

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)
CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) REMEDIATION
PROGRAM**

Meeting Date: December 10, 2024

**Request to Amend Infill Grant Documents Under the CALReUSE
Remediation Program**

Prepared by: *Thaddaeus Brown*

Applicant: City of Richmond as Successor Agency to the Richmond
Community Redevelopment Agency
Project Name: Miraflores
Project Location: Richmond (Contra Costa County)
Type of Funding: Grant
Amount Disbursed: \$2,604,490 approved, \$2,604,490 disbursed
Resolution No. 23-03-006
Prior Actions: Approved 11/19/08
Amended 08/16/16
Amended 01/17/17
Amended 10/17/18
Amended 05/18/21
Amended 12/12/23

Summary.

City of Richmond as Successor Agency to the Richmond Community Redevelopment Agency (“Grantee”), requests approval of an amendment to extend the term of the Infill Grant Agreement (“Grant Agreement”) to December 31, 2026, under the CALReUSE Remediation Program (“Program”).

Project Background.

The Authority approved a CALReUSE Grant in the amount of \$2,604,490 for the Richmond Community Redevelopment Agency (“Original Grantee”) on November 19, 2008, to fund the remediation of a brownfield site to develop the Miraflores Project (“Project”). On October 18, 2010, CPCFA executed the Infill Grant Agreement and a Regulatory Agreement with the Original Grantee for the development of the Project.

The approximately 14-acre brownfield site was comprised of three former flower nurseries that were in operation from the early 1920s to 2006. The site was contaminated by hazardous substances in the soil and groundwater. The Grantee successfully completed all remediation tasks, and the Department of Toxic Substances Control certified the site on June 29, 2015.

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The original approved Project was a combination of two distinct development projects: an 80-unit senior affordable rental housing project and a 200-unit mixed-income for-sale housing project consisting of 170 market rate and 30 affordable housing units.

In January 2012, the Infill Grant Agreement and the Regulatory Agreement were amended by the CPCFA Executive Director to name the Grantee as the successor agency to the Original Grantee. These amendments were necessary to account for the Grantee taking over the enforceable obligations of the Original Grantee due to the dissolution of the California redevelopment agencies pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code.

In August 2016, the CPCFA Board approved the Grantee's request for an extension of the term of the Infill Grant Agreement to July 31, 2021, and an amendment to the Infill Grant Agreement extending the date to record an existing executed Regulatory Agreement on the Project to December 31, 2016. Additionally, the mixed-income for-sale housing project was reduced from 200 to 190 housing units. On February 6, 2017, CPCFA executed both the Regulatory Agreement dated October 18, 2010, and the First Amendment to the Regulatory Agreement, effective December 21, 2016.

In January 2017, the CPCFA Board approved the Grantee's request to transfer a portion of the property to Miraflores Senior LP for the development of the 80-unit senior affordable rental housing project. On February 16, 2017, CPCFA executed the Second Amendment to the Regulatory Agreement, effective February 8, 2017. The Second Amendment removed the 80-unit senior rental housing project from the Regulatory Agreement, as the Grantee submitted and CPCFA accepted an Independent Regulatory Agreement between the Grantee, Miraflores Senior LP and the California Department of Housing and Community Development restricting the affordability of the 80-unit senior affordable rental housing portion of the Project. The senior affordable housing project was completed and fully occupied in August 2018.

In October 2018, the CPCFA Board approved the Grantee's request to transfer the remaining parcels to Miraflores Community Devco, LLC, ("Miraflores Devco") for the development of the remaining 190 housing units, of which 30 units will be affordable. On October 25, 2018, CPCFA executed the Third Amendment to the Regulatory Agreement to add Miraflores Devco as a party to the Regulatory Agreement and to consent to the transfer of the parcels.

In May 2021, the CPCFA Board approved the Grantee's request to extend the term of the Infill Grant Agreement to allow Miraflores Devco to complete the remaining 190 for-sale housing units. The Grantee stated that the site work had been delayed to additional soil requirements from the East Bay Municipal Utility District, and Covid-related safety delays to construction work.

In December 2023, the CPCFA Board approved the Grantee's request to extend the term of the Infill Grant Agreement to allow Miraflores Devco to navigate the pending

foreclosure and bankruptcy proceedings and understand if any modifications to the project will be needed to complete the requirements for close-out of the grant.

Current Request.

The Grantee aimed to facilitate two key components of the Infill Development Project: an 80-unit affordable senior rental project (the "Rental Component") and a 190-unit for-sale housing project, including 30 affordable units and 160 unrestricted units (the "For-Sale Component").

