

RESOLUTION 2026-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT WITH NOVIN DEVELOPMENT CORPORATION FOR THE SALE AND DEVELOPMENT OF THE PROPERTY LOCATED AT 1820 RUMRILL BLVD TO PROVIDE AFFORDABLE HOUSING

WHEREAS, *Major Policy Goal: Expand Housing Options* is a top Council Priority under the FY 2025-27 City Council Priority Workplan, effective April 7, 2025;

WHEREAS, this proposed action is not a project as defined by CEQA;

WHEREAS, the parcel identified as APN 411-041-009 located at 1820 Rumrill Blvd (the "Property") is currently owned by the City of San Pablo (the "City") as the Housing Successor Agency;

WHEREAS, in 2022, the City Council approved and authorized a Disposition and Development Agreement (DDA) providing for the purchase and development of the Property;

WHEREAS, the Property is a designated housing asset of the Housing Successor Agency;

WHEREAS, on April 5, 2023, the City Manager executed a first amendment to the DDA to approve minor, non-monetary amendments to the DDA and the Developer applied for tax credits for the development of the Site, but was unsuccessful. The first amendment authorized a 12-month extension of the timing for close of escrow; and

WHEREAS, on April 5, 2024, the City Manager executed a second amendment to the DDA to approve minor, non-monetary amendments to the DDA and the Developer applied for tax credits again for the development of the Site, but was unsuccessful due to the substantial competition for this funding source. The second amendment authorized a further 12-month extension of the timing for close of escrow;

WHEREAS, on June 27, 2024, the Developer was awarded Permanent Local Housing Allocation (PLHA) funds for the Project from Contra Costa County (the "County") in the amount of \$1.6 million;

WHEREAS, on April 5, 2025, the City Manager executed a third amendment to approve minor, non-monetary amendments to the DDA and the Developer applied for tax credits for the development of the Site, but was unsuccessful. The third amendment authorized a further 12-month extension of the timing for close of escrow;

WHEREAS, on September 22, 2025, the Developer was awarded Multifamily Housing Program (MHP) funds for the Project by the California Department of Housing & Community Development (HCD) in the amount of approximately \$6.3 million;

WHEREAS, the Developer and the City have now negotiated a proposed Amended and Restated DDA (the "ARDDA") that would amend and restate in their entirety the DDA and the three amendments to the DDA and bring the Project timing and financing provisions up-to-date;

WHEREAS, under the proposed ARDDA, the Developer will acquire the Site from the City and will develop a multi-family affordable housing project on the Site containing up to forty-four (44), but not less than thirty-nine (39), units of affordable rental housing and one (1) manager's unit, together with parking and associated amenities. Rent for the affordable units would not exceed 80% of Area Median Income;

WHEREAS, once there is an award of the low-income housing tax credits, the ARDDA provides that the close of escrow shall occur no later than 210 days from the tax credit reservation date provided by CTCAC. Commencement of construction is then required within 60 days of the close of escrow, with completion required within 30 months of commencement;

WHEREAS, the proposed Project will be financed utilizing equity generated through the syndication of the 9% low-income housing tax credits (LIHTC), and public funding assistance including (a) the loan of PLHA funds from the County in the amount of \$1.6 million, (b) a loan of Measure X funds from the County in the estimated amount of \$3 million, (c) a loan of CRDP funds from the East Bay Regional Center, (d) a loan of Multifamily Housing Program Funds from the California Department of Housing and Community Development ("HCD"), (e) a \$935,250 purchase money loan by the City for the purchase of the Property (the "Purchase Money Loan"), and (f) a \$1 million loan by the City for predevelopment activities (the "Predevelopment Loan").

WHEREAS, the City loans represent housing successor assets/funds and are subject to the affordable housing provisions of the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.), as modified by housing successor provisions in Health and Safety Code Sections 34176 and 34176.1. It is proposed that the City loans have a rate of three percent (3%) annual simple interest and would be repaid to the LMIHAF over 30 years from 75 percent of the residual receipts from the Project (residual receipts are generally net revenues from operation of the Project and are expressly defined in the promissory note attached to the DDA);

WHEREAS, the monies available in the LMIHAF as well as properties designated "housing assets" are restricted to use for affordable housing purposes. The 75 percent of residual receipts from the Project will be allocated to repay the City and County loans, as well as the HCD and East Bay Regional Center loans, all in accordance with an Intercreditor Agreement to be entered into by the City, the County, HCD, East Bay

Regional Center and the Developer, the terms of which must be satisfactory to and approved by the City in its sole discretion prior to the sale of the Site; and

WHEREAS, the City Manager is authorized to extend the payment period of the Predevelopment Loan and Purchase Money Loan from 30 years to 55 years (the term of the affordability covenants that run with the Property) if the City Manager is satisfied that the extended repayment period is required to obtain required financing for the development of the Project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby approves and authorizes the execution of an Amended and Restated Disposition and Development Agreement with Novin Development Corporation for the sale and development of the property located at 1820 Rumrill Blvd to provide affordable housing;

BE IT FURTHER RESOLVED that the approval of the proposed Amended and Restated Disposition and Development Agreement would authorize the City to make a purchase money loan in the amount of \$935,250 and would commit \$1,000,000 of the City's available Low and Moderate Income Housing Asset Funds (250-1741-45400) to the Project for predevelopment activities. Both loans have a repayment period of 30 years. The fiscal impact does not differ from the original DDA. Funds received in repayment of the City loans would be deposited into the Low and Moderate Income Housing Asset Fund and would then be available for other affordable housing uses; and

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

* * * * *

ADOPTED this 30th day of March, 2026, by the following votes:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Elizabeth Pabon-Alvarado, Mayor