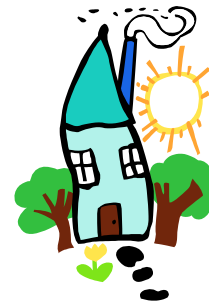


City of Menlo Park Introduction to BMR Housing Program 2006 Program Year



The City of Menlo Park's **Below Market Rate (BMR) Housing Program** is intended to create a permanent supply of housing in Menlo Park that is affordable to low and moderate-income households. The BMR Program requires that qualifying residential and commercial/industrial developers who build in the City of Menlo Park contribute BMR housing units and/or fees to the City's affordable housing fund/reserve. This fund is called the Below Market Rate Housing Fund, or **BMR Fund**. Fees collected in the BMR Fund are used exclusively to create affordable housing opportunities in Menlo Park.

City of Menlo Park BMR units are located throughout the city. They include detached single-family homes as well as attached single-family homes like townhouses and condominiums. Due to the high demand for BMR units in Menlo Park, the City maintains a waiting list of persons who would like to rent or purchase BMR units.

BMR units become available for new residents when current BMR occupants move out or when new BMR units are built in the city. When BMR units become available for new residents, only persons whose names are on the BMR Waiting List are eligible to acquire those units. Therefore, if you are interested in acquiring a BMR unit, you must place your name on the BMR Waiting List.

BMR units can be for rent or purchase. At this time, all existing units are owner occupied. However, it is expected that the City will acquire BMR rental units in the near future. Individuals who are interested in renting or purchasing BMR units are encouraged to apply for the BMR Waiting List.

The City maintains only one BMR Waiting List. The City does not maintain separate waiting lists for individual BMR units and/or developments. All persons who are interested in BMR units, regardless of their locations, must apply to the one, general BMR Waiting List. **Please note that if you are interested in a BMR unit at the upcoming Hamilton Avenue Park and Housing Development, you must join the general BMR Waiting List by completing the attached BMR Waiting List Application. Thank you!*

I. Eligibility Requirements for the BMR Waiting List

To have your name placed on the BMR Waiting List, you must fill out a **BMR Waiting List Application** and return it to the City of Menlo Park Housing and Redevelopment Division. If you meet all eligibility requirements, your name will be placed on the waiting list. Whether or not you are eligible for placement on the list, you will receive a letter of confirmation in the mail following submission of your application.

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

REQUIREMENT #1: The applicant (or a member of his or her household) must currently live or work within incorporated City of Menlo Park.

To qualify as LIVING in Menlo Park: The household must currently reside in the City of Menlo Park. This must be the household's primary residence.

To qualify as WORKING in Menlo Park: A member of the applicant's household must currently work in the City of Menlo Park. Work hours must average no less than 20 hours per week. Volunteer work hours do not qualify.

WORK is defined as any of the following: (1) Employment for wages or salary for an employer located at a Menlo Park location (2) Owning and operating a business located in Menlo Park (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 #2: The applicant’s household must currently have a low or moderate-income.

To qualify for PURCHASE of a BMR unit: The applicant’s gross annual household income may not exceed 110% of the median income for San Mateo County, adjusted for household size (see below).

To qualify for RENT of a BMR unit: The applicant’s gross annual household income may not exceed HUD Low Income for San Mateo County, adjusted for household size (see below).

HOUSEHOLD INCOME includes stable income from every member of the household, unless the individual is a full-time student or under the age of 18.

2006 Maximum Gross Annual Household Income by Household Size		
Household Size	Maximum to Rent	Maximum to Purchase
1	\$63,350	\$73,150
2	\$72,400	\$83,600
3	\$81,450	\$94,050
4	\$90,500	\$104,500
5	\$97,700	\$112,860
6	\$104,950	\$121,220
7	\$112,200	\$129,580
8	\$119,450	\$137,940

Please Note: *At the actual time of purchase or rental of a BMR unit, you must provide evidence that you have lived or worked in Menlo Park (including currently) for at least one year on a consistent basis in order to be eligible for the program. To be eligible for the BMR Waiting List, you must only live or work in Menlo Park currently.*

II. Purchasing or Renting a BMR Unit

Persons on the BMR Waiting List are eligible to purchase or rent BMR units based on the number of persons in their households.

Occupancy of BMR units is limited to the following:

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

When a BMR unit becomes available for rent or purchase, City staff will:

- 1) Mail notices to households with the lowest numbers on the BMR Waiting List who are eligible for the size of the BMR unit. For example, if a one-bedroom BMR unit is available, only persons on the

waiting list who have household sizes of 1-3 persons will be notified. **Because offer packets are only sent to persons on the waiting list who are eligible for the available unit(s) based on their stated household sizes, it is very important for persons on the BMR Waiting List to advise City staff of any changes to their household sizes.**

- 2) The notice will state that a BMR unit is available for rent or purchase and will include the dates and times that the unit (or model unit) is available for viewing. The notice will also state that persons who are interested in applying to rent or purchase the unit must contact the City by a specified deadline in order to obtain a detailed application packet.
- 3) Persons who request detailed application packets may either pick them up at designated locations or the City will mail them the packets. Application packets will include detailed **Eligibility Applications** for rent or purchase of the available BMR unit. The BMR Eligibility Applications must be submitted by a specified deadline and will allow staff to verify applicants' current eligibility to participate in the program. The applicant with the lowest BMR Waiting List number who is eligible for the BMR Program will be selected to rent or purchase the available unit.

