

# Chula Vista City Council Presentation

October 26, 2021

*Presented by:*

**Tiffany Allen**, Director of Development Services

**Stacey Kurz**, Acting Housing Manager

**Jose Dorado**, Senior Management Analyst

## “WORKFORCE HOUSING” POLICY

# Workforce Housing Policy

## Background



- September 28, 2021, Council direction to bring forward policy to address “missing middle”.
- Provide rental opportunities for moderate income households (those earning between 81-120% of the area median income).
- Enter into a Joint Power Authority (“JPA”) for the issuance of municipal bonds.

# Workforce Housing Policy

## Council Direction

- No net impact;
- Project level analysis;
- Limitations on projects;
- Ensure rent levels and maintenance;
- Guidance on program funds;
- Homeownership opportunities; and
- Protections/assurances for City and tenants.

# Workforce Housing Policy

## Timeframe

September 29 – October 21

- Limited Stakeholder Involvement
- Housing Advisory Commission



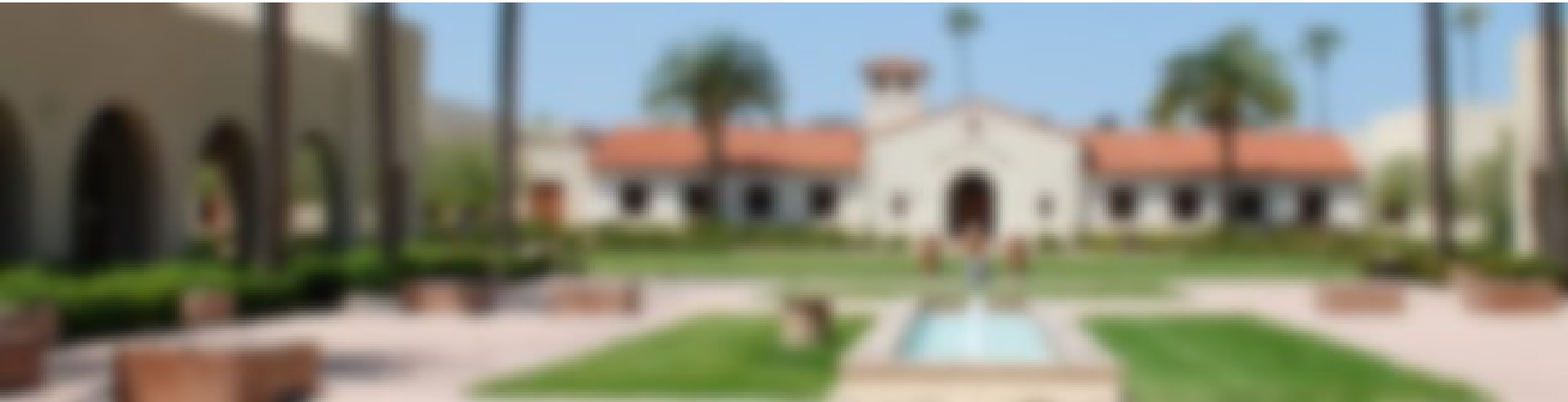
# Workforce Housing Policy

## Purpose

- Mitigate Risk
- Set Standard/Minimum Expectations







# I. REQUIREMENTS

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## Limitation on Conversions



- Application & Project Level Analysis
- No More Units than Moderate Income Need (RHNA)

Income Category		No.	%
Extremely Low	(0-30% of AMI)	2,750	25%
Very Low	(0-50% of AMI)		
Other lower	(51-80% of AMI)	1,777	16%
<b>Moderate</b>	<b>(81-120% of AMI)</b>	<b>1,911</b>	<b>17%</b>
Above Moderate	(>120% of AMI)	4,667	42%
<b>TOTAL UNITS</b>		<b>11,105</b>	<b>100%</b>

