

RENT FORMULA FOR EXISTING RENTAL
HOUSING UNDER SECTION 223(f)

PROJECT NO. _____

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| 1. | HUD estimate of value of property | \$ _____ |
| 2. | Ratio of total rentable area to residential net rentable area. (This ratio is: (C-35 - Laundry Area + C-34)/C-34. The result will be 1.00 if there are no commercial areas other than laundry; above 1.00 if there are commercial areas other than laundry.)** | _____ |
| 3. | Portion of value applicable to residential units, parking and laundry. (Line 1 divided by Line 2.) | \$ _____ |
| 4. | Cash working capital. (For rent formula purposes, 2% of estimated mortgage amount.) | \$ _____ |
| 5. | Total investment in dwelling units. (Line 3 plus Line 4.) | \$ _____ |
| 6a. | Interest rate _____ % | |
| | Initial Curtail _____ % | |
| | FHA-MIP _____ % | |
| | Over-ride* _____ % | |
| | Total _____ % | |
| 6b. | Capitalization rate _____ % | |
| | (Line K-3, Form HUD-92264) | |
| | Over-ride _____ % | |
| | Total _____ % | |
| 6c. | Allowable return on investment (Greater of Lines 6a or 6b _____ % x Line 5)*** | \$ _____ |
| 7a. | Total annual expense, taxes and reserves (From E-29 of Form HUD-92264) | \$ _____ |
| 7b. | Annual payments to ground lease. (Enter annual payments to ground lease, if any. Where mortgage is on a leasehold estate, the value of property in Line 1 must be the value of the leasehold estate rather than the value in fee simple.) | \$ _____ |
| 7c. | Total annual expense and ground rent. (Line 7a plus Line 7b.) | \$ _____ |
| 8. | Annual expense and ground rent applicable to living units. (line 7c divided by Line 2.) | \$ _____ |
| 9. | Effective gross income applicable to living units, parking and laundry. (Line 6c plus Line 8.) | \$ _____ |
| 10. | Occupancy estimate. (For rent formula purposes, this percentage may not be less than 90%, nor more than 93%.) | _____ % |
| 11. | Gross income applicable to living units, parking, | |

- and laundry. (Line 9 divided by line 10.) \$ _____
12. Maximum monthly gross rental for living units, parking,
and laundry. (Line 11 divided by Line 12.) \$ _____
13. Monthly income from parking and laundry. \$ _____
14. Maximum allowable monthly rental for all living units.
(Line 12 minus Line 13.) Enter this amount in Line H-1
of Form HUD-92264.**** \$ _____
- * Enter the required percentage of interest rate, initial
curtail, mortgage insurance premium and .5% over-ride in
the spaces provided.
- ** For Line 2 it is desired to exclude from the ratio any commercial
area which represents the area of a coin-operated laundry space
intended for tenant use. (Income from such a laundry area is
subtracted in Line 13.)

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Appendix 9

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- *** Line 6c, Allowable return on investment, equals Line 5 multiplied by
the greater of:
(6a) the debt service rate plus .5% over-ride, or
(6b) the capitalization rate shown on Line k-3 of Form HUD-92264,
plus .5% over-ride.
For a refinancing application in an older, declining urban area,
omit the over-ride from Lines 6a and 6b.
- **** For projects subject to local rent control, the maximum monthly
rent may not exceed that which is permitted by local rent control.