



Camarillo City Council

AGENDA REPORT

Date: June 26, 2024

To: Honorable Mayor and City Councilmembers

From: Greg Ramirez, City Manager

Submitted by: David Sanchez, Director of Community Development

Subject: Proposed Updates to Affordable Housing City Council Policies and Workforce Housing Downpayment Assistance Program Guidelines

BACKGROUND

The City of Camarillo established a number of policies related to the administration of the City's Affordable Housing Program. These policies provide an important structure for staff's implementation of the Program and the policies must comply with Government Code Section 65915, (the "Density Bonus Act") which established certain rules for affordable housing developments. Due to changes to state law and overall conditions over time, staff is proposing updates to City Council Policy 7.06 "Affordable and Senior Housing Programs", Policy 7.09 "Inclusionary Housing" (proposed to be retitled "Affordable Housing Dispersion"), and Policy 7.12 "Affordable Housing Preservation Program."

Furthermore, staff is proposing the deletion of City Council Policy 7.13 "First Time Homebuyer Downpayment Assistance Loan Program", as it has programmatically been replaced by the City's Workforce Housing Downpayment Assistance Program (Workforce Housing DAP), which operates under the City Council adopted Workforce Housing DAP Guidelines. The proposed deletion of City Council Policy 7.13 does not mean that the City will no longer provide downpayment assistance funding to eligible households; it only recognizes that the current downpayment assistance funding comes from a different funding mechanism and meets different grant requirements. City Council Policy 7.13 was written to utilize the Community Development Block Grant (CDBG) funding, whereas the Workforce Housing DAP guidelines were written to utilize the Permanent Local Housing Allocation Grant (PLHA) funding. Staff is also proposing several changes to the Workforce Housing DAP Guidelines to increase the number of eligible households.

DISCUSSION

City Council Policy 7.06 "Affordable and Senior Housing Programs" was adopted and has not been updated since October 21, 1992. Staff is proposing changes to this policy to

be consistent with state law and to modernize outdated portions of the policy streamlining implementation. These changes include adding specific references to certain definitions outlined in state law, removing sections that permit developers to sell affordable units to households that are not income qualified, eliminating the Consumer Price Index (CPI) based calculations due to lack of consistency with state law, and numerous minor changes intended to promote clarity and consistency with best practices. (Attachment 2)

City Council Policy 7.09 “Inclusionary Housing” was adopted June 14, 2006, and was last updated May 26, 2021. Staff is proposing to rename this policy to “Affordable Housing Dispersion”, as the term “Inclusionary Housing”, is commonly understood to refer to policies or laws that require a portion of all housing developments to be affordable, which this policy does not do. Staff is proposing several other minor changes to ensure that affordable units are built concurrently with market-rate units and that these affordable units include the same equipment and finishes as base model market-rate units of a similar plan type. (Attachment 3)

City Council Policy 7.12 “Affordable Housing Preservation Program” was adopted and has not been updated since February 12, 2020. Staff is proposing an addition to this policy to allow changes to an adopted affordable housing agreement by mutual consent of the City, the property owner, and the prospective buyer, to align with the Affordable Housing Agreement Criteria in Policy 7.12. Many older affordable housing agreements do not meet current City Council Policy criteria; this will enable staff to work with affordable housing owners to update these agreements with Council Policy. (Attachment 4)

For example, older agreements have asset limitations so low that prospective buyers cannot meet both agreement’s asset limitation and qualify for a loan to purchase the property as a low-income buyer. This update will allow staff to raise the asset limitation to the amount set by Council policy, enabling otherwise qualified low-income buyers to purchase an affordable unit. This will prevent situations where affordable homeowners cannot find prospective buyers who qualify, both financially and programmatically, to purchase their homes.

Finally, staff is proposing the deletion of City Council Policy 7.13 “First Time Homebuyer Downpayment Assistance Loan Program” (Attachment 6) and an update to the City’s Workforce Housing DAP Guidelines (Attachment 5). Policy 7.13 was created to utilize CDBG funds in a downpayment assistance pilot program. Since then, staff applied for and received PLHA grant funds for a Workforce Housing DAP that programmatically replaced Policy 7.13 and established separate criteria pursuant to PLHA.

The proposed redlines to the City’s Workforce Housing DAP guidelines are intended to broaden the pool of buyers who can utilize the grant funds in a housing market that is extremely difficult for first-time homebuyers. The proposed updates will change the asset limitations from a maximum of \$100,000 at the time of qualification, to \$50,000 after the purchase of the home. This will open the program up to households who have done an exceptional job of saving, but still require majority of their saved funds to enable their

purchase, while allowing them the option to keep a portion of their funds in reserve if needed for a financial emergency.

The City has thus far received \$345,736 of PLHA funding, two years of allocations in the five-year PLHA grant. The City has requested an additional \$350,333 of funding (but has not received it from the state as of yet), which represents an additional two years. Despite budget issues at the state level, the five-year PLHA grant program has not been affected and staff expects to eventually receive all five years of allocation grant funding. After the five-year grant cycle, the state may or may not utilize the funding elsewhere. However, given the revolving loan-based nature of the City's Workforce Housing DAP, the City will have dedicated funds to continue to issue new loans into the future, regardless of what happens after the five-year grant cycle.

POLICY COMMITTEE

The Policy Committee reviewed the proposed changes at their May 22, 2024, meeting. The committee requested additional information be included in the City Council agenda report related to PLHA funding and the downpayment assistance loans (which has been provided). The committee was generally favorable towards the proposed updates.

FISCAL IMPACT

There is no budget impact as a result of this action.

CEQA DETERMINATIONS

Not applicable.

RECOMMENDATION

1. Adopt a resolution approving the proposed changes to City Council Policies 7.06, 7.09, 7.12, the deletion of City Council Policy 7.13, and the proposed changes to the Workforce Housing Downpayment Assistance Program; with the approval of the changes to the Workforce Housing Downpayment Assistance Program contingent on approval by the state Department of Housing and Community Development.

ATTACHMENTS

1. Resolution
2. Policy 7.06 Affordable & Senior Housing Programs Redline
3. Policy 7.09 Inclusionary Housing Redline
4. Policy 7.12 Affordable Housing Preservation Program Redline
5. Camarillo Workforce Housing Down Payment Assistance Program Guidelines Redline
6. Policy 7.13 First Time Homebuyer Downpayment Assistance Loan Program

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REFERENCE MATERIALS – AVAILABLE FOR REVIEW AT CITY HALL

None