



CITY COUNCIL AGENDA STATEMENT



September 24, 2019

File ID: 19-0433

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS BY AND BETWEEN THE CITY OF CHULA VISTA AND VILLAGE OF ESCAYA APARTMENTS, LLC, AND VILLAGE OF ESCAYA MIXED USE, LLC, TO PROVIDE 30 RESIDENTIAL UNITS IN OTAY RANCH VILLAGE 3 TO BE OPERATED AS AFFORDABLE RENTAL HOUSING FOR MODERATE INCOME HOUSEHOLDS IN SATISFACTION OF THE CITY'S BALANCED COMMUNITIES POLICY

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Village of Escaya Apartments, LLC and Village of Escaya Mixed Use, LLC ("Property Owner") proposes to develop a 272-unit housing project located in Otay Ranch Village 3 in the City of Chula Vista, of which 30 units will be operated as affordable rental housing for moderate-income households ("Project"). The 30 moderate-income affordable units are being provided consistent with the Affordable Housing Program of the Otay Ranch Village 3 Sectional Planning Area (SPA) Plan and the City's Balanced Communities Policy.

ENVIRONMENTAL REVIEW

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 it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On February 22, 2017, the Planning Commission reviewed and approved the proposed site plans and architectural elevations for the 272-unit development (DR16-0032).

DISCUSSION

In accordance with City of Chula Vista Housing Element established Policy 5.1.1 of the City's Housing Element of the General Plan ("Balanced Community Policy"), the Affordable Housing Obligation for Otay Ranch Village 3 (also known as "Escaya") is 127 affordable units of which 63 units are to be for moderate-income households and 64 units are to be for low-income households. Pursuant to the Affordable Housing Transfer Agreement approved by City Council Resolution No. 2016-259, 64 of the required low-income units and 33 moderate-income housing units were transferred to an off-site alternative or Otay Ranch Village 8. Therefore, a remaining balance of 30 moderate-income units are to be satisfied within Otay Ranch Village 3.

Proposed Project

Property Owner proposes to construct and operate a 272-unit mixed use project located on a 10.4-acre site comprised of three parcels (MU-1, MU-2, and CPF-1) within the "Village Green District" of the Village 3 SPA Plan's village core (Attachment 1). A total of 30 units will be restricted for occupancy and affordable rental to moderate-income households and intermixed throughout the 272-unit Project.

The Project proposes a mixed-use development that includes residential over ground floor retail along Avenida Escaya, multi-family units, a Community Purpose Facility (CPF) building, parking, and associated open space and parking. The 272 rental apartments are offered in one, two, or three-bedroom models with floor plans ranging in size from 745 square feet to 1,464 square feet. Overall, the project proposes a total of 141 one-bedroom units, 112 two-bedroom units, and 20 three-bedroom rowhome units. Some of the onsite amenities include a pool, a pavilion with fireplace, television, and outdoor seating area, an enclosed dog park, and a gym with a climbing wall.

Income and Rent Covenants

Thirty (30) units of the total 272 residential units, will be operated as affordable rental housing for moderate-income households (the "Affordable Units") in compliance with the Affordable Housing Program. The unit break down, income restrictions and estimated rents (minus a utility allowance) is summarized in the table below.

Unit Description	Number of Units	Income Level (% of Area Median Income)	2019 Estimated Rents¹ (Minus a Utility Allowance)
1 bedroom	15	Moderate-income (120% AMI)	\$ 1,897
2 bedroom	14	Moderate-income (120% AMI)	\$ 2,136
3 bedroom	1	Moderate-income (120% AMI)	\$ 2,373
TOTAL	30		

Notes:

¹ Health & Safety Code Section 50053. As of this publication date, that number is one-twelfth (1/12) of thirty percent (30%) of one hundred ten percent (110%) of Area Median Income, adjusted for household size (1+1)

The income and rent restrictions are incorporated into the Declaration of Covenants, Conditions and Restrictions (“Declaration”) to be recorded against the property and will be binding on the Property Owner and its successors and assignees in the Project. The Declaration will be maintained for a period of 20 years. The Declaration is provided in substantially final form as Attachment 2.

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 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.

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 Property Owner responsible for the payment of all costs to process the Affordable Housing Agreement. The Chula Vista Housing Authority will receive compensation for its services in the form of a set-up fee for monitoring compliance of the regulatory restrictions (i.e. Declaration). The set-up fee paid by the Property Owner is \$1,950. 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

Staff costs associated with ongoing monitoring for compliance will be reimbursed from an annual monitoring fee in an amount equal to the set-up fee (\$1,950), increased by three percent (3%) cumulative each year. There is no ongoing net impact to the General Fund, Development Services Fund, or Housing Fund as a result of this action.

ATTACHMENTS

1. Locator Map
2. Declaration of Covenants, Conditions and Restriction

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