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## Eligible Projects

- Comply with Policy and Application Requirements
  - Findings to modify or waive the applicable criteria for community benefit
- Priority for Affordability or Community Benefit
- Existing Affordable Housing Regulatory Agreement
  - Must match bond terms



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## City Requirements

- 
- Business License/City's Multi-Family Inspections
  - No General Fund Property Tax Impacts
    - Host Charges
    - Other Funding Entities
  - Staff and Consultant Due Diligence
  - Transfers Related to Ownership, Project Administrator and Property Manager

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## Application Documents



### “Workforce Housing” Checklist

Applicant: \_\_\_\_\_

Project: \_\_\_\_\_

*Please note this is a preliminary list of requested information. The City reserves rights to request additional information or clarifications. Noncompliance with the request may deem an application incomplete. Upfront funds requested for due diligence of any application does not guarantee project approval.*

#### For official City use only:

Date application received: \_\_\_\_\_

Deposit Amount: \_\_\_\_\_

Deposit Account #: \_\_\_\_\_

Check if Provided	Requested Item	Location of Information	Additional Information & if not provided why
<b>Building Affordable Housing Application</b>			
	To the greatest extent possible, complete the City’s Affordable Housing Application: <a href="https://www.chulavistaca.gov/departments/development-services/housing/building-affordable-housing">https://www.chulavistaca.gov/departments/development-services/housing/building-affordable-housing</a>		
<b>Sponsorship Team</b>			
	Narrative profile of sponsor, bond underwriter, bond counsel and property manager, including recent experience on comparable workforce housing developments.		
	Additional information: _____		
<b>Property Profile</b>			
	Narrative of property, including but not limited to acreage, number of units & buildings, and amenities, year built, and identity of seller		
	Any existing Regulatory Agreements and/or Deed Restrictions on the property		
	Property sales/market history		
	Copies of current property tax bills for all project parcels showing the general tax levy, voter-approved indebtedness and direct assessments		
	Prior 5 years of revenue and expenses, by customary line items		
	Existing debt obligation and capital improvement reserves		



## II. PROJECT REVIEW



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## Housing Stock Considerations

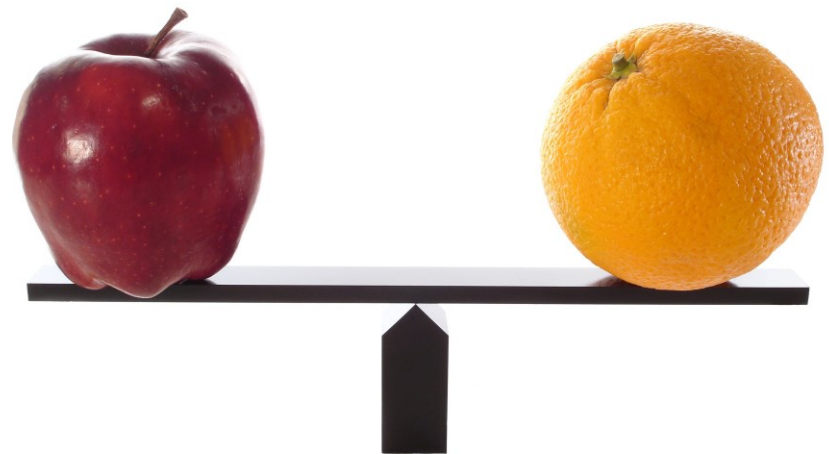
- Balanced Communities Policy
- Housing Element RHNA
- Location relative to other rental opportunities
- Cumulative impact on overall housing stock
- Balance of overall city and neighborhood



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## Site Considerations

- Tenant and Project Specific Demographics
  - Historical/Current Vacancy and Turnover Rate
  - Occupation/Income
- Amenities
- Rent Roll Comparison



