Rehabilitation Replacement Cost Formula

Section 202/Section 8 Projects

U.S. Department of Housing and Urban Development Office of Housing Federal Housing Commissioner



Value of Leased Fee (from Section K of form HUD-92264) = G All Grant / Loan Amounts Included in Replacement Cost \$ Excess Unusual Land Improvements ≖ Ď Cost Containment Mortgage Deduction Unpaid Balance of Special Assessments \$ Consultant Fee (if lump sum) \$ Supplemental Management Fund Offsite Cost (if any) \$ \$ "As-is" Value of Property (a) Value of Site in Fee Simple (without buildings) \$ (b) "As-is" Value of Buildings \$ Ground Rent During Rehabilitation \$ Contingency Reserve \$ Total for All Improvements \$ Interest on 1/2 of Either the "As-is" Value or Existing Indebtedness \$ Taxes \$ Insurance Title & Recording \$ \$ Legal \$ Organizational Cost Certification Audit Fee \$ \$ Total Knowns Interest Rate / 2 x Construction Period (Yrs) **Project Contingency** Consultant Fee (if an unknown) Marketing Expense (Cooperative Only) \$ Total Unknowns Project Cost less Value of Leased Fee, less Grant, less Excess Unusual Land A-L-G-U-D-S Improvements, less Cost Containment, less Unpaid Balance of Special Assessments 10-B Total Project Replacement Cost X+L+G+U+D+S =RMaximum Mortgage: R-L-G-U-D-S = (\$) x (%) (loan ratio)

Recalculate the interest based on 1/2 the sum of the mortgage plus the lesser of the "As-is" Value or the existing indebtedness. Enter the result in item 53, part G of form HUD-92264. Complete part G of form HUD-92264 using the above-determined maximum mortgage amount rounded to the next lower \$100 multiple. The resulting "Total Estimated Replacement Cost of Project" should correspond approximately to the total project replacement cost found by the formula.