

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A DEVELOPMENT IMPACT FEE DEFERRAL AGREEMENT WITH STONE CREEK CASITAS, LLC. FOR APPROXIMATELY \$1.7 MILLION OF FEES IN CONNECTION WITH A 97 UNIT APARTMENT PROJECT ON MAIN STREET NEAR WALNUT DRIVE

WHEREAS, investment in western Chula Vista has been a challenge for investors and developers due to the high equity requirements of the lending industry; and

WHEREAS, to help address this challenge, on April 14, 2015 the City Council amended the Chula Vista Municipal Code (“CVMC”) to add chapter 3.56 that allows the deferral of development impact fees in western Chula Vista via a fee deferral agreement; and

WHEREAS, pursuant to the City’s new authority under the CVMC, City staff has recommended that the City enter into a Fee Deferral Agreement (“Agreement”) with Stone Creek Casitas LLC (“Developer”) with respect to its proposed 97 unit Stone Creek Casitas apartment project to be located at 3875 Main Street (“Project”); and

WHEREAS, the proposed Project will be of public benefit because it will provide new, highly amenitized, market rate rental housing of a type that is needed in the southwestern area of the City; and

WHEREAS, City staff reviewed the Project pro forma and determined that the Project was not feasible without assistance to maintain Project quality and meet the increased equity requirements of the Project lender; and

WHEREAS, the Agreement provides this needed assistance by allowing for the deferral of portions of the Project’s Western Chula Vista Transportation Development Impact Fee, the Project’s Public Facilities Development Impact Fee, and the Project’s Western Chula Vista Park and Acquisition Development Impact Fee, with a total fee deferral amount of approximately \$1.7 million; and

WHEREAS, the terms of the Agreement are consistent with the requirements of the CVMC, including a maximum thirty year repayment period, interest accrual at a fair market rate of two percent (2%) per annum, no payments due for the first 10 years of the agreement, with repayment secured by a deed of trust recorded against the Project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that:

1. In accordance with CVMC Sections 3.56.010 and 3.56.030(C), the City Council finds that the Fee Deferral Agreement with Stone Creek Casitas LLC will provide a significant public benefit by helping to facilitate the development of high quality housing that is needed in Western Chula Vista which might not otherwise constructed;
2. In accordance with CVMC Section 3.56.010 and 3.56.030(C), the City Council finds that it would be financially infeasible to construct the Project as proposed absent such a deferral;
3. In accordance with CVMC Section 3.56.030(A), the City Council waives any application submittal requirements for such a deferral;
4. The City Council approves the Fee Deferral Agreement in the form presented, with such minor modifications as may be required or approved by the City Attorney, a copy of which shall be kept on file in the office of the City Clerk, and authorizes and directs the Mayor to execute same; and
5. The findings and actions in this Resolution shall be effective on May 22, 2015, the effective date of Chapter 3.56 of the CVMC.

Presented by:

Approved as to form by:

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Kelly Broughton  
Development Services Director

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Glen R. Googins  
City Attorney