



CITY COUNCIL AGENDA STATEMENT



September 10, 2019

File ID: 19-0432

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDED AND RESTATED AGREEMENT AND ALL ASSOCIATED DOCUMENTS MEMORIALIZING A STATE DENSITY BONUS PURSUANT TO GOVERNMENT CODE SECTION 65915 ET SEQ. BETWEEN THE CITY AND HAMILTON PLAZA LTD, INCLUDING ALLOWING THE RENTAL OF DWELLING UNITS AT AN AFFORDABLE RENT UNTIL THEY ARE SOLD AT AN AFFORDABLE SALES PRICE AT KINGSWOOD MANOR

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In May 2000 and subsequently in June 2010, the City approved the construction of an additional 10 residential units to an existing 40-unit apartment development known as Kingswood Manor, with 17 of the units to be set aside as affordable for sale to lower and moderate-income households in accordance with State Density Bonus Law, Government Code Section 65915 et seq (“State Density Bonus law”). The additional residential units were constructed in 2017. An Amended and Restated Housing Cooperation Agreement is proposed to allow for the rental of residential units until such time as the units are sold to qualified lower- and moderate-income households.

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

Not applicable.

DISCUSSION

Kingswood Manor, located at 54-94 Kingswood Drive, just west of Hilltop Drive (the “Project”) was originally developed with five two-story buildings, totaling 40 three-bedroom apartment units and 100 parking spaces. Under State Density Bonus Law, Hamilton Plaza LTD., a California Limited Partnership, (the “Applicant”) has constructed an additional 10 three-bedroom units, a trash collection area, a children’s play area, and redesigned the parking area to accommodate 107 spaces.

The Project was originally approved on May 9, 2000 via City Council Resolution 2000-149 with a 20 percent density bonus or 10 additional units, a reduction in parking required under the Precise Plan (76-14) but to be consistent with the City’s Municipal Code, and 16 percent compact parking spaces. To ensure that the Project would be constructed, used and operated in accordance with State Density Bonus Law, the City and the Declarant entered into an agreement titled “Housing Cooperation Agreement”, recorded as Document No. 2000-0252932 in the Office of the San Diego County Recorder, setting forth terms and conditions relating to 20% of the Project’s units to be occupied and affordable “for rent” to qualifying lower income households (the “Restricted Units”).

Subsequently, in 2010, Applicant requested the Property be considered for condominium conversion and a parcel map was approved. On June 15, 2010 by City Council Resolution 2010-152, the Housing Cooperation Agreement was amended via “First Amendment to Housing Cooperation Agreement”, recorded as Document No. 2010-0421268 in the Office of the San Diego County Recorder, providing for a “for sale” affordable project. Under the First Amendment, 33% of the Project’s units are to be occupied and affordable for purchase to qualifying low-income households at or below 80 percent of the Area Median Income (“AMI”) and moderate-income households at or below 120 percent of AMI for sale (three units for low-income and 14 units for moderate-income or “For-Sale Restricted Units”).

The Project was constructed and completed in December 2017. However, due to market conditions the Project remains as a rental property and no units have been converted for sale to individual homebuyers. To ensure that the Project is in compliance with State Density Bonus Law, the City and the Declarant seek to enter into an Amended and Restated Agreement, attached as Exhibit 2.

The Amended and Restated Housing Cooperation Agreement (the “Agreement”) authorizes Applicant to rent the Restricted Units in the Project as affordable to low-income households until such time the For-Sale Restricted Units are sold to low- and moderate-income households. This Agreement provides for noticing and incentives to those low-income tenants of the Restricted Units impacted by the potential sale of their unit. These low-income tenants will be provided the following:

1. One hundred and eighty (180) days’ notice that their unit will be sold or impacted by the sale;
2. Right of first refusal to purchase the unit that is to be sold or impacted by the sale at the income level (low- or moderate-income) that may be available and for which tenant qualifies.
3. Three thousand five hundred dollars (\$3,500) to be used as a down payment toward the purchase of the For-Sale Restricted Unit or, if they do not purchase the property, to be used as relocation assistance.

If the Project remains as a rental property for 30 years, the restrictions for occupancy and affordability for low-income households and sale of the units to low- and moderate-income homebuyers will be terminated.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City 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 City 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

All costs associated with the preparation and execution of the Amended and Restated Housing Cooperation Agreement are included in existing departmental budgets, resulting in no additional fiscal impact to the General Fund or Housing Fund in the current year.

ONGOING FISCAL IMPACT

There is no new or ongoing fiscal impact created by the execution of the Agreement. Staff costs associated with monitoring of the Project for compliance with the Agreement will be included in future departmental operating budgets.

ATTACHMENTS

1. Location Map
2. Amended and Restated Housing Cooperation Agreement, including Property Description, for Rent requirements, Promissory Note, and Deed of Trust

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