



**HOUSING &
HOMELESS SERVICES**

Housing Policy

Item 8.1· City Council · May 21, 2024

Overview

Title 19 Code Amendments

Title 19 · Planning and Zoning

A1

Add Chapter 19.91 (Inclusionary Housing)

A2

Amend Chapter 19.90 (Affordable Housing Incentives)

A3

Amend Section 19.58.460 (Objective Design Standards)

A4

Add Chapter 19.93 (Residential For-Sale Affordable Unit Requirements)

A5

Add Chapter 19.94 (Marketing, Application, Lottery, and Waitlist Requirements for Affordable Rental Housing Projects)

Overview

Resolutions and Code Amendments

- B** **Amend** Master Fee Schedule
 - 1) Inclusionary housing in-lieu fee
 - 2) Monitoring fee

- C** **Repeal** Council Policy No. 453-02
(For-Sale Affordable Policy)

- D** **Amend** CVMC Chapter 17.10
(Parkland Acquisition & Development Fee)

- E** **Resolve** to revise Housing Authority bond policies

- F** **Resolve** to appropriate funds for Local Housing Trust Fund

- G** **Resolve** to apply for Prohousing Designation

Background

Regional Housing Needs Allocation (RHNA)

RHNA is a minimum projection of additional housing units needed to accommodate projected household growth of all income levels by the end of the housing-element's statutory planning period.

State (HCD)

- Identify total number of homes to meet the regional housing needs of people across spectrum of income levels

Region (SANDAG)

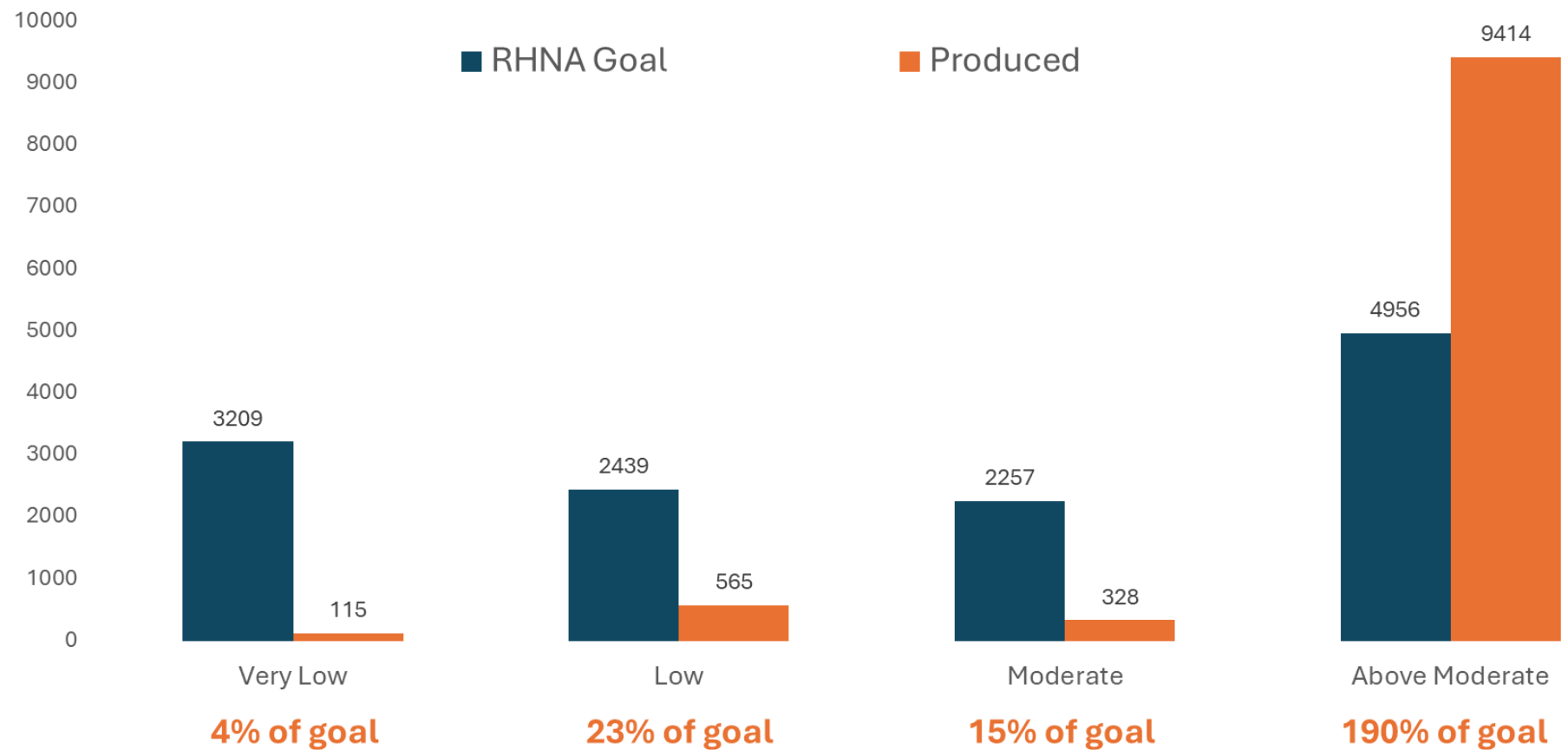
- Allocate share to each local government

