



INVESTING IN COMMUNITIES

NOTICE OF MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, May 15, 2013 - 6:00 p.m.
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – May 1, 2013

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

CONSENT

3. SHRA Commercial Leasing and Tenant Improvements of 5410-5452 Auburn Boulevard
4. Foreclosed Property Access and Rehabilitation Program Amendment – City
5. Foreclosed Property Access and Rehabilitation Program Amendment - County

BUSINESS ITEMS

6. Approval of Bond Issuance and Home Investment Partnership Program Loan for Greenway Village, Los Robles and Glen Ellen Estates Project Greenway Village and Los Robles
7. Approval of Home Investment Partnership Program (HOME) Loan for Glen Ellen Estates
8. Approval of Selection of a Development Team to serve as Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites and Application for a Choice Neighborhoods Initiative (CNI) Planning Grant

EXECUTIVE DIRECTORS REPORT

ITEMS AND QUESTIONS OF
COMMISSION MEMBERS

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review.

Assistance for the Disabled: Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



SYNOPSIS

**Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
May 1, 2013**

Meeting noticed on April 25, 2013

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Gore, Griffin, Morgan, Morton, Stivers

MEMBERS ABSENT: Johnson, LeDuc, Rosa, Shah

STAFF PRESENT: Vickie Smith, Tia Boatman Patterson, LaShelle Dozier, Mary Liz Paulson, Jim Shields, Mary Lyon, Tanya Tran, Leilani Barnett, Christine Weichert, Nick Chhotu, Mike Wonderly

APPROVAL OF AGENDA

The Chair announced that item number 4 would be postponed until May 1st.

1. **APPROVAL OF ACTION SUMMARY SYNOPSIS**

Action Summary Synopsis for April 10, and April 17, 2013 were approved.

2. **CITIZEN COMMENTS**

none

PUBLIC HEARING

3. **SHRA Commercial Leasing and Tenant Improvements of 5410-5452 Auburn Boulevard**

Mary Lyon presented the item and the public hearing was held.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Morgan, Morton

NOES: none

ABSENT: Johnson, LeDuc, Rosa, Shah
Not present to vote - Stivers

Tia Boatman Patterson, General Counsel, indicated that there was an error on the resolution and she recommended that this item be brought back to the commission for final approval after the error was fixed. The motion on item # 3 was withdrawn and the item was subsequently moved to the 5-15-13 meeting.

4. Revision to the 2013 Housing Choice Voucher Program Administrative Plan for the Housing Authority of the County of Sacramento

MaryLiz Paulson presented the item and the public hearing was held.

Shirley Wheeler and Bob Erlenbush provided comment on the item and MaryLiz discussed the letter that Legal Services of Northern California had provided.

Commissioner Stivers asked about the difference between the tenant based voucher and the project based voucher and about why the 60 day notice was not feasible. Staff responded to both questions.

Commissioner Morgan asked if Sierra Vista Apartments has "protected" vouchers. Staff indicated that they are not protected but that the agency policy protects these renters.

LaShelle Dozier indicated that HUD is setting aside funds for "shortfall" agencies in an effort to discourage housing authorities from removing tenants from the program.

Chair Alcalay asked that, in the event tenants were removed from the program, they be given a note to give to current and future landlords that would show they were removed from the unit through no fault of their own.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, Morgan, Morton, Stivers

NOES: none

ABSENT: Johnson, LeDuc, Rosa, Shah

INFORMATIONAL ITEMS

5. Housing Trust Fund Annual Report - City

6. Housing Trust Fund Annual Report - County

Christine Weichert presented the items.

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- 1) Next meeting will be May 15th and there will be a special meeting on May 29th and this meeting will start at 5pm. The June 5th meeting will be cancelled. Staff distributed a tentative schedule for the remainder of the year and asked that members reserve both the 1st and 3rd Wednesday on their calendar for meetings.
- 2) Reviewed the 7th and H grand opening event.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:10 p.m.

AGENCY CLERK

May 15, 2013



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT SHRA Commercial Leasing and Tenant Improvements of 5410-5452
Auburn Boulevard

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to : 1) solicit and contract with brokers to lease and/or sell the property, 2) execute leases with new and current tenants, 3) execute purchase and sales agreements to sell the property, and 4) execute contracts to perform necessary tenant improvements as will be outlined in the leases for 5410-5452 Auburn Boulevard.

CONTACT PERSONS

Mary L. Lyon, Program Manager, 916-449-6263
James Shields, Director of Administration, 916-440-1308

SUMMARY

SHRA owns the commercial property located at 5410-5452 Auburn Boulevard. The intent is to sell the property at market value. However, until the market allows SHRA to obtain a fair price for the property, SHRA must maintain and secure the property. In October, 2011, the property had an as-is market value of \$930,000.

Currently, it is projected that the property has \$540,000 in deferred maintenance repairs besides the ongoing maintenance requirements of the property. To generate adequate rent revenue to cover ongoing expenses, it is prudent for SHRA to lease out vacant tenant space on an interim basis until such time as it feasible to sell the property.

Staff is requesting the authority for the Executive Director or her designee to execute all contracts related to the leases and any necessary tenant improvements, including, but

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
Redevelopment Commission
Page 2

not limited to, professional services, janitorial services and construction services, so as to enter interim lease agreements with current and future tenants.

Staff is also requesting the authority for the Executive Director, or her designee, to execute all contracts related to selling the property, including, but not limited to, professional services, janitorial services and construction services should repairs need to be made to the building prior to sale.

BACKGROUND

In 2008, SHRA bought 6.6 acres of land commonly referred to as the Auburn-Garfield property site (5410-5452 Auburn Boulevard). At the time, SHRA was negotiating with a developer who would develop 120 new rental housing units and renovate the remaining commercial space. Subsequently, a separate developer was chosen to construct the 120 new rental housing units. The new developer was not interested in the commercial space so SHRA continues in an ownership role. There is currently 22,244 square feet (sf) of available space for leasing. The vacant spaces include restaurants, a veterinarian clinic and office space.

FINANCIAL CONSIDERATIONS

There is currently approximately \$500,000 in the Auburn-Garfield rent revenue account for maintaining the property. These funds would be used for any requested tenant improvements. The costs of any tenant improvements would be incorporated in the lease amount and the tenure of the lease.

Authority is being requested to expend up to \$60 per square foot lease for requested tenant improvements, not to exceed \$500,000. Staff will seek approval under a separate staff report for lease requested tenant improvements that exceed this amount.

POLICY CONSIDERATIONS

Consistent with current SHRA policy, staff is proposing to enter into these interim leases to maximize, protect and preserve SHRA assets until such time as it is feasible to sell these properties for their fair market value.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
Redevelopment Commission
Page 3

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed action to use commercial income for tenant improvements does not include any expansion of use and will continue a similar use in an existing facility. Therefore this action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.

National Environmental Policy Act (NEPA): There is no federal funding or other federal action associated with this project; therefore, the National Environmental Policy Act (NEPA) does not apply.

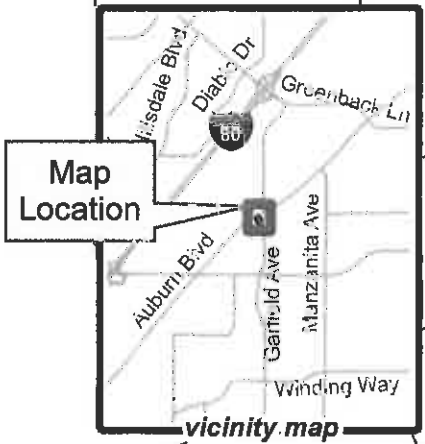
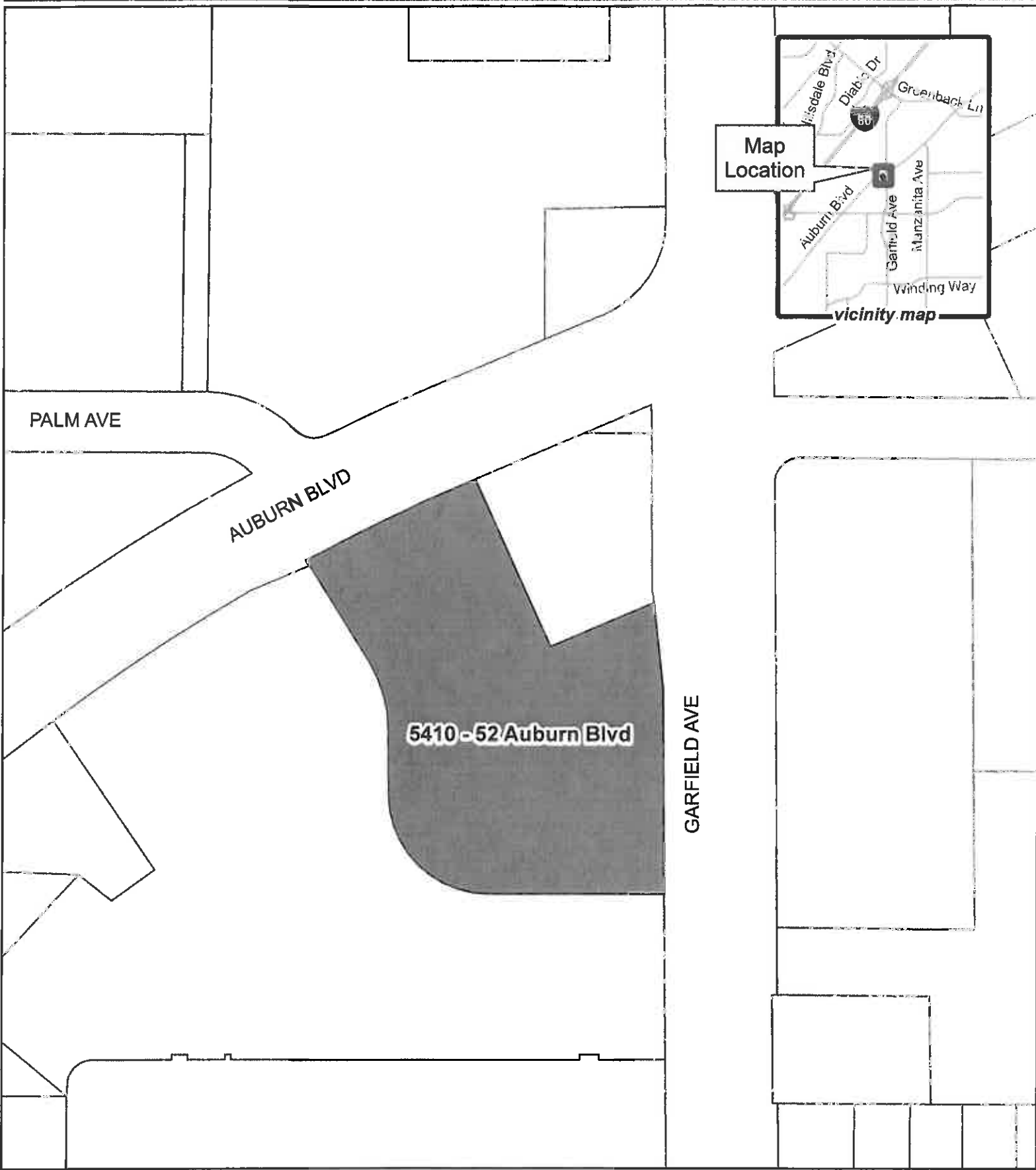
M/WBE AND SECTION 3 CONSIDERATIONS

The activities recommended in this staff report do not involve federal funding, therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,


LASHELLE DOZIER
Executive Director

5410 - 5452 Auburn Boulevard



5410-52 Auburn Bl



RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

May 15, 2013

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY COMMERCIAL LEASING AND TENANT IMPROVEMENTS OF 5410-5452 AUBURN BOULEVARD

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

- Section 1. The proposed action to use commercial income for tenant improvements does not include any expansion of use and will continue a similar use in an existing facility. Therefore this action is categorically exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301 and the sale of this property which is not required for the foreseeable needs of the Sacramento Housing and Redevelopment Agency (SHRA) is exempt pursuant to CEQA Guideline 15312.
- Section 2. The commercial property located at 5410-5452 Auburn Boulevard in the County of Sacramento is not required for the foreseeable needs of SHRA.
- Section 3. The Executive Director, or designee, is authorized to spend up to available rent income funds available from the commercial property to pay for costs associated with commercial tenant improvements; not to exceed \$60 per square foot for tenant improvements and no event shall it exceed Five Hundred Thousand Dollars for all the commercial space.
- Section 4. The Executive Director, or designee, is authorized to solicit, award and execute contracts, including, but not limited to, professional and construction service contracts, pursuant to applicable statutes, regulations and Agency procurement policy, as necessary to complete tenant improvements in the commercial spaces at 5410-5452 Auburn Boulevard.
- Section 5. The Executive Director, or designee, is authorized to solicit, award and execute a contract for broker services as necessary to lease and/or sell the commercial spaces at 5410-5452 Auburn Boulevard at its fair market value as evidenced by an appraisal.

Section 6. The Executive Director, or designee, is authorized enter into interim leases, not to exceed five years, for the commercial spaces at 5400 Auburn Boulevard and any other related documents.

Section 7. The Executive Director or designee, is authorized to sell the property and execute purchase and sale agreement to sell the property should the sales price meet or exceed the property's fair market value, as approved as to form by agency counsel, and to take such additional actions as are reasonably necessary to implement this Resolution.

CHAIR

ATTEST:

CLERK



May 9, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Foreclosed Property Access And Rehabilitation Program Amendment

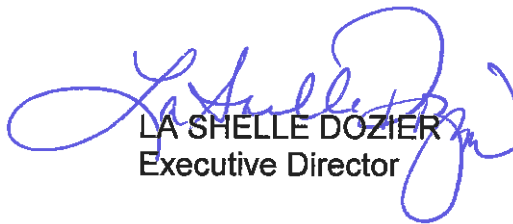
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
June 11, 2013

Honorable Mayor and Members of the City Council

Title: Foreclosed Property Access and Rehabilitation Program Amendment

Location/Council District: Citywide

Issue: This report seeks authorization to continue and expand the Foreclosed Property Access and Rehabilitation Program (FAP), which allows for the purchase and rehabilitation of foreclosed properties and resale to homebuyers.

Recommendation: Adopt a **City Council Resolution:** a) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to seek National Community Stabilization Trust (NCST) approval to expand FAP target areas boundaries and to implement the FAP program in these areas using eligible City of Sacramento census tracts located within the defined NCST First Look program area; b) authorizing SHRA to make modifications to the program guidelines as may be necessary to properly administer and operate the FAP, including but not limited to an alternative approach for the distribution of properties to participating builders, and; c) authorizing SHRA to terminate the FAP at its discretion if it is determined that the availability of real estate owned (REO) inventory through NCST's First Look program does not justify its continuation.

Contact: Chris Pahule, Program Manager, Community Development, 440-1350

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: In June 2009, SHRA began acquiring foreclosed, REO properties through its partnership with the NCST, a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local government entities and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties. NCST administers a "First Look" program, whereby its participating entities are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working

Foreclosed Property Access and Rehabilitation Program

with the organization. Through the First Look program, SHRA acquired over 40 foreclosed and/or abandoned properties within targeted areas of the City and County of Sacramento as a component of the SHRA administered Neighborhood Stabilization Program (NSP). Properties acquired through NCST under the NSP program have since been rehabilitated and sold to income eligible owner occupant homebuyers, or are being land banked for future redevelopment purposes.

On October 25, 2011, the City Council (Council) authorized SHRA to establish and implement a pilot program referred to herein as the FAP. The FAP provides builder participants with a unique opportunity to access and expedite the purchase of foreclosed and/or abandoned REO properties prior to being listed and offered for sale on the open market. This program expands upon the revitalization efforts of the existing NSP, targeting the rehabilitation and resale of single family dwelling units within some of Sacramento's most challenging low and moderate income neighborhoods. As a part of the Council's approval, SHRA was asked to report back after one year of program operation with a summary of the program successes, its ability to recover staffing costs, and to present any recommended changes that might be needed to help facilitate the continued operation and administration of the program.

With the Council's authorization to proceed, the FAP subsequently expanded the eligibility for participation in the First Look program to SHRA's approved builder partners. During the past year approximately 140 properties have been made available through the program to FAP program participants. From this inventory, 8 properties were acquired, four of which have been rehabilitated and resold to owner occupants, and one that is currently in escrow.

As originally conceived, the revitalization strategy for the FAP was to target specific low and moderate income neighborhoods in Sacramento where foreclosure rates ranked among the highest in the nation. While sound from a strategic perspective, due to the limited size of the geographical areas, one of the resulting constraints has been a limited amount of inventory that has been funneled through the First Look program to the FAP participants. More recently, and largely due to private investment funds purchasing residential properties for conversion to rental housing, new legal protections for homeowners, rising home prices, and banks pursuing other foreclosure alternatives such as short sales, there has been a significant decline in the amount of available inventory within the existing target areas and throughout Sacramento. In order to counter these constraints, and at the request of the program participants, staff recommends updating and expanding the target area boundaries to include other eligible census tracts within the defined First Look program area. In addition to increasing the amount of available inventory to the program builders, it is SHRA's goal to expand its revitalization efforts to reach a broader spectrum of low and moderate income neighborhoods negatively impacted by the foreclosure crises.

In its administrative capacity, SHRA continues to provide oversight review of rehabilitation costs and scopes of work to ensure consistency with program construction standards; monitor construction throughout the rehabilitation

Foreclosed Property Access and Rehabilitation Program

process; ensure that homebuyer eligibility requirements are being met prior to sale, and; serve as the program's Community Coordinator and primary point of contact to facilitate the transfer and sale process between multiple builder partners, NCST and participating lenders. In this role as a facilitator, and based on feedback from the FAP participants, staff is also recommending an additional program modification to counter the perception that one specific builder is not able to obtain priority access to a majority of the properties being offered through the program. To this end, it is recommended that a rotation system be established to allow an equitable distribution of properties amongst the builders.

While it is not possible to anticipate the number of properties that will continue to flow to the FAP, based on the level of interest being expressed by the program participants, staff is recommending that the FAP be continued for the foreseeable future. However, should it be determined that the amount of available REO inventory through the First Look program does not justify its continuation then it would be staff's further recommendation to terminate the program.

Policy Considerations: The recommended actions in this staff report are consistent with the 2008-2013 Housing Element of the General Plan, adopted November 18, 2008, which indicates that, "The City shall support efforts to alleviate the individual and community problems associated with mortgage default and foreclosure." To implement this policy, the Housing Element includes program 19, committing the City to enacting a comprehensive plan for addressing the foreclosure crisis, including "neighborhood reinvestment strategies."

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, are categorically exempt pursuant to CEQA Guidelines Section 15301.

Sustainability Considerations: The activities included in this report have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. As presented, the contents of this report will advance the following goals, policies and targets: rehabilitating units following green building standards; improve energy efficiency of the rehabilitated homes; and create healthy urban environments through restorative redevelopment.

National Environmental Policy Act (NEPA): There is no federal funding or other federal action associated with the proposed actions; therefore, NEPA does not apply.

Foreclosed Property Access and Rehabilitation Program

Commission Action: On May 15, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

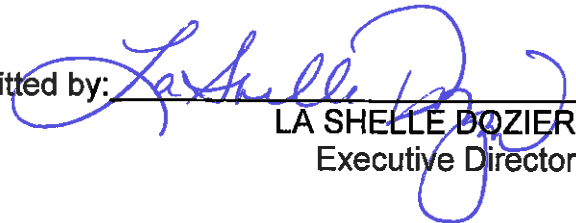
ABSENT:

Rationale for Recommendation: In 2007, Sacramento ranked fifth in the nation for rate of foreclosure activities. Despite the collaborative efforts of the City, County, SHRA and numerous non-profit organizations, the impacts of this crisis can still be seen in neighborhoods throughout Sacramento. Accordingly, the FAP strives to expand upon the successes of the Neighborhood Stabilization Program (NSP), by providing continuing opportunities to target and address foreclosed properties throughout Sacramento's hardest hit neighborhoods. With the recent decline in available REO inventory, SHRA is recommending that steps be taken to increase the geographical area of the FAP in order to increase the flow of properties to the program participants and to further enhance rehabilitation and revitalization efforts within the community.

Financial Considerations: No direct financial assistance is provided to participating builder partners as part of the FAP. SHRA's administrative activities to date have essentially been revenue neutral, with revenues totaling approximately \$19,745, and expenditures totaling approximately \$17,500. Cost recovery has been achieved through the program's annual \$1,000 participation fee, and payment of a one percent per property transaction fee at the time of acquisition through the First Look Program and again upon resale to an owner occupant.

