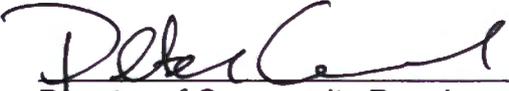




REQUEST FOR PLANNING COMMISSION ACTION

MEETING DATE: JUNE 6, 2019

TITLE: CONSIDER APPROVAL OF THE IRVINE COMPANY AFFORDABLE HOUSING REALIGNMENT PLAN


Director of Community Development

RECOMMENDED ACTION

1. Receive staff report, Commission questions and comments.
2. Consider approval of modifications to Exhibit 1 to the Master Affordable Housing Plan for Planning Areas 18, 33 (Lot 109), and 39 that implements the proposed affordable housing realignment plan and any other implementing documents.

EXECUTIVE SUMMARY

Irvine Company owns and operates 25 apartment communities developed in the City throughout the 1980s and 1990s, which contain 654 affordable housing units. All of the 654 affordable housing units are affordable to very low-income households. Irvine Company has advised the City that it plans to renovate its properties.

As described in its correspondence dated April 25 (PC Attachment 1), Irvine Company proposes to permanently move and relocate a total of 220 affordable units from 14 properties to five other Irvine Company properties located in the same or adjacent Planning Areas (refer to PC Attachment 2). If approved, at the end of the realignment process, all of the 654 affordable housing units will be located at 11 Irvine Company apartment communities instead of the current 25 apartment communities. If approved, the residents of the affordable units would be provided one-year notice and their current affordability qualification will transfer with the household to their new property, as will their then current affordable rental rates.

The Master Affordable Housing Plan (MAHP) for Planning Areas 18, 33 (Lot 109), and 39 and the subsequent 2006 Planning Area 39 Development Agreement by and between the City and Irvine Company (PA 39 Development Agreement) permit Irvine Company, with City approval, to transfer the requirement for very low-income units from one apartment community within the City to another apartment community in the City. The transfer is permitted to communities that provide very low-income units under Irvine Company's affordable housing program. The written request for Planning Commission consideration (PC Attachment 1) includes the original and Irvine Company's proposed modified

Exhibit 1 to the MAHP (refer to PC Attachment 2). The letter also restates that the proposed realignment plan will be the sole responsibility of Irvine Company and that Irvine Company's indemnification obligations in the PA 39 Development Agreement would apply to all proposed realignment-related activities. To ensure that the City is fully protected from any liability related to Irvine Company's proposed realignment activities, the City attorney has prepared a letter agreement (PC Attachment 3) (Letter Agreement).

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

Background

Irvine Company owns and operates 25 apartment developments in the City that contain 654 affordable housing units offered to very low-income households. These units include seven studios, 208 one-bedroom, 347 two-bedroom, and 92 three-bedroom apartments.

On July 20, 2006, the Planning Commission approved the MAHP for Planning Areas 18, 33 (Lot 109), and 39, which included the preservation of 654 existing affordable housing units for an additional term of 30 years. Subsequently, on August 22, 2006, the City Council approved Ordinance No. 06-15, which approved the Development Agreement by and between the City and Irvine Company for the development of Planning Area 39. Similar to the MAHP, the Planning Area 39 Development Agreement extended the affordability of 654 existing units for an additional term of 30 years. Most of the 25 apartment communities covered by this agreement were constructed in the 1980s and 1990s, and Irvine Company has advised the City that it plans to substantially renovate a portion of these apartment communities.

Proposed Affordable Housing Realignment

To facilitate this major reinvestment and renovation, Irvine Company is proposing to relocate and consolidate a portion of the 25 apartment sites containing affordable housing units. The Irvine Company proposal indicates that 220 affordable households would be moved from 14 properties to five other Irvine Company properties. If approved, all of the 654 affordable housing units would be located within 11 Irvine Company apartment communities instead of the 25 apartment communities that currently include affordable units.

The PA 39 Development Agreement permits Irvine Company, with City approval, to transfer the requirement for a very low-income unit from one apartment community within the City to another apartment community that also provides very low-income units under Irvine Company's affordable housing program.

