

**LOMPOC AFFORDABLE
HOUSING TRUST FUND PROGRAM
IMPLEMENTATION PLAN**

CITY OF LOMPOC

(Amended September 20, 2022)

Lompoc Affordable Housing Trust Fund Program Implementation Plan

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LOMPOC AFFORDABLE HOUSING TRUST FUND PROGRAM IMPLEMENTATION PLAN

I. LOMPOC AFFORDABLE HOUSING TRUST FUND PROGRAM PURPOSE

The purpose of the Lompoc Affordable Housing Trust Fund Program (Program) is to help achieve the City of Lompoc's (City) General Plan goals of providing long-term, below-market rate housing for very low-, low-, and moderate-income households, in order to maintain and enhance housing opportunities for all economic segments of the community. Program resources shall be used to provide loans to qualified developers, public entities, groups, and individuals to expand the City's below-market housing stock.

II. REVENUE SOURCE

Revenue for the Program will come from the Housing In-Lieu Fee Program that was established to allow a developer of a residential development of 10 or more units to elect to pay a fee as an alternative to providing affordable housing units on-site, if on-site units are determined to be infeasible.

III. ELIGIBILITY AND AFFORDABILITY REQUIREMENTS

A. Eligible Housing Projects

Projects which result in newly-constructed or newly-created housing units that are affordable to very low-, low-, and moderate-income households are eligible to receive funding if the following criteria are met:

- *The projects must be located on property within the City; and*
- *The residential portions of mixed-use projects that meet the affordability requirements of the Program may be eligible for assistance.*

For purposes of the Program, housing units that are demolished and rebuilt do not qualify as newly-constructed or newly-created housing units.

B. Homebuyer Assistance Programs

New home development programs which result in the recordation of new affordability restrictions to very low-, low- and/or moderate-income households are eligible for this funding.

The City's Homebuyer Assistance Program, which provides financial assistance to very low-, low- and/or moderate-income households to purchase new or existing housing located in the City is eligible for this funding.

C. Affordable Housing Projects Eligible Applicants/Entities

To be funded, applicants must have sufficient experience and/or demonstrated capacity and training in housing development and financial capacity to successfully carry out the proposed

project. If groups do not have adequate experience when initially applying for funds, funds may be granted conditioned upon their joint-venturing with an experienced developer or similar arrangements.

D. Affordable Housing Projects Eligible Activities

Reasonable costs associated with new construction or newly-created units are eligible for funding. Activities eligible for funding include, but are not limited to, pre-development costs, acquisition of property, new construction, and conversion of non-residential to residential use, provided that the conditions below are met.

E. Required Affordability Levels

Applications for funding must include the construction of affordable housing units that meet the minimum income level requirements below. The income levels apply to the initial occupancy of the unit and all subsequent re-occupancy. The targeted income levels for the affordable housing units should, when feasible, be equally distributed among the three income categories.

Income levels for determining affordability are defined as:

- *Very Low-Income – a household earning less than 50% of area median household income;*
- *Low-Income – a household earning between 50% to 80% of area median household income; and*
- *Moderate-Income – a household earning between 80% to 120% of area median household income.*

Area median income (AMI) is the median family income for Santa Barbara County adjusted for actual household size as determined by the U.S. Department of Housing and Urban Development (HUD) and provided to the City annually by the State Department of Housing and Community Development, pursuant to Section 50079.5 of the California Health and Safety Code. AMI is the basis for establishing the maximum household incomes, sale/resale prices, and rents used in the Housing Trust Fund Program Implementation Plan.

For purposes of the Program, affordable housing means a housing unit where a household can reside without spending more than 30% of the monthly gross household income on housing costs.

Housing costs are defined for *Sales Units* and *Rental Units* as follows:

Sales Units: Thirty percent of gross monthly income (as published annually by HUD) on mortgage payments (including the principal and interest on a mortgage loan and loan insurance fees), lease payments in the case of modular homes, homeowners association dues (where applicable), property taxes (established as 1.1% of the estimated sales price of the unit), fire and casualty insurance (established as 0.15% of the estimated sales price of the unit), property maintenance and repairs (established as 0.15% of the estimated sales price of the unit), and monthly utility expenses for the specified income level. Monthly utility expenses shall be calculated in accordance with HUD's Section 8 utility allowances as published annually by the

Santa Barbara County Housing Authority for single-family dwelling types, making the following assumptions, unless good cause is shown to add or delete certain utilities – heating natural gas, cooking natural gas, other electric, lighting, refrigeration, etc., water heating natural gas, base charges both electric and gas, water, sewer, trash collection.

