

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
December 9, 2014

To: Sacramento County Board of Supervisors

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Pre-Development Agreement And Disposition And Development Agreement With Sacramento Habitat for Humanity For Five 43<sup>rd</sup> Avenue Properties

Supervisory  
District: Yee

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353  
Tyrone Roderick Williams, Director, Development, 440-1316

**Overview**

This report requests approval for the Sacramento Housing and Redevelopment Agency (Agency) to execute a Pre-Development Agreement (PDA) for permits, fees and infrastructure, and a Disposition and Development Agreement (DDA) with Sacramento Habitat for Humanity (SHfH) for the transfer and development of the vacant single family properties located at 3821/23/25/27/29 43rd Avenue (Project).

**Recommendations**

Adopt the Board of Supervisor Resolution that:

1. Approves the PDA and DDA with Sacramento Habitat for Humanity (SHfH) and authorizes the Agency to execute the PDA and DDA with SHfH for the transfer and development of the vacant property located at 3821/23/25/27/29 43<sup>rd</sup> Avenue.
2. Authorizes the Executive Director or her designee to amend the Agency budget to transfer up to \$325,000 in Neighborhood Stabilization Program (NSP) funds to the Project for the Pre-Development Expenses.
3. Finds the Initial Study (IS) for the project adequate and complete and adopts the Mitigated Negative Declaration (MND) and Mitigation and Monitoring Plan (MMRP) (see Attachment 5).

**Measures/Evaluation**

The five newly built single family homes will allow applicants earning not more than 120 percent of the Area Median Income (AMI), who have completed eight hours of United States Department of Housing and Urban Development (HUD) approved homebuyer education counseling, and have completed 500 hours of sweat equity through SHfH, to purchase a home.

**Fiscal Impact**

This report authorizes \$325,000 that will be allocated to SHfH under the proposed Pre Development Agreement to assist with infrastructure costs. In addition, the properties will be conveyed to SHfH via the DDA at no cost. The properties are currently appraised at \$185,000. All other project related expenses are the responsibility of SHfH.

## **BACKGROUND**

In October 2009, the Agency, on behalf of the County of Sacramento, acquired properties at 3821/23/25/27/29 43<sup>rd</sup> Avenue under the federally funded Neighborhood Stabilization Program (NSP) Property Recycling Program. Through strategic investments and partnerships, the Property Recycling Program has focused on stabilizing neighborhoods within the City and County of Sacramento that were severely impacted by the foreclosure crisis.

## **DISCUSSION**

The vacant foreclosed properties located on the 43<sup>rd</sup> Avenue parcels were single family properties acquired by the Agency for \$114,106 under the Property Recycling Program (PRP). Under the PRP, the Agency was authorized to purchase Real Estate Owned (REO) properties for three eligible activities including: 1) redevelopment; 2) rehabilitation and resale of single family housing; and 3) the rehabilitation of rental housing. The redevelopment component of the PRP allowed the Agency to demolish units and land-bank properties (for not more than 10 years) for future redevelopment efforts.

In December of 2013, the Agency released a Request for Proposals (RFP) for the development of single family homes on the five separate and contiguous vacant parcels on 43<sup>rd</sup> Avenue. The RFP required that the homes be sold to owner occupied households earning not more than 120 percent of the Area Median Income (AMI) and who have completed eight hours of HUD approved homebuyer education counseling. One response was received and, following consideration by a selection committee, Sacramento Habitat for Humanity (SHfH) was recommended as the development partner. SHfH is experienced in the development of single family infill housing, particularly in the South Sacramento community where the property is located. They have also partnered successfully with the Agency on past single family home new construction projects. SHfH requires that families put 500 hours of sweat equity into the building of their home or at the home of another SHfH family.

This report proposes that SHfH and the Agency enter into a Pre-Development Agreement (PDA) and ultimately a Disposition and Development Agreement (DDA) to complete the Project. The Project will be completed in three phases. Phase I will include site and building plan development, county approvals, infrastructure work and permits including rezoning. Infrastructure improvements will include erosion control, gas, water, electric, telephone, concrete, pavement, storm water pollution prevention plan, sewer and a sound wall. The Agency's PDA will provide funding for all pre-development work associated with the five homes. Phase II, construction of first two 4-bedroom, 2-bath homes, is expected to be completed in March of 2017. Phase III, construction of the last three 3-bedroom, 2-bath homes, is expected to be complete by September of 2017. Both the 3 and 4 bedroom home configurations will consist of 1,268 sq ft.

SHfH will be responsible for construction funding for the homes which will come from multiple sources including sponsorships, CalHome Mortgage Assistance Program, California Self-Help

Housing Program, HUD Self-Help Homeownership Opportunity Program (SHOP), and other SHfH generated funds.

### **COMMISSION ACTION**

At its meeting of November 19, 2014, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

### **MEASURES/EVALUATIONS**

The five newly built single family homes will allow applicants earning not more than 120 percent of the Area Median Income (AMI), who have completed eight hours of United States Department of Housing and Urban Development (HUD) approved homebuyer education counseling, and have completed 500 hours of sweat equity through SHfH, to purchase a home.

### **FINANCIAL ANALYSIS**

The properties located at 3821/23/25/27/29 43<sup>rd</sup> Avenue were acquired for \$114,106 under the Board of Supervisors approved NSP Property Recycling Program for redevelopment purposes. The vacant parcels were appraised on March 17, 2014 for \$185,000 unencumbered without any restrictions will be transferred at no cost to SHfH upon completion of site development in two phases.. The Agency is proposing to execute a Pre- Development Agreement with SHfH for \$325,000 utilizing available program income from NSP 3 funds to assist with the infrastructure costs.

### **POLICY CONSIDERATIONS**

The recommended actions in this staff report are consistent with the 2014-2021 Housing Element of the General Plan, adopted October 8, 2013. The overall goal is to “Promote an adequate, safe, and decent residential environment by maintaining and improving the existing housing stock and neighborhood character through conservation and rehabilitation activities.” Specifically this project supports policy HE goal 3.1.3 which states that the county should “Support efforts to alleviate the individual and community problems associated with mortgage default and foreclosures.”

### **ENVIRONMENTAL REVIEW**

This project has been analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). An Initial Study (IS) has been prepared by the Agency in support of the Mitigated Negative Declaration (MND), pursuant to

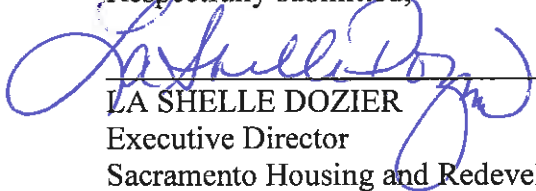
that the project will not have a significant effect on the environment and preparation of an Environmental Impact Report is not required.

Mitigation measures associated with the MND have been included and agreed to by Habitat for Humanity to avoid potentially significant effects and a Mitigation Monitoring Plan has been prepared. The Agency filed a Notice of Availability/Intent to Adopt a MND on October 15, 2014.

**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 funding. Section 3 requirements will be applied to the extent as may be applicable. The developer will be required to use the First Source Program for employment opportunities.

Respectfully submitted,



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LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

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BRADLEY J. HUDSON  
County Executive

Attachments:

- RES – County BOS Resolution
- Attachment 1 - Vicinity Map
- Attachment 2 – Floor Plans
- Attachment 3 – Pre Development Agreement
- Attachment 4 – DDA
- Attachment 5 –Mitigated Negative Declaration/Initial Study

**RESOLUTION NO. \_\_\_\_\_**

ON DATE OF

**3821/23/25/27/29 43<sup>RD</sup> AVENUE VACANT LOT DEVELOPMENT PROJECT:  
AUTHORIZATION FOR EXECUTION OF A DISPOSITION AND DEVELOPMENT  
AGREEMENT A PRE DEVELOPMENT AGREEMENT WITH SACRAMENTO  
HABITAT FOR HUMANITY; ENVIRONMENTAL FINDINGS**

WHEREAS, on February 24, 2009 the Board of Supervisors authorized the Sacramento Housing and Redevelopment Agency (Agency) to amend and submit changes to the Neighborhood Stabilization Program (NSP) in the 2009 One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD), authorizing the Agency to establish and implement the Vacant Properties Program, the Block Acquisition and Rehabilitation Program, and the Property Recycling Program (PRP) to undertake NSP activities.

WHEREAS, on June 16, 2009 the Board of Supervisors approved the NSP Property Recycling Program Guidelines allowing the Agency to purchase foreclosed properties within the NSP Target Areas to be transferred for redevelopment purposes

WHEREAS, on November 6, 2009 the Agency acquired 3821/23/25/27/29 43rd Avenue, which were vacant lots which were consistent with PRP Guidelines.

WHEREAS, the Board of Supervisors finds that the real property acquired by the Agency pursuant to the Property Recycling Program Guidelines will not be required for the Agency's foreseeable needs and may be disposed of to Sacramento Habitat for Humanity (Developer) for the purposes of redevelopment pursuant to Section 34315.7(c) of the Health and Safety Code.

WHEREAS, a request for proposals (RFP) was issued in December 2013 seeking organizations interested in developing the 43<sup>rd</sup> Avenue properties. One response was received. A selection committee met in March 2014 to review submissions and Sacramento Habitat for Humanity was selected for the project.

WHEREAS, the Agency and Sacramento Habitat for Humanity desire to enter into a Pre-Development Agreement (PDA) and a Disposition and Development Agreement (DDA) to convey the title of 3821/23/25/27/29 43rd Avenue and provide funding for the infrastructure for the development of five single-family homes per the schedule of performances included in the DDA.

WHEREAS, this project has been analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). An Initial Study (IS) has been prepared by the Agency in support of the Mitigated Negative Declaration (MND), pursuant to Title 14, Section 15070 of the California Code of Regulations (CCR). It has been determined that the project will not have a significant effect on the environment and preparation of an Environmental Impact Report is not required.

WHEREAS, mitigation measures associated with the MND have been included and agreed to by Sacramento Habitat for Humanity to avoid potentially significant effects and a Mitigation Monitoring Plan has been prepared. Furthermore, the Agency filed a Notice of Availability/Intent to Adopt a MND on October 15, 2014 and published the notice in the Daily Recorder, a newspaper of general circulation, on October 15, 2014. The public comment period closed on November 5, 2014.

WHEREAS, the proposed actions to transfer the property, which is zoned and was previously used for single family development, to use for single family development, are consistent with the previous environmental review conducted for the Neighborhood Stabilization Program (NSP), which received a Finding of No Significant Impact. An addendum to NSP environmental review record has been prepared for this project, which documents the consistency with the previous findings.

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

Section 1: Finds the Initial Study (IS) for the project adequate and complete and adopts the Mitigated Negative Declaration (MND) and Mitigation and Monitoring Plan (MMRP).

Section 2: All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are found to be true and correct.

Section 3: The Pre-Development Agreement and DDA are approved and the Agency is authorized to execute the Pre Development Agreement and related documents, and DDA and related conveyance documents, with the Developer and to take such actions necessary to effectuate and implement this resolution, Pre Development Agreement and the DDA.

Section 4. The Pre-Development Agreement between the Agency and Developer, attached to and incorporated in this resolution by this reference as Attachment 3, for financing of

infrastructure needed for the 43rd Avenue project with not more than \$325,000 in NSP Funds is approved and the Agency is authorized to execute an Agreement and transmit to Sacramento Habitat for Humanity.

Section 5. The Agency is authorized to amend its budget to transfer up to \$325,000 in NSP funds to the Project.

Section 6. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the accompanying staff report that accompany this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds, including without limitation, subordination, extensions, and restructuring of such a loan.

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 9<sup>th</sup> day of December 2014, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

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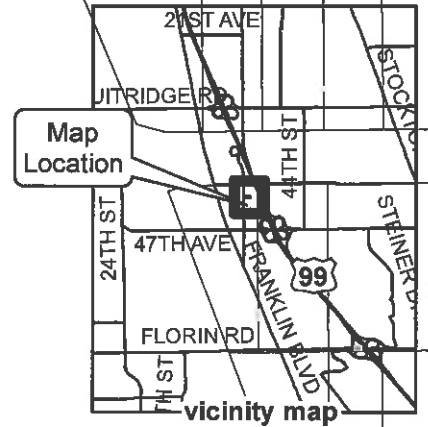
Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

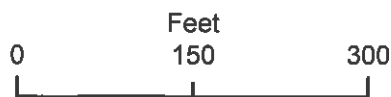
ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors



# Vicinity Map - 43rd Avenue

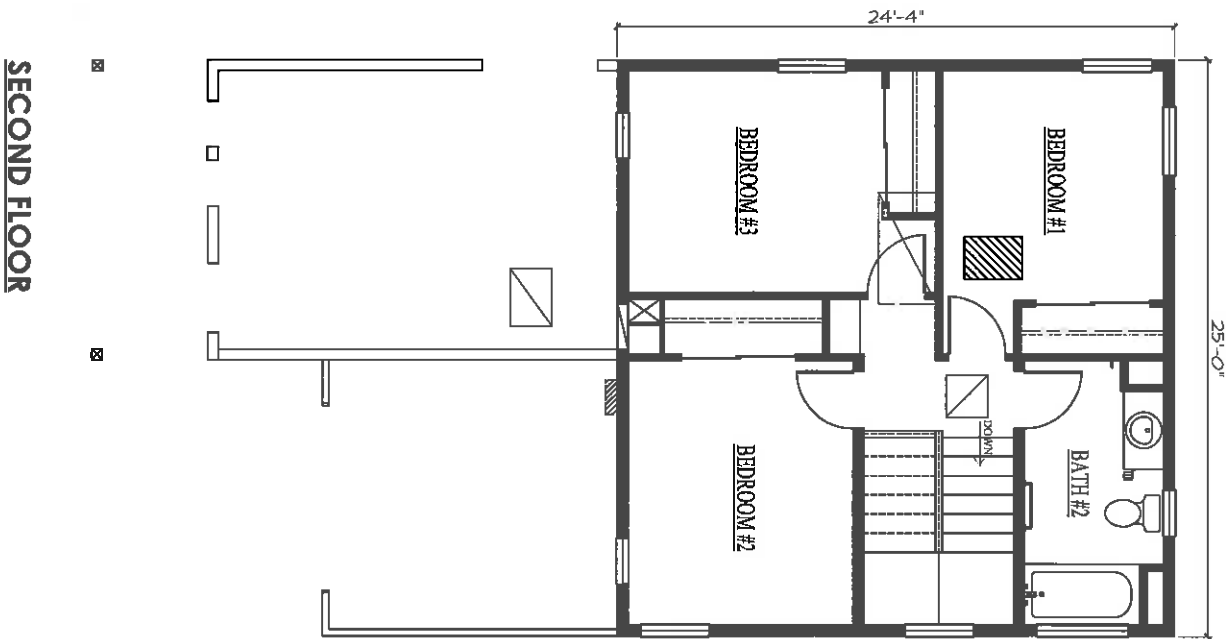
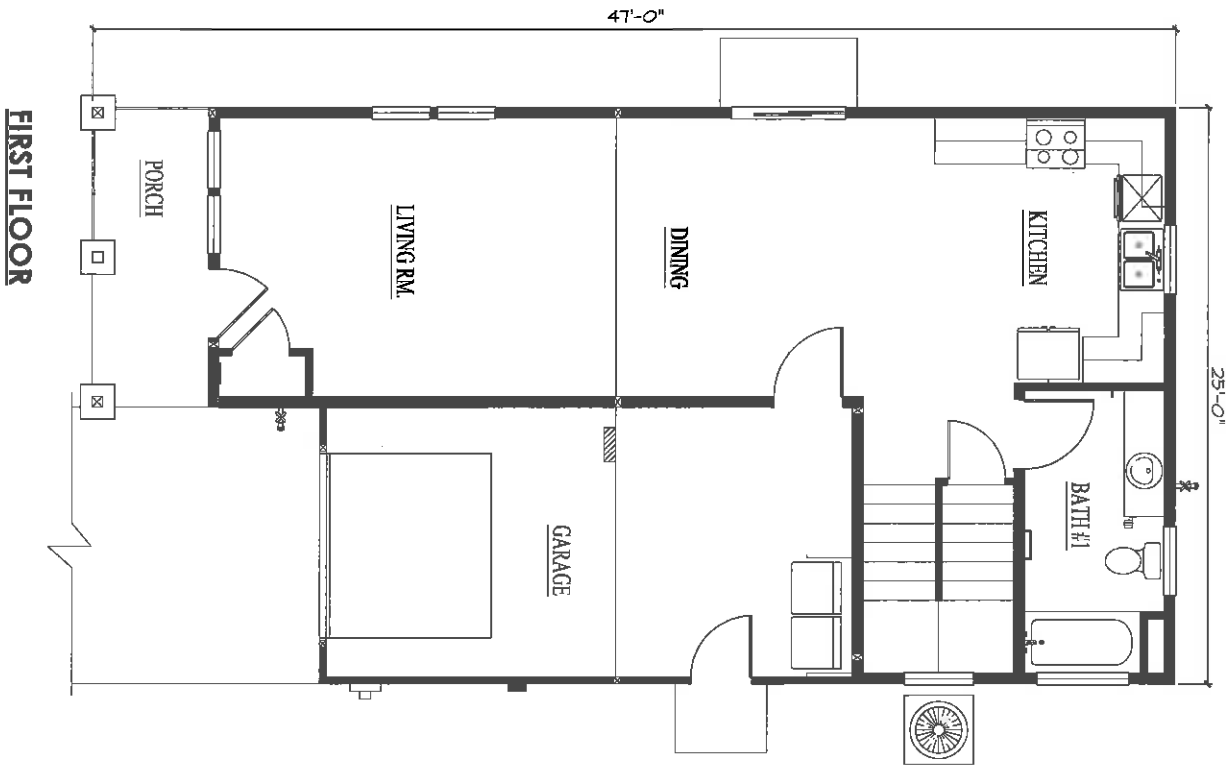


Project Parcel



SHRA GIS  
July 22, 2014





TYPICAL 2-STORY, 3-BEDROOMS/2 BATHROOMS HOUSE WITH 1,268 SQUARE FEET WITH 1-CAR GARAGE.