The remediation of the property, known as the "Remediation Project," was successfully completed in 2015, as evidenced by a Site Certification letter from the California Department of Toxic Substances Control (DTSC). The Rental Component was completed in 2018 and is now fully occupied. It is owned and operated by Miraflores Senior, L.P., a partnership affiliated with Eden Housing, Inc., a California nonprofit organization. This component is governed by affordability covenants and agreements recorded with the California Department of Housing and Community Development (HCD), the California Tax Credit Allocation Committee, and other public agencies. Following the completion of the Rental Component, the Authority Regulatory Agreement was amended to release this portion of the property while retaining its application to the For-Sale Component until equivalent affordability restrictions are established by a third-party agency.

However, development of the For-Sale Component has experienced significant delays. The original developer, Miraflores Community Devco, LLC, defaulted under the Disposition and Development Agreement (DDA) executed in 2016 with the Successor Agency to the former Redevelopment Agency (RDA). Additionally, a private lender foreclosed on the property, which is now owned by ACRIRE Holdings, LLC. The new owner is currently seeking a development partner, but the timeline for commencing development remains uncertain. These challenges have further delayed the completion of the For-Sale Component.

To address these delays and facilitate the close-out of the Grant, modifications to the Infill Grant Agreement and Authority Regulatory Agreement are being requested. Specifically, the proposed amendments would (i) exclude the For-Sale Component from the agreements and (ii) extend the term of the Grant to December 31, 2026. Additionally, the requirement for 190 for-sale units, including 30 affordable and 160 unrestricted units, would be removed. Despite this change, the project will continue to meet the regulatory requirements of the Grant by maintaining at least 15% affordable units as outlined in CCR Section 8102.4(b).

The completed Rental Component, which consists of 79 income-restricted units and one unrestricted manager's unit, fulfills the primary affordable housing obligations under the Grant. The requested modifications will allow a new development team to be assembled and provide the City with the necessary flexibility to complete the close-out requirements for the Grant. While all tasks related to the Remediation Project and the

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Rental Component can be finalized, the delays associated with the For-Sale Component will prevent the completion of its associated requirements for the foreseeable future. The proposed changes will enable the project to move forward while ensuring compliance with the Grant's regulations.

Staff Recommendation. Staff finds the requested extension and amendment to the for-sale housing terms to be in the public interest and recommends Authority approval of Resolution No. 24-03-005 to amend the term of the Infill Grant Agreement originally approved by the CPCFA Board on November 19, 2008, from December 31, 2024, to December 31, 2026.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING THE REQUEST TO AMEND THE INFILL GRANT
DOCUMENTS UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES
REMEDIATION PROGRAM**

December 10, 2024

WHEREAS, the California Pollution Control Financing Authority (the “Authority” or “CPCFA”), a public instrumentality of the State of California, is authorized by the Authority’s Regulations (Article 9 (commencing with Section 8090) of Title 4 of the California Code of Regulations)” to implement and make specific the statutory provisions of the California Recycle Underutilized Sites (“CALReUSE”) Remediation Program; and

WHEREAS, Section 53545.14 of the Health and Safety Code authorizes the CALReUSE Remediation Program to administer grant and loan funding for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans; and

WHEREAS, on November 19, 2008, the Authority approved a grant for Richmond Community Redevelopment Agency in the amount of \$2,604,490, as reflected in Resolution 4.C.12; and

WHEREAS, the City of Richmond as the successor agency to the statutorily dissolved Richmond Community Redevelopment Agency has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project, including, in part, a 190 unit mix-income for-sale housing project (the “For-Sale Component”), as more particularly described in the Infill Grant Agreement dated October 18, 2010, as amended; and

WHEREAS, in order to facilitate close-out of the Grant, and in light of the foreclosure action and subsequent sale of the For-Sale Component portion of the property, the Grantee has requested modification of the Infill Grant Agreement and to the corresponding Authority Regulatory Agreement, to (i) exclude the For-Sale Component, and (ii) extend the term of the Grant until December 31, 2026.

WHEREAS, approval of the above described modifications to the Infill Grant Agreement and to the corresponding Authority Regulatory Agreement, as more particularly presented by staff at the meeting would advance the purpose of the CALReUSE Remediation Program.

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority finds that it is in the public interest and advances the purpose of the CalReUSE Remediation Program to approve the following modifications to the Grant:

- a. The term of the Infill Grant Agreement dated October 18, 2010, as amended, is hereby extended until December 31, 2026; and
- b. The obligation to develop the For-Sale Component portion of the property as more particularly described in the Infill Grant Agreement and the corresponding Authority Regulatory Agreement, respectively, is hereby removed.

Section 2. Except as specifically amended in this and prior Authority resolutions, all provisions and conditions of the Infill Grant Agreement dated October 18, 2010 and the corresponding Authority Regulatory Agreement, each as amended, respectively, shall remain and in full force and effect.

Section 3. The Executive Director, or her designee, are hereby authorized and directed to undertake any and all actions and to execute and deliver any and all documents that the Executive Director deems necessary or advisable to effectuate the purposes of this resolution approved by the Authority.