



AGENDA REPORT

Department: Housing Authority
Prepared by: Carlos Aguirre, Interim Deputy City Manager
Meeting Date: Tuesday, August 15, 2023
Approved by: Ben Martinez, Interim City Manager

SUBJECT:

Amendment to City Council Policy No. 901, to Require that the City Conduct a Feasibility Analysis for Homeownership on City-Owned Property Zoned for Residential Use.

RECOMMENDATION:

Adopt the Resolution Entitled "Resolution of the City Council of the City of National City, California, Amending City Council Policy No. 901, Entitled 'Management of Real Property', to Require that the City Conduct a Feasibility Analysis to Evaluate Building Residential Units for Homeownership, Identify Supportable Land Values, Determine the Need for Gap Financing, and Assess the Use of Various Development Models, Such as Community Land Trusts, to Create Sustainable and Affordable Homeownership on Any City-Owned Property Zoned for Residential Use."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

Background

A City Council Policy #105 request was presented by Councilmember Jose Rodriguez on the Agenda for the Regular City Council Meeting on February 7, 2023. The request was to review and discuss City Council Policy # 901 Management of Real Property (Sale, Lease, Rental, Surplus) at the next regularly scheduled City Council meeting with the intent to expand homeownership opportunities within City-owned Properties. On February 22, 2023, staff provided a presentation on historic and present homeownership programs and projects in National City, market data and trends affecting the feasibility of homeownership development, and potential policies that can prioritize and promote the development of homeownership projects on City-owned property. Staff received direction from City Council to bring back a policy that would prioritize homeownership development in National City on City-owned property.

According to the 2020 Census count estimates, 32.7% of housing units in National City are owner-occupied. In contrast, 55% of housing units in California are owner-occupied. Homeownership can help families purchase property that is likely to steadily increase in value over time and that can be passed down to the next generation. The passing of wealth through generations gives future generations a financial step up and creates upward economic mobility. Ideally, this generational cycling of wealth will give the future family the financial means to purchase their own home, invest in businesses, or use it to attend college.

Historically, the majority of City-owned property used for housing in National City has been allocated to meet the need for affordable rental housing. Although the City has created some homeownership opportunities recently through the First-Time Homebuyer Program and infill development using HOME Investment Partnership funds from the U.S. Department of Housing and Urban Development (HUD), the number of homebuyer units could be further increased by conducting a financial feasibility study on the development of homeownership units on City-owned property.

The Community Development Commission-Housing Authority of the City of National City (“Housing Authority”) approved a 5-year Housing Strategic Plan in August 2021. The Housing Strategic Plan also establishes guidance for the Housing Authority to utilize City-owned real estate and its financial assets for housing purposes to stimulate housing programs, including first-time homebuyer opportunities. The Housing Strategic Plan identifies six City-owned properties to consider for housing development by 2025 and recommends homeownership projects for the majority of the City’s properties being considered for future development. The Strategic Plan can be found on the Housing Authority’s Plans, Projects, and Programs webpage: <https://www.nationalcityca.gov/government/national-city-housing-authority/plans-projects-and-programs>.

Staff has drafted an amendment to City Council Policy No. 901. The amendment to the policy states that when a City property is zoned for residential use and is considered for disposition by the City or Housing Authority, a feasibility analysis must be conducted for homeownership development on the subject parcel. The findings and considerations from the analysis must be presented to City Council for review. City Council may direct staff to issue a request for proposals for homeownership on the subject parcel.

The feasibility analysis will evaluate the disposition of City property for homeownership, identify supportable land values, determine the need for gap financing, and assess the use of various development models on any City-owned property zoned for residential use. The use models include but are not limited to community land trusts, deed restrictions, condominiums, limited-equity cooperatives, rent-to-own, or a combination thereof. The analysis could include both market rate and affordable homeownership units. The ratio of market rate to affordable homeownership units could depend on the number of units developed, funding available to subsidize affordable homeownership, and the overall financing model used.

FINANCIAL STATEMENT:

The City may need to assist the homeownership project by deferring the receipt of payment for the value of the land to make it financially feasible to build homeownership units. The City may consider providing loans to make the homes affordable to lower income first-time homebuyers through the equity created through the development. If the City or Housing Authority assists the homebuyer through a loan secured by the homebuyer’s housing unit, the City’s subsidy will be recaptured when the property is sold or transferred.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Housing and Community Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A - Current City Council Policy No. 901 Redlined

Exhibit B - Proposed City Council Policy No. 901

Exhibit C - PowerPoint

Exhibit D - Resolution and Exhibit – City Council Policy No. 901