DEVELOPER:



Sacramento  
Habitat  
for Humanity®  
www.shfh.org  
819 NORTH 10TH STREET  
SACRAMENTO, CA 95811  
PHONE: 916-440-1215  
FAX: 916-440-1218

**SAMPLE FLOOR PLAN  
FOR "THE AVENUES"**  
**3821-3829 43RD AVENUE  
SACRAMENTO, CA 95824**

OWNER:



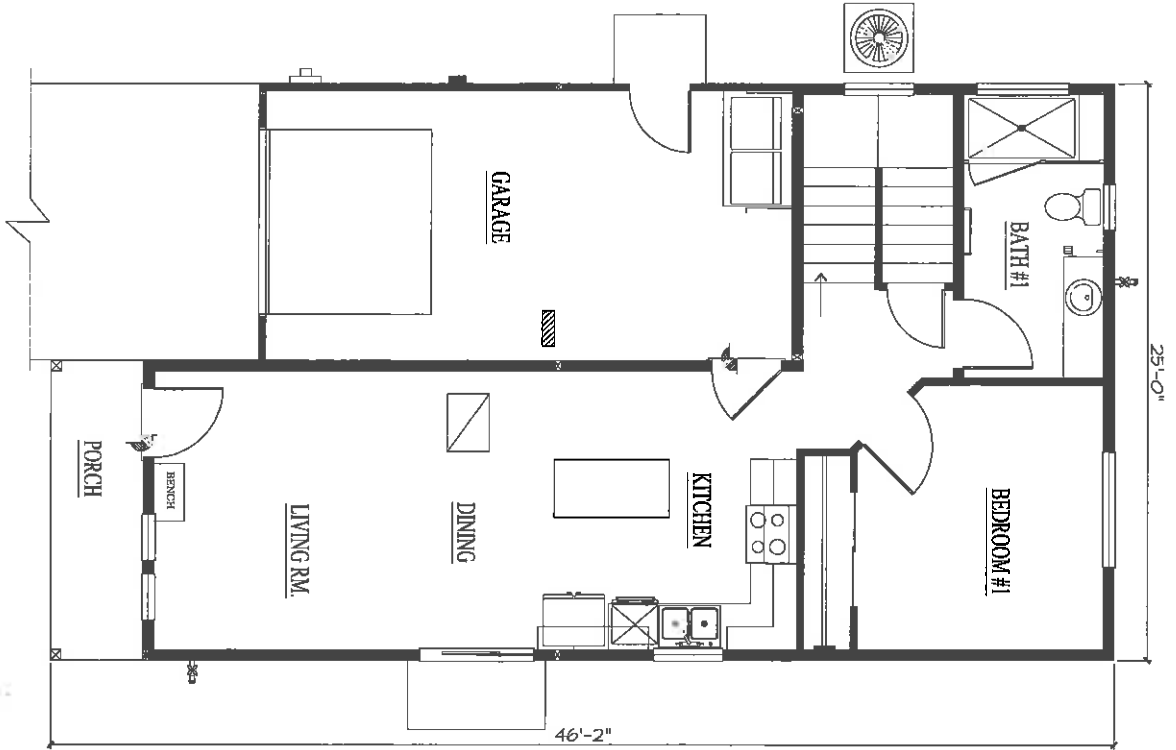
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6/20/2014

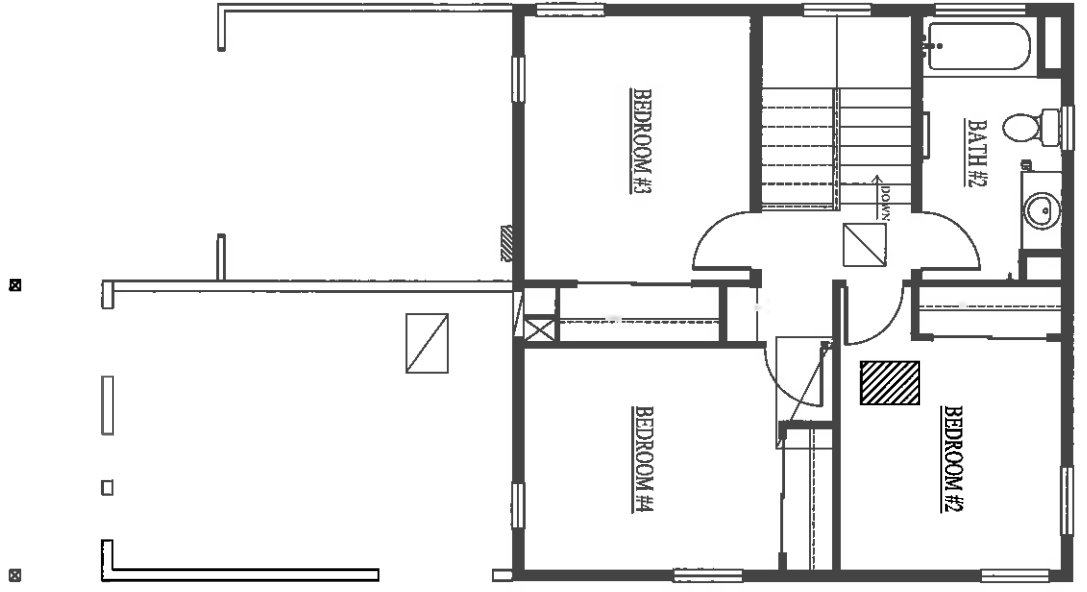
SCALE:

1/8" = 1'-0"

**FIRST FLOOR**



**SECOND FLOOR**



TYPICAL 2-STORY, 4-BEDROOMS/2 BATHROOMS HOUSE WITH 1,268 SQUARE FEET WITH 1-CAR GARAGE.

DEVELOPER:



Sacramento  
Habitat  
for Humanity®  
www.shfh.org  
819 NORTH 10TH STREET  
SACRAMENTO, CA 95811  
PHONE: 916-440-1215  
FAX: 916-440-1218

**SAMPLE FLOOR PLAN  
FOR "THE AVENUES"**  
**3821-3829 43RD AVENUE  
SACRAMENTO, CA 95824**

OWNER:



DATE:

6/20/2014

SCALE:

1/8" = 1'-0"

**43<sup>RD</sup> AVENUE PROPERTIES-SACRAMENTO, CALIFORNIA**

PREDEVELOPMENT AGREEMENT BY AND BETWEEN THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY AND SHFH PROPERTIES, INC, FOR CERTAIN PREDEVELOPMENT ACTIVITIES PRIOR TO THE CLOSE OF ESCROW PURSUANT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT DATED NOVEMBER \_\_ 2014.

**RECITALS**

WHEREAS the Sacramento Housing and Redevelopment Agency (Agency) is the owner of real property consisting of five, separate vacant lots located at 3821, 3823, 3825, 3827, and 3829 43<sup>rd</sup> Avenue (APNs 037-0327-016-0000, 037-0327-017-0000, 037-0327-018-0000, 037-0327-019-0000, and 037-0327-020-0000), in the County of Sacramento, State of California, more particularly described in the Property Description (collectively the "Property").

WHEREAS on November \_\_ 2014, the Agency approved the execution of a Disposition and Development Agreement (DDA) with Sacramento Habitat for Humanity, Inc. (SHfH) to provide property and funding for the governmental approvals and entitlements, and to complete the construction and installation of infrastructure necessary to develop the Property pursuant to the DDA

WHEREAS, the Agency and SHfH desire to expedite the site preparation for construction of new single family homes design and redevelopment of the 43<sup>rd</sup> Avenue Properties into a new single family detached homes as contemplated by the DDA.

**AGREEMENT**

NOW, THEREFORE, in consideration of their mutual promises, the parties agree as follows The Parties agree as follows:

The Agency agrees to fund an amount not to exceed Three Hundred Twenty Five Thousand Dollars (\$325,000) to SHfH as payment and/or reimbursement for certain predevelopment expenditures ("the Maximum Amount") pursuant to this Predevelopment Agreement (PDA) and a Funding Agreement.

**1. AGENCY FUNDING.** Agency shall pay for the actual costs of the work described in Section 2, but not to exceed the total sum of \$325,000. In no event shall Agency be obligated to pay more than a total of \$325,000 for all predevelopment work relating to the Property.

a. **PAYMENT IF REQUIRED.** If payment is due under the terms of this PDA, Agency will make such payment upon receipt and approval of original invoices for completed work. Agency retains the right to approve or disapprove invoices for payment upon Agency's reasonable determination whether the invoiced work was performed in accordance with this PDA. If SHfH presents proper invoices together with evidence, satisfactory to Agency, that SHfH has paid the invoices, Agency shall disburse funds directly to SHfH. If SHfH presents

invoices not yet paid by SHfH, any payment to be made by Agency shall be paid jointly to SHfH and the service provider.

**2. REIMBURSABLE EXPENDITURES.** The following are approved predevelopment reimbursable expenditures under this PDA:

(1) SHfH shall obtain such drawings, sketches renderings and other representations of the proposed Project as are reasonably necessary for presentation of the proposed Project to community groups and governmental entities for approvals and for fund raising purposes. SHfH shall also obtain preparation of a detailed scope of work as included in the DDA, and complete construction drawings, and engineering services necessary for the preparation thereof, for construction of the Project as will be provided in the DDA. SHfH shall coordinate the architect's work with staff of Agency's Construction Management Division to ensure consistency with the DDA.

(2) Governmental Approvals. SHfH shall obtain all governmental approvals and entitlements necessary for the Project, including but not limited to design review approval and the special permit. SHfH shall attend and participate in all public meetings required in connection with the City of Sacramento planning or permitting processes and with City or Agency review and approvals.

(3) Construction or installation of certain infrastructure including but not limited to erosion control measures, electrical, gas, cable/communications, concrete, pavement, storm water drainage and pollution control, sewer, bonding and insurance.

**3. PREVAILING WAGES.** Agency advises SHfH that if the Project qualifies as a self-help project as defined in the California Labor Code Section 1720(c)(6)(A) then the Project is not subject to the payment of prevailing wages under California law. The Agency advises the SHfH and SHfH meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Additionally, the Agency advises the SHfH and SHfH make their own independent determinations of the applicability of prevailing wage laws and independently implement such determinations. SHfH indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by SHfH or SHfH or both of them.

**4. PUBLIC SAFETY PROTECTIONS.** SHfH shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private SHfH s and their employees and the public from the risk of injury arising out of the condition of the Property or SHfH's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any of soil or improvements or buildings.

**5. NOTICE PURSUANT TO LABOR CODE SECTION 1771.** A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work ,as defined in this chapter, unless currently registered and qualified to perform work pursuant to

Section 1725.5

**6. NO DISCRIMINATION DURING CONSTRUCTION.** SHfH for itself, the general Contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project.

**7. EMPLOYMENT.** SHfH shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. The SHfH will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SHfH agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

**8. INDEMNIFICATION.** Except to extent of active negligence, willful misconduct or gross negligence on the part of Agency, SHfH shall indemnify, save harmless and defend, to the fullest extent permitted by law, the Housing Authority of the City of Sacramento, the Housing Authority of the County of Sacramento, the Sacramento Housing and Redevelopment Agency, the City of Sacramento and the County of Sacramento, their respective officers, directors, commissioners, advisory committee members, agents, and employees from liability, claims, demands, attorney's fees or litigation and related costs, including without limitation, court costs and investigator, witness, arbitrator and mediator fees, for any injury or damages to persons or property resulting from SHfH 's prosecution of work under the PDA, or otherwise related to this PDA, whether caused, in whole or part, by an intentional act, negligent act or omission by SHfH, its officers, employees, or agents.

**9. INSURANCE COVERAGE REQUIREMENTS.** During the Grant Term, SHfH must maintain the following insurance coverage from insurance providers licensed to do business in California and having an industry rating that is reasonably acceptable to Agency. Failure to maintain the required insurance is a material breach of this PDA. Before beginning any work under this PDA, SHfH must provide Agency with certificates of insurance or copies of the insurance policies demonstrating the required coverage, and the required endorsements naming Agency as an additional insured. SHfH must assure that such certificates and endorsements are in a form reasonably acceptable to the Agency and reflect fulfillment of all of the requirements of this PDA. SHfH must assure that the coverage afforded under the policies can only be canceled after thirty (30) days prior written notice to the Agency of the pending cancellation. SHfH must mark such notice to the attention of the Agency's Procurement Services Office at the following address:

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY  
801 12<sup>th</sup> Street – Procurement Services (PS)

Sacramento, California 95814

a) The required insurance coverage is the following: (i) Two Million Dollars (\$2,000,000) or more of comprehensive general liability coverage including, without limitation, coverage for general liability, public liability and property damage and having a deductible of Twenty-five Thousand Dollars (\$25,000) or less; (ii) if motor vehicles are used in connection with this PDA, Three Hundred Thousand Dollars (\$300,000) or more of automobile liability coverage having a deductible of Five Thousand Dollars (\$5,000 ) or less; and statutory limits or more of workers compensation coverage for all employees of SHfH and all others doing PDA work. The policies shall be endorsed to name the Agency as an additional insured. The insurance afforded to such additional insured shall apply to the fullest extent permitted by law and shall be at least as broad as as the afforded to the named insured.

b) Cancellation: SHfH will provide the Agency with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is the SHfH 's responsibility to notify the Agency of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, the SHfH shall notify the Agency within forty eight (48) hours of such cancellation or non-renewal.

\_\_\_\_\_SHfH 's Initials

c) SHfH is in material breach of this PDA for so long as SHfH fails to maintain all of the required insurance. Agency has the right, but not the obligation, to pay any delinquent insurance premiums and any other charges to reinstate or maintain the required insurance policies and coverage. Upon Agency's demand, SHfH must immediately reimburse Agency for any and all costs incurred by Agency in so obtaining or maintaining insurance. If Agency does incur such costs, Agency shall have the right to withhold such amount from any payment due to SHfH under this PDA and to reduce the compensation payable to SHfH under this PDA by such amount.

**10. AGENCY OWNERSHIP OF/RIGHTS TO WORK PRODUCED.** Agency shall own the right to and have the full use of the work produce including but not limited to drawings, renderings, elevations, schematics, and infrastructure constructed or installed.

**11. THIRD PARTIES.** This PDA and the DDA shall not operate to make the Agency liable for payment of any sums to any parties other than SHfH; the PDA and the DDA are not executed for the benefit of any third parties.

**12. TERM.** The term of this agreement begins with the effective date of this PDA and concludes August 1, 2016. The Effective Date shall be the date of the Agency resolution approving its execution, ("Effective Date"). Upon expiration, of the term of the agreement the following items must be completed; site and building plan development, county approvals permits (including rezoning), and infrastructure is to be constructed or installed no later than August 1, 2016. Should , for any reason whatsoever the DDA terminate or expire without completion of the Project, all Agency paid for construction , installation, and permitting, and work produced including but not limited to drawings, renderings, elevations, schematics, and infrastructure

constructed or installed will revert to the Agency.

13. **SHfH COSTS.** SHfH shall bear all costs relating to actions of SHfH under the DDA, except as specifically provided for certain predevelopment expenditures in this PDA .

14. **NO LIENS OR ENCUMBRANCES.** Should SHfH at its own volition decide to spend more than the reimbursable amount under this PDA and before the implementation of the DDA, SHfH shall ensure that no liens or encumbrances are place upon the Property as a result of SHfH's activities.

15. **INDEMNITY.** Except where caused by the active negligence, sole negligence or willful misconduct of the Agency, SHfH agrees to defend, indemnify, and hold Agency harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Agency may reasonably incur as a direct or indirect consequence of the making of this PDA, SHfH's failure to perform any obligations as and when required by this PDA or any of the other related documents, the failure at any time of any of SHfH's representations or warranties to be true and correct, or any act or omission by SHfH.

16. **APPLICABLE LAW; VENUE.** This PDA shall be construed in accordance with the laws of the State of California, and venue for any action under this PDA shall be in Sacramento County, California.

17. **TIME OF ESSENCE.** Time is of the essence in the performance of the respective obligations of the parties under this PDA .

18. **ATTORNEYS' FEES.** In the event of any dispute between the Parties, whether or not such dispute results in litigation, the prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees.

19. This is the entire PDA between the Agency and SHfH with regards to predevelopment activities and certain predevelopment expenditures. Nothing in this PDA modifies or changes any terms or conditions of the Disposition and Development (and related documents), or the Regulatory Agreement.

Agreed hereto in Sacramento, California on November \_\_, 2014.

