

INTRODUCTION TO BELOW MARKET RATE (BMR) RENTAL HOUSING

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TRAINING GOALS

This training provides property staff with a basic overview of:

- BMR rental housing characteristics
- Key terms and concepts
- Available guidance
- Related affordable housing programs that may affect the administration of the BMR program

Note: In this training, the term “BMR” specifically refers to **BMR rental housing**, not the BMR Ownership Program for first-time homebuyers.

RELATED TRAININGS IN BMR SERIES



INTRODUCTION
TO BMR RENTAL
HOUSING



INCOME
ELIGIBILITY



REPORTING BEST
PRACTICES



TROUBLESHOOTING
ASSISTANCE



HOUSEHOLD CHANGES
REASONABLE ACCOMMODATIONS
PROGRAM MANAGEMENT
WAITLIST

BMR PROGRAM BASICS

WHAT IS BMR RENTAL HOUSING?

BMR rental housing is where developers agree to designate a certain percentage of their units as below market rate and charge a lower than market rate rent for them.

BMR is:

- An affordable housing program
- Typically created by local jurisdictions through a county or city ordinance, **not HUD**
- Also known as ‘inclusionary housing’
- Used to create affordable, mixed income communities

BENEFITS OF BMR RENTAL UNITS

Developers may receive benefits from the local government such as:

- Housing density bonuses
 - For example, exemptions to local zoning regulations to build more units or bigger units than typically allowed
- Building design flexibility
- Fee waivers/deferrals

EMERYVILLE'S BMR ORDINANCE

In 1990, Emeryville created the Affordable Housing Set-Aside (AHSA) Ordinance to fix a shortage of affordable housing for moderate, low, and very low-income households. In 2014, it was renamed the Affordable Housing Program (AHP).

It requires:

- Creating BMR rental units in all new developments that have 10 or more units **OR**
- Payment of a fee **OR**
- Construction of homes for the BMR Ownership Program

IS BMR RENTAL HOUSING A FEDERAL PROGRAM

- It's not a HUD program
 - The City of Emeryville created the BMR program and it is implemented, regulated, and monitored by the [Economic Development and Housing Division](#).
- Does not provide a rent subsidy

Note: BMR units may participate in Federal housing programs and receive subsidies from those programs, but this is separate from the BMR program.

GUIDANCE DOCUMENTS

FINDING GUIDANCE

BMR borrows policy and definitions from HUD and IRS programs. However, BMR is not connected to those programs - **don't assume their program policy, rules, or reporting guidance is the same for BMR.**

- All Emeryville BMR program regulations are set by the City in the:
 - AHP Ordinance ([Title 9, Chapter 5, Article 4 of the Emeryville Municipal Code](#))
 - [BMR Rental Program Guidelines](#)
- To understand your property's program rules, review your:
 - Affordable Regulatory Agreement
 - Marketing and Leasing Plan

WHAT IS AN AFFORDABLE REGULATORY AGREEMENT?

- It is a contract between the City and your property outlining how the property will lease and market its units.
- Review the Agreement in conjunction with your Marketing and Leasing Plan.

Note: This training is not a replacement for reading your property's Affordable Regulatory Agreement or Marketing and Leasing Plan.

Download: [Emeryville's Guidelines for Establishing a Marketing and Leasing Plan](#)

READING YOUR AFFORDABLE REGULATORY AGREEMENT

Each Agreement is unique; review yours to understand your property's rules. It should contain guidance on:

- BMR unit management
- Household eligibility screening

READING YOUR AFFORDABLE REGULATORY AGREEMENT: BMR UNIT MANAGEMENT GUIDANCE

You may find information on:

- Property's required number of BMR units
- Rent restrictions: rent limit, rent increase frequency, and notification policy for rent changes
- Project affordable rent and income levels for the current year

READING YOUR AGREEMENT: HOUSEHOLD ELIGIBILITY SCREENING GUIDANCE

You may find information on:

- Income restrictions data – e.g. Applicable Area Medium Income (AMI)
- If applicable, procedure for the City's approval of BMR households prior to move-in

READING YOUR MARKETING AND LEASING PLAN: MARKETING AND LEASING GUIDANCE

Your property's BMR Marketing and Leasing Plan may contain guidance on:

- Managing your waitlist and lottery process
- Resolving conflicts between the Agreement and other affordable housing program regulations
 - Typically, the guidance provided is to follow the strictest regulation
- When and how to contact the City to update the Plan

KEY TERMS

ANNUAL COMPLIANCE MONITORING

Each BMR property is required to complete an annual compliance report called the Income Certification Worksheet .The Excel document records property data on initial certifications and recertifications. Sample fields are:

- Resident name
- Household size
- Income limit at move-in/recertification
- Rent limits
- Net rent
- Utility allowance, etc.