Rental Units: Thirty percent of gross monthly income on rent payments and monthly utility expenses for the specified income level. Monthly utility expenses shall be calculated in accordance with HUD’s Section 8 utility allowances, as published annually by the Santa Barbara County Housing Authority for multi-family dwelling types, making the following assumptions, unless good cause is shown to add or delete certain utilities – heating natural gas, cooking natural gas, other electric, lighting, refrigeration, etc., water heating natural gas, base charges both electric and gas, water, sewer, trash collection.

F. Determination of Appropriate Rents and Sales Prices

1. Rental Projects

For rental projects, the maximum housing costs (rents) for the units required to be affordable shall be based on the household income, income levels (described in Section III.E. above), unit size (number of bedrooms), and household size, in accordance with the following schedule:

- Very Low-Income monthly housing cost is a maximum of 30% of 50% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by 12.
- Low-Income monthly housing cost is a maximum of 30% of 80% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by 12.
- Moderate-Income monthly cost is a maximum of 30% of 120% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by 12.

In adjusting housing costs for household size for this purpose, it shall be assumed that a studio unit will be occupied by one person, a one-bedroom unit by two persons, a two-bedroom unit by three persons, a three-bedroom unit by four persons, a four-bedroom unit by five persons, a five-bedroom unit by six persons, and a six-bedroom unit by seven persons. In other words, the household income used will be based on the number of bedrooms and the household size specified for that number of bedrooms. Households cannot qualify to rent a unit with a bedroom household size that is not appropriate to their actual family’s household size. In the event the household size exceeds seven people, the appropriate unit size will be determined by the Community Development Department.

2. Sales Housing

The maximum affordable purchase price of housing units for homeownership shall be based on the household income, income levels (described in Section III.E. above), unit

size (number of bedrooms), and household size in accordance with the following schedule:

- Very Low-Income purchase prices shall be set at a maximum of 30% of 50% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by a constant multiplier (Table 1) that corresponds to an annually estimated interest rate and term (term is estimated at 30 years; interest rate is the US Prime Rate) of homebuyer's first mortgage, rounded to the nearest \$50. The calculation (Table 2) shall include housing costs as defined in Section III.E. of the Program.
- Low-Income purchase prices shall be set at a maximum of 30% of 80% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by a constant multiplier (Table 1) that corresponds to an annually estimated interest rate and term (term is estimated at 30 years; interest rate is the US Prime Rate) of homebuyer's first mortgage, rounded to the nearest \$50. The calculation (Table 2) shall include housing costs as defined in Section III.E. of the Program.
- Moderate-Income purchase prices shall be set at a maximum of 30% of 120% of the AMI, adjusted for household size, and appropriate for the number of occupants of the unit, divided by a constant multiplier (Table 1) that corresponds to an annually estimated interest rate and term (term is estimated at 30 years; interest rate is the US Prime Rate) of homebuyer's first mortgage, rounded to the nearest \$50. The calculation (Table 2) shall include housing costs as defined in Section III.E. of the Program.

In adjusting housing costs for household size for this purpose, it shall be assumed that a studio unit will be occupied by one person, a one-bedroom unit by two persons, a two-bedroom unit by three persons, a three-bedroom unit by four persons, a four-bedroom unit by five persons, a five-bedroom unit by six persons, and a six-bedroom unit by seven persons. In other words, the household income used will be based on the number of bedrooms and the household size specified for that number of bedrooms. Households cannot qualify to purchase a unit with a bedroom household size that is not appropriate to their actual family's household size. In the event the household size exceeds seven people, the appropriate unit size will be determined by the Community Development Department.

G. Occupancy Requirements

New and re-occupied units (whether for rental or homeownership) shall be occupied by households with incomes at or below the targeted income category as originally obligated and set forth in the covenant required in Section III.J. The qualifying household must occupy the unit as its principal residence.