**SHFH : SACRAMENTO HABITAT FOR  
HUMANITY, INC.**

By:

\_\_\_\_\_  
Kenneth E. Cross, Jr., CEO & President

Date: \_\_\_\_\_

**AGENCY: THE SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY**

By:

\_\_\_\_\_  
La Shelle Dozier, Executive Director

Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Agency Counsel



NO FEE DOCUMENT:

Entitled to free recording  
per Government Code §§27383 & 6103

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
ATTN: Darrin Samford  
801 12th Street  
Sacramento, CA 95814

**NEIGHBORHOOD STABILIZATION PROGRAM  
PROPERTY RECYCLING PROGRAM**

**DISPOSITION AND DEVELOPMENT AGREEMENT**

FIVE SEPARATE VACANT LOTS  
3821, 3823, 3825, 3827, AND 3829 43<sup>RD</sup> AVENUE  
SACRAMENTO, CALIFORNIA

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
AND  
SACRAMENTO HABITAT FOR HUMANITY, INC.  
November \_\_, 2014

**NEIGHBORHOOD STABILIZATION PROGRAM  
PROPERTY RECYCLING PROGRAM**

**DISPOSITION AND DEVELOPMENT AGREEMENT**

FIVE SEPARATE VACANT LOTS  
3821, 3823, 3825, 3827, and 3829 43<sup>rd</sup> Avenue, Sacramento, California

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, and Sacramento Habitat for Humanity, Inc., also called Agency and SHfH, respectively, enter into this Disposition and Development Agreement, also called DDA, as of November \_\_, 2014.

**RECITALS**

A. Agency is the owner of real property consisting of five, separate vacant lots located at 3821, 3823, 3825, 3827, and 3829 43<sup>rd</sup> Avenue (APNs 037-0327-016-0000, 037-0327-017-0000, 037-0327-018-0000, 037-0327-019-0000, and 037-0327-020-0000), in the City of Sacramento, State of California, more particularly described in the Property Description.

B. This Property was foreclosed upon and subsequently acquired by the Agency with Neighborhood Stabilization Funds (“NSP”). Rehabilitation was not feasible and the blighted property was demolished.

C. The primary purpose of this DDA is to carry out the goals of the Housing and Economic Recovery Act of 2008 (Pub.L. 110-289)(“HERA”) and to assist in the elimination of the blighting influences caused by foreclosed and vacant homes by causing these homes to be rehabilitated to certain, specified standards and sold to eligible very low and low-income, owner-occupant buyers. In order to accomplish these goals, the DDA provides that the Agency will transfer the Agency's interests in the Property to SHfH upon the express condition that SHfH will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the SHfH will redevelop the Property and that the SHfH is not merely speculating in land.

D. This proposed project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332 as an infill project because the site is not more than 5 acres, is substantially surrounded by urban uses, and the project is consistent with the General Plan and will not result in any significant impacts to traffic, noise, air quality or water quality.

E. SHfH desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

## AGREEMENT

**NOW THEREFORE**, the parties acknowledge that the foregoing Recitals are true and correct, and based upon such Recitals and in consideration of the following mutual covenants, obligations and agreements and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.
  
2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to SHfH solely for the purposes of developing the Project. The Project shall be the following: 5 new construction single family detached houses, pursuant to Exhibit 4: the Scope of Development, which is attached hereto and incorporated herein, on a property that was a single family foreclosed home. Construction of the Project will be completed in three phases. Phase I consists of the construction and installation of infrastructure, entitling and permitting of all five parcels by SHfH prior to conveyance of the Property by Agency. Phase II consists of two (2) 4 bedroom 2 bathroom homes. Phase III consists of three (3) 3 bedroom 2 bathroom homes. The Project includes the close of sale to an income qualified owner occupant, whose income does not exceed one hundred and twenty percent (120%) of Area Median Income (“Eligible Household”), at an affordable price, not to exceed the after-constructed appraised value of the property (“Maximum Sales Price of the New Home”).
  
3. **PURCHASE AND SALE.** Agency agrees to sell and SHfH agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by SHfH only, constitutes SHfH’s offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by the Agency and SHfH and recorded on the Property upon conveyance of the Property to SHfH.
  - 3.1. **PURCHASE PRICE.** The Purchase Price for the Property shall be One Dollar (\$1.00), plus Additional Consideration.
  
  - 3.2. **ESCROW.** SHfH and Agency have opened, or within ten (10) days after the Effective Date, shall open, the Escrow account subject to the provisions of the Escrow Instructions. Agency and SHfH shall execute and deliver the Escrow Instructions to Title Company within ten (10) days after the Effective Date.
  
  - 3.3. **CONDITIONS TO AGENCY'S PERFORMANCE.** Agency's obligation to perform under both Phase II and Phase III under this DDA is subject to all of the following conditions:

3.3.1. SHfH has performed all of the obligations that it is required to perform pursuant to this DDA, including without limitation, obtaining all required approvals of the Plans; obtaining building permits sufficient to commence Project construction; and completing all of the work (including infrastructure work) as required by the Predevelopment Agreement, providing all required budgets, reports and evidence of funding and insurance; and providing required construction contracts.

3.3.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

3.3.3. SHfH's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

3.3.4. The DDA is in full force and effect, no default on the part of SHfH having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by SHfH under the DDA.

**3.4. CONDITIONS TO SHFH'S PERFORMANCE.** SHfH's obligation to perform both Phase II and Phase III under this DDA is subject to satisfaction of all of the following conditions:

3.4.1. Agency has performed all of the obligations that it is required to perform pursuant to this DDA.

3.4.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

3.4.3. Agency's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

3.4.4. The DDA is in full force and effect, no default on the part of Agency having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Agency under the DDA.

**3.5. GENERAL COVENANTS AND REPRESENTATIONS AND WARRANTIES.** The parties make the following covenants, representations and warranties regarding the Property and the Project.

**3.5.1. AGENCY'S REPRESENTATIONS AND WARRANTIES.** Agency represents and warrants to SHfH that as of the date of this DDA and as of the Close of Escrow, the date for which is set forth on the Schedule of Performances, to the knowledge of Agency's legal department, its Executive Director, and its staff with responsibility for development of the Property:

a) Agency has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are in violation of any applicable laws regarding Hazardous Substances, or informing

Agency that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property.

To the best of Agency's knowledge, there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property.

b) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Agency; are binding obligations of Agency; and do not violate the provisions of any agreements to which Agency is a party.

**3.5.2. AGENCY'S COVENANTS.** Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Agency shall promptly notify SHfH of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

b) Agency shall not permit any liens, encumbrances, or easements to be placed on the Property, other than the approved exceptions named as acceptable in the Escrow Instructions or as identified and approved in this DDA.

c) Agency shall not, without SHfH's written consent, enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Property that would be binding on SHfH or the Property after the Close of Escrow without the prior written consent of SHfH, except as otherwise agreed in this DDA.

d) Agency shall not permit any act of waste or act that would tend to diminish the value of the Property for any reason, other than ordinary wear and tear.

Agency shall convey the Property to SHfH pursuant to the terms and conditions contained in this DDA.

**3.5.3. SHfH'S REPRESENTATIONS AND WARRANTIES.** SHfH, for itself and its principals, represents and warrants to Agency that as of the date of this DDA and as of the Close of Escrow:

a) SHfH has reviewed the condition of the Property, including without limitation, the physical condition of the Property (above and below the surface) and issues regarding land use and development of the Property, and if SHfH closes Escrow for the acquisition of the Property, SHfH shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses.

b) SHfH's agreement to close the Escrow for the acquisition of the Property serves as SHfH's representation that SHfH has obtained all additional information regarding the Property that SHfH considers necessary for its due diligence in acquiring the Property.

c) To the best of SHfH's knowledge, there is no pending or threatened litigation, administrative proceeding or other legal or governmental action with respect to SHfH which would affect its ability to fulfill its obligations under this DDA and acquire the Property or which may constitute a lien against SHfH's equity or SHfH's interests in the Property, now or in the future.

d) Any information that SHfH has delivered to Agency, either directly or through SHfH's agents, is, to the best of SHfH's knowledge, accurate, and SHfH has disclosed all material facts concerning the operation, development, or condition of the Property.

e) SHfH has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. SHfH represents that any equity and funding commitments represented by SHfH to Agency as available to the Project are unencumbered and that SHfH has not represented to any other party that it will use such funds for any purpose other than the Project (and covenants that it will not use them for any other purpose) without prior written Agency consent.

f) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by SHfH; are binding obligations of SHfH; and do not violate the provisions of any agreements to which SHfH is a party.

**3.5.4. SHfH'S COVENANTS.** Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) SHfH covenants by and for itself and assigns, and all persons claiming under or through it, that it shall not discriminate on the basis of race, color, ancestry, religion, creed, sex, marital status, or national origin in the sale, lease or rental or in the use or occupancy of the Property and the Project.

b) SHfH shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

c) SHfH shall not cause any liens, encumbrances, or easements to be placed on the Property prior to Close of Escrow, except as otherwise permitted by this DDA or approved in writing by Agency.

d) SHfH shall not cause any act of waste or act that would tend to diminish the value of the Property for any reason, except that caused by ordinary wear and tear.

e) SHfH shall be solely responsible for the cost and acquisition of the remaining parcels of the Project Site.

f) SHfH shall complete the development of the Project at SHfH's cost and without requesting or receiving additional Agency or City contributions to the Project other than as provided in this DDA.

g) SHfH shall comply with all provisions of the Regulatory Agreement, and cause any subsequent purchaser of the property to so comply.

**3.8.5. CLOSE OF ESCROW.** The Escrow shall not close, and the Property shall not be conveyed to SHfH unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow.

**3.6. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW.** If, prior to the Close of Escrow: (a) damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by SHfH or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed twenty percent (20%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a twenty percent (20%) or more decrease in the after-taking value of the Property, Agency shall notify SHfH in writing of the damage, destruction or condemnation. SHfH may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

**3.6.1.** If this DDA is to continue in full force and effect after any such damage or destruction, Agency shall do one of the following:

a) Agency shall pay or assign to SHfH any amount due from or paid by any insurance company or any other party as a result of the damage; and the amount of any deductible under Agency's insurance policy; or

b) Agency shall pay to SHfH through credit in Escrow against the cash portion of the Purchase Price for the cost of repairing or correcting such damage not covered by insurance, provided, however, that the amount of any payment of such credit against the Purchase Price pursuant to this clause shall not exceed thirty percent (30%) of the Purchase Price. If this DDA is to continue in full force and effect after such condemnation action, Agency shall pay any amounts received on account of, and assign to SHfH all of Agency's rights regarding, any awards for such taking.

**3.6.2. COMMISSIONS.** Agency is not responsible, by this DDA or otherwise, to pay commissions on this transaction or any related transaction.

**4. TERM.** The Term of this DDA shall be three (3) years from the date of this DDA with the option to extend the DDA by two (2) years if both parties mutually agree to a five (5) year term, or at the Agency's discretion. Any parcel or parcel upon which the construction of the home has not commenced shall revert to the Agency in accordance with Section 16, below. Activities

performed pursuant the PDA do not constitute commencement of construction as required by this Section 4.

**5. THE PREDEVELOPMENT AGREEMENT.** Phase I shall be accomplished pursuant to a Predevelopment Agreement (PDA). The specific schedule and scope of Phase I are more particularly described in the PDA. The purpose of the PDA is to make the five parcels ready, both as to physical site preparation and infrastructure as well as legally, i.e., fully entitled, to construct Phases II and III.

**6. AGENCY FUNDING.** The Agency shall provide funding for the Phase I in the form of a Predevelopment Agreement. All terms regarding Agency funding are in the Predevelopment Agreement, including without limitation, the use of funds and reimbursable expenditures. The Agency, shall not by this DDA or the PDA, be obligated for any expenses related to the construction of the Project which are not specifically covered by the PDA.

**7. PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS.** The Agency shall have the right, but not the obligation, to review Plans to assure their conformity with the provisions of this DDA. Based upon such review the Agency shall have the right to approve or reject the Plans for reasonable cause.

**7.1. EXTENT AND CHARACTER OF PLAN REVIEW.** Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Plans further the Redevelopment Plan; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by the Agency. This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. SHfH shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

**7.2. CONCURRENT REVIEW.** Agency agrees that its review of the Final Plans shall occur before or concurrently with City's review of such plans, so as not to delay the commencement and progress of Project development.

**7.3. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS.** SHfH shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. SHfH shall submit the Final Plans to the Agency for Agency's review. The Final Plans shall conform in all material respects to this DDA, including without limitation, Plans and the Scope



of Development. To the extent that the DDA has insufficient detail or is unclear, the DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of City approval of the project, unless otherwise fulfilled. SHfH agrees that it will comply with the requirements of the City of Sacramento Design Review/Preservation Board to the extent of its jurisdiction.

**7.4. DELIVERY.** SHfH shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the Sacramento Housing and Redevelopment Agency, at the address for notices and shall have clearly marked on its exterior "URGENT: NSP - PRP Vacant Lots at 3821, 3823, 3825, 3827, and 3829 43rd Avenue PROJECT PLAN REVIEW" or the equivalent.

**7.4.1. DEEMED APPROVAL.** If duly marked and delivered, the Final Plans or changes to the Final Plans shall be deemed approved unless disapproved in whole or in part, in writing, within thirty (30) days after their proper delivery to Agency.

**7.4.2. AGENCY DISAPPROVAL.** If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that the Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If the Agency rejects the proposed Final Plans, SHfH shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as SHfH has modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

**7.5. GOVERNMENTAL CHANGES.** If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper jurisdiction, the SHfH shall inform the Agency. If Agency and SHfH concur in writing with the required change, SHfH shall incorporate the change and it shall be deemed approved by Agency. If Agency or SHfH reasonably disagrees with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative.

**7.6. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS.** If the SHfH desires to make any substantial changes in the Final Plans, SHfH shall submit such proposed changes, in writing, to the Agency for its approval. The Agency shall approve or disapprove the proposed change as soon as practicable. The Final Plans shall be construed to include any changes approved in the same manner as for approval of the original Final Plans under this section. The Final Plans shall be construed to include any such changes. Nothing in this Section shall be construed to relieve SHfH of its obligations under all applicable laws regarding such changes.

**7.6.1. SUBSTANTIAL CHANGE.** A substantial change in the Final Plans shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

a) Material changes in the layout, elevation design, functional utility or square footage.

b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.

c) Any change that reduces the effectiveness of any mitigation measure required for CEQA approval of the Project.

d) Material changes in site development items for the Property that are specified in the Final Plans.

e) Material changes in quality of project or landscaping materials.

f) Any change in public amenities specified in the Final Plans.

g) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer.

h) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

**7.6.2. MISREPRESENTATION.** If the Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by SHfH or by anyone on SHfH's behalf, the Agency may, within a reasonable time after discovery of the misrepresentation, take any action permitted by law with regard to any such misrepresentation, notwithstanding Agency's prior approval, including without limitation, rescission of the approval or such other equitable remedies as may then be appropriate to such rescission.

**8. DEVELOPMENT PROVISIONS.** As stated in detail in this Section 8, SHfH shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. SHfH shall promptly begin, diligently prosecute and timely complete the construction of the Project. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code Section 33000) shall control.

**8.1. NOTICE TO PROCEED.** SHfH shall not enter the Property or begin work on the Project until the Agency has issued to SHfH a written notice to proceed with the work. Agency will issue a notice to proceed after Agency approval of the Final Plans, City's issuance of a building permit for substantially more than the Project foundations, SHfH's compliance with all

governmental requirements for start of construction, SHfH's provision of required policies of insurance, and SHfH's provision of proof of construction financing in an amount adequate to begin the Project work.

**8.2. CONSTRUCTION CONTRACTS.** SHfH shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by SHfH, SHfH shall, nevertheless, bear the responsibility to complete, at SHfH's cost, the construction of the Project in accordance with this DDA. If the property is revested in the Agency pursuant to Section 16, SHfH shall assign all rights under the construction contracts to Agency.

**8.3. GOVERNMENTAL REVIEW PROCESS.** Notwithstanding any other provision of this DDA, SHfH is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the City of Sacramento.

To assure proper review by the City, SHfH shall, within thirty (30) days of the date of this DDA, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, SHfH shall, as applicable, take designs before the City's Design Review/Preservation Board or its appropriate subcommittee for comment as soon as practicable. Conditions to the project imposed by the City shall be considered obligations of the SHfH under this DDA. If a dispute with City staff arises regarding such City conditions, SHfH shall accept the decision of the City's Planning Commission interpreting, imposing and enforcing such City conditions, subject to any applicable appeals process of the Planning Commission.

**8.4. ART IN PUBLIC PLACES EXEMPTION.** The Project improves and increases the stock of affordable housing in the community. Imposition of the Art in Public Places Program would increase the cost of the Project substantially and reduce either the number of affordable units available in the Project or the affordability of those units. Therefore, the Aesthetic Improvement Policy requirements are not applicable.

**8.5. SUBSTANTIAL CHANGES.** SHfH covenants and agrees that SHfH shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 7.3, without Agency approval of such changes as provided in Section 7.6.

**8.6. LOCAL, STATE AND FEDERAL LAWS.** The SHfH shall assure that the construction of the Project is carried out in conformity with all applicable laws and regulations, including all applicable federal and state labor standards. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, SHfH shall at its own expense secure any and all certifications and permits which may be required by any governmental agency having jurisdiction over such construction, development or work. Agency shall cooperate in securing certifications and permits which require consent of the owner of the property. SHfH shall permit only persons or entities which are duly licensed in the State

of California, County of Sacramento and City of Sacramento, as applicable, to perform work on or for the Project.

