**Section 310.804 Calculation of Alternate Basic Rate of Return**

a) For Developments that are eligible for an alternate basic rate of return in excess of 6%, pursuant to Section 310.802(a)(1) or 310.803(a)(1), the Authority may establish an alternate basic rate of return in an amount not to exceed, except as provided in Section 310.805, 200% of the yield paid on 30-year Government National Mortgage Association (GNMA) mortgage certificates as of the date of the issuance of the conditional commitment letter or, if a conditional commitment letter is not issued, a loan agreement for that Development. In order for an alternate basic rate of return higher than 6% to be approved, it shall be established to the satisfaction of the Director or, in his or her absence, the Deputy Director that, but for increase in the rate of return, private enterprise would not be attracted to acquire, construct, rehabilitate, operate and maintain the Development. The Authority will establish an alternate basic rate of return if the Director or, in his or her absence, the Deputy Director determines and certifies that, but for a higher rate of return, private enterprise would not acquire, construct, rehabilitate, operate and maintain housing for Very Low, Low and Moderate Income persons. In making the determination and certification whether an alternate basic rate of return will be approved and in determining and certifying the amount of the rate increase, the Director or, in his or her absence, the Deputy Director shall consider, but not be limited to, the competing market interest rates, alternative lending sources, financial projections based upon anticipated rents, debt service, taxes, utilities and other expenses and the comparative severity of the housing needs. The Chief Fiscal Officer of the Authority shall certify to the GNMA rate as of the date of the conditional commitment letter or the loan agreement, if a conditional commitment letter is not issued, for the Development, and the rate shall be fixed at that level.

b) For Developments that are eligible for an alternate basic rate of return in excess of 6% pursuant to Section 310.802(a)(2) or 310.803(a)(2), the Authority may establish an annual alternate basic rate of return that shall not exceed, except as provided for in Section 310.805, 200% of the yield paid on 30-year GNMA mortgage certificates as of December 1 of the year for which the alternate basic rate of return is to be applied. The Chief Fiscal Officer of the Authority shall certify to the GNMA rate as of December 1 of the year for which the alternate basic rate of return is to be applied and the rate shall be fixed at that level.

c) Any increase in the basic rate of return approved pursuant to this Section shall conform with any relevant federal statutes, rules or regulations.

(Source: Amended at 31 Ill. Reg. 4392, effective February 28, 2007)