Income qualifying households of sales units shall be certified at the point-of-sale (prior to completion of sale) of the unit.

Income qualifying households of rental units shall be initially certified at the time of acquisition of the unit and annually. In the event a qualifying rental household's income in subsequent years exceeds the qualifying income level, the household's tenant shall pay 30% of their adjusted income for rent and utilities, however, the rent may not exceed the market rent for comparable, unassisted units in the neighborhood.

H. Affordability Term

All newly constructed rental and sales housing assisted through the Program shall be affordable at or below the targeted income category as originally obligated (in accordance with the covenant required in Section III.J) for up to 30 years. Subsequent sales and rentals of an individual unit may only be to income-qualified households and at prices within the same income range of affordability. For example, if the original sale or rental of the unit was in the low household income and sale price or rental range, all subsequent sales or rentals must also be within this income and price range for low-income.

Owners of both rental and sales housing will be required to enter into a covenant which will be recorded on each of the affordable units.

Owners of rental properties will be required to provide annual verification as requested by the City to ensure that affordability and occupancy requirements are maintained. Annual verification shall be submitted to the Community Development Department in accordance with the schedule stipulated in the covenant required in Section III.J., below. Renters of affordable units shall be notified in their lease that they shall provide annual verification of income.

I. Siting and Condition Requirements

All affordable units assisted through the Program in a mixed-income project shall be reasonably dispersed and constructed throughout the project, generally comparable to the unassisted units.

The owner of an affordable housing unit shall maintain the interior and exterior of the unit and any landscaping on the affordable housing unit in good condition and repair and in a manner consistent with the community standards which will uphold the value of the affordable housing unit.

The siting and condition requirements shall be stipulated in the covenant required in Section III.J.

J. Agreement Containing Covenants

In order to ensure qualified households rent or purchase the affordable housing units and to preserve the long-term affordability of the affordable housing unit assisted through the Program, the owner of the real property, and all subsequent owners of the real property, shall enter into an agreement with the City. The covenant shall include, among other restrictions, the number of affordable units, maximum purchase prices, maximum rents, limits on who is eligible to purchase or rent the property, and covenant controls.

The covenant that is reviewed and approved by the City Attorney shall be recorded with the County of Santa Barbara Recorder's Office.

Upon the sale of the property, any new owner shall execute an "Assumption Agreement" with the City, in which they agree to be bound by the terms of the covenant and specified restrictions on units for very low-income, low-income, or moderate-income households.

IV. RESALE

In the event an owner of a rental or for sale affordable unit intends to sell the project or the unit, that owner shall promptly notify the City in writing of intent 10 days prior to opening escrow. Owner shall also notify the City in writing at least 60 days prior to the actual date of any transfer.

Following receipt of the owner's notices, the City, within 15 working days, shall notify owner of the resale price that is allowed to be paid for the affordable housing unit.

A. Determination of Resale Price

The maximum sales price an owner may receive for any type of transfer of the affordable housing unit (resale price) shall be the lowest of the following: (1) the affordable purchase price (increased base price); (2) the increased base price, as adjusted pursuant to Section IV.A.2.; or (3) the fair market value (defined below in Section IV.A.3).

1. Affordable Purchase Price (Increased Base Price)

The affordable purchase price, or increased base price, means the purchase price that the owner paid for the affordable housing unit, increased by the percentage change in the County Median Income from the purchase date to the date of notification that the owner intends to transfer an affordable housing unit(s) marked by written notification to the City 60 days prior to the actual date of any transfer. In the event that such income determination is no longer published, or has not been updated for a period of at least 18 months, the City may use or develop such other reasonable method as it may choose to determine the area median income for Santa Barbara County.

2. Adjusted Increased Base Price

The increased base price shall also be adjusted for the value of capital improvements. The value of capital improvements shall mean the value of substantial structural or permanent fixed improvements which cannot be removed without substantial damage to the affordable housing unit or substantial or total loss of value of said improvements. No such valuation shall be made except for improvements: (a) made or installed by, or under the direction of, the owner; (b) with an initial cost of \$1,000 or more; and (c) which can be documented by the owner to the reasonable satisfaction of the City. The value of such improvements to be taken into account in calculation of the increased base price shall be the appraised market value of the improvements when considered as additions or fixtures to the affordable housing unit (i.e., the amount by which said improvements enhance the market value of the affordable housing unit at the time of sale or valuation). The

adjustment to the increased base price for such improvements shall be limited to the increase in value, and shall be determined by the City and the owner, or in the event of a failure to agree, by an independent residential appraiser selected by the owner from a list of appraisers established by the City. The cost of the appraisal shall be borne by the owner.

