

Ordinance No. 1698(22)

**An Ordinance of the City Council of the City of Lompoc,
County of Santa Barbara, State of California,
Amending Chapter 17.324 and Chapter 17.704 of the Lompoc
Municipal Code to Change the Method for Calculating Inclusionary
Housing In-Lieu Fees, Establish a Formula for Determining the
Maximum Amount of Assistance Available under the Homebuyer
Assistance Program, and Making Other Revisions to the Inclusionary
Housing Ordinance**

WHEREAS, Chapter 17.324 of the Lompoc Municipal Code (Inclusionary Housing) requires certain housing developments to restrict the sale or rental amount for a certain percentage of the units in the development in order to create housing that is affordable to lower-income households in the City of Lompoc (City); and

WHEREAS, as an alternative to constructing affordable units, developers may be permitted to pay a fee to the City (an “in-lieu fee”), which can then be used by the City to fund programs that help lower-income households obtain affordable housing; and

WHEREAS, the amount of the in-lieu fee is currently calculated on the basis of the difference between the estimated total construction cost of a market rate single-family unit and the affordable purchase price of a unit for which a low-income household unit can qualify; and

WHEREAS, in-lieu fees paid to the City are placed into the Affordable Housing Trust Fund. One of the uses of that fund is to assist lower-income households purchase market-rate homes through loans and closing cost grants under the Homebuyer Assistance Program; and

WHEREAS, the City Council now wishes to modify the method for calculating the amount of in-lieu fees to link that in-lieu fee amount to the maximum amount of assistance available to a single household under the Homebuyer Assistance Program; and

WHEREAS, the City Council wishes to make other changes to the Inclusionary Housing Ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Findings. The City Council makes the following findings regarding the amendments to the Zoning Code stated in this ordinance:

- A. The amendments are consistent with the General Plan and are internally consistent with the Zoning Code.

- B. The amendments serve the public convenience, necessity, and welfare.
- C. The amendments are in compliance with the requirements of the California Environmental Quality Act.

SECTION 2. CEQA. The adoption of the ordinance is not subject to environmental review under the California Environmental Quality Act (CEQA) because it can be seen with certainty that the adoption of this ordinance does not have the potential for causing a significant effect on the environment. (CEQA Guidelines § 15061(b)(3).)

SECTION 3. Subsection A.1 of Section 17.324.040 of the Lompoc Municipal Code is hereby replaced in its entirety with the following:

A. Where it is not feasible or desirable for an applicant to meet the inclusionary housing requirements, the applicant may request, as part of the project application, the use of alternative compliance methods, which shall then be considered by the review authority under Subsection B. Such alternative compliance methods may include, but are not limited to, the following:

1. **Housing in-lieu fee.** Residential developments may choose to satisfy the inclusionary requirement by payment of a housing in-lieu fee. The housing in-lieu fee may be used to satisfy the entire inclusionary requirement or a portion of the inclusionary requirement.

a. **Per-unit housing in-lieu fee.**

(i) The per-unit housing in-lieu fee shall be equal to the maximum amount of financial assistance available to a single applicant under the Homebuyer Assistance Program, as established by a resolution of the City Council, plus a 10% administrative fee. The maximum amount of financial assistance available to a single applicant under the Homebuyer Assistance Program shall be the sum of (a), (b), and (c), below, and shall be calculated in accordance with the formulas and assumptions stated in the Lompoc Affordable Housing Trust Fund Program Implementation Plan, as may be amended by resolution of the City Council. The per-unit housing in-lieu fee shall be the sum of (a), (b), (c), and (d), below.

(a) The difference between the average sale price of a market-rate three-bedroom home in the City of Lompoc and the maximum affordable purchase price for a four-person moderate-income household in the City of Lompoc;

(b) An allowance for inflation to cover potential increases in home prices over the 12 months following the calculation of the in-lieu fee;

(c) A closing cost grant, in an amount approved by City Council resolution, which shall not exceed the actual market rate for closing costs at the time the grant amount is adopted. Closing costs include, but are not

limited to, loan origination and/or processing fees, appraisal, credit reports, prepaid hazard insurance and property taxes, and title and escrow fees; and

- (d) An administrative fee equal to ten percent (10%) of the sum of (a), (b), and (c). This administrative fee will be used to pay for the salaries and benefits of staff working directly with the Homebuyer Assistance Program, office supplies, program marketing, consulting costs, legal fees, audit charges, environmental fees, maintenance costs associated with properties received through default actions (including in-lieu of foreclosures), loan servicing costs, title, escrow and covenant monitoring costs.
 - (ii) The maximum amount of financial assistance available to a single applicant under the Homebuyer Assistance Program and the amount of the per-unit housing in-lieu fee shall be re-calculated and adopted annually in or around June of each year and shall be effective on July 1 of each year.
 - (iii) If the City terminates or temporarily suspends the Homebuyer Assistance Program, then the housing in-lieu fee shall, nonetheless, continue to be calculated and annually updated as described in subsections (i) and (ii) based on the formulas and assumptions in the last-adopted version of the Lompoc Affordable Housing Trust Fund Program Implementation Plan.
- b. **Total housing in-lieu fee.** The total housing in-lieu fee shall be calculated by multiplying the required number of inclusionary units by the per-unit housing in-lieu fee.
- c. **Timing of payment.** The housing in-lieu fee shall either be paid:
- (i) In one lump sum at any time between approval of the project and issuance of the first Building Permit for a residential unit in the development, in which case the total housing in-lieu fee shall be based on the current in-lieu fee at the time of payment. The payment of in-lieu fees shall not be refundable even if some or all of the units in the developer's project are not built; or
 - (ii) On a pro rata basis, where the developer pays the in-lieu fee for one inclusionary unit for every ten Building Permits issued for residential units for developments outside of the Old Town Redevelopment Project, Amendment No. 2 Area, or for every six Building Permits issued for residential units for developments in the Old Town Redevelopment Project, Amendment No. 2 Area. The project conditions of approval shall specify the payment schedule of in-lieu fees based on the prorated computation (e.g., for developments outside of the Old Town Redevelopment Project, Amendment No. 2 Area, the first in-lieu fee payment would be due prior to issuance of the Building Permit for the first unit, the second in-lieu fee payment would be due prior to issuance of the Building Permit for the eleventh unit, etc.; and for a development in the Old Town Redevelopment Project, Amendment No. 2 Area, the first in-lieu fee payment would be due prior to issuance of the Building Permit for the first unit, the second in-lieu