**8.7. PREVAILING WAGES.** Agency advises SHfH that if the Project qualifies as a self-help project as defined in the California Labor Code Section 1720(c)(6)(A) then the Project is not subject to the payment of prevailing wages under California law. The Agency advises the SHfH and Contractor meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Additionally, the Agency advises the SHfH and Contractor make their own independent determinations of the applicability of prevailing wage laws and independently implement such determinations. SHfH indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by SHfH or Contractor or both of them. .

**8.8. PUBLIC SAFETY PROTECTIONS.** SHfH shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the Property or SHfH's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

**8.9. NO DISCRIMINATION DURING CONSTRUCTION.** SHfH for itself, the general contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project.

**8.9.1. EMPLOYMENT.** SHfH shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. The SHfH will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SHfH agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

**8.9.2. ADVERTISING.** SHfH will, in all solicitations or advertisements for employees placed by or on behalf of the SHfH, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, marital status, national origin, ancestry, familial status, or disability.

**8.9.3. MONITORING PROVISIONS.** SHfH, Contractor and subcontractors shall comply with the requirements of the Agency for monitoring the anti-discrimination and all applicable labor requirements.

**8.10. PUBLIC IMPROVEMENTS.** SHfH shall, at SHfH's expense, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities for the development of the Property.

**8.11. AGENCY ACCESS TO THE PROPERTY.** SHfH shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

**8.12. PROJECT SIGN.** If SHfH places a sign on the Property during construction stating the names of the Project participants, it shall also name "Sacramento Housing and Redevelopment Agency" as a participant in the Project. The Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

**8.13. CERTIFICATE OF COMPLETION.** After the Agency has determined that SHfH has completed the construction of the Project in accordance with the Final Plans and SHfH's obligations under this DDA, the Agency will furnish the SHfH with the Certificate of Completion certifying such completion. The Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA with respect to the obligations of the SHfH to construct the Project as of the Completion Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

**8.13.1.** The Certificate of Completion shall not constitute evidence of compliance with any governmental requirements regarding the Project other than those of Agency or satisfaction of any obligation of the SHfH to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance all or any part of the Project. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any provision of this DDA that is not related to construction of the Project.

**8.13.2.** If the Agency fails to provide a Certificate of Completion within fifteen (15) days after written request by SHfH, the Agency shall, within an additional fifteen (15) days after a second written request by the SHfH, provide the SHfH with a written statement, indicating in adequate detail in what respects the SHfH has failed to complete the Project in accordance with the provisions of the DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of the Agency, for the SHfH to take or perform in order to obtain such certification.

**8.14. REPORTS.** During the period of construction, the SHfH shall submit to the Agency a written report of the progress of the work as and when reasonably requested by the Agency, but not more often than once each month.

**8.15. NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS.** SHfH shall assure notification of the Project contractors, architects and engineers for the Project of the requirements of this DDA. SHfH shall include, where applicable, the provisions of this DDA in construction contracts, subcontracts, materials and supplies contracts and services and consulting contracts for the Project, and SHfH shall undertake the enforcement of such provisions.

**8.16. PROPERTY CONDITION.** SHfH, at SHfH's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which SHfH may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and SHfH, SHfH shall be solely responsible for the adequacy of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the SHfH to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

**8.17. ZONING OF THE PROPERTY.** Agency exercises no authority with regard to zoning of the Property. SHfH shall assure that zoning of the Property at the time of development shall be such as to permit the development and construction, use, operation and maintenance of the Project in accordance with the provisions of this DDA.

**8.18. HAZARDOUS SUBSTANCES.** Agency has not obtained a Phase I assessment. In any event, SHfH shall obtain such Hazardous Substances assessments as SHfH deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and SHfH, SHfH shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by SHfH. If Hazardous Substances are known to be on the Property, SHfH shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to SHfH and have not been released on the Property after conveyance to SHfH, SHfH shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to SHfH and have not been released on the Property after conveyance to SHfH and the cost to remediate such Hazardous Substances is reasonably estimated to exceed Five Thousand Dollars (\$5,000), SHfH may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties

delivered pursuant to or in furtherance of this DDA. SHfH shall bear No percent of the costs related to such remediation and Agency shall bear the remainder of the costs.

**8.19. SHfH ACCESS TO PROPERTY.** Prior to the conveyance of the Property by Agency to SHfH, the Agency shall permit representatives of SHfH to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out SHfH's obligations under the DDA; provided, however, that SHfH shall not enter the Property except (a) after execution by SHfH and Agency of Agency's standard "Permit for Entry" and (b) after SHfH has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. SHfH shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, SHfH shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

**9. RELOCATION.** Agency is required by law to provide relocation services and make relocation payments to eligible tenants that are displaced as a result of the Project. SHfH shall comply fully with all relocation laws that are the obligation of Agency or are otherwise applicable to the Project. SHfH's compliance with the relocation requirements as stated in this Section 6 is a material element of this DDA. SHfH's failure to comply with the relocation requirements as stated in this Section 6 is an Event of Default, subject to SHfH's opportunity to cure in accordance with applicable law.

**9.1. RELOCATION COSTS.** Unless otherwise stated in this Agreement, any amounts paid by Agency for relocation costs and services shall be considered advances under the Agency funding.

**9.2. COOPERATION AND ACCESS.** SHfH shall cooperate fully with Agency in complying with such relocation laws, including without limitation, providing Agency access to all tenants of the Property, to all books and records related to the tenants of the Property and to all properties offered for temporary or permanent relocation. Prior to taking any action with respect to relocation of tenants, SHfH shall meet with Agency to establish reasonable protections for tenants and related reporting requirements for SHfH.

**9.3. SHfH AS RELOCATION AGENT.** With the approval of Agency, SHfH may act as Agency's agent in accomplishing such relocation. Agency and SHfH by memorandum in writing shall establish their respective duties related to such relocation. If Agency and SHfH agree that SHfH will act as Agency's agent for purposes of this DDA, SHfH may enter into agreements for the provision of relocation services, or SHfH may perform such services directly. SHfH shall, by provisions in its agreements or by direction to its staff, assure that the entity performing the relocation services: (a) complies with all applicable laws; (b) fully informs Agency of all relocation activities; (c) makes all requests for direction or clarification to Agency; and (d) responds to and follow the Agency's instruction and direction.

**10. DEVELOPMENT FINANCING.** Except as specifically provided in this DDA, SHfH shall be responsible for and shall pay all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to SHfH, SHfH shall provide the Agency with a complete and firm Project budget including all proposed sources and uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the SHfH shall provide evidence, satisfactory to the Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

**10.1. EVIDENCE OF AVAILABLE FUNDS.** Unless otherwise approved by the Agency, SHfH's evidence of available funds, as required in the preceding section, must include only the following: (a) SHfH equity (as provided in Section 10.3); (b) firm and binding loan commitments (as provided in Section 10.2) from each Lender, in form and content acceptable to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, SHfH shall provide all additional information requested by the Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

**10.2. COMMITMENT AND GRANT REQUIREMENTS.** As a material obligation under this DDA, SHfH shall assure that the grant documents for the Project are consistent with the Grantor's commitment approved by the Agency and comply, in all respects, with this DDA. The Agency may reject a grant commitment unless such commitment: (a) is subject only to Lender's reasonable conditions of title and SHfH's execution of standard grant documents (copies of which have been previously provided to and approved by the Agency); (b) contains only usual, customary, and commercially reasonable grant terms; (c) continues in effect until a time when subject financing is reasonably expected to be required; and (d) for construction financing, provides for a construction grant term not less than that specified in the Schedule of Performances for completion of construction and any additional time necessary to fulfill all conditions precedent to funding of permanent financing. The Agency may also reject any commitment if it is based upon sources and uses of Project funds that are different from those approved by Agency for the Project. The Agency may also reject any commitment that requires changes to the Project which conflict with this DDA, that require amendment of this DDA or that require the Agency to enter into agreements with any Grantor or Lender, guarantor, equity partner or any other third-party. SHfH has identified the following sources of their funds: Sponsorships - \$375,000.00, Cal Home Mortgage Assistance Program - \$300,000.00, California Self Help Housing Program - \$75,000.00, HUD Self Help Homeownership Opportunity Program - \$75,000.00. Sacramento Habitat for Humanity generated funds - \$25,000.00

**10.3. EVIDENCE OF SHFH EQUITY.** Unless otherwise agreed in writing by the Agency, SHfH may provide evidence of equity for Phase II in the amount of Three Hundred Forty Thousand Dollars and No Cents (\$340,000.00) and evidence of equity for Phase III in the



amount of Five Hundred Ten Thousand Dollars and No Cents (\$510,000.00) by any one of the following actions: (a) deposit of the required equity in a joint account with the Agency, which funds shall be released only upon the joint signatures of the Agency and the SHfH; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and content as provided by the Agency, which letter of credit shall provide that the Agency may draw to fulfill any SHfH obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) SHfH's provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. SHfH shall not provide evidence of equity that includes funds not available at the commencement of construction or that claims as equity any funds to be generated by development of the Project, including without limitation, anticipated SHfH profit or fees or SHfH contribution of services to the Project. The Agency may reject any submitted evidence of equity if the Agency has any reason to believe that such funds may not be available to the Project.

**11. INDEMNIFICATION FOR HAZARDOUS SUBSTANCES.** SHfH shall indemnify, protect and defend Agency, its officers, directors, council members and supervisors, employees, advisory committee members, and agents, and hold them harmless from any and all liability, costs, fees, fines, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to the existence of Hazardous Substances on the Property that were not on the Property prior to Agency's transfer of possession of the Property to SHfH or that were related to the removal or discharge of Hazardous Substances by SHfH, or its employees, agents or contractors, during SHfH's remediation of the Property pursuant to this Section.

12. Agency shall indemnify, protect and defend SHfH, its officers, directors, employees, and agents, and hold them harmless from any and all liability, costs, fees, penalties and claims (including without limitation court, mediation or arbitration costs, attorneys' fees, witnesses' fees, and investigation fees) related to Hazardous Substances discharged on the Property during Agency's ownership of the Property or related to the removal or discharge of Hazardous Substances by Agency or its employees, agents or contractors.

**13. INDEMNIFICATION.** SHfH shall indemnify, protect, defend and hold harmless Agency to greatest extent permitted by law, its officers, directors, commission members, employees, advisory committee members, and agents from any and all liability from bodily injury, death and property damage caused by or resulting from the acts or omissions of SHfH, its officers, employees, agents or independent contractors and for any and all costs incurred by Agency in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of Agency.

Agency shall indemnify, protect, defend and hold SHfH harmless from any and all liability from bodily injury, death and property damage caused by or resulting from the acts or omissions of Agency, its officers, commission members, employees, advisory committee members or agents and for any and all costs incurred by SHfH in defending against such liability claims, including attorney's fees, except for injury, death or property damage caused by the negligent act or willful misconduct of SHfH.

This indemnification provision shall survive the termination of this Agreement.

**14. LIABILITY INSURANCE.** With regard to this DDA, the SHfH shall obtain and maintain for the life of the Regulatory Agreements, and require the Contractor and subcontractors for the Project to obtain and maintain for the term of the development of the Project, such insurance as will protect them, respectively, from the following claims which may result from the operations of the SHfH, Contractor, subcontractor or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable: (a) claims under workers' compensation benefit acts; (b) claims for damages because of bodily injury, occupational sickness or disease, or death of its employees; (c) claims for damages because of bodily injury, sickness or disease, or death of any person other than its employees; (d) claims for damages insured by usual personal injury liability coverage which are sustained (1) by any person as a result of an offense directly or indirectly related to the employment of such person by the SHfH, or (2) by any other person, claims for damages, other than to the construction itself, because of injury to or destruction of tangible property, including resulting loss of use; (e) claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle; and (f) claims for contractual liability arising from the SHfH's obligations under this DDA.

**14.1. LIABILITY INSURANCE POLICY LIMITS.** SHfH shall obtain all insurance under this Section 14 written with a deductible of not more than ONE HUNDRED THOUSAND DOLLARS (\$100,000) or an amount approved by Agency, and for limits of liability which shall not be less than the following:

**14.2. WORKER'S COMPENSATION.** SHfH shall obtain and maintain worker's compensation coverage shall be written for the statutory limits as required by Article 1 (commencing with Section 3700) of Chapter 4 of Part 1 of Division 4 of the California Labor Code (as it may, from time to time, be amended) and having an employer's liability of not less than \$1,000,000, or statutory limits, whichever are greater.

**14.3. COMMERCIAL GENERAL LIABILITY.** SHfH shall obtain and maintain Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better. Such insurance shall have limits of liability, which are not less than \$1,000,000, per occurrence limit; \$2,000,000 general aggregate limit, and \$2,000,000 products and completed operations aggregate limit, all per location of the Project.

**14.4. COMPREHENSIVE AUTOMOBILE LIABILITY.** SHfH shall obtain and maintain comprehensive automobile liability coverage for any vehicle used for, or in connection with, the Project (owned, nonowned, hired, leased) having a combined single limit of not less than \$1,000,000.

**14.5. PROPERTY INSURANCE.** For the duration of the Regulatory Agreements, SHfH shall obtain and maintain property insurance in ISO policy form CP 10 30 - Building and Personal Property Coverage - Causes of Loss - Special Form, to the full insurable value of the Property with no coinsurance penalty (and with endorsements of Builder's Risk until completion of construction of the Project), Boiler and Machine to the extent necessary to obtain full insurance coverage, and with such other endorsements and in such amounts as the Agency may reasonably require to protect the Project and the Property. In the event of damage to the Project and subject to the requirements of Lender, SHfH shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

**14.6. INSURANCE PROVISIONS.** Each policy of insurance required under this DDA shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII , which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Agency's legal counsel. Each policy shall contain the following provisions as applicable, unless otherwise approved by Agency's legal counsel in writing in advance:

**14.6.1. ADDITIONAL INSURED.** SHfH shall obtain a policy in ISO form CG 20 33 or better, naming Agency as additional insured under the Commercial General Liability Policy.

**14.6.2. SINGLE PROJECT INSURANCE.** It is the intent of the parties that the Project have available all the specified insurance coverages. SHfH shall not provide insurance coverages that are considered in aggregate with other Projects which SHfH or its Contractor might have concurrently under construction. The Agency may at its discretion permit an aggregate policy if and only if SHfH or the respective Contractor or subcontractor has fully disclosed to Agency other projects which will or may be considered in aggregate with the Project, and thereafter, SHfH shall immediately inform Agency of the change in or addition to any such projects. Nevertheless, Agency may at any time require that the insurance coverage be provided solely for the Project.

**14.6.3. CERTIFIED POLICY COPY.** SHfH shall provide Agency with a certified copy of each required policy of insurance. Pending delivery of the certified policy, SHfH shall provide Agency with a Certificate of Insurance for each policy on the applicable ACORD form. The ACORD form shall not substitute for the policy. ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance deleting the sentence in the top right-hand block immediately below the title (commencing "This certificate is issued as a matter of information . . .") and in the bottom right-hand box above the authorized representative signature, deleting the words "endeavor to" and "but failure to do so shall impose not obligation or liability of any kind upon the insurer, its agents or representatives."

**14.6.4. CANCELLATION.** Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless the Agency has been given written notice of such intended action at least thirty (30) days prior to its effective date.

**14.6.5. FAILURE TO MAINTAIN.** If SHfH fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, the Agency shall have the right, but not the obligation, to purchase the insurance on SHfH's behalf, and SHfH shall promptly reimburse the full cost of such insurance to the Agency. If SHfH fails to reimburse the Agency for insurance, the amount of unpaid reimbursement shall bear interest at the maximum rate permissible under the law until paid. Failure to maintain the insurance required by this Section 10 shall be a default under this DDA (see Section 11.3, below).

**14.6.6. BLANKET COVERAGE.** SHfH's obligation to carry insurance as required under this Section 10 may be satisfied by coverage under a "blanket" policy or policies of insurance (as the term is customarily used in the insurance industry); provided, however, that the Agency shall nevertheless be named as an additional insured under such blanket policy or policies to the extent required by this Section, the coverage afforded the Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 0 with respect to such insurance shall otherwise be satisfied by such blanket policy.

**15. DEFAULTS AND REMEDIES.** Except as otherwise provided in the DDA, if either party defaults in its obligations under this DDA, the defaulting party shall immediately commence and diligently proceed to cure the default within thirty (30) days after written notice of default from the other party or, if reasonable, such longer time as is reasonably necessary to remedy such default if such default cannot reasonably be cured within thirty (30) days for reasons beyond the control of the defaulting party, provided that the defaulting party shall promptly begin and diligently pursue such cure to completion. If the defaulting party does not promptly begin and diligently cure the default within a reasonable time, the other party may institute proceedings to cure the default, including without limitation, proceedings to compel specific performance by the defaulting party. Subject to any extension of time permitted by this DDA, a failure or delay by a party to perform any term or provision of this DDA constitutes a default of this DDA. As a condition precedent to termination of the DDA under this Section, each party shall first tender the return of all property or funds received from or on behalf of the other party, other than funds properly retained as liquidated damages. After such return of property and funds and termination of the DDA, neither Agency nor SHfH shall have any further rights against or liability to the other under the DDA except as expressly set forth in this DDA to the contrary.

