



CITY COUNCIL STAFF REPORT



April 21, 2026

ITEM TITLE

Housing Authority Bond Approval: Approve the Issuance of Tax-Exempt Multifamily Housing Revenue Bonds for the Acquisition, Construction, and Equipping of the Sol Vista Apartments Project and Certain Other Matters Relating Thereto

Report Number: 26-0091

Location: Southwest corner of Santa Victoria Road and Santa Diana Road (Village 2)

Department: Housing and Homeless Services

G.C. § 84308 Regulations Apply: No

Environmental Notice: The proposed Project is adequately covered in the previously certified Final Supplemental Environmental Impact Report (FSEIR) for the Otay Ranch Villages Two, Three, and a Portion of Village Four Comprehensive SPA Plan Amendment (FSEIR 12-01; SCH #2003091012; and incorporated by reference in City Council Resolution No. 2014-207 on November 4, 2014).

Recommended Action

Adopt a resolution of the Chula Vista Housing Authority authorizing the issuance of up to \$14,000,000 in tax-exempt bond obligations for the ninety-six (96) unit Sol Vista Apartments affordable housing development, formerly referred to as Enclave Montecito.

SUMMARY

Sol Vista Apartments (the “Project”) is a proposed ninety-six (96) unit affordable housing development to be developed by Baldwin & Sons, Inc. (the “Project Sponsor”) within Village 2 in Eastern Chula Vista. The proposed action would authorize the Chula Vista Housing Authority (“Housing Authority”) to issue tax-exempt multifamily housing revenue bonds, in an aggregate amount not to exceed \$14 million, to finance the construction, maintenance, and operation of the Project. A separate public hearing and resolution was heard prior to this item, considering approval of the issuance on behalf of the City of Chula Vista (“City”) as the local jurisdiction, in compliance with the Tax Equity and Fiscal Responsibility Act of 1982, as amended (“TEFRA”).

ENVIRONMENTAL REVIEW

The Project has been reviewed for compliance with the California Environmental Quality Act (CEQA), and it has been determined that the Project was adequately covered in the previously certified Final Second Tier Environmental Impact Report for the Otay Ranch Villages Two, Three, and a Portion of Village Four Sectional Planning Area (SPA) Plan (FSEIR 12-01; SCH #2003091012; and incorporated by reference in City Council Resolution No. 2014-207 on November 4, 2014) and Final Supplemental Environmental Impact Report for the Village Two Comprehensive SPA Plan Amendment (FSEIR 12-01; SCH #2003091012; and incorporated by reference in City Council Resolution No. 2014-207 on November 4, 2014). Therefore, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Housing and Homeless Advisory Commission considered the item on Wednesday, March 25, 2026. It voted 3-0 to make an advisory recommendation to the Housing Authority in support of the item.

DISCUSSION

Background

The Project Sponsor is the master developer of the Village 2 SPA. The Village 2 SPA is subject to an Affordable Housing Agreement, which requires that ten percent (10%) of the 2,786 units approved for development within Village 2 be set aside for low- and moderate-income households. The proposed project would partially fulfill this requirement.

The Project is one component of a five hundred ninety-nine (599) unit mixed-use development to be constructed at the intersection of Santa Victoria Road and Santa Diana Road/Birch Road, as shown in Attachment 1. The Chula Vista Planning Commission approved the five hundred ninety-nine (599) unit development on December 13, 2023, under Planning Commission Resolution No. 2023-24. The Project was approved in accordance with State Density Bonus Law, which allows for various reductions in development standards in exchange for providing onsite affordable housing. In accordance with State Density Bonus Law, the Project was approved for reductions in onsite parking, private open space, common usable space, and public plaza space. While the ninety-six (96) unit affordable component will be a standalone building, it is treated together with the rest of the development as a single project for the purposes of the City's land use approvals. Under the Project's Density Bonus Regulatory Agreement, which was executed as of July 8, 2025, all ninety-six (96) units will be restricted to low-income households earning at or below eighty percent (80%) of the Area Median Income (AMI) for San Diego County. (The regulatory agreements associated with the tax credits and bonds will have deeper income targeting, and the most restrictive layer automatically applies.) The Project will consist of thirty-seven (37) one-bedroom units, thirty-one (31) two-bedroom units, and twenty-eight (28) three-bedroom units.

The Project is located to the south and west of the intersection of Olympic Parkway and La Media Road. The area is considered a "moderate resource" neighborhood according to the [CTCAC 2025 opportunity map](#). (The adjacent neighborhood to the east of La Media Road is considered a "high resource" neighborhood, and other nearby districts are considered "highest resource.") There are a number of amenities less than one mile from the Project site, including Otay Ranch Senior High School, Saburo Muraoka Elementary School, Mater Dei Catholic High School, Grove Park, and Paterna Park. Heritage Park and Heritage Station, an MTS Rapid bus

stop, are approximately 1.3 miles away from the Project site. The Otay Ranch Town Center, with grocery stores and major retail outlets, is approximately 1.5 miles away. Additionally, the larger mixed-use development at this site will include 11,400 square feet to be occupied by a commercial tenant.