3. Fair Market Value

The fair market value of the affordable housing unit shall be determined by an independent residential appraiser selected by the owner from a list of appraisers established by the City. To the extent possible, the appraisal shall be based on the sales prices of comparable properties sold in the market area during the preceding three-month period. The cost of the appraisal shall be borne by the owner. In the event the owner has made capital improvements to the affordable housing unit which have individually cost more than \$1,000 and can be documented to the appraiser and which have increased the value of the affordable housing unit, or if damage or deferred maintenance have occurred while the owner owned the affordable housing unit which have decreased the value of the affordable housing unit, the appraisal shall specifically determine the value of capital improvements as set forth in Section IV.A.2. or the adjustment for damage and deferred maintenance and shall state what the fair market value of the affordable housing unit would be with such value or adjustments. Nothing in this Section shall preclude the owner and the City from establishing the fair market value of the affordable housing unit by mutual agreement in lieu of an appraisal pursuant to this Section.

V. FORM OF DEVELOPMENT LOAN ASSISTANCE AND CONDITIONS

A. General Conditions

In order to receive funding, the applicant shall provide information required by the City to ensure compliance with the Program's requirements, certify developer capability, and comply with all applicable federal, state, and local laws. In addition, the following apply to all assistance from the Lompoc Affordable Housing Trust Fund:

1. Applicants must demonstrate that:
 - i. They have the capacity to develop and manage the project;
 - ii. The proposed project is feasible to develop and finance; and
 - iii. They have attempted or are attempting to utilize all available private and public financing sources. Applicants must apply for all other potential sources of project funding, including private mortgages to the extent supportable by project income;
2. All development costs must be reasonable;
3. Applicants must submit management plans and budgets that are found to be adequate for the proposed project;

4. Compliance with any additional condition(s) imposed by the source of funds to finance the project;
5. Conformance with all federal, state and local fair housing laws and regulations; and
6. Where a nonresidential building is acquired for purposes of converting to a residential use, the building to be acquired must meet, or be rehabilitated to meet, the minimum code compliance standards.

B. Types of Assistance

Types of assistance to be provided by means of the Program are loans under the terms specified below:

1. Loans may be used for any eligible activity defined in Section III.
2. The repayment of loans from the Program used to produce a sales unit or units shall be due at the point of sale of the affordable unit or units. The repayment of loans for rental units shall be due at 80% rent up of the project, or at acceptable rent-up capacity as projected in the project's Marketing Plan. Repayment of loans for rental units and a sales unit where the project applicant retains ownership of, and occupies, the unit may be deferred, interest-free, for a period not exceeding five years from the execution of the loan documents.
3. Units in which construction is wholly, or in part, funded by the Lompoc Affordable Housing Trust Fund shall be specified in the loan documents executed between the developer and the City.

C. Levels of Assistance

Pre-development loans shall not exceed \$2,500 per assisted unit for each project selected for receiving funds in accordance with Section VII. Assisted unit is defined as an affordable unit funded totally or in part by the Program.

A project may consist of one or more units. However, the loan amount (including funds expended for pre-development costs) for each assisted unit, as defined above, within a project shall not exceed the current housing in-lieu fee amount, as further described in Section 17.324.040 of the Lompoc Municipal Code.

When the total of Program assistance being recommended for funding of a project by the Oversight Committee (defined in Section VI below) exceeds 40% of project cost, the Oversight Committee may find that a higher level of funding is justified by the nature of the assisted project and the unavailability of alternative funding.

The maximum amount of assistance available to a single applicant under the Homebuyer Assistance Program shall be calculated as described in Table 3.