**16. REVESTING TITLE IN AGENCY.** Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of the Agency, after conveyance of any part of the Property to SHfH and prior to issuance of Certificate of Completion, if SHfH defaults in its obligations related to the Project development, abandons or unreasonably suspends Project construction work, permits any unauthorized encumbrance or lien (including tax liens) and fails to discharge any such unauthorized lien or encumbrance, or permits any transfer of all or any part of the Property, then the Agency shall have, for a period of ten years following the Effective Date, the right to re-enter and take possession of the Property, or any part of the Property

conveyed to SHfH, and to terminate and revest in the Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to SHfH shall be made upon, and that the Grant Deed shall contain, a condition subsequent to the effect that in the event of any default, failure, violation, or other action or inaction by the SHfH specified in this Section, failure on the part of SHfH to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in the DDA, the Agency at its option may declare a termination in favor of the Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to SHfH, and that such title and all rights and interests of SHfH, and any assigns or successors in interest to and in the Property, shall revert to the Agency. Such condition subsequent and any such revesting of title in the Agency shall always be subject to and limited by the lien or security interest authorized by the DDA, and any rights or interests provided in the DDA for the protection of the Lenders; and shall not apply to individual parts or parcels of the Property on which the Project have been completed in accordance with the DDA and for which a Certificate of Completion issued as provided in the DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

**16.1.1. RESALE OF REACQUIRED PROPERTY.** Upon the revesting of title of the Property in the Agency, Agency shall use its best efforts to resell the Property, as soon and in such manner as the Agency shall find feasible and consistent with the objectives of the Redevelopment Plan and the Community Redevelopment Law, to a qualified and responsible party, as determined by the Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to the Agency. Upon such resale of the Property, the resale proceeds (after repayment of any liens and encumbrances which have previously been approved by Agency in writing) shall be applied as follows:

**16.1.2. AGENCY REIMBURSEMENT.** Said proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by the Agency, including legal costs, attorney's fees and salaries of personnel, in connection with the recapture, management, and resale of the Property (but less any net income derived by Agency from the Property after such revesting); all taxes, assessments, and water and sewer charges with respect to the Property (or, in the event the Property is exempt from such taxation or assessment during Agency's ownership, an amount equal to such taxes, assessment, or charges (as determined by local assessing authorities) as would have been payable if the Property were not so exempt); any payments necessary to discharge any encumbrances or liens existing on the Property at the time of such revesting or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the SHfH; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing the Agency by the SHfH.

**16.1.3. SHFH REIMBURSEMENT.** After payment to Agency of the sum specified herein, said proceeds shall be paid to SHfH to reimburse SHfH in an amount not to exceed: (1) the sum of the purchase price paid by SHfH for the Property and the cash actually expended by it in actual construction of any of the Project (including without limitation fees and expenses paid to any governmental agency on account of the Project, mitigation or development fees, the costs and expenses of all third-party architects, engineers, or similar design professionals, hard and soft costs of construction expended in construction of the Project, and Lender's interest, loan fees

and other fees and charges on account of the Loan); less (2) any gains or income withdrawn or made by it from the DDA or the Property and any amounts, including interest on loans, then due from SHfH to Agency.

**16.1.4. BALANCE TO AGENCY.** Any balance remaining after such reimbursements shall be retained by the Agency as its property.

**16.2. LIQUIDATED DAMAGES.** Intentionally deleted.

**16.3. OTHER RIGHTS AND REMEDIES.** Upon the occurrence of any default not subject to the preceding liquidated damages provision, and the expiration of any applicable notice and cure period without a cure having occurred within the specified cure period, the non-defaulting party shall have the right to institute such actions as it may deem desirable to remedy a default of this DDA as allowed under this DDA, at law or in equity.

**16.4. NONLIABILITY OF AGENCY OFFICIALS AND EMPLOYEES.** No member, official or employee of Agency shall be personally liable under this DDA to SHfH, or any successor in interest, in the event of any default or breach by Agency or for any amount which may become due to SHfH or its successors, or on any obligations under the terms of this DDA.

**16.5. FEES AND COSTS ARISING FROM DISPUTE.** If an action is commenced between the parties, the Prevailing Party in that action shall be entitled to recover from the nonprevailing party all reasonable attorney fees and costs, witness fees, arbitrator's fees, and court and arbitration costs. "Prevailing Party" shall include without limitation a party who dismisses an action in exchange for sums allegedly due; the party who receives performance from the other party for an alleged breach of contract or a desired remedy where the performance is substantially equal to the relief sought in an action; the party who receives any award for relief through arbitration; or the party determined to be the prevailing party by a court of law.

**17. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS.** Before issuance of a Certificate of Completion, if SHfH has obtained Agency's prior written approval, which approval Agency may withhold in exercise of its reasonable discretion and in consideration of the commercially reasonable protection of its interests under this DDA, the SHfH may obtain a Loan and encumber the Property as security for the Loan, provided either that the proceeds of the Loan are used solely for construction of the Project improvements upon usual and customary and commercially reasonable terms or that the Loan is permanent project financing made upon usual and customary and commercially reasonable terms. Each lender shall be a federal or state chartered financial institution, a pension fund, an insurance company or such other lender which Agency may approve in writing in advance. After issuance of a Certificate of Completion, the Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a Loan, SHfH shall provide the Agency with a conformed copy of all documents related to the Loan. Agency acknowledges that a Lender will rely upon this DDA in making the Loan and that Agency's obligations under this DDA are inducements to Lender's making of the Loan.

17.1. **NOTICES.** If the Agency gives any notice of default to SHfH under this DDA, the Agency shall contemporaneously give a copy of such notice to each Lender who has requested such notice in the following form of request for notice at the address stated in such request for notice. Any such default notice that is not so delivered to Lender shall not be effective or binding with regard to Lender or otherwise affect Lender, but failure to deliver such default notice to Lender shall not affect its validity with respect to SHfH. Lender shall use the following form for requesting notice:

[Date]

The undersigned, whose address for notices is stated immediately below its signature, does hereby certify that it is the Lender as such term is defined in that certain Disposition and Development Agreement dated \_\_\_\_\_ between the Sacramento Housing and Redevelopment Agency and **Sacramento Habitat for Humanity, Inc.** (“DDA”). Lender requests, in accordance with the DDA, that if any default notice shall be given to SHfH under the DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

17.2. **ASSIGNMENTS AND TRANSFERS OF THE LOAN.** Agency shall not be bound to recognize any assignment of Lender’s Loan or related encumbrance of the Property unless and until Lender has given Agency written notice of the name and address of the assignee (and if more than one person is an assignee, the designated name and address for notices) and such assignee qualifies as a Lender under this DDA. Thereafter, such assignee shall be considered a Lender with respect to the Loan and the related encumbrance on the Property.

17.3. **LENDER NOT OBLIGATED TO CONSTRUCT.** Notwithstanding any of the provisions of the DDA, Lender shall not be obligated by the provisions of the DDA to construct or complete the Project. Nothing in this Section or any other provision of the DDA shall be construed to permit or authorize Lender to devote the Property to any uses, or to construct any improvements on the Property, other than those uses or improvements provided or permitted in the DDA.

17.4. **LENDER'S OPTION TO CURE DEFAULTS.** After any default of SHfH's obligations under the DDA, each Lender shall have the right, at its option, to cure or remedy such default, within the time for cure allowed to SHfH, and to add the cost of such cure to the debt and the lien secured by the Property. The Agency shall accept such performance as if it had been performed by SHfH; provided, however, that such Lender shall not be subrogated to the rights of the Agency by undertaking such performance. If the breach or default relates to construction of the Project, however, Lender shall not undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect Project or construction already made) unless Lender assumes, in writing satisfactory to the Agency, SHfH's obligations to complete the Project on the Property in the manner provided in the DDA. Any Lender who properly completes the Project as provided in the DDA shall be entitled, upon written request made to the Agency, to a Certificate of Completion from the Agency in a manner provided in the DDA. Such certification shall mean that any remedies or rights with respect to the Property that the Agency may have because of SHfH's failure to cure any default with respect to the construction of the Project on other parts of the Property, or because of any other default of the DDA by the SHfH shall not apply to the part of the Property to which such Certification relates. Nothing in this Section shall

be deemed to limit, modify or release any claim or remedy that the Agency may have against the SHfH for such default.

**17.5. DEFAULT BY SHfH.** In the event of a default by SHfH, Agency shall not terminate this DDA unless and until the Agency has given notice to Lender of such default, and Lender has failed to cure such default.

17.5.1. If such default cannot practicably be cured by the Lender without taking possession of the Property, then the Schedule of Performances (and, therefore, the Agency's right to terminate this DDA) shall be tolled if and so long as, all of the following are true: (a) Lender has delivered to the Agency, prior to the date on which Agency is entitled to give notice of termination of this DDA, a written instrument satisfactory to Agency in which Lender or its designee unconditionally agrees that it will commence the cure of such default immediately upon Lender or its designee taking possession of the Property and will thereafter diligently pursue such cure to completion; provided, however, that neither the Lender nor its designee shall be obligated to pay damages to the Agency on account of such default, except to the extent of any monies due and unpaid from SHfH; (b) Lender or its designee has rights to obtain possession of the Property (including possession by receiver) through foreclosure, deed in lieu of foreclosure or otherwise, and Lender or its designee promptly commences and diligently proceeds to obtain possession of the Property; (c) if Lender is prevented by court action or by any statutory stay from prosecuting foreclosure proceedings, that Lender is diligently seeking relief from such action or stay; and (d) upon receiving possession of the Property, Lender or its designee promptly commences and diligently proceeds to cure such default in accordance with this DDA.

17.5.2. From and after the cure of such SHfH default, Lender or its designee is not required to obtain possession or to continue in possession of the Property. Nothing in this Section shall preclude the Agency from exercising any of its rights or remedies with respect to SHfH during any period of such forbearance.

**17.6. FORECLOSURE.** Foreclosure of any encumbrance securing the loan of Lender, or any sale under such encumbrance, whether by judicial proceedings or by virtue of any power contained in such encumbrance, or any conveyance of the Property from the SHfH to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, shall not require the consent of the Agency. Upon such foreclosure, sale or conveyance, the Agency shall recognize the resulting purchaser or other transferee as the SHfH under this DDA, provided that such purchaser or transferee expressly assumes each and every obligation of the SHfH under this DDA (except for the obligation to pay damages except to the extent of any monies due and unpaid from SHfH under this DDA) by assumption agreement satisfactory to the Agency. If any Lender or its designee acquires SHfH's right, title and interest under this DDA as a result of a judicial or nonjudicial foreclosure under any power contained in such encumbrance, or any conveyance of the Property from the SHfH to the Lender or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature of foreclosure, such Lender or its designee shall have the right to assign or transfer SHfH's right, title and interest under this DDA to an assignee; provided, however, that the assignee or transferee shall thereafter be subject to all of the terms and conditions of this DDA.



**17.7. MODIFICATIONS.** No modification or amendment to the DDA which materially and adversely affects the Lender's interest in the Property shall be valid and effective unless the Lender's written consent to such modification or amendment has first been obtained, which consent shall not be unreasonably withheld.

**17.8. FURTHER ASSURANCES TO LENDERS.** Agency and SHfH shall in good faith consider making such reasonable modifications to this DDA and executing such further instruments and agreements between them as a Lender may reasonably request, provided such modifications, instruments and agreements do not materially, adversely affect any party's expectations or benefit, rights or obligations under this DDA and provided such modifications, instruments, and agreements serve a material economic purpose.

**17.9. ESTOPPEL CERTIFICATE.** Any party may, at any time, request in writing of any other party to certify in writing that, to the knowledge of the certifying party, (i) this DDA is in full force and effect and a binding obligation of the parties; (ii) this DDA has not been amended or modified, or, if so amended, identifying the amendments; and (iii) the requesting party is not in default in the performance of its obligations under this DDA, or, if in default, describing the nature and extent of any such defaults. A party receiving such a request shall execute and return such certificate to the requesting party, or give a detailed written response explaining why it will not do so, within ten (10) days following its receipt. The Agency's designee shall be authorized to execute any such certificate requested by SHfH from the Agency.

**17.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER.** In reliance on the financial capability and experience of SHfH, substantial public financing and other public aids have been made available by law and by the federal and local governments to make development of the Property possible. SHfH shall not, prior to issuance of a Certificate of Completion, assign SHfH's interests or obligations under this DDA or undertake any act or transaction resulting in a significant change in the interests of the principals of SHfH or the degree of their control of SHfH without the prior written consent of Agency. The transfer or assignment, pursuant to this Section, requires the transferee or assignee to execute and deliver to Agency a valid, binding, written assumption of all obligations of SHfH. Such a transfer as permitted in this Section shall not relieve SHfH, or any other party bound in any way by the DDA, from any of its obligations under the DDA. With respect to this provision, the SHfH and the parties signing the DDA on behalf of the SHfH represent that they have the authority of all of SHfH's principals to agree to and bind them to this provision.

**18. CONCURRENT AGREEMENTS.** The following agreements are to be executed and delivered to each party at Close of Escrow:

**18.1. REGULATORY AGREEMENT-PROJECT.** The Regulatory Agreement in the form of Exhibit 5. The Regulatory Agreement sets out certain provisions of this DDA which shall survive the completion of the Improvements.

**19. DOCUMENT INTERPRETATION.** This DDA shall be interpreted in accordance with the following rules.

**19.1. ENTIRE DDA; SEVERABILITY.** This DDA integrates all of the terms and conditions related or incidental to its subject matter, and supersedes all negotiations or previous agreements between the parties with respect to its subject matter. If any term or provision of this DDA shall, to any extent, be held invalid or unenforceable, the remainder of this DDA shall not be affected; provided that the intent of the DDA may then be reasonably fulfilled.

**19.2. WAIVERS AND AMENDMENTS.** All waivers of the provisions of this DDA must be in writing and signed by Agency or SHfH, as applicable, and all amendments to this DDA must be in writing and signed by Agency and SHfH. Any delay by Agency in asserting any rights under this Section shall not operate as a waiver of such rights or to deprive Agency of or limit such rights in any way. Any waiver in fact made by Agency with respect to any specific default by SHfH under this Section shall not be considered as a waiver of the rights of Agency with respect to any other defaults by SHfH under this Section or with respect to the particular default except to the extent specifically waived in writing.

**19.3. CAPTIONS, GENDER AND NUMBER.** The section headings, captions and arrangement of this DDA are for the convenience of the parties to this DDA. The section headings, captions and arrangement of this instrument do not in any way affect, limit, amplify or modify the terms and provisions of this DDA. The singular form shall include plural, and vice versa, and gender references shall be construed to include all genders.

**19.4. DRAFTER.** This DDA shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this DDA. All exhibits referred to in this DDA are attached to it and incorporated in it by this reference.

**19.5. MERGER.** All of the terms, provisions, representations, warranties, and covenants of the parties under this DDA shall survive the Close of Escrow and shall not be merged in the Grant Deed or other documents.

**19.6. TIME FOR PERFORMANCE.** In determining time for performance, it shall be construed that Agency and SHfH shall each do the actions required of them, promptly and when specified in this DDA, and that each action specified in the Schedule of Performances shall be performed by the responsible party on or before the date scheduled for its completion.

**19.7. GOVERNING LAW.** This DDA shall be governed and construed in accordance with California law.

**19.8. NO JOINT VENTURE, PARTNERSHIP, OR OTHER RELATIONSHIP.** Nothing contained in this DDA or in any other document executed in connection with this DDA shall be construed as creating a joint venture or partnership between Agency and SHfH. Each Party is acting as an independent entity and not as an agent of the other in any respect. No relationship exists as

between Agency and SHfH other than that of a governmental entity regulating the development of private property, and the owner of such private property.

**19.9. NO THIRD PARTIES BENEFITED.** This DDA is made and entered into for the sole protection and benefit of the parties and their permitted successors and assigns, and no other Person will have any right of action or any rights to any property, benefits or funds at any time on deposit in the Construction Account or the Impound Account, if established.

**19.10. INSPECTION OF BOOKS AND RECORDS.** Agency has the right, at all reasonable times, to inspect the books and records of SHfH regarding the Property as reasonably necessary to carry out its purposes under this DDA.

**19.11. OWNERSHIP OF DATA.** If this DDA is terminated, for any reason, prior to the completion of the Project, SHfH shall deliver to Agency any and all data acquired for development of the Property. Agency shall have full ownership and rights to use such data.

**19.12. NOTICES.** All notices to be given under this DDA shall be in writing and sent to the following addresses by one or more of the following methods:

19.12.1. Addresses for notices are as follows:

a) Agency: Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, California 95814, Attention: Darrin Samford.

b) SHfH: Sacramento Habitat for Humanity, Inc., 819 North 10<sup>th</sup> Street, Sacramento, CA 95811-0324, Attention: Kenneth E. Cross, Jr.

19.12.2. Notices may be delivered by one of the following methods:

a) Certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail;

b) A nationally recognized overnight courier, by priority overnight service, in which case notice shall be deemed delivered one (1) business day after deposit with that courier;

c) Hand delivery with signed receipt for delivery from a person at the place of business of the receiving party and authorized to accept delivery for the receiving party, in which case notice shall be deemed delivered upon receipt, or

d) Telecopy or facsimile, if a copy of the notice is also sent the same day by United States Certified Mail, in which case notice shall be deemed delivered one (1) business day after transmittal by telecopier, provided that a transmission report is automatically generated by the telecopier reflecting the accurate transmission of the notices to receiving party at the "Fax

Number” given in the Escrow Attachment or to such other address as SHfH or Agency may respectively designate by written notice to the other.

19.13 **SUCCESSORS.** This DDA shall inure to the benefit of and shall be binding upon the parties to this DDA and their respective successors, and assigns.

