Legislation Details (With Text)

File #:	22-586 **Version:** 1		
Type:	Consent Calendar	**Status:**	Passed
File created:	6/30/2022	**In control:**	City Council/Public Financing Authority
On agenda:	9/6/2022	**Final action:**	9/6/2022
Title:	Approve and authorize execution of a Density Bonus and Affordable Housing Agreement with The Olson Company, LLC for the 34-unit townhome project located at 8375 Talbert Avenue		
Attachments:	1. Att#1 Final Density Bonus & AH Agmt-8375 Talbert		

Date	Ver.	Action By	Action	Result
9/6/2022	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL / HOUSING AUTHORITY ACTION

SUBMITTED TO: Honorable Mayor and City Council Members / Honorable Chair and Board Members

SUBMITTED BY: Al Zelinka, City Manager / Executive Director

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Charles Kovac, Housing Manager

Subject:

Approve and authorize execution of a Density Bonus and Affordable Housing Agreement with The Olson Company, LLC for the 34-unit townhome project located at 8375 Talbert Avenue

Statement of Issue:

It is recommended that the City Council approve a Density Bonus and Affordable Housing Agreement ("Agreement") by and between the City of Huntington Beach ("City") and The Olson Company, LLC ("Developer") to facilitate the development of a 2.07 acre site located at 8375 Talbert Avenue ("Project"). The Project consists of thirty-four (34) townhomes, of which this Agreement will restrict three (3) units for low and moderate income households for a period of 45 years.

Financial Impact:

Not applicable.

City Council and Housing Authority Recommended Action:

A) Approve the Density Bonus and Affordable Housing Agreement by and between the City and The Olson Company, LLC for the development of 34 ownership units at 8375 Talbert Avenue; and,

B) Authorize the City Manager, or designee, to implement and execute the Density Bonus and Affordable Housing Agreement for the Project, including all necessary related documents; and

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C) Authorize the Housing Authority Executive Director or designee to execute all necessary implementing agreements and related documents.

Alternative Action(s):
Do not approve and direct staff accordingly.

Analysis:
The Project proposes to redevelop a 2.07 acre infill site with 34 attached townhome units located at 8375 Talbert Avenue. All of the units will range from 1,258 square feet to 1,846 square feet and will be either two or three stories with an attached two-car garage. Bedrooms will range from three to four, and bathrooms from two and a half to three. The site is currently developed with three single family units and some accessory structures, which are proposed to be demolished. The proposed Project will allow the site to be redeveloped into a townhome project that is consistent with the character of the area and will add to the housing stock, including deed restricted affordable units.

On May 10, 2022, the Developer received approval from the Planning Commission for the Project development application consisting of 1) General Plan Amendment No. 21-002; 2) Tentative Tract Map No. 19157; 3) Conditional Use Permit (CUP) No. 21-004; and 4) Mitigated Negative Declaration No. 21-003. The Developer is seeking to exercise a five percent (5%) density bonus option for the Project pursuant to California Government Code Section 65915 (the "State Density Bonus Law"), as implemented under Huntington Beach Zoning and Subdivision Ordinance, Chapter 230.14 ("Ordinance"). Under the State Density Bonus Law, Developer would construct thirty-two (32) base residential units and two (2) density bonus residential units, for a total of thirty-four (34) residential units, of which, three (3) units will be affordable units for low and moderate income households. (The Developer will also be paying a housing in-lieu fee under the City's Inclusionary Housing Ordinance for the remaining two-tenths of a unit.) In order to take advantage of the increase in allowable density, Developer must ensure, pursuant to the terms of the Agreement, that no less than one residential unit will be used and occupied or available for use and occupancy by a low income household as defined in Health and Safety Code Section 50079.5, and no less than two residential units will be used and occupied or available for use and occupancy by moderate income households as defined in Health and Safety Code Section 50093.

Pursuant to State Density Bonus Law, developers of housing projects that include specified levels of affordable housing are entitled to apply for and receive additional incentives or concessions and waivers in order to facilitate the economic feasibility of those projects. In exchange for providing three units of the 32 total base units affordable to low and moderate income households per the Ordinance, the State Density Bonus Law provides that the developer may receive up to one incentive or concession and unlimited amount of waivers. The Developer requested the following waivers to existing development standards: 1) common and private open space dimensions; 2) aboveground transformer and vault within 15 foot Talbert Avenue setback; and 3) reduced Talbert Avenue/Newland Street corner unit building setback. Pursuant to Government Code Section 65915(e), the Developer also requested to waive the City's parking standards and instead implement the parking ratio allowed under State Density Bonus Law.

In order to receive the concession and waivers described above, the Developer must ensure that three units of the total 32 base units remain affordable to low and moderate income households for 45 years. The proposed Agreement memorializes this requirement, and covenants implementing the Agreement will be recorded on the property title ensuring that three units will be owned and occupied by low and moderate income households, as defined in Health and Safety Code Sections 50079.5

and 50093, for 45 years. The Owner will build the Project in a multiple phases and sell individual units to eligible homebuyers. The maximum low and moderate income sales prices for both units will be set in accordance with the Agreement.

The proposed Agreement is consistent with State Density Bonus Law and the Ordinance, was prepared by the City Attorney's Office, and is included as Attachment 1. Once the proposed Agreement is approved by the City Council, the Housing Authority will administer and oversee the implementation of the three affordable units to ensure that the affordability covenants remain in place throughout the duration of the 45 year term.

Environmental Status:

A Mitigated Negative Declaration was prepared for the Project in compliance with California Environmental Quality Act (CEQA) guidelines and concluded that no significant impacts are anticipated with implementation of mitigation measures in the areas of biological resources, cultural resources, geology, and tribal cultural resources.

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Density Bonus and Affordable Housing Agreement by and between the City of Huntington Beach and The Olson Company, LLC

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