



Staff Report

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**File #:** 24-0576

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 08/07/2024

**TO:** Honorable Mayor and City Council Members

**FROM:** Planning and Development Department

**SUBJECT:**

AFFORDABLE HOUSING DENSITY BONUS AGREEMENT 2023-0003 FOR THE DEVELOPMENT OF 25 PERMANENT SUPPORTIVE HOUSING UNITS ON 0.72 ACRES LOCATED ON THE SOUTH SIDE OF SECOND STREET, APPROXIMATELY 450 FEET WEST OF BUENA VISTA AVENUE ([APN: 118-270-055](#)) (APPLICANT: SECOND STREET HOUSING, LP)

**EXECUTIVE SUMMARY:**

This staff report asks the City Council to approve Affordable Housing Density Bonus Agreement 2023-0003 (AHDB2023-0003) for the development of 25 multiple family units that will provide permanent supportive housing units for low and moderate income households. AHDB2023-0003 will allow certain waivers from the City's development standards to accommodate the development of affordable housing units. The development will set aside 19 units for low income households, five units for moderate income households, and one onsite manager's unit.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Adopt the Mitigated Negative Declaration with the Mitigation Monitoring and Reporting Program and approve AHDB2023-0003, as recommended by the Planning and Housing Commission.
- b. Authorize the City Manager to execute the Affordable Housing Density Bonus Agreement between the City of Corona and Second Street Housing, LP.
- c. Notwithstanding [Corona Municipal Code Section 17.87.090](#), direct the Affordable Housing Density Bonus Agreement to be recorded in the Official Records of the County of Riverside upon the close of escrow for the acquisition of the Property by Second Street Housing, LP.

## BACKGROUND & HISTORY:

The project is an affordable housing development that will house chronically homeless persons due to diagnosed illness and meets the definition of an affordable housing unit according to the City's Density Bonus Housing Agreement outlined in Chapter 17.87 of the Corona Municipal Code (CMC) and State Density Bonus Law [Government Code § 65915]. Per Section 17.87.020 of the CMC, an affordable housing unit is defined as *a dwelling unit within a household development, which will be reserved for sale, at an affordable housing cost, or rent, at an affordable rent, to a lower income household, a very low income household, a moderate income household, or a qualifying resident pursuant to the requirements of this chapter (Chapter 17.87 of the CMC) and the State Density Bonus Law.*

The applicant is proposing to construct 25 multiple family units on 0.76 acres located on the south side of Second Street, approximately 450 feet west of Buena Vista Avenue, and provide affordable rents on 24 units, and a market rate rent for one manager's unit. The proposed development is reviewed separately by Precise Plan 2023-0011 (PP2023-0011). The General Plan designation of the project site is High Density Residential (HDR) which allows a density range of 15 to 36 dwelling units per acre (du/ac). The zoning of the project site is R3 according to Change of Zone 2023-0006. According to the State Density Bonus Law, the development is eligible for a density bonus and waivers from the City's development standards established by the CMC to accommodate the development of affordable housing units that otherwise may not be possible on the property. For the applicant to be granted a density bonus and/or waivers from the City's development standards, an affordable housing density bonus agreement shall be executed with the City to guarantee that the affordable housing units will be reserved for affordable rents.

## ANALYSIS:

AHDB2023-0003 outlines the requested waivers, identification of the affordable units, household income limits, construction schedule, annual reporting and other pertinent language such as the term of the agreement, which is 55 years from the date of occupancy. The following summarizes the salient sections within the agreement.

### Affordable Units

Table 1 identifies the affordable units and the household income limits. The affordable units are to be rented at an affordable rent based on the income level.

**Table 1 - Unit Summary**

Number of Units	Number of Bedrooms	Eligible Income Group
19	One bedroom	Low Income
5	One bedroom	Moderate Income

### Waivers

The project is designed using the development standards of the R-3 zone. The project's density is 34.7 du/ac, which is consistent with the HDR designation of the General Plan. The waiver of certain development standards requested by the applicant is described in Section 2.4 of the agreement.

Table 2 summarizes the waivers for the project.

**Table 2 - Summary of Development Standards Waivers**

CMC Code Section	Waiver
CMC § 17.24.090(A) (Front yard setback)	From 25 feet to no less than 5 feet and 8 inches.
CMC § 17.24.090(B) (Interior side yard setback)	From 10 feet to 3.5 feet.
CMC § 17.24.090(B) (Rear yard setback)	From 10 feet to no less than 3 feet.
CMC § 17.70.060(C) (Walls)	From an 8-foot-high wrought iron fence to an 8-foot-high block wall.
CMC § 17.70.070(C) (Parking lot landscaping)	From 10% coverage to 6%.
CMC § 17.24.150 (Unit size)	From 600 square feet to 528 square feet.
CMC § 17.76.030(A)(5) (Parking)	From 56 parking spaces to 17 parking spaces.