20. **DEFINITIONS.** The following definitions shall apply for the purposes of this DDA:

20.1. “Agency” is the Sacramento Housing and Redevelopment Agency. The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California. The principal office of the Agency is located at 801 12th Street, Sacramento, California 95814. Agency as used in this DDA includes the Sacramento Housing and Redevelopment Agency and any assignee of or successor to its rights, powers and responsibilities. The Sacramento Housing and Redevelopment Agency is a joint powers agency which provides staffing for the operation of the Agency.

20.2. “Art in Public Places Program” is the commonly used name for the program implementing Agency's Aesthetic Improvement Policy. Aesthetic Improvement Policy is Agency's policy for the creation and display of artwork in public areas. The policy was adopted by Agency Resolution Number 2865, October 16, 1979. The policy as implemented is known as the Art in Public Places Program.

20.3. “Certificate of Completion” is the certificate issued by the Agency certifying SHfH's completion of the Project and termination of the revestment provisions.

20.4. “City” is the City of Sacramento in the State of California.

20.5. "Close of Escrow" is the time for the close of the Escrow as provided in the Escrow Instructions.

20.6. “Contractor” is the contractor or contractors with whom SHfH has contracted for the construction of the Project.

20.7. “Completion Date” is the date for completion of construction of the Project to the satisfaction of the Agency, which date shall be not sooner than the issuance of a certificate of occupancy for the entire Project. The Completion Date is stated in the Schedule of Performances.

20.8. “DDA” is this Disposition and Development Agreement including the attachments to this DDA consisting of the exhibits named in and attached to this DDA, the Preliminary Plans the Final Plans and any other item expressly incorporated in this DDA, all of which are incorporated in this DDA as if included in full as provisions in the body of this DDA. A default of any of the items incorporated in the DDA by reference is a default of this DDA.

20.9. "SHfH" is Sacramento Habitat for Humanity, Inc., nonprofit corporation. The principal office of the SHfH is located at 819 North 10<sup>th</sup> Street, Sacramento, CA 95811-0324. The principals of SHfH is Kenneth E. Cross, Jr.

20.10. "Escrow" is the escrow for the transfer of the Property and for all requirements related to the transfer. The Title Company is the holder of the Escrow.

20.11. "Escrow Instructions" are the escrow instructions for the close of the Escrow for this DDA.

20.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by the Agency under this DDA. The Final Plans include all construction plans, drawings, specifications and other documents required to obtain all required building permits for the construction of the Project. The Final Plans may refer, as the context may indicate, to partial Final Plans prepared and submitted in accordance with this DDA. The Final Plans shall incorporate all applicable mitigation measures which may be required for compliance with approvals under the California Environmental Quality Act (commencing at Public Resources Code Section 21000) and the rules and regulations promulgated under such act. The Final Plans shall specifically include changes or corrections of the Final Plans approved as provided in this DDA. The Final Plans shall include all landscaping, on- and off-site work and artwork related to the Project. Except as approved by the Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

20.13. "Funding Agreement" is the document that states the terms of Agency Funding which for the purpose this DDA, is the Predevelopment Agreement (PDA) by and between Agency and Developer for certain predevelopment activities, including but not limited to planning, permits, entitlements, and the construction and installation of infrastructure, as more specifically defined in the PDA.

20.14. "Grant Deed" is the grant deed for the transfer of the Property to SHfH under this DDA. The Grant Deed contains covenants that run with the land, easements and a reverter provision. The Grant Deed is attached as **Exhibit 2: Grant Deed**.

20.15. "Hazardous Substances" as used in this DDA shall include, without limitation to, all substances, wastes and materials designated or defined as hazardous or toxic pursuant to any of the following statutes, as they may be amended or superseded, from time to time: the Clean Water Act (33 U.S.C. '1321 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. '9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.); the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101); the Environmental Protection Agency list of hazardous materials (40 CFR Part 302) and California Health and Safety Code Sections 25115, 25117, 25122.7, 25140 (Hazardous Waste Control Law), 25316 (Carpenter-Presley-Tanner Hazardous Substances Account Act), 25501 (Hazardous Materials Release Response Final Plans and Inventory) and 25281 (Underground Storage of Hazardous Substances); all applicable local regulations; and all rules and regulations promulgated pursuant to said laws.

20.16. "Lender" shall mean all holders of any lien or encumbrance as security for a loan on all or any part of the Property which loan is made in accordance with this DDA or otherwise approved by Agency in writing.

20.17. "Plans" are the Project designs and elevations, prepared by the Project architect Norman Scheel and dated June 20, 2014, a portion of which (consisting of various elevations) is attached to the staff report for approval of this DDA. Agency has approved the Plans concurrently with the approval of this DDA.

20.18. "Project" is the development of the Property as described in this DDA for the uses stated in this DDA. The Project includes all improvements rehabilitated and constructed on the Property in accordance with this DDA.

20.19. "Property" is the real property to be developed under this DDA by SHfH, as more particularly described in the Property Description. The Property includes all improvements contained within the Property.

20.20. "Property Description" is the legal description of the various parcels of real property affected by this DDA. The Property Description is attached as **Exhibit 1: Property Description**.

20.21. "Purchase Price" is the purchase price for the Property as set out in Section 3.

20.22. "Regulatory Agreement" is the agreement, which sets out the certain provisions of this DDA that shall survive the completion of the Project.

20.23. "Schedule of Performances" is the schedule that establishes the dates by which obligations of the parties under this DDA must be performed and on which conditions must be satisfied. The Schedule of Performances is attached as **Exhibit 3: Schedule of Performances**.

20.24. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as **Exhibit 4: Scope of Development**.

20.25. "Title Company" is Placer Title Company, Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is 5828 Lonetree Blvd. Suite 200, Rocklin, CA 95765.

20.26. "Unavoidable Delay" is a delay in the performance by a party of any obligation which delay is unforeseeable and beyond the control of such party and without its fault or negligence. Unavoidable Delay shall include acts of God, acts of the public enemy, acts of the Federal Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes) or delays of subcontractors due to such causes. In the event of the occurrence of any

such enforced delay, the time or times for performance of such obligations of the parties shall be extended for the period of the enforced delay, as determined by the Agency, provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after it has or should have knowledge of any such enforced delay, have first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the enforced delay.

**THE PARTIES HAVE EXECUTED THIS DDA** in Sacramento, California, on the following dates, effective as of the date first written above.

**SHFH : SACRAMENTO HABITAT FOR HUMANITY, INC.**

**AGENCY: THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

By:

By:

\_\_\_\_\_  
Kenneth E. Cross, Jr., CEO & President

\_\_\_\_\_  
La Shelle Dozier, Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
Agency Counsel

**[NOTARIZED ACKNOWLEDGEMENTS]**



**EXHIBIT 1**

**Property Description**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

**THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:**

**LOT 1, AS SHOWN AND DESIGNATED ON THE "PLAT OF SOIN ESTATES SUBDIVISION," FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, ON JULY 20, 1995, IN BOOK 238 OF MAPS, MAP NO. 6, RECORDS OF SAID COUNTY.**

**APN: 037-0327-016-0000**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

**THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:**

**LOT 2, AS SHOWN AND DESIGNATED ON THE "PLAT OF SOIN ESTATES SUBDIVISION," FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, ON JULY 20, 1995, IN BOOK 238 OF MAPS, MAP NO. 6, RECORDS OF SAID.**

**APN: 037-0327-017-0000**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

**THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:**

**LOT 3, AS SHOWN AND DESIGNATED ON THE "PLAT OF SOIN ESTATES SUBDIVISION," FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, ON JULY 20, 1995, IN BOOK 238 OF MAPS, MAP NO. 6, RECORDS OF SAID.**

**APN: 037-0327-018**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

**THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:**

**LOT 4, AS SHOWN AND DESIGNATED ON THE "PLAT OF SOIN ESTATES SUBDIVISION," FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, ON JULY 20, 1995, IN BOOK 238 OF MAPS, MAP NO. 6, RECORDS OF SAID.**

**APN: 037-0327-019-0000**

**EXHIBIT "A"  
LEGAL DESCRIPTION**

**THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:**

**LOT 5, AS SHOWN AND DESIGNATED ON THE "PLAT OF SOIN ESTATES SUBDIVISION," FILED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY, ON JULY 20, 1995, IN BOOK 238 OF MAPS, MAP NO. 6, RECORDS OF SAID.**

**APN: 037-0327-020-0000**

**EXHIBIT 2**

**Grant Deed**

NO FEE DOCUMENT:  
Entitled to free recording  
per Government Code §§ 27383 and 6103.  
Recording Requested by the  
SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY  
801 12th Street  
Sacramento, California 95814  
Attention: Darrin Samford

APN #: 037-0327-018-0000

<b>Mail Tax Statements to:</b>
_____
_____
_____

**GRANT DEED**  
NEIGHBORHOOD STABILIZATION PROGRAM  
Property Recycling Program  
(WITH COVENANTS, RESTRICTIONS AND RESERVATIONS)  
3825 43rd Avenue Sacramento, California

The undersigned grantor(s) declare(s):  
Documentary Transfer Tax is \$ \_\_\_\_\_ City Transfer Tax: \$  
XXX computed on full value of property conveyed, or  
\_\_\_\_\_ computed on full value less value of liens and  
encumbrances remaining at time of sale.

THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY, a California joint powers agency, (the "Grantor"), acting to carry out the Grantor's Property Recycling Program of the Neighborhood Stabilization Program on behalf of the City of Sacramento, (NSP), under the Agency administers the Neighborhood Stabilization Program ("NSP") under the provisions of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, approved July 30, 2008) ("HERA"), hereby grants to SACRAMENTO HABITAT FOR HUMANITY, INC., certain real property more particularly described in Exhibit 1 which is attached to, and incorporated in this Deed by this reference ("the Property"), subject to the covenants, restrictions and reservations set forth below which covenants, restrictions and reservations shall inure to the benefit of, and bind, each and every successor, assign or successor in interest of the parties, including any heirs, executors, administrators, transferees or any other person or entity claiming through the parties.

Property is conveyed in accordance with, and subject to the Disposition and Development Agreement (the "DDA") entered into by and between Grantor and Grantee on \_\_\_\_\_, 2014.

The Grantee covenants and agrees that the Property shall be devoted only to the uses specified in the applicable provisions of the DDA the Property is conveyed to Grantee at a purchase price (the "Purchase Price") determined in accordance with the uses permitted.

1. Grantee acknowledges and agrees that as provided in the Disposition and Development Agreement, Grantee shall promptly commence and complete development of the Property in accordance with plans and specifications approved by Grantor. Construction of improvements and development of the Property (the "Improvements") required by the Disposition and Development Agreement shall commence and be prosecuted diligently to completion at the time specified in, and subject to the terms of, the Disposition and Development Agreement.

1.1. Grantee shall maintain the Improvements and any other improvements on the Property in good condition and order, shall keep the Property free from accumulation of debris and waste materials and shall permit no action or inaction on the Property such that the Property detracts from the surrounding neighborhood in any substantial manner.

1.2. All obligations imposed upon Grantee herein shall bind any and all successors of Grantee; provided, however, that upon sale or conveyance of the Project, the party selling or conveying shall be relieved of any such obligation to the extent that such obligation arises after the date of sale or conveyance.

2. Grantee covenants and agrees that prior to recordation of any Certificate of Completion for the Property:

2.1. The Grantor shall have the additional right, at its option, to re-enter and take possession of the Property and all improvements on the Property and to terminate and re-vest the Property in the Grantor if the Grantee or its successors in interest shall, in accordance with and subject to the terms of the Disposition and Development Agreement:

2.1.1. Fail to commence or complete the construction of the Improvements when required by the Disposition and Development Agreement and after sixty days written notice from the Grantor of Grantee's failure to timely commence or complete construction, provided that the Grantee shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.2. Abandon or substantially suspend construction of the Improvements for more than sixty days after written notice from the Grantor to continue such construction, provided that Grantor shall not have obtained an extension or postponement to which Grantee may be entitled or that Grantee or Grantee's lender for the project have commenced and are diligently proceeding to cure such default; or

2.1.3. Transfer, or suffer any involuntary transfer, of all or any part of, or interest in, the Property, in violation of the Disposition and Development Agreement or this Grant Deed.

2.2. The right to re-enter, repossess, terminate and re-vest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

2.2.1. Any mortgage or deed of trust permitted by the Disposition and Development Agreement or this Deed and duly approved by the Grantor; or

2.2.2. Any rights or interests provided for the protection of the holders of such mortgages or deed of trust.

2.3. The right to re-enter, repossess, terminate and re-vest with respect to the Property shall terminate when the Certificate of Completion has been recorded by the Grantor.

2.4. In the event title to all or any part of the Property is re-vested in the Grantor as provided in this Section 2, the Grantor shall, pursuant to its responsibilities under California Law, use its best efforts to resell the Property or part as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law and

of the Redevelopment Plan to a qualified and responsible party or parties (as determined by the Grantor) who will assume the obligation of making or completing the Improvements or such other improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for such Property or part in the Redevelopment Plan. Upon such resale of the Property the proceeds thereof shall be applied as follows:

2.4.1. First, the Grantor shall be reimbursed, on its own behalf or on behalf of the City of Sacramento, California, for all costs and expenses incurred by the Grantor, including but not limited to salaries of personnel incurred in connection with the recapture, management and resale of the Property or part (but less any income derived by the Grantor from the Property in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Property or part (or, in the event the Property is exempt from taxation, assessment or such charges during the period of Grantor's ownership thereof, an amount equal to such taxes, assessments or charges as determined by the assessing official as would have been payable if the Property were not exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part at the time of revesting of title in the Grantor or to discharge or prevent such encumbrances or liens from attaching or being made by any subsequent successors or transferees; any expenditures made or obligations incurred with respect to the completion of the Improvements; and any amounts otherwise owed to the Grantor by the Grantee and its successors or transferee; and

2.4.2. Second, to the extent possible, the Grantee shall be reimbursed in an amount not to exceed the sum of (1) the Purchase Price paid to the Grantor by the Grantee for the Property (or allocable to the part thereof); (2) the costs incurred for the development of the Property and for the improvements existing on the Property at the time of the reentry and repossession, (3) less any gains or income withdrawn or made by the Grantee from the Property or the Improvements; and

2.4.3. Third, any balance remaining after such reimbursements shall be retained by the Grantor.

2.4.4. To the extent that this right of reverter involves a forfeiture, it must be strictly interpreted against the Grantor, the party for whose benefit it is created. This right of reverter shall, however, be interpreted in light of the fact that the Grantor is by this deed conveying the Property to the Grantee for redevelopment pursuant to HERA and/or ARRA and for subsequent sale to an income eligible family at an affordable price and that such redevelopment is a material element of the consideration received by Grantor for the Property.

3. The Grantee covenants and agrees that:

3.1. The Grantee covenants and agrees that with regard to the Property, Grantee shall not discriminate against prospective purchasers or tenants on the basis of their race, religion, national origin, language proficiency, age, color, sex, disability, marital status, ancestry, sexual orientation or gender identity, or medical condition. The foregoing covenant shall run with the land in perpetuity.

3.2. Grantee agrees that Grantee shall only sell the Property to households that qualify to purchase property under the Neighborhood Stabilization Program, which buyers intend to occupy the Property. As a condition of such sale, the buyer of the Property shall have a household income (as adjusted for the buyer's household size) which does not exceed one hundred and twenty percent (120%) of the median income for the Sacramento Metropolitan Statistical Area as determined by HUD.

4. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

5. All covenants contained in this Deed shall be covenants running with the land and equitable servitudes thereon. The covenants contained in Section 2 of this Deed shall terminate upon issuance of a Certificate of Completion for the Property. Every covenant contained in this Deed not previously terminated shall terminate thirty (30) years from

the date of recordation in the official records of Sacramento County, except that the covenants against discrimination contained in Section 3.1 of this Grant Deed shall remain in perpetuity.

6. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, its successors and assigns, the City of Sacramento, California, any successor in interest to the Property, the owner of any other land (or of any interest in such land) in Project which is subject to the land use requirements and restrictions of the Redevelopment Plan, and the covenants against discrimination contained in Section 3 shall be binding for the benefit of the Grantor, the City of Sacramento and the United States of America and such covenants shall run in favor of the Grantor, the City of Sacramento and the United States of America, for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor and the City of Sacramento, is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenant, and the City of Sacramento (and the United States of America, in the event of any such breach of the covenants in Section 3), shall have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach against Grantee, its successors to and assigns of the Property or any part or interest in the Property, any subcontracting party or parties or other transferees under the Disposition and Development Agreement, and any party in possession or occupancy of all or any part of the Property.

7. Both before and after issuance of a Certificate of Completion, the Grantor and Grantee and their successors and assigns only shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Deed or to subject the Property to additional covenants, easements, or other restrictions, and Grantor and Grantee may do so without the consent of any tenant, lessee, easement holder, licensee, or any other such person or entity having any interest less than a fee in the Property. Amendments to the Redevelopment Plan applying to other property in the Project shall not require the consent of Grantee by virtue of this Deed.

8. The covenants contained in this Deed shall not be construed as conditions which might result in forfeiture of title, except for the covenants and conditions contained in Section 2 of this Grant Deed.