M/WBE and Section 3 Considerations: The activities discussed in this report do not involve federal funding, therefore, M/WBE and Section 3 requirements do not apply.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Table of Contents

Report pg. 1

Attachments

1 Map – Expanded Target Areas pg. 5
2 City Council Resolution pg. 6

RESOLUTION NO. 2013

Adopted by the Sacramento City Council

On date of

FORECLOSED PROPERTY ACCESS AND REHABILITATION PROGRAM

BACKGROUND

- A. In June 2009, the Sacramento Housing and Redevelopment Agency (SHRA) began acquiring real estate owned (REO) properties through its partnership with the National Community Stabilization Trust (NCST), a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local governments and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties.
- B. On October 25, 2011, the City Council authorized SHRA to establish and implement a pilot program referred to as the Foreclosed Property Access and Rehabilitation Program (FAP), wherein the participants are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working with NCST.
- C. After one year of program operation, SHRA was directed to report back to the City Council regarding the successes of the program, including recommendations for its continuation and any modifications that might be needed to maintain the successful administration and operation of the program.
- D. Through NCST's "First Look" program, to date SHRA has acquired over 40 foreclosed or abandoned properties, and SHRA's participating builder partners have acquired 8 properties within targeted areas of the City and County.
- E. Due to challenges created by the overall decline in inventory of foreclosed or abandoned properties, SHRA desires to update and expand the target area boundaries to include other eligible census tracts located within the defined NCST program area, as well as set up a builder rotation to evenly distribute access to the properties. The goal of the proposed modifications is to potentially increasing the number of properties that may be made available to SHRA's participating builder partners, allow an equitable distribution of the properties amongst the builders, and enhance access to REO properties relative to competing private investor interests.
- F. Expansion of the FAP program target boundaries will enhance and continue SHRA's efforts to facilitate community revitalization and rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, in addition to

assisting neighborhoods struggling to eliminate blight, reduce vandalism, and prevent a further deterioration of local property values.

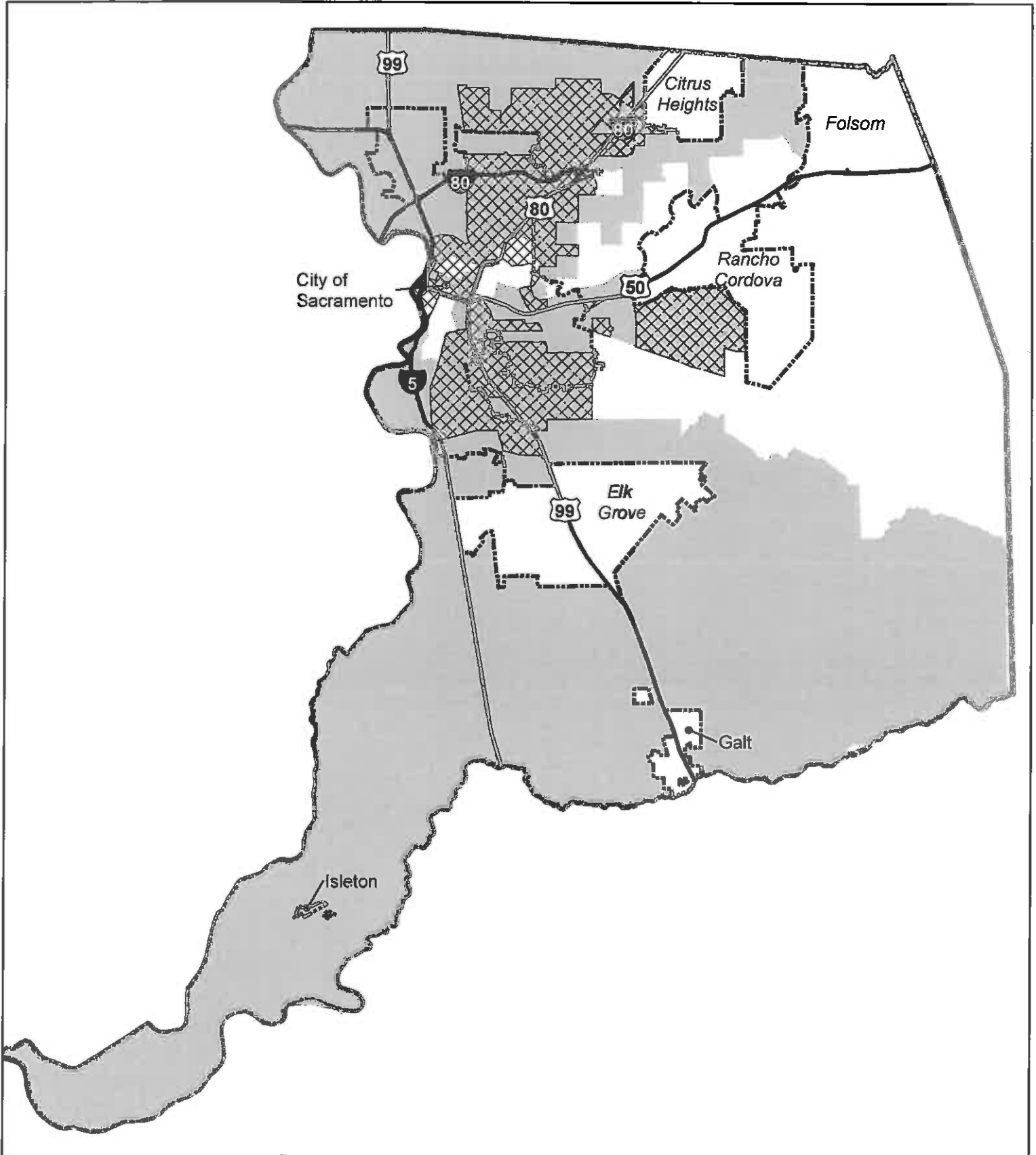
- G. The proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, are categorically exempt pursuant to CEQA Guidelines Section 15301.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

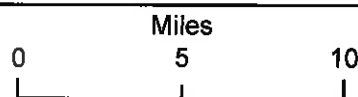
- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.
- Section 2. SHRA is authorized to seek NCST approval and implement expanded FAP target area boundaries that include eligible City of Sacramento census tracts located within the defined NCST First Look program area.
- Section 3. SHRA is authorized to make modifications to the program guidelines as may be necessary to ensure the successful administration and operation of the program, including but not limited to an alternative approach for the distribution of properties to participating builders.
- Section 4. At SHRA's discretion, the FAP program may be terminated if it is determined that the availability of REO inventory through NCST First Look program does not justify its continuation.



Foreclosed Property Access and Rehabilitation Program



- Incorporated City
- Original FAP Boundary
- Sacramento County
- Expanded FAP Target Area Boundary



SHRA GIS
MAY 7, 2013



May 9, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Foreclosed Property Access And Rehabilitation Program Amendment

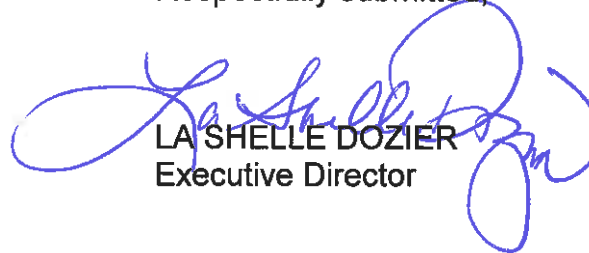
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the County of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 11, 2013

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Foreclosed Property Access And Rehabilitation Program Amendment

Supervisory
District: All

Contact: Chris Pahule, Program Manager, Community Development, 440-1350

Overview

On November 15, 2011, the Board of Supervisors (Board) authorized the Sacramento Housing and Redevelopment Agency (SHRA) to establish and implement a pilot program referred to herein as the Foreclosed Property Access and Rehabilitation Program (FAP). The FAP provides SHRA, working with builder participants, a unique opportunity to access and expedite the purchase of foreclosed and/or abandoned real estate owned (REO) properties prior to being listed and offered for sale on the open market. This program expands upon the revitalization efforts of SHRA's existing Neighborhood Stabilization Program (NSP), targeting the rehabilitation and resale of single family dwelling units within some of Sacramento's most challenging low and moderate income neighborhoods.

As a part of the Board's approval, SHRA was asked to report back after one year of program operation with a summary of the program successes, its ability to recover staffing costs, and to present any recommended changes that might help facilitate the continued operation and administration of the program.

Recommendations

Adopt the attached resolution that authorizes SHRA to:

1. Seek National Community Stabilization Trust (NCST) approval to expand FAP target area boundaries and to implement the FAP program in these areas using eligible County of Sacramento census tracts located within the defined NCST First Look program area.
2. Enact modifications to the program guidelines as may be necessary to properly administer and operate the FAP, including but not limited to an alternative approach for the distribution of properties to participating builders.
3. Terminate the FAP at its discretion if it is determined that the availability of REO inventory through NCST's First Look program does not justify its continuation.

Measures/Evaluation

The FAP is intended to focus on stabilizing low and moderate income neighborhoods through the acquisition and rehabilitation of vacant and foreclosed single family properties. SHRA proposes

to expand the program area boundaries in an effort to increase the amount of REO inventory that can be made available for acquisition and rehabilitation, as well as set up an equitable system for the distribution of properties amongst the FAP participants. SHRA anticipates a continuation of its ability to recover staffing expenses through the existing FAP fee structure, however the number of properties that may be administered by the program is unknown at this time.

Fiscal Impact

Cost recovery for SHRA's administrative activities is to be achieved through the FAP's annual participation fee and per unit transaction fee.

BACKGROUND

In June 2009, SHRA began acquiring foreclosed, REO properties through its partnership with the NCST, a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local government entities and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties.

NCST administers a "First Look" program, whereby its participating entities are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working with the organization. Through the First Look program, SHRA acquired over 40 foreclosed and/or abandoned properties within targeted areas of the City and County of Sacramento as a component of the SHRA administered NSP. Properties acquired through NCST under the NSP program have since been rehabilitated and sold to income eligible owner occupant homebuyers, or are being land banked for future redevelopment purposes.

The FAP which was approved in 2011 subsequently expanded the eligibility for participation in the First Look program to SHRA's approved builder partners. During the past year approximately 140 properties have been made available through the program to FAP program participants. From this inventory, 8 properties were acquired, four of which have been rehabilitated and resold to owner occupants, and one that is currently in escrow.

DISCUSSION

As originally conceived, the revitalization strategy for the FAP was to target specific low and moderate income neighborhoods in Sacramento where foreclosure rates ranked among the highest in the nation. While sound from a strategic perspective, due to the limited size of the geographical areas, one of the resulting constraints has been a limited amount of inventory that has been available through the First Look program to the FAP participants. More recently, and largely due to private investment funds purchasing residential properties for conversion to rental housing, new legal protections for homeowners, rising home prices, and banks pursuing other foreclosure alternatives such as short sales, there has been a significant decline in the amount of available inventory within the existing target areas and throughout Sacramento. In order to counter these constraints, and at the request of the program participants, staff recommends

updating and expanding the target area boundaries to include other eligible census tracts within the defined First Look program area. In addition to increasing the amount of available inventory to the program builders, it is SHRA's goal to expand its revitalization efforts to reach a broader spectrum of low and moderate income neighborhoods negatively impacted by the foreclosure crises.

In its administrative capacity, SHRA continues to provide oversight review of rehabilitation costs and scopes of work to ensure consistency with program construction standards; monitor construction throughout the rehabilitation process, ensure that homebuyer eligibility requirements are being met prior to sale, and serve as the program's Community Coordinator and primary point of contact to facilitate the transfer and sale process between multiple builder partners, NCST and participating lenders. In this role as a facilitator, and based on feedback from the FAP participants, staff is also recommending an additional program modification to counter the perception that one specific builder is not able to obtain priority access to a majority of the properties being offered through the program. To this end, it is recommended that a rotation system be established to allow an equitable distribution of properties amongst the builders.

While it is not possible to anticipate the number of properties that will continue to flow to the FAP, based on the level of interest being expressed by the program participants, Staff is recommending that the FAP be continued for the foreseeable future. However, should it be determined that amount of available REO inventory through the First Look program does not justify its continuation then it would be Staff's further recommendation to terminate the program.

COMMISSION ACTION

At its meeting of May 15, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The FAP is intended to complement existing efforts to facilitate neighborhood stabilization through the acquisition and rehabilitation of vacant and foreclosed single family properties. With the recent decline in available REO inventory, it is SHRA's goal to continue these efforts to the greatest extent feasible by broadening the program boundaries and creating an opportunity to increase or capture as many properties as possible that can then be made available for acquisition and rehabilitation. SHRA anticipates a continuation of its ability to recover staffing expenses through the existing fee structure, as well as to manage the program in a way that will allow for a more even distribution of property acquisitions by the builders.

FINANCIAL ANALYSIS

No direct financial assistance is provided to participating builder partners as part of the FAP. SHRA’s administrative activities to date have essentially been revenue neutral, with revenues totaling approximately \$19,745, and expenditures totaling approximately \$17,500. Cost recovery has been achieved through the program’s annual \$1,000 participation fee, and payment of a one percent per property transaction fee at the time of acquisition through the First Look Program and again upon resale to an owner occupant.

POLICY CONSIDERATIONS

The recommended actions in this staff report are consistent with the County of Sacramento’s 2008-2013 Housing Element of the General Plan adopted December 17, 2008. Policy HE-15 of the Housing Element indicates that the County shall “Support efforts to alleviate the individual and community problems associated with mortgage default and foreclosure”.

ENVIRONMENTAL REVIEW

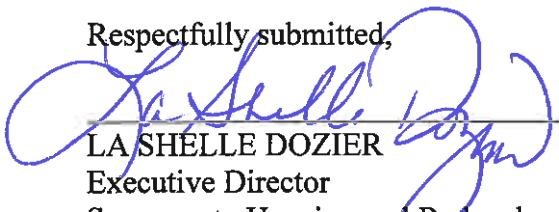
The proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, are categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301. There is no federal funding or other federal action associated with the proposed actions; therefore, the National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The activities discussed in this report do not involve federal funding; therefore, M/WBE and Section 3 requirements do not apply.

Respectfully submitted,

APPROVED



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

BRADLEY J. HUDSON
County Executive

Attachments:
RES – County BOS Resolution
ATT I – Map Expanded Target Areas

RESOLUTION NO. _____

ON DATE OF

FORECLOSED PROPERTY ACCESS AND REHABILITATION PROGRAM

WHEREAS, in June 2009, the Sacramento Housing and Redevelopment Agency (SHRA) began acquiring real estate owned (REO) properties through its partnership with the National Community Stabilization Trust (NCST), a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local governments and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties.

WHEREAS, on November 15, 2011, the Board of Supervisors authorized SHRA to establish and implement a pilot program referred to as the Foreclosed Property Access and Rehabilitation Program (FAP), wherein the participants are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working with NCST.

WHEREAS, after one year of program operation, SHRA was directed to report back to the Board of Supervisors regarding the successes of the program, including a recommendations for its continuation and any modifications that might be needed to maintain the successful administration and operation of the program.

WHEREAS, through NCST's "First Look" program, to date SHRA has acquired over 40 foreclosed or abandoned properties, and SHRA's participating builder partners have acquired 8 properties within targeted areas of the City and County.

WHEREAS, due to challenges created by the overall decline in inventory of foreclosed or abandoned properties, SHRA desires to update and expand the FAP target area boundaries to include other eligible census tracts located within the defined NCST program area, as well as set up a builder rotation to evenly distribute access to the properties. The goal of the proposed modifications is to potentially increase the number of properties that may be made available to SHRA's participating builder partners, allow an equitable distribution of the properties amongst the builders, and enhance access to REO properties relative to competing private investor interests.

WHEREAS, expansion of the FAP program target area boundaries will enhance and continue SHRA's efforts to facilitate community revitalization and rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, in addition to assisting neighborhoods struggling to eliminate blight, reduce vandalism, and prevent a further deterioration of local property values.

WHEREAS, the proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualified homeowners, are categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO

Section 1: All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.

Section 2: SHRA is authorized to seek NCST approval and implement expanded FAP target area boundaries that include eligible County of Sacramento census tracts located within the defined NCST First Look program area.

Section 3: SHRA is authorized to make modifications to the program guidelines as may be necessary to ensure the successful administration and operation of the program, including but not limited to an alternative approach for the distribution of properties to participating builders.

Section 4: At SHRA's discretion, the FAP program may be terminated if it is determined that the availability of REO inventory through the NCST First Look program does not justify its continuation.

On a motion by Supervisor _____, seconded by Supervisor _____,
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of
Sacramento, State of California this 11th day of June, 2013, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

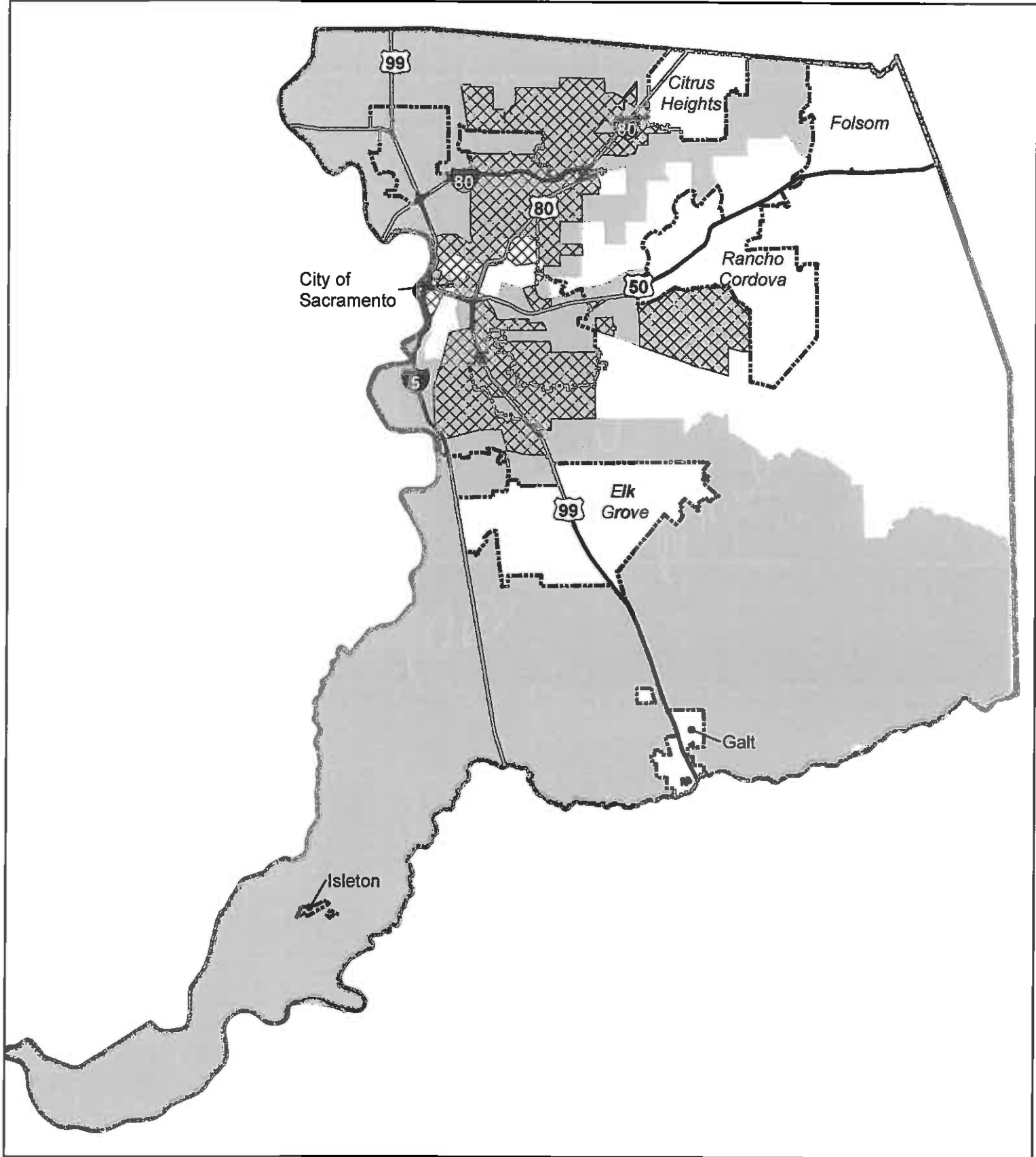
Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



Foreclosed Property Access and Rehabilitation Program



- Incorporated City
- Original FAP Boundary
- Sacramento County
- Expanded FAP Target Area Boundary



SHRA GIS
May 7, 2013

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

FORECLOSED PROPERTY ACCESS AND REHABILITATION PROGRAM

WHEREAS, in June 2009, the Sacramento Housing and Redevelopment Agency (SHRA) began acquiring real estate owned (REO) properties through its partnership with the National Community Stabilization Trust (NCST), a national nonprofit organization created to connect banks and loan servicers holding foreclosed properties with local governments and organizations working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties.

WHEREAS, on October 5, 2011, the Sacramento Housing and Redevelopment Commission considered staff's recommendation to authorize SHRA to establish and implement a pilot program referred to as the Foreclosed Property Access and Rehabilitation Program (FAP), wherein the participants are provided access to foreclosed or abandoned properties prior to the properties being listed on the open market, allowing for the targeted and expedited purchase of these properties from various financial institutions working with NCST.

WHEREAS, after one year of program operation, SHRA was directed to report back to the Board of Supervisors and the City Council regarding the successes of the program, including recommendations for its continuation and any modifications that might be needed to maintain the successful administration and operation of the program.

WHEREAS, through NCST's "First Look" program, to date SHRA has acquired over 40 foreclosed or abandoned properties, and SHRA's participating builder partners have acquired 8 properties within targeted areas of the City and County.

