

Section 7. Income Categories and Pricing

Income Categories are used by BCHA to determine the appropriateness of Community Housing development proposals in each location and also to determine which Applicants shall be considered for particular Community Homes. These Income Categories are based on percentages of the Area Median Income (AMI) that are assigned to Blaine County by HUD on an annual basis. A Household may purchase or rent a Community Home in a higher Income Category, but not in a lower Income Category. The Household Net Worth shall not exceed the published allowable net worth specified for the particular Income Category. Current income limits and allowable net worth are available on BCHA's website or by request.

Table 7.1 Household Income Categories by Area Median Income (AMI).

Income Category	Percentage of Area Median Income
1	Less than 50%
2	50% to 60%
3	60% to 80%
4	80% to 100%
5	100% to 120%
6	120% to 140%
7*	140% to 160%
8*	160% to 180%
9*	180% to 200%
L	No Income Limit but must be a full-time resident of Blaine County

*For Income Categories greater than 6, BCHA will recommend that proposed housing be classified as "Category L" which is housing that will be offered to the full-time residents and employees of Blaine County. Category L housing should be offered in tandem with housing Categorized at Income Category 5 or below.

A. Calculation of Sales Prices for Newly Constructed/Available Community Housing

1. Maximum sales prices are calculated based upon the federal affordability calculation allowing thirty percent (30%) of Household Income to be allocated to monthly housing cost. The sales price for newly

constructed/available Community Housing varies according to the Area Median Income in any given year and according to the calculation of the “maximum monthly housing cost.” “Maximum monthly housing cost” includes the following monthly payments:

- (a) Principal, interest, and mortgage insurance payment (if any) on first mortgage
- (b) Escrow payment of property taxes and property insurance
- (c) Land lease payments, if any
- (d) Homeowners/condominium association fees, if any
- (e) Utility costs

B. Calculation of Maximum Sales Price

1. The maximum sales price is based on the minimum income of an Income Category in order to ensure that the price of a Community Home is affordable to every purchaser within that Income Category.
2. BCHA has developed the “Community Housing Price Calculator” for ease in determining maximum sale price. This spreadsheet performs the above calculations when the applicable interest rate and HOA dues assumptions are input. Please contact BCHA office or find the Community House Pricing Calculator on BCHA's website. (www.bcoha.org)
3. To calculate the maximum sales price, follow the steps below:
 - (a) Determine the maximum monthly housing cost by Income Category and Home Size.
 - (b) Deduct 15% of the maximum monthly housing cost for real estate taxes, insurance, and utilities.
 - (c) Deduct any homeowners' fees or other required payments such as a land lease payment from the amount arrived at in Section 7(B)(3)(b), above.
 - (d) Obtain the interest rate from BCHA. The goal of BCHA's Community Housing Programs are permanent affordability. Therefore, current interest rates do not necessarily apply in setting the initial price for Community Housing. The indexed resale calculation in the Deed Covenants (the affordability mechanism) is based on the initial purchase price. Setting too low of an interest rate for the initial purchase price will require additional subsidy to keep these homes affordable when interest rates rise.

- (e) Utilizing the payment arrived at in Section 7(B)(3)(c) and the interest rate assumption from Section 7(B)(3)(d), calculate a total maximum allowable sale price for the Home.

C. Maximum Monthly Gross Rental Rates for Community Housing

1. The maximum monthly gross rental rates for newly constructed/available Community Housing are published by BCHA on a schedule in conjunction with the release of Income Limit data provided by HUD.
2. The latest maximum monthly gross rental rates can be found on BCHA's website. These monthly Gross Rental Rates shall be in effect for the term of the initial lease (six (6) month minimum). Thereafter, the maximum monthly gross rental rate can be adjusted in accordance with the published maximum monthly gross rental rates at the time of renewal.
 - (a) Due to the fact that published AMI numbers may decrease over a calendar year, BCHA recommends setting monthly rent at a number as close as possible to the middle of a given Income Category, to ensure ongoing stability for the tenant and predictability of income for the landlord
 - (b) In the event of a published AMI **decrease** by HUD, and if the monthly rent is set at the maximum allowable number within a given Income Category, the rent would be required to be **lowered** to the new corresponding published AMI
3. The maximum monthly gross rental rates are based on an amount equal to thirty percent (30%) of the Household Income per month. This gross rental rate figure includes utilities.
4. Please contact BCHA for a Utility Allowance Analysis based on each unit's size, appliances and heat source to get a net rental rate figure. **The maximum Net Monthly Rent will be less than the published Monthly Gross Rental Rates.**