RESOLUTION NO. 6546(22)

**A Resolution of the Council of the City of Lompoc,
County of Santa Barbara, State of California,
Adopting the Maximum Amount of Assistance Available
Under the Homebuyer Assistance Plan and Adopting the
Per-Unit Affordable Housing In-Lieu Fee**

WHEREAS, Chapter 17.324 of the Lompoc Municipal Code (Inclusionary Housing Ordinance) requires that a percentage of the units in certain housing developments be affordable to very-low, low, or moderate-income households; and

WHEREAS, in lieu of requiring construction of affordable units, the Inclusionary Housing Ordinance allows developers to pay in-lieu fees; and

WHEREAS, Section 17.324.040.A.1.a(i) of the Lompoc Municipal Code provides that "[t]he 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;" and

WHEREAS, Section 17.324.040.A.1.a(i) of the Lompoc Municipal Code further provides that "[t]he 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"; and

WHEREAS, Table 3 of the Lompoc Affordable Housing Trust Fund Program Implementation Plan establishes a formula and assumptions for the calculation of the maximum assistance available through the Homebuyer Assistance Program; and

WHEREAS, the City Council wishes to update the maximum amount of assistance available under the Homebuyer Assistance Program and the per-unit in-lieu fee.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMPOC, CALIFORNIA, DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

SECTION 1: The Recitals set forth above are true and correct and are incorporated herein.

SECTION 2: Based on the calculations in Exhibit A attached hereto and the market and financial data in Exhibit B attached hereto, the maximum amount of assistance available under the Homebuyer Assistance Program is $80,500, and the per-unit in-lieu fee is $88,550.

SECTION 3: This Resolution shall be effective on the effective date of Ordinance No. 1698(22).

The foregoing Resolution was proposed by Council Member _____, seconded by Council Member _____, and was duly passed and adopted by the Council of the City of Lompoc at its regular meeting on September 20, 2022, by the following 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

Attachment:

      Exhibit A: Calculations
      Exhibit B: Market and Financial Data

<u>**EXHIBIT A**</u>

Calculations

The following calculations are based on Section 17.324.040.A.1.a(i) of the Lompoc Municipal Code and Table 3 of the Lompoc Affordable Housing Trust Fund Program Implementation Plan.

<u>**Maximum Assistance Amount Available Under HAP**</u>

1. *Average Sales Price of a Market-Rate Three-Bedroom Home in Lompoc*

    Based on a market analysis, pulling all of the three-bedroom homes sold in the last 90 days in Lompoc city limits and averaging those sales prices. Average as of 7/20/2022 = **$488,676**.

2. *Maximum Affordable Purchase Price*

    $421,194 – See calculation in table below

3. *Difference between Average Sales Price and Affordable Purchase Price*

    $488,676 – $421,194 = **$67,482**

4. *Inflation Allowance*

    Percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles area over the last 12 months (as of June 2022) = 8.6%

    $67,482 x 8.6% = **$5,803**

5. *Closing Cost Grant*

    Approved closing cost grant maximum (as adopted by City Council) = **$7,500**

Maximum Assistance Amount ($67,482 + $5,803 + $7,500), rounded down to the nearest $500 = <u>$80,500</u>

<u>**Affordable Housing Per-Unit In-Lieu Fee**</u>

Maximum Assistance Amount + 10% Administrative Fee

$80,500 + ($80,500 x 0.1) = **<u>$88,550</u>**

Calculation of Maximum Affordable Purchase Price

Moderate	
Bedrooms	Maximum Allowable Income 120%AMI
3	$120,100

Step 1 Determine the Maximum Income
for the Unit Size:

$ 120,100

Step 2 Calculate Annual Allowable
Housing Cost (AAHC):
Step 1 X 30% =

$36,030

Step 3 Estimate Sale Price (ESP) for Housing Expense projection:

$$\frac{\text{Step 2}}{0.0567} = $$

$635,449.74

Interest rate used is based on USPR(8/9/2022)

Step 4 Calculate Estimated Property Taxes:
Step 3 X 1.10%   =

$6,990

Step 5 Estimated Fire & Casualty Insurance (.15%):

$953

Step 6 Calculate Estimated Property Maintenance and Repairs:
Step 3 X .0015   =

$953

Step 7 Calculated Annual Utility Allowance:
Allowance Chart   =

$3,252

Step 8 Homeowners Association Fee: =

$0

Step 9 Space Rent: =

$0

Step 10 Calculate Affordable Annual Payment (AAP):