WHEREAS, due to challenges created by the overall decline in inventory of foreclosed or abandoned properties, SHRA desires to update and expand the FAP target area boundaries to include other eligible census tracts located within the defined NCST program area, as well as set up a builder rotation to evenly distribute access to the properties. The goal of the proposed modifications is to potentially increasing the number of properties that may be made available to SHRA's participating builder partners, allow an equitable distribution of the properties amongst the builders, and enhance access to REO properties relative to competing private investor interests.

WHEREAS, expansion of the FAP program target areas will enhance and continue SHRA's efforts to facilitate community revitalization and rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, in addition to assisting neighborhoods struggling

to eliminate blight, reduce vandalism, and prevent a further deterioration of local property values.

WHEREAS, the proposed actions, which are in furtherance of a program to facilitate the rehabilitation of foreclosed, vacant properties for resale to qualifying homebuyers, are categorically exempt pursuant to CEQA Guidelines Section 15301.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.

Section 2: The Executive Director or her designee is authorized to seek NCST approval and implement expanded FAP target areas that include eligible City and County of Sacramento census tracts located within the defined NCSY First Look program area.

Section 3: The Executive Director or her designee is authorized to make modifications to the program guidelines as may be necessary to ensure the successful administration and operation of the program, including but not limited to an alternative approach for the distribution of properties to participating builders.

Section 4: The Executive Director or her designee is authorized to terminate the FAP if it is determined that the availability of REO inventory through the NCST First Look program does not justify its continuation.

CHAIR

ATTEST:

CLERK



May 9, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval Of Bond Issuance And Home Investment Partnership Program (HOME) Loan
for the Greenway Village, Los Robles and Glen Ellen Estates Projects

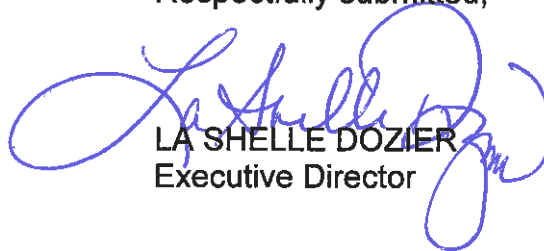
SUMMARY

The attached report is submitted to you for review and recommendation prior to
consideration by the County of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 4, 2013
10:45 A.M.

To: Board of Supervisors and the Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Bond Issuance And Home Investment Partnership Program (HOME)
Loan For The Greenway Village, Los Robles And Glen Ellen Projects

Supervisory District: Yee

Contact: Christine Weichert, Assistant Director, 440-1353
Joel Riphagen, Housing Finance Analyst, Development Finance, 449-6247

Overview

This report recommends approval of up to \$16,000,000 in tax-exempt mortgage revenue bonds for the acquisition, rehabilitation, and permanent financing of the Greenway Village, Los Robles, and Glen Ellen affordable housing projects ("Projects"). It also recommends approval of a loan of \$5,800,000 of County HOME funds to the Greenway Village project.

Recommendations

1. Conduct a public hearing; indicate that the Board of Supervisors has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, rehabilitation, and permanent financing of the Projects.
2. Authorize the issuance by the Housing Authority of the County of not more than \$16,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, rehabilitation, and permanent financing for the Greenway Village, Los Robles, and Glen Ellen affordable housing projects, and authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds.
3. Authorize the Sacramento Housing and Redevelopment Agency ("Agency") to loan not more than \$5,800,000 for the acquisition, construction, and permanent financing of the Greenway Village project.
4. Authorize the Agency to restructure existing loans to Greenway Village totaling \$1,906,732 in principal and accrued interest, to extend their maturity dates and adjust their interest rates.
5. Authorize the Agency to restructure existing loans to Los Robles Apartments totaling \$1,592,813 in principal and accrued interest, to extend their maturity dates and adjust their interest rates.

Measures/Evaluation

The proposed projects would rehabilitate 169 existing affordable housing units in Sacramento County and in the City of Sacramento, contributing to each entity's 2008-2013 Housing Element goals. Progress toward housing element goals is reported annually to the State Department of

Housing and Community Development.

Affordability restrictions placed on the Projects will be monitored by the Agency for 55 years.

Fiscal Impact

The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or County of Sacramento.

The \$5,800,000 Agency HOME loan will be partially repaid from the property's income, with the majority of the principal and interest due at maturity.

BACKGROUND

Mutual Housing California ("Developer" or "MHC") has applied for the issuance of up to \$16,000,000 in tax-exempt mortgage revenue bonds for the Greenway Village and Los Robles projects located in unincorporated Sacramento County, and the Glen Ellen Estates project located in the City of Sacramento ("Projects"). The Developer has also applied for a \$5,800,000 loan for the acquisition, rehabilitation, and permanent financing of the Greenway Village project. Together, the Projects will rehabilitate 169 existing units of affordable housing. The Developer is requesting a combined bond allocation for all three projects in order to achieve efficiencies in the financing and rehabilitation of the Projects. The Developer is also requesting a \$500,000 loan of City of Sacramento funds for the Glen Ellen project, which will be presented to the Sacramento City Council for approval.

DISCUSSION

Mutual Housing California currently owns and operates all three properties. To allow for the preservation of the affordable units, MHC is proposing to rehabilitate the properties as detailed below.

Description of Developments:

Greenway Village: Greenway Village, built in the late 1960s, is located on 4.25 acres at 6311 Sampson Blvd. in unincorporated South Sacramento, near transit, shopping, and schools. A location map is included as Attachment I and a site map is included as Attachment III. Greenway consists of 54 units, including 12 one-bedroom, 22 two-bedroom, 12 three-bedroom, and 8 five-bedroom apartments in 16 two-story buildings around a central green space. One two-bedroom unit is a manager's unit.

MHC first acquired this challenging property in 1995, at which point the property was rehabilitated and the units were reconfigured from all two-bedroom units to the current configuration. Amenities include a playground, basketball court, community room with computer lab, laundry facilities, and a rental office. The buildings are wood frame construction on concrete slabs with a combination of stucco and hard board siding. Heating and cooling are provided in some apartments by a central split-system forced-air HVAC system, and in others by a gas wall furnace and a through-wall air conditioner. Hot water is provided by two large hot water heaters per building. The site has very poor drainage and the building siding is beginning to fail.

Exterior work will include complete replacement of the aging siding, new roofs, gutters and downspouts, new windows, and solar thermal water heating. Interior work will include new split-system HVAC in all units, new water heaters, flooring, appliances, cabinets, countertops, sinks, tubs, toilets, and lighting. Site work will include regrading and a new storm drainage system, creation of accessible paths of travel, minor parking area repair, new landscaping, lighting, fencing, trash enclosures, and playground upgrade.

Los Robles Apartments: Los Robles Apartments is located on 5.5 acres at 5500 Sky Parkway in unincorporated South Sacramento, near transit, shopping, and schools. MHC built this property in 1996, and the proposed project will be its first major rehabilitation. A location map is included as Attachment I and a site map is included as Attachment IV. Los Robles consists of 80 units, including 16 one-bedroom, 24 two-bedroom, 28 three-bedroom, and 12 four-bedroom apartments in 20 two-story buildings. One two-bedroom unit is a manager's unit. Amenities include a playground, basketball court, community room with computer lab, laundry facilities, and a rental office. The buildings are wood frame construction on concrete slabs with stucco and vinyl siding. Heating and cooling are provided by a split-system HVAC system, and units have individual water heaters.

Exterior work will include new windows and entry doors, replacement of some second-floor decks and first floor patio fencing, painting, replacement of gutters and downspouts, and solar thermal water heating. Interior work will include flooring replacement, painting, new HVAC, and replacement of tubs, sinks, appliances, and cabinets as needed. Site work will include walkway and parking repair, landscaping and drainage improvements, and minor accessibility upgrades.

Glen Ellen Estates: Glen Ellen Estates is located on 1.2 acres at 2380-2398 Glen Ellen Circle in the City of Sacramento, next to Executive Airport. Built in the early 1970s, Glen Ellen was MHC's first multifamily acquisition. It is near transit, shopping, and schools. Several minor rehabilitations of the property have occurred over its lifetime, including Agency-funded work in 1991. A location map is included as Attachment II and a site map is included as Attachment V. Glen Ellen consists of 35 two-bedroom units in 9 fourplex buildings. One unit is a manager's unit. Amenities include a playground, community room, laundry facilities, and a rental office. The buildings are wood frame construction on concrete slabs with stucco and decorative stone veneer siding. Heating

Approval Of Bond Issuance And Home Investment Partnership Program (HOME) Loan For
Greenway Village, Los Robles And Glen Ellen Projects

Page 4

and cooling are provided by a split-system HVAC system. Hot water is provided by one hot water heater per building. All apartments have a working fireplace. The site has very poor drainage.

Exterior work will include new roofs, exterior doors, and solar thermal water heating. Interior work will include new flooring, paint, appliances, cabinets, countertops, sinks, bathtubs, toilets, and lighting, as well as new HVAC and water piping. Site work will include new storm drainage, partial walkway replacement and accessibility upgrades, asphalt repair, landscaping, lighting, and a new playground.

Developer: MHC is an experienced owner and manager of affordable rental housing projects. MHC owns and operates approximately 650 affordable homes in 11 mutual housing communities, and houses more than 2,150 low income residents. Incorporated in 1988, MHC was formed as a partnership of neighborhood residents, business representatives, housing advocates, and local government dedicated to improving housing opportunities for lower income families. Mutual housing is designed to offer a permanent solution to the housing needs of low-income residents with residents taking a key role in the management and maintenance of their homes and developing a vested interest in the success of their community. MHC is the owner of a number of projects in the Sacramento area, including Mutual Housing at Lemon Hill, Victory Townhomes and Evergreen Estates, River Garden Estates, Norwood Avenue Apartments, and Norwood Estates.

Property Management: The Projects will be managed by a property management company with staff experienced in operating affordable apartment communities. Agency staff will review and approve the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, to ensure the company meets the Agency's requirements for property management.

Resident Services: Services will be provided to the residents primarily by MHC. The service provider will be required to provide at least 17 hours of services per week at Greenway Village, 17 hours per week at Los Robles, and 10 hours per week at Glen Ellen Estates. Programs will be tailored to the needs of the residents. Examples of services include after-school programs, computer training, and English as a Second Language classes.

Project Financing: The Developer proposes to finance the Projects with up to \$16,000,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority of the County, Low-Income Housing Tax Credits, a developer loan, a seller subordinate loan, net operating income during construction, assumption of existing debt, the \$5,800,000 Agency loan to Greenway Village, and a \$500,000 City loan to Glen Ellen Estates. A project summary, including a proposed sources and uses of funds, is included as Attachment VI. A cash flow proforma is included as Attachment VII.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-

family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

The bonds for the project are intended to be privately-placed. The Agency will report back to the Housing Authority on the placement and the actual bond amounts with the request for final approval of the bond documents. The law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. Maximum rent and income limits can be found in Attachment VIII. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The "volume cap" is limited and is allocated by CDLAC through a competitive state-wide process.

Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Staff recommends that the Housing Authority adopt a resolution to indicate its intent to issue bonds to finance the construction and permanent financing of the project. Adoption of the resolution will not bind the Housing Authority to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws.

COMMISSION ACTION

At its meeting of May 15, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The County's Housing Element has set affordable housing goals for the period of 2008-2013. A very low-income unit is defined as being affordable to a household with income of up to 50 percent of AMI and a low-income unit is being defined as being affordable up to 60 percent of

AMI. The Projects will assist both the County and the City in achieving their affordable housing goals by extending the affordability of existing affordable units for a new 55 year period, as follows:

County Affordable Housing Units

Project	Very Low Income Units	Low Income Units	Total Units
Greenway Village	40	14	54
Los Robles	58	22	80
County Subtotal	98	36	134

City Affordable Housing Units

Project	Very Low Income Units	Low Income Units	Total Units
Glen Ellen	7	28	35

FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project’s owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing. The Agency will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds.

The County HOME loan will bear no interest and carry a term after renovation of 55 years. All principal and accrued interest will be due and payable at the maturity of the loan. The Loan Commitment Letter is included as Attachment IX.

POLICY CONSIDERATIONS

The recommended actions are generally consistent with the Agency’s previously approved multifamily lending and mortgage revenue bond policies. In lieu of a deferred developer fee, the Developer will be loaning funds to the project. The term of the new HOME loan will be 55 years, and no interest will accrue. In addition, the debt on the Greenway Village property will exceed a combined 90% loan-to-value ratio.

Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on a regular basis.

ENVIRONMENTAL REVIEW


The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

The project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

M/WBE AND SECTION 3 CONSIDERATIONS

Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

- Attachments:
- RES – Board of Supervisors TEFRA
 - RES – Housing Authority Bond Reimbursement
 - RES – Board of Supervisors Greenway Loan
 - RES – Board of Supervisors Los Robles Loan Extension
 - ATT I – Greenway and Los Robles Location Map
 - ATT II – Glen Ellen Location Map
 - ATT III – Greenway Village Site Map
 - ATT IV – Los Robles Apartments Site Map
 - ATT V – Glen Ellen Estates Site Map
 - ATT VI – Project Summary
 - ATT VII – Cash Flow Proforma
 - ATT VIII – Rent and Income Limits
 - ATT IX – Commitment Letter

RESOLUTION NO. _____

ON DATE OF

**APPROVING THE ISSUANCE OF OBLIGATIONS BY THE HOUSING
AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF OF MUTUAL
HOUSING CALIFORNIA FOR GREENWAY VILLAGE APARTMENTS, LOS ROBLES
APARTMENTS, AND GLEN ELLEN ESTATES APARTMENTS**

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$16,000,000 and to lend the proceeds thereof to Mutual Housing California, a California limited nonprofit public benefit corporation, or a limited partnership or a limited liability company related to or formed by Mutual Housing California (the "Developer"), to be used to provide funds for the acquisition, rehabilitation and development of a 54-unit multifamily housing residential facility located at 6311 Sampson Boulevard in an unincorporated area of the County of Sacramento, California, known as Greenway Village, an 80-unit multifamily housing residential facility located at 5500 Sky Parkway in an unincorporated area of the County of Sacramento, California, known as Los Robles Apartments, and a 35-unit multifamily housing residential facility located at 2380-2398 Glen Ellen in the City of Sacramento, California, known as Glen Ellen Estates, each to be owned and operated by the Developer;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 requires the issuance of the obligations to be approved by the Board of Supervisors of the County (the "Board"), as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;

WHEREAS, a public hearing was held by the Board on the 4th day of June, 2013, following duly published notice thereof, and all persons desiring to be heard have been heard;

WHEREAS, it is in the public interest and for the public benefit that the Board, as the elected representative of the County of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, approve the issuance and delivery by the Authority of the Obligations;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF
THE COUNTY OF SACRAMENTO**

Approval of Bond Issuance And Home Investment Partnership Program (HOME) Loan For The
Greenway Village, Los Robles And Glen Ellen Projects

Page 2

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$16,000,000 for the purposes described above is hereby approved.

Section 2. This resolution shall take effect immediately upon its adoption.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 4th day of June, 2013, by the following vote, to wit:

AYES: Supervisors,
NOES: Supervisors,
ABSENT: Supervisors,
ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST:

Clerk, Board of Supervisors

RESOLUTION NO. _____

**ADOPTED BY THE HOUSING AUTHORITY OF THE
COUNTY OF SACRAMENTO**

ON DATE OF

**GLEN ELLEN ESTATES APARTMENTS, LOS ROBLES APARTMENTS, GREENWAY
VILLAGE APARTMENTS: DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to execute and deliver tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Mutual Housing California, a California limited nonprofit public benefit corporation, or a limited partnership or a limited liability company related to or formed by Mutual Housing California (the "Developer"), to be used to provide funds for the acquisition, rehabilitation and development of a 54-unit multifamily housing residential facility located at 6311 Sampson Boulevard in an unincorporated area of the County of Sacramento, California, known as Greenway Village, an 80-unit multifamily housing residential facility located at 5500 Sky Parkway in an unincorporated area of the County of Sacramento, California, known as Los Robles Apartments, and a 35-unit multifamily housing residential facility located at 2380-2398 Glen Ellen in the City of Sacramento, California, known as Glen Ellen Estates (collectively, the "Project"); and

WHEREAS, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF
THE COUNTY OF SACRAMENTO:**

Section 1. The Authority intends to execute and deliver the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation and development of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$16,000,000.

Section 4 The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the execution and delivery of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the execution and delivery of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to execute and deliver the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 8. This resolution shall take effect immediately upon its adoption.

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 4th day of June, 2013, by the following vote, to wit:

AYES: Members,
NOES: Members,
ABSENT: Members,
ABSTAIN: Members,

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST:

Clerk

RESOLUTION NO. _____

ON DATE OF

GREENWAY VILLAGE: APPROVAL OF UP TO \$5,800,000 HOME INVESTMENT PARTNERSHIP PROGRAM DEVELOPMENT LOAN; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENT; APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOANS AND ASSUMPTION OF OBLIGATIONS BY MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; SUBORDINATION OF EXISTING LOANS.

WHEREAS, Mutual Housing California (Developer) has applied for an allocation of up to Five Million, Eight Hundred Thousand Dollars (\$5,800,000) in County Home Investment Partnership Program (HOME) funds to assist in funding the rehabilitation and permanent financing of the Greenway Village project (Project), located at 6311 Sampson Blvd. in Sacramento County;

WHEREAS, the Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the Project currently has two Agency loans outstanding. The first is a loan of HOME funds with a principal balance of \$750,000 plus \$386,075 of accrued interest. The second is a loan of County Housing Trust Funds (HTF) with a principal balance of \$500,000 plus \$270,657 of accrued interest. The Developer has requested that the existing debt be restructured and assigned to a new limited partnership formed by Mutual Housing California. Requested restructuring of the loans includes extending their maturity to a date 55 years after the proposed rehabilitation of the Project and changing their interest rates.

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged;

WHEREAS, the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO

Section 1: The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

Section 2: The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Greenway Village project (“Loan Commitment”) is approved and the Agency is authorized to execute the Loan Commitment and related documents and transmit to Mutual Housing California or related entity.

Section 3: The Agency is authorized to amend the Agency budget as follows:

- Allocate \$2,615,133 of County HOME funds from Multifamily Rehabilitation to the Greenway Village project.
- Allocate \$3,184,867 of County HOME funds from Multifamily New Construction to the Greenway Village project.

Section 4: The Agency is authorized to execute the Loan Agreement consistent with the Loan Commitment, execute other documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restructuring of payments, all in a form as approved by Agency counsel.

Section 5: The Agency is authorized to restructure the outstanding Agency loans and related documents in the amount of 1) \$750,000 principal plus \$386,075 of accrued interest in County HOME funds, and 2) \$500,000 principal plus \$270,657 of accrued interest in County Housing Trust Funds, to extend the maturity dates and adjust their interest rates.

Section 6: The Agency is authorized to consent to the assumption of the existing Agency loans by Mutual Housing California or a related entity, in order to ensure the continued viability of the development.

Section 7: It is found that an economically feasible alternative to financing is not reasonably available on comparable terms and conditions without subordination of the existing loans. Authorization is therefore granted to subordinate the existing loans.

Approval of Bond Issuance And Home Investment Partnership Program (HOME)
Loan For The Greenway Village, Los Robles And Glen Ellen Projects
Page 3

On a motion by Supervisor _____, seconded by Supervisor _____,
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of
Sacramento, State of California this 4th day of June 2013, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors

RESOLUTION NO. _____

ON DATE OF

**LOS ROBLES APARTMENTS: APPROVAL OF THE RESTRUCTURING OF
OUTSTANDING LOANS AND ASSUMPTION OF OBLIGATIONS BY MUTUAL
HOUSING CALIFORNIA OR RELATED ENTITY, SUBORDINATION OF EXISTING
LOANS.**

WHEREAS, Mutual Housing California (Developer) has applied for an allocation of mortgage revenue bonds to assist in funding the rehabilitation and permanent financing of three properties owned by the Developer, including Los Robles Apartments (Project), located at 5500 Sky Parkway in Sacramento County.

WHEREAS, the Project currently has two Agency loans outstanding. The first is a loan of HOME funds with a principal balance of \$333,000 plus \$133,073 of accrued interest. The second is a loan of County Housing Trust Funds (HTF) with a principal balance of \$867,000 plus \$259,741 of accrued interest. The Developer has requested that the existing debt be restructured and assigned to a new limited partnership formed by Mutual Housing California. Requested restructuring of the loans includes extending their maturity to a date 55 years after the proposed rehabilitation of the Project and changing their interest rates.

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged;

WHEREAS, the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF
THE COUNTY OF SACRAMENTO**

Section 1: The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

Section 2: The Agency is authorized to restructure the outstanding Agency loans and related documents in the amount of 1) \$333,000 principal plus \$133,073 of accrued interest in County HOME funds, and 2) \$867,000 principal plus \$259,741 of accrued interest in County Housing Trust funds, to extend the maturity dates and adjust the interest rates.

Section 3: The Agency is authorized to consent to the assumption of the existing Agency loans by Mutual Housing California or a related entity, in order to ensure the continued viability of the development.

