

CITY COUNCIL RESOLUTION NO. 99-15

RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA AUTHORIZING THE CITY MANAGER TO EXECUTE DOCUMENTS TO RELEASE NEIGHBORHOOD HOUSE OF NORTH RICHMOND FROM A \$285,000 COMMUNITY DEVELOPMENT BLOCK GRANT LOAN

WHEREAS, the Community Development Block Grant Entitlement Program (CDBG) allocates grants to larger cities and counties to develop viable communities by providing decent and affordable housing, opportunities to expand economic opportunities and improvements to public services specifically for low and moderate income households; and

WHEREAS, the CDBG program is authorized under Title I of the Housing and Community Development Act of 1974, as amended (Act); and

WHEREAS, Federal regulations under 24 CFR Part 570 have been adopted for purposes of implementing the CDBG program pursuant to the Act; and

WHEREAS, the City of Richmond (City) received CDBG funds from the U.S. Department of Housing and Urban Development (HUD) under Title I of the Act; and

WHEREAS, the City and the former Richmond Community Redevelopment Agency (former Agency) entered into a Funds Administration Agreement whereby the HOME Investment Partnership funds and the Community Development Block Grant funds were transferred to the former Agency so that the former Agency could administer the funds on behalf of the City; and

WHEREAS, on April 6, 2006, the former Agency executed a Loan Agreement, Deed of Trust and Promissory Note with Neighborhood House of North Richmond (NHNR) in the amount of \$285,000 for predevelopment and rehabilitation costs associated with the property located at 820 23rd Street (Property); and

WHEREAS, NHNR has approximately \$4,400,000 of debt that is secured by the Property: Mechanics Bank (\$2,850,000), Contra Costa County (County) (\$480,000), City of Richmond (\$285,000), and the Northern California Community Loan Fund (NCCLF) (\$283,519); and

WHEREAS, NHNR has been unable to meet its financial obligations for several years and its Board of Directors have decided to sell the Property for \$1,150,000; and

WHEREAS, the sales price is insufficient to pay both Mechanics Bank, the senior lender, and the delinquent property taxes in full; and

WHEREAS, Mechanics Bank has agreed to allow a short sale provided all of the proceeds of the sale are applied only to the property taxes and to the senior loan; and

WHEREAS, NHNR has formally requested the junior lenders (County, City and NCCLF) fully release their loans and permit the sale of the Property with insufficient funds to pay off the junior loans; and

WHEREAS, in July 2015 the Contra Costa County Board of Supervisors authorized the County Conservation and Development Director to execute documents to release NHNR from the \$480,000 in CDBG loans provided by the County; and

WHEREAS, in July 2015 the NCCLF Board of Directors agreed to release the lien of the Deed of Trust; however, the balance of the loan in the amount of \$17,734.81 is to remain in place and payable to NCCLF; and

WHEREAS, CDBG regulations recommend waiving repayment or a loan write-off be done infrequently and only be implemented if a) a national objective was met in 24CFR570.208; and b) the public benefit standards at 24 CFR 570.209(b) are met; and

WHEREAS, NHNR used the CDBG loan funds for rehabilitation of the Property in order to provide transitional and permanent housing to the formerly homeless, which is an eligible rehabilitation activity under 24 CFR 570.202(a). Over its nine years in operation, NHNR also provided drug and alcohol treatment to its clients, all of which were either homeless or low and moderate income, which met HUD national objective 24 CFR 570.208(a)(2)(i)(A) in that the activity benefitted persons of which at least 51 percent were low and moderate income. Based on its annual reporting, NHNR served over 3,200 clients while operating at the Property, which met the public benefit standard at 24 CFR 570.209(b)(1)(ii) in that the number of low and moderate income persons served amounts to at least one low and moderate income person per \$350 of CDBG funds used. In summary, NHNR has met the above-stated loan write-off standards.

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

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the City Council does hereby authorize the City Manager to execute documents to release Neighborhood House of North Richmond from the \$285,000 Community Development Block Grant loan.

I CERTIFY that the foregoing resolution was adopted at a regular meeting of the City Council on October 6, 2015, by the following vote:

AYES: Councilmembers Bates, Beckles, Martinez, McLaughlin, Pimplé, Vice Mayor Myrick, and Mayor Butt.
NOES: None.
ABSTENTIONS: None.
ABSENT: None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

TOM BUTT
Mayor

Approved as to form:

BRUCE GOODMILLER
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. 99-15**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on October 6, 2015.


Pamela Christian, City Clerk of the City of Richmond