



# **City of Campbell**

## **Below Market Rate (BMR) Homebuyers**

### **Eligibility Guide**



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### INTRODUCTION

On October 3, 2006, the City Council adopted Campbell's Inclusionary Housing Ordinance (Chapter 21.24), finding that the lack of affordable housing in Campbell forces many residents to pay a very high percentage of their income for housing. Through the inclusionary ordinance, at least 15% of the units in a new housing development of ten or more units will be price or rent restricted for low- and moderate-income households. Implementation of the inclusionary ordinance is a necessary part of the City's efforts to meet its General Plan Housing Element goals and objectives and its region wide affordable housing obligations.

On June 7, 2016, the City Council selected HouseKeys to administer the City's affordable housing programs. In addition to general administration of these programs, HouseKeys determines the eligibility of individuals and households interested in owning a Below Market Rate (BMR) home in the City of Campbell.

This Eligibility Guide<sup>1</sup> answers basic questions regarding eligibility for the City of Campbell's limited number of affordable ownership units, including Campbell's preference criteria (page 2), occupancy standards (page 3), first-time homebuyer standards (page 4), asset limits (page 5), and income limits (page 6).

For more information on the City's Below Market Rate Program:

Online: <http://www.housekeys2.com>

Email: [bmr@housekeys.org](mailto:bmr@housekeys.org)

Phone: 1-877-460-KEYS (5397)

Address: 70 N. First Street Campbell, CA 95008

*The City of Campbell reserves the right to change information contained in this Eligibility Guide and used for program implementation without prior notice or obligation.*

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<sup>1</sup> A more comprehensive set of BMR Guidelines is being drafted and will be available at a later date.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### PREFERENCE CRITERIA FOR RENTAL OR PURCHASE OF BMR UNITS

When the City adopted its Inclusionary Housing Ordinance in 2006, the City Council established a preference for allocating the limited number of affordable rental and ownership units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, HouseKeys will check with City staff to determine if the property is within the City’s jurisdictional boundaries.

The preference system will used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for occupancy, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy said units if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

<b>BMR PREFERENCE CRITERIA</b>	
<b>Priority 1: Work for City</b> (for up to 10% of BMR units)	Must work for the <i>City of Campbell</i> government entity at least 20-hours per week for at least 6-months* Employee must have passed probation
<b>Priority 2: Live in Campbell</b>	Must have lived in Campbell for at least 6-months*
<b>Priority 3: Work in Campbell</b>	Must work at a business located in Campbell at least 20-hours per week for at least 6-months* *This category includes teachers employed by the Campbell School District even though the District office may be located in San Jose

\*Eligibility will be evaluated at the time of lottery submission and verified again prior to occupancy



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### OCCUPANCY STANDARDS FOR BMR UNITS

Applicant/co-Applicants must occupy the property as their principal residence. This means that the Applicant/co-Applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase and for the life of the deed restrictions. Use of the property for rental purposes, including temporary leases or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR home is two people per bedroom, plus one additional person. Thus, to be eligible to purchase a three-bedroom unit, a household must contain at least three members, but no more than seven members. In some cases, an exception to the minimum standard may be made where no other qualified buyer/renter can be approved within 30-days of holding the lottery.

The City's BMR Administrator will verify household occupancy once per year for the life of the 45-year BMR Agreement between the City and the homeowner(s).

<b>BMR OCCUPANCY STANDARDS</b>		
<b>Number of Bedrooms</b>	<b>Minimum Household Size</b>	<b>Maximum Household Size</b>
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### FIRST-TIME HOME BUYER REQUIREMENT

To be eligible for the City of Campbell's BMR homeownership program, all household members on Title must be a first-time homebuyer. A First-Time Home Buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family; or
- (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first time home buyer:

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However if the unit is not sold the property will be asset income along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor is still living
- Ownership of shares in a limited equity co-op

To verify FTHB status, HouseKeys will review 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. HouseKeys will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title for any housing unit at all, whether you live in the unit or not. Other documentation may be requested to determine first time homebuyer status.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### ASSET LIMITATION

In addition to meeting the income limits, there are limits to the amount of assets that a household may have to be eligible for the City of Campbell's BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price. So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$147,950 where AMI is \$107,100 and the example BMR price is \$472,000<sup>2</sup>.

**Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price**

The City will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member's interest in purchasing or occupying a BMR home. To determine total household assets, HouseKeys will review the household's total assets according to monthly statements and/or other valuations. A six-month average will be used to avoid Applicant "asset dumping" (asset liquidation or transfer to other parties) just prior to Program application in order to meet the asset limits. Assets held in IRS-recognized retirement accounts (401-k's, IRA's, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.

<sup>2</sup> 20% of 472,000 = \$94,400; 50% of \$107,100 = \$53,550; \$94,400 + \$53,550 = \$147,950.



# City of Campbell Eligibility Guide

## Below Market Rate (BMR) Homebuyers



### HOUSEHOLD SIZE AND INCOME

Eligibility income limits are based on household size and a percentage of the Santa Clara County Area Median Income (AMI) published by the Department of Housing and Community Development. AMI means that 50% of all household incomes in the county are more than 100% AMI and 50% of the household incomes are less than 100% AMI. In Campbell, the moderate income limit is 120% of the Area Median Income, while the low income limit is 80% of the Area Median Income. Use the table below to determine which income level your household falls under. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

CALIFORNIA DEPT. OF HOUSING & COMMUNITY DEVELOPMENT 2016 SANTA CLARA COUNTY SINGLE FAMILY INCOME LIMITS (as of MAY 24, 2016)								
	Number of Persons in Household							
Income Category	1	2	3	4	5	6	7	8
<b>Moderate Income 120% AMI</b>	\$89,950	\$102,800	\$115,650	\$128,500	\$138,800	\$149,050	\$159,350	\$169,600
<b>1 Median Income 100% AMI</b>	\$74,950	\$85,700	\$96,400	\$107,100	\$115,650	\$124,250	\$132,800	\$141,350
<b>Low Income 80% AMI</b>	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050

Income earned (or imputed) from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the Code of Federal Regulations, Title 12, Part 5 income inclusions (§ 5.609).

Please also see Section 4 of this document regarding asset limitations.

Note: Income is looked at differently to qualify for a mortgage. It's possible to be income eligible for the program, but not a loan, and vice-versa.