



## Rent Advantage Methodology

### Purpose

This document describes the methodology used to determine rent advantage under **(Scoring) Preservation Scoring Criteria, B. Rent Advantage** (“**B. Rent Advantage**”). Per **B. Rent Advantage**:

“For Applications seeking points under this subsection, DCA will commission a Preliminary Rent Analysis letter from a DCA-approved market analyst to provide the information used for scoring.

The Rent Analysis Letter compares the 60% Housing Credit rent limit to market rents.”

### Methodology

Under **B. Rent Advantage**, market rents are the achievable market rents for the subject property in its current condition.

Rent advantage for each unit is calculated as follows:

- Achievable Market Rent minus 60% AMI LIHTC Rent Limit
- Difference divided by Achievable Market Rent

$$\frac{[(\text{Achievable Market Rent}) - (60\% \text{ AMI LIHTC Rent Limit})]}{(\text{Achievable Market Rent})}$$

Overall rent advantage for the subject property is the weighted average of the rent advantage values for all units in the subject property.

### Specifications

1. “Achievable Market Rent”:
  - a. Based on the subject property’s as is condition at the time of Competitive Application Submission
  - b. As determined by the DCA-commissioned market analyst
2. “60% AMI LIHTC Rent Limit”:
  - a. Applicable to the subject property location and unit size
  - b. Adjusted for utility allowance
  - c. Based on Multifamily Tax Subsidy Projects (MTSP) Income Limits most recently published by HUD at the time the analysis is commissioned by DCA
3. Analysis is based on the subject property’s:
  - a. existing unit mix, regardless of changes to the unit mix proposed in the Application; and
  - b. current state, including but not limited to condition, amenities, and features, regardless of improvements and changes proposed in the Application.
4. For all units, achievable market rent is compared to 60% AMI LIHTC Rent Limit, regardless of current or proposed AMI designations.



## **Applicant Information**

1. The DCA-commissioned market analyst will send a request for property information to the Applicant Primary and Secondary Contacts listed in the Application. Applicants must respond directly to the analyst and provide all requested information in a timely manner.
2. Property information provided must reflect the property's current state, including but not limited to condition, unit mix, amenities, and features.
3. DCA will provide the Applicant with a copy of the Rent Advantage Analysis letter with the Application's preliminary results. Per **(Core) Competitive Rounds**, Applicants will have 48 hours to respond to DCA with opinions and/or objections. DCA will review and share feedback with the market analyst prior to assigning a final score.