Attachment 2 contains the modified Exhibit 1 to the MAHP with the proposed realignment plan for the affordable housing units. As shown below, affordable units from 14 of the apartment communities would be relocated.

Irvine Company Apartment Communities Affordable Housing Realignment / Transition Plan		
Affordable Households Transferred From:	Affordable Households Transferred To:	Total Affordable Households Transferred:
<ul style="list-style-type: none"> • Cedar Creek Apartments (9) • Cross Creek Apartments (17) • Deerfield Apartments (5) • Turtle Rock Canyon (22) • Woodbridge Willows (10) 	Windwood Glen Apartments	63
<ul style="list-style-type: none"> • San Marco Villa Apartments (23) • San Marino Apartments (10) 	San Remo I/II Apartments	33
<ul style="list-style-type: none"> • San Marco Villa Apartments (24) • San Marino Apartments (9) 	San Leon Apartments	33
<ul style="list-style-type: none"> • Dartmouth Court Apartments (30) 	Northwood Park Apartments	30
<ul style="list-style-type: none"> • Berkeley Court I Apartments (6) • Berkeley Court II Apartments (3) • Columbia Court Apartments (3) • Harvard Court Apartments (11) • Cornell Court Apartments (6) • Stanford Court Apartments (32) 	Northwood Place Apartments	61
TOTAL UNITS TRANSFERRED:		220

Irvine Company provided the following details regarding implementation of the plan:

- Households would be relocated as close as possible to their existing residences. All of the Westpark residents would remain in Westpark as these residents transition from San Marco and San Marino Apartments to San Remo and San Leon Apartments.

- For those households relocating longer distances, reasonable effort would be made to minimize impacts to families with school age children.
- The relocation of affordable housing units would include reimbursement of all reasonable moving expenses (including any fees for commencing new utility service).
- The relocation would be a move to a unit with recent upgrades and a floor plan type of comparable size (if household size still warrants).
- Households would only be allowed to transfer their current affordability qualifications to the communities that are indicated in the above plan.

The transition would be implemented in phases starting later this summer, and in all cases residents would be provided with a one-year notice prior to the move to the apartment community assigned by the realignment plan.

Residents that agree to take part in the proposed realignment process would have their current affordability qualifications transferred with them to the new property, as would their current lease rate. As an example, a resident in a one-bedroom unit leased for \$1,094 per month at San Marino Apartments would move to a one-bedroom unit at San Remo Apartments at the same rate of \$1,094 (subject to allowable annual adjustments) even though the current market rate rent at San Remo Apartments is \$1,851.

Pursuant to the PA 39 Development Agreement and Internal Revenue Service tax codes, households made up entirely of full-time students are prohibited from occupying affordable housing units. For that reason, the 91 affordable units located in the apartment communities within University Town Center, adjacent to the University of California Irvine are currently not available for students. The proposed realignment plan would move these 91 affordable units to other communities, making 91 more units in the University Town Center available for students in this area.

One of the stated goals in the City's Housing Element is to disperse affordable units throughout the community. The proposed plan would relocate 220 units from 14 communities to five communities. Although staff believes that this would not create an overconcentration of affordable units at the five receiving communities, it should be noted that the percentage of affordable units at these communities would increase from a range of 5% to 10% to a range of 21% - 32% and the majority of the affordable units south of the 405 freeway would be moved to communities in the central and northern portions of the City.

ALTERNATIVES CONSIDERED

The Planning Commission may deny the request and require Irvine Company to maintain its affordable units at the locations where the units were originally approved.

FINANCIAL IMPACT

There is no fiscal impact to the City, as Irvine Company will bear all costs related to the renovation improvements at their apartment communities and costs related to transitioning households to other apartment communities.

REPORT PREPARED BY: Charles G. Kovac, Housing Administrator

ATTACHMENTS:

PC Attachment 1: Irvine Company letter dated April 25, 2019

PC Attachment 2: Modification to Exhibit 1 of the Master Affordable Housing Plan

PC Attachment 3: Letter Agreement

cc: Jeffrey S. Davis, Vice President, Entitlement, Irvine Company
Barbara Breton, Senior Director, Affordable Housing Operations, Irvine Company
Steve Holtz, Manager of Neighborhood Services