There are three (3) separate actions that must be formally approved by the City and/or Housing Authority prior to the issuance of tax-exempt bonds by the Housing Authority:

- Inducement Resolution – This authorizes the Housing Authority, in coordination with the Project Sponsor, to apply for tax-exempt bonds on behalf of the Project. On July 16, 2025, the Housing and Homeless Advisory Commission voted to recommend adoption of the Inducement Resolution by a vote of 6-0. On August 5, 2025, the Housing Authority adopted HA Resolution No. 2025-006 authorizing the inducement of up to \$25 million in tax-exempt bonds. (At the time of application, the amount requested was reduced to \$14 million.)
- TEFRA Hearing – Under the Tax Equity and Fiscal Responsibility Act of 1982, as amended, the City must separately hold a public hearing (the TEFRA Hearing) and allow opportunity for public comment on the proposed bond issuance. The TEFRA Hearing was held prior to this action.
- Issuance Resolution – Following an award of bond allocation from the California Debt Limit Allocation Committee CDLAC, this authorizes the issuance of the bonds on behalf of the Housing Authority as governmental lender. This is the item now being considered.

Project Financing

With the proposed action, the Housing Authority would be the conduit bond issuer for tax-exempt multifamily housing revenue bonds in an aggregate amount not to exceed \$14 million for new construction and operation of the Project.

The total development cost is currently projected to be \$44.0 million, or approximately \$458,000 per unit. This figure excludes the acquisition cost of land, which will be contributed by the Project Sponsor, as often is done in master developments with inclusionary obligations, and contributes to the per unit cost being significantly lower than the current industry average for similar affordable developments. The Project is also able to realize cost savings in a number of other ways: cost-effective design (a light wood frame building with a surface parking lot); economies of scale from spreading the architectural, engineering, and other fixed costs across the entire 599-unit complex; a simplified set of funding sources resulting in lower legal and administrative costs; and no funding layers that trigger prevailing wage or similar labor wage standards.

An application was submitted September 9, 2025, to CDLAC and to the California Tax Credit Allocation Committee (CTCAC) for the companion tax credits. On December 10, 2025, the application was approved for funding, via CDLAC Resolution No. 25-352. The bond allocation and tax credit contributions will be used to substantially finance the Project. Tax credit and bond financing do not cover the entire cost of construction. In this case, the Project Sponsor does not intend to seek other public financing for the gap but will instead finance the remaining cost through private sources such as a mortgage or General Partner equity contribution.

The Housing Authority has an experienced team of consultants to assist with all aspects of the issuance. Peter Ross with Ross Financial is serving as bond adviser, reviewing the construction and operating budgets of the project and coordinating other aspects of the transaction. Bradley Neal with Stradling Yocca Carlson & Rauth serves as bond counsel on all Authority bond issuances, reviewing the legal aspects of the transaction. The

Authority's status will be strengthened by expanding its portfolio of affordable projects, and the City and the Housing Authority will have a greater ability to oversee ongoing compliance of the Project than if the bonds were administered by an outside issuer.

Further details regarding the Project can be found in the Feasibility Analysis performed by Ross Financial, attached to this report as Attachment 2.

The transaction documents are attached to this report as Attachments 3, 4 and 5. They are in substantially final form but remain subject to change, as approved by Legal Counsel.

DECISION-MAKER CONFLICT

Staff have reviewed the property holdings of the Housing Authority members and have found no property holdings within 1,000 feet of the boundaries of the property that 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. (Gov. Code, §87100, et seq.)

Staff are not independently aware and have not been informed by any Housing Authority Board 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 Multifamily Housing Revenue Bond program is a self-supporting program, with the borrower responsible for the payment of all costs of issuance and other costs of the bonds. The City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City but are to be paid for solely from funds provided by the Borrower. The Housing Authority will recover costs associated with administration by assessing fees to the Project in accordance with the Master Fee Schedule (Fee Bulletin 19-100). The current fee for bond origination is twenty basis points (0.20%) of the issuance amount, with a minimum fee of \$15,000. The origination fee range would be between \$15,000 and \$28,000.

ONGOING FISCAL IMPACT

The Multifamily Housing Revenue Bond program is self-supporting program. Staff costs associated with monitoring compliance of the regulatory restrictions and administration of the outstanding bonds will be reimbursed from an annual administrative fee paid to the Housing Authority by the owner. The current fee amount for a 96-unit development is \$17,000 annually.

ATTACHMENTS

1. Project Location Map
2. Feasibility Analysis
3. Borrower Loan Agreement
4. Funding Loan Agreement
5. Regulatory Agreement and Declaration of Restrictive Covenants

*Staff Contact: Brian Warwick, Housing Manager
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