June 29, 2010

TO: Chairperson and Members of the Stockton Redevelopment Agency

FROM: Kevin O’Rourke, Executive Director
Stockton Redevelopment Agency

SUBJECT: ZETTIE MILLER’S HAVEN APARTMENTS

RECOMMENDATIONS

It is recommended the Redevelopment Agency adopt a resolution:

Amending Stockton Redevelopment Agency Resolution No. R09-006 dated February 24, 2009, to allow the release of $286,457 in loan proceeds to Community Housing Development Group LLC (Community Housing) for the purpose of acquiring an option to purchase 2.15 acres of land located in the North Stockton Redevelopment Area at 1545 Rosemarie Lane, and to pay for predevelopment activities for the development of an 82-unit housing project for persons with special needs, and to extend the Agency’s loan commitment to December 31, 2011.

Authorizing the Executive Director to execute all documents and take whatever actions are appropriate to carry out the purpose and intent of the resolution.

SUMMARY

On February 24, 2009, the Stockton Redevelopment Agency (Resolution No. R09-006) awarded a $1.9 million loan to Community Housing Development Group LLC (Community Housing) for property acquisition and predevelopment costs associated with the construction of an 82-unit, special-needs, affordable housing project located at 1545 Rosemarie Lane in the North Stockton Redevelopment Area. Community Housing Development Group LLC is requesting a portion of those funds, specifically $286,457, to pay for an Option to Purchase deposit and predevelopment costs related to the project. It is further requested that an extension to the Agency’s loan commitment be provided to Community Housing changing the expiration date from December 31, 2010, to December 31, 2011.

DISCUSSION

Background

In February 24, 2009, the Stockton Redevelopment Agency awarded a $1.9 million loan to Community Housing Development Group LLC (Community Housing) for the purpose of acquiring 2.15 acres of land located in the North Stockton Redevelopment Area at 1545 Rosemarie Lane, and to pay for predevelopment activities for the development of

AGENDA ITEM 6.11
an 82-unit housing project for persons with special needs. A conceptual plan and vicinity map are attached as Exhibits “A” and “B” respectively.

Community Housing is a limited partnership with Service First of Northern California, who serves as the managing general partner. Service First is an experienced provider of services to persons with disabilities throughout San Joaquin County, and has successfully developed rental housing for disabled adults who can live independently.

The project, named Zettie Miller’s Haven, is designed to create a community atmosphere for clients with special needs, such as the developmentally disabled and those with long-term illnesses, including onsite management to coordinate supportive services that accommodate those needs. Features include a community room that will contain a learning center to teach independent living skills, open space, and a laundry facility. Tenants will also have access to Service First’s other facilities that have additional specialized supportive services. The project will contain an onsite manager’s unit, plus 81 rental units, affordable to disabled adults earning between 25 and 50 percent of area median income.

Present Situation

Contingencies associated with the loan were included in the Redevelopment Agency Resolution No. R09-006 adopted on February 24, 2009, which prevents the Agency from releasing any loan proceeds. These conditions require that Community Housing obtain funding from the Multi-family Housing Program and Mental Health Services Act, as well as be awarded four percent tax (4%) credits through the State’s Tax Credit Allocation Committee, before the Agency will release any of its $1.9 million loan commitment.

Community Housing is in the process of applying for the above mentioned funds; however, in order to obtain control of the land it must enter into an Option to Purchase agreement with the owner, Unity Southern Baptist Church of Stockton. The Option to Purchase agreement requires that Community Housing pay a non-refundable deposit to Unity Southern Baptist Church in the amount of $100,000.

In addition to the Option to Purchase deposit, Community Housing is also requesting assistance in the amount of $186,457 to pay for predevelopment costs associated with the Zettie Miller’s Haven apartments. Such costs include engineering, architectural, environmental, and financial services.

As discussed at the February 24, 2009 Council/Agency meeting, the Zettie Miller’s Haven project is an important one to Stockton. Not only will it provide much needed
affordable housing for disabled adults in the community, it will also contribute to the housing goals identified in the City's Housing Element and Consolidated Plan, and will satisfy the Redevelopment Agency's replacement housing obligations. Staff is requesting that Council authorize the release of $286,457 of the original $1.9 million loan award for the project to continue to moving forward.

In addition to the release of loan proceeds, Community Housing has also requested a one year extension of the Agency's loan commitment, which is currently scheduled to expire in December 2010. If approved, the loan commitment would extend to December 31, 2011. This will allow Community Housing more time to secure the additional funding sources identified earlier.

Further, it should be noted that the repayment term of the $1.9 million Agency loan will not change and remains at 55 years, with an interest rate of three percent (3%).

FINANCIAL SUMMARY

No additional funding is being requested at this time. The $286,457 requested will come from the original $1.9 million loan awarded to Community Housing in February 2009. Loan proceeds will be expended from Account No. 021-7380-640 Agency Low/Mod Income Housing Fund Special Purpose Loans.

Respectfully submitted,

KEVIN O'ROURKE, EXECUTIVE DIRECTOR
STOCKTON REDEVELOPMENT AGENCY

KO:BB:JJM:myb
Attachments
::ODMA\GRPWISE\COS.HRD.HRD_Library:101935.1
EXHIBIT “A”

Zettie Miller’s Haven
Rosemarie Lane – North Stockton Redevelopment Project Area

Conceptual Plan
EXHIBIT “B”

Zettie Miller’s Haven
Rosemarie Lane – North Stockton Redevelopment Project Area

Vicinity Map
RESOLUTION AMENDING REDEVELOPMENT AGENCY RESOLUTION NO. R09-006
DATED FEBRUARY 24, 2009, TO ALLOW THE RELEASE OF $286,457 IN LOAN
PROCEEDS TO COMMUNITY HOUSING DEVELOPMENT GROUP LLC AND TO
EXTEND THE AGENCY'S LOAN COMMITMENT TO DECEMBER 31, 2011

On February 24, 2009, the Stockton Redevelopment Agency adopted Resolution No. R09-006 awarding a $1.9 million loan to Community Housing Development Group LLC for the purpose of acquiring 2.15 acres of land located at 1545 Rosemarie Lane (the "Site") and to pay for predevelopment activities associated with the project; and

Community Housing Development Group, LLC, (the "Borrower") proposes to construct an 82-unit affordable rental housing complex on the Site designed to create a community atmosphere for clients with special needs, such as the developmentally disabled and those with long-term illnesses, including on-site management (the "Development"); and

The Borrower has requested the Agency release $286,457 of the loan proceeds to assist with the payment of a $100,000 deposit as part of an Option to Purchase agreement with the land owner of the Site and $186,457 in predevelopment expenses; and,

The Borrower has further requested an extension of the Agency's loan commitment from December 31, 2010, to December 31, 2011; now, therefore,

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

1. The Agency hereby authorizes the release of $286,457 of the original $1.9 million loan awarded on February 24, 2009, to Community Housing Development Group LLC.

2. The Agency hereby authorizes the extension of the Agency's $1.9 million loan commitment to December 31, 2011.

3. The Executive Director is hereby authorized to execute all agreements and other documents and take such other actions as are appropriate to carry out the intent and purpose of this Resolution.

PASSED, APPROVED, and ADOPTED ____________________________.

ATTEST:

KATHERINE GONG MEISSNER
Secretary of the Redevelopment Agency

ANN JOHNSTON, Chairperson
of the Redevelopment Agency of the
City of Stockton

City Atty: LSW
Review ____________
Date June 23, 2010
::ODMA\GRPW\SEC\HRD\HRD_Library.101955.1