

STAFF REPORT

DATE: January 13, 2026

TO: City Council

FROM: Daryel Dunston, City Manager
Sherri Metzker, Community Development Director
Dana Bailey, Social Services and Housing Director

SUBJECT: Village Farms Workshop: Exhibit E to Proposed Development Agreement (Affordable Housing Individualized Plan)

Recommendation

Consider proposed revisions to the Affordable Housing Project Individualized Plan and any desired related baseline project features and provide feedback and direction to staff.

Fiscal Impact

Costs associated with the processing and preparation of staff reports, including the environmental impact report are paid by the applicant through fees.

Council Goal(s)

Shoring up the Housing Continuum

Background and Analysis

Council Direction. As part of the processing of the Village Farms Davis development application, the City has been working with the applicant to negotiate a Development Agreement to memorialize both developer and City obligations. Staff brought forward portions of the draft Development Agreement to the City Council at the December 16, 2025 Council meeting to receive input. One of the areas where staff was seeking Council guidance was Exhibit E, the Affordable Housing Individualized Plan.

The City Council passed the following motion at the December 16 meeting:

D. Neville moved, seconded by L. Deos, to approve Exhibit E – Affordable Housing Project Individualized Plan as the applicant’s current proposal as presented, including:

- Dedicate 16 acres to City for 280 low / very low units
 - To be developed in partnership with qualified affordable housing developer;
 - To be a fully improved site with all infrastructure and utilities;
 - In the form of no more than 4 parcels no less than 2.5 acres in size;
- Contribute \$6 million to the Housing Trust Fund
 - \$2 Million – w/ dedication of first land site
 - \$1 Million – w/ first building permit

- \$3 Million – w/ first building permit in Phase 3
- City will endeavor to build an additional 80 moderate units on Land Dedication site

G. Partida proposed a friendly amendment to the motion: Direct staff and council subcommittee to work with developer to add a trigger to Development Agreement to shift burden away from city based on some condition occurring. Accepted by mover and second.

Motion passed by the following vote:

AYES: Chapman, Deos, Neville, Partida

NOES: Vaitla

The staff report from the December 16 meeting can be found [here](#).

Alternative Unit Delivery Option. Staff, in conjunction with the City Attorney, have been working with the applicant and the Council subcommittee (Neville, Deos) since mid-December to fulfill the Council direction above. Language has been drafted, which the Council subcommittee has approved, to add a trigger to the Exhibit language. The high-level details of the revisions are listed below:

- Timing/manner of land dedication will be determined with the large lot tentative map to give the City site control to allow for partnering with a developer and to commence construction of affordable units.
- No building permits for Phase 3 issued until construction of at least 100 affordable units has commenced on the land dedication site(s).
- No less than a four-year time frame for City to enter into a partnership with a qualified affordable housing developer
- If the City cannot construct within the time frame, City will meet and confer with the Developer at approval of Tentative Map for Phase 2 to identify a path forward.
- If City Council determines that City cannot build the affordable units, Developer may exercise Fallback Rights
 - Provide 100 or more affordable housing units.
 - Negotiate to return land and/or cash to the Developer to facilitate the development of the 100 units.
- Developer's provision of affordable units pursuant to this fallback provision shall be credited against the City's affordable housing unit requirements.
- Negotiations are still underway regarding the timeline for the termination of the restriction on the issuance of building permits for Phase 3 (Residential Low Density) units.

The applicant, at the time of the publishing of the agenda packet, is not in agreement with these proposed changes and has stated a preference to revert to the original December 16 language for Exhibit E.

Staff has included the original version of the Exhibit for reference.

Staff recommends that the Council discuss the affordable housing plan proposal and provide final direction to staff and the City Attorney on the Exhibit language. Staff will incorporate Council direction into materials for the full project review at the January 20 public hearing.

Attachments

- December 16 Exhibit E Affordable Housing Individualized Plan

EXHIBIT E

AFFORDABLE HOUSING PROJECT INDIVIDUALIZED PLAN

1. INTRODUCTION

This Affordable Housing Project Individualized Plan ("Plan") outlines Village Farms Development's ("Developer") approach to providing affordable housing for the proposed development project.

2. PROJECT SUMMARY

The project consists of the following residential components:

The following Single-Family units comprising of at least 10% Attached units and up to 90% Detached:

- 310 Single-Family units on lots larger than 5,000 square feet (RLD)
- 113 Single-Family units on lots larger than 5,000 square feet (RMD)
- 1017 Single-Family units on lots smaller than 5,000 square feet (RMD)

Multifamily units comprising of:

- 262 Deed Restricted Permanently Affordable Very Low and Low Income Housing units to be constructed on a land dedication site or sites as further described below.
- 98 Rental units to be constructed on a land dedication site or sites as further described below.

These programs represent a meaningful commitment to housing affordability and demonstrate our dedication to creating a diverse, inclusive community at Village Farms.

The Village Farms development also intentionally includes a significant number of smaller-sized market-rate lots to promote housing affordability, providing more attainable housing options for a wider range of buyers. This array of housing options is intended to support the housing continuum and create a more inclusive community.

