

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: September 26, 2024

PREPARED BY: Joe Barron, Senior Grants and Contract Analyst
Veronica Chavez, Director of Finance

SUBJECT: APPROVE AN AFFORDABILITY RESTRICTION AND REGULATORY AGREEMENT (DENSITY BONUS) WITH BRAVO GARDEN APARTMENTS, LLC, INCLUDING A CONCESSION PROVIDING FOR REIMBURSEMENT OF IMPACT FEES FROM THE CITY'S HOUSING MITIGATION FEES

RECOMMENDATION:

1. Adopt a Resolution entitled, "A RESOLUTION OF THE CITY OF PALM DESERT, CALIFORNIA, APPROVING (1) AFFORDABILITY RESTRICTIONS AND REGULATORY AGREEMENT (DENSITY BONUS) WITH BRAVO GARDEN APARTMENTS, LLC REGARDING A MULTI-FAMILY RESIDENTIAL DEVELOPMENT WITH 388 TOTAL APARTMENTS, WITH 20% RESTRICTED TO VERY LOW INCOME AND LOW INCOME HOUSEHOLDS; AND (2) A DEVELOPMENT FEE AGREEMENT FOR THE USE OF HOUSING MITIGATION FEES IN AN AMOUNT NOT TO EXCEED \$180,000 AS REIMBURSEMENT TO DEVELOPER IN EXCHANGE FOR RESTRICTING 5 UNITS TO QUALIFYING HOUSEHOLDS WITH LOCAL EMPLOYEES."
2. Approve the Affordability Restriction and Regulatory Agreement (the "Agreement"), by and between the City of Palm Desert and Bravo Garden Apartments, LLC, in accordance with the conditions of approval adopted by Resolution No. 2018-18, for the development of 388 units known as Bravo Garden Apartments, a multifamily rental housing project located at located on Hovely Lane, Palm Desert, California (the "Project"), substantially as to form.
3. Authorize the Development Fee Agreement for the use of Housing Mitigation fees up to \$180,000 to reimburse the developer for the fees attributable to five (5) units restricted for occupancy for qualifying residents who work within the Palm Desert city limits.
4. Authorize the City Manager or his designee, and/or legal counsel to negotiate and finalize the Agreement, and the documents described in the Agreement or otherwise deemed necessary or proper to effectuate the conditions of approval, with such changes thereto as the City Manager or his designee, in consultation with the City's legal counsel, may deem appropriate or necessary and consistent with the purposes of the Agreement and conditions of approval, with such approval to be conclusively evidenced by the execution and delivery thereof.
5. Authorize the Mayor and/or City Manager to execute and deliver the finalized Agreement, for and in the name of the City, the Agreement and other documents, as described in Recommendation No. 2, and authorize the City Clerk to record the Agreement.

BACKGROUND/ANALYSIS:

On April 26, 2018, the City Council adopted Resolution No. 2018-18, approving a density bonus, precise plan, conditional use permit, and mitigated negative declaration (the "Approvals") for the

construction of a three hundred eighty-eight (388)-unit apartment development on the Property consisting of a mix of thirteen (13) two-story buildings and three (3) three-story buildings together with a clubhouse, recreational amenities, and roadway improvements (collectively, the “Project”).

As part of the Project’s approval, the developer is required to enter into a Housing Agreement to effectuate the condition for the developer to restrict twenty percent (20%) of the units to very low and lower-income households at affordable rents. The Agreement is required to be executed and recorded for the developer to obtain building permits.

The Project is now owned by Bravo Garden Apartments, LLC (“Bravo Garden”) and the condition set forth in Resolution No. 2018-18 runs with the land. Pursuant to the Approvals, Bravo Garden has agreed to restrict 20% of the units to be affordable as required by the condition of approval. The Project will include 388 total rental units. Bravo Garden has agreed to make 78 of the rental units continuously available to and occupied by, or held vacant for occupancy by, households with incomes not exceeding 50% of the area median income (“AMI”) in Riverside County at affordable rents. The affordable rental units will be comprised of units with the following number of bedrooms:

Bedroom Size	Very Low-Income Household Affordable Units	Local Employee Households (Reserved for persons employed in Palm Desert city limits)
One	36	2
Two	37	2
Three	5	1
Total	78	5

The affordable units will be restricted for 55 years, commencing upon the issuance of a final building Certificate of Occupancy for the Project.

As part of the original request for a density bonus, the applicant requested a concession to waive certain development impact fees associated with the development of the affordable units. The request was reviewed at that time and concurrently with the approval of the Project, and the City Council approved assistance of up to \$180,000 to offset City imposed development fees as part of the Approvals. In exchange, the developer agreed to set aside a minimum of five (5) of the affordable units to persons who work within Palm Desert city limits. Assistance for the fees and the terms of how the assistance will be provided have been established in a Development Fee Agreement providing for reimbursement and made part of the Agreement.

The use of Low-Income Housing Mitigation Fees is consistent with the purpose of the fees to increase, produce, improve, and preserve affordable housing for low and very low income households with persons who work within the City.

Staff recommends approval of the Agreements in accordance with the requirement of the affordable housing condition of approval pursuant to City Council Resolution No. 2018-18. This approval does not amend or modify the Approvals.

Legal Review:

This report has been reviewed by the City Attorney's Office.

Strategic Plan:

One of the priorities of the City of Palm Desert's ("City") Envision Palm Desert Strategic Plan, as part of Land, Use, Housing and Open Space, is to facilitate development of high-quality housing for people of all income levels. This request meets that objective by diversifying the City's housing stock for moderate- and lower-income households.

Environment Review:

This Agreement is being approved in compliance with the State Density Bonus Law (California Government Code Section 65915 et seq.) and the City's implementing ordinance (Palm Dessert Municipal Code Section 25.34.040). The Agreement concerns rental rate restrictions and impact fee reimbursements and so, pursuant to Public Resources Code § 21166 of the California Environmental Quality Act (Pub. Res. Code § 21000 et seq. ("CEQA") and CEQA Guidelines 15378, the Agreement is not a "project" within the meaning of CEQA as it will not cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and, as such no environmental review is required. City staff is directed to file a notice of exemption.

FINANCIAL IMPACT:

The fiscal impact to the City resulting from the approval of the Development Fee Agreement is to the Housing Mitigation Fund for the reimbursement of fees of up to \$180,000 upon completion of the Project. There is no financial impact to the general fund.

ATTACHMENTS:

1. Draft Resolution
2. Draft Regulatory Agreement for Bravo Garden Apartments