



## City of Santa Barbara Affordable Housing Program Eligibility Requirements

- Buyers must live or work within the South Coast area of Santa Barbara County (from Gaviota to the Ventura County line).
- Buyers must certify his/her/their intent to occupy the affordable unit as his/her/their principal place of residence.
- Buyers cannot have any form of ownership or ownership interest in residential real estate at the time of application or at any time during their ownership of an affordable unit. “Residential real estate” is defined as residential real property including single family dwellings, undeveloped residentially zoned land, mobile homes and manufactured housing.
- If the buyer(s) previously owned residential real estate at any time during the past two years, the buyer(s) total equity in that property cannot exceed 50% of the purchase price of the affordable unit. For example, if you sold residential real estate in the past two years and your equity (net proceeds) from that sale were \$100,000 then you could only qualify to purchase an affordable unit that is priced at \$200,000 or higher.
- The combined annual gross income of all household members cannot exceed the maximum amount allowed for the income category designated for the particular affordable housing unit. “Household” is defined as all those persons—related or unrelated—who occupy a single housing unit. Income earned from investment assets and all other documented income will be included in the computation of annual income.
- The maximum value of buyer(s) assets, excluding retirement accounts subject to IRS rules, cannot exceed three times the purchase price of the affordable unit.
- Buyer’s housing cost cannot be less than 20% and no more than 40% of a buyer’s income. “Housing cost” includes the mortgage payment(s), property taxes, HOA dues, and mortgage insurance (if any). In the case of an adjustable rate mortgage, the mortgage payment will be calculated using the fully indexed rate or start rate, whichever is greater.
- Buyer’s total debt-to-income ratio cannot exceed 50%.
- Buyers cannot obtain or assume purchase money financing which requires graduated interest, graduated payments, interest only payments, balloon payments or negative amortization.
- Buyers are required to provide a down payment of at least 5% of the purchase price. A buyer’s down payment cannot exceed 40% of the purchase price. Buyer may receive all or a portion of the down payment as a gift as long as the gift amount does not exceed 20% of the purchase price.
- Buyers are allowed to have a co-signer for financing purposes, if needed, to qualify for a loan. However, the co-signers income will not be included when calculating the buyer’s housing cost-to-income ratio and total debt-to-income ratio.
- Buyers are required to have a credit (“FICO”) score of at least 620.
- A three bedroom unit requires a household of three or more persons.
- All adults (18 years and older) in the household are subject to eligibility requirements. They must be owners of record and included on all loan documentation (including the Promissory Note and Deed of Trust).

This is a brief summary. For more detailed information, please review the example *Affordability Covenant and Option to Purchase* online at: [www.SantaBarbaraCA.gov/HousingDocs](http://www.SantaBarbaraCA.gov/HousingDocs)

<b>Income Limits</b> <small>(effective 4/1/2018)</small>					
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>
<b>Low Income</b>	\$56,250	\$64,250	\$72,300	\$80,300	\$86,750
<b>Moderate Income</b>	\$66,864	\$76,416	\$85,968	\$95,520	\$103,162
<b>Middle Income</b>	\$89,152	\$101,888	\$114,624	\$127,360	\$137,549
<b>Upper-Middle Income</b>	\$111,440	\$127,360	\$143,280	\$159,200	\$171,936