Section 4: It is found that an economically feasible alternative to financing is not reasonably available on comparable terms and conditions without subordination of the existing loans. Authorization is therefore granted to subordinate the existing loans.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 4th day of June 2013, by the following vote, to wit:

- AYES: Supervisors,
- NOES: Supervisors,
- ABSENT: Supervisors,
- ABSTAIN: Supervisors,

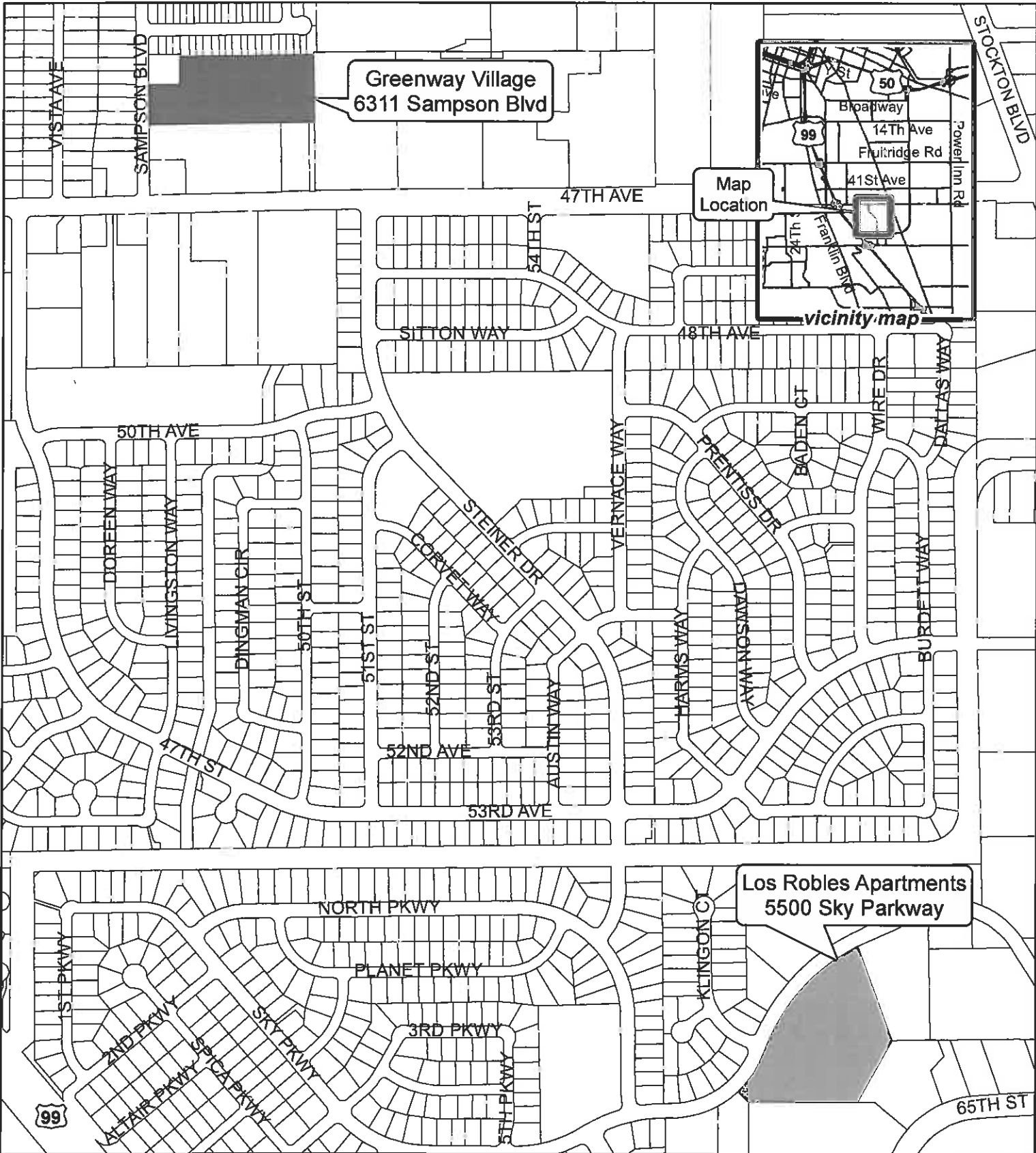
Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

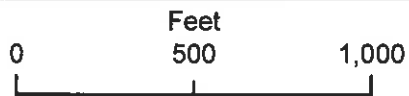
ATTEST: _____
Clerk, Board of Supervisors



Greenway Village and Los Robles Apartments Location Map



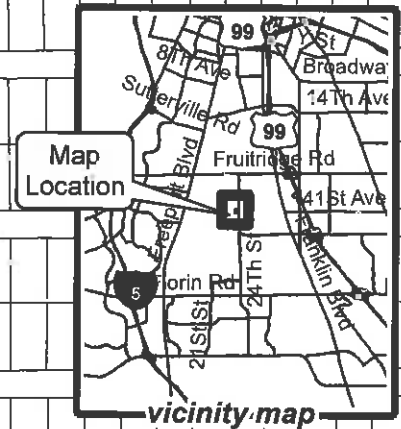
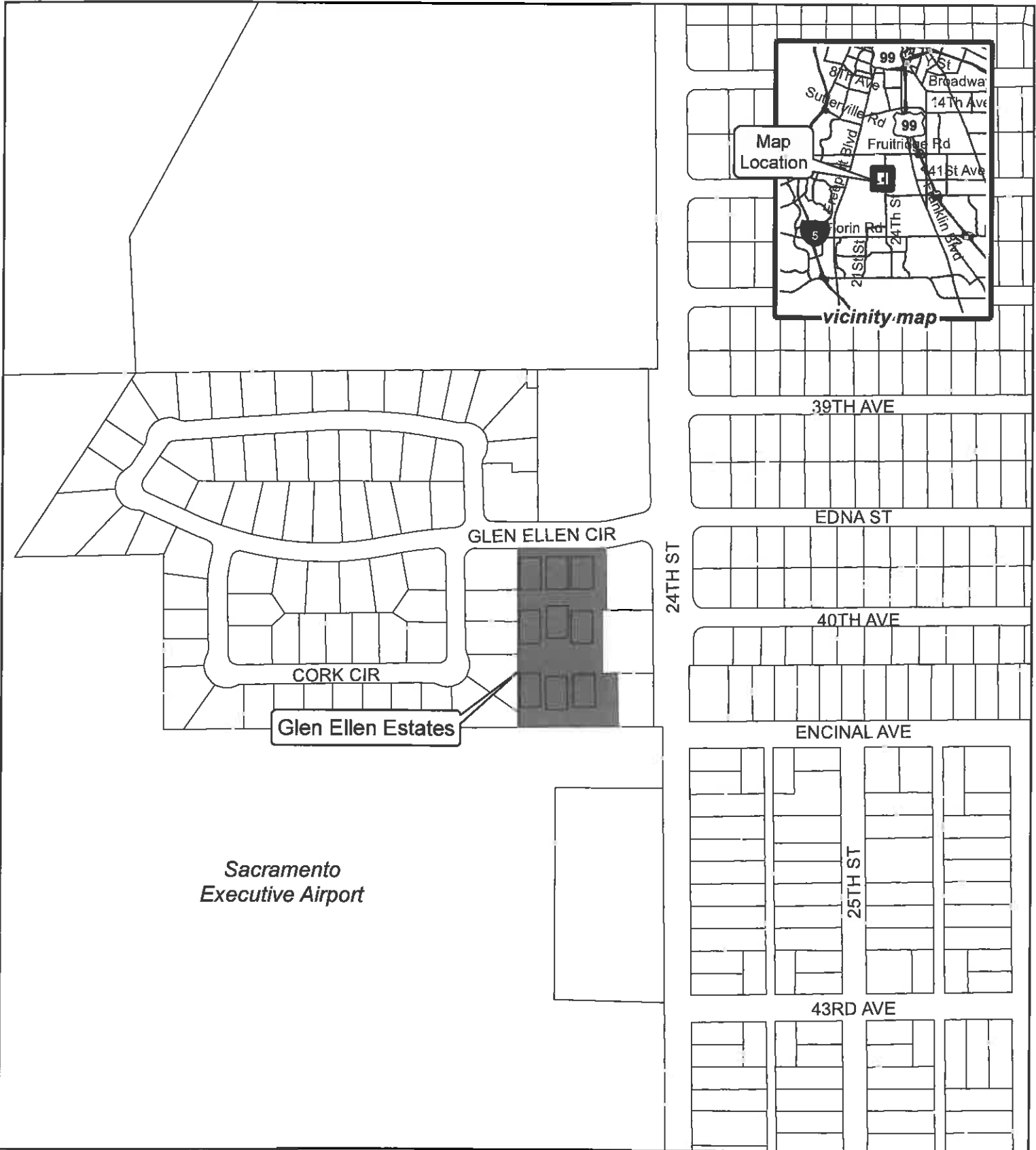
-  6311 Sampson Blvd Parcel
-  5500 Sky Pkwy Parcel



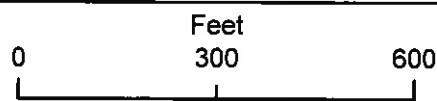
SHRA GIS
 April 24, 2013



Glen Ellen Estates Location Map

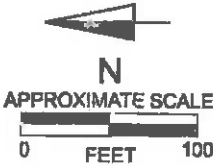
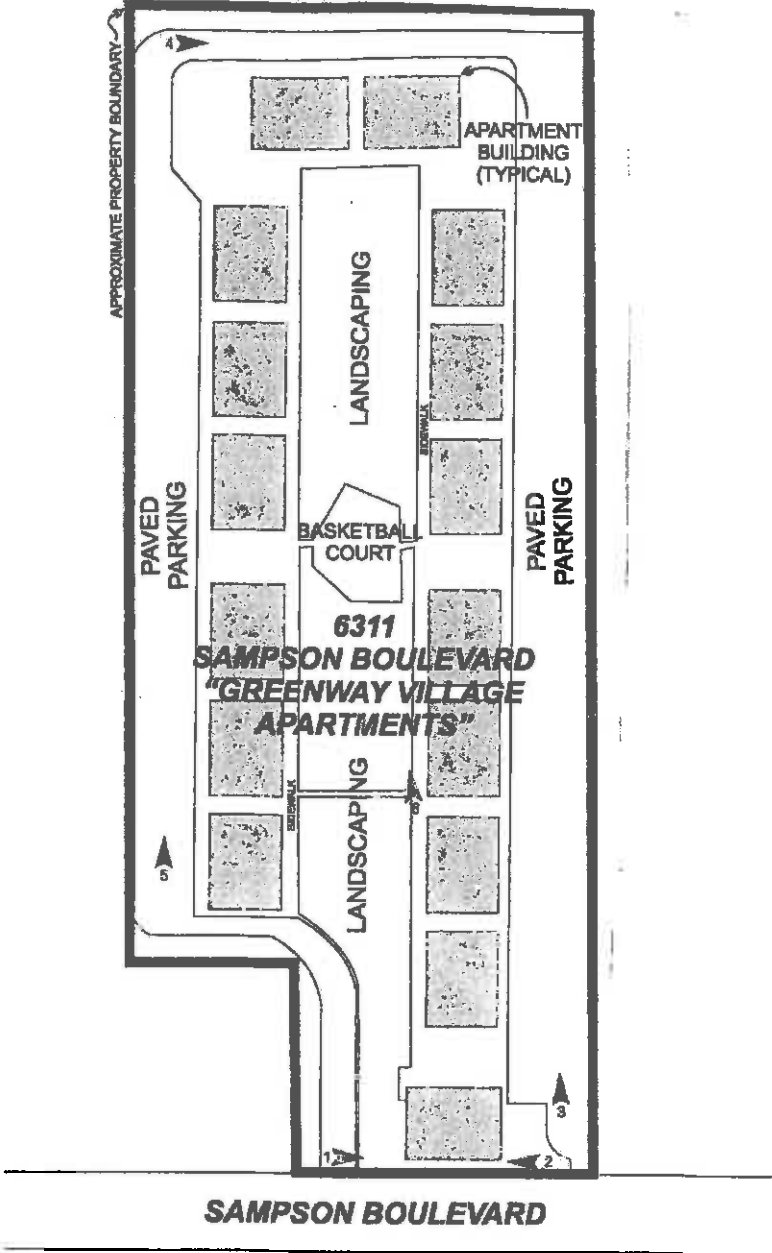


Glen Ellen Estate Parcel

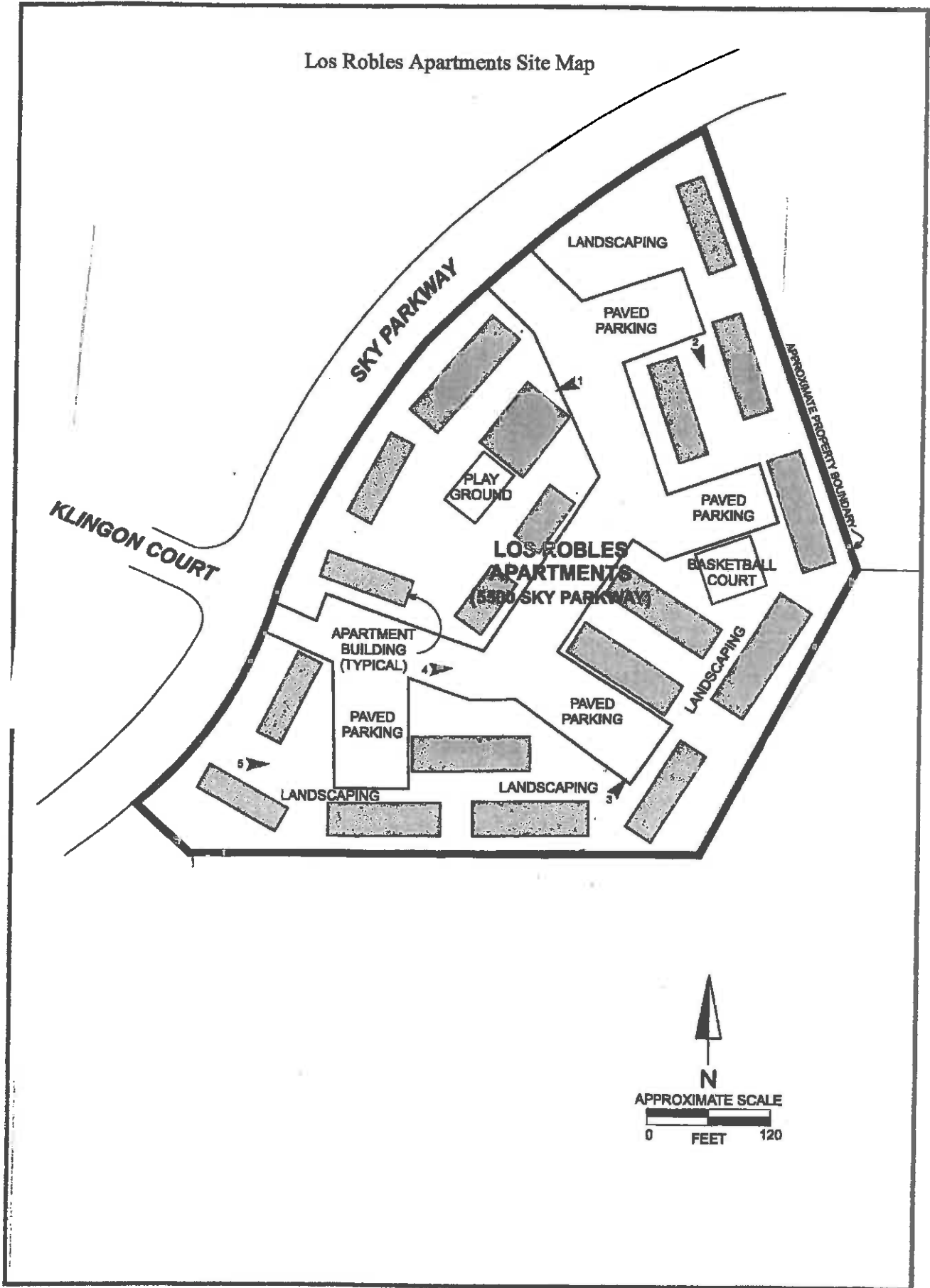


SHRA GIS
April 24, 2013

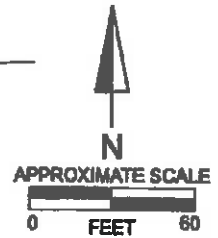
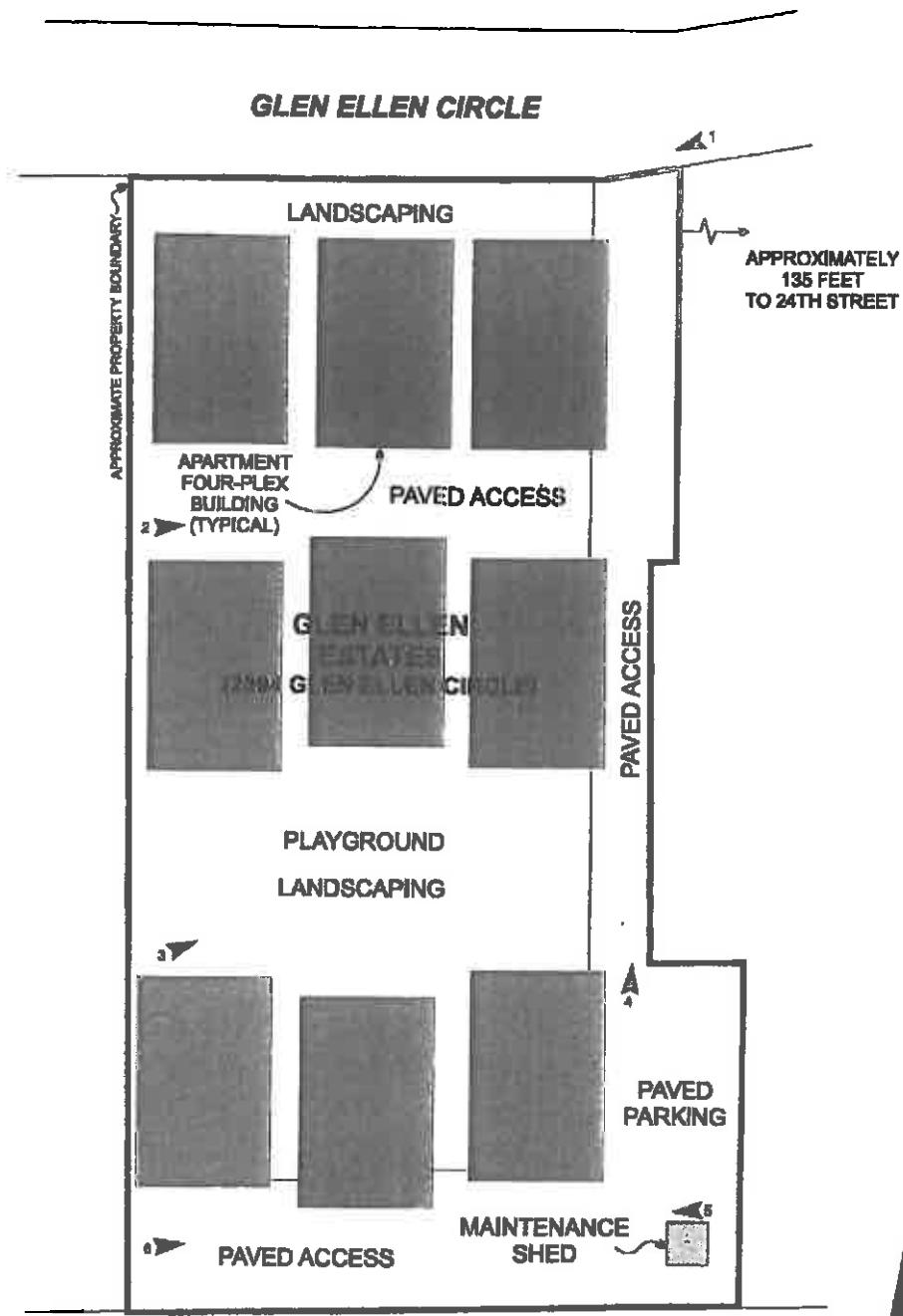
Greenway Village Site Map