Local Government

- Update Housing Elements and local zoning to show how RHNA will be accommodated

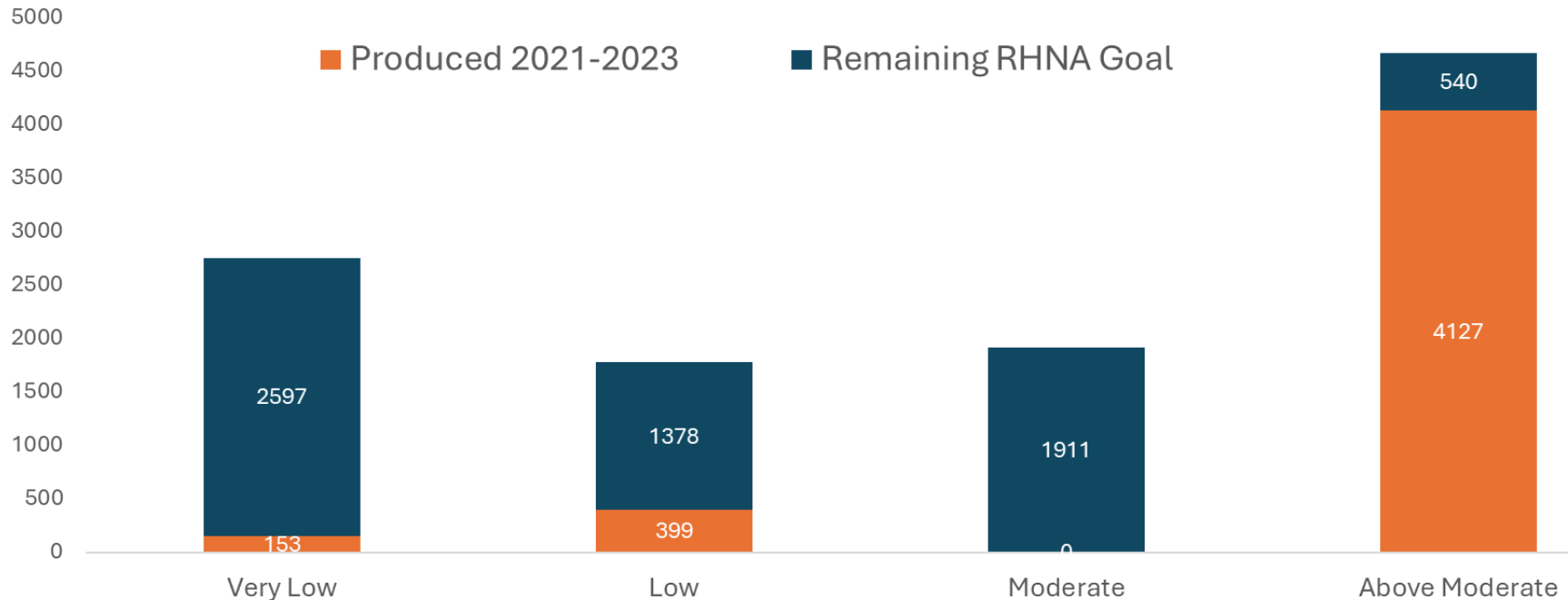
Background

Housing Production, 2013-2020



Background

2021-2029 RHNA Targets, Production & Projection



**% of
identified need
met as of 12/31/23**

6%

22%

0%

88%

Projection at
end of HE
without policy
updates

408 units
15%

1,064 units
60%

0 units
0%

11,005 units
236%

Background

Housing Element Commitments

Action 3.4

- Review and update Balanced Communities Policy (Inclusionary Housing) within 36 months of Housing Element adoption

Action 3.6

- Update Chapter 19.90 (Density Bonus) within 24 months of Housing Element adoption

Action 4.1

- Affirmatively further fair housing

Inclusionary Housing *History*

A1

1981

- Balanced Communities Policy
- Projects 50+ units, 10% affordable

2005 –
2008

- In-lieu fee established
(\$12,422/market rate unit)

2012

- Administrative guidelines established
- Western Chula Vista exempted

2022

- Western Chula Vista exemption repealed

Chapter 19.91 - Inclusionary Housing

Stakeholder Engagement

A1



Chapter 19.91 - Inclusionary Housing *Methodology*

A1

Reviewed

Reviewed zoning, development patterns, and context

Identified

Identified 5 development prototypes

Analyzed

Analyzed costs and revenues for each prototype

Calculated

Calculated cost gap to provide units at an affordable price

Considered

Considered developer feasibility based on industry metrics

