# FDIC <br> AFFORDABLE HOUSING DISPOSITION PROGRAM (AHP) GUIDE TO CALCULATING MAXIMUM RENTS 

## Instructions

The FDIC will publish the maximum rents for Qualified Units by geographic location. The methodology used for calculating these limits is described below for your information. This methodology employs certain steps and approaches which are unique to this FDIC program. The unit density figures and income adjustments used to calculate AHP rent limits are included on page 3 and can be found as Exhibit B to most AHP LURAs. (Note: One key departure from other affordable housing programs, such as Section 8 or Low Income Housing Tax Credits, is the fact that utilities are not accounted for in the rent limits).

The attached sample provides example calculations of the VLI and LI maximum rents for unit sizes from an efficiency to a five bedroom unit. To illustrate the method of calculating rent limits, the example below uses the income limits for Hometown, USA (see page 2) to show how to compute the VLI and LI limits for a 2-bedroom unit in that city.

## METHOD

EXAMPLE

## Steps:

1). For each unit size, determine the number of persons which FDIC's formula assumes will occupy that size unit. (See Page B-3)
2). Using the AHP/HUD income limits applicable to the property's location, select the income limit for the number of persons that correspond to a given unit size. The VLI limits are based on the figures for $50 \%$ of area median income, and the LI limits are based on $65 \%$ of area median income.
3). Determine the "adjusted income: for each unit size by subtracting the applicable AHP income adjustment. (See page B-3). Note that the adjustment figures vary by unit size.
4). Multiply "adjusted income" by $30 \%$ to obtain the appropriate AHP maximum annual rent. Divide by 12 to determine the maximum monthly rent.

FDIC's formula assumes three (3) persons will inhabit a 2-BR unit. (See attached sample).

The VLI limit for 3 persons is $\$ 13,750$ using the figures for $50 \%$ of area median income and the LI limit is $\$ 17,900$ using the figures for $65 \%$ of median income.

The income adjustment for a 2-BR unit is \$880, as stipulated in Exhibit B of the LURA. For a 2-BR VLI unit, subtract $\$ 880$ from $\$ 13,750$ to obtain an adjusted income of $\$ 12,870$. For a 2BR LI unit, subtract $\$ 880$ from $\$ 17,900$ to obtain an adjusted income of $\$ 17,020$.

Multiply the adjusted income for 2-BR VLI unit $(\$ 12,870)$ by $30 \%$ to obtain the maximum annual rent of $\$ 3,861$. The maximum monthly rent of \$322 is calculated by dividing the annual amount by $12(3,861 / 12)$. Following the same steps for the adjusted income of $\$ 17,020$ of a 2 -BR LI yields a maximum monthly rent of $\$ 426$.

