



# City of Stockton

## Legislation Text

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

#### RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

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 Affordable Housing Notice of Funding Availability (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 the use of any combination of HOME, HOME American Rescue Plan (HOME-ARP), LMIHF, Permanent Local Housing Allocation (PLHA), Neighborhood Stabilization Program (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;

2. Approve the allocation of: up to 108-units of affordable housing units to Visionary Home Builders for the Don Shalvey Apartment projects; 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 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.

## Summary

### **Funding Allocation Summary**

On October 30, 2025, the City issued a Notice of Funding Availability (NOFA) making available funding from local, state, and/or federal sources to be awarded to qualified housing developers for eligible affordable rental housing project proposals.

The Housing NOFA application period closed on December 18, 2025 with a total of 8 project proposals received for a combined total request of \$28.2 million.

The City's Economic Development Department (EDD) scrutinized all proposals, first by confirming that all requirements of the application were submitted and then by reviewing content in detail and scoring each criteria category as required by the Council-approved NOFA process (Attachment A - Motion No. 2025-11-04-1601).

Based on the scores, the following housing projects are recommended for allocation:

- a. **The Don Shalvey Apartment (108 units)** Award recommendation: \$5,000,000 to Visionary Home Builders for the development of the project.
- b. **Danny Drive (65 units)** Award Recommendation: \$4,179,838 to DCDC for the development of the project. (Note: the current award has been requested as additional project support towards a stronger application for the much-needed tax credit funding award. Previous City funding allocation is \$1,300,000 (Attachment B - Resolution No. 2024-01-09-1501). This funding has been contracted and utilized (expended) for site acquisition.

The proposed projects are consistent with the City's affordable housing goals and priorities identified in its Five-Year Consolidated Plan.

Council received the recommendations of the 2025/26 Housing NOFA process on March 31, 2026 and approved two of the four recommendations. (Attachment C - Resolution No. 2026-03-31-1601). The remaining two recommendations are contained within this Council report for further consideration.

## DISCUSSION

### Background

On October 30, 2025, the Economic Development Department (EDD) released a Notice of Funding Availability (2025 Housing NOFA) to interested parties of the availability of funds for the development or preservation of affordable housing units in Stockton. 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. The 2025 Housing NOFA made funds available to provide financing for property acquisition, housing construction, and property rehabilitation/conversion with the end goal of producing multi-family affordable rental housing projects.

In 2025, the Economic Development Department established rental housing program guidelines, as required by the City's funding agencies (e.g., US Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD)) to ensure that the City's HUD and HCD funds are invested prudently, efficiently, and in compliance with applicable state and federal requirements (Attachment D - Federal Checklist of Home Rental Housing Requirements). The core purpose of these guidelines was to provide a standardized framework for evaluating and approving HUD/HCD-assisted rental projects before funds are awarded to projects.

The 2025 Housing NOFA established project selection criteria (Attachment E) that would score project proposals based on the following:

- Developer Experience and Financial Capacity - up to 30 Points
- Strength of Proforma - up to 30 points
- Populations Served - up to 15 points
- Unique Project Design Features - up to 15 points
- Demonstrated Leverage of Other Sources - Up to 10 points

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

EDD staff and TDA Consulting Inc. reviewed all proformas from the applications and conducted preliminary underwriting analysis of all project proposals received. The City of Stockton is held to stringent regulations by its state and federal funding agencies and as such, the City must conduct a risk assessment of each applicant and its proposal to ensure the selected applicant has the ability to comply with funding requirements. With this consideration and in conformance with the NOFA project evaluation criteria, EDD's project recommendations are being made after considering several project proposal factors, including but not limited to:

- Available funding sources and respective allowable uses (Attachment F)
- Responsiveness to project details as outlined in the NOFA
- Overall project characteristics
- Number of units to be developed
- Assessment of developer & team capacity and experience including the ability to comply with stringent state and federal regulatory requirements
- Demonstrable experience developing and managing projects of a similar type and scope
- Project proforma consistency with metrics and proforma requirements outlined in the City's Program Guidelines
- Project funding leverage (amount of non-City funding to be contributed)

After the ratings were compiled, averaging each of the three rater's scores, the City enlisted the services of artificial intelligence (AI) programming to run a full analysis of the submitted applications and supporting documents as an additional measure to be factored along with the three human raters. While the AI-generated scores varied slightly, when factored as a fourth rater and averaged with the three human ratings, the ranking of the projects did not change. A full listing of all projects and their ratings is available as (Attachment G).