Los Robles Apartments Site Map



Glen Ellen Estates Site Map



Greenway, Los Robles, and Glen Ellen COMBINED Project Summary

Address	Multiple			
Number of Units	169			
Year Built	Multiple			
Acreage	11.62			
Affordability	40 units at or below 35% of Area Median Income (AMI) 65 units at or below 50% of AMI 61 units at or below 60% of AMI 3 unregulated Manager's Unit			
Unit Mix and Rents	(35% AMI)	(50% AMI)	(60% AMI)	Unregulated
1 Bedroom	14	11	3	
2 Bedroom	10	32	36	3
3 Bedroom	12	14	14	
4 Bedroom	2	5	5	
5 Bedroom	2	3	3	
Square Footage	<i>Per Unit</i>		<i>Total</i>	
1 Bedroom	703		19,680	
2 Bedroom	878		71,140	
3 Bedroom	1,043		41,720	
4 Bedroom	1,200		14,400	
5 Bedroom	1,794		14,352	
Leasing/Community/Laundry			5,192	
Total			166,484	
Resident Facilities	Community rooms with kitchens, computer labs, playgrounds, laundry facilities, and rental offices.			
Estimated Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Tax Credit Equity	\$ 9,399,262	\$ 55,617	\$ 56.46	
Mortgage Revenue Bond	\$ 1,276,000	\$ 7,550	\$ 7.66	
New SHRA Loans	\$ 6,300,000	\$ 37,278	\$ 37.84	
Existing SHRA Loans	\$ 3,810,826	\$ 22,549	\$ 22.89	
Existing HCD Loan	\$ 294,216	\$ 1,741	\$ 1.77	
Seller Carryback Loan	\$ 4,099,157	\$ 24,255	\$ 24.62	
Developer Loan	\$ 1,416,216	\$ 8,380	\$ 8.51	
Existing Project Reserves	\$ 426,938	\$ 2,526	\$ 2.56	
Utility Rebates	\$ 200,000	\$ 1,183	\$ 1.20	
Net Operating Income During Rehab	\$ 86,676	\$ 513	\$ 0.52	
TOTAL SOURCES	\$ 27,309,291	\$ 161,593	\$ 164.04	
Estimated Uses	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Acquisition	\$ 9,810,000	\$ 58,047	\$ 58.92	
Construction	\$ 10,940,127	\$ 64,734	\$ 65.71	
Building Permits	\$ 229,200	\$ 1,356	\$ 1.38	
Architecture, Engineering, Survey	\$ 441,427	\$ 2,612	\$ 2.65	
Contingency	\$ 1,214,012	\$ 7,184	\$ 7.29	
Financing Costs	\$ 917,309	\$ 5,428	\$ 5.51	
Legal Fees	\$ 80,498	\$ 476	\$ 0.48	
Reserves	\$ 610,425	\$ 3,612	\$ 3.67	
Relocation	\$ 222,000	\$ 1,314	\$ 1.33	
Developer Fee	\$ 2,500,000	\$ 14,793	\$ 15.02	
Third Party Reports, Marketing, Other	\$ 344,292	\$ 2,037	\$ 2.07	
TOTAL USES	\$ 27,309,291	\$ 161,593	\$ 164.04	
Management / Operations	Jon Berkley Management or other company approved later Mutual Housing California			
Property Management Company:				
Resident Services Provider:				
Operations Budget:	\$900,257	per year	\$5,327 per unit	
Resident Services Budget:	\$80,400	per year	\$476 per unit	
Replacement Reserves:	\$85,400	per year	\$505 per unit	

Greenway Village Project Summary

Address	6311 Sampson Blvd.			
Number of Units	54			
Year Built	1966			
Acreage	4.25 acres			
Affordability	15 units at or below 35% of Area Median Income (AMI) 25 units at or below 50% of AMI 13 units at or below 60% of AMI 1 unregulated Manager's Unit			
Unit Mix and Rents	(35% AMI)	(50% AMI)	(60% AMI)	Unregulated
1 Bedroom	5	4	3	
2 Bedroom	3	14	4	1
3 Bedroom	5	4	3	
5 Bedroom	2	3	3	
Square Footage	<i>Per Unit</i>		<i>Total</i>	
1 Bedroom	744		8,928	
2 Bedroom	897		19,732	
3 Bedroom	1,050		12,600	
5 Bedroom	1,794		14,352	
Leasing/Community/Laundry			2,082	
Total			57,694	
Resident Facilities	Community room with kitchen, computer lab, playground with basketball hoops, laundry facilities and rental office.			
Estimated Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Tax Credit Equity	\$ 1,439,786	\$ 26,663	\$ 24.96	
New SHRA Loan	\$ 5,800,000	\$ 107,407	\$ 100.53	
Existing SHRA Loans	\$ 1,906,732	\$ 35,310	\$ 33.05	
Seller Carryback Loan	\$ 1,053,547	\$ 19,510	\$ 18.26	
Developer Loan	\$ 566,486	\$ 10,490	\$ 9.82	
Existing Project Reserves	\$ 170,400	\$ 3,156	\$ 2.95	
Utility Rebates	\$ 63,905	\$ 1,183	\$ 1.11	
Net Operating Income During Rehab	\$ 17,335	\$ 321	\$ 0.30	
TOTAL SOURCES	\$ 11,018,192	\$ 204,041	\$ 190.98	
Estimated Uses	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Acquisition	\$ 3,100,000	\$ 57,407	\$ 53.73	
Construction	\$ 4,942,207	\$ 91,522	\$ 85.66	
Building Permits	\$ 108,000	\$ 2,000	\$ 1.87	
Architecture, Engineering, Survey	\$ 272,464	\$ 5,046	\$ 4.72	
Contingency	\$ 554,221	\$ 10,263	\$ 9.61	
Financing Costs	\$ 393,796	\$ 7,293	\$ 6.83	
Legal Fees	\$ 34,557	\$ 640	\$ 0.60	
Reserves	\$ 262,053	\$ 4,853	\$ 4.54	
Relocation	\$ 125,000	\$ 2,315	\$ 2.17	
Developer Fee	\$ 1,073,239	\$ 19,875	\$ 18.60	
Third Party Reports, Marketing, Other	\$ 152,655	\$ 2,827	\$ 2.65	
TOTAL USES	\$ 11,018,192	\$ 204,041	\$ 190.98	
Management / Operations	Jon Berkley Management or other company approved later			
Property Management Company:	Mutual Housing California			
Resident Services Provider:				
Operations Budget:	\$312,060	per year	\$5,779 per unit	
Resident Services Budget:	\$25,700	per year	\$476 per unit	
Replacement Reserves:	\$32,400	per year	\$600 per unit	

Los Robles Apartments Project Summary

Address	5500 Sky Parkway			
Number of Units	80			
Year Built	1996			
Acreage	5.53 acres			
Affordability	25 units at or below 35% of Area Median Income (AMI) 33 units at or below 50% of AMI 21 units at or below 60% of AMI 1 unregulated Manager's Unit			
Unit Mix and Rents	(35% AMI)	(50% AMI)	(60% AMI)	Unregulated
1 Bedroom	9	7		
2 Bedroom	7	11	5	1
3 Bedroom	7	10	11	
4 Bedroom	2	5	5	
Square Footage		<i>Per Unit</i>	<i>Total</i>	
1 Bedroom		672	10,752	
2 Bedroom		840	20,160	
3 Bedroom		1,040	29,120	
4 Bedroom		1,200	14,400	
Leasing/Community/Laundry			2,210	
Total			76,642	
Resident Facilities	Community room with kitchen, computer lab, playground with basketball hoops, laundry facilities and rental office.			
Estimated Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Tax Credit Equity	\$ 4,239,709	\$ 52,996	\$ 55.32	
Mortgage Revenue Bond	\$ 1,276,000	\$ 15,950	\$ 16.65	
Existing SHRA Loans	\$ 1,592,813	\$ 19,910	\$ 20.78	
Seller Carryback Loan	\$ 2,214,516	\$ 27,681	\$ 28.89	
Developer Loan	\$ 566,486	\$ 7,081	\$ 7.39	
Existing Project Reserves	\$ 171,338	\$ 2,142	\$ 2.24	
Utility Rebates	\$ 94,675	\$ 1,183	\$ 1.24	
Net Operating Income During Rehab	\$ 60,673	\$ 758	\$ 0.79	
TOTAL SOURCES	\$ 10,216,210	\$ 127,703	\$ 133.30	
Estimated Uses	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>	
Acquisition	\$ 4,800,000	\$ 60,000	\$ 62.63	
Construction	\$ 3,344,896	\$ 41,811	\$ 43.64	
Building Permits	\$ 96,000	\$ 1,200	\$ 1.25	
Architecture, Engineering, Survey	\$ 100,072	\$ 1,251	\$ 1.31	
Contingency	\$ 364,490	\$ 4,556	\$ 4.76	
Financing Costs	\$ 297,348	\$ 3,717	\$ 3.88	
Legal Fees	\$ 26,094	\$ 326	\$ 0.34	
Reserves	\$ 197,871	\$ 2,473	\$ 2.58	
Relocation	\$ 80,000	\$ 1,000	\$ 1.04	
Developer Fee	\$ 810,382	\$ 10,130	\$ 10.57	
Third Party Reports, Marketing, Other	\$ 99,057	\$ 1,238	\$ 1.29	
TOTAL USES	\$ 10,216,210	\$ 127,703	\$ 133.30	
Management / Operations	Jon Berkley Management or other company approved later			
Property Management Company:	Mutual Housing California			
Resident Services Provider:				
Operations Budget:	\$400,947	per year	\$5,012	per unit
Resident Services Budget:	\$38,040	per year	\$476	per unit
Replacement Reserves:	\$32,000	per year	\$400	per unit

Glen Ellen Estates Project Summary

Address	2380-2398 Glen Ellen Circle		
Number of Units	35		
Year Built	Early 1970s		
Acreage	1.84 acres		
Affordability	7 units at or below 50% of Area Median Income (AMI) 27 units at or below 60% of AMI 1 unregulated Manager's Unit		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Unregulated
2 Bedroom	7	27	1
Square Footage	<i>Per Unit</i>	<i>Total</i>	
2 Bedroom	893	31,248	
Leasing/Community/Laundry		900	
Total		32,148	
Resident Facilities	Community room with kitchen, computer lab, playground, laundry facilities and rental office.		
Estimated Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>
Tax Credit Equity	\$ 3,719,767	\$ 106,279	\$ 115.71
New SHRA Loan	\$ 500,000	\$ 14,286	\$ 15.55
Existing SHRA Loan	\$ 311,281	\$ 8,894	\$ 9.68
Existing HCD Loan	\$ 294,216	\$ 8,406	\$ 9.15
Seller Carryback Loan	\$ 831,094	\$ 23,746	\$ 25.85
Developer Loan	\$ 283,243	\$ 8,093	\$ 8.81
Existing Project Reserves	\$ 85,200	\$ 2,434	\$ 2.65
Utility Rebates	\$ 41,420	\$ 1,183	\$ 1.29
Net Operating Income During Rehab	\$ 8,668	\$ 248	\$ 0.27
TOTAL SOURCES	\$ 6,074,889	\$ 173,568	\$ 188.97
Estimated Uses	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>
Acquisition	\$ 1,910,000	\$ 54,571	\$ 59.41
Construction	\$ 2,653,024	\$ 75,801	\$ 82.53
Building Permits	\$ 25,200	\$ 720	\$ 0.78
Architecture, Engineering, Survey	\$ 68,891	\$ 1,968	\$ 2.14
Contingency	\$ 295,302	\$ 8,437	\$ 9.19
Financing Costs	\$ 226,165	\$ 6,462	\$ 7.04
Legal Fees	\$ 19,847	\$ 567	\$ 0.62
Reserves	\$ 150,501	\$ 4,300	\$ 4.68
Relocation	\$ 17,000	\$ 486	\$ 0.53
Developer Fee	\$ 616,379	\$ 17,611	\$ 19.17
Third Party Reports, Marketing, Other	\$ 92,580	\$ 2,645	\$ 2.88
TOTAL USES	\$ 6,074,889	\$ 173,568	\$ 188.97
Management / Operations	Jon Berkley Management or other company approved later		
Property Management Company:	Mutual Housing California		
Resident Services Provider:			
Operations Budget:	\$187,250 per year	\$5,350 per unit	
Resident Services Budget:	\$16,660 per year	\$476 per unit	
Replacement Reserves:	\$21,000 per year	\$600 per unit	

Combined Cash Flow Proforma

Unit Type	Number	Square Feet (avg)	Total Sq Feet	Maximum Gross Rent	Utility Allowance	Maximum Net Rent	Actual		Rent per Sq Foot (avg)		Total Mo. Rent	Annual Rent	
							Year 4	Year 5	Year 10	Year 15			
1 Bedroom @ 35% AMI	14	703	9,840	\$ 524	\$ 63	\$ 461	\$ 456	\$ 0.65	\$ 6,385	\$ 76,620			
1 Bedroom @ 50% AMI	11	703	7,731	\$ 615	\$ 63	\$ 584	\$ 584	\$ 0.83	\$ 6,422	\$ 77,064			
1 Bedroom @ 60% AMI	3	703	2,109	\$ 814	\$ 63	\$ 751	\$ 615	\$ 0.88	\$ 1,845	\$ 22,140			
2 Bedroom @ 35% AMI	10	878	8,783	\$ 629	\$ 74	\$ 555	\$ 564	\$ 0.63	\$ 5,539	\$ 66,468			
2 Bedroom @ 50% AMI	32	878	28,105	\$ 813	\$ 74	\$ 739	\$ 691	\$ 0.79	\$ 22,101	\$ 265,212			
2 Bedroom @ 60% AMI	36	878	31,618	\$ 976	\$ 74	\$ 902	\$ 771	\$ 0.88	\$ 25,452	\$ 305,426			
3 Bedroom @ 35% AMI	12	1,043	12,516	\$ 726	\$ 85	\$ 641	\$ 628	\$ 0.60	\$ 7,534	\$ 90,408			
3 Bedroom @ 50% AMI	14	1,043	14,602	\$ 940	\$ 85	\$ 831	\$ 831	\$ 0.80	\$ 11,640	\$ 139,680			
3 Bedroom @ 60% AMI	14	1,043	14,602	\$ 1,128	\$ 85	\$ 1,043	\$ 854	\$ 0.82	\$ 11,962	\$ 143,544			
4 Bedroom @ 35% AMI	2	1,200	2,400	\$ 813	\$ 105	\$ 708	\$ 708	\$ 0.59	\$ 1,416	\$ 16,992			
4 Bedroom @ 50% AMI	5	1,200	6,000	\$ 1,028	\$ 105	\$ 923	\$ 894	\$ 0.75	\$ 4,470	\$ 53,640			
4 Bedroom @ 60% AMI	5	1,200	6,000	\$ 1,233	\$ 105	\$ 1,128	\$ 902	\$ 0.75	\$ 4,510	\$ 54,120			
5 Bedroom @ 35% AMI	2	1,794	3,588	\$ 894	\$ 105	\$ 789	\$ 688	\$ 0.38	\$ 1,376	\$ 16,512			
5 Bedroom @ 50% AMI	3	1,794	5,382	\$ 1,104	\$ 105	\$ 999	\$ 937	\$ 0.52	\$ 2,811	\$ 33,732			
5 Bedroom @ 60% AMI	3	1,794	5,382	\$ 1,324	\$ 105	\$ 1,219	\$ 960	\$ 0.54	\$ 2,880	\$ 34,560			
Manager's Units (2 Bedroom)	3	878	2,635			\$ 771	\$ 771	\$ 0.88	\$ 2,314	\$ 27,766			
	169		161,292				\$ 118,657		\$ 1,423,884				
Income		Annual Increase	Per unit	2015	2016	2017	2018	2019	2024	2029	2033	2038	2043
Potential Gross Income		2.00%		\$1,423,884	\$1,452,362	\$1,481,409	\$1,511,037	\$1,541,258	\$1,701,673	\$1,878,785	\$2,074,330	\$2,290,228	\$2,528,597
Other Income		2.00%		6,342	6,469	6,598	6,730	6,865	7,579	8,368	9,239	10,201	11,263
Less Vacancy (5%)		5.00%		71,511	72,942	74,400	75,888	77,406	85,463	94,358	104,178	115,021	126,993
Effective Gross Income				\$1,358,715	\$1,385,869	\$1,413,607	\$1,441,879	\$1,470,717	\$1,623,790	\$1,792,795	\$1,979,391	\$2,185,407	\$2,412,866
Operating Expenses													
Property Management Fee		3.00%	4,434	749,357	771,838	794,993	818,843	843,408	977,741	1,133,470	1,314,002	1,523,288	1,766,909
Social Services		3.00%	657	111,000	114,330	117,760	121,293	124,931	144,830	167,897	194,639	225,640	261,579
Assessments		2.00%	476	80,400	82,812	85,296	87,855	90,491	104,904	121,612	140,982	163,437	189,468
Replacement Reserves		2.00%	236	39,900	40,698	41,512	42,342	43,189	47,584	52,647	58,127	64,177	70,856
Total Expenses			505	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400	\$85,400
			6,308	\$1,066,057	\$1,095,078	\$1,124,961	\$1,155,733	\$1,187,419	\$1,360,559	\$1,561,027	\$1,793,150	\$2,061,942	\$2,373,212
Net Operating Income				\$292,658	\$290,811	\$288,646	\$286,146	\$283,297	\$263,231	\$231,769	\$186,241	\$123,466	\$39,655
Debt Service													
Senior Loan		Rate	Term	15	119,102	119,102	119,102	119,102	119,102	119,102	119,102	119,102	119,102
SHRA Monitoring Fee		4.75%	55	21,108	21,108	21,108	21,108	21,108	21,108	21,108	21,108	21,108	21,108
Debt Service Subtotal		0.15%		\$140,210	\$140,210	\$140,210	\$140,210	\$140,210	\$140,210	\$140,210	\$140,210	\$140,210	\$140,210
DCR on Senior Loan				2.09	2.07	2.06	2.04	2.02	1.88	1.65	8.82	5.85	1.88
Priority Distributions													
Partnership Management Fee		0.45%		\$20,000	\$20,090	\$20,180	\$20,271	\$20,362	\$20,825	\$21,298	\$21,768	\$22,238	\$22,708
Asset Management Fee		3.00%		\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$6,524	\$7,563	\$8,768	\$10,164	\$11,783
Net Cash after Priority Distributions				\$127,448	\$125,362	\$122,951	\$120,202	\$117,098	\$95,673	\$62,699	\$156,365	\$92,194	\$6,764
Developer Loan													
Principal Balance		0.00%		\$1,416,216	\$1,288,768	\$1,163,406	\$1,040,455	\$920,253	\$373,475				
Payment				127,448	125,362	122,951	120,202	117,098	95,673				
Balance				\$1,288,768	\$1,163,406	\$1,040,455	\$920,253	\$803,156	\$277,802				
Net Cash after Developer Loan				\$0	\$0	\$0	\$0	\$0	\$0	\$62,699	\$156,365	\$92,194	\$6,764
SHRA Loan													
Principal Balance		0.00%		\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,255,936	\$5,585,569	\$5,013,391	\$4,738,184
Payment				0	0	0	0	0	0	52,931	134,093	81,780	6,764
Balance				\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,203,005	\$5,451,476	\$4,931,611	\$4,731,420

MAXIMUM RENT AND INCOME LEVELS 2013
 Restricted by Low Income Housing Tax Credits, HOME, Mortgage Revenue
 Bonds, and Housing Trust Funds

Maximum Income Levels

Family Size	35% AMI	50% AMI	60% AMI
1 person	\$19,565	\$26,650	\$31,980
2 person	\$22,365	\$30,450	\$36,540
3 person	\$25,165	\$34,250	\$41,100
4 person	\$27,930	\$38,050	\$45,660
5 person	\$30,170	\$41,100	\$49,320
6 person	\$32,410	\$44,150	\$52,980
7 person	\$34,650	\$47,200	\$56,640

Maximum Rent Levels

Unit Size	35% AMI	50% AMI	60% AMI
1 Bedroom	\$524	\$678	\$814
2 Bedroom	\$629	\$813	\$976
3 Bedroom	\$726	\$940	\$1,128
4 Bedroom	\$810	\$1,028	\$1,233
5 Bedroom	\$894	\$1,104	\$1,325

June 4, 2013

Ms. Rachel Iskow, Executive Director
Mutual Housing California
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment, Greenway Village

Dear Ms. Iskow:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") of \$5,800,000 comprised of County Home Investment Partnership Program ("HOME") funds; and to assign the existing Agency debt in the amount of \$1,906,732 ("Assigned Loans") for the purpose of financing the development of that certain real property located at 6311 Sampson Blvd. in unincorporated Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the Board of Supervisors resolution approved on June 4, 2013. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire on June 1, 2014.

1. **PROJECT DESCRIPTION:** The project is the acquisition and rehabilitation of existing property at 6311 Sampson Blvd. in the unincorporated County of Sacramento. At least 11 units will be affordable to individuals earning no more than 50 percent of the area median income (AMI), at least 42 units will be affordable to individuals earning no more than 60 percent of AMI, and one manager's unit will be unregulated.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The principal amount of the Loan will be the lesser of (a) Five Million Eight Hundred Thousand Dollars (\$5,800,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of the first disbursement, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan shall bear no interest.
7. **MONTHLY REPAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **AMORTIZATION:** Loan shall amortize as permitted by monthly payments.
9. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from County HOME funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise. The HOME units at the project shall float. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such

restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a third lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
12. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,000,000 from sources including Low Income Housing Tax Credits, a seller carry back loan, net operating income during rehabilitation, deferred developer fee, other developer loan, and existing reserves.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

- (a) Construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien and for a term of not less than 15 years and fully amortized.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the Agency loan documents or other agreements.
15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.
23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, in the total of

all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.

24. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
27. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
28. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may

require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

29. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
30. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
31. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
32. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
33. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
34. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include a security patrol.

