



City of Fontana

8353 Sierra Avenue
Fontana, CA 92335

Action Report

City Council Meeting

File #: 25-0491

Agenda #: A.

Agenda Date: 9/3/2025

Category: Consent Calendar

FROM:

Housing

SUBJECT:

Second Amendment to the Disposition and Development Agreement between the City of Fontana, Fontana Housing Authority and Fontana Courtplace I Housing Partners, L.P.

RECOMMENDATION:

Acting as the City Council and the Housing Authority Board of Directors, jointly adopt **Resolution No. 2025-087** and **Resolution No. HA 2025-003** entitled: "A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FONTANA, CALIFORNIA AND THE HOUSING AUTHORITY OF THE CITY OF FONTANA, APPROVING, PURSUANT TO A PREVIOUSLY ADOPTED MITIGATED NEGATIVE DECLARATION AND MITIGATION, MONITORING, AND REPORTING PROGRAM, A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE FONTANA HOUSING AUTHORITY, CITY OF FONTANA AND FONTANA COURTPPLACE I HOUSING PARTNERS, L.P.; AND DIRECTING STAFF TO FILE A NOTICE OF DETERMINATION.

COUNCIL GOALS:

- Provide a diverse range of housing types and levels of affordability while addressing homelessness in the community by construction of affordable high-quality multi-family housing.

DISCUSSION:

The City of Fontana and the Fontana Housing Authority (collectively, the "City") entered into a Disposition and Development Agreement ("DDA") with Fontana Courtplace I Housing Partners, L.P. ("Fontana Courtplace") on November 15, 2023, for the development of a 50-unit affordable family-apartment housing project. The project is located on 1.94 acres of unimproved land on Sierra Avenue, between Santa Ana Avenue to the north and Jurupa Avenue to the south. The DDA was subsequently amended on February 1, 2025. This second amendment reflects the current status of the project and the necessary adjustments to facilitate its financing and development.

This second amendment changes the DDA to accommodate the project's financing and development needs and introduces the following changes:

- City Subordinate Loan (Section 2 & 4): The definition and purpose of the City Subordinate Loan are amended to specify a total principal amount of \$10,837,692.16 in gap financing and \$2,800,000.00 in acquisition financing.

- **Financing Commitments (Section 3):** Fontana Courtplace is granted the right to apply for 4% Tax Credits in the third round of 2025 and the first round of 2026. The amendment provides for a "meet and confer" process between Fontana Courtplace, City Manager, and Executive Director to discuss alternative financing if these applications are unsuccessful. It also reiterates the City's right to terminate the DDA with 30 days' written notice if tax credit applications or approved alternatives are not successful.
- **Funding Sources (Section 5):** The amendment details the specific funding sources for the City's loan, which include:
 - Federal HOME (FY 2018-23 + PI) Funds: \$2,700,000.00
 - 1 Affordable Housing Trust Fund (Development Impact Fees): \$3,337,692.16
 - 2 General Funds: \$4,800,000.00
- **Preliminary Project Budget (Section 6):** The existing Preliminary Project Budget (Exhibit D) is replaced with a new budget attached as Schedule 1.
- **Regulatory Agreement (Section 7):** The Regulatory Agreement (Exhibit L) is amended to remove all references to "Affordable Rent for 40% of Median Income Tenants" and establish a new, specific unit mix for the affordable units as follows:
 - 5 units for families at 30% of Median Income (0 one-bedroom, 3 two-bedroom, 2 three-bedroom).
 - 20 units for families at 50% of Median Income (7 one-bedroom, 13 two-bedroom).
 - 24 units for families at 60% of Median Income (13 two-bedroom, 11 three-bedroom).
 - Maintain one manager's unit (two-bedroom).
- **Unit Mix (Section 8):** The City Manager is given the authority to enter into future amendments to the Original Agreement, as modified by this Amendment, to change the unit mix of the Project, including changes to income and rent restrictions contained in the Regulatory Agreement.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to the California Environmental Quality Act (Pub. Res. Code §§ 21000, et seq.) (CEQA), and the State CEQA Guidelines (14 Cal. Code Regs. §§ 15000, et seq.) the City determined that a Mitigated Negative Declaration ("MND") be prepared in order to analyze all potential adverse environmental impacts of proposed multi-level residential affordable apartment buildings with associated green space, community gathering areas, vehicle parking, landscaping, and security fencing on approximately 4.8-acres of land ("Courtplace Project"). The City prepared and adopted the Courtplace Project MND for the Courtplace Project on November 1, 2022 (SCH#: 2022100111) and approved a Mitigation Monitoring and Reporting Program for the Project. Under the MND, the Property and the Project are Phase 1 of the Courtplace Project.

Pursuant to CEQA, when taking subsequent discretionary action in furtherance of a project for which an MND has been adopted, the lead agency is required to review any changed circumstances to determine whether any of the circumstances under the Public Resources Code section 21166 and State CEQA Guidelines section 15162 require additional environmental review. Staff evaluated this Resolution approving the Second DDA Amendment in light of the standards for subsequent environmental review outlined in Public Resources Code section 21166, State CEQA Guidelines section 15162 and City of Fontana's 2019 Local Guidelines for Implementing CEQA.

In connection with this Resolution approving the Second DDA Amendment and the City Council's and Authority Board's review of the Courtplace Project MND, staff recommends that the City Council and the Authority Board independently review all the prior environmental documentation prepared for the Courtplace Project, exercise their independent judgment, and make the determination that the Courtplace Project MND fully analyzed and with the adoption of the Mitigation and Monitoring Reporting Program, mitigated all potentially significant environmental impacts, if any, that would result from the Resolution approving the Second DDA Amendment, and therefore, no subsequent EIR or mitigated negative declaration is required.

FISCAL IMPACT:

The fiscal impact is the City Subordinate Loan will be amended to specify a total principal amount of \$10,837,692.16 in gap financing and \$2,800,000.00 in acquisition financing. The funding for the loan will be partially provided by the City's General Funds (\$4,800,000.00).

MOTION:

Approve staff recommendation.