TO: Chairperson and Members of the Stockton Redevelopment Agency

FROM: Mark Lewis, Executive Director
Redevelopment Agency of the City of Stockton

SUBJECT: RESOLUTION: ADOPT A RESOLUTION APPROVING THE REPLACEMENT HOUSING PLAN FOR DEMOLITION OF THE TONI HOTEL AS PART OF THE EDMUND S. "ED" COY PARKING STRUCTURE PROJECT

RECOMMENDATION

The Redevelopment Commission recommends that the Redevelopment Agency adopt a resolution approving the Replacement Housing Plan for demolition of the Toni Hotel as part of the Edmund S. "Ed" Coy Parking Structure Project in the Amended West End (Central Stockton) Redevelopment Project Area.

SUMMARY

Construction of the Edmund S. "Ed" Coy Parking Structure will require demolition of the Toni Hotel, an eight-room single room occupancy (SRO) hotel. State law requires that replacement units be identified whenever units that housed very low income households are destroyed. To satisfy this requirement, staff has prepared the subject Replacement Housing Plan that identifies appropriate replacement housing units in the Hotel Stockton.

DISCUSSION

Background

The Agency has previously entered into agreements with the developer of certain downtown commercial projects to provide additional downtown parking for the projects, such as the City Centre Cinema Project. The Edmund S. "Ed" Coy Parking Structure Project is proposed to be developed on the north half of the block bounded by Weber Avenue, Hunter Street, Channel Street and San Joaquin Street (see attached map). The project will consist of a six-story parking facility containing approximately 575 parking spaces and 7,500 square feet of ground floor commercial/retail space. Development of the project will necessitate the removal of the Toni Hotel located at the southeast corner of Channel and Hunter Streets. That hotel consists of eight SRO units, which are assumed to have housed very low income households. Currently, the Toni Hotel residential units are vacant.

AGENDA ITEM 6.22
RESOLUTION: ADOPT A RESOLUTION APPROVING THE REPLACEMENT HOUSING PLAN FOR DEMOLITION OF THE TONI HOTEL AS PART OF THE EDMUND S. "ED" COY PARKING STRUCTURE PROJECT

Present Situation

California Redevelopment Law requires that a redevelopment agency adopt a replacement housing plan at least 30 days prior to implementing a project that may displace low and moderate-income residents. To satisfy this legal requirement, staff has prepared the attached Replacement Housing Plan (Plan) for demolition of the Toni Hotel. The Plan includes: 1) the location of the replacement housing units, which is identified as units being constructed in the Stockton Hotel; 2) an adequate means of financing the replacement housing units; 3) a finding that the replacement housing does not require approval of the voters pursuant to Article 34 of the California Constitution; 4) the number of planned replacement housing dwelling units that will house low and moderate-income persons; and, 5) a timetable for meeting the replacement housing objectives.

In accordance with the Community Redevelopment Law (Health and Safety Code Section 33000 et seq. (the "CRL"), the Agency's obligations with regards to replacement housing are to replace any low and moderate income units destroyed within four years of destruction. The replacement units must have the same or greater number of bedrooms than the demolished units. In addition, Health and Safety Code Section 33413(a) provides that all of the replacement housing units must be available at affordable housing cost for the same income level of very low income households, lower income households and persons and families of low and moderate income as the persons displaced from the destroyed or removed units. The subject Plan identifies appropriate replacement housing units.

The City has issued lease revenue bonds to fund construction of the Project. The bonds will be repaid by Central Parking District revenues.

A Public Notice was published in The Record on December 3, 2004, notifying citizens that the Replacement Housing Plan is available for review and comment.