VI. ADMINISTRATION

The Lompoc Affordable Housing Trust Fund shall be administered by the City Manager and/or their designee. The City Manager and/or their designee shall work with the Community Development Director and/or their designee and the Oversight Committee to review, evaluate, rank, and prepare a recommendation to the City Council on appropriation of Housing Trust Funds.

Oversight Committee

The Oversight Committee shall consist of the following City employees or their designees:

- City Manager;
- Management Services Director;
- Public Works Director.

The City Manager and/or their designee may appoint additional staff from time-to-time to carry out the routine operations of the Housing Trust Fund.

Ten percent of annual Program revenues or three percent of the Program Fund Balance are allowed to be used for administrative costs, which include, but are not limited to: salaries and benefits of staff working directly with the 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 of collections, title, escrow and covenant monitoring costs.

In recognition of the dissolution of the City's Redevelopment Agency by the State's passage of AB X1 26 in 2011 and the transfer of the Agency's Low Moderate Income Housing Fund assets to the City, the Program may be authorized to provide operational support to the Housing Successor Agency resulting from the significant medium-term cash-flow deficiencies experienced by the Housing Successor Agency, due to the number of deferred loans held in its portfolio.

VII. PROJECT SELECTION

A. Application Process

1. Housing Projects

Applications for funding will be accepted only during a specified funding cycle once per year. Applications for funding shall be submitted by October 1 of each year. The total funding cycle should be completed in approximately five months. The purpose of the funding cycle is to enhance the City's ability to choose projects that will maximize the use of Fund resources and the City's ability to meet its General Plan housing goals. The City shall be under no obligation to fund any projects. Projects rejected during one funding cycle may be resubmitted and reconsidered in a later funding cycle.

2. Homebuyer Assistance

Applications for funding will be described in the Homebuyer Assistance Program guidelines.

B. Evaluation Process

1. Review Responsibilities

The Community Development Director and/or their designee shall have primary responsibility for review and recommendation on Lompoc Affordable Housing Trust Fund proposals. The Community Development Director and/or their designee shall review all applications for conformance to basic affordability requirements, experience and capacity of the developer, cost, financial feasibility, and other established rating criteria listed. Recommendations for appropriation of the Housing Trust Fund by the Community Development Director and/or their designee shall be brought to the Oversight Committee for review and recommendation. The Community Development Director and/or their designee will bring the recommendation of the Oversight Committee to the City Council for its consideration.

2. Complete Applications

Complete applications shall provide all relevant information requested on the application form. Payment of a nominal application fee to offset the efforts of City staff will be due with submittal of each project application. The Community Development Director, or their designee, shall determine whether each application is complete. Applications shall include, but shall not be limited to, all information necessary to determine compliance with the Program's affordability criteria and other requirements as necessary, technical and financial feasibility of the project (including all pro-forma operating statements, development budgets, sources and use statements), property appraisals (if the Community Development Director, or their designee, determines that they are required), other financial information as requested, a Marketing and Lottery Plan for fairly distributing the affordable units as set forth in Section IX, and a Management Plan. The Marketing Plan shall contain the information included in form HUD-935.2.

Applications which are incomplete at the time of intake will have 10 additional working days to provide the required materials from the time of notification. If these materials are not submitted within that time, the application will be returned to the applicant, and will not be considered during the current review cycle.

3. Initial Application Review

Initial application review is expected to be completed within 40 working days following the close of the application taking period, and will include the following steps:

The Community Development Director, or their designee, shall:

- i. Determine which applications are complete;

- ii. Establish a log of eligible and complete applications within 10 working days of the close of the application-taking period;
- iii. Review and evaluate each complete application based on the selection criteria contained herein.

The Community Development Director, or their designee, shall make a recommendation based on the evaluation of the applications within 30 working days following evaluation of application completeness and establishment of a project eligibility log (Steps i and ii above).

The Community Development Director, or their designee, shall then:

- i. Prepare a brief report summarizing the number and value of loans applied for as compared with the amount of money in the Lompoc Affordable Housing Trust Fund's account, the results of the evaluation of the applications, and the recommendation; and
- ii. Meet with the Oversight Committee to review the applications, the evaluation process, and to consider the recommendation.

The Oversight Committee shall confirm the Community Development Director's, or their designee's, recommendation or prepare a recommendation of its own. The Community Development Director, or their designee, shall submit the Oversight Committee's findings and recommendations to the City Council for action.