Developed

Developed policy recommendations

Revised

Revised recommendations based on public input

Inclusionary Housing *Proposal*

RECOMMENDATIONS

	Existing Policy	Initial Policy Recommendations (Oct 2023)	Revised Policy Recommendations (Mar 2024)
Inclusionary Unit Requirement	10%	10%	10%
Project Size Threshold *	All new residential development with 50 or more units	All new residential development, with pro rata in lieu fee for fractional units	All new residential development with 10 or more units
Ownership Housing Affordability Mix	50% moderate- and 50% low-income	50% moderate- and 50% low-income	50% moderate- and 50% low-income
Rental Housing Affordability Mix	50% moderate- and 50% low-income	30% moderate-, 30% low-, and 40% very low-income	50% moderate- and 50% low-income

Inclusionary Housing

A1

Planning Commission Recommendation

Recommend revising minimum unit threshold to 25 units

Planning Commission Reasoning for 25-unit threshold

- Smaller projects have lower profit margins - same fixed costs, therefore don't benefit from economies of scale
- Developers will seek to build smaller projects / fewer units to avoid fee

Staff Reasoning for 10-unit threshold

- Progress towards RHNA targets
- May incentivize use of Density Bonus, leading to more overall units
- Research doesn't indicate disparity between small/large projects
- A higher minimum threshold will create a greater fiscal cliff, incentivize evasion
- Round number simpler to administer

