

Sec. 8-30g-8. Maximum housing payment calculations in set-aside developments

(a) The maximum price for any affordable unit that is sold or resold within a set-aside development, for the period of affordability restrictions, to a household earning eighty percent of the median income or less, shall be determined as follows:

(1) Step 1. Determine area median income and the statewide median as published by the U.S. Department of Housing and Urban Development for the subject municipality, and use the lesser of these figures.

(2) Step 2. Adjust median income identified in Step 1 by family size by assuming that 1.5 persons will occupy each bedroom of an affordable unit, except in the case of a studio or zero-bedroom unit, in which case 1.0 person shall be assumed. Family size adjustment shall be made with reference to the following percentages:

NUMBER OF PERSONS IN FAMILY	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
PERCENTAGE ADJUSTMENT	70%	80%	90%	100% (BASE)	108%	116%	124%	132%

The family size adjustment that involves a half person (such as 4.5 persons) shall be calculated by taking the midpoint between the relevant figures above and below the half. For example, the adjustment for a 4.5 person household is 104 percent.

(3) Step 3. Calculate eighty percent (80%) of Step 2.

(4) Step 4. Calculate thirty percent (30%) of Step 3, representing that portion of household income deemed to be used for housing costs.

(5) Step 5. Divide step 4 by twelve (12) months to determine the maximum monthly housing payment.

(6) Step 6. Determine by reasonable estimate monthly housing expenses, including real property taxes; real property insurance; any common interest ownership or similar fee required of all unit purchasers or owners; and heat and utility costs, excluding television, telecommunications, and information technology services.

(7) Step 7. Subtract Step 6 from Step 5 to determine the amount available for mortgage principal and interest.

(8) Step 8. Using the amount resulting from Step 7, apply a mortgage term and interest rate that is commercially reasonable and available to households likely to apply to purchase such units, in order to determine the financeable amount.

(9) Step 9. Calculate down payment, which shall comply with subsection (c) of this section.

(10) Step 10. Add Steps 8 and 9 to determine the maximum sale or resale price.

(b) For a unit required to be sold or resold to a household earning sixty percent (60%) or less of the median income, the formula stated above shall be used, except that in Step 3, sixty percent (60%) shall be used instead of eighty percent (80%).

(c) The maximum allowable down payment used in calculating the maximum sale or resale price of an affordable unit that is sold shall be the lesser of twenty percent (20%) of the total sale price or twenty percent (20%) of the Connecticut Housing Finance Authority

(CHFA) maximum sales price limit for a comparably-sized unit in the area, as published by CHFA.

(d) The maximum monthly payment for a rental unit in a set-aside development, for the period of affordability restrictions, for a household earning eighty percent of the median income or less, shall be determined as follows:

(1) Step 1. Determine area median income and the statewide median as published by the U.S. Department of Housing and Urban Development for the subject municipality, and use the lesser of these figures.

(2) Step 2. Adjust median income identified in Step 1 by family size by assuming that 1.5 persons will occupy each bedroom of an affordable unit, except in the case of a studio or zero-bedroom unit, in which case 1.0 person shall be assumed. Family size adjustment shall be made with reference to the following percentages:

NUMBER OF PERSONS IN FAMILY	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
PERCENTAGE ADJUSTMENT	70%	80%	90%	100%	108%	116%	124%	132%
				(BASE)				

The family size adjustment that involves a half person (such as 4.5 persons) shall be calculated by taking the midpoint between the relevant figures above and below the half. For example, the adjustment for a 4.5 person household is 104 percent.

(3) Step 3. Calculate eighty percent (80%) of Step 2.

(4) Step 4. Calculate thirty percent (30%) of Step 3, representing that portion of household income deemed to be used for housing costs.

(5) Step 5. Divide Step 4 by twelve (12) months to determine the maximum monthly housing payment.

(6) Step 6. Determine the fair market rent for a unit with the same number of bedrooms in the subject municipality as published by the U.S. Department of Housing and Urban Development.

(7) Step 7. Multiply the U.S. Department of Housing and Urban Development fair market rent as determined in Step 6 by one hundred twenty percent (120%).

(8) Step 8. The maximum monthly housing payment for occupants of the subject rental unit shall be the lesser of the calculations in Steps 5 and 7.

(9) Step 9. Determine by reasonable estimate monthly expenses for heat and utility costs for which the tenant is directly responsible, excluding television, telecommunications, and information technology services, but including any other periodic fees for which the tenant is directly responsible, such as common charges in the case of a common interest ownership community.

(10) Step 10. Deduct the estimate of tenant-paid utilities and fees determined in Step 9 from the maximum monthly housing payment in Step 8, which will result in the maximum amount that the developer/owner may charge for this rental unit as the monthly contract rent.

(e) For a unit required to be rented to a household earning sixty percent (60%) or less of

the median income, the formula stated above shall be used, except that in Step 3, sixty percent (60%) shall be used instead of eighty percent (80%), and in Step 7, the U.S. Department of Housing and Urban Development fair market rent shall be used instead of one hundred twenty percent (120%) of the U.S. Department of Housing and Urban Development fair market rent.

(f) The elements of annual household income, and documentation of such income, used for the purposes of determining whether a household's annual income qualifies it for occupancy of a price-restricted unit, shall be conducted using the guidelines published by the U.S. Department of Housing 24 CFR 5.609.

(Adopted effective April 29, 2002; Amended May 3, 2005)