

**CITY COUNCIL RESOLUTION NO. 62-09
REDEVELOPMENT AGENCY RESOLUTION NO. 09-27**

**A JOINT RESOLUTION OF THE RICHMOND COMMUNITY
REDEVELOPMENT AGENCY BOARD AND CITY COUNCIL OF THE CITY
OF RICHMOND AUTHORIZING THE EXECUTIVE DIRECTOR AND CITY
MANAGER TO EXECUTE THE THIRD AMENDMENT TO THE
CONSTRUCTION LOAN, DEED OF TRUST, PROMISSORY NOTE AND
REGULATORY AGREEMENT BY AND AMONG THE CITY OF RICHMOND,
RICHMOND COMMUNITY REDEVELOPMENT AGENCY AND WOOD
DEVELOPMENT CORPORATION TO FORGIVE THE LOAN PAYMENT
OBLIGATION AND TO ELIMINATE 45-YEAR RESALE RESTRICTIONS ON
14 UNITS IN THE PHASE I SCATTERED SITES PROJECT**

WHEREAS, Wood Development Corporation ("Borrower") is the owner of that certain real property located in the City of Richmond, Contra Costa County, California, as more particularly described in the attached Exhibit A (the "Property").

WHEREAS, Borrower, the City of Richmond ("City") and the Richmond Community Redevelopment Agency ("Agency") entered into that certain Construction Loan Agreement dated as of March 1, 2006 (the "Loan Agreement"), pursuant to which the City and the Agency made a loan to the Borrower in the amount of Eight Hundred Thirty-Three Thousand Dollars (\$833,000) (the "Loan"), to assist in the acquisition and construction of fourteen (14) separate single-family homes (the "Homes"). The Homes are to be made available for sale to low and moderate income households at an affordable housing price. The Loan was evidenced by the Loan Agreement, a Promissory Note in the amount of the Loan, dated March 1, 2006 (the "Note"), and secured by a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), which was recorded against the Property on April 12, 2006, as Instrument Number 2006-114004 in the Official Records of the Contra Costa County (the "Official Records"), and a Deed of Trust dated March 1, 2006 (the "Deed of Trust"), which was recorded against the Property on April 12, 2006 as Instrument Number 2006-114005 in the Official Records. (Collectively, the Loan Agreement, the Note, the Regulatory Agreement and the Deed of Trust shall be referred to as the "Loan Documents".)

WHEREAS, the Loan Documents were amended by that certain First Amendment to the Loan Agreement among the City, Agency and Borrower, that Amended Promissory Note dated October 31, 2007, and that Amended and Restated Deed of Trust and Security Agreement dated October 31, 2007, and recorded as Instrument Number 2007-0306677-00 on November 2, 2007 (collectively, the "First Amendment Documents"). Under the First Amendment Documents, the Agency and the City increased the Loan to One Million One Hundred and Fifty Three Thousand Dollars (\$1,153,000), and amended certain other provisions of the Loan Documents as described therein.

WHEREAS, the Loan Documents were further amended by that certain Second Amendment to the Loan Agreement among the City, Agency and Borrower, that Second Amended Promissory Note dated November 6, 2007, and that Second Amended and Restated Deed of Trust and Security Agreement dated November 6, 2007, and recorded as Instrument Number 2007-0344401-00 on December 21, 2007 (collectively, the "Second Amendment Documents"). Under the Second Amendment Documents, the Agency and the City increased the Loan to One Million Six Hundred Fifty Three Thousand Dollars (\$1,653,000), and amended certain other provisions of the Loan Documents as described therein. (Hereafter, the Loan Documents shall include the First Amendment Documents and the Second Amendment Documents; the Loan Agreement shall include the First Amendment to the Loan Agreement and the Second Amendment to the Loan Agreement; the Promissory Note shall be deemed to mean the Second Amended Promissory Note; and the Deed of Trust shall be deemed to mean the Second Amended and Restated Deed of Trust and Security Agreement.)

WHEREAS, due to the nation-wide mortgage foreclosure problems and the economic recession, the market value of residential homes in Richmond, California and particularly the Homes being constructed on the Property, has substantially decreased, creating a substantial impediment for the Borrower to meet its obligations under the Loan Documents and the loan documents of the construction lender, Bank of America, N.A. (the "Bank"). The Bank has filed a statutory notice of default due to Borrower's failure to complete the construction of the Homes and to repay the Bank loan within the time frame provided in the Bank loan documents.

