



# CITY OF SAN LUIS OBISPO

## BELOW MARKET RATE HOUSING RENTAL GUIDELINES (Effective July 1, 2022)

### SECTION 1: FINANCIAL AND RESIDENCY GUIDELINES

To be eligible to rent an Below Market Rate (BMR) unit, the applicant must meet the following guidelines. Applicants must provide sufficient information to an approved third-party administrator (i.e. Housekeys) by the City of San Luis Obispo to verify the guidelines have been met.

- The applicant's total annual household **income is equal to or less than the maximum allowable household income**, as specified in the City's BMR Housing Standards and referenced on the application. The City or an approved third-party administrator will certify incomes of all adult household members in calculating total household income. Income is described in Section 2.
- The applicant's **assets do not include ownership of a home**. Assets are described in Section 3.
- The applicant has shown they have sufficient funds to pay the required monthly rental payment **without a co-signer to guarantee income or credit**. No persons other than residents of the affordable unit may be listed on the rental agreement.
- The applicant agrees to follow City **affordability restrictions** pursuant to the City's BMR Housing Standards.
- The BMR unit must be renter occupied by the income certified household. The applicant must **agree to use the home as his/her/their primary residence**. No rental of the property to a third party (sublease or short-term rental) is allowed. The applicant and co-applicant must reside in the County of San Luis Obispo or Obispo.
- Applicant must be a U.S. citizen or have the right to permanently reside in the United States.

### SECTION 2: INCOME INCLUSIONS AND EXCLUSIONS

#### **Income Inclusions**

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services; however, only that portion of overtime pay, commissions, and bonuses that are likely to continue for at least the coming year will be included.

## Below Market Rate Housing Rental Guidelines

- The net income from the operation of a business, profession or active farming. The City, or the City's approved third-party administrator, will not make allowances for depreciation of capital assets in determining the net business income. The City, or the City's approved third-party administrator, also reserves the right to review additional business expenses and to exclude any expenses that are unlikely to continue or are unnecessary.
- Interest, dividends and other net income of any kind from real or personal property (expenditures for amortization of capital indebtedness and an allowance for depreciation of capital assets shall not be deducted to determine the net income from real or personal property).
- The gross amount of periodic payments received from Social Security for all household members, regardless of age.
- The gross amount of periodic payments from annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay.
- Periodic allowances such as alimony and separate maintenance, child support payments received, housing allowances received, and regular contributions or gifts received from persons not residing in the dwelling.
- That portion of scholarships provided for general living expenses, transportation and miscellaneous personal expenses.
- Lump-sum assets (gifts, inheritances, etc.) received in the previous two years prior to application unless the applicant is disabled or retired.

### **INCOME EXCLUSIONS**

- Amounts that are specifically for or in reimbursement of the cost of medical expenses. Amounts that are expended and designated for large and continuing medical expenses of a member of the household are excluded.
- Lump-sum settlements for personal or property losses.
- That portion of scholarships that are provided for tuition, fees, books, equipment, materials, and supplies.
- Earned income from the employment of children under the age of 18.
- Payments received for the care of foster children.
- The value of the allotment provided to an eligible household for coupons under the Food Stamp Act of 1977.
- The income of a live in aide, defined as a person who resides with an elderly, disabled, or handicapped person, and who is determined to be essential to the care and well-being of the person, is not obligated to support the person, and would not be living in the unit except to provide supportive service.

### **SECTION 3: ASSET INCLUSIONS AND EXCLUSIONS**

In general terms, an asset is a cash or non-cash item that can be converted to cash.

#### **Asset Inclusions**

- Savings accounts and the average 6-month balance of checking accounts.
- Stocks, bonds, savings certificates, money market funds, and other investment accounts.
- Cash value of trusts available to the household.
- Individual Retirement Accounts (IRA), Keogh, and similar retirement savings accounts, even though withdrawal would result in a penalty.
- Physical, monetary, and real property assets that, although owned by more than one person, allow unrestricted access by the applicant.
- Equity interest in a home or other real estate.
- Lump-sum receipts, such as inheritances, capital gains, lottery winnings, insurance settlements and other claims.
- 12-month history of child support payments (or proof of no support).
- Cash value of life insurance policies.
- Equity in motor vehicle(s) with an individual value exceeding \$15,000.00.
- Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
- Tax-exempt retirement accounts.
- Imputed interest on the total of all assets such as savings accounts.

#### **Asset Exclusions**

- Assets not accessible to the household and that do not provide any income for the household.
- Ordinary household effects, including furniture, appliances, clothes, fixtures and personal property.
- Up to one (1) motor vehicle used for personal or business use, whose value does not exceed \$15,000.00. Copies of all owned automobile registrations and related loan documents must be available.
- Assets that are a part of an active business or farming operation.