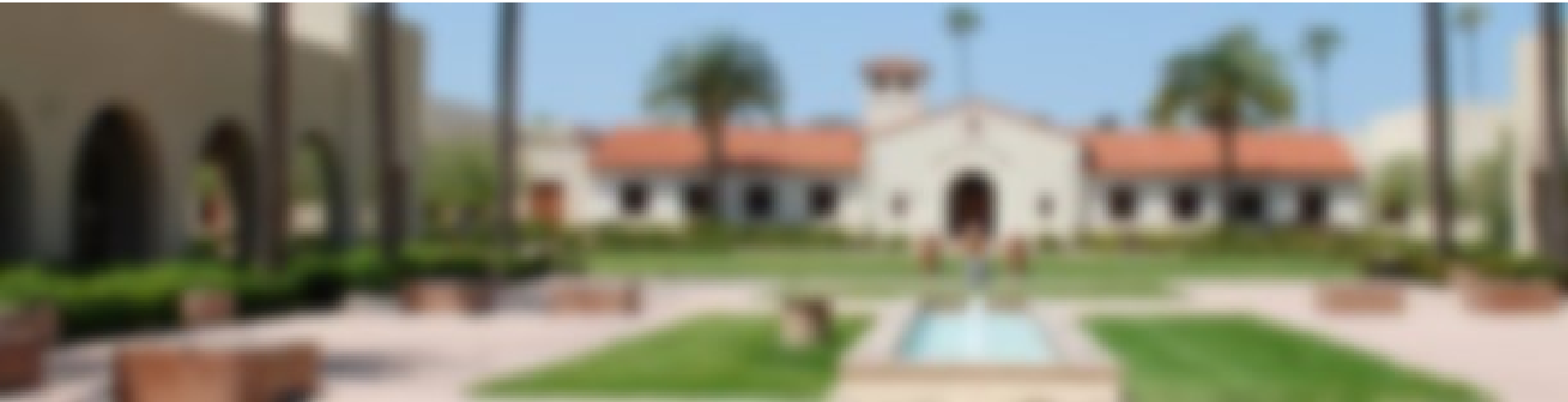


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## Financial Analysis

- Third Party Review
  - Underwriting
  - Assumptions/Forecasts





## III. PUBLIC BENEFIT AGREEMENT

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## City Requirements of PBAs

- Maintain Affordability
- Maintenance Provisions
- Tenant Protections
- Security for City

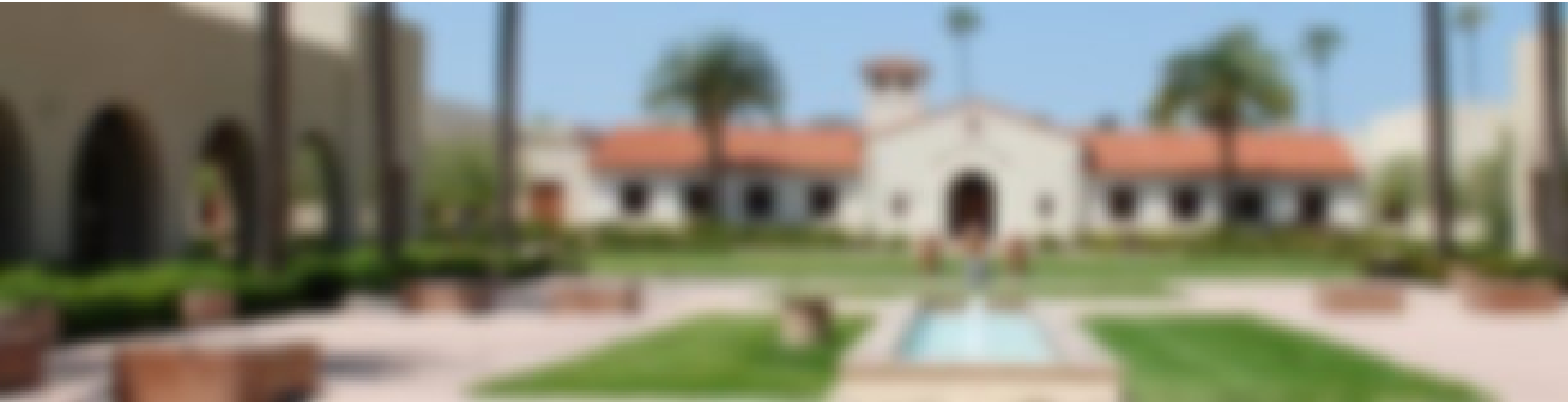


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## City Requirements of PBAs

