

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA APPROVING BALANCED COMMUNITIES
AFFORDABLE HOUSING AGREEMENT FOR OTAY RANCH
VILLAGE 3 BETWEEN THE CITY AND HOMEFED VILLAGE
III MASTER, LLC.

WHEREAS, the City of Chula Vista Housing Element established the City's "Balanced Communities Affordable Housing Policy" (Policy 5.1.1) which requires 10% of each housing development of 50 or more units to be affordable to low and moderate-income households, with at least one half of those units (5% of project total units) being designated for low-income households (the "Affordable Housing Obligation"); and

WHEREAS, Developer is the owner of certain real property generally known as Otay Ranch Village 3, as shown on Exhibit "A" of the proposed Balance Communities Affordable Housing Agreement ("Village 3 Agreement"), and located in the City of Chula Vista (referred to herein collectively as "Project;" and

WHEREAS, on December 2, 2014, the City approved the Otay Ranch Village 3 North and a portion of Village 4 Sectional Planning Area (SPA) Plan for the Project by Resolution Number 2014-234. Condition Number 7 of the Project's SPA Plan requires that Developer enter into an affordable housing agreement with the City prior to Developer's first Final Map for Village 3 for purposes of further implementing its affordable housing obligation for the Project, as such is defined in the Affordable Housing Plan of the SPA Plan. Such Agreement shall be in accordance with the Chula Vista Housing Element, the Ranch Wide Affordable Housing Plan, and the Village 3 Affordable Housing Plan. The SPA Plan currently provides for the construction of approximately 1,002 single-family residential units and 595 multi-family residential units total dwelling units within the Project with a requirement for five (5%) percent of these units being designated for low-income households and five (5%) percent for moderate-income households, amounting to 80 low-income and 80 moderate-income units at the above approved build-out, but may change based upon final build-out; and

WHEREAS, on December 2, 2014, the City approved the Tentative Subdivision Map CVT-13-02 for Otay Ranch Village 3 North and a portion of Village 4 ("Tentative Map") by Resolution Number 2014-237 ("Project Tentative Map"). Tentative Map Condition No. 29 requires that the Developer enter into an Affordable Housing Agreement ("Village 3 Agreement") with the City of Chula Vista prior to approval of Developer's first Final Map for Village 3; and

WHEREAS, on December 2, 2014, the City approved the Otay Ranch Village 3 North and a portion of Village 4 Affordable Housing Program for the Project by Resolution Number 2014-234; and

WHEREAS, Developer is required to enter into a Balanced Communities Affordable Housing Agreement (Village 3 Agreement) acceptable to the City in satisfaction of the Balanced Communities Affordable Housing Policy of the City's Housing Element of the General Plan, Condition of Approval No. 7 of City Council Resolution No. 2014-234, and Tentative Map Condition of Approval No. 29 of City Council Resolution No. 2014-237. The Village 3 Agreement, which is the subject of this Resolution and on file in the City Clerk's Office, represents the required Affordable Housing Agreement and shall be executed and recorded against Village 3 prior to the first Final Map in Village 3; and

WHEREAS, while the Project is approved for 1597 units, consisting of 160 affordable units, as set forth above, Developer's most recent map for the Project shows that it is expected to build 1265 units, with a corresponding affordable housing obligation of 127 affordable housing units (consisting 64 low income units and 63 moderate income units) for the Project. The Village 3 Agreement reflects construction of the 1265 units, with the corresponding affordable units. Should Developer build in excess of 1270 units, then its affordable housing obligation shall be modified accordingly, as also set forth in the Village 3 Agreement; and

WHEREAS, consistent with Policy 3.1 of the City's Housing Element of the General Plan, the City has determined and finds that the unique conditions of Village 3 cause an unreasonable hardship for Developer to construct all of the units required to satisfy all of its Affordable Housing Obligations within Village 3 (particularly given the product and price disparity of Village 3). As set forth in the Village 3 SPA Plan, the Village 3 Affordable Housing Obligation may be deferred to a future village or location owned by Developer or its affiliate. Accordingly, Developer may transfer 64 low income housing units and 33 moderate income housing units ("Transferred Affordable Housing Obligation") to properties owned by Otay Land Company, LLC, a Delaware Limited Liability Company, and HomeFed Otay Land II, LLC, a Delaware limited liability company (collectively, "Village 8 Owner"), each an affiliate of Developer, within Otay Ranch Villages Eight West and Eight East, located in the City of Chula Vista (collectively, "Village 8"). The City and Village 8 Owner shall concurrently enter into an Affordable Housing Transfer Agreement to transfer the aforementioned affordable units (64 low income and 33 moderate income housing units) to Village 8 ("Transfer Agreement"), which shall be recorded against Village 8. The Transferred Affordable Housing Obligation shall be in addition to affordable housing obligations that Village 8 Owner otherwise has within Village 8 and shall not reduce the Village 8 obligation in any respect; and

WHEREAS, the Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity was adequately covered in previously adopted/certified Final Environmental Impact Report for the Otay Ranch University Villages Project - (FEIR 13-01).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it adopts the above Recitals and Findings and approves the BALANCED COMMUNITIES AFFORDABLE HOUSING AGREEMENT [OTAY RANCH VILLAGE 3] (VILLAGE 3 AGREEMENT), between the City and HOMEFED VILLAGE III MASTER, LLC, A DELAWARE LIMITED LIABILITY COMPANY, in the form substantially 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 CITY MANAGER to execute same.

Presented by

Approved as to form by

Kelly Broughton
Director of Development Services

Glen R. Googins
City Attorney

EXHIBIT A – SITE LOCATION MAP