3. AFFORDABLE HOUSING REQUIREMENTS

The following calculations represent a preliminary estimate based on the current conceptual plan. Final lot counts and sizes will be determined during the tentative map process.

As calculated under the Davis Municipal Code, the project would require the following affordable housing units:

Ownership Units Affordable Housing Requirements

Ownership Residential Product Type	% of Aff. Units Req. for Product Types	Total # of Project Units for this Product Type	# of Aff. Units Required
Market-rate SFR detached ownership units on lots larger than 5,000 square feet (Per §18.05.050(a)(1)(A))	25%	296 - RLD + 113 - RMD	(74+28.25) = 102.25
Market-rate SFR detached ownership units on lots smaller than 5,000 square feet (Per §18.05.050(a)(1)(B))	15%	887 - RMD	133.05
Market-rate SFR attached ownership units (Per §18.05.050(a)(1)(C)) NOTE: Attached Unit Breakdown = 14 in RLD, 14 in RMD over 5k SF lot, and 116 in RMD under 5k SF lot	10%	144 - RMD	14.40
Total Number of Affordable Units Required			249.7

Multifamily *Moderate Income 80-120% AMI

Market-Rate* Rental Residential Product Type	% of Aff. Units Req. for Product Types	Total # of Project Units for this Product Type	# of Aff. Units Required
Rental Housing* (Per §18.05.060) ¹	15%	80*	12

Total Affordable Housing Requirement: 262 units

4. COMPLIANCE APPROACH

4.1 Proposed Land Dedication

The Developer proposes to dedicate approximately 16 acres of land to the City, which will be developed in partnership with one or more qualified affordable housing developers selected by the City. At the time of dedication to the City, the sites will be fully improved with infrastructure, frontage improvements (i.e., curb, gutter, walk), paved street access, and utility (i.e., water, gas, sewer, and electric) service connections stubbed to the property lines. The 16 acres of land shall be delivered across a maximum of four parcels with a minimum parcel size of 2.5 acres. The land will be dedicated as provided by the Large Lot Tentative Map, and the infrastructure serving the identified lots will be constructed with the associated Project phase.

4.2 Housing Type Specifications

The affordable housing to be developed on the land dedication site will be permanently affordable

in accordance with the requirements of the Davis Municipal Code. The specific housing types will be determined by the City in consultation with the selected affordable housing developer(s) and will be based on funding opportunities, community needs, and market conditions.

4.3 Contribution Directly to the City's Housing Trust Fund

In addition to the contributions listed above, Developer will contribute \$6,000,000 directly to the City's Housing Trust Fund. These funds are contributed to the goal of constructing all the multifamily units as deed-restricted units.

The funds contributed to the Housing Trust Fund shall be used to support the development of affordable housing on the land dedication sites within the project unless, as the time that the funds are fully contributed to City, the City determines that adequate funding has been secured for the construction of the required affordable housing on each land dedication site, in which case the funds may be used for any purpose in conformance with Chapter 18.05 of the Municipal Code.

5. AFFORDABLE HOUSING PRODUCT MIX AND INCOME TARGETING

The affordable housing developed on the land dedication sites will serve:

280 units reserved for very low and low-income households, with the following income targets:

- A minimum of 50% of the units will be affordable to very low-income households ($\leq 50\%$ of Area Median Income)
- The remaining units will be affordable to low-income households ($\leq 80\%$ of Area Median Income)

80 units for moderate income households, with the following income targets:

- All units will be affordable to moderate income households between 80% and 120% of Area Median Income

The total number and specific composition of the units developed on the land dedication sites will be determined at the discretion of the City, since the City will own and ultimately convey the land dedication site to the affordable developer(s).

6. IMPLEMENTATION TIMELINE

A. The specific size and location of the land dedication parcels, as well as the specific timing of dedication, will be determined at the time the Large Lot Tentative Map is approved for the Project.

B. Land dedication parcels may be accepted by the City at such time that the infrastructure, frontage improvements (i.e., curb, gutter, walk), paved street access, and utility (i.e., water, gas, sewer, and electric) service connections stubbed to the property lines are completed.

C. The first \$2,000,000 contribution to the Housing Trust Fund will be made by Developer to City concurrently with dedication of the first land dedication site. The second \$1,000,000 contribution to the Housing Trust Fund will be made by Developer to City prior to the first building permit issued for Phase 2 of the development. The remaining \$3,000,000

contribution to the Housing Trust Fund will be made by Developer to City prior to the first building permit issued in Phase 3.

7. MONITORING AND REPORTING

Residential units developed on the land dedication site shall be subject to a regulatory agreement entered into by and between the City and the developer of the land dedication site pursuant to Section 18.05.060(a)(2) of the Municipal Code to ensure the continued affordability of the residential units in perpetuity. The regulatory agreement shall be recorded against the land dedication site and shall require compliance with the monitoring requirements for the affordable residential units as set forth in Section 18.05.060(a)(4) of the Municipal Code.

8. CONCLUSION

Through the dedication of the land sites for the development of 280 Very Low and Low Income Affordable units, 80 Moderate Income units and contribution of \$6,000,000 directly to the City's Housing Trust Fund, this Plan best ensures construction of the units and will generate an amount of affordability that is greater than the amount that would be generated under the standard affordability requirements for the City.