

Rent Overburden for Unsubsidized Units

Several applications submitted in the first round applying with the Special Needs or Single Room Occupancy (SRO) housing type did not demonstrate within the market study that the targeted tenant population will not experience rent overburden in the units not covered by a rental or operating subsidy. Pursuant to CTCAC Regulations Sections 10325(g)(3)(C) and 10325(g)(5)(D), projects with rental or operating subsidies on less than **100%** of the units must demonstrate within the market study that the tenants in the unsubsidized units will not experience rent overburden. Rent overburden is defined as targeted rent which is more than 30% of the target population(s) income. For example, if the unsubsidized unit's rent is \$300 per month, the target population must earn at least \$1,000 per month to not be considered rent overburdened. For those unsubsidized units, please provide the following information in the market study:

1. Identify the specific tenant population for the proposed project. Example: homeless, disabled, etc. **General population information in the market area for purposes of this analysis is not sufficient data.**
2. Identify income levels **and the** source of income for this specific tenant population. Include the source of this information and any relevant explanation to substantiate its accuracy. **General income information for the area is not sufficient.**
3. Provide a clear calculation for all unsubsidized units at the various rent and income levels in question. Example:
 - o **Rent = \$300 per month**
 - o **Target population monthly income = \$1,400**
 - o **Percentage of income to rent (300/1400) = 21.4% (<30%)**
 - o **Target population will not experience rent overburden**

Please note, this information is only required when a project **does not** have a public rental subsidy or an operating subsidy committed to 100% of the Special Needs or SRO units in a Special Needs or SRO housing type project. The regulatory requirement is cited below.

Section 10325(g)(3)(C):

- (C) "If the project does not have a public rental or operating subsidy committed for all special needs and non-special needs SRO units, the applicant shall demonstrate for these unsubsidized units that the target population(s) will not experience rent overburden, as supported by the market study. Rent overburden means the targeted rent is more than 30% of the target population(s) income;"

Section 10325(g)(5)(D):

- (D) “If the project does not have a rental subsidy committed, the application shall demonstrate that the target population can pay the proposed rents. For instance, if the target population will rely on General Assistance, the applicant shall show that for those receiving General Assistance are willing to pay rent at the level proposed;”