C. Project Consideration, Funding Criteria

1. Funding Criteria

In evaluating applications, the Community Development Director, and/or their designee, the Oversight Committee, and the City Council shall use the following criteria:

- i. Project targets very low-, low-, and moderate-income households;
- ii. Conformance with adopted plans and policies, including conformance with:
 - the General Plan (including the Housing Element);
 - area plans (e.g. Specific Plans);
 - the Old Town Lompoc Redevelopment Project and Implementation Plan;
- iii. Applicant Qualifications and Experience, including:
 - developer experience;
 - experience and expertise of the project development team, including sufficient qualified staff to ensure the project activity gets under way promptly and is completed on time;
 - experience and expertise with public and private funding sources;
 - construction management track record;

- quality of financial and asset management; and
- financial capacity to complete the project;

iv. Cost Effectiveness and Feasibility, including:

- cost effectiveness of project:
 - cost per square foot,
 - cost per affordable unit,
 - reasonableness of developer profit, and
 - loan to value ratio;
- leveraging of other financing;
- near-term ability to develop the project:
 - illustrates a clear concept of a specific proposed project activity,
 - other financing commitments,
 - availability and amount of unexpended funds,
 - illustrates readiness to proceed,
 - status of project activity permits, and
 - other projects in the development stages by the same organization;

v. Priority Community Objectives, including:

- provides neighborhood benefits:
 - develops or rehabilitates blighted property,
 - develops key revitalization site, and
 - design and amenities enhance neighborhood;
- exceeds minimum Fund affordability requirements:
 - provides more very low- or low-income units;
- provides housing linked with services for persons with special needs:
 - homeless people,
 - disabled people, and
 - the elderly;
- provides housing for very low-income and poor families, single heads-of-households, large families, and farmworkers;
- provides housing with supportive services:
 - child care;
- provides housing for first-time homebuyers;
- promotes or maintains economic diversity:
 - provides housing in higher income areas;
 - provides mixed-income housing in lower-income areas; and
 - maximizes accessibility for persons with disabilities:
 - provides integrated housing;

vi. Give higher ratings to recipients that have been timely in the past and have relatively small, unexpended balances from other funding sources; and

vii. Give bonus points to proposals with matching funds already in place for the project. The availability of matching funds indicates the project is a priority for the recipient and likely to get started and completed on time.

The Community Development Director and/or their designee and/or the Oversight Committee may set specific priorities for particular funding cycles based on analysis of local affordable housing needs and policies specified by the City or State.

D. Loan Fee Schedule

The following fees apply to loans from the Lompoc Affordable Housing Trust Fund:

Credit Report	\$ 25
Title	\$ 200
Environmental Processing	\$ 350
Home Inspection	\$ 400
Lead-Based Paint Inspection	\$ 1,500
Tax Services	\$ 100
Loan Processing Fee	\$ 250
Monitoring	\$ 100
Demand	\$ 25
Reconveyance	\$ 75
Subordination	\$ 150
Loan Servicing	\$ 150
Termite Inspection	\$ 100
Recording	\$ 100
Statement	\$ 5

Fees may be updated in the future and be adopted by resolution without changing the remaining terms and conditions of the Plan. It is contemplated the fees identified above, and potentially new fee categories applicable to the Plan, will be periodically updated as part of the City’s Master Fee Schedule. The Master Fee Schedule is adopted by resolution and would supersede rates and fees identified in this Plan.

VIII. REGULATION OF RECIPIENTS

Every recipient of monies from the Lompoc Affordable Housing Trust Fund shall enter into a written agreement with the City, which sets forth the terms and conditions of the loan. The agreement shall contain at least the following provisions:

- A. The amount of funds to be disbursed from the Lompoc Affordable Housing Trust Fund;
- B. The manner in which the funds from the Lompoc Affordable Housing Trust Fund are to be used;
- C. The terms and conditions of the loan;
- D. A requirement for periodic reports to be made to the City to assist its monitoring of compliance with the agreement; and

- E. A description of actions the City may take to enforce the agreement.

