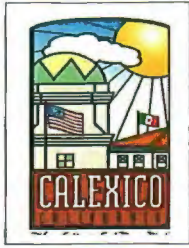


**AGENDA  
ITEM**

**15**



# AGENDA STAFF REPORT

May 3, 2023

**DATE:**

April 20, 2023

**TO:**

Mayor and City Council

**APPROVED BY:**

Esperanza Colio Warren, City Manager

**PREPARED BY:**

Esperanza Colio Warren, City Manager

**SUBJECT:**

Discussion/Action Regarding a Request from Chelsea Investment Corporation for an Impact Fee Deferral Loan in the Amount of \$455,460 Related to the Development of Remington Villas; a 60-unit, Affordable Housing Development

Discussion/Action regarding a request from Chelsea Investment Corporation for an Impact Fee Deferral Loan in the amount of \$455,460 related to the development of Remington Villas; a 60-unit, affordable housing development.

**Background:**

On March 17, 2023, Chelsea Investment Corporation ("CIC") submitted to the City of Calexico a request for financial assistance in the form of an Impact Fee Deferral Loan for a 60-unit, 100% affordable housing development, known as Remington Villas (the "Project"). The Project has 2- and 3-bedroom apartment units designed to meet the needs of families. The requested assistance would be structured as a soft loan from the City of Calexico to help facilitate the financing, development, and construction of the Project, which will provide much needed housing for families with incomes ranging from 30% to 50% of the Area Median Income ("AMI").

As described in the attached letter, Remington Villas will be the first phase of three, 100% affordable housing developments located on the south side of SR-98 along Sheridan Road. A total of \$3.18M has been secured in Infill Infrastructure Grant (IIG) Funds to construct off-site improvements, including: widening of SR-98, improvements and connection of Sheridan Street and McKinley Street, intersection improvements and replacement of split signal phasing; a public park, and other improvements.

The Project has received a TCAC 9% tax credit award and is expected to close in June 2023. However, due to rising interest rates, continued supply chain disruption, Construction cost increases, and lack of other funding sources available, the Project is bordering on being infeasible. A financial contribution from the City in the form of an Impact Fee Deferral Loan will help offset some of these outside economic forces, render the Project feasible and not jeopardize returning the \$3.18M in committed IIG funds.

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**Discussion & Analysis:**

If the Impact Fee Deferral Loan in the amount of \$455,460 is approved by the city, the Loan would be structured as a soft loan, which is expected to be paid back out of excess cash flow generated by the Project. The Loan would be secured by a Promissory Note and Deed of Trust, bearing simple interest at 3%, with an 18-year term and an option to extend the term.

**Fiscal Impact:**

The current city's financial situation makes it difficult to defer impact fees for any development. The State Auditor's Report clearly addresses the financial struggles the city is facing and recommends being more careful regarding the recovery of development and impact fees.

**Coordinated With:**

City Manager's Office.

**Attachment(s):**

1. Letter from Chelsea Investment Corporation.



**Finance  
Development  
Management**

6339 Paseo del Lago  
Carlsbad, CA 92011  
Tel (760) 456-6000  
Fax (760) 456-6001  
www.chelseainvestco.com

March 17, 2023

Esperanza Colio Warren, City Manager  
City of Calexico  
608 Heber Avenue  
Calexico, CA 92231

*via email: ecolio@calexico.ca.gov*

RE: Impact Fee Deferral Loan Request - Remington Villas Affordable Apartments

Dear Ms. Colio Warren:

Chelsea Investment Corporation ("CIC") respectfully requests financial assistance in the form of an Impact Fee Deferral Loan for its 60-unit, 100% affordable housing development, Remington Villas (the "Project"). This assistance would be structured as a soft loan from the City of Calexico to help facilitate the financing, development, and construction of the Project, which will provide much needed housing for families with incomes ranging from 30% to 50% of the Area Median Income ("AMI").

Remington Villas will be the first phase of three, 100% affordable housing developments located on the south side of SR-98 along Sheridan Road. \$3.18M in IIG Funds have been secured to construct many off-site improvements, including: widening of SR-98, including intersection improvements and replacement of split signal phasing; a public park; improvement and connection of Sheridan Street and McKinley Street and other improvements.