Respectfully submitted,

MARK LEWIS, EXECUTIVE DIRECTOR
STOCKTON REDEVELOPMENT AGENCY

Attachment
ML:RP:myb

::ODMA\GRP\WISE\COS.HRD.HRD_Library:59866.1
Resolution No. ________________

STOCKTON REDEVELOPMENT AGENCY

RESOLUTION ADOPTING A REPLACEMENT HOUSING PLAN FOR
DEMOLITION OF THE TONI HOTEL AS PART OF THE EDMUND S. "ED" COY
PARKING STRUCTURE PROJECT

WHEREAS, the City of Stockton anticipates constructing the Edmund S. "Ed" Coy Parking Structure which will require demolition of the Toni Hotel, an eight-room single occupancy (SRO) hotel (the "Project"); and,

WHEREAS, Section 33413.5 of the Health and Safety Code requires that the Redevelopment Agency adopt a replacement housing plan for the project at least thirty (30) days prior to the implementing the Project; and,

WHEREAS, the replacement housing plan information for the Project must be submitted to the U.S. Department of Housing and Urban Development ("HUD"); and,

WHEREAS, a replacement housing plan has been prepared for this purpose; now, therefore,

BE IT RESOLVED BY THE MEMBERS OF THE REDEVELOPMENT AGENCY
OF THE CITY OF STOCKTON, AS FollowS:

1. That the Replacement Housing Plan for demolition of the Toni Hotel as part of the Edmund S. "Ed" Coy Parking Structure Project is hereby approved, a copy of which is attached hereto marked Exhibit A and incorporated by this reference.

2. That the Executive Director is hereby authorized to submit to HUD the replacement housing plan information in a form consistent with federal rules and regulations.

PASSED, APPROVED and ADOPTED ___________________________.

GARY PODESTO, Chairperson
Redevelopment Agency of the
City of Stockton

ATTEST:

KATHERINE GONG MEISSNER, Secretary
Redevelopment Agency of the
City of Stockton

::ODMA\GRPWISE\COS.CA.CA_Library\30555.1
REPLACEMENT HOUSING PLAN

TONI HOTEL

December 14, 2004

The Redevelopment Agency of the City of Stockton
425 North El Dorado Street, Suite 200
Stockton, CA 95202
(209) 937-8538
REPLACEMENT HOUSING PLAN

This Replacement Housing Plan ("Replacement Housing Plan") is being prepared on behalf of the Redevelopment Agency of the City of Stockton (the "Agency") in conjunction with the development of a downtown parking facility (the "Project"). Development of the Project will necessitate the removal of the Toni Hotel, consisting of 8 SRO Units, which are assumed to have housed very low income households. Currently, Toni Hotel is vacant.

The Agency has entered into agreements with the developer of certain downtown commercial projects to provide additional downtown parking for the commercial projects. The City has issued lease revenue bonds to fund construction of the Project. The bonds will be repaid by Central Parking District revenues. In accordance with the Community Redevelopment Law (Health and Safety Code Section 33000 et seq. (the "CRL")), the Agency's obligations with regards to replacement housing are to replace any low and moderate income units destroyed within four years of destruction. The replacement units must have the same or greater number of bedrooms than the demolished units. In addition, Health and Safety Code Section 33413(a) provides that all of the replacement housing units must be available at affordable housing cost for the same income level of very low income households, lower income households and persons and families of low and moderate income as the persons displaced from the destroyed or removed units. Under the CRL, the replacement housing plan must cover the following elements:

1. The general location of the replacement housing (see Section D below);

2. An adequate means of financing the replacement housing (see Section E below);

3. A finding that the replacement housing is in compliance with Article XXXIV of the California Constitution (see Section G below);

4. The number of replacement housing units planned for construction and rehabilitation (see Section D below); and

5. The timetable for meeting the replacement housing objectives (see Section F below).

The Agency's goal in preparing this Replacement Housing Plan is to demonstrate that providing replacement housing in accordance with the requirements of the CRL is feasible.

A. Project Description and Replacement Housing Need.

The Project will be developed in the City of Stockton, in the area bounded by Weber Avenue, Hunter Street, Channel Street and San Joaquin Street. Map 1 shows the location of the proposed Project. The Project will consist of a six-story parking
Map 1
Location of the Project

TONI HOTEL

CHANNEL ST

PARKING FACILITY

SAN JOAQUIN ST

HUNTER ST

WEBER AVE

HOTEL STOCKTON
facility consisting of approximately 575 parking spaces and 7500 square feet of ground floor commercial/retail space.