- Failure to Deliver Host Charge – Remedies
- Annual Reporting Requirements
- Forcing of Sale & Tenants Notification
- City Interest in Property





## IV. REVENUES



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## Revenue

- “Host City Charge” - General Fund
- Monitoring Fees



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## Sale Proceeds

1. Foregone Property Tax
2. Affordable Housing (minimum 50%):
  - Construction;
  - Conversion or Preservation;
  - Homeownership Assistance Opportunities - priority to project tenants; and/or
  - Convert rental project into condominiums for moderate income.
3. Economic Development
  - Job creation;
  - University Site Development; and/or
  - Development or preservation of Small Businesses.

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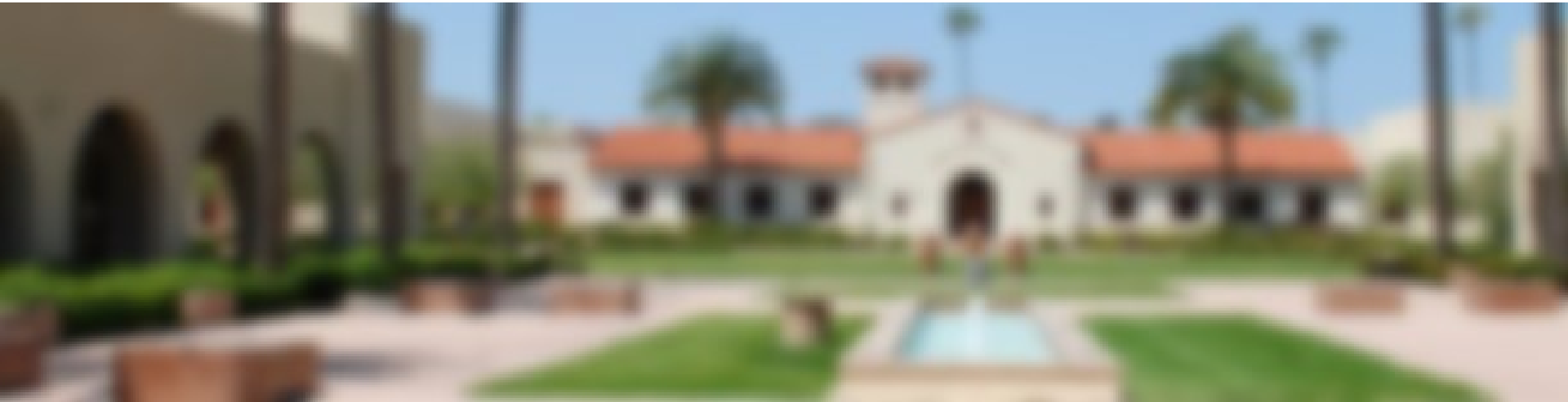
## Conclusion

- Effective Immediately
- Updates to Policy by City Manager
  - Legal
  - Financing

