



# CITY COUNCIL AGENDA STATEMENT



January 28, 2020

File ID: 20-0006

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A JOINT APPLICATION WITH CHELSEA INVESTMENT CORPORATION FOR FUNDING FROM THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM TO FUND AN AFFORDABLE HOUSING PROJECT AND INFRASTRUCTURE IMPROVEMENTS WITHIN AND AROUND MILLENIA

## **RECOMMENDED ACTION**

Council adopt the resolution.

## **SUMMARY**

Chelsea Investment Corporation is proposing to build an approximately 200-unit affordable housing project within the master planned community of Millenia. Chelsea seeks to fund the project through the State of California's Affordable Housing and Sustainable Communities ("AHSC") program. The proposed funding source requires that a portion of the award contribute to transit, pedestrian, and bicycle infrastructure improvements within a one-mile radius of the project. Also, given this funding source, no financial assistance will be required from the City or the Chula Vista Housing Authority to finance the development. However, the AHSC does require the City's participation in the grant. Tonight's action would authorize staff to submit a joint application for funding.

## **ENVIRONMENTAL REVIEW**

The Development Services Director has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the proposed project was adequately covered in previously certified Final Second Tier Environmental Impact Report, (EIR-07-01) and subsequent Addendum (IS-13-001). Thus, no further environmental review or documentation is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

In the fall of 2019, Chelsea Investment Corporation ("Applicant") and Meridian, the master developer of Millenia, proposed development of an approximately 200-unit affordable housing rental complex on Lot 13 ("Project") of the Millenia Sectional Planning Area ("EUC SPA" or "SPA"), which is located just south of the Bus Rapid Transit stop in Millenia (see Attachment 1, Project Location). It is the intent of the Applicant to

seek funding of the Project through the State of California's Affordable Housing and Sustainable Communities program. Given this funding source, no financial assistance will be required from the City or the Chula Vista Housing Authority to finance the development. However, the AHSC does require the City's participation in the grant.

The AHSC program's primary purpose is to reduce greenhouse gas emissions through projects implementing land-use, housing, transportation, and agricultural land preservation practices to support infill and compact development and support related and coordinated public policy objectives. Funding for the AHSC program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. The Applicant is applying under the Transit Oriented Development Project Area which requires that improvements be made within a one-mile radius ("Project Area") of the Project.

AHSC allows up to a total not to exceed amount of \$30 million, of which \$20 million is requested as a loan for an Affordable Housing Development ("AHSC Loan") and \$10 million is requested for a grant for Housing-Related Infrastructure, Sustainable Transportation Infrastructure, Transit-Related Amenities or Program activities ("AHSC Grant").

The City has worked with the Applicant to identify qualifying projects under the AHSC Grant within the Project Area, and has proposed the following:

- Pedestrian Bridge over Hunte Parkway;
- Sidewalk along the south side of Hunte Parkway between Exploration Falls and Discovery Falls;
- Upgrading Eastlake Parkway bike lanes to a Class IV facility from Hunte Parkway to Olympic Parkway in both directions; and
- Lead pedestrian timing at key intersection in the project area.

If successful, the bulk of the AHSC Grant funding would be dedicated to the pedestrian bridge which is part of a larger network of trails that connect communities within Otay Ranch. The Hunte Parkway Bridge would specifically compliment the Eastlake Parkway Bridge currently under construction and provide a direct connection from Otay Ranch Village 11 to High Tech High to the south and the future trail and sidewalk network that will lead to the University site. Under City Ordinance No. 2003-2898, an Otay Ranch Village 11 Pedestrian Bridge Developer Impact Fee ("DIF") was established to secure funds for the construction of the Hunte Parkway Bridge. Due to significant construction cost increases between the time of DIF collection from developments in Otay Ranch Village 11 and the planned construction of the bridge, the DIF is insufficient to fully fund bridge construction; therefore, this funding, if awarded, would enable the bridge construction.

All other improvements identified are direct projects to meet the threshold scoring criteria of the grant application. Additional transit and urban greening related items have also been proposed under the AHSC Grant that would directly benefit residents of the new Project and surrounding neighborhood of Millenia to promote transit, pedestrian and bicycle use.

### Article 34

Article XXXIV of the California Constitution (“Article 34”) requires that voter approval be obtained before any “state public body” develops, constructs or acquires a “low rent housing project”. The City of Chula Vista obtained voter approval on April 11, 1978 and subsequently on November 6, 2006 with the passage of Proposition C, which authorized the development, construction and acquisition of housing for persons of low-income. While neither the City nor the Housing Authority is providing any financial assistance to the Project, as a State funding program, the AHSC grant guidelines require addressing Article 34. Based upon the AHSC funding, the Applicant has requested authorization to utilize the City’s Article 34 authorization.

With the use of its Article 34 authority, should the Applicant be successful with the AHSC Loan, the City will be a party or beneficiary to the restrictive covenants of the Project. Therefore, should funding be granted the City will execute all necessary agreements and/or documents to restrict the affordable units in the favor of the City. With the 200 total units of the proposed Project, there remains a balance of 767 units (assuming 200 units are built) under the City’s current authority to facilitate these activities.

### **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 of this report and the grant application are borne by Meridian, the master developer of Millenia, resulting in no net fiscal impact to the General Fund or the Development Services Fund.

### **ONGOING FISCAL IMPACT**

If an AHSC Grant is awarded staff would return to City Council to appropriate funds.

### **ATTACHMENTS**

1. Project Location

*Staff Contact: Stacey Kurz, Senior Project Coordinator, Development Services Department  
Frank Rivera, Principal Civil Engineer, Engineering/Capital Projects Department*