



## **INCLUSIONARY HOUSING PROGRAM BUYER SELECTION GUIDELINES**

The City of Alameda Inclusionary Housing Program provides below market rate (BMR) homes for sale at affordable cost to qualified purchasers. Developers of new residential projects are required to provide BMR homes concurrently with market rate homes in order to fulfill the developer’s inclusionary housing obligation. BMR units will be made available to very low-, low- and moderate-income buyers. Please refer to the Planning Department handout “Affordable Housing Requirement for Residential Development in the City of Alameda” for more information about inclusionary housing obligations. For for-sale BMR units, it is the developer’s responsibility to select buyers who meet the qualification parameters of the Inclusionary Housing Program and to submit an application for each buyer to the City of Alameda, showing both that the buyer’s income falls within the allowable range for the program, that the buyer’s total monthly housing costs meet program requirements and that the applicant may not have owned a home within the past three years from the date of application. The City of Alameda makes the final determination as to whether the submitted applicant is a qualified purchaser. The Inclusionary Housing Program may be subject to administrative review and revision periodically in response to updated information.

### **ELIGIBILITY DETERMINATION**

Applicants are determined to be qualified purchasers when their total household income falls within the applicable percentage of area median income, adjusted for household size, as defined by the current income limits for Oakland PMSA published by California HCD and the US Department of Housing and Urban Development (HUD). Income limits are subject to change. The following table identifies the HUD income categories with the corresponding Community Redevelopment Law (CRL) income categories and definitions. Information on current income limits is available from the City of Alameda.

% of Median Income	<30%	≤ 50%	≤80%	≤100%	≤120%
HUD Terminology	Extremely Low Income	Very Low Income	Low Income	Median Income	N/A
CRL Terminology	Extremely Low Income	Very Low Income	Lower Income	Median Income	Moderate or Middle Income
CRL Citation	Section 50106	Section 50105(a)	Section 50079.5(a)	Section 50093(c)	Section 50093(b)
CRL Definition	Extremely low income households means persons and families whose incomes do not exceed the qualifying limits for extremely low income families as established and amended from time to time by the Secretary of Housing and Urban Development as defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations.	Very low income households means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.	Lower income households means persons and families whose incomes do not exceed the qualifying limits for low(er) income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937.	Persons and families of median income means persons and families whose income does not exceed the area median income, as adjusted by the department for family size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.	Persons and families of moderate income or middle income families means persons and families of low or moderate income whose income exceeds the income limit for lower income households.

**HOUSEHOLD INCOME VERIFICATION**

Developers must determine a household’s gross income based on the anticipated annual income for the next twelve-month period. Developers should refer to California Code of Regulations, Title 25, Section 6914 for a definition of gross income. Income will include, but is not limited to:

- Gross earnings from all household members over the age of eighteen, including overtime and bonuses;
- Net income from operation of a business or profession;
- Interest and dividends;
- Periodic payments from social security, annuities, retirement funds, etc.;
- Payments in lieu of earnings;
- Public assistance;
- Periodic and determinable allowances such as alimony and child support;
- Pay of a member of the Armed Forces;
- For net assets in excess of \$5,000, actual asset income or 10% of the value, whichever is greater.

**HOUSEHOLD SIZE VERIFICATION**

BMR units are to be sold to households of appropriate size for the unit. Households must have at least as many members as number of bedrooms. The applicant and co-applicant (if any) must be US Citizens or legal Resident Aliens. The following people should be included as a member of a household:

- All people over the age of 18 who will reside in the home as their primary residence. (Income from these people will be counted in determining gross family income, as stated above.)
- All children for whom an adult household member has full or partial custody, as long as the child in a partial custody situation lives at least part-time in the home.
- Any child or adult claimed as a dependant who lives at least part-time in the home.

**AFFORDABLE MONTHLY HOUSING COST VERIFICATION**

Developers must determine that buyers will pay an “affordable monthly housing cost” for the unit. The definition of affordable monthly housing cost varies by income level and by whether the unit is in a redevelopment area. In general, the affordable monthly housing cost is defined as a percentage of area median income adjusted for family size appropriate for the unit. The “family size appropriate for the unit” is a benchmark standard used only for affordable housing cost calculation purposes. The benchmark is defined as number of bedrooms plus one (e.g., a three person household for a two-bedroom unit). The following table summarizes the various affordable monthly housing cost definitions:

Category	Citywide	Extremely Low	Very Low	Lower	Moderate
CRL Citation	Section 30-16-3 of the Alameda Municipal Code	Section 50052.5(b)(1)	Section 50052.5(b)(2)	Section 50052.5(b)(3)	Section 50052.5(b)(4)
Affordable Housing Cost Definition	Monthly housing cost (including mortgage, insurance, utilities, taxes, assessments and home owner association costs, if any) that does not exceed one-twelfth of 30 percent of the maximum annual income for a Household of the applicable income (Very Low-, Low- or Moderate-Income).	For extremely low households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.	For very low income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.	For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit.	For moderate-income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit.

## **HOUSING COST DEFINITION**

Developers should refer to California Code of Regulations, Title 25, Section 6920 for the definition of housing costs of a purchaser. Housing costs include, but are not limited to:

- Principal and interest on all loans (see attached Affordable Housing Program Loan Guidelines);
- Property taxes, including special assessments;
- Insurance;
- Utilities, not including telephone (City will provide utility allowance information);
- Maintenance & repairs;
- Home owner association fees;
- Space rent, if any.

## **SELECTION PROCESS**

The City of Alameda encourages developers to use a lottery to select buyers for the BMR units. Developers are responsible for responding to all inquiries regarding BMR units and must adequately train staff to respond to questions that arise. The buyer selection process, including lottery preference points, and all marketing and outreach materials must be approved by the City of Alameda prior to implementation. Adequate time should be allowed for City review and approval. If the Developer determines that an applicant does not meet the qualification criteria to purchase a BMR unit, the Developer should notify the applicant of this determination in writing, explaining why the applicant does not qualify. Developers should have a written appeals process for applicants who are disqualified from the program.

## **CITY DETERMINATION**

For each BMR unit, the City of Alameda makes the final determination as to whether the submitted applicant is a qualified purchaser. Developers should not enter into a purchase agreement with an applicant until the following criteria are satisfied:

- The City has approved the applicant as income qualified to purchase the unit.
- The applicant has received full underwriting approval for all financing needed to complete purchase. Financing must conform to the attached City's Affordable Housing Program Loan Guidelines.
- The Developer has determined that the applicant's monthly housing costs fit within the parameters of the program (taking into account the loan obtained and downpayment required).
- The applicant has demonstrated sufficient funds to close.

If the City determines that the applicant is not a qualified purchaser, the applicant may file an appeal to the City in writing with the City Clerk not later than ten days from the date of this decision. The appeal should state completely and in detail the factual and legal grounds for the appeal. The City will consider the appeal at a public hearing within sixty days after the filing of the appeal. The decision of the City is final.

