

**CITY OF SAN MATEO
RESOLUTION NO. (2019)**

**ESTABLISHING THE 2019 MAXIMUM RENTAL RATES AND SALES PRICES FOR AFFORDABLE HOUSING AS
REQUIRED BY THE BELOW MARKET RATE HOUSING PROGRAM, AND ESTABLISHING COMMUNITY PRIORITY
FOR LARGER UNITS**

WHEREAS, the Below Market Rate Housing Program (BMR Program) was established in 1992, and is reviewed by the Council annually to establish maximum rental rates and sales prices for affordable housing, and

WHEREAS, a revision to the BMR Program effective in January 2010, included flexibility in how a developer can satisfy the City's BMR requirement, based on total bedroom count and adopted community priorities for the number of bedrooms in each unit; and

WHEREAS, the BMR Program Guidelines were amended by Resolution No. **## (insert number after 7/15/19)** (2019) to establish a cap in rent increases of not more than 4% each year to avoid large increases to the tenants; and

WHEREAS, the City annually revises the rental rates and sales prices for the BMR Program based on medium income data provided by the U. S. Department of Housing & Urban Development and the State Housing & Community Development offices; and

WHEREAS, as set forth in the accompanying Administrative Report, staff has reviewed the rental rates and sales prices for the BMR Program and recommends that the Council adopt the rates set forth in Exhibit A attached to this Resolution; and

WHEREAS, staff recommends that the Council establish Community Priority for units consisting of three or more bedrooms, based on the shortage of those units currently in the BMR inventory compared to the families on the waiting lists, which will allow a developer to provide fewer BMR units in exchange for unit with three or more bedrooms as long as all other BMR program provisions are followed;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, HEREBY RESOLVES that:

1. In accordance with California Environmental Quality Act (CEQA) Guidelines section 15378(b)(5), this action is not a project subject to CEQA because it is an administrative activity that will not have a significant effect on the environment.
2. The 2019 maximum rental rates, including utilities and garbage, and sales prices for below market rate units are established at the rates set forth in Exhibit A, attached to this Resolution.
3. The establishment of a Community Priority need for units containing three bedrooms or more helps address a citywide shortage of those larger units currently available in the BMR inventory compared to families on the waiting lists. See Exhibit B for the methodology to calculate the equivalency.

EXHIBIT A

2019 MAXIMUM RENTAL RATES (Including Utility Allowance)

	<u>Very Low Income</u>	<u>Low Income</u>
Studio	\$1,080	\$1,290
1-Bedroom	\$1,230	\$1,480
2-Bedroom	\$1,380	\$1,660
3-Bedroom	\$1,540	\$1,850
4-Bedroom	\$1,660	\$1,990

2019 MAXIMUM SALES PRICES

	<u>Low Income</u> <u>Condo/Townhome</u>	<u>Moderate Income</u> <u>Condo/Townhome</u>	<u>Single Family Detached</u>
Studio	\$216,000	\$338,000	N/A
1-Bedroom	\$252,000	\$392,000	\$525,000
2-Bedroom	\$291,000	\$449,000	\$597,000
3-Bedroom	\$330,000	\$505,000	\$670,000
4-Bedroom	\$361,000	\$550,000	\$728,000

EXHIBIT B

BELOW MARKET RATE ALTERNATIVE FOR VARIATION OF THE BEDROOM COUNT IN BMR UNITS

Based on City Council adoption of a Community Priority, an applicant may propose a different bedroom mix in BMR units rather than a straight pro rata of market rate units as long as the total bedroom count is the same or more, and the total number of BMR units is 10% of more for the project.

When the Community Priority is for larger units with 3 or more bedrooms the following methodology is used to calculate the required number of BMR units:

- Calculate the pro rata number of Market Rate units by bedroom type by multiplying .15 times the number of units for each bedroom size to establish the baseline.
- Calculate the total number of bedrooms in the baseline BMR units. Use .75/ unit for studio units.
- Developer may propose a different mix of bedrooms if it increases the number of units with 3 or more bedrooms, provides an equivalent bedroom count the same or greater than the baseline, and provides a total BMR unit count of at least 10% of the project size.