35. RESIDENT SERVICES PLAN: Borrower shall provide Agency with a detailed resident services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 17 hours per week, including adult educational activities and service coordination; 3) a description of the programs to be offered, and; 4) a proforma resident services budget.
36. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
37. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
38. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
39. ASSIGNMENT OF EXISTING DEBT: The Agency will assign the existing \$1,906,732 (principal and accrued interest) of Agency debt to the Borrower. The Agency has the right to extend the term of these loans to be consistent with the 57 year term of the new \$5,800,000 Agency Loan and to adjust the interest rate.
40. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment, including acceptance of Borrower's obligation to assume the Assigned Loans, shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

BORROWER:
Mutual Housing California

By: _____
Rachel Iskow
Executive Director

Dated:

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF
May 15, 2013

GREENWAY VILLAGE, GLEN ELLEN, AND LOS ROBLES: APPROVAL OF UP TO \$6,300,000 IN HOME INVESTMENT PARTNERSHIP PROGRAM DEVELOPMENT LOANS; EXECUTION OF COMMITMENTS AND RELATED DOCUMENTS WITH MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENTS; APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOANS AND ASSUMPTION OF OBLIGATIONS BY MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; SUBORDINATION OF EXISTING LOANS.

WHEREAS, Mutual Housing California (Developer) proposes to rehabilitate three properties it currently owns: 1) Greenway Village, located at 6311 Sampson Blvd. in Sacramento County, 2) Los Robles Apartments, located at 5500 Sky Parkway in Sacramento County, and 3) Glen Ellen Estates, located at 2380-2398 Glen Ellen Circle in the City of Sacramento (collectively, the "Projects").

WHEREAS, the Developer has applied for an allocation of up to Five Million, Eight Hundred Thousand Dollars (\$5,800,000) in County Home Investment Partnership Program (HOME) funds to assist in funding the rehabilitation and permanent financing of the Greenway Village project;

WHEREAS, the Developer has applied for an allocation of up to Five Hundred Thousand Dollars (\$500,000) in City Home Investment Partnership Program (HOME) funds to assist in funding the rehabilitation and permanent financing of the Glen Ellen Estates project;

WHEREAS, the Greenway Village and Glen Ellen Estates projects qualify for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the Developer has requested that existing Agency debt on Greenway Village and Los Robles Apartments be restructured and assigned to a new limited partnership formed by Mutual Housing California. The existing debt includes:

- A loan of County HOME funds with a principal balance of \$750,000 plus \$386,075 of accrued interest to Greenway Village

- A loan of County Housing Trust Funds (HTF) with a principal balance of \$500,000 plus \$270,657 of accrued interest to Greenway Village.
- A loan of County HOME funds with a principal balance of \$333,000 plus \$133,073 of accrued interest to Los Robles Apartments.
- A loan of County HTF with a principal balance of \$867,000 plus \$259,741 of accrued interest to Los Robles Apartments.

Requested restructuring of the loans includes extending their maturity to a date 55 years after the proposed rehabilitation of the Project and changing their interest rates;

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged;

WHEREAS, the Projects consist of the rehabilitation of multifamily residential complexes in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: The above recitals are found to be true and correct and the proposed Projects are categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

Section 2: The Loan Commitments attached to and incorporated in this resolution by this reference for the financing of the Greenway Village project and the Glen Ellen Estates project (“Loan Commitments”) are approved and the Executive Director is authorized to execute the Loan Commitments and related documents and transmit to Mutual Housing California or related entity.

Section 3: The Executive Director is authorized to amend the Agency budget as follows:

- Allocate \$2,615,133 of HOME funds from Multifamily Rehabilitation to the Greenway Village project.
- Allocate \$3,184,867 of HOME funds from Multifamily New Construction to the Greenway Village project.
- Allocate \$500,000 of HOME funds from Multifamily Rehabilitation to the Glen Ellen Estates project.

Section 4: The Executive Director is authorized to execute the Loan Agreements consistent with the Loan Commitments, execute other documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restructuring of payments, all in a form as approved by Agency counsel.

Section 5: The Executive Director is authorized to restructure the outstanding Agency loans and related documents in the amount of 1) \$750,000 principal plus \$386,075 of accrued interest in County HOME funds for Greenway Village, 2) \$500,000 principal plus \$270,657 of accrued interest in County HTF for Greenway Village, 3) \$333,000 principal plus \$133,073 of accrued interest in County HOME funds for Los Robles Apartments, and 4) \$867,000 principal plus \$259,741 of accrued interest in County HTF for Los Robles Apartments, to extend the maturity dates and adjust their interest rates.

Section 6: The Executive Director is authorized to consent to the assumption of the existing Agency loans by Mutual Housing California or a related entity, in order to ensure the continued viability of the development.

Section 7: It is found that an economically feasible alternative to financing is not reasonably available on comparable terms and conditions without subordination of the existing loans. Authorization is therefore granted to subordinate the existing loans.

CHAIR

ATTEST:

CLERK



May 9, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Home Investment Partnership Program (HOME) Loan for Glen Ellen Estates Apartments

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lashelle Dozier", is written over the typed name and title.

LA SHELLE DOZIER
Executive Director

Attachment



REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
June 11, 2013

Honorable Mayor and Members of the City Council

Title: Approval of Home Investment Partnership Program (HOME) Loan for Glen Ellen Estates Apartments

Location/Council District: 2380-2398 Glen Ellen Circle; Council District 5

Issue: Glen Ellen Estates is an existing 35-unit affordable housing complex in need of rehabilitation. The property owner has requested a loan to fund a portion of the rehabilitation.

Recommendation: Adopt a **Council Resolution** a) approving funding for a Sacramento Housing and Redevelopment Agency (Agency) loan to the project of up to \$500,000 comprised of City Home Investment Partnership (HOME) funds, and b) authorizing the Agency to execute a commitment letter with Mutual Housing California or related entity, and c) making related findings.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353;
Joel Riphagen, Housing Finance Analyst, Development Finance, 449-6247

Presenters: Joel Riphagen, Housing Finance Analyst, Development Finance

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Glen Ellen Estates is located on 1.2 acres at 2380-2398 Glen Ellen Circle in the City of Sacramento, next to Executive Airport. Built in the early 1970s, Glen Ellen was Mutual Housing California's (Developer) first development project. It is near transit, shopping, and schools. Several minor rehabilitations of the property have occurred over its lifetime, including some Agency-funded work in 1991. The property consists of 35 two-bedroom units, including one manager's unit, in 9 four-plex buildings. Amenities include a playground, community room, laundry facilities, and a rental office. The site has very poor drainage. The property's owner, Mutual Housing California (Developer), proposes to rehabilitate the site, including new roofing, solar thermal water heating, flooring, interior

Approval of HOME Loan for Glen Ellen Estates

fixtures and appliances, as well as improved drainage, accessibility, landscaping, lighting, and a new playground. Staff is recommending approval of a \$500,000 Agency loan for the rehabilitation and permanent financing of Glen Ellen Estates. The property has an existing Agency loan of \$311,281 of Community Development Block Grant funds. Staff will seek approval from the appropriate governing body at a later date to allow the assignment of this loan to the Developer. A location map is included as Attachment 1 and a site map is included as Attachment 2.

The project is proposed to be financed in combination with two other properties owned by the Developer, located in the unincorporated County. The other two properties are Greenway Village and Los Robles Apartments, both located in the South Sacramento area. The three projects' funding would include a bond issuance by the Housing Authority of the County of Sacramento, four percent Low Income Housing Tax Credit (LIHTC) equity, the new City HOME loan of \$500,000, an additional County HOME loan of \$5,800,000, assumption of existing debt on all three properties, developer loan, and net operating income during construction. A total of 169 units in the three properties will be rehabilitated. The 35 Glen Ellen units will be affordable to households earning 50 to 60 percent of Area Median Income (AMI). Affordability restrictions will be in effect for 55 years.

Further background on the project, developer and the property is included as Attachment 3. A project summary, including a proposed sources and uses of funds for Glen Ellen Estates, is included as Attachment 4. A project cash flow pro-forma for the three projects combined is included as Attachment 5, and a schedule of maximum rents is included as Attachment 6.

Policy Considerations: The recommended actions are generally consistent with the Agency's previously approved multifamily lending and mortgage revenue bond policies. In lieu of a deferred developer fee, the Developer will be loaning funds into the project. The term of the new HOME loan will be 55 years, and no interest will accrue.

Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on a regular basis.

Economic Impacts: This residential rehabilitation project is expected to create 29.8 total jobs (16.9 direct jobs and 12.9 jobs through indirect and induced activities) and create \$4,005,957 in total economic output (\$2,441,881 of direct output and another \$1,564,077 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Approval of HOME Loan for Glen Ellen Estates

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

Sustainability Considerations: The Glen Ellen Estates project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy.

Other: The project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

Commission Action: At its meeting of May 15, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

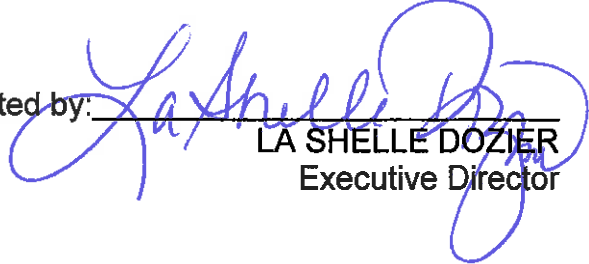
Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Financial Considerations: This report recommends Agency financing of a \$500,000 loan comprised of City HOME funds for rehabilitation and permanent financing of Glen Ellen Estates. The Housing Authority of the County will be collecting a bond issuance fee and an annual fee equal to 0.15 percent of the bond issuance amount, consistent with the Agency's multifamily lending guidelines. A loan commitment letter is included as Exhibit A of Attachment 7.

Approval of HOME Loan for Glen Ellen Estates

M/WBE and Section 3 Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

Respectfully Submitted by:



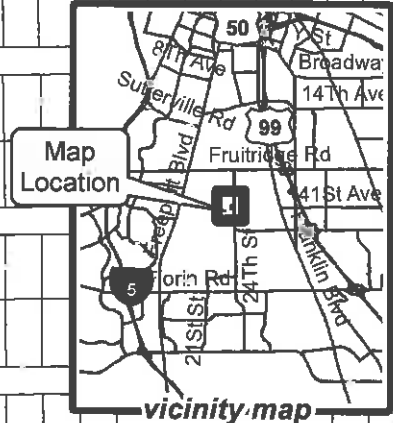
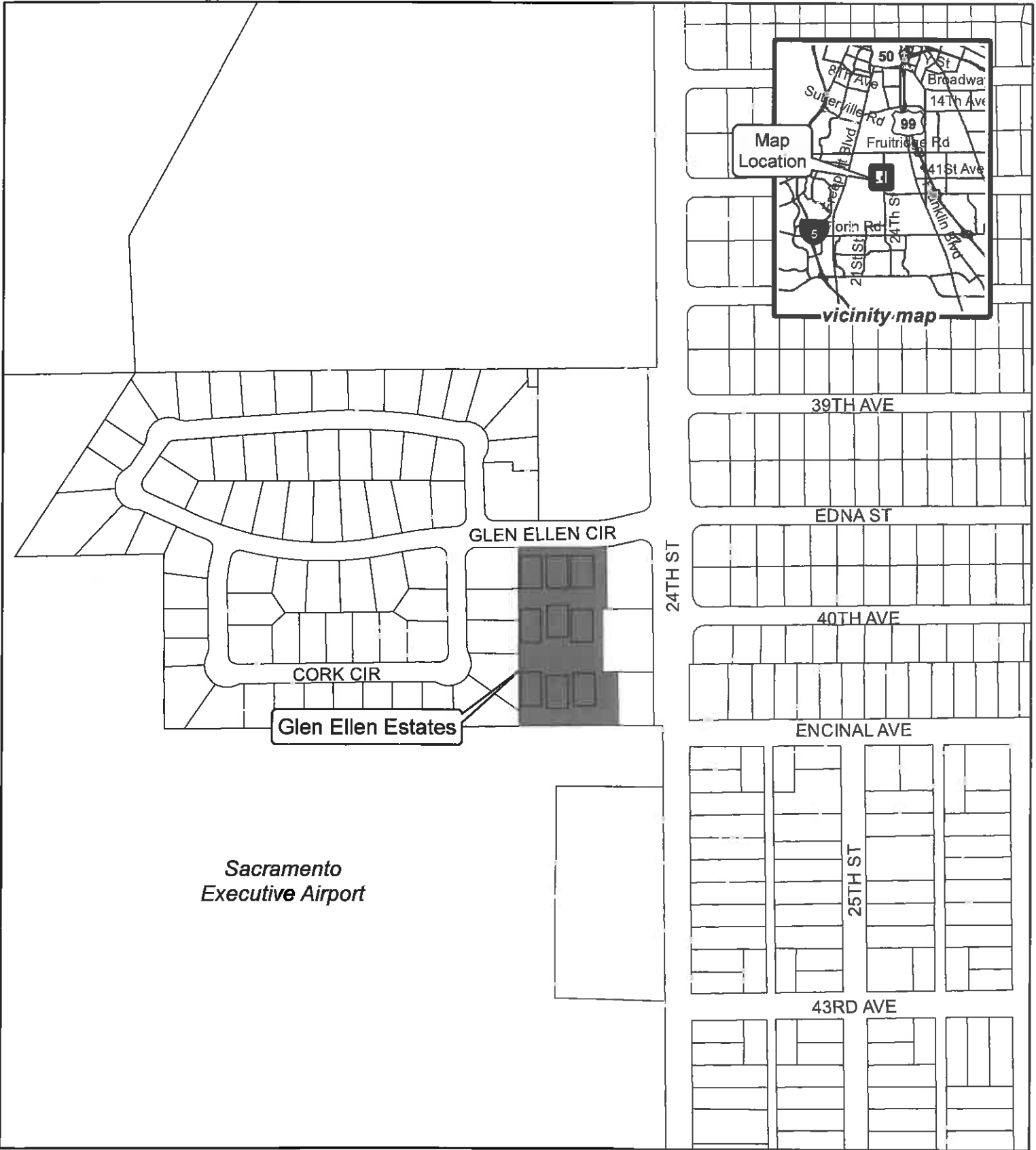
LA SHELLE DOZIER
Executive Director

Table of Contents

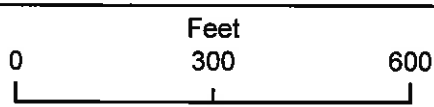
	Report	pg. 1
Attachments		
1	Location Map	pg. 5
2	Site Map	pg. 6
3	Background	pg. 7
4	Project Summary	pg. 9
5	Project Cash Flow Proforma	pg. 10
6	Schedule of Maximum Rents and Incomes	pg. 11
7	City Council Resolution	pg. 12
	Exhibit A: Commitment Letter	pg. 14



Glen Ellen Estates Location Map

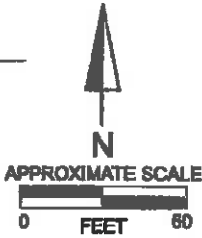
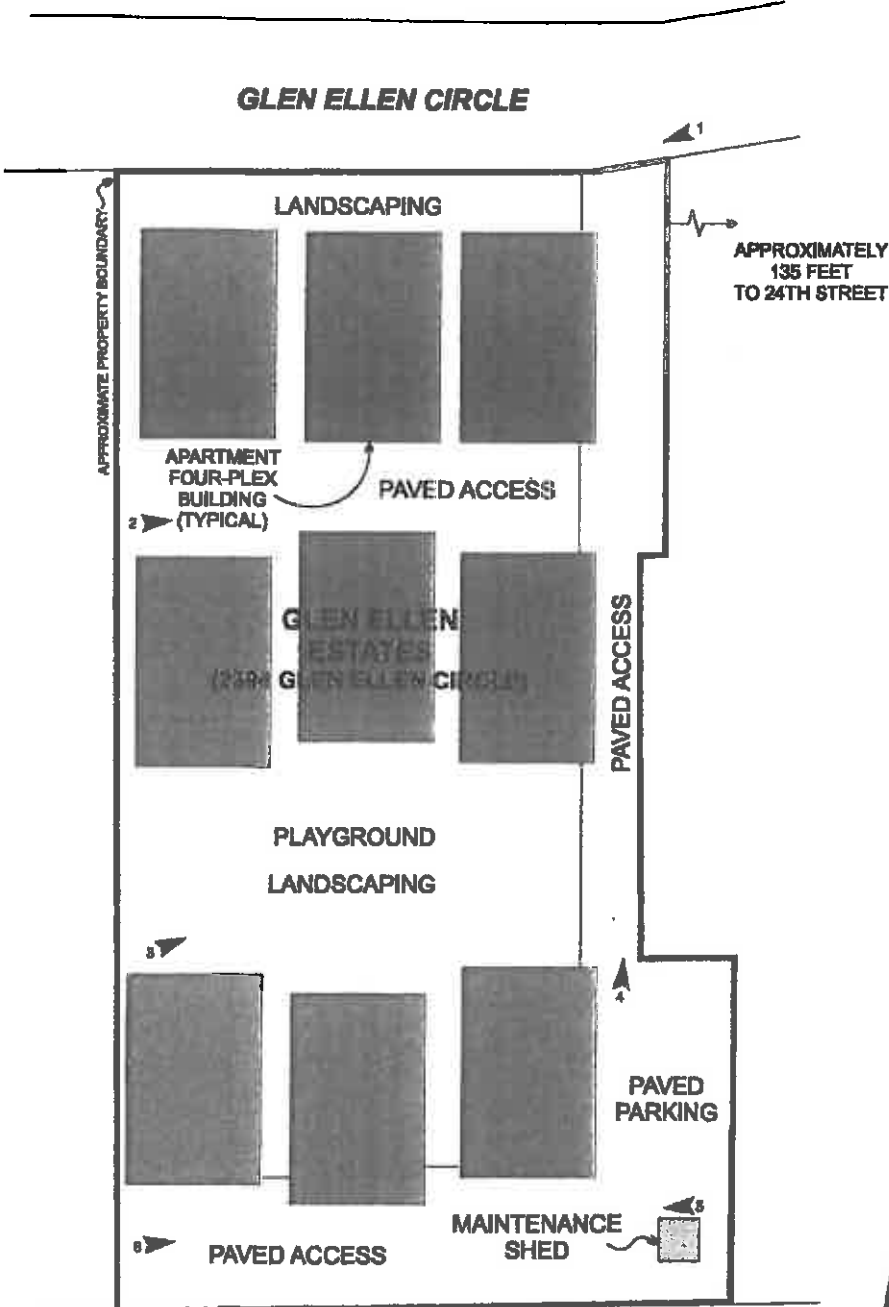


Glen Ellen Estate Parcel



SHRA GIS
April 24, 2013

Glen Ellen Estates Site Map



Glen Ellen Estates Background Information

Description of Development: Glen Ellen Estates (Project) is an existing regulated affordable housing development located on 1.2 acres at 2380-2398 Glen Ellen Circle in the City of Sacramento, next to Executive Airport. It was built in the early 1970s and is near transit, shopping, and schools. Glen Ellen consists of 35 two-bedroom units in 9 fourplex buildings. One unit is a manager's unit. Amenities include a playground, community room, laundry facilities, and a rental office. The buildings are wood frame construction on concrete slabs with stucco and decorative stone veneer siding. Heating and cooling are provided by a split-system HVAC system. Hot water is provided by one hot water heater per building. All apartments have a working fireplace. The site is in fair to poor condition, with very poor drainage.

Exterior work will include new roofs and exterior doors. Interior work will include new flooring, paint, appliances, cabinets, countertops, sinks, bathtubs, toilets, and lighting, as well as new HVAC and water piping. Site work will include new storm drainage, partial walkway replacement and accessibility upgrades, asphalt repair, landscaping, lighting, and a new playground.

This staff report requests a \$500,000 Agency loan to help finance the project. The project will be rehabilitated in conjunction with two properties located in the unincorporated County—Greenway Village and Los Robles Apartments—and project financing will be combined with a bond issuance and loan from Sacramento County.

Location and site maps are included as Attachments 1 and 2 respectively. A project summary, including a proposed sources and uses of funds for Glen Ellen Estates, is included as Attachment 4. A project cash flow proforma for the three projects combined and a schedule of maximum rents and incomes for the project are included as Attachments 5 and 6.

Developer: The Project developer is Mutual Housing California (MHC), an experienced owner and manager of affordable rental housing projects. MHC owns and operates approximately 650 affordable homes in 11 mutual housing communities, and houses more than 2,150 low income residents. Incorporated in 1988, MHC was formed as a partnership of neighborhood residents, business representatives, housing advocates, and local government dedicated to improving housing opportunities for lower income families. Mutual housing is designed to offer a permanent solution to the housing needs of low-income residents with residents taking a key role in the management and maintenance of their homes and developing a vested interest in the success of their community. MHC is the owner of a number of projects in the Sacramento area, including Mutual Housing at Lemon Hill, Victory Townhomes and Evergreen Estates, River Garden Estates, Norwood Avenue Apartments, and Norwood Estates.

Property Management: The Project will be managed by a property management company with staff experienced in operating affordable apartment communities. Agency staff will review the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, to ensure the company meets the Agency's requirements for property management.

Resident Services: Services will be provided to the residents primarily by MHC. The service provider will be required to provide 10 hours of services per week at Glen Ellen Estates. Programs will be tailored to the needs of the residents. Examples of services include after-school programs, computer training, and English as a Second Language classes.

