



# Below Market Rate (BMR) Housing Program



# Agenda

- Introduction
- BMR Program - Background
- BMR Purchase Program Process
- BMR Rental Program Process
- BMR Inventory
- Open Discussion / Questions

# Introduction



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# BMR Program - Background

- Affordable Housing Ordinance (SMC Chapter 19.66) adopted in 1980; revised in 2003
- Administrative Guidelines developed in April 2005; revised in 2008
- 2009 Palmer Decision: sets aside current rental provisions (unenforceable on new rental projects, but still in code)

BMR Program – Background

# Contents of SMC Chapter 19.66

- BMR Program:
  - Rental unit requirements
  - Home sales requirements
- 3 Density Bonus Sections
- Single-Room Occupancy Standards

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- All for-sale residential developments of nine or more units are required to provide 12.5% of homes built as BMR units
  - Except those in zoning districts R-0, R-1, R-1.5 or R-1.7/PD

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Rental – 15% BMR requirement  
(however, due to the Palmer decision this provision is unenforceable at this time)
- Fractional units – round up/down
- In-Lieu Fee Option – only for 9-19 units

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Concurrent construction of market-rate and BMR units
- 30-year restrictions on ownership units
- 55-year restrictions on rental developments

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- BMR sales prices affordable to households with incomes of 80%-120% AMI
- Allows construction cost adjustment up to 120% AMI:
  - Upon written request and cost verification by developer, and set forth in Developer Agreement

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Rents affordable to households with incomes up to 70% AMI.
- Potential for rental increase annually, based on Sunnyvale Vacancy and Rent Survey – maximum 5% increase per year

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- City maintains interest list for ownership units
- Property Manager maintains waiting list for rental units
- Priority to purchase for:
  - Qualified public school employees
  - City employees
  - Child care workers
  - Persons who live or work in Sunnyvale

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- BMR units audited annually for program compliance
- Resale value of ownership units – lesser of the two:
  - Purchase price plus a 1/3 increase based on the difference in Bay Area Consumer Price Index since the date of the previous sale; or
  - Fair market value

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Density Bonus provisions:
  - BMR projects
    - 15% of the maximum number of units permitted
    - For developments with 9-19 units, maximum of 1 additional unit

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Density Bonus provisions (cont.):
  - SB 1818
    - 25% over the maximum allowable for the applicable zoning districts
    - Percentage varies based on the proposed project

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Density Bonus provisions (cont.):
  - Senior projects
    - 40% of the maximum allowable for the applicable zoning district
    - Applicable for developments with 20 or more units

## BMR Program Background

# Contents of SMC Chapter 19.66 (cont.)

- Single Room Occupancies (SRO)
  - SRO Living Facility: 150-275 s.f.
  - SRO Residential Hotel: 70-219 s.f.
  - Approved management plan required

# BMR Purchase Program Process

- BMR Interest List – online application  
<http://ecityhall.sunnyvale.ca.gov/bmronline/>
- Informational Workshops – held every other month
- Submit Eligibility Application or Application to Purchase

# BMR Purchase Program Process

- Verify household eligibility
- Household views BMR unit
- Purchase Contract is signed
- Escrow opened

# BMR Purchase Program Process

- Staff works with the lender, developer, realtor and escrow officer to complete the transaction
- Escrow closes
- Buyer MOVES IN!

# BMR Rental Program Process

- Property Management staff maintain wait list
- When a unit becomes available the property manager markets the unit first to those on the waiting list
- Applicant completes eligibility application, is approved or denied

# BMR Rental Program Process

- Leasing documents are completed
- Tenant moves in
- Tenant must recertify their eligibility annually

# BMR Inventory

- As of June 30, 2011:
  - 361 BMR purchase units created; 301 with current restrictions
  - 596 BMR rental units created; 143 with current restrictions
- Pipeline projects:
  - 150 additional BMR purchase units
  - 89 additional BMR rental units

# Goal of Non-Routine

- Revise the BMR Ordinance so that it:
  - Is clear and easy to read
  - Provides additional options
  - Contains adequate provisions for enforcement
  - Streamlines program administration
  - Provides greater consistency with state & federal regulations

# Contact

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# Open Discussion/Questions