Inclusionary Housing *Comparative Analysis*

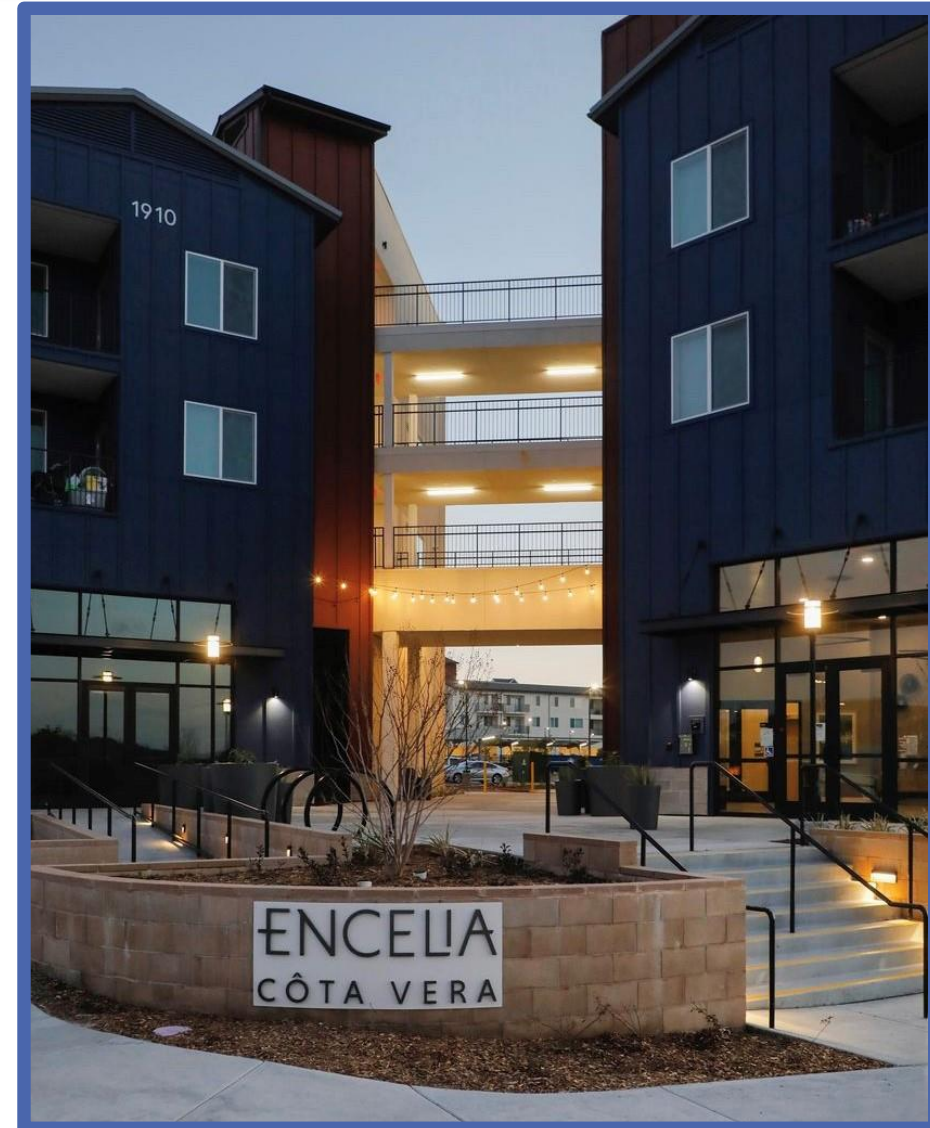
All San Diego jurisdictions have a minimum threshold of 1 to 10 units.

City	Last Update	Inclusionary Req		Minimum Units	
		Rent	Sale	Rent	Sale
Poway	2018	15%	15% or 20%	1 unit	1 unit
Coronado	1993	20%		2 units	2 units
San Marcos	In Progress	15%		1 unit	1 unit
Chula Vista (Existing)	1983	10%		50 units	50 units
Carlsbad	2022	15%		7 units	7 units
Encinitas	2021	15% or 20%		7+ units	7+ units
Oceanside	2022	10%		3+ units	3+ units
San Diego	2023	10%	10% or 15%	5 to 10 units (2)	2+ units
San Diego County	2023	10%		10 units	10 units
Solana Beach	2023	10%		4+ units	4+ units
Del Mar	2018	20%		2 units	2 units

Inclusionary Housing *Alternative Compliance*

A1

- Off-site Affordable
- Land Dedication
- Market Rate Unit Conversion
- Preservation of At-Risk Housing
- Credit for Additional Affordable Units
- Incentive Credits for Deeper Affordability