Present Situation

**Affordable Housing Awards**

After careful review and analysis of each proposal, EDD recommends funding awards to the following projects:

**Don Shalvey Apartments**

Applicant: Visionary Home Builders  
Co-Applicant: N/A  
Project Address: 31 E Channel Street  
Funding Request: \$ 5,000,000  
Funding Recommendation: \$ 5,000,000  
Estimated Total Development Cost: \$83,978,508  
Estimated Number of Housing Units: 108  
Estimated Cost Per Unit: \$ 763,441  
Council District: 5  
Previous Award (if any): \$0  
Target Population Served: Families  
Target AMI Level: 30% to 80% of the Area Median Income  
Affordability Restrictions: Affordability covenants will be imposed on the property per funding source(s) requirements.

**Danny Drive**

Applicant: Delta Community Developers Corp. (DCDC)  
Co-Applicant: N/A  
Project Address: 6303 Danny Drive  
Funding Request: \$4,179,838  
Funding Recommendation: \$ 4,179,838  
Estimated Total Development Cost: \$ 39,744,335  
Estimated Number of Housing Units: 66  
Estimated Cost Per Unit: \$ 602,187  
Council District: 2  
Previous Award (if any): \$ 1,300,000 (Used for site acquisition)  
Target Population Served: Senior Housing 62+  
Target AMI Level: 30% to 60% of the Area Median Income

Based on staff review and the available funding sources, the projects being recommended are generally consistent with the City's Five-Year Consolidated Plan, Homeless Strategic Plan, Housing Element, and the 2025 Housing NOFA criteria. Available at:

[https://www.stocktonca.gov/business/economic\\_development/housing\\_index.php](https://www.stocktonca.gov/business/economic_development/housing_index.php) and  
[https://www.stocktonca.gov/business/economic\\_development/homeless\\_initiatives.php](https://www.stocktonca.gov/business/economic_development/homeless_initiatives.php)

The applications received represent a proposed 523 affordable housing units. In compliance with HUD/HCD underwriting requirements, the City will require projects to secure all other sources of funding prior to entering into a written agreement with the City resulting in legal funding commitment and ability to expend.

Consistent with the rental housing program guidelines the City financing will have a 55-year loan term (and affordability period) with simple interest accruing at 3%. A Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement will be executed to secure the City's investment and affordability of the units. Upon all of the financing being obtained for these projects, as is typical for these types of projects, the City's loans may require subordination to the other funding sources. Even in a subordinate position, upon completion of the projects, there will be sufficient value to secure the City's loans.

### FINANCIAL SUMMARY

There is no financial impact to the City's General Fund or any other unrestricted fund as result of this action. Funding for these projects can come from a variety of available sources: HOME, HOME-ARP, PLHA, NSP, LMIHF, CDBG, and/or HHAP. Funding for these affordable housing projects will remain flexible to accommodate variations in project readiness, and alignment with applicable grant expenditure deadlines, as well as compliance with specific use requirements associated with each funding source.

- Attachment A - Motion 2025-11-04-1601
- Attachment B - Resolution 2024-01-09-1501
- Attachment C - Resolution 2026-03-31-1601
- Attachment D - Checklist of Home Rental Housing Requirements
- Attachment E - Project Selection Criteria
- Attachment F - Housing Source Funds Description 2026
- Attachment G - Scoring Matrix