



City of Huntington Beach

File #: 22-587

MEETING DATE: 11/1/2022

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 by and between the City of Huntington Beach and Holland Partner Group, LLC for a residential development consisting of 70 new affordable rental units located at 18750 Delaware Street

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 Holland Partner Group, LLC ("Developer") to facilitate the development of a 4.09 acre site located at 18750 Delaware Street ("Project"). The Project consists of 346 rental units, of which this Agreement will restrict 70 units for lower income households earning 60 percent of the area median income (AMI) or less for a period of 55 years. The proposed Project is located within the Beach and Edinger Corridors Specific Plan (BECSP) and conforms to the form-based codes outlined in the BECSP.

Financial Impact:

Not applicable.

Recommended Action:

A) Approve the "Density Bonus and Affordable Housing Agreement by and between the City of Huntington Beach and Holland Partner Group, LLC" for the development of 70 affordable rental units at 18750 Delaware Street; and,

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

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:

Background

The proposed Project is a 5-story wrap style wood-frame construction building with 346 apartments units averaging 904 square feet per unit. The Project received entitlements under the Site Plan Review process provided under the Affordable Housing Overlay zone in the BECSP. The 4.06-acre Project site consists of four parcels located at 18750 Delaware Street near the intersection of Delaware and Main Street. The assessor parcel numbers for the four included parcels are: 159-121-25, 159-121-26, 159-121-37, and 159-121-38. A total of 70 units or 20 percent of the 346 total units will be set aside as affordable lower income units for households earning 60 percent AMI or less for a minimum period of 55 years in accordance with the Affordable Housing Overlay zone within the BECSP and California Government Code Section 65915 ("State Density Bonus Law").

The Project will include a 6-story above grade parking structure with approximately 505 parking stalls for a parking ratio of 1.46 stalls per residential unit. The parking requirements are based on the minimum requirement set forth in the State Density Bonus Law provided with the inclusion of the 70 affordable housing units. Vehicular access to the above grade parking structure will be located off of Delaware Street along with a separate on-grade surface parking lot providing guest and prospective resident parking spaces. The Project will maintain and upgrade existing access for Sea Cliff Assisted Living on Florida Street for their ADA required parking stalls, loading zone, and ambulance access. The project will include 87 bicycle parking stalls in compliance with the Huntington Beach building code.

Amenities available to the building's residents include a rooftop pool and spa courtyard, pool adjacent clubhouse and BBQs, fitness center, business center, and multiple other outdoor courtyards designed for outdoor recreation. The project will be providing a total of 25,998 SF of private open space and 5,802 SF of public open space.

Density Bonus and Affordable Housing

The BECSP constitutes a "form-based" zoning code where the unit count per acre (i.e. density) of a housing project is determined by application of development standards and requirements to the proposed project; therefore, density is not a development standard and can vary from project by project depending on the size of the units proposed within the development envelope. The BECSP does not limit the residential capacity of a housing development by floor-area-ratio or dwelling unit density. Applying the BECSP's zoning criteria and requirements to the Project results in an approximate development capacity of 233 residential units assuming a typical multifamily mix of unit types and unit sizes. For the purpose of applying Section 230.14 of the Huntington Beach Zoning and Subdivision Ordinance (HBZSO), such 233-unit capacity constitutes the Project's base density. Therefore, the Developer is requesting a 48 percent density bonus to achieve the Project's proposed total number of units of 346.

To achieve this level of density bonus, State Density Bonus Law requires the developer to set aside a minimum of 24 percent of the Project's base density, or 56 units, for lower income households. Accordingly, the Project's proposed 70 low-income units exceeds the minimum number of affordable

units required per HBZSO Section 230.14 and State Density Bonus Law. The 70 low-income units satisfies Section 2.2.4 of the BECSP by reserving a minimum of 20 percent of the total units in the Project (70 units) for lower income households (at 60 percent AMI of Orange County area median income) as defined by California Health and Safety Code Section 50079.5 for a period of 55 years.

Pursuant to State Density Bonus Law, as implemented under HBZSO Chapter 230.14, 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 making 70 units affordable to lower income households, the State Density Bonus Law provides that the developer may receive up to three incentives or concessions and unlimited amount of waivers. The Developer has requested waivers of the following development standards that would otherwise limit the development capacity of the Project:

- (i) Exceed the four-story maximum height limitation by one story to allow for a five-story building (BECSP Section 2.3);
- (ii) Provide a 10-foot front yard setback rather than the required 30-foot front yard setback (BECSP Section 2.4);
- (iii) Design the upper stories without the minimum 10-foot setback required on the front and all sides for the first 100 feet of the building located along Delaware Street (BECSP Section 2.3);
- (iv) Design the upper stories along Florida Street without the required three-story height limitation for the first 65 feet of the building (BECSP Section 2.3); and
- (v) Provide 16 sf/unit of onsite public open space instead of the 50 sf/unit requirement (BECSP Section 2.6).

In order to receive these waivers and meet the 20 percent requirement of affordable housing per the BECSP, the Developer must ensure that 70 units of the total 346 units remain affordable to lower income households for 55 years. The proposed Agreement memorializes this requirement, and covenants implementing the Agreement will be recorded on the property title ensuring that 70 units will be occupied by lower income households, as defined in Health and Safety Code Section 50079.5, for 55 years. The maximum lower income rental rates will be set in accordance with the Agreement.

The proposed Agreement is consistent with the HBZSO, BECSP, and State Density Bonus Law, and contains the density bonus and affordable housing provisions. The Agreement was prepared by the City Attorney's Office, and is included as Attachment 1.

Environmental Status:

Not applicable. The Project conforms to the BECSP, including the Program Environmental Impact Report 08-008 ("Program EIR"), which was certified by the City in connection with its adoption of the BECSP. The Program EIR analyzed the potential environmental impacts of all anticipated development activity in the Specific Plan area including the proposed Project. The proposed Project will comply with all mitigation measures required by the Program EIR.

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Density Bonus and Affordable Housing Agreement by and between the City of Huntington Beach and Holland Partner Group, LLC