

# TAX INCREMENT FUNDING REQUIREMENTS

## Rental Housing

1. Tax Increment (TI) Restricted Units are made affordable by such regulation to persons and households that qualify as moderate-income, low-income or very low-income.
2. Affordability requirements: Owner shall assure that the TI Restricted Units shall be rented at or below the following rates to households whose incomes are at or below the respective income limits for the rental rate:
  - a. Moderate-Income TI Restricted Units shall be rented for amounts that do not exceed payments of thirty percent (30%) of one hundred and ten percent (110%) the Sacramento Metropolitan Statistical Area median income ("Median Income"), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective TI Restricted Unit.
  - b. Low-Income TI Restricted Units shall be rented for amounts that do not exceed payments of thirty percent (30%) of sixty percent (60%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective TI Restricted Unit.
  - c. Very Low-Income TI Restricted Units shall be rented for amounts that do not exceed payments of thirty percent (30%) of fifty percent (50%) the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective TI Restricted Unit.
3. Owner shall be responsible to determine the affordable amounts for the TI Restricted Units. Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such amounts.
4. Term. TI Restricted Rental Units shall be restricted for a term of fifty-five (55) years, unless a longer term is specified.

## Ownership Housing

The calculation of the maximum allowable sales price is based on the following factors: 1) Area median income (published annually by the Department of Housing & Urban Development) adjusted for family size; and 2) Current market interest rates. For homeownership projects the house payment may not exceed 35 percent of 110 percent of area median income adjusted for family size for tax increment assisted units. House payment typically includes: principal and interest payment on mortgage loan, mortgage insurance, property insurance, and flood insurance (if in flood zone), real estate taxes, special assessments, homeownership association (HOA) fees (if applicable) and an allowance for maintenance and utilities. Affordability restrictions for owner-occupied housing apply for 45 years.