



Qualifying Income Levels for BMR Units at MIRA and BMR DALP funds

MOHCD Homeownership Programs Announcement 2019-02

Date of Announcement: October 1, 2019

The Mayor's Office of Housing and Community Development ("MOHCD") of the City and County of San Francisco ("City") is announcing clarifications and updates related to the following:

- Qualifying Income Levels for BMR Units at MIRA
- Eligible & Ineligible Uses of BMR DALP funds

Qualifying Income Levels for BMR Units at MIRA

MIRA, a mixed-income housing project, offers 156 Below Market Rate (BMR) ownership units that are affordable to first time homebuyers at four different qualifying income levels (referred to as "Area Median Income," or "AMI"): 80%, 90%, 100%, and 120%. Each unit has its own AMI designated at one of the four income levels. For more information about unit size, AMI, and sales price, view the listing on DAHLIA, our housing portal at <http://housing.sfgov.org>.

We are clarifying that a BMR buyer can apply for the BMR units designated within or beyond the target percentage of the AMI. For example, a BMR buyer of 85% AMI can apply for not only BMR units designated at 90% AMI (within the target percentage of the AMI), but also the units designated at 100% or 120% (beyond the target percentage of AMI) if he or she meets the financing requirements. Typically, it is unlikely for a BMR buyer of a lower AMI to apply for the units targeted at a much higher AMI, as he or she may not have enough income to qualify for a first mortgage loan that is sufficient to purchase the BMR unit. BMR DALP funds cannot be used to fill the gap for buyers of a lower AMI seeking to purchase a higher AMI unit. See details on the Ineligible Uses of BMR DALP Funds as provided below.

Eligible & Ineligible Uses of BMR DALP Funds

MOHCD Homeownership Programs Announcement ([BMR DALP Announcement -2016-11](#)) was published on November 30, 2016 to outline the program rules and eligibility requirements under the Below Market Rate Downpayment Assistance Loan Program ("BMR DALP"). The BMR DALP Program is intended to cover the need-based downpayment assistance for eligible homebuyers who otherwise would not be able to purchase a BMR. Below is an updated list of eligible and ineligible uses of BMR DALP funds. Updates are italicized and bolded to help you identify where changes are made. Lenders shall review this announcement in conjunction with review of the corresponding BMR DALP Announcement -2016-11 for complete information.

Eligible Uses of BMR DALP Funds

The BMR DALP funds can be used:

- to contribute to the need-based downpayment for the Borrower's household who otherwise would not be able to purchase a BMR.
- to enable the Borrower to meet the maximum debt-to-income ratio established making the mortgage payment affordable to the Borrower.

Ineligible Uses of BMR DALP Funds

The BMR DALP funds cannot be used:

- as a cushion factor to make the loan more appealing to the Borrower and/or the lender.
- to pay for upgrades, improvements and repair costs.
- for financing of storage units, additional spaces, and/or second parking spaces.
- to pay down the first mortgage principal, debts or liens.
- ***to avoid use of gift funds that are available to the Borrower.***
- ***on BMR resales in which the seller's resale price exceeds the price that is affordable to BMR buyers at the unit designated AMI.***
- ***when the Borrower chooses to buy a more expensive BMR unit while they can afford a less expensive BMR unit in the same development, assuming the two units are of the same bedroom size but at different AMI limits. For example, a BMR buyer of 85% AMI chooses to buy a one-bedroom BMR unit at 100% or 120% instead of a one-bedroom BMR unit at 90% AMI will be ineligible for BMR DALP funds.***

Please note that the above list of ineligible uses may not be all-inclusive and shall be used as the general guidelines. Additional prohibitions may apply to satisfy the purposes of the BMR DALP Program. Under no circumstances will the City provide funds to a homebuyer in excess of what is needed to purchase a BMR. The amount of a BMR DALP loan granted will be determined by MOHCD on a case-by-case basis.

Effective Date

The updates in this announcement are already in effect. All of the above information has been posted on the MOHCD Announcement Webpage at: <https://sfmohcd.org/mohcd-homeownership-program-announcements>.

***** Please contact MOHCD Homeownership Programs at 415-701-5500 with any questions regarding this Announcement.

We thank you for your continued support and partnership.