

Below-Market Rate FAQs

How much will I be able to sell my home for?

Your future resale price will be restricted. This is the way cities ensure homes remain affordable for future generations. Your resale price will be based on a formula that will ensure the home is affordable to households earning 120% of Area Median Income and below, similarly what was done to originally price the BMR homes. The resale formula uses a number of variables that change over time, and may also depend on market conditions at the time of sale. The variables include the price you paid for the home, the change in Area Median Income at time of resale, and present interest rates. In addition, market conditions may impact how much you can sell your home for. For example, during the housing crisis, market values dropped below the maximum resale price allowed for by the formula in some cases. We'll go into greater detail of how this works in the mandatory workshop after the lottery.

Can I rent out my home?

No. The development of affordable housing requires significant public investment. These public resources come with conditions that must be met after the homes are built. Your home was developed to be lived in by a homeowner. In contrast, there are affordable developments in Daly City that can only be rentals. In addition, you will be required to provide proof of owner occupancy on an annual basis to the City of Daly or its agent as part of your program documents.

Can I renovate my home?

Yes, however any improvements you make to your home must meet all local and state building code requirements and be approved by your Home Owner's Association (HOA). Any improvements made to your home will not increase your maximum resale price, but could make your home more desirable for purchase in a down real estate market.

Can I refinance in the future and get cash out?

The program documents allow for refinancing under certain conditions but prohibit taking cash out. As you will learn through the purchase process, there are a limited number of lenders who are willing to lend on BMRs, and this is no different when refinancing. *Please keep this in mind when determining your down payment amount as you will be unable to access those funds until you sell your home.*

Do all household members have to be living together at time of application?

Yes, in order for a household member to be considered part of the application the entire household will need to have been living in the same primary residence since March 1, 2015. Additional applicants can't be added to the household to meet minimum household size or income requirements. In order to verify household composition, applicants will be asked to show documentation such as tax returns, government issued ID, paychecks, utility bills or other third party verification.

Is there a downpayment requirement?

Yes, buyers must be prepared to provide a minimum 3.5% downpayment of the purchase price.

Can my family members inherit my BMR home?

It depends. If your children are the legal beneficiaries, they can inherit your home ONLY IF their household meets the program requirements. This means, for example, their gross combined household income cannot exceed the program limits at the time of transfer, and they must occupy the home as their primary residence. If they cannot meet the program requirements, they will be required to sell the home to a qualified buyer as provided for in the program documents.