



December 12, 2017

Mr. Matt Rodriguez
City Manager
City Of San Pablo
13831 San Pablo Avenue
San Pablo, CA 94806

RE: Request for Termination of Waiver and Indemnification Agreement and Subordination of new Indemnification Agreement for Church Lane Apartments

Dear Mr. Rodriguez:

Resources for Community Development (RCD) is the Berkeley-based, nonprofit owner of the Church Lane Apartments, located at 2555 Church Lane, San Pablo. Church Lane Apartments is a deed-restricted affordable housing property and currently owned by the RCD affiliate Church Lane – Rubicon Partners, L.P. RCD acquired the property from Rubicon Programs in 2014 and has been working toward refinance and renovation the apartments, with construction scheduled to commence in January 2018.

To facilitate the refinance and re-syndication of the property, we are here requesting that the City of San Pablo consent to release the existing Waiver and Indemnification Agreement and to sign and subordinate a new Indemnification Agreement with San Pablo Preservation, L.P (new ownership entity) to the RAD Use Agreement. The terms of the existing Agreement have been met, and subordination of the new indemnification agreement will maintain and not limit the City's rights under. Subordination of the new indemnification agreement allows the Department of Housing and Urban Development to approve five (5) new project-based vouchers for residents of this affordable complex, and to leverage five (5) additional vouchers from the Housing Authority of Contra Costa County. These vouchers and HUD approval leverage millions of additional dollars for the substantial renovation of the apartment complex and deed-restricted affordable rents which will maintain affordability for 55-years.

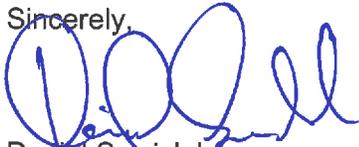
The shortage of 1.5 million affordable homes in California cannot be reversed by new construction alone; it is imperative that existing affordable homes remain affordable to those who need them most. The California Housing Partnership estimates that nearly 32,000 of the existing federally subsidized affordable apartments in California are at risk of conversion to market rate in the next five years. In Contra Costa County alone, over 30,000 new affordable homes must be built to meet the needs of the County's lowest income renters. This underscores the importance of protecting the affordable housing that is already restricted to low-income renters. As of 2015, Contra Costa County has made limited progress toward meeting its Regional Housing Needs Allocation (RHNA) goals for under 50% AMI households. In its April 2017 report, the Association of Bay Area Governments found that for the 2015-2023 period, the City of San Pablo had achieved 0% of its goal 56 Very Low

Income units, and only 7% of its goal for total units. In the 2007-2014 period, ABAG found San Pablo only met 12% of its total units goal.

Church Lane Apartments has provided 21 units of affordable housing restricted to low-income households since 1996. Delivering affordable housing to the families at Church Lane Apartments eliminates a major financial stressor, enabling families to contribute more of their income to childcare programs, healthcare, and recreation. Furthermore, the stability of secure affordable housing promotes mental wellbeing. As many of the Bay Area's low income families are pushed to margins, where reliable transit, social services, and daily amenities are poorly suited to their needs, it is paramount that cities like San Pablo preserve existing housing affordability.

Thank you for your consideration of our request. Should you have any questions or require additional information, please contact Project Manager Baker Lyon at 510-841-4410 x331 or blyon@rcdhousing.org.

Sincerely,



Daniel Sawislak
Executive Director

Resources:

[https://abag.ca.gov/planning/housingneeds/pdfs/2015-2023%20 RHNAProgressReport.pdf](https://abag.ca.gov/planning/housingneeds/pdfs/2015-2023%20RHNAProgressReport.pdf)

https://abag.ca.gov/files/RHNAProgress2007_2014_082815.pdf