

Outlined below are the steps to calculate the maximum household income in an HDFC coop subject to Section 576 restrictions.

Example #1: 1-bedroom apartment being sold to a 2-person household

Here is an example using the Section 576 formula for determining a new purchaser's maximum income based on the following details:

- **Unit Size:** 1-bedroom apartment
- **Monthly Maintenance:** \$700
- **Annual Maintenance:** \$8,400 (\$700 x 12 months)
- **Annual Utilities:** \$1,164 (\$97 per month x 12)
- **Seller's Purchase Price ("Original Investment"):** \$260,000
- **6% of the Original Investment: \$15,600** (6% of \$260,000)
- **Purchaser's Household Size:** 2
- **Multiplier based on Household Size (required by the Statute):** 6x

Step 1: Add Annual Maintenance and Annual Utilities and multiply by 6							
Annual maintenance fees (\$700 per month)		Annual utilities (\$97 per month)		Total annual housing costs		Multiplier based on household size	Total annual costs multiplied by 6
\$8,400	+	\$1,164	=	\$9,564	x	6	= \$57,384

Step 2: Determine 6% of the Original Investment paid by the Seller				
Original investment (seller's purchase price)		6%		6% of original investment
\$260,000	x	.06	=	\$15,600

Step 3: Add the totals from Step 1 and Step 2 to determine the income limit for a new buyer				
Step 1: Total annual housing costs multiplied by 6		Step 2: 6% of original investment		Total Maximum income limit for buyer
\$57,384	+	\$15,600	=	\$72,984

For comparison, the 2020 Area Median Income level for a 2-person household earning \$72,984 is 80% AMI.

Example #2: 3-bedroom apartment being sold to a 4-person household

Here is an example using the Section 576 formula for determining a new purchaser's maximum income based on the following details:

- **Unit Size:** 3-bedroom apartment
- **Monthly Maintenance:** \$900
- **Annual Maintenance:** \$10,800 (\$900 x 12 months)
- **Annual Utilities:** \$1,752 (\$146 per month x 12)
- **Seller's Purchase ("Original Investment"):** \$240,000
- **6% of the Original Investment:** \$14,400 (6% x \$240,000)
- **Purchaser's Household) Size:** 4
- **Multiplier based on Household Size (required by the Statute):** 7x

Step 1: Add Annual Maintenance and Annual Utilities and multiply by 7							
Annual maintenance fees (\$900 per month)		Annual utilities (\$146 per month)		Total annual housing costs		Multiplier based on household size	Total annual costs multiplied by 7
\$10,800	+	\$1,752	=	\$12,552	x	7	= \$87,864

Step 2: Determine 6% of the Original Investment paid by the Seller				
Original Investment (seller's purchase price)		6%		6% of the original investment
\$240,000	x	.06	=	\$14,400

Step 3: Add the totals from Step 1 and Step 2 to determine the income limit for a new buyer				
Step 1: Total annual housing costs multiplied by 7		Step 2: 6% of original investment		Total maximum income limit for buyer
\$87,864	+	\$14,400	=	\$102,264

For comparison, the 2020 Area Median Income level for a 4-person household earning \$102,264 is 90% AMI.