INCOME CERTIFICATION

Initial Income Certification

- When a household applies for BMR housing, the property does a calculation of its total gross annual income to confirm the amount is below the City's published limits. This is performed prior to applicant move-in.

Income Recertification

- Each year the property does a calculation of the total gross household income and confirms that it falls below the unit's applicable recertification income limits.
- Recertification is usually annual, but this may change if the unit is part of other affordable housing programs.

INCOME LIMITS

- An income limit refers to the maximum gross annual household income that a household can earn while still qualifying for a BMR unit.
- Emeryville BMR units are priced to be affordable Moderate Income (120% of AMI), Low Income (80% of AMI), and Very Low (50% of AMI) households. Refer to your Agreement for your units' AMIs.
- Each year, the City publishes the associated dollar amounts for each BMR income limit level as part of its [Housing Affordability Table](#).

Note: Other affordable housing programs may use different income and rent limits than those used for inclusionary housing.

HOUSING AFFORDABILITY TABLE

In 2025, for 120% AMI units, the max annual income of a 1-person household applying for a studio is \$134,250 and the max rent should be \$3,076.

2025/26 Program Year, Adopted July 1, 2025, Effective July 1, 2025

MAXIMUM INCOME LIMITS *Note: On April 23, 2025, the CA Housing and Community Development (HCD) released the income limits based on U.S. Department of Housing and Urban Development (HUD) revisions to the Public Housing and Section 8 Income Limits that HUD most recently released. The income limits reflected below are for Alameda County. For households of 6 or more, please contact emeryville@hellohousing.org.*

Household Size	1 person	2 person	3 person	4 person	5 person	6 person
Moderate Income (120%)	\$134,250	\$153,400	\$172,600	\$191,750	\$207,100	\$222,450
Median Income (100%)	\$111,850	\$127,850	\$143,800	\$159,800	\$172,600	\$185,350
Low Income (80%)	\$87,550	\$100,050	\$112,550	\$125,050	\$135,100	\$145,100
Very Low Income (50%)	\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,700
Extremely Low (30%)	\$33,600	\$38,400	\$43,200	\$47,950	\$51,800	\$55,650

ESTIMATED MAXIMUM RESALE PRICE

Note: Maximum Sales Prices are calculated on a per unit basis, based on the average 90- day fixed 30-YR mortgage interest rate and the actual HOA fees charged to the unit. Maximum Sale Prices identified below is for illustrative purposes only. To confirm the maximum Resale Price of a specific BMR Unit, contact emeryville@hellohousing.org.

Unit Type	Studio	1 Bedroom	2 Bed/ Equivalent**	3 Bedroom	4 Bedroom
Moderate Income (120%)	\$316,503	\$358,949	\$459,023	\$510,654	NA
Median Income (100%)	\$225,204	\$251,904	\$326,331	\$363,197	NA
Low Income (80%)	\$145,302	\$162,888	\$185,833	\$207,067	NA

MAXIMUM MONTHLY GROSS RENTAL RATE

Note: Gross rent includes the total of monthly payments for a rental including a reasonable allowance for utilities, provided by the Housing Authority of Alameda County, and any required service charges or fees charged to tenants. Utility allowance and required charges/fees must be deducted from rents shown below.

Unit Type	Studio	1 Bedroom	2 Bed / Equivalent**	3 Bedroom	4 Bedroom
Moderate Income (120%)	\$3,076	\$3,516	\$3,955	\$4,395	N/A
Low Income (80%)	\$1,678	\$1,918	\$2,157	\$2,397	N/A
Very-Low Income (50%)	\$1,398	\$1,598	\$1,798	\$1,998	N/A
Extremely Low Income (30%)	\$839	\$959	\$1,079	\$1,199	N/A

RENT LIMIT

Rent limits set a maximum rent amount that can be charged for a unit. Each year, the City publishes the maximum rent for each BMR bedroom size as part of its [Housing Affordability Table](#).

Note: In Emeryville, the utility allowance and any mandatory household fees must be deducted from the total gross rent amount.

RESPONSIBILITIES FOR BMR VS MARKET RATE UNITS

ANNUAL COMPLIANCE MONITORING REQUIREMENT

BMR Unit	Market Rate Unit
<p>Properties must complete an annual compliance report and submit it to the City.</p> <p>Upon request, this may include supporting documentation of household income.</p>	<p>Properties do not submit an annual report to the City.</p>

INCOME CERTIFICATION REQUIREMENT

BMR Unit	Market Rate Unit
Properties conduct an initial income certification and annual recertifications for each household.	No income certification or recertifications are required by the City.

