



CITY COUNCIL AGENDA STATEMENT



January 19, 2021

File ID: 20-0208

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING (1) AN AGREEMENT TO DEFER BALANCED COMMUNITIES AFFORDABLE HOUSING OBLIGATION AND TO POST SECURITY AND (2) A DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AGREEMENT CONCERNING AN AFFORDABLE HOUSING OBLIGATION WITHIN OTAY RANCH VILLAGE TWO

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Cornerstone Communities (Developer) currently owns and is in the process of developing a total of 233 housing units in Otay Ranch Village Two ("the Project"). In accordance with the City of Chula Vista's General Plan Housing Element Balanced Communities Policy the Project requires the provision of affordable housing to low-and-moderate income households. The Developer proposes to meet this affordable obligation (5% low and 5% moderate) by entering into a Deferral and Security Agreement for nine (9) of the affordable housing units and paying an in-lieu fee on 15-units, for a total obligation of 24 units.

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 project was adequately covered in previously certified Final Second Tier Environmental Impact Report, EIR 02-02 and Final Supplemental Environmental Impact Report, SEIR 12-01 for the Otay Ranch Village Two Sectional Planning Area (SPA) Plan. In addition, notwithstanding the foregoing, the Development Services Director has also determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no further environmental review or documentation is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Housing Advisory Commission met on January 13, 2021 and recommends that the City collect the in-lieu fee to further housing opportunities for low-income households.

DISCUSSION

On May 23, 2006, the City approved the Otay Ranch Village Two Section Planning Area (SPA) Plan by Resolution Number 2006-156. The Affordable Housing Program of the SPA Plan provides for five percent of all newly constructed dwelling units in Village Two to be designated for occupancy and affordable by low-

income households and five percent for moderate-income households consistent with Policy 5.1.1 of the City's Housing Element of the General Plan (the "Balanced Communities Policy").

Proposed Project

Cornerstone Communities has ownership interest and is developing several residential communities within Otay Ranch Village Two. Based on the total residential units to be developed by Cornerstone within Village Two, the affordable housing requirement is 12 units for low-and 12 for moderate-income households. Developer proposes to meet the affordable housing obligation consistent with the City's Balanced Communities Policy and the Affordable Housing Agreement for Otay Ranch Village Two as outlined below:

Table I: Otay Ranch Village Two - Cornerstone

| Development Name | Total DUs | Type |
|------------------------------------|------------|---|
| <i>Aventine</i> | 100 | <i>Single Family Dwellings (SFD)</i> |
| <i>Cambria</i> | 60 | <i>SFD</i> |
| <i>Monterra</i> | 36 | <i>Attached Condominium Multi- Family Dwellings (MFD)</i> |
| <i>Estancia</i> | 37 | <i>SFD with Optional Accessory Dwelling Unit (aka Casita)</i> |
| TOTAL DUS | 233 | |
| <i>Low-Income Requirement</i> | 12 | <i>9 Affordable ADUS</i> |
| | | <i>In-lieu fee (15 DUs)</i> |
| <i>Moderate-Income Requirement</i> | 12 | |
| TOTAL AFFORDABLE DUS | 24 | |

Deferral and Security Agreement and ADU Agreement (Attachment 2&3)

Based on a total of 233 residential housing units (see Table I), the Developer has a 24-unit affordable housing obligation (12 low-income and 12 moderate-income units). The Developer proposes to meet this obligation by payment of an in-lieu fee for 15 affordable units and providing a total of 9 attached accessory dwelling units (ADUs) restricted for occupancy and rent to very low- or low-income households within the Estancia development. Terms and conditions for providing the affordable housing within the Cornerstone Communities are detailed within the Deferral and Security Agreement (Attachment 2) between the City and Developer, provided in substantially final form. By incorporating ADUs within the Estancia Project, opportunities are made available to lower-income households for inclusion within neighborhoods primarily comprised of single- family homes.

For homebuyers who voluntarily agree to purchase a home with an attached ADU for lower-income households, they will be required to sign a separate Declaration of Covenants Conditions and Restrictions (CC&Rs) to be recorded against the individual property and will be binding on the homeowner and any future owners of the Property (Attachment 3). The CC&Rs will run with the land for 20-years. Each individual homeowner will be required to rent the attached ADU to a very-low or low-income household at an affordable rental rate for the 20-year term. The City will be monitoring compliance on an annual basis. Upon execution and recordation of a CC&R by a homebuyer, a very low- or low-income unit shall be credited towards satisfaction of Developer's remaining 9-unit affordable housing obligation. In the event the Developer is not able to obtain all 9 units with CC&Rs, the Deferral and Security Agreement outlines the process for the City to collect the applicable in-lieu fee.

If any of the ADUs are restricted for very low-income households, Developer will be able to receive incentive credits towards their affordable housing obligation. Consistent with the Balanced Communities Policy, to provide incentives for development of housing that meets the critical needs of very low-income households, Developer may receive 2.0 moderate-income unit credits for each very low-income unit provided (4 very low-income DUs x 2 credits = 8 moderate-income credits). Therefore, Developer's remaining unit obligation may be reduced with recordation of CC&Rs to provide ADUs for very low-income households.

Conclusion

As established in the City's Housing Element of the General Plan and given 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 affordable housing for working lower-income households along with market rate housing and a desirable location directly adjacent to key neighborhood services, amenities and facilities. Consistent with State Housing laws, the Project will affirmatively further fair housing in "overcoming patterns of segregation, fostering inclusive communities" and "addressing significant disparities in housing needs and in access to opportunity."

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 Developer responsible for the payment of all costs to process the Deferral and Security Agreement and Declaration of Covenants Conditions and Restrictions. 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

There will be no ongoing fiscal impact to the General Fund. Staff costs associated with ongoing compliance monitoring are fully funded through the Housing Authority fund.

ATTACHMENTS

1. Locator Map
2. Deferral and Security Agreement
3. ADU Agreement

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