BMR Rental Units: If the applicant selected to rent a BMR unit fails to promptly deposit the necessary rent and security deposit, the option to rent will be passed on to the next qualified applicant on the waiting list.

BMR Purchase Units: The applicant who is selected to purchase a BMR unit must pre-qualify for a home mortgage(s) in order to finance the cost of the home. Should the applicant not obtain adequate financing for the home, the purchase opportunity will be passed on to the next eligible applicant on the waiting list.

- 4) Persons who receive notices of BMR unit availability but choose NOT to apply for the available unit(s) will not be removed from the BMR Waiting List. Likewise, persons who DO apply for the available unit(s) by submitting Eligibility Applications and who are otherwise eligible for the program, but who are not selected for the unit(s), will not be removed from the waiting list. Also, there is no limit to the number of times a person may submit Eligibility Applications for available units.

III. BMR Sales Price, Deed Restrictions, and Resale

Sales Price (New Units): Sales prices for new BMR units are derived by formula for each unit and take into account the maximum eligible income, property taxes, cost of insurance, homeowner's association dues when applicable, and current financing rates.

Deed Restrictions: In order to ensure that BMR units remain affordable over time, the program requires that the resale prices for BMR units remain affordable to low and moderate-income households. Certain restrictions are recorded with the Grant Deed for each BMR unit. Persons who purchase BMR units are required to comply with these deed restrictions, which are in force for 55 years and include:

- 1) BMR units must be owner-occupied; they may not be rented or leased to others without written permission from the City.
- 2) BMR units do not appreciate in value at market-rate. The City of Menlo Park determines the value of BMR units based on a standard formula. BMR units do appreciate in value, but the appreciation is very modest so that they remain affordable to new low and moderate-income buyers.

- 3) If the owner of a BMR unit decides to sell the unit, he or she must notify the City, which has the “right of first refusal,” meaning the legal right to purchase the unit at a specified price (based on the standard value formula, above). Typically, the City will exercise its option by assigning its right to purchase to a qualified buyer from the BMR Waiting List. **BMR units may not be sold on the open market or at market rate prices.** Owners of BMR units may sell their homes at any time.
- 4) Only applicant(s) name(s) may appear on the Grant Deed. A minimum of 50% ownership interest in the property must be vested in the individual(s) who satisfy the Menlo Park residence or employment eligibility requirement.

Resale of BMR Units: As specified in the BMR Deed Restrictions, the price at which BMR units may be resold is calculated based on the following formula:

- The amount of value increase is equal to the original purchase price of the unit multiplied by one-third of the percentage increase in the Consumer Price Index (CPI)-All Urban Consumers for the S.F. Bay Area, during the period of ownership. This amount is then added to the original purchase price of the home, which results in the resale value/resale price of the home.
- Example: a unit was purchased for \$100,000. During the time of ownership the CPI rose 15%. The resale calculation would then be $\$100,000 + (1/3 \times 15\% \times \$100,000) = \$105,000$.
- Substantial improvements and depreciation factors are taken into consideration in figuring the resale price.

IV. Preparing to Rent or Purchase a BMR Unit

Once you are on the BMR Waiting List, it is your responsibility to prepare financially for potential placement in a BMR unit.

Rent: When a BMR unit becomes available for rent, applicants should be prepared to deposit the first and last month’s rent, as well as the security deposit.

Purchase: Applicants should be pre-qualified for a mortgage(s) at the time of application for a specific BMR unit. Applicants should have money saved for a down payment if possible (typically 0%-20% of the purchase price) as well as closing costs (1½%-4% of the purchase price). Potential buyers are strongly encouraged to meet with a mortgage broker or mortgage lender, such as a bank or credit union, in order to determine their eligibility for home mortgage(s). The City is able to recommend first-time homebuyer education and credit-repair programs. **For more information on how to prepare for homeownership, please contact City of Menlo Park BMR Program staff.**

V. Waiting List Management and Conclusion

This information has been provided to familiarize you with the BMR Housing Program. If you wish your name to be added to the BMR Waiting List, please complete a BMR Waiting List Application and return it to the City of Menlo Park Housing and Redevelopment Division.

The City does not normally update the mailing list. However, if it deems necessary the City may choose to update the BMR Waiting List by mailing all persons on the waiting list update information sheets. At that time, fill out the sheet and return it promptly. If you do not respond, or if correspondence is returned to us by the Post Office, your name will be removed from the waiting list. In general, names will only be removed from the BMR Waiting List if persons specifically request that their names be removed, or if official BMR Program/Waiting List correspondence is returned to us by the Post Office. When mail is returned to us by the Post Office, program staff will attempt to contact the person/applicant by phone and via their stated e-mail

address or addresses. If staff is still unable to contact the person, his/her name will be permanently removed from the waiting list.

