

Affordable Housing Program

Implementation Plan Otay Ranch, Portion of Village Four

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I. INTRODUCTION

A. Purpose and Content

The purpose and intent of this Affordable Housing Program (AHP) is to encourage the development of diverse and balanced neighborhoods with a range of housing opportunities for all identifiable economic segments of the population, including households of lower and moderate income consistent with the City's housing policies and needs as specified in its General Plan Housing Element. The intent is to ensure that when developing the limited supply of developable land, housing opportunities for persons of all income levels are provided. The provisions of this AHP establish standards and procedures that will encourage the development of housing affordable to low and moderate income households within the Sectional Planning Area (SPA).

The AHP identifies the type and location of affordable housing units to be provided, potential subsidies or incentive programs, income restrictions and methods to verify compliance. The program may be implemented through various mechanisms including development agreements, tentative map conditions, and specific housing project agreements that may include additional terms and conditions, consistent with this program.

B. Needs Assessment

According to San Diego Association of Government's (SANDAG) Preliminary 2050 Cities/Counties Forecast, Chula Vista is expected to gain 92,454 new residents and 28,755 new households. Furthermore, SANDAG, through its Regional Housing Needs Allocation, estimated that based on anticipated economic growth for the period beginning January 1, 2010 to December 31, 2020, the City would experience a demand for 12,125 new housing units, of which 6,303 new housing units affordable to low and very low income households and 2,220 new housing units for moderate income households.

To encourage the development of adequate housing to meet the needs of low and moderate-income households and to further geographic and community balance, the City's adopted Housing Element provides for a Balanced Communities Policy, requiring ten percent (10%) affordable housing for low and moderate income households within developments of fifty (50) or more residential units. This inclusionary housing program will serve as only one component of the City's overall housing strategy and will complement other affordable housing efforts, including preservation of existing assisted housing, development of new assisted housing with public subsidies, first-time homebuyer assistance, and rehabilitation loans for low income homeowners. The City does find that such an inclusionary housing policy is beneficial to increasing the supply of housing affordable to households of lower and moderate income incomes and to meet the City's regional share of housing needs given the demographics of the community and its needs, past housing production performance, and the existing opportunities and constraints as detailed in its Housing Element.

The current characteristics of the City's population, housing, employment, land inventory, and economic conditions, that affect its housing goals, policies and programs include:

- The population has more diversity in race/ethnicity than the region, in that 20% of the population is white (non-Hispanic) and 60% is Hispanic (all races). This compares to - percent and - percent, respectively, for the region as a whole.
- Chula Vista residents have household income characteristics that nearly match the regional median.
- There is a disparity in household median income for those households living west of Interstate-805 (\$47,969) and east of Interstate-805 (\$86,032).
- One in every 4 households earns less than \$35,000 per year.
- Household size is slightly larger than the region, at 3.21 persons per household compared to 2.75 per household for the region.
- Seniors, aged 65 years or older, comprise 10% of the total households.
- Housing west of Interstate-805 was built primarily before 1980 (32% before 1960 and 50% between 1960-1980). Housing east of Interstate-805 was built after 1980, with 41% built between 1980-2000, and 50% built after 2000.
- Housing types are diverse west of I-805, with 41% multi-family housing and 41% single-family housing. Single-family homes comprise the majority of housing available east of I-805 (82% of housing).
- A home ownership rate of 58.1% is slightly above as the region's rate of 54%.
- The median housing cost (resale) in 2011 of \$305,000 is \$15,000 less than the region's median cost of \$320,000.
- The well-established neighborhoods and master planned neighborhoods create different opportunities and require a different set of policies and programs to address housing needs.
- The amount of land in the City available for new residential development is severely limited by geography and size. The largest supply of vacant developable land is planned for master planned communities.
- A high rate of new home construction is anticipated due to the many approved master planned communities in the City.
- Reinvestment in the well-established neighborhoods of Chula Vista continues to be needed.
- The City's diverse employment base will grow by more than 73% between 2008 and 2050, with the majority of growth in the retail, service, and governmental sectors.
- Based upon past production of housing, sufficient housing opportunities for households with incomes at or below the Area Median Income (AMI) have not been provided.
- Despite substantial investments of Federal HOME funds and funding from the Redevelopment Agency's Low and Moderate Income Housing Fund (prior to the dissolution of Redevelopment), the City has not been able to produce all the units called for in the Regional Housing Needs Allocation.

