

RESOLUTION 234-17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA
AUTHORIZING A PREDEVELOPMENT LOAN TO DANCO COMMUNITIES**

WHEREAS, in 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state’s housing shortage and high housing costs, which included the Building Homes and Jobs Act (SB 2), which established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California; and

WHEREAS, SB 2 directs the California Department of Housing and Community Development (State HCD) to use seventy percent (70%) of the annual revenue collected for locally administered affordable housing programs beginning in calendar year 2019, which establishes the Permanent Local Housing Allocation program (PLHA); and

WHEREAS, on September 24, 2022, the City adopted its PLHA Guidelines; and

WHEREAS, the Danco Communities Old Arcata Rd project satisfies the PLHA guideline requirements;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Arcata as follows:

1. The City Council authorizes a loan in the amount of \$150,000 to Danco Communities for predevelopment costs associated with developing 1622 Old Arcata Rd according to the Terms Sheet (Exhibit 1).
2. The City Council acknowledges compliance with state and federal public participation requirements in the approval of the PLHA allocation and Contract Agreement.
3. Pursuant to the authorizing resolution and the PLHA Guidelines, this allocation of funds to Danco Communities avoids conflicts of interest and is accessible to the public.
4. The City Council authorizes the City Attorney to draft and the City Manager to execute documents necessary to implement this loan.
5. The loan is subject to the common sense CEQA exemption pursuant to CEQA Guidelines Sec. 16301(b)(3).

DATED: November 1, 2023

ATTEST:

APPROVED:

City Clerk, City of Arcata

Mayor, City of Arcata

Clerk's Certificate

I hereby certify that the foregoing is a true and correct copy of Resolution No. 234-17, passed and adopted at a regular meeting of the City Council of the City of Arcata, Humboldt County, California held on the ____ day of November, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

City Clerk, City of Arcata

Exhibit 1

City of Arcata

Loan Terms Sheet

PROJECT NAME: Roger's Garage Affordable Housing Project

PROJECT LOCATION: 1622 Old Arcata Rd.

PURPOSE: Predevelopment loan for environmental, engineering, and planning to develop affordable housing.

FUNDING SOURCES: Permanent Local Housing Allocation

BORROWER: Danco Communities
5251 Ericson Way, Arcata, CA 95521

LOAN AMOUNT: \$150,000

TERM: 55 years

RATE: 1.5% Simple Interest

REPAYMENT: Annual payments of 75% of residual receipts ("soft" loan repayment) documented in the annual audit. Remaining 25% shall be retained by developer.

KEY CONDITIONS:

- 1) Loan must comply with all PLHA requirements.
- 2) Danco Communities shall work with Danco Communities through project development.
- 3) An executed Promissory Note, Deed of Trust, Loan Agreement, and Regulatory Agreement establishing low income (less than or equal to 80% Area Median Income) affordability restrictions pursuant to the Affordable Housing Plan for restricted units for 55 years.
- 4) Total number of restricted units shall be proportional to PLHA financing, but no less than one.
- 5) Community Development Director to approve Affordable Housing Plan.
- 6) Payments deferred and zero interest accrues until project receives a certificate of occupancy from the City of Arcata Building Division.
- 7) The City Manager is authorized to advance funds into an escrow or similar holding account to fund invoices anticipated to be received within six months of loan execution.
- 8) Borrower shall complete all predevelopment work within 18 months of loan execution. Up to two six-month extensions may be granted by the City Manager if progress delays are beyond borrower's control.
- 9) If the project is not constructed, borrower shall either repay the loan with a 50 year amortization, or commit new units in another project with residual receipts.
- 10) The loan may be assigned to a limited or general partner or an llc established to hold the property and fulfill the obligations of the Regulatory Agreement.