

LEGISLATIVE DIGEST

[Planning Code - Authorize Increases to the Affordable Price and Income Limits for Certain Below Market Rate Owned Units]

Ordinance amending the Planning Code to allow certain Below Market Rate (BMR) Owned Units to be resold at a price affordable to households at an increased Area Median Income (AMI) level, and to increase the qualifying AMI limit for BMR purchasers; and affirming the Planning Department’s determination under the California Environmental Quality Act, making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1, and making findings of public necessity, convenience, and welfare pursuant to Planning Code, Section 302

Existing Law

The Planning Code establishes affordability requirements for homes in the Below Market Rate (BMR) homeownership program. BMR owned units must remain affordable at an established level, based on the affordability of a household earning a specified percentage of the area median income (AMI). The AMI level requirements apply for the life of the housing development project and are memorialized in a Notice of Special Restrictions recorded against the property. The Planning Code and the BMR Procedures Manual prepared by the Mayor’s Office of Housing and Community Development (MOHCD) and approved by the Planning Commission allow for a one-time adjustment to the AMI level otherwise required for the unit by up to 20%, up to 120% of AMI.

For BMR rental units that convert to owned units, the Planning Code specifies that MOHCD may grant an exception to affordability limits, up to a maximum of 120% AMI. For BMR owned units, MOHCD may also grant an exception to set the qualifying income level to 10% above the required income level.

Amendments to Current Law

This ordinance allows a permanent adjustment to the affordability requirements for a BMR owned unit in situations where the owner purchased the unit at a price above the current affordable price. MOHCD may increase the maximum affordable price for the unit up to the amount of the owner’s purchase price. MOHCD may then increase the AMI level for the unit accordingly, up to a maximum of 150% AMI. For projects where the affordability levels were originally established by the Planning Commission or Planning Department, the Planning Commission or Planning Department, respectively, must also approve the adjustment.

For BMR rental units that convert to owned units, the ordinance provides that MOHCD may grant an exception to affordability limits, up to a maximum of 150% AMI. For BMR owned units, MOHCD may also grant a one-time exception to set the qualifying income level to 20% above the required income level.

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