Inclusionary Housing

In-Lieu Fee

B1

Current

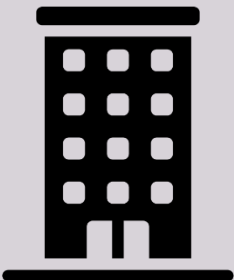
\$12,422 per market-rate unit

Proposed

\$8 per square foot (ownership)
\$16 per square foot (rental)

Prototype Examples

Apartment
750 sf
\$12,000/unit



Townhome (ownership)
1,200 sf
\$9,600/unit



Large house (ownership)
3,000 sf
\$24,000/unit



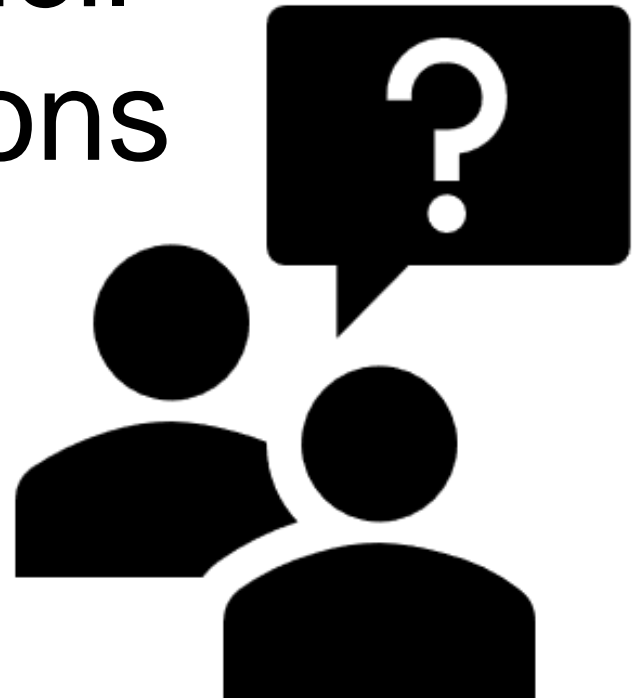
Inclusionary Housing *Potential Impact*

A1

Western Chula Vista multifamily housing production, 2021-23

Project	Address	Density Bonus?	Affordable Units	Market Rate Units
The Union Apts	245 Bonita Glen	Yes	14	147
Azul Apts	310 K Street	Yes	3	43
Backhouse Apts	252 Church St	No	0	31
Casa Estilo	795 3rd Ave	Yes	16	110
Chula Vista Seniors	178 3rd Ave	Yes	57	1 (Mgr)
Casa Anita	760 Anita St	Yes	95	1 (Mgr)
Total			185	333

Pause for Council
clarifying questions



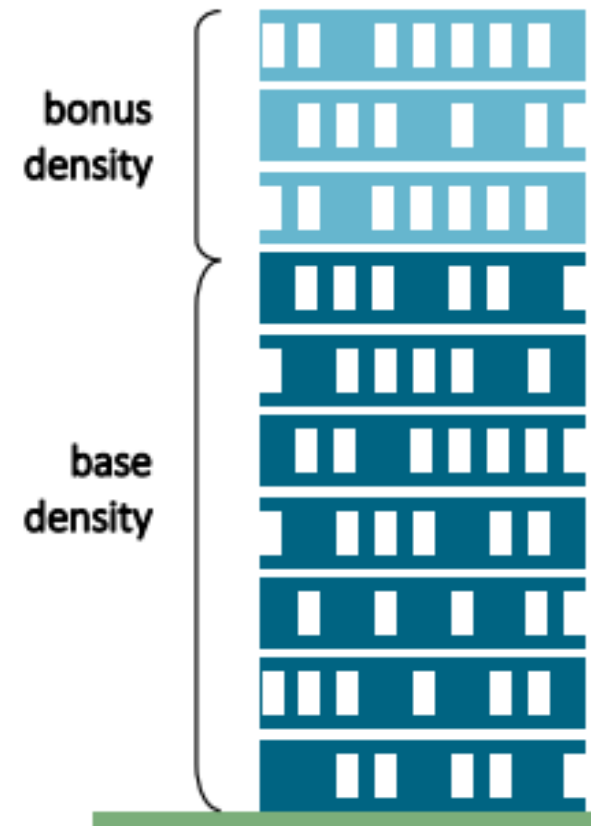
Chapter 19.90 - Density Bonus *Proposed Amendments*