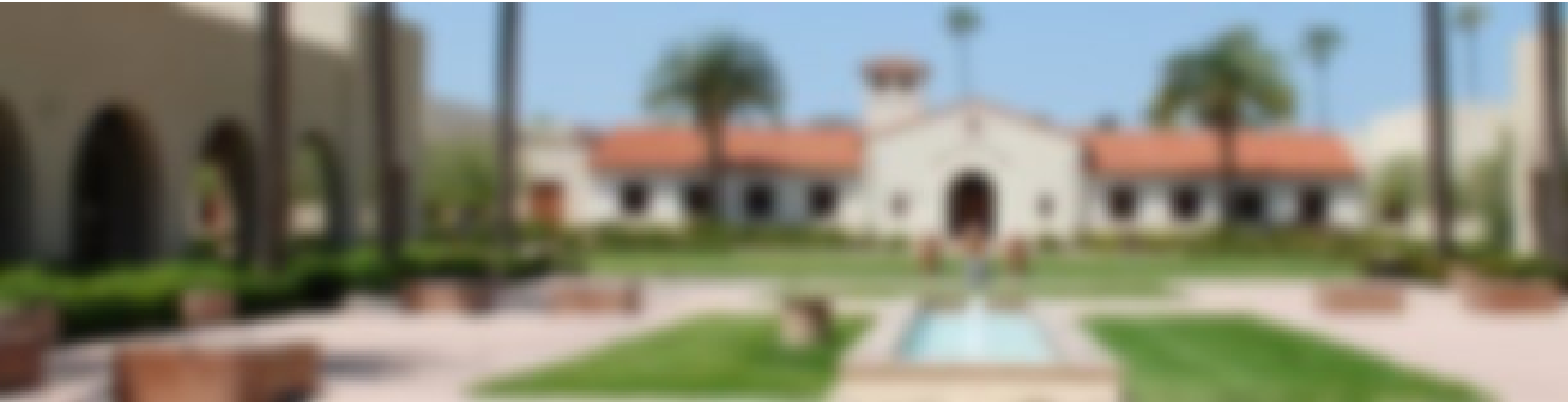
AUTHORITY



# “WORKFORCE HOUSING ” POLICY



## Questions and Discussion



# REMAINING CONCERNS



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## Host Charge

- Legality of “Host City Charge”
- Assurance of Project Revenues



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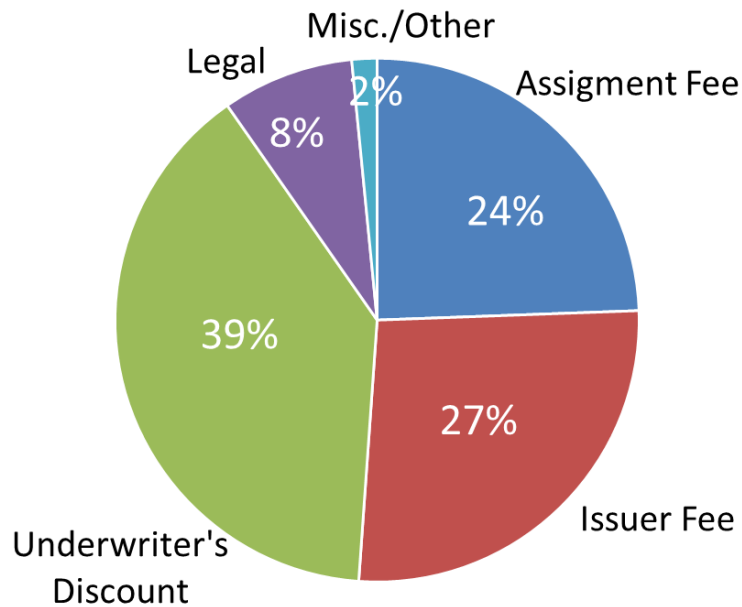
## Taxing Impacts