INCOME LIMITS/AREA MEDIAN INCOME (AMI) REQUIREMENT

BMR Unit	Market Rate Unit
<p>At initial income certification: the household's total gross income must fall within the Income Limits published by the City in its Housing Affordability Table.</p> <p>At recertification: refer to the property's Affordable Regulatory Agreement for the unit's maximum income limit at recertification.</p>	<p>No initial income certifications or recertifications are required by the City.</p>

RENT LIMIT REQUIREMENT

BMR Unit	Market Rate Unit
Total rent charged for a unit must be below the City's published rent limit for that unit size.	<p>The property must not raise rent above the maximum annual rent increase established by CA State Law AB1482.</p> <p>More information can be found on the City's website under Tenant Protection Resources.</p>

UNDERSTANDING YOUR BMR UNITS' OTHER FUNDING SOURCES

OVERVIEW OF SUBSIDY LAYERING

- Although the **BMR program is not a HUD or other federal program**, your property may participate in federal or local affordable housing programs that apply to the BMR unit.
- These programs may provide a subsidy for a household, or funding or special exemptions during the construction of a unit.
- Review your Affordable Regulatory Agreement to confirm which other program(s) applies to your BMR unit.

OTHER AFFORDABLE HOUSING PROGRAM FUNDING SOURCES

- Additional funding sources an Emeryville BMR unit may have:
 - Community Development Block Grant (CDBG)
 - HOME Investment Partnerships Program (HOME)
 - Housing Choice Voucher (Section 8)
 - Housing Opportunities for Persons with AIDS (HOPWA)
 - Low-Income Housing Tax Credit (LIHTC)
 - Project Based Section 8
 - Section 202
 - Tax Exempt Bond
 - Other CA Housing and Community Development funding sources

IMPACT OF OTHER FUNDING SOURCES

- If your BMR units are also funded by other programs, it may affect things such as:
 - Timing and procedures for initial certification and recertification
 - Applicable income limit levels at initial certification and recertification
 - Recordkeeping requirements
 - Reporting requirements and applicable monitoring agencies

Note: Your BMR units must comply with your Agreement as well as the regulations of any other housing program the units participate in.

IMPORTANCE OF FUNDING USE

- **If a funding source subsidizes household rent**, the property will receive a rent payment from the program that pays a portion of the household's rent.
- **If a funding source only subsidizes the unit construction**, the property won't receive a rent payment for the household. However, the property must still track these units and maintain compliance with program rules and reporting requirements for them.

FUNDING SOURCE: HOME

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
<u>HOME Investment Partnerships Program (HOME)</u>	It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.	NO	YES

FUNDING SOURCE: HOPWA

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
<u>Housing Opportunities for Persons with AIDS (HOPWA)</u>	It is the only Federal program dedicated to the housing needs of people living with HIV/AIDS.	YES	YES

FUNDING SOURCE: LIHTC

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
<u>California Low Income Housing Tax Credit (LIHTC)</u>	It allocates federal and state tax credits to developers of affordable rental housing for low-income Californians.	NO	YES

FUNDING SOURCE: HOUSING CHOICE VOUCHER

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
Housing Choice Voucher	This refers to a Section 8 voucher that is provided to the household by the public housing authority (PHA). It goes with the household whenever they move to a new property. The household pays 30% of their adjusted monthly gross income towards rent and the PHA pays the rest.	YES	NO

Note: The City of Emeryville does not manage Section 8 or Public Housing. In Emeryville, these programs are managed by the [Housing Authority of Alameda County](#).

FUNDING SOURCE: PROJECT BASED SECTION 8

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
Project Based Section 8	It is provided to the property for a specific unit and the assistance is tied to the unit. It requires that a household eligible for the Project Based Section 8 program lives in the unit.	YES	NO

FUNDING SOURCE: SECTION 202

Funding Source	Definition	Funding Subsidizes Household Rent	Funding Subsidizes Unit Construction
Section 202 Supportive Housing for the Elderly Program (Section 202)	The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides direct loans and capital advances from the federal government to support nonprofit entities to build housing for very low-income elderly (62+).	NO	YES

WHERE TO SUBMIT QUESTIONS:

- Please submit any questions to:
City of Emeryville Economic Development and Housing Division
- Email: housing@emeryville.org