AAHC	$36,030
less Property Taxes	$6,990
less Fire & Casualty Insurance	$953
less Property Maintenance & Repairs	$953
less Utility Allowance	$3,252
less HOA Fees	$0
less Space Rent	$0
=	$23,882

Step 11 Calculate Maximum Affordable First Mortgage (rounded to the nearest fifty dollars):

$$\frac{\text{Step 10}}{0.0567} = $$

$421,194

EXHIBIT B

Market and Financial Data

1) Income Limit

As published by U.S. Department of Housing and Urban Development annually, also available on State of California Housing and Community Development website.
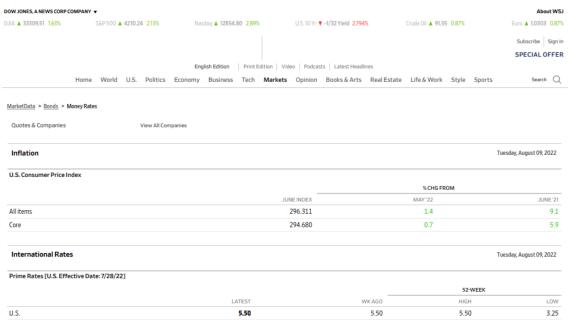
2022 Moderate Income	
Bedrooms	Maximum Allowable Income 120%AMI
3	$120,100

3 bedroom household income = 4 person household size

2) Zillow.com website sales of 3 bedroom units within City of Lompoc city limits for prior 90-day period.

Date	Address	Price
18-Jul	409 Coleman	529000
15-Jul	1009 R St	545000
15-Jul	620 S C St	440000
15-Jul	912 W Loquat	480000
8-Jul	605 N 8th	580000
7-Jul	308 Somerset	262500
5-Jul	608 E Barton Ave	600000
30-Jun	508 Summerwood	430000
24-Jun	1012 N 6th St	527000
22-Jun	1004 W Hickory	530000
17-Jun	1340 N G	576000
16-Jun	912 N M	380000
15-Jun	609 N Z	485000
14-Jun	229 Amherst	410000
13-Jun	1116 W Cherry	500000
10-Jun	527 N B	495000
10-Jun	1213 N C	579000
3-Jun	1012 E Lemon	520000
2-Jun	1436 Village Meadow	555000
1-Jun	1128 N Daisy	520000
1-Jun	901 E North	460000
31-May	526 N F	400000
31-May	1020 W Hickory	525000
27-May	2257 Meridian	535000
25-May	414 S G	565000
24-May	906 N L	375000
20-May	1000 N 3rd	489000
17-May	1509 W Lemon	520000
17-May	1320 Plum Ave	510000
16-May	508 S B	625000
16-May	201 N Y	550000
5-May	605 N 9th	247500
29-Apr	1112 W Prune	430000
25-Apr	524 S Sage	440000
		$ 488,676.47

3) U.S. Prime Rate

MarketData > Bonds > Money Rates

Quotes & Companies   View All Companies

Inflation   Tuesday, August 09, 2022

U.S. Consumer Price Index

		% CHG FROM	
	JUNE INDEX	MAY '22	JUNE '21
All items	296.311	1.4	9.1
Core	294.680	0.7	5.9

International Rates   Tuesday, August 09, 2022

Prime Rates [U.S. Effective Date: 7/28/22]

			52-WEEK	
	LATEST	WK AGO	HIGH	LOW
U.S.	**5.50**	5.50	5.50	3.25

4) Consumer Price Index, Los Angeles area (June 2022) – available on the U.S. Bureau of Labor Statistics website: www.bls.gov

Table A. Los Angeles-Long Beach-Anaheim, CA, CPI-U 1-month and 12-month percent changes, all items index, not seasonally adjusted

	2018		2019		2020		2021		2022	
Month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.8	3.5	0.7	3.2	0.8	3.1	0.2	0.9	1.1	7.5
February	0.7	3.6	0.1	2.5	0.3	3.4	0.4	1.0	0.3	7.4
March	0.4	3.8	0.6	2.7	0.7	1.9	0.5	2.2	1.5	8.5
April	0.4	4.0	1.0	3.3	-0.3	0.7	1.1	3.6	0.5	7.9
May	0.4	4.1	0.2	3.1	0.4	0.9	0.6	3.9	0.8	8.0
June	-0.2	4.0	0.0	3.3	0.5	1.4	0.6	4.0	1.1	8.6