

WHAT IS A BELOW MARKET RATE HOME?



Below market rate, or **BMR**, homes are established through a City ordinance that is specifically designed to expand the amount of available affordable home ownership opportunities in the community. The ordinance requires that developers set aside 15% to 20% of new units they build to be permanently affordable for low to moderate income households.

Prices are set and continuously maintained in compliance with the targeted income levels the program has been established to serve. Most BMRs are priced to assist households with incomes that range from or 80% of the area median income (**AMI**), to 120% AMI. Incomes are adjusted for household sizes. Original BMR prices for new homes are finalized by incorporating the various housing costs including interest rates at the time the home is originally placed on the market. Prices for future resales are then established based on how much the AMI rises. Accordingly, a household who purchases a BMR will be assigned a resale price by the City at the time they sell their BMR home. BMR homes in Hayward increase or decrease in price by the same amount that AMI changes in Alameda County.

BMR prices are set. Buyers cannot offer a higher price for the unit and there is no purchasing advantage gained by the buyer in offering cash or a higher down payment for the home. Buyers are chosen by the City based on their eligibility to participate and purchase within the parameters of the City's BMR Program.

BMRs offer low to moderate income households a viable format to secure the **benefits of homeownership** in the City of Hayward. In many cases, the cost of ownership may be considerably less than purchasing an open market (not a BMR) home, and even in some cases (in today's market) could be **less than or comparable to the cost of renting**. These privileges and benefits, however, do come with a number of restrictions that apply to BMR homeownership:

- The owner must permanently reside in the home – it cannot be rented
- There are guidelines that may restrict the transfer of title to another family member or heir
- There are restrictions on refinancing the home, including obtaining cash out refinancing
- The property must be resold at a price assigned by the City and a strict set of protocols must be maintained in selling the home
- The property must be maintained in good shape and within all health and safety codes
- There are restrictions in adding capital improvements to the home.

Prior to closing your purchase transaction, the City will be providing you a comprehensive manual and set of program agreements that outline all the responsibilities and restrictions associated with the ownership of a Hayward BMR unit. It is important that you read and understand all the covenants and restrictions established in the agreements and discussed in the manual. These covenants must be strictly adhered to. Violation of any of the covenants could lead to a default in your ownership, which, if not cured, could lead to the required resale of your home to another eligible and qualified BMR program participant.

*The Bay Area Affordable Homeownership Alliance (**BAAHA**) is a 501(c)(3) nonprofit organization that administers the BMR program of Hayward. BAAHA is focused on promoting & delivering affordable homeownership.*

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