Project Financing: The Project is proposed to be funded in combination with two other properties owned by the Developer, located in the unincorporated County. The other two properties are Greenway Village and Los Robles Apartments, both located in the South Sacramento area. The project funding would include a bond issuance by the Housing Authority of the County of Sacramento, four percent Low Income Housing Tax Credit (LIHTC) equity, the new Agency loan of \$500,000 and an additional County loan of \$5,800,000, assumption of existing debt on all three properties, developer loan, and net operating income during construction.

Low-Income Set-Aside Requirements: The tax credits, Agency loan, bond issuance, and assumed debt will require that all units be affordable to households earning 50 to 60 percent of Area Median Income (AMI). The project will be layered with affordability requirements required by the various funding sources. These sources and their affordability requirements are summarized in the following table.

Funding	Affordability Restrictions	No. Units Covered	Regulatory Term
LIHTC, Bonds, New Agency Loan, Existing Agency Loan	Very Low-Income (50% AMI)	7	55 years
LIHTC, New Agency Loan, Existing Agency Loan	Low-Income (60% AMI)	28	55 Years

Maximum rent and income limits can be found in Attachment 6. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

Glen Ellen Estates Project Summary

Address	2380-2398 Glen Ellen Circle		
Number of Units	35		
Year Built	Early 1970s		
Acreage	1.84 acres		
Affordability	7 units at or below 50% of Area Median Income (AMI) 27 units at or below 60% of AMI 1 unregulated Manager's Unit		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Unregulated
2 Bedroom	7	27	1
Square Footage	<i>Per Unit</i>	<i>Total</i>	
2 Bedroom	893	31,248	
Leasing/Community/Laundry		900	
Total		32,148	
Resident Facilities	Community room with kitchen, computer lab, playground, laundry facilities and rental office.		
Estimated Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>
Tax Credit Equity	\$ 3,719,767	\$ 106,279	\$ 115.71
New SHRA Loan	\$ 500,000	\$ 14,286	\$ 15.55
Existing SHRA Loan	\$ 311,281	\$ 8,894	\$ 9.68
Existing HCD Loan	\$ 294,216	\$ 8,406	\$ 9.15
Seller Carryback Loan	\$ 831,094	\$ 23,746	\$ 25.85
Developer Loan	\$ 283,243	\$ 8,093	\$ 8.81
Existing Project Reserves	\$ 85,200	\$ 2,434	\$ 2.65
Utility Rebates	\$ 41,420	\$ 1,183	\$ 1.29
Net Operating Income During Rehab	\$ 8,668	\$ 248	\$ 0.27
TOTAL SOURCES	\$ 6,074,889	\$ 173,568	\$ 188.97
Estimated Uses	<i>Total</i>	<i>Per Unit</i>	<i>Per SF</i>
Acquisition	\$ 1,910,000	\$ 54,571	\$ 59.41
Construction	\$ 2,653,024	\$ 75,801	\$ 82.53
Building Permits	\$ 25,200	\$ 720	\$ 0.78
Architecture, Engineering, Survey	\$ 68,891	\$ 1,968	\$ 2.14
Contingency	\$ 295,302	\$ 8,437	\$ 9.19
Financing Costs	\$ 226,165	\$ 6,462	\$ 7.04
Legal Fees	\$ 19,847	\$ 567	\$ 0.62
Reserves	\$ 150,501	\$ 4,300	\$ 4.68
Relocation	\$ 17,000	\$ 486	\$ 0.53
Developer Fee	\$ 616,379	\$ 17,611	\$ 19.17
Third Party Reports, Marketing, Other	\$ 92,580	\$ 2,645	\$ 2.88
TOTAL USES	\$ 6,074,889	\$ 173,568	\$ 188.97
Management / Operations	Jon Berkley Management or other company approved later Mutual Housing California		
Property Management Company:			
Resident Services Provider:			
Operations Budget:	\$187,250 per year	\$5,350 per unit	
Resident Services Budget:	\$16,660 per year	\$476 per unit	
Replacement Reserves:	\$21,000 per year	\$600 per unit	

Three-Project Combined Cash Flow Proforma

Unit Type	Number	Square Feet (avg)	Total Sq Feet	Maximum Gross Rent	Utility Allowance		Maximum Net Rent	Actual Rent (avg)		Rent per Sq Foot (avg)	Total Mo. Rent	Annual Rent
					Year 1	Year 2		Year 3	Year 4			
1 Bedroom @ 35% AMI	14	703	9,840	\$ 524	\$ 63	\$ 456	\$ 461	\$ 456	\$ 0.65	\$ 6,385	\$ 76,620	
1 Bedroom @ 50% AMI	11	703	7,731	\$ 678	\$ 63	\$ 584	\$ 615	\$ 584	\$ 0.83	\$ 6,422	\$ 77,064	
1 Bedroom @ 60% AMI	3	703	2,109	\$ 814	\$ 63	\$ 615	\$ 751	\$ 615	\$ 0.88	\$ 1,845	\$ 22,140	
2 Bedroom @ 35% AMI	10	878	8,783	\$ 629	\$ 74	\$ 554	\$ 555	\$ 554	\$ 0.63	\$ 5,539	\$ 66,468	
2 Bedroom @ 50% AMI	32	878	28,105	\$ 813	\$ 74	\$ 739	\$ 691	\$ 74	\$ 0.79	\$ 22,101	\$ 265,212	
2 Bedroom @ 60% AMI	36	878	31,618	\$ 976	\$ 74	\$ 902	\$ 902	\$ 771	\$ 0.88	\$ 25,452	\$ 305,426	
3 Bedroom @ 35% AMI	12	1,043	12,516	\$ 726	\$ 85	\$ 641	\$ 641	\$ 628	\$ 0.60	\$ 7,534	\$ 90,408	
3 Bedroom @ 50% AMI	14	1,043	14,602	\$ 1,128	\$ 85	\$ 1,043	\$ 854	\$ 854	\$ 0.82	\$ 11,962	\$ 143,544	
3 Bedroom @ 60% AMI	4	1,200	2,400	\$ 813	\$ 105	\$ 708	\$ 708	\$ 708	\$ 0.59	\$ 1,416	\$ 16,992	
4 Bedroom @ 35% AMI	5	1,200	6,000	\$ 1,028	\$ 105	\$ 923	\$ 894	\$ 894	\$ 0.75	\$ 4,470	\$ 53,640	
4 Bedroom @ 50% AMI	5	1,200	6,000	\$ 1,233	\$ 105	\$ 1,128	\$ 902	\$ 902	\$ 0.75	\$ 4,510	\$ 54,120	
4 Bedroom @ 60% AMI	2	1,794	3,588	\$ 894	\$ 105	\$ 688	\$ 688	\$ 688	\$ 0.38	\$ 1,376	\$ 16,512	
5 Bedroom @ 35% AMI	3	1,794	5,382	\$ 1,104	\$ 105	\$ 999	\$ 999	\$ 937	\$ 0.52	\$ 2,811	\$ 33,732	
5 Bedroom @ 50% AMI	3	1,794	5,382	\$ 1,324	\$ 105	\$ 960	\$ 1,219	\$ 960	\$ 0.54	\$ 2,880	\$ 34,560	
5 Bedroom @ 60% AMI	3	878	2,635	\$ 771	\$ 105	\$ 771	\$ 771	\$ 771	\$ 0.88	\$ 2,314	\$ 27,766	
Manager's Units (2 Bedroom)	169		161,292							\$ 118,657	\$ 1,423,884	
Income												
Potential Gross Income												
Other Income												
Less Vacancy (5%)												
Effective Gross Income												
Operating Expenses												
Operating Expenses												
Property Management Fee												
Social Services												
Assessments												
Replacement Reserves												
Total Expenses												
Net Operating Income												
Senior Loan												
SHRA Monitoring Fee												
Debt Service Subtotal												
DCR on Senior Loan												
Priority Distributions												
Partnership Management Fee												
Asset Management Fee												
Net Cash after Priority Distributions												
Developer Loan												
Principal Balance												
Payment												
Balance												
Net Cash after Developer Loan												
SHRA Loan												
Principal Balance												
Payment												
Balance												

MAXIMUM RENT AND INCOME LEVELS 2013
Restricted by Low Income Housing Tax Credits, HOME, Mortgage
Revenue Bonds

Maximum Income Levels

Family Size	50% AMI	60% AMI
1 person	\$26,650	\$31,980
2 person	\$30,450	\$36,540
3 person	\$34,250	\$41,100

Maximum Rent Levels

Unit Size	50% AMI	60% AMI
2 Bedroom	\$813	\$976

RESOLUTION NO. 2013 -

Adopted by the Sacramento City Council

On date of

GLEN ELLEN ESTATES: APPROVAL OF UP TO \$500,000 HOME INVESTMENT PARTNERSHIP PROGRAM DEVELOPMENT LOAN; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENT.

BACKGROUND

- A. Mutual Housing California (Developer) has applied for an allocation of up to Five Hundred Thousand Dollars (\$500,000) in City Home Investment Partnership Program (HOME) funds to assist in funding the rehabilitation and permanent financing of the Glen Ellen Estates project, located at 2380-2398 Glen Ellen Circle in the City of Sacramento
- B. The Glen Ellen Estates project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency (Agency) guidelines.
- C. The Glen Ellen Estates property has an existing loan of \$311,281 from the City Community Development Block Grant (CDBG) program. The Agency will seek approval from the appropriate governing body at a later date to allow for the restructuring and assignment of the existing CDBG loan to the Developer.
- D. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.
- E. The project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

- Section 2. The Loan Commitment for the financing of the Glen Ellen Estates project ("Loan Commitment") attached as exhibit A is approved and the Agency is authorized to execute the Loan Commitment and related documents and transmit to Mutual Housing California or related entity.
- Section 3. The Agency is authorized to amend the Agency budget to transfer Five Hundred Thousand Dollars (\$500,000) from Multifamily Rehabilitation to the Glen Ellen Estates project.
- Section 4. The Agency is authorized to execute the Loan Agreement consistent with the Loan Commitment, execute other documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restructuring of payments, all in a form as approved by Agency counsel.

Table of Contents:

Exhibit A: Commitment Letter

June 11, 2013

Ms. Rachel Iskow, Executive Director
Mutual Housing California
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment, Glen Ellen Estates

Dear Ms. Iskow:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") of \$500,000 comprised of City Home Investment Partnership Program ("HOME") funds for the purpose of financing the development of that certain real property located at 2380-2398 Glen Ellen Circle in Sacramento, California ("Property"). The Property has an existing loan of \$311,281 from the City Community Development Block Grant (CDBG) program ("Existing Debt"). The Agency will seek approval from the appropriate governing body to allow for the restructuring and assignment of the existing CDBG loan. Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No material loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council resolution approved on June 11, 2013. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment will expire on June 1, 2014.

1. **PROJECT DESCRIPTION:** The project is the acquisition and rehabilitation of existing property at 2380-2398 Glen Ellen Circle in the City of Sacramento. At least 7 units will be affordable to individuals earning no more than 50 percent of the area median income (AMI), at least 27 units will be affordable to individuals earning no more than 60 percent of AMI, and one manager's unit will be unregulated.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The principal amount of the Loan will be the lesser of (a) Five Hundred Thousand Dollars (\$500,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of the first disbursement, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan shall bear no interest.
7. **MONTHLY REPAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **AMORTIZATION:** Loan shall amortize as permitted by monthly payments.
9. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from City HOME funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise. City HOME funds shall assist 11 or fewer units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall not apply. The HOME units at the project shall float. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among

others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a third lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
12. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$4,500,000 from sources including Low Income Housing Tax Credits, an existing loan from the State Department of Housing and

Community Development, a seller carry back loan, net operating income during rehabilitation, deferred developer fee, other developer loan, and existing reserves.

14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
- (a) Construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien and for a term of not less than 15 years and fully amortized.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the Agency loan documents or other agreements.
15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.

17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and

actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.
24. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
27. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain commercial general and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000

- aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
28. TITLE INSURANCE: Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
29. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
30. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
31. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
32. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

33. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
34. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include security patrol if necessary.
35. RESIDENT SERVICES PLAN: Borrower shall provide Agency with a detailed resident services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 10 hours per week, including adult educational activities and service coordination; 3) a description of the programs to be offered, and; 4) a proforma resident services budget.
36. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
37. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
38. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
39. ASSIGNMENT OF EXISTING DEBT: The Agency will seek approval from the appropriate governing body to assign the existing \$311,281 (principal and accrued interest) of Agency debt to the Borrower. The Agency will seek to extend the term of this loan to be consistent with the 57 year term of the new \$500,000 Agency Loan and to adjust the interest rate.
40. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment, including acceptance of Borrower's obligation to assume the Existing Debt, shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

BORROWER:
Mutual Housing California

By: _____
Rachel Iskow
Executive Director

Dated:



May 13, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval to Select a Development Team to serve as Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites and Application for a Choice Neighborhoods Initiative (CNI) Planning Grant

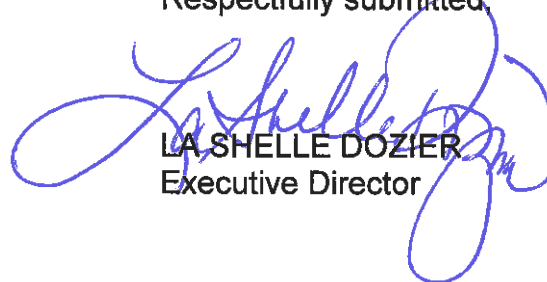
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LASHELLE DOZIER
Executive Director

Attachment



REPORT TO HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
May 21, 2013

Honorable Chair and Members of the Board

Title: Approval to Select a Development Team to serve as Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites and Application for a Choice Neighborhoods Initiative (CNI) Planning Grant

Location/Council District: Marina Vista and Alder Grove public housing developments/District 4

Issue: This report recommends approval of various actions related to the proposed revitalization of the Marina Vista and Alder Grove public housing sites including: developer selection, application for a CNI planning grant from HUD, and preparation of a Neighborhood Transformation Plan.

Recommendation: Adopt a **Housing Authority** resolution which: 1) approves selection of the Development Team comprised of Related Companies of California, Mercy Housing California, and Regis Homes Sacramento as the Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites, 2) authorizes the Executive Director to develop terms for an Exclusive Negotiations Agreement with the selected Development Team, 3) authorizes the Executive Director to submit an application to the United States Department of Housing and Urban Development (HUD) for up to \$500,000 in 2013 CNI Planning Grant funds to assist in the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove public housing communities, 4) amends the Housing Authority budget to receive and expend, pursuant to HUD and Agency procurement regulations and policies, not more than \$500,000 in CNI Planning Grant funding and \$680,000 in Community Development Block Grant funding previously approved and allocated to the Housing Authority for the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove public housing communities; 5) authorizes the Executive Director to enter into a professional services contract, should the CNI Planning Grant be awarded, for \$200,000 with the EJP Consulting Group for planning and consulting services for the development of the Neighborhood Transformation Plan; 6) authorizes the Executive Director to enter into a Memorandum of Understanding (MOU) with SHRA, who will serve as the Project Manager for purposes of the CNI Planning Grant, 7) authorizes the Executive Director to enter into a Memorandum of Understanding (MOU) with the Related Companies of California and Mercy Housing California, who will serve as co-applicants to the 2013 CNI Planning Grant, and 8) authorizes the Executive

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

Director to execute agreements and additional documents, as approved by SHRA Counsel, and to take such additional actions as necessary to implement the authorized contracts and this resolution; and 9) makes related findings.

Contact: Chris Pahule, Program Manager, 916-440-1350; Nick Chhotu, Assistant Director, 916-440-1334

Presenters: Chris Pahule, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: On November 20, 2012, the Housing Authority Board considered a report to select an experienced master developer for the Marina Vista and Alder Grove public housing communities. With the selection, the Housing Authority would work with a master developer to comprehensively plan and redevelop the existing fully occupied Marina Vista and Alder Grove public housing complexes to create 751 public housing replacement units in vibrant mixed-use and mixed-tenure community serving households with a wide range of incomes.

Following an extensive procurement process, where the Housing Authority utilized a third party consultant to ensure all federal procurement rules were followed and a selection committee, which included independent representatives, staff recommended the selection of a development team comprised of Related Companies of California, Mercy Housing California, and Regis Homes as the Master Developer for the Marina Vista and Alder Grove public housing communities.

After considerable public testimony, the Board tabled vote on the item and directed staff to work with the City to develop and implement a resident and community engagement process that would allow for meaningful resident and community input ensuring that the comprehensive Masterplan to be developed for the Marina Vista and Alder Grove public housing communities would be in coordination with City planning efforts in the larger Upper Land Park neighborhood.

Since then, staff has held eight resident and community engagement meetings at both the Marina Vista and Alder Grove sites to discuss the need to comprehensively plan for the redevelopment of the housing communities, and to receive input on community involvement throughout the master planning process. Staff also met with residents at Alder Grove on May 9th and Marina Vista on May 13th to provide updated information on the CNI Planning Grant. Additionally, staff worked with the City to meet with key community stakeholders to discuss their vision for the Upper Land Park area, including the Broadway corridor.

On March 25, 2013, the Federal Department of Housing and Urban Development (HUD) issued the Choice Neighborhoods Notice of Funding Availability (NOFA) for Planning Grants for Fiscal Year 2013. The submission deadline for the CNI Planning Grant NOFA is May 28, 2013. The Choice Neighborhoods Initiative

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

expands the reach of HUD's previous public housing revitalization efforts (HOPE VI) and focuses on improving severely distressed public housing and resident self-sufficiency to include HUD-assisted multifamily units. CNI also assists local jurisdictions with the transformation of distressed areas into revitalized mixed-income neighborhoods. Choice Neighborhoods is focused on three core goals:

1. **Housing:** Transforming distressed public and assisted housing into energy efficient, mixed-income housing that is physically and financially viable over the long-term;
2. **People:** Supporting positive outcomes for families who live in the target development(s) and the surrounding neighborhood, particularly outcomes related to residents' health, safety, employment, mobility, and education; and
3. **Neighborhood:** Transforming distressed, high-poverty neighborhoods into viable, mixed-income neighborhoods with access to well-functioning services, high quality public school and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.

Choice Neighborhood Planning Grants, specifically, are intended to assist communities in developing a comprehensive neighborhood revitalization strategy, or Neighborhood Transformation Plan (NTP), and build the support necessary for the plan to be successfully implemented. The NTP will become the guiding document for the revitalization of the public housing units, and will direct the transformation of the surrounding neighborhood and positive outcomes for families.

In 2011, the Housing Authority applied for two separate applications for the Planning Grant funds to HUD for projects in the City of Sacramento. An application for the Twin Rivers public housing site in the River District neighborhood was successful and was awarded funding. However, an application for the Marina Vista and Alder Grove communities was not awarded funding but received "runner-up status".

In the 2013 NOFA, HUD has made dramatic changes to the CNI Planning Grant application scoring compared with 2011. Significant changes include:

- Increased the maximum grant amount from \$300k to \$500k
- Reduced the Capacity score from a total of 20 points to 14 points
- Increased the score on activities describing the Plan (planning process) from a total of 24 points to 36 points
- Increased the Likelihood of Implementation score from a total of 3 points to 7 points
- Increased the Leverage score from a total of 4 points to 5 points

The changes HUD has made make the Marina Vista and Alder Grove application even more competitive. The emphasis on the planning process fits well with the planned activities based on SHRA's experience working in communities on neighborhood planning, the City's experience developing Specific Plans, the

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

Planning Coordinator's experience facilitating five CNI Planning Grants, and the development teams' experience planning for redevelopment and services in the greater Sacramento/San Francisco area. Likelihood of Implementation includes two new areas of focus: 1) commitments from local partners - this neighborhood is rich with active partners who we expect will provide commitment letters to support the planning process, and 2) signed letter of support by the Chief Executive Officer or highest ranking Housing/Community Development/Planning official of local government. Points are now awarded in the "leverage" category for a direct commitment of financial assistance from the local government and the leverage requirement to maximize points is reduced from \$2 to \$1, to \$1 to \$1. This allows for a larger grant request without needing to commit more funding for leverage.

Neighborhood Selection Planning grant applicants must focus on the revitalization of severely distressed public and/or HUD assisted housing in high-poverty neighborhoods. For the application, the Housing Authority will use the same neighborhood boundaries as approved by the Board and identified in the 2011 CNI application. The proposed Planning Area Boundary meets additional application threshold requirements for determining neighborhood eligibility. Additionally, given the size of the public housing communities (over 60 acres combined), their location and proximity to a key commercial corridor (Broadway) as well as to downtown Sacramento, these communities provide the greatest opportunity for redevelopment and revitalization of both the housing developments themselves and the surrounding neighborhood.

Neighborhood Transformation Plan (NTP) The NTP developed through the Choice Neighborhoods Planning program will complement and draw upon existing planning and design efforts of the adjacent Northwest Land Park Planned Unit Development and will be created in partnership with existing community residents, local stakeholders and partner organizations who will provide technical expertise to various aspects of the plan including but not limited to urban design, education and youth empowerment, food access, transportation and mobility, services and employment.

The Housing Authority of the City of Sacramento will serve as the Lead Applicant for the CNI Planning Grant. In an effort to strengthen the application, the selected development team will be co-applicants.