Chula Vista faces a growing shortage of housing that is affordable to a wide range of our population and needed for a healthy functioning housing market. This lack of affordable housing is detrimental to the health, safety, and welfare of the City's residents. Employees may be forced to live in less than adequate housing within the City, pay a disproportionate share of their incomes to live in adequate housing within the City or commute increasing distances to their jobs from housing located

outside the City. The City's Balanced Communities Policy can enhance the public welfare by increasing the supply of housing affordable to households of lower and moderate income incomes in a balanced manner and thereby combating the adverse effects to the City due to an insufficient supply of affordable housing.

II. VILLAGE FOUR AFFORDABLE HOUSING OBLIGATION, LOCATION, PHASING, DESIGN AND UNIT MIX

A. Obligation

The City of Chula Vista Housing Element, Guidelines to the Balanced Communities Policy, and the Otay Ranch GDP provide that ten percent (10%) of the total units will be affordable to low and moderate income households. Of the ten percent (10%), five percent (5%) must be affordable to low-income households and five percent (5%) must be affordable to moderate income households. In calculating the required number of affordable units, fractional units may result and may either be provided as one additional affordable unit or paid as a partial in-lieu fee equal to the resulting fraction.

The estimated Village Four affordable housing unit obligation is based on the Village Four SPA entitlement authorization of 350 units within the Village. The affordable units required for Village Four are 17.5 low income and 17.5 moderate-income affordable units.

B. Compliance Alternatives

The housing policies established in the City of Chula Vista Housing Element advocate a broad variety and diversity of housing types. Generally, the City encourages the construction of new residential units to increase its supply of affordable housing within the Village "on-site"). Provision of low and/or moderate income units within Village Four may present a hardship due to the limited developable area resulting from the topographic restrictions of the site including Rock Mountain to the south and Wolf Canyon to the north and west. To provide greater flexibility in satisfying the affordable housing obligations due to the unique conditions of Village Four and/or the varied housing needs of the community, the Developer may select alternative methods of meeting the affordable housing requirement, consistent with the City's Guidelines to the Balanced Communities Policy, which may include:

- **Off-Site**

Provision of housing for low and moderate income households at a different site/location outside of Village Four, known as the "off-site" option; and

- **In-Lieu Housing Fee**

Payment of an in-lieu housing fee, including a prorated in-lieu fee for partial units. Consistent with the City's policy, the developer will pay the In-Lieu Housing Fee at the time of issuance of each Building Permit. Payment of the Fee shall include prorated fees for partial units.

III. COMPLIANCE

Terms related to occupancy and affordability restrictions shall be recorded as a separate deed restriction or regulatory agreement on the property designated for the affordable units

and shall bind all future owners and successors in interest for the term of years specified therein.

The City shall monitor affordable units for compliance with those terms and conditions of all relevant Affordable Housing Agreements or other restrictions. The Developer shall submit compliance reports in the frequency and manner prescribed by the City of Chula Vista Development Services Department.

IV. IMPLEMENTING AGREEMENTS AND CONDITIONS

This AHP may be implemented through various mechanisms including development agreements, tentative map conditions, and specific housing project agreements that may impose additional terms and conditions consistent herewith.

V. DEFINITIONS

Low-Income Household

A household of persons who claim primary residency at the same unit with combined incomes that are greater than 50%, but not more than 80% of the Area Median Income (AMI) for the San Diego area based on household size as determined annually by the U.S. Department of Housing and Urban Development (HUD). Household size is calculated by the number of persons residing at the same unit as their primary residency.

Moderate Income Household

A household of persons who claim primary residency at the same unit with combined incomes between 80% to 120% of the AMI for the San Diego area based on household size as determined annually by HUD. Household size is calculated by the number of persons residing at the same unit as their primary residency.