



STAFF REPORT	
SUBJECT: Discussion and Consideration of Establishment of a Homebuyer Assistance Program as a Retention and Recruitment Incentive for City Employees	MEETING DATE: Nov. 2, 2023
SUBMITTED BY: Alan D. Flora, City Manager	
PURPOSE OF REPORT: <input type="checkbox"/> Information only <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL:

The City Council is being asked to consider the establishment of a homebuyer assistance program to assist City employees with home ownership and as a tool for employee retention and recruitment.

BACKGROUND/DISCUSSION:

One of the most difficult tasks of any organization is the recruitment and retention of high performing and committed employees. We couldn't be more pleased with the dedicated staff we have and are constantly analyzing tools or programs to ensure we keep our employees. Home ownership is often a key factor and incentive for employees staying put. With local access to housing still a challenge, and the cost of homeownership continuing to rise, we would like the Council to consider ways to assist with our employee's commitment to the City via homeownership.

Last year the City Council discussed this program in concept and provided some direction to staff. The Council indicated that they would like a requirement that a new home be purchased within the City boundary, remain owner occupied for 5 years, and to provide the opportunity for loan forgiveness if the employee remains with the City over the long term.

Based on this direction, staff recommend the Council consider a program with the following requirements.

1. Maximum loan amount of \$50,000* (at the Loan Committee's discretion, a larger loan amount may be offered, not to exceed \$75,000.)
2. Borrower must be able to pay closing costs on 1st mortgage and a minimum of 5% down payment.
3. No interest will be charged.
4. No monthly payments will be required.
5. A proportional percentage of appreciation on the home is due when the loan is repaid.
6. There is no term limit on the loan, it is due immediately upon sale or cash-out refinance of the home or default of the 1st mortgage.
7. The home must be within the city boundary of the City of Clearlake.
8. The home must be owner-occupied for 5 years.
9. In the event the employee leaves the City of Clearlake, the loan will convert to an amortized loan with repayment within 5 years.
10. After 10 years of service, the appreciation shall be waived and only the original loan amount to be repaid.

11. Can be used with other housing programs if the employee qualifies.

OPTIONS:

1. Provide alternative direction to staff.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

Budget Adjustment Needed? Yes No If yes, amount of appropriation increase: \$

Affected fund(s): General Fund Measure P Fund Measure V Fund Other: Housing Fund.

Comments: Budget adjustments may be necessary depending on Council direction. The program would be funded out of the City's existing housing fund and would not impact the General Fund.

STRATEGIC PLAN IMPACT:

- Goal #1: Make Clearlake a Visibly Cleaner City
- Goal #2: Make Clearlake a Statistically Safer City
- Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- Goal #4: Improve the Image of Clearlake
- Goal #5: Ensure Fiscal Sustainability of City
- Goal #6: Update Policies and Procedures to Current Government Standards
- Goal #7: Support Economic Development

SUGGESTED MOTIONS:

Attachments: