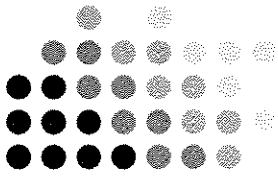
<u>Published</u>	<u>Conversion</u>	<u>Desired</u>
50%	X	1.00
	=	50%
50%	X	1.20
	=	60%
50%	X	0.60
	=	30%
50%	X	0.70
	=	35%
50%	X	0.80
	=	40%
50%	X	0.90
	=	45%

# Maximum Incomes



Number in HH	1	2	3	4	5
50% of Median	18,000	20,000	22,000	24,000	26,000
Conversion Factor	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
60% of Median	21,600	24,000	26,400	28,800	31,200

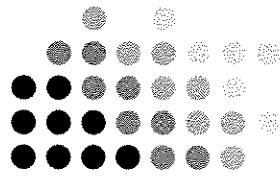
# Maximum Rent



Since 1990 Maximum Rent is based upon the number of bedrooms in the unit, not the number of residents.

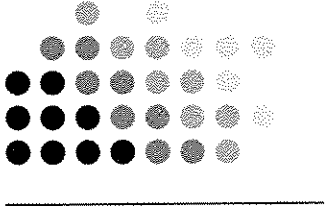
Allowable rent is the same for a particular unit size no matter how many people actually live in the unit.

# Maximum Rent



For purposes of calculating maximum allowable rent, we assume a household with 1.5 persons per bedroom.

# Maximum Rent



Number of Bedrooms

1

2

3

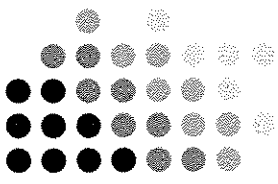
Imputed Household Size

1.5

3.0

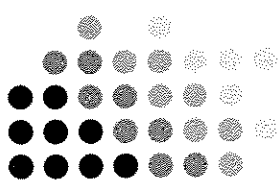
4.5

# Maximum Rent



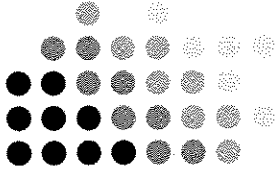
Number in HH	1	2	3	4	5
60% of Median	21,600	24,000	26,400	28,800	31,200
Bedrooms	1	2	3		
Imputed Household Size	1.5	3.0		4.5	
Imputed Income Limit	22,800	26,400	30,000		

# Maximum Rent



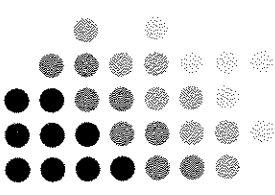
Bedrooms	1	2	3
Imputed Income Limit	22,800	26,400	30,000
Percentage to Housing	<u>30%</u>	<u>30%</u>	<u>30%</u>
Total Gross Annual Rent	6,840	7,920	9,000
	<u>12</u>	<u>12</u>	<u>12</u>
GROSS MONTHLY RENT	570	660	750

# Maximum Rent



Bedrooms	1	2	3
GROSS MONTHLY RENT	570	660	750
Less: Allowance for Utilities	<u>&lt; 75&gt;</u>	<u>&lt; 100&gt;</u>	<u>&lt; 125&gt;</u>
NET MONTHLY RENT	495	560	625

# Maximum Rent

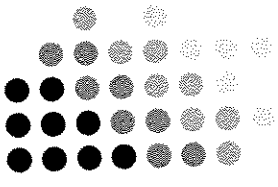


## Utilities to consider:

Heat  
Cooling  
“Plug ins”  
Cooking  
Hot Water  
Water  
Sewer  
Trash

## Don't consider:

Telephone  
Cable T.V.  
DSL / Internet



# Gross Rent Floor

Provides protection to owners for drops in published area median incomes.

GROSS rent never drops below the amount permissible at time of election (generally PISD year)

Does not protect against increases in utility allowances and therefore decreases in NET rent.