

**Campbell Affordable Homeownership Program Sales Prices – as of May 9, 2024**

	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
<b>Very Low Income</b>	<b>132,858</b>	<b>160,262</b>	<b>182,968</b>	<b>204,851</b>	<b>222,244</b>
<b>Low Income</b>	<b>215,705</b>	<b>254,961</b>	<b>288,713</b>	<b>322,447</b>	<b>347,320</b>
<b>Moderate Income</b>	<b>379,864</b>	<b>443,591</b>	<b>501,738</b>	<b>559,942</b>	<b>600,540</b>

**Methodology for Determining Maximum Affordable Homeownership Unit Sales Price**

The following steps explain the City of Campbell’s methodology used to determine the maximum affordable homeownership unit sales price for newly constructed units. Updated for 2024 Income Limits.

**Step 1 – Determine Income Level and Number of Bedrooms**

Consult with a Land Use Attorney and/or City Planner for assistance determining the number, type, and distribution of units required for your project based on the requirements of the City’s [Inclusionary Housing](#) and/or [Density Bonus Ordinance](#). Once the level of affordability and bedroom count for a specific unit has been determined, advance to Step 2.

**Step 2 – Determine the Household Income Limit**

Household Income Limits as published annually by the [State of California](#) and [County of Santa Clara](#) shall be the basis by which affordable ownership costs on new for-sale affordable housing units are determined. These household income limits include:

Very Low Income	Low Income	Moderate Income
Approximately 50% of County Area Median Income (AMI)	Approximately 80% of County Area Median Income (AMI)	Approximately 120% of County Area Median Income (AMI)

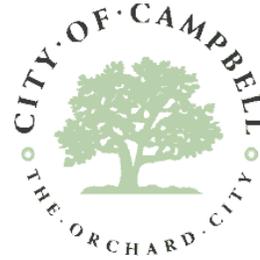
For the purposes of this section, the number of bedrooms in a unit is used to determine the maximum household (HH) size which relates to the maximum income limit on a bedroom count + 1 basis.

Example: For the purpose of calculating price, a 3-bedroom townhome unit shall be assumed to have a household size of 4 (3+1). A studio which has no bedrooms shall be assumed to have a household size of 1 (0+1).

**Step 3 – Determine Maximum Affordable Housing Payment (AHP)**

Based on the maximum income limit determined in Step 2, an affordable homeownership percentage shall be assessed to determine the maximum affordable housing payment. Note: For Very-Low, Low, and Moderate-Income Households AHP is determined using a formula that involves a percentage of the published Area Media Income (AMI).

Very Low Income	Low Income	Moderate Income
1/12 <sup>th</sup> of 30% of 50% of AMI	1/12 <sup>th</sup> of 30% of 70% of AMI	1/12 <sup>th</sup> of 35% of 110% of AMI



Example: For a 3-bedroom low-income townhome unit, a maximum household income for a household of 4 would be \$146,100. The affordable housing payment calculation would be Median Income for a 4-Person Household (\$184,300) x 70% x 30% or \$38,703, which would be \$3,225.25 per month.

**Step 4 - Account for Non-Mortgage Payment Assumptions**

Subtracted from the Affordable Housing Payment (AHP) shall be non-mortgage assumptions for property taxes and insurance (targeting 1.6% of sales price) plus the [Published County Utility Allowance](#) for the current year applicable to the project,. Utility allowances for units shall assume electric air and water heating (in accordance with CC Ordinance 2260), the natural gas utility rate for cooking appliances, and include all water, sewer, trash collection, range/microwave, and refrigerator allowances in the total based on the applicable unit type. Further, a Homeowner Association (HOA) fee of **\$289.53** shall be assumed as an additional non-mortgage factor regardless if the project has no HOA fee and/or a lower/higher HOA fee. This fee is based on a study of HOA fees indicated in unit closing costs based on the prior three years. This study shall be updated annually.

Affordable Housing Payment (AHP)	Tax and Insurance (1.6%) plus Utility Allowance <sup>1</sup> plus HOA Fee	Remainder of AHP available for Mortgage Payment
\$3,225.25	\$1.6% for Tax and Insurance + Utilities + HOA Fee = 'Y'	\$3,172.75 - 'Y' = 'Z'

Example: For a 3-bedroom low-income townhouse with a maximum affordable housing payment of \$3,225.25 would be reduced by \$1,123.53 (\$425 + \$409 + 289.53 = 'Y'). This results in the remainder of Affordable Housing Payment (AHP) of \$2,101.72 available for Mortgage Payment (i.e. 'Z').

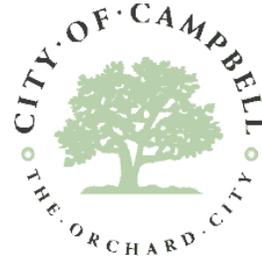
**Step 5 – Determine Mortgage Payment Assumption & Maximum Sales Price**

The remaining AHP available for Mortgage Payment shall be used to calculate the Maximum Affordable Sales Price. Regardless of the term limit, money down, and interest rate secured by an individual, the maximum sales unit sales price for the unit 'pool' shall be determined based on a 30-year fixed term and the interest rate published online ([Freddie Mac Published Interest Rate](#)). The interest rate used will either be based on the 10-year average rate as of the date that the new state income limits are published or the current interest rate available during the week state income limits are published - whichever is higher. Further, for the purposes of this calculation, no money down, points, origination fees etc. shall be assumed as being necessary to secure the average annual interest rate.

Remaining AHP available for Mortgage for a Very-Low Income Household	Average Freddie Mac 30-Year Fixed Interest Rate or Current Rate (whichever is higher)	Maximum Mortgage Amount (Base Max Sales Price)
\$2,101.72	7.09%	\$313,055

Additional Notes: Based on a remaining APH of \$2,101.72 for mortgage payment and assuming a 30-year loan at a 7.09% interest rate the maximum loan of \$313,055.12 (see 'Pricing Calculator'). The mortgage amount is rounded up to \$313,055.

<sup>1</sup> Note: No cost basis is assumed for maintenance. Deferred maintenance to be addressed the time of sale.  
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**Step 6 – Account for Transaction Fee**

A 3% Transaction Fee to the Program Administrator is added to the Sales Price to cover the cost of managing the applicant pool, process and underwrite applications for eligibility, and as a contribution toward the annual compliance labor associated with the restriction agreement (i.e. 45-year restriction on resale).

Maximum Affordable Sales Price	Transaction Fee	Final Sales price (Rounded)
\$313,055 (Rounded)	\$9,392 (Rounded)	\$322,447 (Rounded)

Note: Transaction fees are added on 'top' of the maximum affordable sales price and will be taken from sellers proceeds for the unit at close of escrow. As such, while the unit will sell for \$322,447 in the scenario, the developer will only receive \$313,055 in profit. Note: The transaction fee shall not be rounded.