



# CITY COUNCIL AGENDA STATEMENT



August 4, 2020

File ID: 20-0202

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A BALANCED COMMUNITIES AFFORDABLE HOUSING AGREEMENT FOR OTAY RANCH VILLAGE 8 WEST BY AND BETWEEN THE CITY OF CHULA VISTA AND HOMEFED VILLAGE 8, LLC AND OTAY LAND COMPANY, LLC IN SATISFACTION OF THE CITY'S BALANCED COMMUNITIES POLICY

## **RECOMMENDED ACTION**

Council adopt the resolution.

## **SUMMARY**

The City's Balanced Communities Policy (BCP) of the General Plan Housing Element requires that all new residential developments in excess of 50 units provide 10% of the total units to low- and moderate- income households. The proposed Affordable Housing Agreement documents this obligation for Otay Ranch Village 8 West (the "Project") and will be recorded against all property within same (Attachment 1: Locator Map). As there are multiple property owners within the Project, each property owner will satisfy their own affordable housing requirement.

## **ENVIRONMENTAL REVIEW**

The City's Director of Development Services has reviewed the Project for compliance with the California Environmental Quality Act (CEQA) and determined that the Project was adequately covered in the previously certified Final Environmental Impact Report (FEIR) for the Otay Ranch SPA Plan - Village 8 West (FEIR 10-03) (SCH #2010062093). Thus, no further CEQA review or documentation is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

On December 17, 2013, the City approved the Otay Ranch Village 8 West Section Planning Area (SPA) Plan by Resolution No. 2013-270. The SPA was subsequently modified on February 18, 2020, pursuant to Resolution No. 2020-033 adopting the Otay Ranch Village 8 West SPA Amendment (MPA19-0011). Condition No. 7 of City Council Resolution No. 2020-033 and Tentative Map Condition of Approval No. 22 of City Council Resolution No. 2020-034 require the property owners to enter into a Balanced Communities Affordable Housing Agreement (AHA) acceptable to the City in satisfaction of Balanced Communities Housing Policy

5.1.1 of the City’s Housing Element of the General Plan prior to approval of the first Final Map for Otay Ranch Village 8 West.

Balanced Communities Affordable Housing Agreement

HomeFed Village 8, LLC and Otay Ranch Land Company, LLC (“Developer” or collectively the “Developers”) are the property owners and developers of the Project. The Tentative Map and other approvals for the Project contemplate that 2,334 units will be developed, with a corresponding affordable housing obligation as shown in Table I below. Should the Developers build in excess of 2,334 units, then their affordable housing obligation shall be modified accordingly, as set forth in Section 2(a)(5) [Additional Affordable Housing Units]. The proposed AHA (Attachment 2) is provided in substantially final form.

In addition, the City Council previously approved Resolution No. 2016-259 allowing for the transfer of the affordable housing unit obligations for Otay Ranch Village 3 to the Project through an Affordable Housing Transfer Agreement. In summary a total of 97 low and moderate units are transferred to Village 8 West, leaving a balance of 31 moderate-income units to be provided in Village 3.

**Table I: Balanced Communities Requirement**

Description	Total DUs	Required Affordable DUs	
		Low Income <80% of the AMI	Moderate Income <120% of the AMI
<b>Otay Ranch Village 8W &amp; Transfer</b>			
DEV07-02 / OTAY RANCH V8 WEST	2,334	117	117
<i>OTR V3 Affordable Housing Transfer Agreement</i>		64	33
<b>TOTAL</b>	<b>2,334</b>	<b>181</b>	<b>150</b>
<i>Meta Housing Proposal</i>		-181	-82
<b>Remaining Requirement</b>		-	68

Overall, the Project has an affordable housing obligation of 331 units, consisting of 181 low-income and 150 moderate-income units.

Meta Housing Proposal (Otay Ranch Village 8 West)

Developer is currently in process of satisfying its affordable housing obligation. On October 1, 2019, City Council, by its Resolution 2019-0193, authorized the issuance of multifamily housing revenue bonds by the Chula Vista Housing Authority for development by Meta Housing Corporation or its affiliate (Meta) of an affordable housing project within Village 8 West consisting of 175 units, with 122 units for low-income households, 53 for very low-income, and 2 units set aside for property management/maintenance staff. Consistent with the Balanced Communities Affordable Housing Policy, in providing 53 of the units for very low income households at 50 percent of the Area Median Income (AMI), incentive credits may be applied as a result of the deeper level of affordability than the required low income units. After application of the incentive credit, the very-low income units result in a credit of 6 additional low-income units and 82 moderate-income units as shown in Table II below.

**Table II: Very Low Income Incentive Credit**

Incentive Credit	No. of Very Low Income Units	Credit Factor	Available Credits
Low-Income	12	0.5	6
Moderate-Income	41	2	82
<b>TOTAL Units</b>	<b>53</b>		<b>88</b>

Future Affordable Housing Obligation Transfers

The Village 8 West SPA Plan provides that the Project’s Affordable Housing Obligation may be deferred to a future village or location owned by Developer or its affiliate. Consistent with Policy 3.1 of the City’s Housing Element of the General Plan, the Developer has indicated that they would like the option to satisfy the 68 remaining moderate-income unit obligation within Village 8 West or East. The option to transfer the remaining affordable housing obligation to Village 8 East has been incorporated into the Affordable Housing Agreement.

Conclusion

As established in the City’s Housing Element of the General Plan and the current housing market conditions in California, the City has a pressing need for quality affordable housing and in general, more balanced and varied housing, particularly in the eastern area of the City to accommodate all economic segments of the community. The Project will provide an integrated mix of affordable housing for very low- and lower-income families, moderately priced housing for middle income families along with market rate housing, onsite amenities, and a desirable location directly adjacent to key neighborhood services, amenities and facilities. Consistent with State Housing laws, the Project will affirmatively further fair housing in “overcoming patterns of segregation, fostering inclusive communities” and “addressing significant disparities in housing needs and in access to opportunity.”

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov’t Code §87100, *et seq.*).

Staff is not independently aware, and has not been informed by any Council Member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.”

**CURRENT-YEAR FISCAL IMPACT**

The Balanced Communities Program is self-supporting, with the Developer responsible for the payment of all costs to process the Affordable Housing Agreement. There is no net impact to the General Fund, Development Services Fund, or Housing Fund in the current fiscal year as a result of this action.

**ONGOING FISCAL IMPACT**

There will be no ongoing fiscal impact to the General Fund. Staff costs associated with ongoing compliance monitoring are fully funded through the Housing Authority fund.

## **ATTACHMENTS**

1. Locator Map
2. Balanced Communities Affordable Housing Agreement (OTR-V8W)

*Staff Contact: Jose Dorado, Senior Management Analyst, DSD-Housing*