



November 6, 2024

ITEM TITLE: PUBLIC HEARING TO CONSIDER ADOPTION OF (1) AFFORDABLE HOUSING AGREEMENT WITH HOUSING ASSET FUND LOAN (\$625,000); (2) CITY FEE DEFERRAL; AND (3) DEVELOPMENT ENTITLEMENT EXTENSION FOR 50 UNIT AFF. SENIOR HOUSING & NEIGHBORHOOD CENTER AT 455 PALM AVENUE (WAK

ORIGINATING DEPARTMENT:

Community Development

EXECUTIVE SUMMARY:

At the meeting, the City Council and Housing Authority will conduct a public hearing to consider the approval or denial of an Affordable Housing Agreement and a time extension for the development entitlements (Regular Coastal Development Permit (CP-22-0013), Conditional Use Permit (CUP-22-0013), Design Review Case (DRC-22-0025), Site Plan Review (SPR-22-0026) and Categorical Exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15332) for the demolition of the existing structures and construction of a new 50-unit affordable senior housing and neighborhood center project at 455 Palm Ave (APN 625-230-23-00) in the R-1500 (High Density Residential) Zone and R-1-6000 (Single Family Residential) Zone. The applicant of this project is Wakeland Housing and Development Corporation. The affordable housing agreement includes a low- and moderate-income housing asset fund loan for \$625,000 and fee deferrals of certain City fees.

RECOMMENDATION:

That the City Council and Housing Authority hold the public hearing, receive public comments, and consider:

- Adoption of a Resolution of the Imperial Beach Housing Authority Resolution HA-24-21 (I) approving the Affordable Housing Agreement by and between the Imperial Beach Housing Authority and Wakeland IBNCA LP, including attachments, for the Imperial Beach Neighborhood Center Apartments located at 455 Palm Avenue, Imperial Beach, California, (II) authorizing and establishing the terms and conditions for the deferral of certain City fees for the development of the Imperial Beach Neighborhood Center Apartments as an affordable residential rental project for senior lower income households; and (III) approving and authorizing other related actions; and
- Adoption of Resolution 2024-081 (I) approving the Affordable Housing Agreement by and between the Imperial Beach Housing Authority and Wakeland IBNCA LP, including attachments, for the Imperial Beach Neighborhood Center Apartments located at 455 Palm Avenue, Imperial Beach, California, (II) authorizing and establishing the terms and conditions for the deferral of certain City fees for the development of the Imperial Beach Neighborhood Center Apartments as an affordable residential rental project for senior lower income households; and (III) approving and authorizing other related actions; and

- Adoption of Resolution 2024-080 approving a time extension for Regular Coastal Development Permit (CP-22-0013), Conditional Use Permit (CUP-22-0013), Design Review Case (DRC-22-0025), Site Plan Review (SPR-22-0026) and Categorical Exemption pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15332 (In-Fill Development Projects) for the demolition of the existing structures and construction of a new 50-unit affordable senior housing and neighborhood center project at 455 Palm Ave.

OPTIONS:

In addition to receiving this report and adopting staff’s recommendations, the City Council/Housing Authority can:

- Not approve the resolutions; or
- Continue the item to a future meeting where additional information can be provided, and a decision can be rendered.

BACKGROUND/ANALYSIS:

On November 16, 2022 the City Council adopted Resolution No. 2022-98 authorizing the demolition of the existing buildings and construction of a new 50-unit affordable senior housing development and neighborhood center project at 455 Palm Avenue (APN 625-230-23-00) in the R-1500 (High Density Residential) Zone and R-1-6000 (Single Family Residential) Zone.



Entitlement Extension:

The project entitlements are set to expire on December 6, 2024, unless the project is vested with substantial construction or if an extension is authorized. The applicant has received two previous time extensions for the entitlements and is now seeking to extend the project entitlements.

