



CITY COUNCIL AGENDA STATEMENT



July 17, 2018

File ID: ~~18-0175~~
18-0320

TITLE

ORDINANCE OF THE CITY OF CHULA VISTA ADDING CHAPTER 19.100 TO THE MUNICIPAL CODE TO ADOPT AND ESTABLISH AN URBAN AGRICULTURE INCENTIVE ZONE

RECOMMENDED ACTION

Council conduct the public hearing and place the ordinance on first reading.

SUMMARY

The State of California passed Assembly Bill (“AB”) 551 in 2013 to allow jurisdictions to create Urban Agriculture Incentive Zones (“UAIZ”). UAIZ’s provide a tax incentive (by reducing property taxes) for landowners to use their vacant or blighted property for agricultural purposes for a minimum of five years. This is an effort to use otherwise vacant land, while creating an added benefit for the community.

On November 7, 2017, Council authorized staff to initiate the process for UAIZ adoption with the County, whom provides first approval as the tax assessor (see City Council Resolution No. 17-198, Attachment 1). The County approved the Chula Vista UAIZ on May 15, 2018 (see County Board of Supervisors Resolution No. 18-062, Attachment 2). Therefore, staff is bringing documents related to this item back to City Council for final approval. City staff has reached out to potentially impacted taxing entities regarding the possible effects of the UAIZ and has received no substantial questions, comment or concerns from these parties.

Tonight’s action would establish the UAIZ within Chula Vista City limits by adding Chapter 19.100 to the Municipal Code (“CVMC”).

ENVIRONMENTAL REVIEW

The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines.

Environmental Determination

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a “Project” as defined under Section 15378 of the state CEQA Guidelines because the activity is voluntary and does not involve any commitment to any

specific project that may result in a potentially significant physical impact on the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required. Although environmental review is not required at this time, once the scope of potential individual projects has been defined, environmental review will be required for each project and the appropriate environmental determination will be made.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On June 13, 2018, the Planning Commission provided an advisory recommendation that Council adopt (4-0) the ordinance.

DISCUSSION

In keeping with the Healthy Community goal of the Strategic Plan, on January 5, 2016, the first Healthy Chula Vista Action Plan was adopted, providing a set of strategies to review, create, and evaluate policies and programs within the City and to develop key community partnerships to promote wellness within our community. A key component of the plan included residents' access to healthy food options.

Consistent with the adopted Healthy Chula Vista Action Plan and its strategies, staff is recommending the adoption of an Urban Agriculture Incentive Zone (UAIZ) within Chula Vista as allowed by Assembly Bill 551 (passed in 2013 and recently amended in September 2017) and as initially brought before you in November 2017.

AB551 allows jurisdictions to identify and adopt an UAIZ, an incentive for landowners to enter into contract to use their otherwise "unused" property for agricultural use for a minimum of five years in exchange for a reduction in property tax. Rather than paying the standard applicable property tax rate (e.g. commercial tax rate for a commercial property), participating properties will be assessed at the lowest of three values: (1) the value based on the average per-acre value of irrigated cropland in California; (2) the current fair market value; or (3) the factored base year value (Proposition 13 value). If this is less than the current assessed value of the land, then the owner will pay lower property taxes for the period of the UAIZ contract. AB551 identifies the parameters for the program which have been summarized into a program guide (see UAIZ Program Guidelines, Attachment 3).

Over 150 properties within Chula Vista were identified as being eligible. While properties may have been identified due to their current eligibility meeting the acreage requirements and by not having current improvements (e.g. structures), the City expects far less properties will voluntarily participate due to pending development plans. An analysis was conducted as part of the County approval process to identify all potentially impacted taxing entities, and determined that if all City properties were to participate the projected cost to all taxing entities would be between \$345,000 to \$395,000 annually, a summary specific to the City is provided below under ongoing fiscal impact. An analysis would be conducted on each participating parcel at time of application, with notification to the affected entities.

To establish the UAIZ for Chula Vista a Draft Ordinance was presented to the County Board of Supervisors in substantial form. Since County approval, minor changes have been included to reduce barriers related to agricultural use in specific residential zones, specifically CVMC section 19.100.060(B)(1). No other

substantive changes were made (see CVMC 19.100 UAIZ Program, Attachment 4). Once the UAIZ is effective, interested landowners must enter into a contract with the City and will have 60 days to initiate the agricultural use on the property (see Sample UAIZ Property Contract, Attachment 5). Currently contracts can be entered into up until January 1, 2029, the sunset date of the State law. If the property owner breaches their contract they will have to pay back the taxes the incentive granted them.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the property which is the subject to this action. Staff is not independently aware, nor has staff been informed by any Planning Commission member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City’s Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This item supports Section 3.1.1 - Implement policies and programs that support a healthy community, by providing healthier options.

CURRENT-YEAR FISCAL IMPACT

Staff costs associated with the preparation of this staff report and for the UAIZ adoption process are offset by grant funds through the Centers for Disease Control’s Racial and Ethnic Approaches to Community Health (REACH Chula Vista).

ONGOING FISCAL IMPACT

Potential ongoing impacts were assessed by the County and any taxing agencies possibly affected by the adoption of the UAIZ were notified of the May 15th County public hearing.

Specific to the city the following funds and total impact if all properties entered into a UAIZ could be impacted annually.

City Fund	Current Tax	Projected Tax with UAIZ	Loss due to UAIZ
General Fund	\$20,286	\$3,557	(\$16,729)
Otay Ranch No. 1	\$771	\$555	(\$216)
District No. 1	\$40,750	\$38,062	(\$2,688)
Bayfront Redevelopment Project	-	-	(\$61,590)
Merged Redevelopment (AB1290)	-	-	(\$33,697)
Otay Valley Rd. Redevelopment	-	-	(\$4,809)
Southwest Redevelopment Project	-	-	(\$104,238)
		TOTAL POTENTIAL IMPACT	(\$223,967)

Some Redevelopment areas are impacted first before other taxing entities and therefore could be impacted more significantly by a property utilizing the UAIZ program. Staff expects far less properties will voluntarily participate, particularly in redevelopment areas due to pending development plans.

ATTACHMENTS

1. City Council Resolution No. 2017-198
2. County Board of Supervisors Resolution No. 18-062
3. UAIZ Program Guidelines
4. CVMC 19.100 UAIZ Program
5. Sample UAIZ Contract with Property Owner

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