#### Construction of Affordable Units

The agreement requires the units to be constructed, marketed and occupied according to the performance schedule shown in Table B of the agreement. The project must be completed within 30 months after the commencement of construction.

**Schedule of Performance  
(Table B of Agreement)**

Date	Task
Day 1	Receipt of California Debt Limit Allocation Committee ("CDLAC") Tax-Exempt Bond Allocation and TCAC Tax Credit Reservation.
Day 180 or 194	Tax Credit Allocation Committee ("TCAC") Deadline to Commence Construction and, if applicable, CDLAC Deadline to Issue Tax Issue Tax-Exempt Bonds as set forth in CDLAC Resolution Allocating Tax-Exempt Bonds to Project, as may be revised from time to time.
30 months after Commencement of Construction	Completion of Construction.

#### Other Terms and Conditions

Other terms and conditions of the agreement include the following:

- The term of the agreement is 55 years from the project's occupancy date.
- The City has the right to inspect the affordable units and documents.
- The agreement runs with the land for the full 55-year term of the agreement.
- The applicant is required to submit a maximum rent schedule to the Planning & Development Director for review prior to occupancy of the project, and shall provide an updated rent schedule on an annual basis on the anniversary date of the occupancy date for the first unit.
- The agreement establishes policies and criteria for tenant selection and income verification.
- The applicant is required to submit a monitoring program to the Planning & Development Director that identifies the person or entity responsible for certifying the income of qualifying households, determining affordable rent, maintaining the required number of affordable units as outlined in Section 3.3 of the Agreement, and marketing and filling vacancies in the affordable units.

#### Affordable Housing Disposition and Development Agreement

The Property is currently owned by the City of Corona Housing Authority ("Authority"). The applicant, Second Street Housing, LP, will also be entering into an Affordable Housing Disposition and Development Agreement ("DDA") whereby the applicant will acquire the Property from the Authority and the Authority will provide loans and other financial assistance to facilitate development of the project. Pursuant to the terms of the DDA, the applicant will acquire the Property once all of the conditions to the close of escrow, as set forth in the DDA, have been satisfied.

The Affordable Housing Density Bonus Agreement needs to be executed and recorded by the record owner of the Property. Therefore, it is necessary to wait until the applicant has acquired the Property according to the terms of the DDA to record the Affordable Housing Density Bonus Agreement. CMC Section 17.87.090 provides that the density bonus agreement should be recorded within 10 days of the City Council's approval of the agreement. However, since the applicant does not yet own the Property, staff is recommending that, notwithstanding CMC Section 17.87.090, the City Council direct the Affordable Housing Density Bonus Agreement to be recorded in connection with and as a condition to the close of escrow under the DDA.

#### **FINANCIAL IMPACT:**

The applicant paid the application processing fee of \$1,507 for the Affordable Housing Density Bonus Agreement.

#### **ENVIRONMENTAL ANALYSIS:**

Per Section 15070(b) of the State Guidelines for Implementing the California Environmental Quality Act (CEQA) and Section 6.02 of the City's Local Guidelines, a Mitigated Negative Declaration was prepared for the project since the Initial Study identified that the project's potentially significant effects to the environment are capable of being mitigated to less than significant. Therefore, based on the project's mitigation measures and mitigation monitoring and reporting program identified in the Mitigated Negative Declaration, there is no substantial evidence, in light of the whole record before the City, that the project may have a significant or potentially significant effect on the environment.

**PLANNING AND HOUSING COMMISSION ACTION:**

At its meeting of July 8, 2024, the Planning and Housing Commission considered the subject matter and took the following action:

Motion was made, seconded (Longwell/Vernon) and carried with Commissioner Alexander abstaining, that the Planning and Housing Commission recommend approval of the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and approval of AHDB2023-0003, based on the findings contained in the staff report and conditions of approval. The minutes of the Planning and Housing Commission meeting are included as Exhibit 4.

**PREPARED BY:** JOANNE COLETTA, PLANNING AND DEVELOPMENT DIRECTOR

**Attachments:**

1. Exhibit 1 - Affordable Housing Density Bonus Agreement 2023-0003
2. Exhibit 2 - Site Plan
3. Exhibit 3 - Planning and Housing Commission staff report
4. Exhibit 4 - Draft Minutes of the Planning and Housing Commission meeting July 8, 2024