



Meeting Date: 3/4/08

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Winston Wright, Associate Planner Agenda Item No. 0-1

Reviewed By: City Manager [Signature] City Attorney Rupp Finance SW Other (Specify) _____

DATE: February 20, 2008

TO: City Council and Community Development Commission

FROM: Susan L. Martin, AICP [Signature]
Planning Manager

Curtis Cannon [Signature]
Community Development Director

SUBJECT: Pre-Application Request to Pay an Affordable Housing Payment In-Lieu of Providing Affordable Housing On-Site at the Proposed Press Courier Lofts Project Located at 300 W Ninth Street. Filed by Press Courier Lofts, LLC, 2001 Statham Boulevard, Suite 117, Oxnard, CA 93033.

RECOMMENDATION

That City Council and Community Development Commission:

1. Consider a request to make an in-lieu affordable housing payment to the Community Development Commission's Affordable Housing In-Lieu Fee Fund instead of providing on-site affordable housing units.
2. Find that, in accordance with Section 15061(b)(3) of Title 14 of the California Code of Regulations, there is no possibility of a significant effect on the environment if the request is either granted or denied.

DISCUSSION

On July 11, 2006, the Community Development Commission of the City of Oxnard (the "Commission") adopted Resolution No. 111. On July 18, 2006, the City Council adopted Ordinance No. 2721. This resolution and ordinance address affordable housing and in-lieu fee payments requirements for projects within redevelopment areas. In accordance with Resolution No. 111 and Ordinance No. 2721, a developer may request that an in-lieu affordable housing payment be made instead of providing affordable housing units on- or off-site.

All projects for which a developer makes a request to make an in-lieu payment are subject to the City's pre-application process. During the pre-application process, the City Council and the Commission shall determine whether an in-lieu payment may be made.

residential condominiums and 6,000 square feet of commercial office space. The City Council and the Commission are considering the in-lieu payment for the 46 residential units and will have the opportunity to review the project, as a whole, at a hearing in the near future.

Resolution No. 111 and Ordinance No. 2721 state that the Commission and the City Council shall consider the following factors in determining whether to grant a request:

- a. the size, type, and nature of the lots and homes and/or apartment buildings and units proposed for the development;
- b. the prices for which the developer plans to sell the market rate homes or rent market rate apartment units;
- c. the extent to which the proposed development may be designed or redesigned to allow the production of quality units at lower costs; and
- d. the extent to which City is meeting affordable housing goals of its 2020 General Plan.

The City is at the beginning of an eight year cycle of tracking the affordable housing goals of the proposed Housing Element and the current Regional Housing Needs Assessment (RHNA) goals. Because the City is at the beginning of the cycle, only 4% of the very-low income goals have been met; 12% of the low-income goals have been met; and 2% of the moderate income goals have been met. The remaining goals are 1,432 very-low income units, 1,064 low-income units, and 1,415 moderate-income units. During the previous eight-year cycle, 410 very-low income units were constructed, 465 low-income units were constructed, and 54 moderate-income units were constructed. Correspondingly, the City of Oxnard achieved 51% of the very-low income RHNA goal, 95% of the low-income RHNA goal, and 11% of the moderate-income RHNA goal during the previous cycle. Compared to other similarly sized cities, the City of Oxnard has been very successful in approaching the RHNA affordable housing goals.

FINANCIAL IMPACT

Based on the developer's estimate, 43 of the units would be priced between \$231,000 and \$463,000 and three of the units would be priced between \$530,000 and \$662,000. The in-lieu payment would be \$5,000 for the 43 lower priced units and \$5,500-\$6,000 for the three higher priced units for a total estimated payment of \$233,000. This payment would be assessed at the time of building permit issuance. If the actual sales price for any of the units falls below \$550,000, the developer may provide the escrow papers to verify the sales price and request a refund of no greater than \$3,000 for the entire project. If the City Council did not grant the developer's request to pay affordable housing in-lieu fees, the project would be required to provide 7 affordable units of which 3 units would be provided at a price for very-low income buyers.

Attachment #1 - Letter from Press Courier Lofts, LLC
#2 - Proposed Project Plans

Note: The proposed project plans have been provided to the Community Development Commission. Copies are available for review at the Circulation Desk in the Library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Friday.

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February 13, 2008

Mr. Winston Wright, Case Planner
City of Oxnard Planning
305 W. Third Street
Oxnard, CA 93030

**Re: Press Courier Lofts / 300 W. 9th Street
Pre-Application Request PZ 07-500-12 / SUP 07-330-12**

Dear Winston:

We hereby request that a Pre-Application for the subject project be processed before the City Council with consideration of the following:

City Code requires that a determination of applicability of Affordable Housing In-Lieu Fees be made by the City Council pursuant to a Pre-Application hearing. Section 2721 Part 10 (a).

The physical component make-up of this project, and the housing and financial market in which it will be constructed and made available to buyers, have changed significantly during the course of it's planning and refinement.

Original target yield of 53 residential units on the 2.2 acre site has been constrained to a maximum of 46, due to the achievable parking yield and physical characteristics of the site and the existing buildings, which will be adaptively re-used to create the final product.

After consideration of the final design scenario and project components, which have been refined through all required City planning processes and have been prepared by staff and ourselves to move forward to the Planning Commission, the project's viability has become challenged.

The disparity in revenue generation from original projections to current potential yield is compounded by the residential mortgage crisis which began in the third quarter of 2007, and has driven the rate and sales prices of existing housing units-for-sale into a significant decline.

This project must compete with the sale of non-deed-restricted local residential property comparatively priced with deed-restricted Affordable Housing units.

There are approximately one hundred eighty five (185) residential units for sale (at the time of this application) in the City of Oxnard having sales prices ranging

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between \$99,000 and \$300,000. Some of these are single family homes with yards. It is unreasonable to expect that the Press Courier Lofts Project could sell deed-restricted affordable housing units with set pricing ranging from approximately \$78,000 to \$298,000 under such conditions.

Equity and Lending Institutions are currently operating under critically contracted conservative guidelines.

All that translates into a reasonable expectation that the project would not be financeable if 15% of the units will not sell under Affordable Housing pricing guidelines.

For these reasons, the Press Courier Lofts project has been required to continue it's previously noticed and scheduled Planning Commission hearing, and to come before the City Council to request application of Affordable Housing In-Lieu Fees under the guidelines of City Ordinance 2721 Part 10.

Respectfully submitted for your consideration,



Lee Sehon, Principal

Press Courier Lofts, LLC

Cc: File & Counsel
Lauterbach Architects