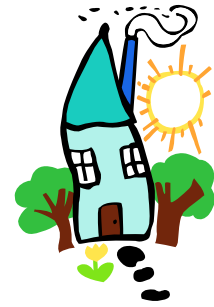


City of Menlo Park

Below Market Rate (BMR) Housing Program

Introduction and Eligibility Requirements



****Please Read This BEFORE Filling Out an Application****

The City of Menlo Park's **BMR Housing Program** is intended to create a permanent supply of housing in Menlo Park that is affordable to low and moderate-income households. **BMR housing units are located throughout the city and include detached single-family homes as well as townhomes and condominiums.** Due to high demand, the City maintains a waiting list of persons/households who would like to rent or purchase Menlo Park BMR homes.

If you are interested in renting and/or purchasing a Menlo Park BMR home you must place your name on the BMR Waiting List. Only persons whose names are on the waiting list are invited to apply for available homes. The City maintains only one BMR Waiting List. *The City does not maintain separate waiting lists for individual BMR homes and/or developments.*

At this time, all existing BMR homes are owner occupied. However, because the City could acquire BMR rental units in the future, households that are interested in renting may also apply for the waiting list. *Please note: if you are in need of rental housing now or in the immediate future, this program may not be for you.* **Applicants may be on the waiting list for several months to several years before receiving opportunities to purchase or rent BMR homes.**

Eligibility Requirements for the BMR Waiting List - To place your name on the waiting list, you must complete a **BMR Waiting List Application** and return it to the City of Menlo Park Housing Division. If you meet all four eligibility requirements listed below, your name will be placed on the waiting list in the order in which it was received.

To be eligible for the BMR Waiting List, you must meet the following FOUR eligibility requirements:

✓ **REQUIREMENT #1 - All members of the household (who intend to reside in the BMR home) must currently live together in a residence that is their primary home.**

NOTE: A household is defined as a single person, or two or more persons sharing residency whose income resources are available to meet the household's needs. To be considered part of the household and included in household size, children under the age of 18 must reside in the home at least part-time or parents must have at least partial (50%) custody of the child/children.

✓ **REQUIREMENT #2 - The household must currently live in Menlo Park OR a member of the household must currently work in Menlo Park.**

- **To qualify as LIVING in Menlo Park:** The household must currently reside within incorporated city of Menlo Park. This must be the household's primary residence.
- **To qualify as WORKING in Menlo Park:** A member of the household must currently work within incorporated city of Menlo Park. Work hours must be at least 20 hours per week (or must average a minimum of 20 hours per week over the course of the one year prior to application to the waiting list). Volunteer work hours do not qualify.

WORK is defined as any of the following: (1) employment for wages or salary by an employer located in Menlo Park AND the employment/actual work is performed in Menlo Park; (2) owning and operating a business located in Menlo Park (this does NOT include owning a residential or commercial property for investment purposes only); (3) contract employment where the actual work is conducted at a Menlo Park location; or (4) commission work, up to and including a 100% commission arrangement, conducted in Menlo Park.

✓ **REQUIREMENT #3 - The household's current gross (pre-tax) annual income may not exceed program income limits, adjusted for household size (please see the chart below).**

HOUSEHOLD INCOME includes stable income from every adult member of the household who intends to reside in the BMR home. DO include all sources of income such as employment, child/spousal support, social security, disability, annuity, pension, or other retirement income. *Do NOT include the incomes of children under the age of 18 or full-time students 18 years of age and older.*

Maximum Gross Annual Household Income by Household Size		
Household Size:	Maximum to Rent:	Maximum to Purchase:
1	\$59,850	\$78,200
2	\$68,400	\$89,400
3	\$76,950	\$100,600
4	\$85,450	\$111,750
5	\$92,300	\$120,700
6	\$99,150	\$129,600
7	\$106,000	\$138,600
8	\$112,800	\$147,500

Program income limits are based on the 2011 Income Guidelines for San Mateo County.

✓ **REQUIREMENT #4 - Members of the household who intend to purchase and reside in a BMR home may not own the home that they currently live in as their primary residence. Note that this requirement only applies to households that want to purchase BMR homes. It does not apply to households that ONLY want to rent.**

The following are EXCEPTIONS to this requirement: (1) households that currently own homes as their primary residences more than fifty (50) miles outside Menlo Park city limits, that are otherwise eligible for the BMR Program; and (2) households that currently own mobile homes and reside in them as their primary residences; and (3) households otherwise eligible for the BMR Program that currently own and reside in BMR homes and are in need of smaller or larger homes due to changes in household size or family needs.

✓ **For households/applicants who want to purchase BMR homes, the following is required AFTER your name is added to the BMR Waiting List: all adult applicants/household members must complete a one-time homebuyer education workshop, class, or counseling session.** When your name is placed on the waiting list for purchase, program staff will give you a list of approved local organizations that provide homebuyer education and/or counseling. You must choose an education provider or program from the approved list and you may choose to attend in either a group or one-on-one setting. This educational requirement must be completed only once. Only households on the waiting list that have completed this educational requirement will be invited to apply to purchase BMR homes. ***This requirement does not apply to households that ONLY want to rent.***

NOTE: Applicants who provide written evidence of having completed an approved homebuyer education workshop, class, or counseling session within twelve (12) months prior to the date of

application to the waiting list are NOT required to complete an additional workshop, class, or counseling session.