9. Promptly after the issuance of a Certificate of Occupancy from the City of Sacramento Building Department and completion of the Improvements in accordance with the provisions of the construction plans approved pursuant to the Disposition and Development Agreement and fulfillment of the related obligations of the Grantee under the Disposition and Development Agreement, the Grantor shall furnish the Grantee with an appropriate instrument (the "Certificate of Completion") certifying such completion and stating that the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Disposition and Development Agreement and in this Deed obligating the Grantee with respect to the construction of the Improvements and the dates for beginning and completion thereof.

With respect to such individual parts or parcels of the Property which, if so provided in the Disposition and Development Agreement, the Grantee may convey or lease as the Improvements thereon are completed, the Grantor shall also, upon proper completion of the Improvements relating to any such part or parcel and prior to such conveyance or lease, issue a Certificate of Completion with regard to such part of parcel. Such certification shall mean and provide (1) that any party purchasing or leasing such individual part or parcel with required authorization shall not (because of such purchase or lease) incur any obligation with respect to the construction of the Improvements relating to such part or parcel or to any other part or parcel of the Property; and (2) that neither the Grantor nor any other party shall thereafter have or be entitled to exercise with respect to any such individual part or parcel so sold (or, in the case of lease, with respect to the leasehold interest) any rights or remedies or controls that it may otherwise have or be entitled to exercise with respect to the Property as a result of a default in or breach of any provisions of the Disposition and Development Agreement or of this Deed by the Grantee or any successor in interest or assign, unless (i) such default or breach be by the purchaser or lessee, or any successor in interest to or assign of such individual part or parcel with any other of the covenants contained and referred to in this Deed and the Declaration of Restrictions and (ii) the right, remedy or control relates to such default or breach.

The Certificate of Completion shall be in a form acceptable for recordation in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Grantor shall refuse or fail to provide the Certificate of Completion, the Grantor shall, within thirty (30) days after written request by the Grantee provide the Grantee with a written statement, indicating in what respects the Grantee has failed to duly complete said Improvements and what measures or acts will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

10. The Grantor certifies that Grantor has complied with all conditions precedent to the valid execution and delivery of this Deed required on its part and that all things necessary to constitute this Deed and its valid, binding and legal agreement on the terms and conditions and for the purposes set forth herein have been done and performed and have happened, and that the execution and delivery of this Deed on its part have been and are in all respects authorized in accordance with law. The Grantee similarly certifies with reference to its execution and delivery of this Deed.

IN WITNESS WHEREOF, the Grantor and the Grantee have caused this instrument to be executed on their behalf by their respective and duly authorized officers, on the following dates, effective as of \_\_\_\_\_, 2014.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY:

\_\_\_\_\_  
La Shelle Dozier, Executive Director

Date: \_\_\_\_\_

APPROVED: \_\_\_\_\_  
Agency Counsel

Grantee hereby accepts, concurs in and agrees to all the covenants, conditions, easements, reservations and restrictions set forth in this Grant Deed.

\_\_\_\_\_  
By: Kenneth E. Cross, Jr. CEO & President

Title: Manager

## EXHIBIT 3

### Schedule of Performances

**Phase I:** Planning, permitting, entitlements, construction and installation of infrastructure for all five lots pursuant to the PDA. Phase I is to start January 1, 2015 and be completed by August 1, 2016.

**Phase II:** SHfH must securing construction financing for Phase II the construction of two houses on 3821 and 3823 43<sup>rd</sup> Avenue must be completed and the houses must me sold to eligible Owner Occupant Households having an income of 120% or less than the Area Median Income for the Sacramento Statistical Metropolitan Area, as defined by the United States Department of Housing and Urban Development ,within thirty (30) months of this DDA. Phase II is to start September 1, 2016 and be completed my March 31, 2017

**Property Maintenance** – Maintain the property from the close of escrow through the sale to an eligible owner in compliance with the DDA.

**Phase III:** Construction of the three remaining houses located on 3825, 3827 and 3829 43<sup>rd</sup> Avenue must be completed within five years (5) years from the Effective Date of this DDA and sold to an eligible Owner-Occupant Household having an income of 120% or less than the Area Median Income for the Sacramento Statistical Metropolitan Area, as defined by the United States Department of Housing and Urban Development ,within that same time frame. Phase III is to start March 1, 2017 and be completed by September 30, 2017



## EXHIBIT 4

### Scope of Development

Phase I consists of the construction and installation of infrastructure including county fees, architect costs, erosion control, gas, water, electric, telephone, concrete, pavement, storm water pollution prevention plan, sewer, sound wall, bonding and insurance required to support the construction of five new houses on the five parcels comprising the Property as more particularly described in the Predevelopment Agreement. The sound wall will be an 8-foot concrete block or tightly constructed wood fence shall be constructed along the MLK Blvd. boundary between the back property line and the back of the corner house at APN: 037-0327-016-0000, sufficient to provide a 7 dB noise attenuation.

Phases II and III: New Construction of five (5) detached single family homes, meeting or exceeding all applicable code and permit requirements and to a good and attractive condition that is at the highest level available in the adjacent neighborhood. The Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The mix of the five (5) homes will consist of two (2) 4 bedroom 2 bathroom 2 story homes with a single car garage and three (3) 3 bedroom 2 bathroom 2 story homes with a single car garage. Both 3 and 4 bedroom floorplans have 1,268 square feet. All homes will consist of :

Concrete - 12"x18" footings with slab-on-grade

Frame - Structure to be wood frame

Trusses - Design with energy heel

Siding - Hardi-plank horizontal cement-based siding or equal.

Plumbing - All materials and installation to be per code CPC.

Electrical - Wiring to be done minimum per code requirements, per plans.

Security Pre-Wire - Security pre-wire and alarm is standard with Honey-Well alarm panel.

Interior Doors & Trim - Front door to be 6-panel, paint grade, fiberglass, or as selected by SHFH. Interior doors to be 6-panel Colonial doors, hollow core, with recycled green building package trim & casing

Windows - All single hung, fixed, and sliders to have white finished frames with mullions on all front elevations and in areas exposed to front windows. All movable windows to include bug screens.

Paint - Interior paint to be (two-tone) Valspar, or equal, or Sherwin Williams Tromar 700 & enamel Tromar 400. All walls to be eggshell (or as approved by builder and shall be determined at time of contract). Kitchens, bathrooms, and laundry room to be latex semi-gloss enamel or eggshell. All doors, jambs, base, and casings to be primed first and then painted with latex semi-gloss SW-Pure White or equal.

Pest Control - No wood-to-dirt, no untreated wood-to-concrete, Borate treated plate material with barrier to concrete (Dow foam sealer), metal flashing as applicable. Fence to wall, concrete or plate 8" minimum to finish grade. Spread diatomaceous earth (DE), a natural pesticide, around the perimeter.

Air Conditioning - Exceeding Title 24 for energy requirements. Bryant unit, or equal, at 90-92% efficiency, Energy Star-rated. Two thermostats and two air returns for two-story house (13-16 SEER - 12 EER, R-410A). HERS testing required.

Sheet metal - Full fascia gutter. Bathroom fans are standard per plan

Insulation - Ceiling insulation (attic portions R-38), wall insulation R-19, wall insulation w/cement siding, wall insulation at garage wall.

Roofing - 30-year dimensional comp. or equal.

Drywall - Ceiling and walls to be ½” drywall, taped and textured, contemporary knock-down, and nailed per code. Garage to be 5/8” drywall.

Garage Doors - Overhead doors will be 16’x7’ non-insulated unit, single car should be 8’x7’

Cabinets - Cabinets to be pre-finished natural oak, back panel doors, or equal.

Ceramic Tile - Entry and bathroom floors to be 12”x12” tile. Kitchen and bathrooms countertops to be tile. Floors are optional TBD by builder.

Mirrors and Shower Doors - Shower rod and all accessories in both bathrooms to be chrome.

Light fixtures - Per code, exceed Title 24 requirements and all-fluorescent package by Lighting Design.

Hardware - Door lock set to be Kwik-set, or equal, in chrome with privacy locks at bedrooms and all bathrooms

Appliances	
30” gas range	Whirlpool slide in, white top, 4 burners (30”)
30” hood	30” white on white mounted and vented above range, Energy Star-rated.
Dishwasher	Not provided, prewired and pre-plumbed only
Refrigerator	Whirlpool free standing slide-in, or TBD by SHFH, Energy Star-rated.

Carpet and Vinyl - Carpet tile (100% recycled product) or carpet roll (50% recycled) to be used

Fencing - Full rear yard fencing. Fences to be 1”x4”x6’ or 1”x6”x6’ D.E. redwood or cedar (2 rail system) with steel posts set in wet concrete. No wood post or dimensional wood columns.

Landscape - Front& Rear yard landscape package to include irrigation; drip for planter areas, bark, no lawn, xeriscape, drought tolerant.

Photovoltaic’s—Solar system: - Orientate and plot all roofs to mostly or directly southern exposure. Trina Solar TSM-245PA05.08, or equal, high efficiency PV Module, with 10 panels per unit (2.5kWatts), Fronius IG inverter.

Upon successful completion of construction of the home, home must be sold to an income-eligible owner-occupant homebuyer approved, in advance of sale, by SHRA.

**EXHIBIT 5**

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code §§27383 & 6103.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
801 12th Street  
Sacramento, CA 95814  
Atten: Darrin Samford

**Regulatory Agreement**

**REGULATORY AGREEMENT FOR DEVELOPMENT OF HOMEOWNERSHIP PROPERTY  
INCLUDING COVENANTS, CONDITIONS AND RESTRICTIONS RUNNING WITH THE LAND  
PROPERTY RECYCLING PROGRAM –NSP**

**INCLUDING CONDITIONS PRECEDENT TO RESALE**

<b>PROJECT NAME:</b>	43 <sup>rd</sup> Avenue Vacant Lot Development
<b>PROJECT ADDRESS:</b>	3825 43rd Avenue, Sacramento, CA
<b>EFFECTIVE DATE:</b>	
<b>APN:</b>	037-0327-018-0000

***NOTICE:*** THIS REGULATORY AGREEMENT IMPOSES COVENANTS, CONDITIONS AND RESTRICTION ON THE PROPERTY WHICH STAY WITH THE PROPERTY FOR MANY YEARS, INCLUDING RESTRICTIONS ON THE RESALE PRICE AND THE USE AND MAINTENANCE OF THE PROPERTY.

***WARNING:*** A SALE IN VIOLATION OF THIS REGULATORY AGREEMENT IS VOID.

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**FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS REGULATORY AGREEMENT AS OF THE EFFECTIVE DATE.**

1. **GENERAL.** This Regulatory Agreement incorporates the Exhibits listed below, which are attached to this Regulatory Agreement.

2. **DEFINITIONS.** The capitalized terms in this Regulatory Agreement shall have the meanings assigned in the following Definitions Table and as defined in the body of the Regulatory agreement, which terms being defined are indicated by quotation marks.

<b>TERM</b>	<b>DEFINITION</b>
"Effective Date"	This Regulatory Agreement shall be effective as of the following date:
"Agency"	Sacramento Housing and Redevelopment Agency
	The Agency is a joint powers agency

“Owner” and “Developer”	Sacramento Habitat for Humanity, Inc., A California Nonprofit Public Benefit Corporation	
“Agency Address”	Agency’s business address is as follows:	801 12 <sup>th</sup> Street, Sacramento, California 95814
“Owner Address”	Owner’s business address is as follows:	819 North 10 <sup>th</sup> Street, Sacramento, CA 95811-0324.
“Jurisdiction”	City of Sacramento	
“Property”	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as <b>Exhibit 1 – Legal Description of the Property.</b>	
“Funding Agreement”	The Funding Agreement between Agency and Owner, named and dated as follows:	Disposition and Development Agreement (DDA) involves a land write-down, dated concurrently with this Regulatory Agreement
“Agency Funding”	The Agency Funding made by Agency to Owner under the Funding Agreement for development of the Property	
“Agency Funding Amount “	The total amount of the Agency Funding, as follows:	\$ N/A
“Project Development Funds”	The total of all funds expended to develop the Project, including without limitation payments for land acquisition, costs of financing, costs of predevelopment, and, as applicable, the costs of development or rehabilitation.	\$ N/A
“Unit Development Funds”	N/A	
“Restricted Units”	The individual housing parcels within the Property that are to be subject, by this Regulatory Agreement to affordability restrictions that limit the price for which they may be sold and resold.	
“Approved Use”	The only permitted use of the Property, which is as a residential property available for sale to the general public and containing not less than the following number of units:	1

3. **RESTRICTED UNITS:** The following units are Restricted Units for the respective Funding Source or Funding Sources specified. The initial sales price for the respective Restricted Units is determined pursuant to the DDA.

a. If the applicable Sacramento Metropolitan Statistical Area median income is adjusted by the federal Department of Housing and Urban Development prior to the sale of a Restricted Unit or if other factors considered in making the determination of the following prices (in accordance with Agency policy and practice) change prior to the sale of a Restricted Unit, then the following schedule shall be adjusted to assure compliance with the Funding Requirements as of the date when the Restricted Unit is sold (and the new schedule recorded in the same manner as the original).

4. **RESTRICTION ON SALES.** In order to assure that the proper number and types of units have been sold in accordance with this Regulatory Agreement, Developer is prohibited from selling any Restricted Unit within the Project unless and until (a) the Agency has reviewed and determined that the sale complies with the Funding Requirements, and (b) that the sales price to be paid by the buyer on sale is an “Affordable Price” as required by the Funding Source. A purported sale to a third party in violation of this Regulatory Agreement is voidable by Agency at any time upon notice to Developer.

a. Owner shall only sell the Property to households that qualify to purchase property under the Sacramento Housing and Redevelopment Agency’s Property Recycling Program of the Neighborhood Stabilization Program, which buyers have completed eight hours of HUD approved homebuyer education counseling and intend to occupy the Property.

b. A qualified sale pursuant to this DDA and consistent with NSP is to an Eligible Household defined as very low income (VLI) homeowner occupants having no more than one hundred and twenty percent (120%) of the area median income (HERA Title III, Sect. 2301(f)(3)(A)), adjusted for family size.

5. **NO RENTAL.** Developer shall not rent the Restricted Units without the prior written approval of the Agency. Agency may withhold such approval if the proposed rental would violate provisions of the Funding Restrictions.

6. **RECAPTURE.** If Developer sells a Restricted Unit without Agency authorization or sells a Restricted Unit at a price that exceeds the Affordable Price, Developer shall repay to Agency, as "Recapture", all of the Agency Funding allocable to the Restricted Unit, plus interest from the date of this Regulatory Agreement until paid, at then market rate for construction loans for projects similar to the Project, as reasonably determined by the Agency.

7. **TERMINATION OF COVENANTS.** If the Agency is paid the Recapture, the covenants, conditions and restrictions contained in this Regulatory Agreement shall terminate, except as to covenants which provide otherwise, including without limitation, the covenant against discrimination, all of which continue in effect. Agency has provided Agency Funding, subject to the terms of the Funding Agreement, in consideration of the property interests conveyed to Agency under this Regulatory Agreement. The funds used by Agency under the Funding Agreement are funds from public funding sources administered by Agency and their use is subject to certain requirements some of which are embodied in this Regulatory Agreement. Further, Agency has made the Agency Funding in accordance with the laws, rules and regulations to which Agency is subject. This Regulatory Agreement represents a portion of this entire transaction. Therefore, Agency has made the Agency Funding conditioned upon Owner's agreement, for itself and its successors and assigns, to comply with all provisions of this Regulatory Agreement, including without limitation, the Funding Agreement. Owner has had full opportunity to make itself independently familiar with such limitations and restrictions, and Owner accepts them and agrees to comply fully with them.

8. **PROHIBITION ON SALE WITHOUT APPROVAL; CONDITION PRECEDENT.** Owner is prohibited from selling the Property including the Restricted Unit unless and until (a) the Agency has reviewed and determined that the sales price complies with the Funding Requirements. For purposes of determining such compliance, the sales price is amount actually paid to Owner by the purchaser, including all additions or reductions made to the initial purchase price shown in the purchase and sale agreement between Owner and the purchaser. Owner shall receive no consideration for additions or improvements made to the Property, except those improvements (such as the addition of bedrooms) that affect the affordability calculations of the Funding Requirements. Pursuant to Section 9.a below, the foregoing is a condition precedent to any resale of the Property.

9. **COVENANTS.** Owner makes the following covenants. Unless Owner has received the prior written consent of Agency otherwise, Owner shall fully comply with each and every covenant. Except as otherwise stated in this Regulatory Agreement, the following covenants shall have a term that is the same as the longest term specified in the Funding Requirements.

a. Owner shall comply with the foregoing covenant prohibiting resale without Agency approval. Such compliance is a condition precedent to any such resale. If Owner fails to comply with said covenant, such resale shall be null and void, and the purported purchaser and anyone claiming any interest in the Property on account of such resale, including without limitation trustors and beneficiaries under deeds of trusts or others claiming lien or mortgage interests in the Properties, shall have no interests in or rights regarding the Property.

b. Owner shall use and permit others to use the Property only for the Approved Use.

c. Owner shall assure full compliance with the Disposition and Development between Agency and Owner.

d. Owner shall not cause and shall not permit expansion, reconstruction, or demolition of any part of improvements on the Property, except as provided by the Funding Agreement.

e. Owner shall maintain the Property and the building improvements, grounds and equipment of the Property in good repair and condition and in compliance with all applicable housing quality standards and local code requirements. Owner shall maintain the Property in good condition and shall keep the Property reasonably free from graffiti and unrepaired vandalism and from accumulation of abandoned property, inoperable vehicles, unenclosed storage, debris, and waste materials. In the event of a casualty loss, Owner shall cause the restoration or replacement of the Property, in a timely manner and provided that such restoration or replacement is then economically feasible.

f. Owner shall not cause and shall not permit discrimination on the basis of sex, race, color, religion, ancestry, national origin, language proficiency, disability, medical condition, marital status, or sexual orientation or gender identity in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

g. Owner shall assure compliance with the federal Personal Responsibility and Work Opportunity Act (Public Law 104-193, commonly known as the Welfare Reform Act) prohibiting the Agency funding of federal, state or local benefits to persons who are not citizens or qualified aliens as defined in the such act.