A2

State law (Gov't Code Section 65915)

- Development incentives in exchange for affordable units
- Amended frequently

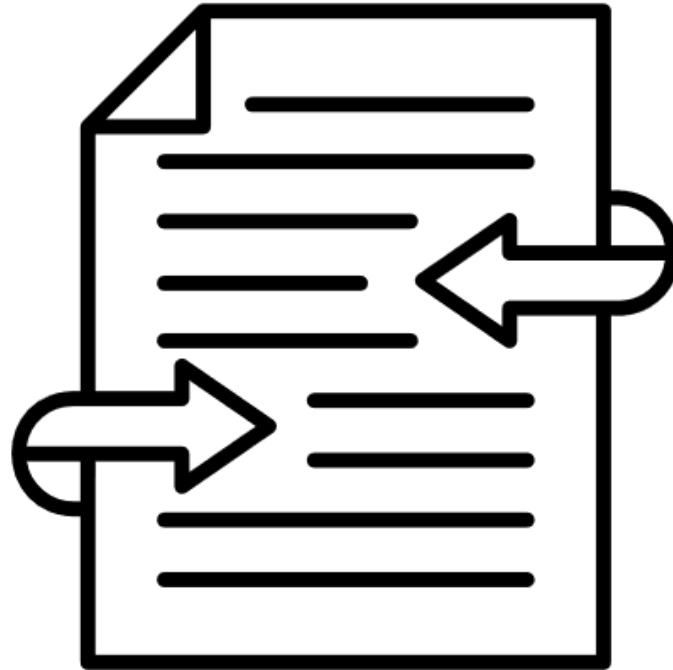
Local Update to defer to State law



Section 19.58.460 - Objective Design Standards *Proposed Amendments*

A3

Minor clerical edits for consistency with State and local municipal code (Density Bonus, Inclusionary)



Chapter 19.93

For-Sale Affordable Unit Requirements

A4



Codifies longtime Council Policy (453-02)
Details covered in Administrative Guidelines



Provides criteria for advertising and sale of
affordable homeownership units



Requires Value Capture Agreement
(Shared Appreciation Loan)

- City recycles principle + a portion of equity growth
- More efficient than resale restrictions

Chapter 19.94

Marketing, Application, Lottery, and Waitlist Requirements for Affordable Rental Housing

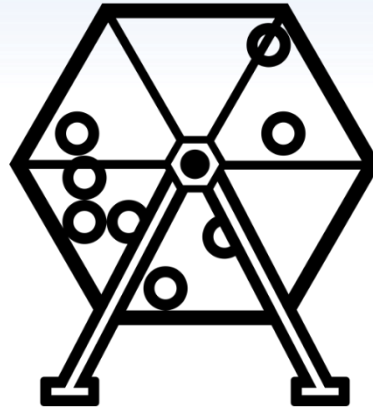
A5

- ✓ Title VI of the Civil Rights Act of 1964
- ✓ Fair Housing Act
- ✓ California's Fair Employment and Housing Act

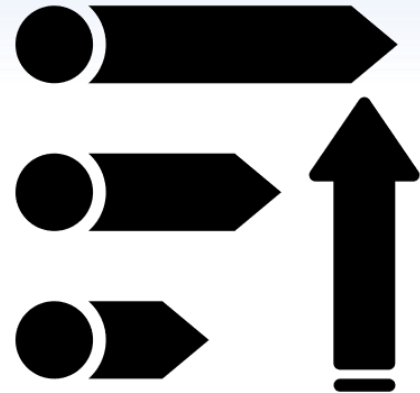
Robust Outreach



Lottery



Local Preferences



Chapter 19.94

Affordable Lottery Preferences

A5

1st

- Chula Vista residents displaced due to government action; or
- Currently receiving program services & referred by Housing & Homeless Services.

