



# CITY COUNCIL STAFF REPORT



**April 9, 2024**

## **ITEM TITLE**

Waiver of Development Impact Fees: Approve a Waiver of Parkland Acquisition and Development Fees for a 57-Unit, 100 Percent Affordable Senior Housing Project Located at 178 Third Avenue

**Report Number:** 24-0076

**Location:** 178 Third Avenue

**Departments:** Development Services & Housing and Homeless Services

**G.C. § 84308:** Yes

**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 to waive Parkland Acquisition Fees and Development Fees, totaling \$625,414 for a proposed 57-unit, 100 percent affordable senior housing project at 178 Third Avenue.

## **SUMMARY**

The project located at 178 Third Avenue, currently named “Chula Vista Seniors,” is a 57-unit, 100% affordable senior housing project (“Project”) being developed by Interfaith Development Corporation (“Developer”). Pursuant to the Chula Vista Municipal Code (“CVMC”) Section 17.10.070 (B), the Developer has requested a waiver of the Parkland Acquisition and the Park Development Fees. The requested waiver totals \$625,414 and can be used to enhance the Project’s feasibility to construct the 100% affordable senior housing project.

## **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 the proposed activity consists of a governmental fiscal/administrative activity which does 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

The Project consists of a three-story building totaling 37,780 square feet, which will include 57 apartments restricted to persons aged 55 and over, one unrestricted manager's unit (for a total of 58 units), a sun deck, outdoor garden and seating area, and associated parking. The Developer has entered into an Affordable Housing Density Bonus Agreement with the City and is agreeing to restrict the 57 units to seniors for a term of 55 years. Conditional Use Permit No. CUP17-0004 and Design Review Permit No. DR17-0007 were approved on August 22, 2018. Building Permit No. BR19-0183 was issued on May 30, 2023. The Project is currently under construction and expected to be completed in November 2024.

Separately, the Developer is preparing to apply to the California Tax Credit Allocation Committee ("CTAC") for Low Income Housing Tax Credits ("LIHTC") in April 2024. Projects may apply for such credits even if they have already started construction. If awarded, the 57 residential units are currently planned to be restricted to the following income categories:

- 6 units restricted to extremely low-income households (\$41,350)
- 11 units restricted to very low-income households (\$68,900)
- 40 units restricted to low-income households (\$110,250)

The Area Median Income ("AMI") for a family of four in San Diego County is \$116,800.

The City's adopted Housing Element identified this property within our site inventory list to meet the City's Regional Housing Needs Assessment ("RHNA"). The Housing Element identified this site as having capacity for 27 units for lower income households (combination of extremely low, very low and low-income households), 9 units for moderate income households and 9 units for above moderate households. The current project exceeds these planned targets, with 40 units for low income households, 11 units for very low income households, 6 units for extremely low income households, and one above-moderate manager's unit. The City's housing inventory will be updated accordingly.

The proposed fee waiver authorized by this resolution will increase the likelihood that the Project is able to secure LIHTC which are highly competitive. Fee waivers lower the Project cost and are counted as a local contribution to the Project, both of which help improve the Project's "tiebreaker" score. Projects compete on a point scoring basis for LIHTC funding. Since most projects receive the maximum point score, a tiebreaker formula generally decides which projects are awarded tax credits.

### *Parkland In-Lieu Fees*

The City requires all residential development projects over 50 units to dedicate parkland and construct parks or pay parkland in-lieu fees. The City assesses two park in-lieu fees: Parkland Acquisition Fee and Parkland Development Fee. The amount of each of these fees for the 58-unit Project would be \$215,006 and \$410,408 respectively, for a total of \$625,414. CVMC Section 17.10.070 (B) allows for the waiver of all or any portion of such park improvements or in-lieu parkland fee requirements in the interest of stimulating the construction of housing for low- and moderate-income families, by resolution of the City Council.

Staff recommends that the Parkland Acquisition and In-Lieu Fees for the Project in the total amount of \$625,414 be waived to facilitate the construction of much needed 100% affordable senior housing units in downtown Chula Vista.

### **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**

The waiver of \$625,414 in Parkland In-Lieu Fees would result in a one-time loss in Western Parkland Acquisition and Development Fee revenue funds which are used to acquire park land and construct parks in western Chula Vista.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal year impact to the Western Parkland Acquisition and Development Fee revenue funds as a result of this action.

### **ATTACHMENTS**

None.

*Staff Contact: Kimberly Elliott, Facilities Financing Manager, Development Services  
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