The Project will result in the destruction of 8 very low income SRO housing units. Table 1 sets forth the number of units to be replaced as a result of the Project by income category. Table 1 also sets forth the number of bedrooms required to be replaced. If income or rental information was not available for a specific unit to be destroyed, it was assumed to be a very low income unit.

TABLE 1
REPLACEMENT HOUSING NEED
BY INCOME CATEGORY AND NUMBER OF BEDROOMS

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Studio/One Bedroom</th>
<th>Two Bedrooms</th>
<th>Three Bedrooms</th>
<th>Four Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Low Income</td>
<td></td>
<td>0</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Very Low Income</td>
<td></td>
<td>8</td>
<td></td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Under the assumptions and criteria stated above, and based on the occupant income and unit rent information provided by tenants as they vacated the Units, all 8 of the replacement housing units will need to be affordable to very low income households.

B. Location and Number of Units to be Demolished.

The units to be demolished are located at the following addresses:

Toni Hotel – 216 E. Channel Street
8 SRO Units

Map 1 also shows the location of the units to be demolished.
C. **Time Schedule for Demolition.**

The demolition of the units is tentatively scheduled to begin on December 10, 2004 and to be completed by January 31, 2005. However, this time schedule is preliminary at this time and is subject to change. The Agency will disclose to the public any changes in the timing of the demolition as that information becomes available.

D. **Location of Replacement Housing and Unit Size.**

The Agency has initially identified 8 of the units being constructed in the Stockton Hotel renovation as suitable for replacement housing. Map 2 shows the location of the Hotel Stockton, which will provide the replacement housing.

Table 2 summarizes the anticipated total number of expected units in the Stockton Hotel and shows a breakdown of the expected number of units by unit size, type of units and affordability category.

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Studio/One Bedroom</th>
<th>Two Bedrooms</th>
<th>Three Bedrooms</th>
<th>Four Bedrooms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate Income</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Low Income</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Very Low Income</td>
<td>155</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>155</td>
</tr>
<tr>
<td>Total</td>
<td>155</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>155</td>
</tr>
</tbody>
</table>

The Project will provide 8 very low income units of sufficient bedroom size (the same or greater number of bedrooms than the demolished units) to replace all 8 of the very low income SRO units demolished to assist the Project. The rehabilitation of the Hotel Stockton is expected to be completed in December, 2004.

The Agency has already recorded affordability covenants on the Hotel Stockton requiring all of the 156 units (other than the manager’s unit) to be occupied and leased to very low income households at affordable housing cost for a minimum of 55 years. Thus, the Agency can assure that the replacement units will remain affordable as required by State law.
Map 2

Location of the Hotel Stockton
E. **Financing Replacement Housing.**

The financing for Hotel Stockton is as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Mortgage</td>
<td>$1,696,200</td>
</tr>
<tr>
<td>Agency loan</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Tax Credit Investor Funds</td>
<td>15,473,394</td>
</tr>
</tbody>
</table>

F. **Time Schedule for Construction of the Replacement Housing.**

The rehabilitation of the Hotel Stockton is almost completed. The rehabilitation of the Hotel Stockton into affordable housing started on January 20, 2003 and is to be completed in December, 2004.

G. **Article XXXIV Approval.**

Development of this replacement housing does not require approval of the voters pursuant to Article XXXIV of the California Constitution.

By election held on March 7, 2000, the voters of the City of Stockton have approved the construction, acquisition, rehabilitation and/or conversion of up to 500 units of low-income, elderly and handicapped person annually for ten years, with any surplus to be carried over to future years. The City has allocated 156 units of this authority to the Hotel Stockton.

H. **Conclusion.**

Based on the Agency's analysis of the Project and financing options, the Agency has determined that it can meet its replacement housing obligations. The Agency will have replaced 8 very low SRO income units with 155 efficiency units affordable to very low income households, creating a surplus of 147 very low income units over the Agency's replacement housing obligation. All replacement units will have at least the same number, if not more, bedrooms than the units to be demolished.