2nd

- Residents who received a no-fault termination of tenancy, within past 2 years, which was subject to Chula Vista Municipal Code Chapter 9.65 (Residential Tenant Protection).

3rd

- People who currently live or work in Chula Vista.

4th

- All other eligible members of the general public.

Monitoring Fees

(Non-Bond Affordable Projects)

B2

\$70 per unit per year

- Physical inspections
- File reviews



Parkland Fee Exemptions for 100% Affordable Projects

D

- Residential projects must dedicate land and construct parks or pay in-lieu fees
- Current case-by-case Council waiver process
- Proposal would provide administrative exemption for 100% affordable projects



Western Chula Vista
\$10,783/unit

Eastern Chula Vista
\$16,484/unit

Parkland Fee Exemptions for Affordable Units

D

- Streamlined process
- Attract state and federal investment
- Progress toward affordable production goals



Congregational Place
56 units for low-income seniors
\$603,848 PAD fees waived



Chula Vista Seniors (178 3rd Ave)
58 units for low-income seniors
\$625,414 PAD fees

Bond Policies

Chula Vista Housing Authority

E

CDLAC



Bond
Issuer

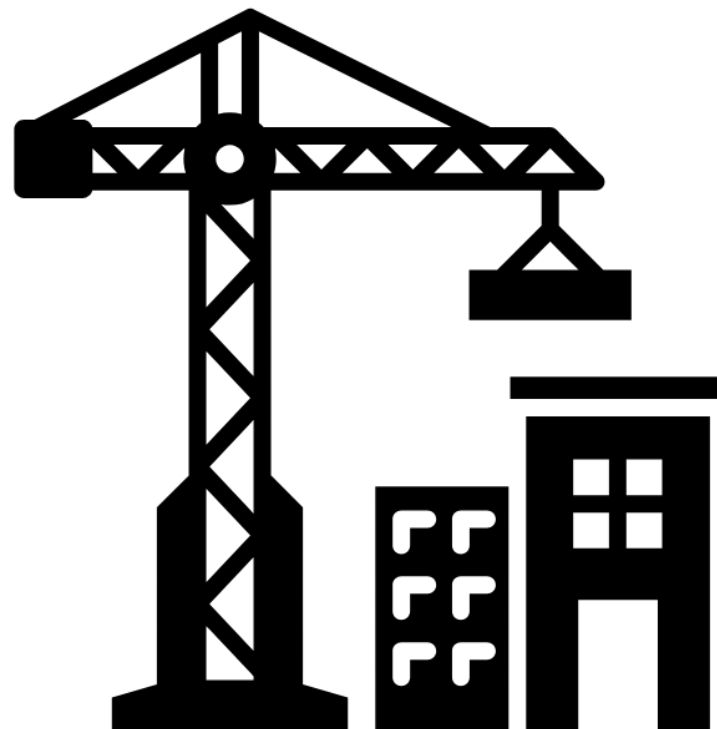


Affordable
Project

- Housing Authority to be primary conduit bond issuer
- Greater regulatory oversight
- Does not affect City's bond capacity or credit rating

Local Housing Trust Fund (LHTF)

- **\$500,000** appropriation into new “Local Housing Trust Fund” account
- Creates eligibility for HCD matching grant
- Summer application window
- To be used for affordable housing development



Prohousing Designation

G

- HCD program
- 47 other jurisdictions have qualified
- More funding opportunities for Affordable Housing





**HOUSING &
HOMELESS SERVICES**

Item 8.1 Recommended Action

Approve the proposed code amendments and resolutions designed to facilitate housing production and fulfill Housing Element commitments.