

RESOLUTION 2024-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AS HOUSING SUCCESSOR APPROVING AND AUTHORIZING THE EXECUTION OF AN ASSIGNMENT, ASSUMPTION AND MODIFICATION AGREEMENT WITH GIANT DEVELOPMENT, L.P., AND GIANT DEVELOPMENT II, LP, PROVIDING FOR THE RESTRUCTURING OF A LOAN MADE BY THE FORMER REDEVELOPMENT AGENCY TO ENABLE THE MAJOR REHABILITATION OF THE GIANT ROAD APARTMENTS

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;

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;

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");

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;

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

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 2832 Giant Road in the City of San Pablo (the "Property");

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

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”);

WHEREAS, in consideration for the making of the Loan, Giant Development, L.P., 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;

WHEREAS, as the Housing Successor, the Loan and the corresponding rights under the Loan Documents and the Affordable Housing Covenant Agreement are assets of the City;

WHEREAS, the current balance of the Loan is \$1,549,164 and is due no later than August 16, 2060; the Loan is being paid from 75% of residual receipts from the Project which are shared with repayment of the loans from the County and HCD, all as provided in an Amended and Restated Intercreditor Agreement dated July 1, 2009, and recorded against the Property;

WHEREAS, Giant Development II, LP, a California limited partnership (herein “Owner”), is acquiring the Property and the Project from Giant Development, L.P., and is in the process of obtaining new and restructured financing for a major rehabilitation of the Project to resolve ongoing and pervasive water intrusion issues;

WHEREAS, the general partner of Giant Development II, LP, is a California limited liability company owned and controlled by East Bay Asian Local Development Corporation (“EBALDC”), a California nonprofit public benefit corporation;

WHEREAS, as part of the recapitalization of the Project, the Owner has asked that the City extend the repayment term of the Loan for approximately 21 years by resetting the term to 57 years from the date of closing for the new Project funding;

WHEREAS, the affordability covenants at Giant Road Apartments will also be reset to 57 years from the date of closing for the new Project funding; and

WHEREAS, the parties have prepared a proposed Assignment, Assumption and Modification Agreement for the purpose of restructuring the Loan.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Pablo as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and incorporated herein.

Section 2. Approval of Assignment, Assumption and Modification Agreement.
The City Council hereby approves and authorizes the City Manager to execute the Assignment, Assumption and Modification Agreement, substantially in the form attached to the staff report accompanying this resolution, on behalf of the City. The City Manager is further authorized to execute such other documents and take such other actions as are necessary to carry out and implement the obligations of the City under the Assignment, Assumption and Modification Agreement, and, with the consent of the City Attorney, to approve minor, non-monetary amendments to the Assignment, Assumption and Modification Agreement.

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 15th day of July, 2024, by the following votes:

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

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Patricia Ponce, Mayor