

Resolution No.

STOCKTON CITY COUNCIL

ADOPT A RESOLUTION APPROVING AFFORDABLE HOUSING LOAN AWARDS TO ELIGIBLE RESPONDENTS TO THE 2025 AFFORDABLE HOUSING NOTICE OF FUNDING AVAILABILITY (NOFA)

On October 30, 2025, the Economic Development Department (EDD) released the 2025 Housing NOFA to interested parties announcing the availability of funds for the development or preservation of affordable housing units in Stockton; and

The 2025 Housing NOFA information was sent to more than 300 community stakeholder contacts (including housing developers), shared via multiple social media platforms, posted on the City's official website, and EDD issued a public media press release; and

The 2025 Housing NOFA made funds available to provide financing for property acquisition, housing construction, property rehabilitation/conversion with the end goal of producing multi-family affordable rental housing projects; and

The 2025 Housing NOFA resulted in the submittal of eight (8) applications from developers, requesting approximately \$28.2 million of City affordable housing funds; and

In addition to overall application and document review, EDD staff and TDA Consulting Inc. reviewed all proformas and conducted preliminary underwriting analysis of all project proposals received; and

A risk assessment of each applicant and its proposal was conducted to ensure the selected applicant has the ability to comply with funding requirements; and

As an additional layer of review, applications and documents received were reviewed by artificial intelligence (AI) software using the same scoring criteria contained within the NOFA document. No changes to the project rankings were evident with the addition of the AI scores; and

Due to the proposed public financing, the development of the projects must be approved pursuant to Article XXXIV (34) of the California Constitution, which requires a local election to approve affordable housing projects; and

In 2018, local voters gave the City Council the authority to approve up to 500 units per year. The proposed units are within this limit; now, therefore,

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

1. Approve loans to the following two affordable housing developments in the amounts specified, provided that, as a condition of funding, the borrower demonstrates to the City Manager's or designee's satisfaction that each project meets the underwriting and general requirements of the 2025 Housing NOFA guidelines:

- a. \$5,000,000 to Visionary Home Builders for the development of The Don Shalvey Apartment (108 units) project.
- b. \$4,179,838 to DCDC for the development of the Danny Drive (66 units) project.

Funding sources for the loans can include use of any combination of HOME, HOME-ARP, LMIHF, PLHA, NSP, Community Development Block Grant (CDBG), and/or Homeless Housing Assistance and Prevention (HHAP), based on eligibility and timeliness of the funding source(s) at the time of full project funding commitments and construction schedule.

The loans shall have a 55-year loan term and affordability period with interest accruing at 3% and repayment made from residual receipts, proportionate to the City loan percentage of total permanent funding. Residual receipts are the amount of revenue remaining after all operating expenses are paid. If the annual residual receipt payments do not pay off the loan, the remaining balance would be due as a lump sum at the end of the 55-year term. A Deed of Trust, Promissory Note, and Regulatory Agreement will be executed to secure the City's investment and affordability of the units. The loan proceeds may be used by the developer for pre-development costs, construction costs, and development consultant costs. HOME-funded projects will have a 55-year loan term with the maximum affordability period recommended for HOME-assisted projects, as well as an extended commitment period to maintain affordability.

2. Approve the allocation of: up to 108-units of affordable housing units to Visionary Home Builders for The Don Shalvey Apartment project; and, up to 66 units to DCDC for the Danny Drive project pursuant to Article XXXIV of the California Constitution.

3. Authorize the City Manager, or designee, to de-obligate and reallocate funding allocations awarded under this resolution if any project is unable to meet the underwriting and general requirements of the 2025 Housing NOFA, including but not limited to ability to meet securing of full funding stack deadlines, construction start deadlines, and/or inability to meet any other City requirements, including underwriting program guidelines. If defunded, the City Manager is authorized to reallocate the funding to eligible projects that have competed in a City of Stockton Housing NOFA that can meet the funding source agency timeliness and general City affordable housing program guidelines.

4. Authorize the City Manager, or designee, to take actions that are necessary and appropriate to carry out the purpose and intent of this Resolution, including the execution of loan documents, subordination agreements, and the reallocation of funding sources, if necessary.

PASSED, APPROVED, and ADOPTED April 14, 2026.

CHRISTINA FUGAZI
Mayor of the City of Stockton

ATTEST:

KATHERINE ROLAND, CMC, CPMC
City Clerk of the City of Stockton