

## RESOLUTION 2024-###

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING THE ADDITION OF A RESIDENTIAL REHABILITATION LOAN COMPONENT TO THE SAN PABLO LOAN ASSISTANCE FOR SUSTAINABLE HOUSING (“SPLASH”) PROGRAM, AMENDING CREDIT QUALIFICATIONS FOR THE SPLASH PROGRAM, AND AUTHORIZING THE CITY MANAGER TO EXECUTE A NEW ADMINISTRATIVE SERVICES AGREEMENT WITH THE SAN PABLO ECONOMIC DEVELOPMENT CORPORATION (SPEDC) THAT (1) EXTENDS THE CURRENT SPLASH PROGRAM ADMINISTRATION SERVICES PROVIDED BY SPEDC THROUGH JUNE 30, 2025, (2) AMENDS THE CURRENT SCOPE OF WORK TO INCLUDE ADMINISTRATION OF A NEW SPLASH RESIDENTIAL REHABILITATION PROGRAM, AND (3) PROVIDES FOR TWO ONE-YEAR AUTOMATIC RENEWALS SHOULD SUFFICIENT LOW AND MODERATE INCOME HOUSING FUNDS REMAIN**

WHEREAS, the FY 2023-25 Council Priority Workplan as adopted on May 1, 2023 includes policy goal of Expand Housing Options;

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

WHEREAS, the SPLASH program provides down payment assistance in the form of deferred payment loans with a thirty-year term to income-qualified, first-time homebuyers who choose to purchase a home in the incorporated City of San Pablo;

WHEREAS, the City Council allocated \$1,000,000 to this program from the San Pablo Housing Successor Agency (“HSA”) Low and Moderate Income Housing Asset Fund (“LMIHAF”) to serve low-income households, defined as households earning 80% or less of area median income;

WHEREAS, the funds are offered through shared appreciation loans of up to \$100,000 and no more than 20% of the purchase price. Veterans, seniors, first-responders and teachers are prioritized;

WHEREAS, the City Council approved a contract with the San Pablo Economic Development Corporation (“SPEDC”) via Resolution 2020-149, to serve as the program administrator and SPEDC is responsible for program marketing, application review, underwriting, compliance and settlement and SPEDC developed program materials and launched the program in January 2021 and SPEDC holds numerous educational webinars about the program and conducts extensive outreach to residents and community partners to advertise this program in Spanish and English;

WHEREAS, the City Council approved the current administrative services agreement via Resolution 2023-056 and this agreement is effective until November 17, 2024;

WHEREAS, to align with the fiscal year, a new administrative services agreement

with SPEDC will extend its services to the City through June 30, 2025. The agreement will also include two updates: there will be two (2) automatic one-year renewals effective July 1, 2025 and July 1, 2026, each of which shall reserve \$1,050,000 in LMIHAF funds per fiscal year provided sufficient LMIHAF funds are available, and the new agreement would add the administration of a Residential Rehabilitation Loan Program;

WHEREAS, the Residential Rehabilitation Program Loan (also called "Refresh Loans") is intended to assist existing homeowners in San Pablo to improve living conditions for residents by addressing deferred maintenance and improving residents' ability to age in place through Americans with Disabilities Act (ADA) renovations;

WHEREAS, the Refresh loans would be offered as 30-year, simple-interest loans up to \$40,000, and the program eligibility criteria and general terms, as described in Attachment "C" attached to the staff report accompanying this resolution will be incorporated into the SPLASH Program Guidelines;

WHEREAS, LMIHAF funds are restrictive funding and these funds may only be used to serve qualified applicants whose area median income (AMI) is 80.0% or lower; AMI is defined by the US Department of Urban Development (HUD);

WHEREAS, if a budget of \$1,050,000 is considered, this would mean the following for availability under SPLASH for a SAL or Refresh Loan:

- \$50,000 Administrative Expense
- \$200,000 Low Income (LI) funding
- \$500,000 Very Low Income (VLI) funding
- \$300,000 Extremely Low Income (ELI) funding (reserved for rental housing and not available under SPLASH);

WHEREAS, for purposes of both first-time homebuyer loans and residential rehabilitation loans under the SPLASH Program, a change to the credit qualifications in Section 4.1 of the SPLASH Guidelines is also proposed to reduce the waiting period from a bankruptcy discharge from seven years to four years;

WHEREAS, all SPLASH Program funds are loaned from the HSA's LMIHAF;

WHEREAS, fees for the SPLASH program administrator will remain unchanged and SPEDC will be compensated \$2,500 for each funded loan, and in 30 years or upon any action which triggers a pay-off event, \$1,000 for every loan that is paid off and SPEDC will also be compensated for reimbursable expenses such as advertising costs associated with marketing activities or attorney's fees associated with collection activities; and

WHEREAS, a proposed new services agreement with San Pablo Economic Development Corporation is attached to the staff report accompanying this resolution.

NOW, THEREFORE, BE IT RESOLVED, that the foregoing recitations are true and correct, and are included herein by reference as findings;

BE IT FURTHER RESOLVED that the City Council of the City of San Pablo hereby approves the addition of a Residential Rehabilitation Loan Component of the SPLASH Program, and, for purposes of both first-time homebuyer loans and residential rehabilitation loans under the SPLASH Program, a change to the credit qualifications in Section 4.1 of the SPLASH Guidelines as follows: "Credit: Eligible Applicants must have a minimum FICO credit score of 620 (see Section 4.2.2) and shall have a minimum of ~~seven~~ four years since Chapter 7 or Chapter 13 bankruptcy discharge."; and

BE IT FURTHER RESOLVED that the City Council of the City of San Pablo hereby authorizes the City Manager to execute a new Administrative Services Agreement with the San Pablo Economic Development Corporation that (1) extends SPEDC's administration of the San Pablo Loan Assistance for Sustainable Housing ("SPLASH") Program that supports homeownership for low-income households through June 30, 2025, (2) amends the current scope of work to include administration of a SPLASH Residential Rehabilitation Loan Program, and (3) provides for two one-year automatic renewals should sufficient Low and Moderate Income Housing Funds remain.

\* \* \* \* \*

ADOPTED this 18<sup>th</sup> day of November, 2024, by the following votes:

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

ATTEST:

APPROVED:

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Dorothy Gantt, City Clerk

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Patricia Ponce, Mayor