The Menlo Park City Council has adopted guidelines that explain the BMR Program in depth. The document, *Below Market Rate Housing Program Guidelines*, is available to the public through the Housing and Redevelopment Division Office. It is also available on our website at www.menlopark.org. **If you have questions about this introduction to the BMR Program or would like additional information, please feel free to call the Housing and Redevelopment Division at (650) 330-6706. Please mail, deliver, or fax your completed BMR Waiting List Application to: City of Menlo Park, Housing and Redevelopment Division, 701 Laurel Street, Menlo Park, CA, 94025-3483. FAX: (650) 327-1759.**

BMR Waiting List Application

Below Market Rate (BMR) Housing Program

City of Menlo Park Housing and Redevelopment Division

701 Laurel Street

Menlo Park, CA 94025-3483

Phone: (650) 330-6706 Fax: (650) 327-1759



Please write clearly and fill this application out completely. Please retain the attached **Introduction to BMR Housing Program** for your reference. Return this application to the Housing and Redevelopment Division.

Today's Date: _____

Applicant's Full Name: _____

Please check if you would like to:

Rent a BMR Unit Only _____ Purchase a BMR Unit Only _____

Purchase or Rent a BMR Unit _____

I. Applicant's Residence Address and Contact Information

Number and Street: _____

City, State and Zip Code: _____

Home Phone Number: _____ Cell Phone Number: _____

How long have you lived at this address? _____

E-Mail Address: _____

II. Mailing Address (if different from Residence Address)

Number and Street, or P.O. Box: _____

City, State and Zip Code: _____

III. Household Information

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. For the purposes of this program, the persons must currently be living together at the time of this application and (excluding dependent children under the age of 18) must have lived together for at least one (1) year at the time of actual BMR purchase or rent, in order to be considered a

household. *Please note: to be counted toward 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.*

Number of adults in your household: _____
 (Include all co-applicants and children 18 years of age or older)

Number of children (under 18 years of age) in your household: _____

Please list all household members and their relationship to you (the applicant). Include children, spouse, co-applicants, etc.

	Name	Age	Relationship to Applicant
1			<i>Applicant</i>
2			
3			
4			
5			
6			
7			

IV. Employment/Household Income Information

Gross Household Income: Please list sources of income for all household members 18 years of age or older (do not include full-time students). Income includes all sources of revenue including employment (wages, salaries, commissions, bonuses, tips), investments (dividends, interest, annuities), and any other source of income including retirement funds, child support payments, social security, disability, etc.

Please List All Sources of Household Income Below.

Do NOT include the incomes of household members who are full-time students or under the age of 18.

(A). APPLICANT’S EMPLOYMENT:

Applicant’s Name: _____

Name of Employer: _____

Address of Location Where You Work: _____

Work Phone Number: _____ Number of Hours Worked Per Week: _____

Position Held: _____

Annual Gross Salary (include bonuses, commissions, etc.): _____

Hire Date (month and year): _____

Have You Worked Here Continuously for At Least One Year? Yes No

(B). CO-APPLICANT'S EMPLOYMENT:

Co-Applicant's Name: _____

Name of Employer: _____

Address of Location Where You Work: _____

Work Phone Number: _____ Number of Hours Worked Per Week: _____

Position Held: _____

Annual Gross Salary (include bonuses, commissions, etc.): _____

Hire Date (month and year): _____

Have You Worked Here Continuously for At Least One Year? Yes No

(C). Please list all OTHER sources of household income, if any. Include such things as additional employment, social security, disability, child support, annuities, etc.:

#	Additional Source of Income	Gross Amount Earned Per Year
1		
2		
3		
4		

(D). Please state your TOTAL gross annual household income (A+B+C above): _____

V. Household Assets

To be eligible to purchase a BMR unit, the value of the applicant's household assets may not exceed the value (sales price) of the BMR unit (with the exception of senior or disabled households that use assets for living expenses). Household assets and their values are considered at the time the household actually applies to purchase the BMR unit. *When considering the total value of household assets, funds dedicated to federally recognized retirement programs are not considered.*

Please list your household assets and their approximate values: _____

PLEASE NOTE: *Assets include checking and savings accounts, stocks, bonds, equity in real property, jewelry, antiques, art, coin or stamp collections, boats, planes, etc. (Do NOT include cars, furniture, or funds dedicated to federally recognized retirement programs such as 401Ks, IRAs, Keoghs, company retirement plans, etc.)*

VI. Miscellaneous Information

Is a member of your household confined to a wheelchair? Yes ___ No ___

Do you wish your name and address released to developers of below market rate housing other than that developed through the City of Menlo Park's BMR Program?

Yes ___ No ___

How did you hear about the BMR Program? Please check all that apply:

Word-of-Mouth _____

City of Menlo Park Website _____

City Staff or Official _____

County of San Mateo _____

City Activity Guide _____

Other: _____

I certify that all the information in this Application is true and complete to the best of my knowledge.

Applicant's Signature: _____ **Date:** _____

Co-Applicant's Signature: _____ **Date:** _____

Co-Applicant's Signature: _____ **Date:** _____

Co-Applicant's Signature: _____ **Date:** _____