The Project has a majority of 2- and 3-bedroom apartment units designed to meet the needs of families. Additionally, to encourage a sense of community and provide resident services, the Project has an on-site community building with gathering space, computer lab, bathrooms, kitchen, management offices and laundry facilities. On-site services, free of charge to the residents, include adult educational and skill building classes as well as an after-school program.

The Project will have Plan Check, Building Permit, Inspection, and Impact Fees totaling \$856,253. The Project has received a TCAC 9% tax credit award and is planning on closing in June 2023. Due to rising interest rates, continued supply chain disruption, hard cost escalation and lack of other funding sources available, the Project is bordering on being infeasible. A financial contribution from the City in the form of an Impact Fee Deferral Loan will help offset some of these outside economic forces, render the Project feasible and not jeopardize returning the \$3.18M in committed IIG funds.

Although the total Fees for the Project equal \$856,253, we are requesting an Impact Fee Deferral Loan ("Loan") in the amount of \$455,460 (see attached chart as to the breakdown of fees to be paid and fees to be deferred). The Loan would be structured as a soft loan, to be paid back out of excess cash flow generated by the Project. The Loan would be secured by a Promissory Note and Deed of Trust, bearing simple interest at 3%, with an 18-year term and an option to extend the term.

Fee Deferral Loan Request - Remington Villas Affordable Apartments  
March 17, 2023  
Page 2

We respectfully request the City of Calexico to invest in the Remington Villas project. This investment will assist us in providing 60 affordable homes to low-income families and will kickstart the first of three phases, a total build-out of 180 affordable homes.

Thank you for consideration of our request. Please contact me with questions, (619) 246-5336.

Very truly yours,

2023.03.17

*Heidi W. Mather* 15:06:10

-07'00'

Heidi W. Mather  
Director of Development  
hmather@chelseainvestco.com

Attachment

Project: Remington Villas, Phase 1

3/17/2023

**Building Permit and Building Impact Fees, City of Calexico**

	Per Unit	# Units	% Deferred	Amount Deferred	Amount Paid
<b>Building Plan Check and Inspection</b>		<b>60</b>			
Building Plan Check / Inspection A-1		\$ 5,558	0%	\$ -	\$ 5,558
Building Plan Check / Inspection A-2		\$ 5,558	0%	\$ -	\$ 5,558
Building Plan Check / Inspection B		\$ 4,347	0%	\$ -	\$ 4,347
Building Plan Check / Inspection CR		\$ 4,347	0%	\$ -	\$ 4,347
<b>Total Building Plan Check and Inspection Fees</b>		<b>\$ 19,809</b>			
<b>Building Permit Fees</b>					
Building Permit A-1		\$ 12,955	0%	\$ -	\$ 12,955
Building Permit A-2		\$ 12,955	0%	\$ -	\$ 12,955
Building Permit B		\$ 9,928	0%	\$ -	\$ 9,928
Building Permit Community Room		\$ 5,366	0%	\$ -	\$ 5,366
<b>Total Building Permit Fees</b>		<b>\$ 41,204</b>			
<b>Impact Fees</b>					
Sewer Connection Fee	\$2,478	\$ 148,680	0%	\$ -	\$ 148,680
Water Connection Fee	\$3,185	\$ 191,100	0%	\$ -	\$ 191,100
Fair Share SR-98 Improvements	\$2,500	\$ 150,000	100%	\$ 150,000	\$ -
Park & Recreation Fee	\$1,303	\$ 78,180	100%	\$ 78,180	\$ -
Traffic Impact Fee	\$963	\$ 57,780	100%	\$ 57,780	\$ -
Fire Mitigation Fee	\$612	\$ 36,720	100%	\$ 36,720	\$ -
Sheriff or Police Fee	\$588	\$ 35,280	100%	\$ 35,280	\$ -
Library Fee	\$658	\$ 39,480	100%	\$ 39,480	\$ -
Art in Public Places	\$500	\$ 30,000	100%	\$ 30,000	\$ -
Corporate Fee	\$393	\$ 23,580	100%	\$ 23,580	\$ -
Administration Fee	\$74	\$ 4,440	100%	\$ 4,440	\$ -
<b>Total Impact Fees</b>		<b>\$ 795,240</b>			
<b>Grand Total Plan Check, Inspection, Permit and Impact Fees</b>		<b>\$ 856,253</b>		<b>\$ 455,460</b>	<b>\$ 400,793</b>