

RESOLUTION NO. 34-10a

RESOLUTION OF THE MEMBERS OF THE CITY COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA AUTHORIZING A SECOND AMENDMENT TO THE CDBG-HOME PREDEVELOPMENT LOAN AGREEMENT WITH COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND EDEN HOUSING INCORPORATED TO INCREASE THE PREDEVELOPMENT LOAN AMOUNT FOR ACTIVITIES RELATED TO THE MIRAFLORES HOUSING DEVELOPMENT

WHEREAS, the City of Richmond (the “City”) received Home Investment Partnership Act funds from the United States Department of Housing and Urban Development (“HUD”) pursuant to the Cranston-Gonzales National Housing Act of 1990 (“HOME Funds”) and such funds must be used by the City in accordance with 24 CFR 92 et seq. in order to increase housing for very low and low income households; and

WHEREAS, the City also received funds from HUD under Title I of the Housing and Community Development Act of 1974, as amended and these Community Development Block Grant funds (the “CDBG Funds”) must be used by the City in accordance with 24 CFR 570 et seq.; and

WHEREAS, the City and Community Housing Development Corporation of North Richmond (“CHDC”) and Eden Housing Incorporated (“Eden”) (jointly referred to as the “Borrower”) entered into a CDBG - HOME Predevelopment Loan Agreement (the “Loan Agreement”), a Promissory Note (the “Note”) and a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), all dated September 22, 2005, pursuant to which the City loaned the Borrower Eight Hundred Forty Nine Thousand Dollars (\$849,000) in HOME Funds and CDBG Funds to finance certain predevelopment costs necessary to determine the feasibility of constructing affordable housing for rent to low and moderate income senior households (the “Development”) as described in the Loan Agreement; and

WHEREAS, the Richmond Community Redevelopment Agency (the “Agency”) is the owner of that certain real property located in the City of Richmond, Contra Costa County, California, and more particularly described in the attached Exhibit A (the “Property”); and

WHEREAS, the Borrower intends to construct the Development on a portion of the Property and has entered into an Exclusive Right to Negotiate Agreement (“ERN”) with the Agency for the purpose of negotiating and executing a Disposition and Development Agreement (“DDA”) that will set forth the terms of the disposition of that portion of the Property on which the Borrower will construct the Development; and

WHEREAS, the City authorized the Borrower to spend up to Eight Hundred Forty Nine Thousand Dollars (\$849,000) to perform tests, examinations, surveys and other predevelopment activities necessary to determine the Property’s physical condition and the financial feasibility of the Development through Resolution 04-03 on January 22, 2004; and

WHEREAS, the City approved an additional Ninety One Thousand Dollars (\$91,000) in predevelopment funding, extended the Term of the Loan Agreement to September 22, 2011, and approved an increase in the number of proposed affordable units restricted to low and moderate income seniors from 90 to approximately 110 units through Resolution 31-08 on March 18, 2008; and such approvals were memorialized pursuant to that certain First Amendment to Loan Agreement and that certain Amended and Restated Promissory Note, both dated March 18, 2008; and

WHEREAS, the Borrower has requested and the City desires to approve a Three Hundred and Twenty-Five Thousand Dollar (\$325,000) increase in the predevelopment loan amount to be funded using HOME Funds, resulting in a total

predevelopment loan in the amount of One Million Two Hundred and Sixty Five Thousand Dollars (\$1,265,000); and

WHEREAS, the City Council and Agency Board, considered and approved the 2009-2010 Annual Consolidated Plan at the May 5, 2009 Joint City Council/Agency Board meeting that included the allocation of Two Hundred and Twenty Five Dollars (\$225,000) in HOME Funds, and wish to use an additional One Hundred Thousand Dollars (\$100,000) in HOME Funds, to be used for additional predevelopment loan funding for the Development; and

WHEREAS, the Borrower will execute a Second Amended and Restated Promissory Note to memorialize the increase in the predevelopment loan as approved herein.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Richmond hereby accepts that the above recitals are accurate and have served together with the Staff Report, as the basis for the findings and approvals set forth in this Resolution; and

BE IT FURTHER RESOLVED that the City Council hereby authorizes an amendment to the Loan Agreement between the City and CHDC and Eden to increase the predevelopment loan amount by Three Hundred Twenty Five Thousand (\$325,000) to be funded using HOME Funds, resulting in a total predevelopment loan in the not to exceed amount of One Million Two Hundred and Sixty Five Thousand Dollars (\$1,265,000) for predevelopment activities for the Miraflores Housing Development per the terms and conditions contained the in Loan Agreement, as amended, the Promissory Note, as amended, Regulatory Agreement and attached Staff Report in support of this Resolution.

BE IT FURTHER RESOLVED, that the Community and Economic Development Director is hereby authorized to negotiate and execute the Second Amendment to the CDBG - HOME Predevelopment Loan Agreement and any and all related documents as are necessary to carry out the intent of this Resolution.

I certify that the foregoing Resolution was passed and adopted by the Members of the City Council at a regular meeting held on March 16, 2010 by the following vote:

AYES: Councilmembers Bates, Butt, Lopez, Rogers, Viramontes, Vice
Vice Mayor Ritterman, 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 }

I certify that the foregoing is a true copy of Resolution No. 10-09, finally passed and adopted by the City Council at a meeting held on March 16, 2010.