

**City and County of San Francisco  
Mayor's Office of Housing (MOH)  
Below Market Rate ("BMR") Inclusionary Housing Ownership Units**

**Repricing Guidelines** *(rev. 07/22/10)*

---

A BMR unit will be resold at a restricted price to a household that meets the first-time homebuyer and income qualifications for the program. Most units are repriced at a level that is affordable to households earning 90% or 100% of area median income. The Mayor's Office of Housing does not guarantee appreciation on BMR units when they resell but long term owners tend to see some appreciation in their units. It is important to note that while the Mayor's Office of Housing sets the maximum resale price for a BMR unit but the owner may have to lower the price in order to attract the next buyer.

All newly purchased units will be repriced based on the change in Area Median Income (AMI) levels from the time of purchase to the time of resale pricing. Units in developments that were sold before mid-2007 will be re-priced using the methodology dictated by planning approval for the specific development. Most re-sale units that were purchased before 2007 will be repriced according to either the percentage change in the Consumer Price Index from the time of purchase to the time of resale pricing or based on a supportable mortgage formula using the current 11<sup>th</sup> District Cost of Funds Index. Specific prices methods vary by development per the Planning Approval for each development. All BMR owners have the option of choosing the "AMI change" repricing formula by signing into the newest version of the program's Procedures Manual.

The following examples demonstrate the 3 different methods used to reprice BMR units. Please note that the following are examples only and that pricing factors, such as interest rates, can change monthly.

**Example of Re-pricing Using the Percentage "Change in the Median Income" Method**

All newly purchased units will be repriced based on the percentage change in median income from the time of purchase to the time of sale. All current owners may choose to have their unit repriced through this method by agreeing to abide by the most current version of the Procedures Manual that governs your unit.

Please see the following table for an example of how this pricing works.

Unit Size	2 Bedroom	
AMI Percent	90%	
Original Price	\$298,000	Area Median Incomes @ Time of Purchase & Resale
Date of Purchase	1/31/2001	\$64,080
Date of Resale	5/15/2007	\$69,200
<b>AMI Percentage Difference</b>	<b>8%</b>	
<b>New Price</b>	<b>\$321,810</b>	
Capital Improvements	\$0	
5% commission if using MLS	\$16,901	
<b>Total Resale Price</b>	<b>\$337,901</b>	

For your information, the following table displays the changes in the local median income over the past 12 years. You can calculate the change in median income from the year you purchased your unit until the current year in order to determine the percentage change in your sales price.

Year	100% AMI; 4-person household	% increase from previous year			
1996	\$61,300				
1997	\$64,400	5.06%			
1998	\$68,600	6.52%			
1999	\$72,400	5.54%			
2000	\$74,900	3.45%			
2001	\$80,100	6.94%			
2002	\$86,100	7.49%			
2003	\$91,500	6.27%			
2004	\$95,000	3.83%			
2005	\$95,000	0.00%			
2006	\$91,200	-4.00%			
2007	\$86,500	-5.15%			
2008	\$94,300	9.02%			
2009	\$96,800	2.65%			
2010	\$99,400	2.69%			
		<b>3.02%</b>	<b>average % increase 2000-2010</b>		
		<b>1.04%</b>	<b>average % increase 2006-2010</b>		

Source: U.S. Department of Housing and Urban Development

To determine the percentage change from one year to the next, use the following math calculation:

The current year income level – The income level in the year you took ownership of your BMR unit. (Depends on actually resale date and current income table in place.)

DIVIDED BY the income level in the year you took ownership of your BMR unit

Example:  
 $\$96,800$  (2009 income level) -  $\$91,200$  (2006 income)  
 DIVIDED BY  $\$91,200 = 6.14\%$  change

Therefore, if you paid  $\$350,000$  for your unit in 2006, the maximum resale value would now be  $\$350,000 \times 6.14\%$  increase =  $\$371,490$

*(Example only)*

**Example of Re-pricing Using the “11<sup>th</sup> District Cost of Funds” Pricing Method**  
 The Planning Approval for some BMR units states that the unit will be repriced using 11<sup>th</sup> District Cost of Funds Index (COFI) Pricing Method. This method requires a full repricing that is based on current HOA fees, taxes, median income and a current interest rate that is based on the COFI. Please see the following table for an example of repricing.

**11th DISTRICT COST OF FUNDS + 2.5 (1992 Procedures Manual Methodology)**

<b>Current COFI</b>	1.825	April 2010 Index Month
<b>Current COFI + 2.5</b>	4.325	
MONTHLY HOA FEE		\$500.00
UNIT SIZE		2
HOUSEHOLD SIZE		3
CURRENT MEDIAN INCOME @	<b>90%</b>	<b>\$80,500</b>
AVAIL FOR HOUSING @	33%	\$26,565
ANNUAL CONDO FEE		\$6,000
TAXES @	1.163	\$3,666
INSURANCE (CONTENTS)		\$0
AVAILABLE FOR P+I		\$16,899
COFI + 2.5	<b>4.325</b>	
SUPPORTABLE MORT		\$283,721
DOWN PAYMENT	10%	\$31,525
<b>NEW AFFORDABLE PRICE</b>		<b>\$315,246</b>
<i>Original Purchase Price in 2005</i>		\$300,000
<i>% Change from Purchase Price</i>		5.08%

To reference the 11<sup>th</sup> district cost of funds, visit <http://www.fhlbsf.com/cofi/default.asp> to view current and historical data. Find the month and year in which you purchased your unit and the most recent month and year for an estimate of the change in the interest rate used to price your unit. Tip: The lower the interest rate, the potentially higher price of your unit. The current median income and your current HOA dues will also strongly affect your pricing.

**Example of Re-pricing Using the Percentage “Change in the Consumer Price Index (CPI)” Method**

Some, but not many, units will be repriced based on the change in CPI from the time of purchase to the time of sale. Please see the following table for an example of repricing.

Original Price	\$300,000	CPI @ time of Purchase & Resale	Nearest CPI Date
Date of Purchase	1/31/2005	222.3	Dec-04
Date of Resale	5/15/2010	244.696	June-10
CPI Percentage Difference	10%		
<b>Resale Price</b>	<b>\$330,000</b>		
Capital Improvements	\$0		
5% commission if using MLS	\$16,500		
<b>Total Resale Price</b>	<b>\$346,500</b>		

To reference the Consumer Price Index, visit <http://data.bls.gov/cgi-bin/srgate> and enter series number cuura422sah and choose “all years” to review the current and historical Consumer Price Index for “All Urban Customers/Housing.” Find the month and year in which you purchased your unit and the most recent month and year for an estimate of the change in the value of your unit.

There is the possibility that the unit price may decrease from the time of purchase to the time of sale. In this situation, MOH will make every effort to offer these owners the option of selling the unit for their purchase price plus realtors' commission and eligible capital improvements. To take advantage of this option, owners of units marketing before 2007 will be required to abide by the 2007 version of the [City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2007](#). Owners may also sign into the new Manual to receive better pricing under the "Change in Median Income" method. To sign in to the new Procedures Manual, current owners must sign and notarize the [Affidavit for Signing in to 2007 Procedures Manual](#) and send this document by mail to Chandra Egan, Mayor's Office of Housing, 1 South Van Ness Avenue, 5<sup>th</sup> Flr, SF, CA 94103.