

Resolution No.

# STOCKTON CITY COUNCIL

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## DE-OBLIGATE HOME ENTITLEMENT FUNDS FROM THE GRAND VIEW VILLAGE PROJECT AND AUTHORIZE LOW TO MODERATE INCOME HOUSING FUNDS TO PAY DOWN THE REAL PROPERTY DEBT

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VCOR, LP (VCOR), a partnership between Visionary Home Builders (Visionary) and Ten Space, intended to construct the Grand View Village affordable, mixed-use housing project (the "Project"); and

The City approved two loans to VCOR for the Project totaling \$3,952,547 in 2014 and 2015; and

The two-year loans to VCOR were to assist with the Project's property acquisition, pre-development, and construction of affordable residential units, including \$1,622,547 in HOME Investment Partnership/Community Housing Development Organization (CHDO) funds, \$330,000 in Community Development Block Grant (CDBG) funds, and \$2,000,000 in Series C Redevelopment and Housing Revenue Bond funds; and

The secured loans to VCOR were contingent upon the Project obtaining all funding necessary to construct the Project; and

VCOR was granted two extensions through June 19, 2019; and

VCOR learned in July 2018, that its third application for state Affordable Housing and Sustainable Communities Program (AHSC) funds was unsuccessful, resulting in insufficient funding the Project this year; and

In July 2018, the City's HOME program was reviewed by the Department of Housing and Urban Development (HUD); and

HUD deemed the Grand View Village project ineligible for HOME funds at this time due to statutory timeliness requirements; and

On August 21, 2018, Council approved HUD's request to reallocate 2011, 2012, 2013, 2014, and 2016 CHDO funds totaling \$849,000 to be reallocated to another CHDO project, Hunter Street Apartments, on the condition the funds can be committed and expended by the end of September 2018; and

In December 2018, HUD requested that the City de-obligate \$334,208 of HOME Entitlement funds; now, therefore,

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

1. Approving the de-obligation of \$334,208 of 2014 HOME Investment Partnerships Program (HOME) Entitlement funds from the Grand View Village project.
2. Approving release of the \$1,021,500 balance of the Low to Moderate Income Housing Funds (Bond) to pay down the real property debt on the Grand View Village project.
3. Approving a one-year extension of the existing loans to VCOR, LP for the Grand View Village project to June 9, 2020.
4. The City Manager, or his designee, is authorized and directed to execute all appropriate documents and to take whatever actions necessary and appropriate to carry out the purpose and intent of the Resolution.

PASSED, APPROVED, and ADOPTED: February 5, 2019.

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MICHAEL D. TUBBS  
Mayor of the City of Stockton

ATTEST:

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CHRISTIAN CLEGG, Deputy City Manager/  
Interim City Clerk of the City of Stockton