

RESOLUTION 2023-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AS HOUSING SUCCESSOR: (1) APPROVING AND AUTHORIZING AN EXTENSION OF THE EXISTING LOAN TO GIANT DEVELOPMENT, L.P., FOR THE GIANT ROAD APARTMENTS IN CONNECTION WITH OBTAINING A NEW FEDERAL LOW INCOME HOUSING TAX CREDIT AND ASSOCIATED FUNDING FOR THE PROJECT; (2) AUTHORIZING GIANT DEVELOPMENT II, LLC TO SERVE AS GENERAL PARTNER; AND (3) AUTHORIZING THE CITY MANAGER TO EXECUTE A LOAN COMMITMENT LETTER AND OTHER DOCUMENTS RELATED OT THE EXTENSION OF THE LOAN

WHEREAS, pursuant to Assembly Bill 1X 26 (Stats. 2011, 1st Ex. Sess., chap. 5), a new Part 1.85 was added to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 et seq., the “Dissolution Act”) and, in accordance therewith, all redevelopment agencies in the State of California, including the Redevelopment Agency of the City of San Pablo (the “Redevelopment Agency”), were dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act, the City of San Pablo became the successor agency (the “Successor Agency”) to the former Redevelopment Agency, and, by operation of law under Section 34175(b) of the Dissolution Act, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Redevelopment Agency (the “redevelopment assets”) were transferred to the City of San Pablo, as Successor Agency, on February 1, 2012; and

WHEREAS, the redevelopment assets include assets associated with the former Redevelopment Agency’s obligations under the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the “CRL”) to increase, improve or preserve the community’s supply of low and moderate income housing available at affordable housing cost to persons and families of low and moderate income (the “housing assets”); and

WHEREAS, Section 34176 of the Dissolution Act authorizes the City of San Pablo to elect to retain the housing assets and functions previously performed by the Redevelopment Agency or, if the City of San Pablo does not so elect, then, where there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, the housing assets and functions are to be transferred to that local housing authority; and

WHEREAS, the City of San Pablo elected to serve and is serving as the housing successor to the former Redevelopment Agency (the “Housing Successor”); and

WHEREAS, in September 2004, the former Redevelopment Agency loaned Giant Development L.P. an interest-free \$500,000 loan (the “Loan”) for the Giant Road Apartments, an 86-unit affordable rental dwelling project (the “Project”) located at 907 Lake Street (the “Site”); and

WHEREAS, in August 2005, the loan amount was increased to \$1,700,000; and

WHEREAS, funding for the Project also included loans from the State Department of Housing and Community Development ("HCD") and the County of Contra Costa (the "County"); and

WHEREAS, the Project loan is being repaid from residual receipts from the Project along with repayment of the loans from the County and HCD, all as provided in an Intercreditor Agreement dated July 1, 2009. The current Project loan from the Redevelopment Agency is to be repaid no later than August 16, 2060; and

WHEREAS, the borrower is Giant Development, L.P., a California limited partnership; and

WHEREAS, the general partner of Giant Development, L.P., is a California limited liability company owned and controlled by East Bay Asian Local Development Corporation ("EBALDC"), a California nonprofit public benefit corporation; and

WHEREAS, in consideration for the making of the Loan, the Owner entered into an Affordable Housing Covenant Agreement providing for the continued affordability to persons and families of low and moderate income of a portion of the units in the Project for a period of 55 years; and

WHEREAS, EBALDC is in the process of applying for a new Federal Low Income Housing Tax Credit for a resyndication at Giant Road. The purpose of this application is to substantially rehabilitate the property; and

WHEREAS, this new funding would help maintain quality affordable housing in San Pablo and ensure its continuation for an additional 18 years; and

WHEREAS, EBALDC has asked that the City of San Pablo extend the repayment term of its current loan for approximately 18 years by resetting the term to 55 years from the date of closing for the new Project funding; and

WHEREAS, the extension would also reset the affordability covenants at Giant to 55 years from the date of closing for the new Project funding, adding 18 additional years of affordability requirements; and

WHEREAS, a new tax credit partnership will also be created and Giant Development II, LLC will serve as General Partner. This entity is to be controlled by EBALDC and its affiliates. The owner/borrower will still be Giant Development, L.P.; and

WHEREAS, the Project loan documents and affordability covenants would be modified to provide for the extended terms and new tax credit partnership and for no other purpose; and

WHEREAS, the item was presented at the Economic Development, Housing and Project Management Standing Committee (Ponce, Cruz) on August 30, 2023 and was unanimously recommended for formal consideration by City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of San Pablo hereby approves and authorizes the extension of the existing loan to Giant Development, L.P. for the Giant Road Apartments in connection with obtaining a new Federal Low Income Housing Tax Credit and associated funding for the project;

BE IT FUTHER RESOLVED that the City Council of the City of San Pablo approves Giant Development II, LLC to serve as the new General Partner of the Limited Partnership;

BE IT FUTHER RESOLVED that the City Manager is hereby authorized to execute the loan commitment letter and other documents related to the extension of the loan and to make such changes or additions thereto with the concurrence of the City Attorney as are necessary or appropriate;

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

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ADOPTED this 5th day of September, 2023, by the following votes:

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

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Abel Pineda, Mayor