IX. AFFORDABLE HOUSING DISTRIBUTION

Developers who provide affordable housing through the Housing Trust Fund Program Implementation Plan shall disperse units either by a lottery or by a system of individual consideration that would determine distribution by need. In the case of a lottery, the lottery shall be prepared and administered by the developer of the project in accordance with Section VII.B.2. Prequalified and income-certified applicants who wish to purchase an identified affordable unit are eligible to participate in the lottery.

Affordable rental housing shall be initially distributed via a lottery to preapproved income-certified applicants or by a system of individual consideration that would determine distribution by need. After initial rental of a unit, subsequent renters may obtain an available rental unit on a first-come, first-served basis.

X. LOMPOC AFFORDABLE HOUSING TRUST FUND ANNUAL REPORT

An annual report on the status of the Lompoc Affordable Housing Trust Fund shall be incorporated into the City's Biennial Budget and shall include the following:

- A. A description of the projects funded from the Program specifying recipients of the funds;
- B. The amount of funds budgeted for loans to recipients; and
- C. The amount of funds currently un-obligated and/or a financial report.

XI. FEDERAL, STATE, AND LOCAL PROGRAMS

The City acknowledges funding sources from federal, state, and local programs may be combined with Program monies to finance an affordable housing project. Those programs may include, but not be limited to, Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME Program), California Housing Finance Agency (CalHFA), and State and Federal Tax Credit Programs. In the event projects are financed utilizing monies from federal, state, or local program funding sources, then the Program shall be subordinate to said programs, and said program's criteria regulating the affordable units shall govern. State of California prevailing wage requirements may apply to projects funded by the Program.

Table 1

Rate	Interest Only	10 Year	15 Year	20 Year	25 Year	30 Year
2.000	0.16667	9.20135	6.43509	5.05883	4.23854	3.69619
2.125	0.17708	9.25743	6.49281	5.11825	4.29966	3.75902
2.250	0.18750	9.31374	6.55085	5.17808	4.36131	3.82246
2.375	0.19792	9.37026	6.60921	5.23834	4.42348	3.88653
2.500	0.20833	9.42699	6.66789	5.29903	4.48617	3.95121
2.625	0.21875	9.48394	6.72689	5.36014	4.54938	4.01651
2.750	0.22917	9.54110	6.78622	5.42166	4.61311	4.08241
2.875	0.23958	9.59848	6.84586	5.48361	4.67735	4.14892
3.000	0.25000	9.65607	6.90582	5.54598	4.74211	4.21604
3.125	0.26042	9.71388	6.96609	5.60876	4.80738	4.28375
3.250	0.27083	9.77190	7.02669	5.67196	4.87316	4.35206
3.375	0.28125	9.83014	7.08760	5.73557	4.93945	4.42096
3.500	0.29167	9.88859	7.14883	5.79960	5.00624	4.49045
3.625	0.30208	9.94725	7.21037	5.86404	5.07352	4.56051
3.750	0.31250	10.00612	7.27222	5.92888	5.14131	4.63116
3.875	0.32292	10.06521	7.33440	5.99414	5.20959	4.70237
4.000	0.33333	10.12451	7.39688	6.05980	5.27837	4.77415
4.125	0.34375	10.18403	7.45968	6.12587	5.34763	4.84650
4.250	0.35417	10.24375	7.52278	6.19234	5.41738	4.91940
4.375	0.36458	10.30369	7.58620	6.25922	5.48761	4.99285
4.500	0.37500	10.36384	7.64993	6.32649	5.55832	5.06685
4.625	0.38542	10.42420	7.71397	6.39417	5.62951	5.14140
4.750	0.39583	10.48477	7.77832	6.46224	5.70117	5.21647
4.875	0.40625	10.54556	7.84297	6.53070	5.77330	5.29208
5.000	0.41667	10.60655	7.90794	6.59956	5.84590	5.36822
5.125	0.42708	10.66776	7.97320	6.66881	5.91896	5.44487
5.250	0.43750	10.72917	8.03878	6.73844	5.99248	5.52204
5.375	0.44792	10.79079	8.10465	6.80847	6.06645	5.59971
5.500	0.45833	10.85263	8.17083	6.87887	6.14087	5.67789
5.625	0.46875	10.91467	8.23732	6.94966	6.21575	5.75656
5.750	0.47917	10.97692	8.30410	7.02084	6.29106	5.83573
5.875	0.48958	11.03938	8.37118	7.09238	6.36682	5.91538
6.000	0.50000	11.10205	8.43857	7.16431	6.44301	5.99551
6.125	0.51042	11.16493	8.50625	7.23661	6.51964	6.07611
6.250	0.52083	11.22801	8.57423	7.30928	6.59669	6.15717
6.375	0.53125	11.29130	8.64250	7.38232	6.67417	6.23870
6.500	0.54167	11.35480	8.71107	7.45573	6.75207	6.32068
6.625	0.55208	11.41850	8.77994	7.52950	6.83039	6.40311
6.750	0.56250	11.48241	8.84909	7.60364	6.90912	6.48598
6.875	0.57292	11.54653	8.91854	7.67814	6.98825	6.56929
7.000	0.58333	11.61085	8.98828	7.75299	7.06779	6.65302
7.125	0.59375	11.67537	9.05831	7.82820	7.14773	6.73719
7.250	0.60417	11.74010	9.12863	7.90376	7.22807	6.82176
7.375	0.61458	11.80504	9.19923	7.97967	7.30880	6.90675
7.500	0.62500	11.87017	9.27101	8.05593	7.38991	6.99215
7.625	0.63542	11.93552	9.34130	8.13254	7.47141	7.07794
7.750	0.64583	12.00106	9.41276	8.20949	7.55329	7.16412
7.875	0.65625	12.06681	9.48450	8.28677	7.63554	7.25069
8.000	0.66667	12.13276	9.55652	8.36440	7.71816	7.33765

