



CITY COUNCIL STAFF REPORT



August 23, 2022

ITEM TITLE

Agreement: Approve a Community Purpose Facilities Agreement for Millenia Sectional Planning Area

Report Number: 22-0209

Location: Millenia Sectional Planning Area, located at the southwest corner of Birch Road and Eastlake Parkway, east of State Route 125

Department: Development Services

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act ("CEQA") State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving the Community Purpose Facilities (CPF) Agreement for the Millenia Sectional Planning Area.

SUMMARY

The SLF IV – Millenia, LLC ("Developer") is requesting an agreement for alternative CPF compliance within the Millenia SPA in the form of a per unit fee to be paid into a fund for CPF uses as identified by the City. The Millenia SPA, entitled for 2,983 residential units, requires 10.7-acres of CPF land as required by the Chula Vista Municipal Code ("CVMC") Section 19.48.025. The proposed fee is \$2,343.22 per each residential dwelling unit ("DU") constructed in excess of 2,659 units, and would be considered after the current CPF credit of 9.34 acres is exhausted at the issuance of the 2,604th residential building permit. The proposed fee will escalate 3% annually starting January 1, 2023.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and has 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.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable

DISCUSSION

Background

The Millenia Sectional Planning Area (“SPA”) is located at the southwest corner of Birch Road and Eastlake Parkway, east of the SR 125 toll road. The SPA was originally adopted on October 6, 2009, via Resolution No. 2009-224 and Ordinance No. 3142 with subsequent amendments on March 5, 2013; August 9, 2016; December 6, 2016, and July 10, 2018.

The Millenia SPA is a 206-acre urban mixed-use center with a maximum buildout of 2,983 multi-family residential units and 3,487,000 square feet of commercial uses including office, hospitality, retail and civic uses. To date, 2,409 of the 2,983 entitled multi-family units have been permitted.

The following is a partial list of projects that have had building permits issued since the original SPA adoption:

- Pulse Millenia Apartments – a 273-unit rental community.
- Chelsea Investment Company – a 210-unit family (Duetta) and senior (Volta) affordable apartment community.
- Ayres Hotel - a 135-room four story hotel.
- The Sudberry Properties Millenia Commons Retail Center - a 130,000 square foot retail center.
- Trammel Crow Residential Alexan Apartments- a 309-unit mixed use rental project with 10,000 square feet of commercial and live work units.
- Trammel Crow Residential Esplanade Apartments - a 253-unit rental community.
- Metro, Evo and Trio by Meridian Communities - a 217-unit condominium project.
- Element and Z by Shea Homes - 106 three story townhomes and 70 detached urban homes.
- Skylar by KB Homes - a 79-unit detached home project.
- Boulevard by Lennar - a 78-unit townhome project.
- Ryan Companies Avalyn Apartments – 480-unit mixed use community.
- Chelsea Investment Company Columba Apartments – 200-unit affordable housing community.

The Millenia SPA is entitled for 2,983 residential units, resulting in a maximum possible CPF obligation of 10.7 acres (2.58 residents per unit x 2,983 units = 7,696 people ÷ 1,000 residents x 1.39 acres). This CPF obligation is partially offset by a 9.34-acre CPF credit. This credit was generated by other McMillin projects within Otay Ranch Villages Six and Seven that exceeded their respective CPF obligations.

The CPF credit of 9.34 acres will be exhausted at the time of the issuance of the 2,604th residential building permit. It is anticipated that the SPA will build 2,659 residential units, resulting in a 0.20-acre CPF obligation beyond the credit. Given the impracticality of delivering a CPF use on 0.2 acres, the Developer has requested to pay \$128,877.10 to the City, to be restricted for future CPF uses in perpetuity (“CPF Benefit Funds”). The proposed CPF Benefit Funds are based on the “as-is” value for a finished commercial lot of \$15.00 per square foot. This equates to a cost of \$653,400 per acre of CPF land.

If the Millenia SPA is built out to the total entitlement of 2,983 units, an additional CPF obligation of 1.16 acres would be generated. The proposed agreement provides discretion to the Developer to provide the additional 1.16 acres as CPF land or to pay additional CPF Benefit Funds on a per unit basis for each unit constructed in excess of 2,659 ("CPF Benefit Fee").

The per unit CPF Benefit Fee is determined by the following calculation:

2.58 People Per Household/1000 x 1.39 acres per 1,000 population x \$653,400 (cost of an acre of improved CPF land)

CPF Benefit Fee per residential unit = \$2,343.22

This CPF Benefit Fee for the Millenia SPA will have an annual 3% escalator that will begin on January 1, 2023.

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 drafting of the proposed agreement are borne by the developer, resulting in no net fiscal impact to the General Fund or Development Services Fund as a result of this action.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the General Fund as a result of this action.

ATTACHMENTS

1. Community Purpose Facilities Agreement

Staff Contact: Laura C. Black, AICP, Interim Director of Development Services