

Resolution No. 2014-06-24-1506

STOCKTON CITY COUNCIL

**RESOLUTION APPROVING A \$2,500,000 LOAN, THE SALE OF THE
PROPERTY AT 30 NORTH CALIFORNIA STREET, THE LEASING OF AIR
RIGHTS OVER THE CITY-OWNED PARKING LOT AT 25 NORTH AMERICAN
STREET; AND ALLOCATING 39 LOW-INCOME HOUSING UNITS PURSUANT
TO ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION FOR
DFA DEVELOPMENT LLC'S CAL WEBER 40
MULTI-FAMILY HOUSING PROJECT**

DFA Development, LLC intends to renovate two buildings in downtown Stockton to construct a mixed-use development; and

The project will include commercial uses on the first floor and a 40-unit residential family housing project on the second floor which will include 39 units of low-income housing that will count toward the City's low income housing goals and will also include a parking structure and an open space/play area; and

The City has determined that based on the Housing Element and Consolidated Plan, additional affordable housing is needed to meet the needs of the City's residents; and

DFA is proposing a variety of funding sources for the project including federal tax credits and a bank loan; and

DFA will apply for nine percent in federal tax credits in July 2014 and is seeking a commitment by the City for funds to fill the gap in its financing plan since the California Tax Credit Allocation Committee views local funding as an important component of a successful application; and

DFA has requested construction financing in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), which will be provided with HOME Investment Partnerships funds and program income from a HELP loan as a 55-year loan at 3 percent simple interest to be repaid by residual receipts; and

The transfer of the property and the use of the loan funds will be contingent on DFA obtaining all of the additional funding necessary to construct the project; and

Article XXXIV of the California Constitution ("Article 34") requires a local election by voters to approve a low-income housing project when financed in whole or in part by the federal government or a state public body; and

In November 2010, local voters gave the City Council the authority to approve the development of up to 500 publicly assisted low-income housing units each year for a ten-year period; and

DFA is asking that the City Council allocate 39 of the authorized units for the Cal Weber 40 multi-family project; and

DFA is proposing to acquire a vacant City-owned parcel which will be used for parking and an open space/play area for tenants to be paid for with residual receipts over a fifteen year period; and

DFA is also proposing a lease for air rights over a City parking lot to provide needed parking for the project at no cost for a period of fifty-five years; and

The proposed project complies with the National Environment Policy Act, the California Environmental Quality Act, and the City of Stockton General Plan Housing Element; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Council hereby approves a loan in an amount not to exceed \$2,500,000 to DFA Development, LLC to be funded with program income from a HELP loan and with HOME Investment Partnerships funds with the proviso that DFA obtain all funding necessary to construct the project. All accumulated program income in the HELP fund, which to date is \$422,690, will be used, with HOME funds providing the balance of the requested loan.
2. It is declared that a notice of the intention to lease, sell or dispose of City-owned property was duly published in accordance with the provisions of Article V, section 510 of the Charter of the City of Stockton.
3. The City Council hereby finds that the sale of the property located at 30 North California Street to DFA Development, LLC is in the best interest of the City to further its efforts to increase the supply of affordable housing and authorizes the sale to DFA contingent upon all funding necessary to construct the project being obtained.
4. The City Council hereby approves the leasing of air rights over Lot K, located at 25 North American Street, to DFA Development, LLC for a period of 55 years at no cost to DFA Development.

5. The City Council hereby approves, pursuant to Article 34 of the California Constitution, the designation of thirty-nine low-income housing units to provide affordable housing to low-income households for this project.


6. The City Council hereby authorizes a budget revenue increase and appropriation of \$1,005,000 from federal Housing and Urban Development funds (HUD) to fund part of this project

7. The City Manager is hereby authorized and directed to execute all appropriate documents to carry out the purpose and intent of this Resolution, including, but not limited to a deed and/or other instrument of conveyance, a lease, and subordination and assignment agreements.

8. In accordance with Government Code section 65402, this activity/project has been determined to conform to the City's General Plan.


9. The sale and leasing of property is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15301, Class 1 of the State CEQA Guidelines and the filing of a Notice of Exemption is hereby approved.

PASSED, APPROVED, and ADOPTED June 24, 2014



ANTHONY SILVA, Mayor
of the City of Stockton

ATTEST:



BONNIE PAIGE
City Clerk of the City of Stockton