WHEREAS, the Bank has indicated a willingness to modify the terms of the Bank loan documents, provided the Agency and City agree to among other matters, to remove the resale restrictions on the eight (8) completed Homes. The primary reason for the Bank's request is due to the fact that the current market value of the Homes is affordable to low and moderate income households, and the resale requirements could diminish prospects for the successful sale of the Homes, in a timely manner.

WHEREAS, the construction of the Homes is strategically important, as such project is located within Redevelopment Project Area No. 8-A ("North Richmond"), adopted by Ordinance No. 26-99 N.S. and dated July 13, 1999, and the Amended and restated Redevelopment Plan for Project Area No.8-A ("North Richmond"), originally approved in 1999 under California State Redevelopment Law and expanded by Agency Ordinance Amendment on July 12, 2005 (the "Redevelopment Plan"), and is consistent with the City's Housing Element, Five Year Consolidated Plan, and the Community and Economic Development Agency's Strategic Plan goals to "increase the supply of housing, emphasizing affordable components;" and

WHEREAS, the construction of the Homes will address the goals and objectives of the Redevelopment Plan by increasing the supply of affordable housing and alleviating blighting conditions; and

WHEREAS, the City and the Agency are willing to modify the terms of the Loan Documents, subject to the conditions set forth in the Third Amendment; and

WHEREAS, by the staff report accompanying this Resolution, the Agency Board and City Council have been provided with additional information upon which to findings and the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED, that the Agency Board of the Richmond Community Redevelopment Agency and the City Council of the City of Richmond find the above recitals true and accurate.

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Agency Board and City Council authorize the Executive Director and City Manager to execute the Third Amendment to the Construction Loan, Deed of Trust, Promissory Note and Regulatory Agreement by and among the City of Richmond, Richmond Community Redevelopment Agency and Wood Development Corporation to forgive the loan payment obligation and to eliminate the 45-year resale restrictions on 14 units in the Phase I Scattered Sites Project.

I certify that the foregoing Resolution was passed and adopted by the Richmond Community Redevelopment Agency Board and the City Council of the City of Richmond at a special joint meeting held on June 23, 2009, by the following vote:

AYES: Councilmembers Bates, Butt, Ritterman, Rogers,
Viramontes, Vice Mayor Lopez, and Mayor McLaughlin.

NOES: None.

ABSTENTIONS: None.

ABSENT: None.

DIANE HOLMES
Clerk of the City of Richmond

(SEAL)

Approved:

GAYLE MCLAUGHLIN
Mayor

Approved as to form:

RANDY RIDDLE
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

EXHIBIT A

(Legal Description)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE: Lots 13, 14, 15, 16 and 17, Block 217, map of Walls 2nd Addition, filed March 4, 1912, Map Book 6, Page 140, Contra Costa County Records.

PARCEL TWO: Lots 51, 52 and 53, Block 218, map of Walls 2nd Addition, filed March 4, 1912, Map Book 6, page 140, Contra Costa County Records.

PARCEL THREE: Lots 8 and 9, Block 232, map of Walls 2nd Addition, filed March 4, 1912, Map Book 6, page 140, Contra Costa county Records.

PARCEL FOUR: Lots 17, 18, 25 and 26, Block 230, map of Walls 2nd Addition, filed March 4, 1912, Map Book 6, Page 140, Contra Costa County Records.

PARCEL FIVE: Lots 9 and 10, Block 234, map of Walls 2nd Addition, filed March 4, 1912, Map Book 6, page 140, Contra Costa County Records.

PARCEL SIX: Lot 28, Block B, map of City of Pullman, filed January 31, 1910, Map Book 2, page 43, Contra Costa County Records.

PARCEL SEVEN: Lot 59, map of Parchester Village, Unit No. 1, filed January 24, 1950, Map Book 38, page 48, Contra Costa County Records.

PARCEL EIGHT: Lot 33, Block 6, map of Richmond Villa Tract, filed December 11, 1901, Map Book E, page 108, Contra Costa County Records.

APN: 561-161-005, 561-161-006, 561-161-007, 561-161-008, 561-191-031, 561-201-010, 561-201-014, 561-201-015, 561-202-006, 561-221-007, 549-192-006, 534-212-006, 408-001-032