

OVERVIEW:

ANALYSIS TO DETERMINE IF A PROJECT IS REQUIRED TO PROVIDE INCLUSIONARY UNITS

- Purpose of Analysis is to determine the gap between the project's rent, the maximum allowable affordable rent and what it would cost to cover that 30-year gap.
- Start by:
 - Determining number of units that qualify as affordable by bedroom size and by percentage of Area Median Income
 - Determining maximum amount of rent that can be paid for an affordable unit using guidelines published by HUD
 - What is the difference between the project's rent and affordable rent over a 30-year period, including a 3% increase per year for project rent and a 2% increase per year for affordable rents
- Determine the value of the subsidy over the 30-year required affordability period. That amount is used to determine whether the required subsidy is within or exceeds the Law's Investment Threshold requirements.