Since the project was approved pursuant to Resolution No. 2022-98, the Developer has taken the following actions in reliance on the Design Review and Site Plan review approvals: (1) preparing an Affordable Housing Agreement between the Imperial Beach Housing Authority and Wakeland IBNCA LP committing to finance, develop, and operate the Development all as described in the proposed Agreement and its Attachments (which includes a commitment from the City via a City

Fees Deferral and a Low and Moderate Income Housing Assistance Fund Loan from the Imperial Beach Housing Authority on the terms and conditions set forth in the proposed Agreement (“LMIHAF Loan”)); and (2) obtaining various other funding sources to finance the Project. By facilitating an affordable housing development using the financial incentive of a loan and providing the provision to allow for future time extensions through the review and approval by the Executive Director as identified within the Affordable Housing Agreement or appointed designee, the City would be providing a regulatory incentive which is consistent with Housing Element Goal 1 Policy 1.2. Such actions as those listed were undertaken by the Developer in reliance on the Design Review and Site Plan review approvals and financing for Affordable Housing development projects have taken/take substantial time and are not entirely within control of the Developer. All original applicable conditions of approval for the development pursuant to Resolution No. 2022-98 are still in force and effect and no change in circumstances has occurred which would cause the originally approved permits to be in substantial conflict with the current development regulations. As such, the City Council may authorize an extension for a period of two years and provide the provision that the Executive Director as identified in the Affordable Housing Agreement (3598) or designee would be able to provide additional time extensions for the permits as necessary should there be evidence showing that the Developer has taken substantial actions in reliance on the Design Review and Site Plan review approvals for the previously approved application per Resolution 2022-98 for the project.

Affordable Housing Agreement, City Fee Deferrals, and Housing Authority Funds

The applicant requested approximately \$625,000 of Imperial Beach Housing Authority Funds and a waiver of City permitting and planning fees. In lieu of waiving the fees, the City proposed a deferral of fees in conjunction with a Housing Assistance Fund Loan. Thereafter, the applicant/developer proposed to finance, develop, and operate the development. The proposed financing for the Project is anticipated to include a combination of a construction loan, permanent loan, City Fees Deferral, a Low and Moderate Income Housing Assistance Fund Loan from the Imperial Beach Housing Authority on the terms and conditions set forth in an Affordable Housing Agreement (“LMIHAF Loan”), other public and private affordable housing funds and financing, and Developer equity derived from the syndication of low income tax credits. To provide the Authority’s assistance in financing the development, a satisfactory Affordable Housing Agreement for the Project was required to be drafted, considered, and approved by the City Council and Housing Authority Board in the manner required by law. Resolution 2022-98 included the requirement for an Affordable Housing Agreement for the Project as a condition of approval if Housing Authority funds were to be used.

Consistent with Resolution 2022-98, an Affordable Housing Agreement (Attachment 4) to provide for the Authority’s assistance in financing the development and operation of fifty (50) affordable rental housing units for Extremely Low Income, Very Low Income, and Low Income Senior Citizen Households at 455 Palm Avenue was drafted with associated Attachments. Pursuant to and conditioned upon the terms of the Agreement, if approved, the Authority will assist the Developer in paying the cost of acquiring a long-term leasehold interest in the Property and constructing the Improvements, the City will defer the payment of certain fees imposed to reimburse City for staff time costs in review of the Project, and the Developer will construct, develop, operate, maintain and repair the Improvements on the Property.

The project would provide affordable senior citizen housing and a neighborhood center that would provide services to the residents of the adjacent affordable senior housing development, as well as to the larger community, consistent with IBMC Chapter 19.67 Senior Housing Development. Additionally, pursuant to the Affordable Housing Incentives Programs set forth in the City’s approved Housing Element, the City Council is authorized to encourage and facilitate the development of affordable housing for lower income persons within the City by, among other

things, approving incentives to developers as needed to enhance project feasibility. Furthermore, the project implements the City's adopted 6th Cycle Housing Element by providing affordable senior housing to meet the City's Regional Housing Needs Allocation.

The approval or disapproval of the Affordable Housing Agreement and the permit extensions shall be at the sole discretion of the City Council and/or Housing Authority as applicable.

ENVIRONMENTAL DETERMINATION:

The project is categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15332 (In-Fill Development Projects). A Notice of Exemption was filed in the office of the San Diego County Clerk on November 21, 2022. Approving the agreement is not considered a project as defined by CEQA.

FISCAL IMPACT:

Subject to the authorization via an approved Affordable Housing Agreement, the applicant has requested the utilization of \$625,000 of Imperial Beach Housing Authority Funds and a deferral of City permitting and planning fees. This is contingent upon the standing of the approvals of the project entitlements by the City Council and would require action by the City Council to approve both the transfer of funds and waiver of fees.

ATTACHMENTS:

Attachment 1 – Resolution 2024-080

Attachment 2 – Resolution 2024-081

Attachment 3 – Housing Authority Resolution HA-24-21

Attachment 4 – Affordable Housing Agreement and Attachments