fee payment would be due prior to issuance of the Building Permit for the seventh unit, etc.). Each in-lieu fee payment shall be based on the current in-lieu fee at the time of payment.

SECTION 4. Subsection A.4 of Section 17.324.040 of the Lompoc Municipal Code is revised as follows (added text in **bold underline**):

4. **Combination.** The review authority may approve any combination of on-site construction, off-site construction, housing in-lieu fees, and land dedication that is at least equal to the inclusionary requirement **if it makes the finding in Subsection 17.324.040.B.**

SECTION 5. Subsection B of Section 17.324.040 of the Lompoc Municipal Code is revised as follows (added text in **bold underline**; deletions in **~~bold strikethrough~~**):

- B. **Findings.** The review authority may approve, conditionally approve or deny any alternative proposed by an applicant as part of a project application. Any approval or conditional approval shall be based on a finding that **the proposed alternative is consistent with City's General Plan and shall be based on a consideration of market conditions, development proformas, land economics and other substantial evidence.** ~~the purpose of this Chapter would be better served by implementation of the proposed alternative(s). In determining whether the purpose of this Chapter would be better served under the proposed alternative, the review authority shall make the following findings:~~
 1. ~~Implementation of the proposed alternative shall not overly concentrate inclusionary units within any specific area, unless the undesirable concentration of inclusionary units is offset by other identified benefits that result from implementation of the alternative.~~
 2. ~~When compared to the prompt construction of the inclusionary units on-site, implementation of the proposed alternatives will significantly reduce costs and delays relating to appraisal, site design, zoning, infrastructure, clear title, grading, and environmental review.~~

SECTION 6. Section 17.34.060 of the Lompoc Municipal Code is hereby revised as follows (added text in **bold underline**; deletions in **~~bold strikethrough~~**):

~~A. Procedures.~~

- 4A.** All housing in-lieu fees collected in compliance with this Chapter shall be deposited into an affordable housing fund (Lompoc Affordable Housing Trust Fund).
- B2.** Separate accounts within the housing fund may be created from time to time to avoid commingling as required by law or as deemed appropriate to further the purposes of the housing fund.

C3. The housing fund shall be administered by the City Manager (or designee) who shall have the authority to govern the housing fund consistent with this Chapter, and to prescribe procedures for said purpose, subject to approval by the Council.

D4. Expenditures from the housing fund shall be controlled, authorized and paid in compliance with general City budgetary policies. Execution of contracts related to the use or administration of housing fund moneys shall comply with standard Council policy.

E5. Monies deposited in the housing fund, along with any interest earnings on monies, shall be used to provide affordable housing in compliance with The housing fund may be used for administrative costs in compliance with the Lompoc Affordable Housing Trust Fund Program Implementation Plan, as adopted and revised by City Council resolution.

~~**B. Purposes and Use of Funds. Moneys deposited in the housing fund along with any interest earnings on such moneys shall be used solely to increase and improve the supply of housing affordable to households of extremely low, very low, low, and moderate income.**~~

~~**C. Planning and Programming.**~~

~~**1. Moneys in the housing fund shall be used to further the goals, policies, programs and priorities identified in the Housing Element of providing housing affordable for homeownership and affordable rental housing for families of extremely low, very low, low and moderate income levels.**~~

~~**2. Moneys in the housing fund may be disbursed, hypothecated, collateralized, or otherwise employed for these purposes from time to time as the Council determines is appropriate to accomplish the purposes of the housing fund. Uses include, but are not limited to, assistance to first-time homebuyers.**~~

SECTION 7. Section 17.704.020.H of the Lompoc Municipal Code is hereby revised to add a definition of "Homebuyer Assistance Program," which shall be added in alphabetical order and shall read as follows:

Homebuyer Assistance Program. A program created by the City of Lompoc through City Council Resolution No. 6054(16) to provide financial assistance to lower and moderate-income homebuyers including but not limited to secondary loans and closing cost grants.

SECTION 8. Effective Date. This Ordinance shall be effective on the thirty-first day after its adoption.

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This Ordinance was introduced on _____, 2022, and adopted by the City Council of the City of Lompoc at its duly noticed regular meeting on _____, 2022, by the following electronic vote:

PASSED AND ADOPTED this ___ day of _____, 2022, by the following electronic vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):

Jenelle Osborne, Mayor
City of Lompoc

Attest:

Stacey Haddon, City Clerk
City of Lompoc