- Other Taxing Entity Impacts



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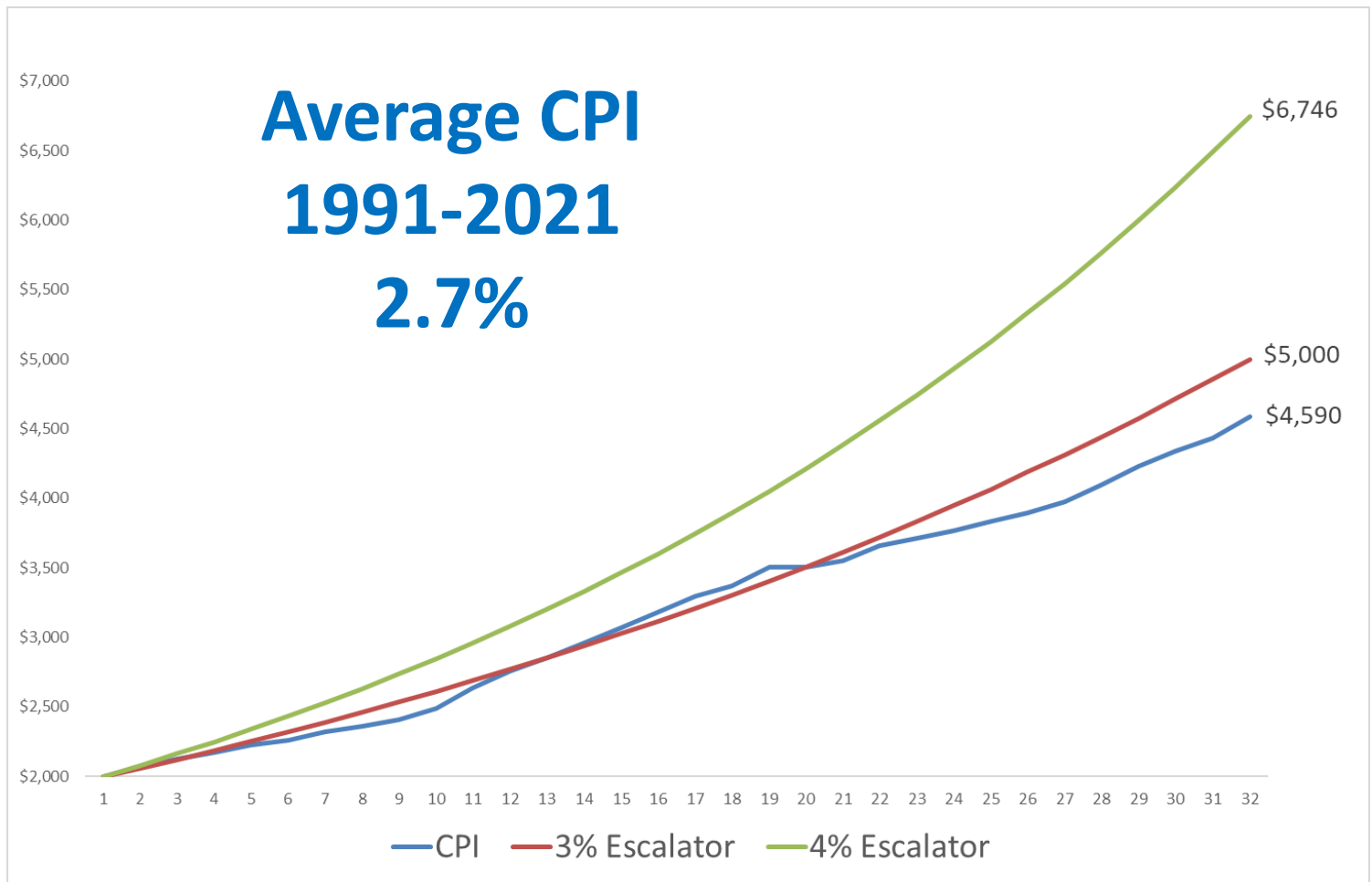
## Fee Structure



- Fees vary by JPA
- High fees may prevent lower rents

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## Projected Assumptions





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## Forced Sale

- Unknown Market Conditions in 30 Years:
  - Bonds are not fully amortized
  - Debt repayment
    - Dependent upon real estate; and
    - Bond market performance.
- Revenue from Forced Sale





# Workforce Housing Policy

## Public Perception

- Public Perception
- Community Concerns

