



Palo Alto BMR Program - Review of Rules and Regulations for BMR  
Home Owners - January 2024

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# Agenda

## BMR Program

- Background & Intent of Program
- BMR Owner Responsibilities
- Transferring or Selling your BMR Home

Q&A with PA City Attorney, Albert Yang



# Palo Alto's BMR Program

- Started in 1974 and was one of the nation's first Inclusionary zoning housing/zoning policies.
- Provide ownership opportunities to residents of low to moderate income levels
- Community Stability
- Workforce Housing



CITY OF  
**PALO**  
**ALTO**



# Alta Housing & Our Role with BMR Program

- Alta Housing works with the City to administer the BMR program
  - We make sure that renters and buyers of BMR homes meet the requirements of the programs
  - Maintain the BMR waiting list
  - Work with the City on selling BMR homes



# BMR homes are a valuable community resource

In return for allowing you to purchase a BMR house, the City requires that you sign the following:

- Resale Agreement (Occupancy, Resale and Refinancing Restriction Agreement)
- Deed of trust
- Promissory Note



# “Resale Agreement”


- 59 year term
- BMR house is your “primary” residence
- Maintaining your home/property insurance
- City has option to purchase
- Sales price of home is restricted



# Owner Occupancy Requirement

Your BMR home should be:


- Principal residence
  - Live in the house at least 10 months of the year
- Can't rent out the house unless you have the City's express written consent

 **CITY OF PALO ALTO UTILITIES** Customer name: NAME Due date: Jur  
Service address: SERVICE ADDRESS For billing info

Account Number	Service Period	Service Days	Meter Read Date	Approx. Next Rea
XXXXXXXX	04/04/2020 - 05/07/2020	34	05/07/2020	06/05/2020

**Billing Summary**

CURRENT CHARGES	UNITS
ELECTRICITY	89 KWH
GAS	32.50 THERMS
SEWER	
REFUSE	

 County of Santa Clara  
Department of Tax and Collections  
70 West Hedding Street  
East Wing, 6th Floor  
San Jose, California 95107-67

**SECURED PROPERTY TAX BILL**  
TAX YEAR: 2018-19  
For July 01, 2018 through June 30, 2019  
**ASSESSOR'S PARCEL NUMBER (APN): 001-01-001**

**SAMPLE ONLY**

SMITH JOHN AND SALLY  
1234 MAIN STREET  
SAN JOSE CA 95120-4351

**TAX BILL INFORMATION**  
PROPERTY ADDRESS:  
1234 MAIN STREET  
SAN JOSE CA 95120  
BILL ID: 9164133  
BILL SUFFIX: 00  
TAX RATE AREA: 008-001  
BILL CREATED: 09/18/2018  
ASSEESSE AS OF 12:01AM, JANUARY 1, 2018 LIEN DATE:  
SMITH JOHN AND SALLY  
REC-REG-05180789 100343

**SUMMARY OF TAXES**

Assessed Value of the Property	\$1,714,132
Less Exemption	7,000

**CONTACT INFORMATION**



# Maintenance & Insurance

Maintenance - “in good repair; in a clean and orderly condition”

Insurance - Must insure your home and the City should be named as “additionally” insured

Capital Improvements





# Selling or transferring your BMR Home

Reach out to us and the City!

1. City exercises its option to purchase your home
2. City does not exercise option – sale to eligible purchaser at a restricted price

*Alta helps facilitate this sale – sales do not go through a real estate agent*



# How “resale” prices are calculated?

Original Price of Home (purchased in 1994)	\$83,000
Growth of the Consumer Price Index	1.428
“Indexed Value”	\$118,524
Depreciated Value of Capital Improvements	\$8,000
Multiply \$2k/yr X 30 yrs	\$60,000
<b>Resale Price</b>	<b>\$186,524</b>



# How is the CPI Index calculated?

Increases in housing values are tied to the “Consumer Price Index” - San Francisco/San Jose/Oakland

- Beginning Index Value (when BMR purchased)
- Ending Index Value (when City receives notification of intent of sale)

**$(\text{Ending Index} / \text{Beginning Index}) \times (1/3) = \text{Index Adjustment}$**

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# Refinancing

It is possible to refinance your mortgage if the new loan will offer you a lower interest rate

- You can't take any cash out of your property
- You must refinance into a fixed interest rate mortgage
- You must have the City's permission to refinance



# Inheritance

If BMR house is inherited by a co-owner who was income qualified, the person may assume your obligations.

If the person inheriting is not a spouse or domestic partner but meets the income and other qualifications, he/she/they may keep the home but need to sign new BMR documents with the City (and there is a new 59 year term).

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# Promissory Note

*“I’m not borrowing any money from the City, why do I need to sign a promissory note?”*

- To make sure that if the BMR owner receives any “excess” rents, “excess” sales or any “advance” from the City they are repaid.



# What happens if BMR owners don't comply with the rules?

- If you sell your BMR home without notifying the City and/or for more than the Maximum Resale Price, you will have to pay all Excess Sales Proceeds to the City.

*You will also be responsible for all costs incurred by the City for enforcing the Resale Agreement.*



# BMR Owners Responsibilities - Summary

Live in the house as their “primary residence”

- 10 months of the year
- Proof of residency - utility bill, tax property bill

Maintain the property

Stay current with HOA dues, property taxes

- HOA dues pay for community maintenance and improvements

*Reach out to Alta or the City if you are planning to put the property into trust, refinance or move/sell.*





# Questions



# Come talk to us in person

Sobrato Center for Nonprofits

3460 West Bayshore Road, Suite 104

Open: 9 am to 5 pm on weekdays

Email: [bmr@altahousing.org](mailto:bmr@altahousing.org)

Palo Alto BMR Program Administrator:

Rubi Valencia

