

City of Oakland Maximum Initial Sales Prices for NSP Program

Homes sold under the NSP Program must be sold at the lower of:

- a. The total development cost of the home, including acquisition, rehab and developer fee
or
- b. The maximum affordable sales price as set forth below:

1 Bedroom	\$281,520	2 Bedroom	\$316,659
3 Bedroom	\$351,798	4 Bedroom	\$379,991

Methodology:

Homes must be affordable to households at or below 100% of area median income for the Oakland metropolitan area (Alameda and Contra Costa counties combined).

To ensure that home are affordable to a range of incomes and not just those at the top of the eligible income scale, we have calculated affordability for a household at 90% of median. Setting the price higher would restrict the eligible buyer pool.

Income limits are set by household size; for purposes of calculating the sales prices we have followed the convention in California Redevelopment Law and assumed that the household size to use is equal to the number of bedrooms plus one. For example, for a 2-bedroom house we used the income limit for a 3-person household, for a 3-bedroom house we used the limit for a 4-person household, etc.

Income limits are based on HUD-determined median income for the area with household size adjustments as prescribed by HUD.

Financing assumptions for a 30-year fixed rate loan as follows:

5% downpayment, 95% loan to value ratio

Interest rate of 5.12%, based on the Weekly Primary Mortgage Market Survey for a 30-year fixed rate loan as published by FreddieMac for the week of January 22, 2009. See: <http://www.freddiemac.com/pmms/> for details.

Property tax at 1.3% of purchase price
Property insurance at 0.35% of loan amount.

Front-End Debt (PITI) to Income ratio of 35%

These assumptions are used solely for purpose of establishing the maximum affordable sales price; there is no requirement that any particular transaction conform to these assumptions.

Maximum Prices may be adjusted if there are significant fluctuations in market interest rates.