As a requirement of the grant, Planning Coordinators must be identified in the application. As part of this report, staff recommends retaining EJP Consulting Group (EJP) via a time and materials contract to be the Planning Coordinator for the project to facilitate a comprehensive evaluation and planning process for neighborhood revitalization including housing and economic development components, and the identification of creative financing and implementation approaches. EJP is uniquely qualified to serve in this capacity, to provide strategy planning and facilitation services, program design and implementation assistance, evaluation and assessment, and capacity building and training services for the repositioning of public housing properties specifically. EJP has over 25 years of combined experience working with HUD and local housing

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

authorities on similar master planning and repositioning strategies and has assisted numerous localities in the preparation of successful Choice Neighborhoods and HOPE VI applications. EJP is also familiar with the organization and with the goals and objectives of SHRA, as they are the Planning Coordinator on the Twin Rivers CNI project.

Planning activities will focus on the needs of the residents of the public housing sites and the surrounding neighborhood and will include asset mapping and needs assessments, development of educational strategies, capacity building and knowledge sharing, and community outreach and engagement. The final NTP will focus on providing high quality, energy efficient housing, which will complement the surrounding neighborhood. The NTP will provide a framework and guidance to transform the Marina Vista and Alder Grove public housing communities into viable, mixed-income neighborhoods with access to services, quality educational program, transportation, and jobs.

Policy Considerations: The actions recommended in this report are consistent with the City and County Housing Authority 2007 Asset Repositioning Strategy. The successful negotiation of an ENA will assist the Housing Authority in the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove sites and will begin the process of planning for the development and replacement of approximately 750 units within the Housing Authority's portfolio with high-quality units.

This action also furthers the commitment of the City through the 2008-2013 Housing Element to preserve and rehabilitate existing affordable housing and to provide housing for extremely low income households. The HUD approved 5-year Public Housing Authority Plan affirms Marina Vista and Alder Grove as public housing developments designated for demolition and or disposition. Specifically, these actions support policies H-3.1.1 related to extremely low income housing needs, policy H-4.4 regarding the preservation of affordable housing, and Program 74 which confirms the City's commitment to the Housing Authority Asset Repositioning Strategy.

The use of Community Development Block Grant funding as match for the CNI Planning Grant further supports the three overarching goals of the 2013-17 Consolidated Plan: 1) To provide decent housing by preserving the affordable housing stock, increasing the availability of affordable housing, reducing discriminatory barriers, increasing the supply of supportive service for those with special needs, and transitioning homeless persons and families into housing; 2) To provide a suitable living environment through safer, more livable neighborhoods, greater integration of low- and moderate-income residents throughout Sacramento, increasing housing opportunities, and reinvesting in deteriorating neighborhoods; and 3) To expand economic opportunities through more jobs paying self-sufficient wages, homeownership opportunities, development activities that promote long-term community viability, and the empowerment of low- and moderate-income persons to achieve self-sufficiency.

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The activity recommended is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15262 involving planning and feasibility studies for possible future actions which have not been approved by the Housing Authority's governing board.

National Environmental Policy Act (NEPA): These planning and feasibility study activities are categorically excluded from review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a) (1). Full environmental review will be conducted before the Authority seeks approval to commit to a definite course of action or approval of a specific project on the Marina Vista and Alder Grove Public Housing sites.

Commission Action: Staff presented this item to the Sacramento Housing and Redevelopment Commission at its May 15, 2013 meeting. Staff will brief the Housing Authority Board on the outcome of their vote at the May 21st meeting.

Rationale for Recommendation: Located just south of Broadway, between Interstate 5 and Riverside Boulevard, the Marina Vista and Alder Grove public housing communities suffer from severe physical distress with outdated, 60-year old building systems. Many of the over 700 residential units at the two locations are undersized and do not meet the needs of today's families. Additionally, the site layouts of these communities do not promote safety and cannot be considered "defensible space."

At the direction of the Housing Authority Board, staff issued a Request for Qualifications (RFQ) for the selection of a Master Developer for the Marina Vista and Alder Grove sites. In response to that directive, staff cast a wide net to solicit interest from the most experienced developers. Following all federal procurement requirements, staff is recommending a Development Team comprised of Related Companies of California, Mercy Housing California, and Regis Homes as the Master Developer (Development Team).

The Development Team, serving as the Master Developer, will assist the Housing Authority in developing a master plan and housing program for the Neighborhood Transformation Plan under the Choice Neighborhoods Initiative.

The Development Team brings unparalleled experience in creating revitalized mixed-income, mixed-use and mixed-tenure communities. Related Companies of California and Mercy Housing California have direct experience partnering with public housing authorities to revitalize properties and communities, including their

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

joint partnership as Master Developer to transform San Francisco's Sunnydale Public Housing site from 50 acres of distressed housing and underutilized land to a vibrant mixed income, mixed use community.

Related Companies of California will serve as the Managing Member of the Development Team and has extensive knowledge of innovative financing strategies and is highly adept at layering a variety of public and private financing sources. In addition to Mercy Housing California and Regis Homes, the Development Team has assembled other team members with extensive experience in large scale transformational efforts and deep ties to the Sacramento community. Following Board approval of the selection, staff will begin negotiations with the Development Team to develop terms for an Exclusive Negotiations Agreement (ENA) that will outline roles, responsibilities and potential compensation for the Master Developer during the Master Planning process. The ENA will cover a twenty four month term. Should the Housing Authority not receive CNI planning funds, the ENA can be terminated should an alternative course of action not be agreed upon by the parties. If funded, the HUD grant allows two years to plan and complete the NTP.

During the development of the NTP, the Development Team will advise on the program and design for the replacement housing and other affordable and market-rate unit types; identify other investments essential to creating a sustainable and healthy community; coordinate housing activities with neighborhood, resident services, and educational programs; and take the lead in securing state, other federal, and private funding. The Development Team will also work collaboratively with the Housing Authority, City of Sacramento, public housing residents, and the broader community.

The NTP developed with the Choice Neighborhoods Planning Grant will create a comprehensive, master plan for redevelopment of these public housing sites, building upon existing neighborhood assets. The NTP will complement and draw upon the current planning and design efforts taking place immediately adjacent to the public housing sites as part of the Northwest Land Park Planned Unit Development project.

In planning for the repositioning of the Marina Vista and Alder Grove housing developments, strategies will be developed and partners identified to ensure resident children have access to high quality educational opportunities, including high quality early learning opportunities and increased access to programs that combine a continuum of effective community services, strong family supports to improve the educational and life outcomes for resident children and youth. The NTP will include action steps necessary to provide supportive services, including economic development, job training, self-sufficiency, and asset building activities that promote economic self-sufficiency of the neighborhood residents

Additionally, a significant opportunity exists to increase densities along the Broadway corridor and to take better advantage of what is currently low-density, passive and underutilized open space within these communities. The two communities combined, total over 60 developable acres with over 800 feet of

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

frontage along Broadway. The redevelopment of these properties will have a far reaching impact on not only the public housing communities themselves, but on the surrounding neighborhoods and commercial corridors.

A successful CNI planning grant application provides the Housing Authority with the framework in meeting the requirements for HUD’s CNI Implementation Grant. HUD awards up to \$30 million for each project under the CNI implementation Grant for revitalization of public housing.

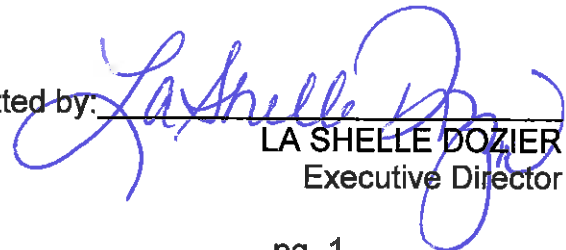
Financial Considerations: Approval of this report and resolution will allow the Housing Authority of the City of Sacramento to begin negotiating an Exclusive Negotiations Agreement. Additionally, this report recommends submitting an application for federal funding of up to \$500,000 under the FY2013 Choice Neighborhoods Initiative Planning Grant. As the application requires matching funds, this report recommends utilizing \$680,000 of previously approved Community Development Block Grant (CDBG) funds.

A breakdown of anticipated costs for development of the Neighborhood Transformation Plan is as follows:

Sources:		Uses:	
CNI Planning Grant	\$500,000	Planning Coordination	\$500,000
2011 CDBG Funds	\$480,000	Housing Component	\$320,000
2013 CDBG Funds	\$200,000	Neighborhood Component	\$210,000
<u>Total</u>	<u>\$1,180,000</u>	<u>People/Education Component</u>	<u>\$150,000</u>
		<u>Total</u>	<u>\$1,180,000</u>

M/WBE and Section 3 Considerations: Minority and Women’s Business Enterprise and Section 3 requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Background	pg. 9
2 Map – CNI Planning Area	pg. 11
3 Housing Authority Resolution – Developer Selection	pg. 12
4 Housing Authority Resolution – CNI Grant Application	pg. 14

Master Developer Selection and CNI Application – Marina Vista and Alder Grove

Background

On August 6, 2012, Housing Authority staff released a RFQ to determine the most qualified Master Developer to assist in developing a housing program to carryout the potential revitalization of the Marina Vista and Alder Grove Public Housing sites. As the revitalization of the Marina Vista and Alder Grove sites are of a large scale with approximately 750 units on roughly 70 acres, the RFQ sought out only partners that have been successful in redeveloping large-scale public housing into mixed-use and mixed-income communities.

The goal of the RFQ was to retain an experienced master developer who possessed the necessary qualifications and expertise to comprehensively redevelop the existing fully occupied Marina Vista Alder Grove public housing complexes to create 751 public housing replacement units in vibrant mixed-income, mixed- use, and mixed-tenure community serving households with a wide range of incomes.

Additionally, there were several objectives that the Housing Authority identified for the development of the sites in the RFQ:

- One-for-one replacement of all public housing units.
- Provision of relocation assistance for approximately 2,500 residents of the Marina Vista and Alder Grove sites.
- Minimal public investment with the selected developer contributing significant private capital for the predevelopment and development stages.

The RFQ requested that interested developers submit information about their qualifications and experience in completing similar public housing revitalization projects of the scale and type contemplated. The RFQ also required that respondents demonstrate their success in implementing comprehensive neighborhood multi-site revitalization plans that include mixed-income (public housing, project-based vouchers, low income housing tax credit and market-rate unrestricted units), mixed-finance and mixed use developments. Developers submitted information about their site-specific development team as well as their general approach to the planning process and development of the sites. Finally, developers submitted confidential financial information that was summarized and evaluated by a third party consultant.

A seven member selection committee was formed to determine the highest ranked Respondent. The committee was comprised of the following members: four Housing Authority staff, one public housing resident, one representative from the City of Sacramento, and one representative from the County of Sacramento.

The Housing Authority received four (4) proposals in response to the RFQ. The selection committee scored the proposals based on pre-determined Evaluation Criteria contained in the RFQ and conducted interviews with each of the respondents. Upon completion of the interview process, the selection committee unanimously recommended that two firms not be considered for selection as the Master Developer for the Marina Vista/Alder Grove RFQ. The selection committee continued its evaluation of the remaining two respondents and

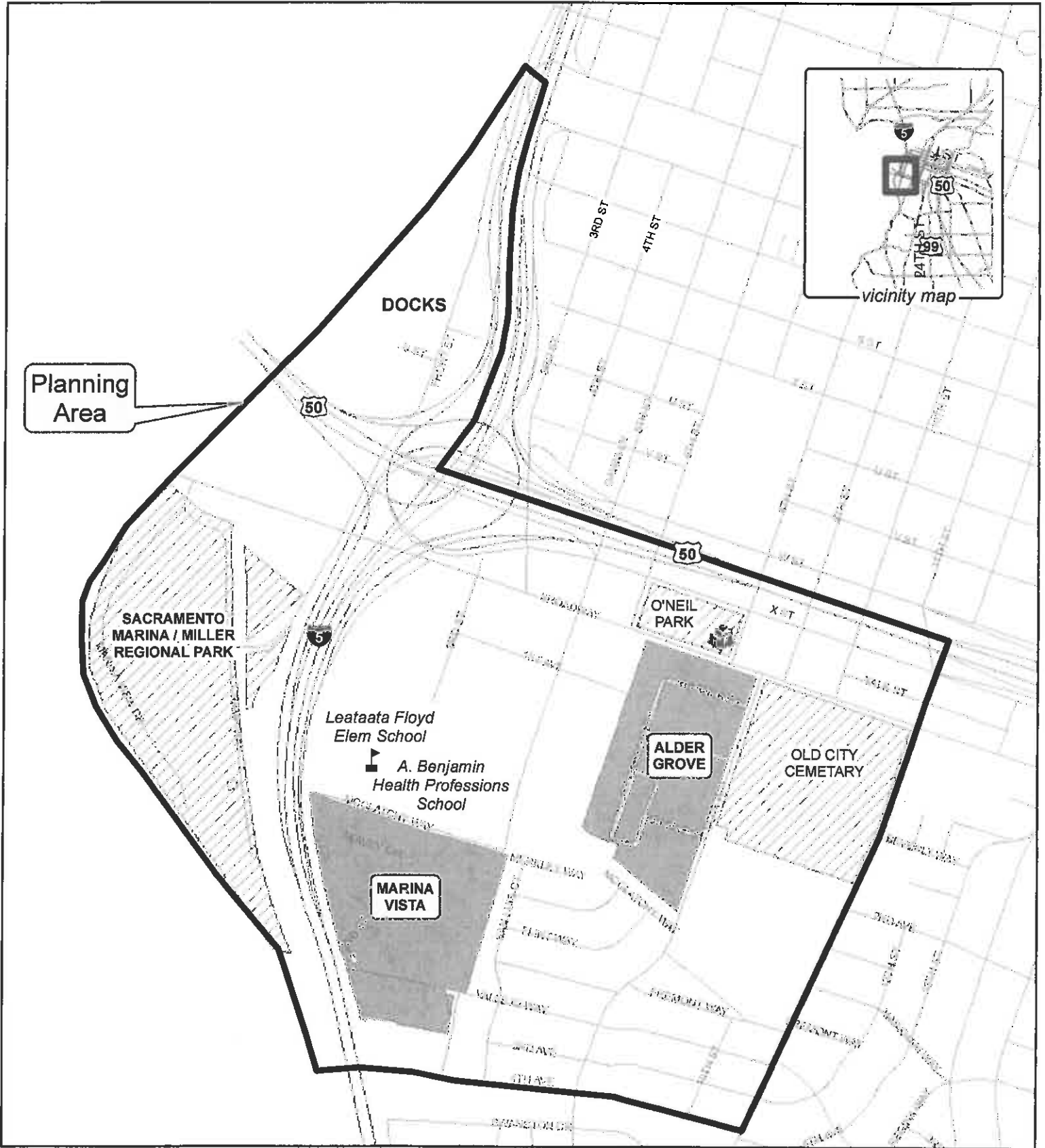
Master Developer Selection and CNI Application – Marina Vista and Alder Grove

performed site visits and reference checks. The selection committee met and discussed all the information and unanimously selected the Development Team comprised of Related Companies of California, Mercy Housing California, and Regis Homes as the highest ranked respondent. The selection committee and process was governed by federal procurement rules.

Based on the selection committee ranking and determination of the highest ranked respondent, the Housing Authority, by action of its Executive Director, is recommending Board approval of the Development Team comprised of Related Companies of California, Mercy Housing California, and Regis Homes as the Master Developer for the Marina Vista and Alder Grove public housing sites.



2013 Choice Neighborhoods Initiative Planning Area



CNI Planning Area Boundary

City Owned Parcel

Housing Authority Owned Parcel

School

Fire Station

0 600 1,200 Feet



SHRA GIS
May 14, 2013

RESOLUTION NO. 2013 -

Adopted by the Housing Authority of the City of Sacramento

on date of

APPROVAL OF SELECTION OF A DEVELOPMENT TEAM TO SERVE AS MASTER DEVELOPER FOR THE PROPOSED REVITALIZATION OF THE MARINA VISTA AND ALDER GROVE CONVENTIONAL PUBLIC HOUSING SITES

BACKGROUND

- A. River Oaks (Marina Vista) and New Helvetia (Alder Grove) are the two largest public housing sites owned by the Housing Authority of the City of Sacramento. Marina Vista contains 391 units on roughly 38 acres and Alder Grove contains 360 units on roughly 30 acres. Both sites present significant development opportunity in a neighborhood experiencing transition from industrial to residential, mixed-use.
- B. In 2007, the Housing Authority Board (Board) approved an Asset Repositioning Strategy aimed at solving the Housing Authority's structural operating deficit, reducing dependence on funding from the United States Department of Housing and Urban Development (HUD), and providing reinvestment strategies for long term preservation of affordable housing. The Asset Repositioning Strategy recommended redevelopment of the Marina Vista and Alder Grove public housing sites.
- C. On June 7, 2012, the Board directed staff to release a Request for Qualifications (RFQ) for the Marina Vista and Alder Grove sites and select a development team no later than November 2012.
- D. On August 6, 2012, the Housing Authority released a RFQ to determine the most qualified master developer to develop a housing program for the Marina Vista and Alder Grove public housing sites.
- E. The Housing Authority followed all applicable Federal Procurement Rules and Regulations related to the solicitation and selection of a Master Developer for a public housing Mixed-Finance Development.
- F. The activity recommended is statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15262 involving planning and feasibility studies for possible future actions which have not been approved by the Housing Authority's governing board. These planning and feasibility activities are categorically excluded from review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a)(1).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1: The above recitals, including the environmental recitals, are found to be true and correct.
- Section 2: The selection of the Development Team comprised of Related Companies of California, Mercy Housing California, and Regis Homes Sacramento as the Master Developer for the proposed revitalization of the Marina Vista and Alder Grove Conventional Public Housing Sites is approved.
- Section 3. The Executive Director, or her designee, is authorized to enter into exclusive negotiations with the selected Development team to develop terms for an Exclusive Negotiations Agreement.

RESOLUTION NO. 2013 -**Adopted by the Housing Authority of the City of Sacramento**

on date of

APPLICATION FOR CHOICE NEIGHBORHOODS INITIATIVE PLANNING GRANT**BACKGROUND**

- A. On March 25, 2013 the Federal Department of Housing and Urban Development (HUD) issued the Choice Neighborhoods Notice of Funding Availability (NOFA) for Planning Grants for Fiscal Year 2013. Planning Grants are intended to assist communities in developing a successful neighborhood transformation plan and build the support necessary for the plan to be successfully implemented.
- B. In 2007, the Asset Repositioning Study was completed to establish a framework and guiding principles for a proactive strategy to align Housing Authority operations to the HUD funding environment while simultaneously eliminating ongoing operating and capital deficits. On August 21, 2007, the Housing Authority of the City of Sacramento ("Authority") approved the Housing Authority Guiding Principles to address repositioning of its public housing assets including the Marina Vista and Alder Grove public housing communities.
- C. If awarded, the Choice Neighborhoods Initiative (CNI) Planning Grant will provide up to \$500,000 toward the development of a comprehensive neighborhood revitalization strategy, or Neighborhood Transformation Plan (NTP), to guide the revitalization of public housing units, while simultaneously directing the transformation of the surrounding neighborhoods and positive outcomes for families.
- D. Applications are due to HUD by May 28, 2013.
- E. The City Council allocated and approved \$480,000 in the 2012 Community Development Block Grant (CDBG) Action Plan to be used for design and capital improvement projects that support the Housing Authority's Choice Neighborhood Application in resolution # 2011-605.
- F. The City Council allocated and approved \$200,000 in the 2013 Community Development Block Grant (CDBG) Action Plan to be used for planning activities at Marina Vista and Alder Grove in resolution # 2013-0010.
- G. The proposed actions are exempt under the National Environmental Policy Act (NEPA) per 24 CFR 58.34 (a)(1) and statutorily exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15262.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are approved.
- Section 2. The Executive Director, or designee, is authorized to submit a 2013 CNI Planning Grant application to HUD to assist with the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove public housing communities.
- Section 3. The Executive Director, or designee, is authorized to amend the Housing Authority budget to receive and expend, pursuant to HUD and Agency procurement regulations and policies, CNI Planning Grant funds, should such funding be awarded, for the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove public housing communities and to amend the Housing Authority budget to receive and expend up to \$680,000 of CDBG funds previously approved and allocated to the Housing Authority for planning activities at Marina Vista and Alder Grove to the CNI Planning Grant project to serve as the required local match.
- Section 4. The EJP Consulting Group is selected to serve as the planning coordinator for the purpose of submitting the CNI Planning Grant, should the CNI Planning Grant be awarded, the Executive Director is authorized to execute a professional services contract not to exceed, \$200,000 with EJP Consulting Group, in compliance with HUD and SHRA non-competitive procurement policy, for planning and consulting services for the development of the Neighborhood Transformation Plan.
- Section 5. To consent to SHRA serving as the public entity Project Manager for purposes of the CNI Planning Grant. The Executive Director is directed to enter into a Memorandum of Understanding (MOU) between the Housing Authority and SHRA to provide project management services necessary for the CNI Planning Grant and a Neighborhood Transformation Plan for the Marina Vista and Alder Grove public housing communities.
- Section 6. The Related Companies of California and Mercy Housing is selected to serve as co-applicants for purposes of the CNI Planning Grant and the Executive Director is directed to execute a Memorandum of Understanding (MOU) on behalf of the Housing Authority with Related Companies of California and Mercy Housing.