Table 2

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: Step 2 0.0567 = Interest rate used is based on USPR(8/9/2022)		\$635,449.74
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 less Property Taxes less Fire & Casualty Insurance less Property Maintenance & Repairs less Utility Allowance less HOA Fees less Space Rent		\$36,030 \$6,990 \$953 \$953 \$3,252 \$0 \$0
	=		\$23,882
Step 11	Calculate Maximum Affordable Purchase Price (rounded to the nearest fifty dollars): Step 10 0.0567 =		\$421,194

Table 3

**CALCULATION OF MAXIMUM AMOUNT OF ASSISTANCE AVAILABLE UNDER HOMEBUYER ASSISTANCE PROGRAM
FORMULA AND ASSUMPTIONS**

The maximum amount of financial assistance available to a single applicant under the Lompoc Homebuyer Assistance Program, in accordance with Lompoc Municipal Code Section 17.324.040.A.1.a(i), shall be calculated by adding (a), (b), and (c), below, rounded down to the nearest \$500.

(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.

1. *Average Sales Price of a Market Rate Three-Bedroom Home in Lompoc.* The average sales price shall be determined by taking the average of the sale prices of all three-bedroom units (excluding mobilehomes) sold in Lompoc in the three months immediately prior to the date of calculation. The sale prices shall be determined through a commercially reasonable data source, including but not limited to Zillow.com.
2. *Maximum Affordable Purchase Price.* The maximum affordable purchase price shall be determined by using the price worksheet in Table 2 and using the following assumptions:
 - A. Maximum Income shall be based on a four-person moderate-income household (three-bedroom unit) using the most current income limits as published by California Department of Housing and Community Development for Santa Barbara County.
 - B. The constant in Step 3 should be based on a 30-year mortgage. The interest rate should be the U.S. Prime Rate.
 - C. For Step 5, the Fire & Casualty Insurance shall be 0.15% of the Estimate Sales Price (ESP).
 - D. For Step 7, the Annual Utility Allowance shall be determined by using the Section 8 Utility Allowance as published and updated annually by the County Housing Authority for the City of Lompoc, making the following assumptions – heating natural gas, cooking natural gas, other electric, lighting, refrigeration, etc., water heating natural gas, base charges both electric and gas, water, sewer, trash collection for a 3-bedroom unit.
 - E. For Step 8, use \$0.00 for the Homeowners Association fee.
 - F. For Step 9, use \$0.00 for the Space Rent fee.

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

This inflation allowance shall be calculated by multiplying (a) by the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles area over the last 12 months. The percentage increase shall not be less than zero.

(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.