

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** David C. Moe II, Redevelopment Manager *DCM*

**DATE:** August 23, 2013 (CC Meeting of 9/4/2013)

**SUBJECT:** Consider Resolution Directing the Planning Commission to Study, Conduct a Public Hearing, and Provide a Recommendation on the Proposed Amendment to Adjust the Affordable Housing Requirement in the Development Agreement Between the City of Moorpark and Shea Homes for Tentative Tract 5425

**BACKGROUND AND DISCUSSION**

On April 6, 2005, the Moorpark City Council commenced a duly noticed public hearing on the Development Agreement (DA) between the City of Moorpark (City) and Shea Homes (Shea) for Tentative Tract Map 5425. Following the conclusion of the public hearing, the City Council adopted Ordinance No. 313 on April 20, 2005, approving the DA for the construction of 101 (later reduced to 99 after final design) single family attached homes.

Section 6.9 of the DA requires Shea to construct 20 affordable units to be made available to very low, low, and moderate income households. Below is a breakdown of the required affordable units by income category:

6	Very Low Income
9	Low Income
<u>5</u>	<u>Moderate Income</u>
20	Affordable Units

At the time the DA was negotiated, home values were appreciating. However, between the years 2005 and 2013, home values have declined and have not fully recovered. During this same time period, the median income for a family of four in Ventura County increased from \$77,400.00 to \$89,300.00. This depreciation of home values and increasing median income brought the sale price of the market rate units below the sale price of the moderate income units. This sequence of events essentially eliminated the market to sell the moderate income units with affordability restrictions.

Both the City and Shea realized the problem with the marketability of the moderate income units. After working together to come up with a solution, both staff and Shea agreed that the best option would be to remove the moderate income unit requirement and have Shea pay an in-lieu fee of \$50,000.00 per unit or \$250,000.00. Of this total \$127,000.00 would be paid in cash by Shea. The remaining \$123,000.00 would be secured by a second deed of trust to round up from 8.33 to 9 additional low income units from converting the very low income units to additional low income units further described in the next paragraph.

Staff and Shea also discussed the possibility of converting the very low income units to low income units due to the difficulty of finding buyers that qualify for the City's First Time Home Buyer Program. Due to the deep subsidy (\$257,000.00) for developing a very low income unit, the 6 very low income units (\$1,542,000.00 subsidy) could be converted to 8.33 low income units for the same subsidy. Staff believes it would be beneficial to use \$123,000.00 of the in-lieu fee to fill the gap between 8.33 to 9 low income units. After reviewing staff's proposal to convert the 6 very low income units to 9 low income units, Shea agreed to the conversion.

If the proposed amendment to the DA is approved by the City Council, section 6.9 would be amended to:

<b>Current Affordability Requirement</b>	<b>Proposed Affordability Requirement</b>
6 Very Low Income	0 Very Low Income
9 Low Income	18 Low Income
5 Moderate Income	0 Moderate Income
20 Total Affordable Units	18 Total Affordable Units
No In Lieu Fee.	Shea to pay City \$127,000 in-lieu Fee for Moderate Income units.

**FISCAL IMPACT**

If the proposed amendment to the DA is ultimately approved by the City Council, the City would receive an in-lieu Fee of \$127,000.00 which would be deposited in the City Affordable Housing Fund.

**STAFF RECOMMENDATION**

Adopt attached Resolution No. 2013 - \_\_\_\_\_ directing the Planning Commission to study, conduct a public hearing, and provide a recommendation on the proposed amendment to adjust the affordable housing requirement in the Development Agreement between the City of Moorpark and Shea Homes for Tentative Tract Map 5425.

RESOLUTION NO. 2013-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, DIRECTING THE PLANNING COMMISSION TO STUDY, HOLD A PUBLIC HEARING, AND PROVIDE A RECOMMENDATION ON AN AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH SHEA HOMES, LIMITED PARTNERSHIP

WHEREAS, on April 20, 2005, the Moorpark City Council adopted Ordinance No. 313, approving a development agreement (DA) with Shea Homes for the construction of 101(later reduced to 99 after final design) single family attached homes in Tentative Tract 5425; and

WHEREAS, the City of Moorpark and Shea Homes desire to amend section 6.9 of the DA with respect to the provisions of the affordable housing units; and

WHEREAS, Section 15.40.120 of the Moorpark Municipal Code establishes procedures for the amendment of a DA.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. INITIATION OF PROCEEDINGS: The City Council hereby authorizes the initiation of proceedings to amend the Development Agreement with Shea Homes for Tentative Tract 5425.

SECTION 2. DIRECTION TO PLANNING COMMISSION: The Planning Commission is hereby directed to study, hold a public hearing, and provide a recommendation to the City Council on this matter.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 4th day of September, 2013.

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Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, City Clerk