❖ **Household Size Determines Unit/Home Size** - Your household size determines the size of the BMR home for which you are eligible, as follows:

BMR Unit/Home Size:	Eligible Household Sizes:
Studio	1-2 persons
One Bedroom	1-3 persons
Two Bedroom	1-5 persons
Three Bedroom	3-7 persons
Four Bedroom	4-9 persons

BMR Waiting List Management:

- ❖ BMR homes are offered to eligible households on the waiting list in the order in which waiting list applications were received (that is, starting with households that have the lowest waiting list numbers/have been on the list the longest).
- ❖ The waiting list is updated annually or from time-to-time as deemed necessary. The City updates the waiting list by mailing and/or emailing eligibility update forms to all households currently on the list. **At such times, please complete and return the update form by the deadline in order to remain on the waiting list.**
- ❖ When BMR homes become available for rent or purchase, program staff notifies households on the waiting list that are eligible based on the number of people reported to be in their households. For example, only households of 1-3 persons are notified when one-bedroom units are available. **Eligible households are normally notified of available homes by email (or phone, for those without email addresses).**
- ❖ If you are notified of a BMR home available for purchase or rent, you will be invited to attend an applicant orientation meeting. Applications to purchase/rent the home will be available at the meeting and program staff will discuss the home and the application process. Typically, completed applications are due approximately two weeks after the meeting. Purchase and rental applications require detailed information and allow program staff to verify a household’s eligibility to participate in the program at that time.
- ❖ You will NOT be removed from the waiting list for choosing not to apply for available BMR homes when invited to do so. Similarly, you will NOT be removed from the waiting list should you apply to purchase or rent homes and are not selected for them (as long as you are otherwise eligible for the program at that time).

BMR Eligibility Requirements at Time of Purchase:

- ❖ **To be eligible to PURCHASE a BMR home when it is available, a household on the waiting list must meet ALL of the following requirements at the time it applies to purchase:** (1) currently lives *or* works within incorporated Menlo Park in accordance with program requirements; (2) has lived *or* worked within incorporated Menlo Park continuously for at least one year prior to application; (3) is an established household (all persons included as members of the household must currently live together in a location that is their primary residence and must have done so continuously for at least one year prior to application, with certain exceptions); (4) has a gross annual household income that doesn’t exceed the BMR maximum income limits in place at that time; (5) has non-retirement assets that do not exceed the purchase price of the BMR home, with certain exceptions; (6) all members of the applicant household are first-time homebuyers (defined as not having owned a home as your primary residence within the last three years prior to

application), with certain exceptions; and (7) is generally “mortgage ready” and able to pay normal and required costs associated with home purchase.

Important Things to Know About OWNING a Menlo Park BMR Home:

- ❖ **BMR homes cannot be appraised, refinanced, or sold at market rate prices/values for a period of 55 years following purchase.** BMR owners sign a 55-year deed restrictions document at purchase, meaning the homes remain affordable/below market rate for 55 years. During this time, the appraised values of BMR homes are provided by the City. BMR homes may not be valued at or sold for less than their original purchase prices.
- ❖ The values of BMR homes, including resale values, are calculated using a standard formula specified in the deed restrictions. The formula is based on the Consumer Price Index – All Urban Consumers for the San Francisco Bay Area. When BMR owners sell their homes the sales prices (resale values) are calculated using this standard formula. BMR resale prices may also be increased by the depreciated values of qualified substantial improvements that the selling owners made to the properties.
- ❖ BMR homes do **NOT** appreciate in value like market rate homes. BMR homes do appreciate in value however appreciation is modest. On average, BMR homes increase in value by about 1% per year of ownership.
- ❖ BMR homes are purchased and owned in the same way as market rate homes. **YOU** own the BMR home, not the City. Like market rate owners, BMR owners are eligible for mortgage interest and property tax deductions when they file their annual income taxes. Property taxes for BMR homes are based on their BMR values/prices (not on corresponding market rate values).
- ❖ Only the names of BMR waiting list applicants (who plan to reside in the home) may appear on the Grant Deed for a BMR home. A minimum of 50% of the ownership interest in the property must be vested in the applicant(s) who qualifies for the BMR Program, regardless of income.
- ❖ BMR homes must be owner-occupied. Certain exceptions may apply with the City’s advance permission.
- ❖ BMR owners may sell their BMR homes at any time following purchase. When a BMR owner decides to sell their home they must notify the City, which is entitled to resell or purchase it at a specified BMR price (based on the standard formula identified in the deed restrictions). The City will resell the BMR home to another eligible household on the BMR waiting list.

The *Below Market Rate Housing Program Guidelines* explain the program in detail and are available through the City’s Housing Division and on the City’s website at www.menlopark.org. **For additional information on the BMR Program, please contact Megan Nee in the Housing Division at mnee@menlopark.org (e-mail) or 650-330-6728 (phone).**

Please mail, deliver, fax, or e-mail your BMR Waiting List Application to:

City of Menlo Park Housing Division
701 Laurel Street
Menlo Park, CA 94025
FAX # (direct): 650-327-1759
mnee@menlopark.org