**10. NATURE OF COVENANTS.** The provisions contained in this Regulatory Agreement are covenants which subject and burden the Property, as covenants running with the land. It is intended and agreed that the agreements and covenants provided in the Agreement shall be covenants running with the land and equitable servitudes on the land and that they shall, in any event, and without regard to technical classifications or designation, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, the Agency, the Agency's successors and assigns, any other governmental entity acting within its authority and any successor in interest to Agency's interest under this Regulatory Agreement against the Owner, its successors and assigns and every successor in interest to all or any part of the Property.

**11. TERM.** The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants, including without limitation, until the closing of a qualified sale to an eligible household as verified by the Agency.

**12. RECORDKEEPING AND REPORTING.** Upon written request of Agency, Owner shall promptly provide any additional information or documentation to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of the Agency, Owner shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions regarding the income, assets, liabilities, contracts, operations, and condition of the property and their compliance with the Funding Agreement and this Regulatory Agreement.

**13. AUDIT AND INSPECTION.** The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related items shall at all times be maintained in reasonable condition for audit and shall be subject to examination by the Agency or its agents. The books and accounts of the operations of the Property and of the Property shall be kept in accordance with generally accepted accounting principles. Owner shall provide Agency access to the Property and its tenants during reasonable hours for the purpose of reviewing Owner's compliance with this Regulatory Agreement.

**14. INDEMNITY FOR OWNER'S FAILURE TO MEET LEGAL REQUIREMENTS.** Owner shall indemnify and hold Agency, its officers, directors, and employees harmless from any and all liability arising from Owner's failure to comply with the covenants, conditions and restrictions contained in this Regulatory Agreement and its failure to comply with all other laws, rules, regulations and restrictions related to the use of Agency Funding. Without limitation, such indemnity shall include repayment to the appropriate parties of rents or sales proceeds in excess of amounts authorized to be charged and repayment to the Agency of the costs of funds and the value of lost opportunities resulting from the required repayment by Agency to the funding source of funds improperly used.

**15. CHANGES WITHOUT CONSENT OF TENANTS, LESSEES, OR OTHERS.** Only Agency and its successors and assigns, and Owner and its successors and assigns (subject to the reasonable approval of Owner's lender) shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in this Agreement. Such changes or termination shall not require the consent of any easement holder, licensee, other mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site.

16. **DEFAULT.** Upon a breach of any of the provisions of this Regulatory Agreement by Owner, the Agency may give written notice of such breach to Owner by registered or certified mail. To the extent reasonable under the circumstance, in the event of any breach, the Agency and Owner shall reasonably endeavor to identify a remedy for such breach by conference and conciliation. If such violation is not corrected to the satisfaction of Agency within sixty (60) days after the date such notice is mailed or within such further time as the Agency may reasonably determine is necessary to correct the breach, and without further notice to Owner, the Agency may declare a default under the Agreement, effective on the date of such declaration of default, and upon such default the Agency may: (a) take any action then available under the Funding Agreement for a default under the Funding Agreement and (b) apply to any court for specific performance of this Regulatory Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement, for money damages or for such other relief as may be appropriate. The injury to the Agency arising from a default under any of the terms in this Regulatory Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

a. Agency may institute or prosecute in its own name, any suit Agency may consider advisable in order to compel performance of any obligation of any owner to develop and maintain the subject property in conformity with this Regulatory Agreement and to remedy any default of this Regulatory Agreement. Agency may also seek a decree requiring removal of any improvements constructed on the Property which improvements are designed for uses not permitted under this Regulatory Agreement and which improvements are unsuitable only for uses not permitted under this Regulatory Agreement.

b. The remedies of the Agency under this Regulatory Agreement are cumulative. The exercise of one or more of such remedies, including, without limitation, remedies under the Funding Agreement shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

17. **BINDING SUCCESSORS IN INTEREST.** This Regulatory Agreement shall bind and the benefits shall inure to the Owner, its successors in interest and assigns, and to the Agency and its successors for the term of this Regulatory Agreement.

18. **CONTRADICTORY AGREEMENTS.** Owner warrants that he has not, and will not, execute any other agreement with provisions in contradiction or opposition to the provisions of this Regulatory Agreement, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations stated and supersede any other requirements in conflict with this Regulatory Agreement.

19. **ATTORNEYS' FEES.** If the services of any attorney are required by any party to secure the performance of this Regulatory Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or mediation is necessary to enforce or interpret any provision of this Regulatory Agreement or the rights and duties of any person in relation to this Regulatory Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of this Regulatory Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law. The prevailing party shall mean the party receiving an award in arbitration or a judgment in its favor, unless the award or judgment is less favorable than the best settlement offered in writing in a reasonable manner by the other party, in which case the prevailing party is the party making such settlement offer.

20. **SEVERABILITY.** If any term or provision of this Regulatory Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Regulatory Agreement shall not be affected; provided that the intent of the Regulatory Agreement may then be reasonably fulfilled. In any event, the term or provisions shall be deemed to be invalid only as to the entity and circumstance for which it was held to be invalid.

21. **NO WAIVER.** No waiver by the Agency of any breach of or default under this Regulatory Agreement shall be deemed to be a waiver of any other or subsequent breach or default.

22. **NOTICES.** Written notices and other written communications by and between the parties shall be addressed to the Owner at the Owner Address and to the Agency at the Agency Address or such other address as each respective party has designated by written notice to the other party.

**THE PARTIES HAVE EXECUTED THIS REGULATORY AGREEMENT** in Sacramento, California on the following dates, effective as of the date first written above.

**OWNER : SACRAMENTO HABITAT FOR HUMANITY,  
INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT  
CORPORATION**

**AGENCY: THE SACRAMENTO HOUSING AND  
REDEVELOPMENT AGENCY, A JOINT POWERS  
AGENCY**

By: \_\_\_\_\_  
Kenneth E. Cross, Jr., CEO & President

By: \_\_\_\_\_  
LaShelle Dozier, Executive Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form: \_\_\_\_\_  
Developer Counsel

Approved as to form: \_\_\_\_\_  
Agency Counsel



## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY MITIGATED NEGATIVE DECLARATION

Pursuant to Division 6, Title 14, Chapter 3, Article 6, Sections 15070 and 15071 of the California Administrative Code and pursuant to the Procedures for Preparation and Processing of Environmental Documents adopted by the Sacramento Housing and Redevelopment Agency pursuant to Resolution Number 2007-042, the Environmental Coordinator of the Sacramento Housing and Redevelopment Agency of Sacramento County, State of California, does prepare, make, declare, publish, and cause to be filed with the County Clerk of Sacramento County, State of California, this Negative Declaration. The Project is described as follows:

1. **PROJECT TITLE AND SHORT DESCRIPTION:** Neighborhood Stabilization Program (NSP); 3821-3829 43rd Avenue Housing Project. The Sacramento Housing and Redevelopment Agency (SHRA) proposes to adopt a Disposition and Development Agreement (DDA) with Habitat for Humanity to develop five two-story, single-family, 3 bedroom income-restricted homes on separate and contiguous vacant parcels. The DDA includes a Conditional Grant for \$220,000 to cover costs for infrastructure/site development including erosion controls, sidewalks, storm water protection plan (SWPPP), sewer and other utilities, and street light re-work. In addition, the project requires that the site be re-zoned from the current RD-20 to RD-5.
2. **PROJECT LOCATION AND ASSESSOR'S PARCEL NUMBER:** The project is located at 3821-3829 43rd Avenue, Sacramento (Assessor Parcel Numbers 037-0327-016 through -020).
3. **PROJECT PROPONENT:** Sacramento Housing and Redevelopment Agency
4. **SAID PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT FOR THE FOLLOWING REASONS:**
  - a. It does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory
  - b. It does not have the potential to achieve short-term, to the disadvantage of long-term, environmental goals.
  - c. It will not have impacts that are individually limited, but cumulatively considerable.
  - d. It will not have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly.
5. As a result thereof, the preparation of an Environmental Impact Report pursuant to the Environmental Quality Act (Division 13 of the Public Resources Code of the State of California) is not required.
6. Mitigation measures have been included and agreed to by Habitat for Humanity to avoid potentially significant effects, and a Mitigation Monitoring Plan has been prepared.

This Initial Study has been performed by SHRA in support of this Mitigated Negative Declaration. For additional information, contact SHRA, 801 12th Street, Sacramento, California 95814, attention Brad Satterwhite, Environmental Coordinator, (916) 440-1393.

Sacramento Housing and Redevelopment Agency  
Sacramento County, State of California

  
Brad Satterwhite, Environmental Coordinator  
Sacramento Housing and Redevelopment Agency

October 8, 2014  
Date

# NEIGHBORHOOD STABILIZATION PROGRAM 3821-3829 43RD AVENUE HOUSING PROJECT

## INITIAL STUDY

This Initial Study has been prepared by the Sacramento Housing and Redevelopment Agency (SHRA), 801 12th Street, Sacramento, CA 95814, pursuant to Title 14, Section 15070 of the California Code of Regulations (CCR); the Local Environmental Procedures adopted by SHRA.

### ORGANIZATION OF THE INITIAL STUDY

This Initial Study is organized into the following sections:

**SECTION I - BACKGROUND:** Page 3 - Provides summary background information about the project name, location, sponsor, and the date this Initial Study was completed.

**SECTION II - PROJECT DESCRIPTION:** Page 5 - Includes a detailed description of the Proposed Project.

**SECTION III - ENVIRONMENTAL CHECKLIST AND DISCUSSION:** Page 9 - Contains the Environmental Checklist form together with a discussion of the checklist questions. The Checklist Form is used to determine the following for the Proposed Project: 1) Potentially Significant Impacts, which identifies impacts that may have a significant effect on the environment, but for which the level of significance cannot be appropriately determined without further analysis, in an Environmental Impact Report (EIR), 2) Potentially Significant Impacts Unless Mitigated, which identifies impacts that could be mitigated to have a less-than-significant impact with implementation of mitigation measures, and 3) Less-than-significant Impacts, which identifies impacts that would be less-than-significant and do not require the implementation of mitigation measures.

**SECTION IV - ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:** Page 47 - Identifies which environmental factors were determined to have either a Potentially Significant Impact or Potentially Significant Impact Unless Mitigated, as indicated in the Environmental Checklist.

**SECTION V - DETERMINATION:** Page 49 - Identifies the determination of whether impacts associated with development of the Proposed Project are significant, and what, if any, added environmental documentation may be required.

**SECTION VI - REFERENCES CITED:** Page 51



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## **SECTION I - BACKGROUND**

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**Project Name:** Neighborhood Stabilization Program (NSP): 3821-3829 43rd Avenue Housing Project

**Project Location:** The project is located at 3821-3829 43rd Avenue, Sacramento, on the northeast corner of the intersection of 43rd Avenue and Martin Luther King Junior Boulevard. (APN: 037-0327-016 through -020)

**Project Applicant:** Sacramento Housing and Redevelopment Agency (SHRA)  
801 12th Street  
Sacramento, California 95814

**Project Manager:** Brad Satterwhite, Environmental Coordinator  
Sacramento Housing and Redevelopment Agency  
801 12th Street  
Sacramento, California 95814  
Phone: (916) 440-1393

**Environmental Consultant:** The Ervin Consulting Group  
4310 Langner Avenue B  
Santa Rosa, CA 95407  
Phone (916) 989-0269  
info@ervincg.com

**Initial Study Completed:** October 7, 2014



## SECTION II - PROJECT DESCRIPTION

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### PROJECT LOCATION

The project is located at 3821-3829 43rd Avenue, Sacramento, on the northeast corner of the intersection of 43rd Avenue and Martin Luther King Junior Boulevard (Figure 1). The property is identified by Assessor's Parcel Numbers (APN) 037-0327-016 through -020 and consists of four parcels totaling approximately 0.70 acres.

### PROPOSED PROJECT

The Sacramento Housing and Redevelopment Agency (SHRA) proposes to adopt a Disposition and Development Agreement (DDA) with Habitat for Humanity to develop five two-story, single-family, 3 bedroom income-restricted homes on separate and contiguous vacant parcels. The DDA includes a Conditional Grant for \$220,000 to cover costs for infrastructure/site development including erosion controls, sidewalks, storm water protection plan (SWPPP), sewer and other utilities, and street light re-work. In addition, the project requires that the site be re-zoned from the current RD-20 to RD-5.

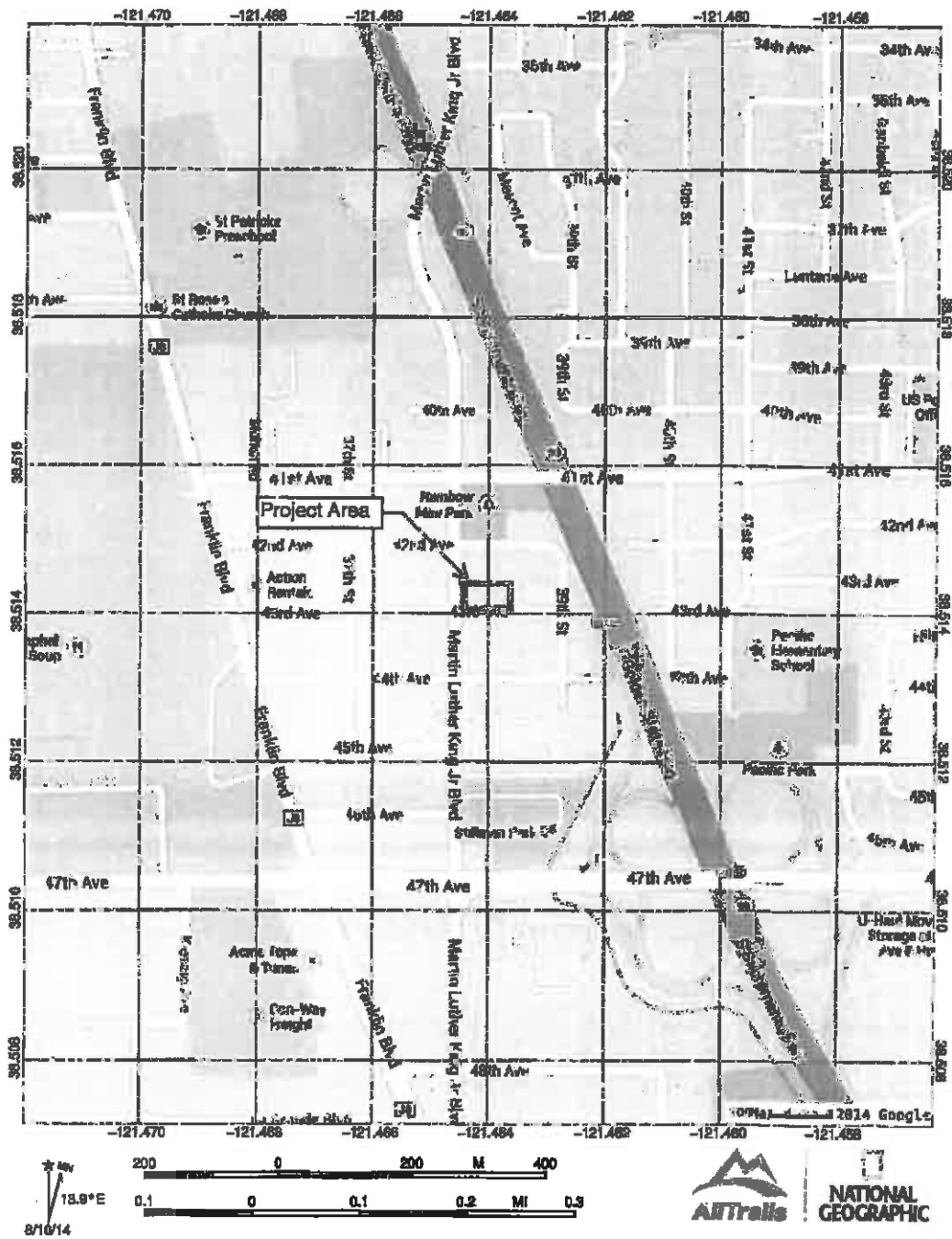
Site improvements may include demolition and reconstruction of existing curb, sidewalk and gutter; widening 43rd Avenue from 23' to 30' wide within the right-of-way of the property, and widening MLK to 42' from 31' within the right-of-way of the property; site clearing and grading; utility connections; and reconstruction of curb, sidewalk, gutters and streetlights.

The site consists of four vacant infill parcels surrounded by existing development as follows (Figure 2):

- **South:** Across 43<sup>rd</sup> Avenue, multi-family residential apartments
- **West:** Across Martin Luther King Blvd, a duplex and single-family home. There is also a narrow utility parcel between the project boundary and the sidewalk on MLK Blvd.
- **North:** A single family home on a large lot
- **East:** Multi-family residential apartments

The property appears to have been agriculturally developed by 1937, developed with structures intermittently between at least 1957 until at least 1993, and then vacant land since at least 2002. The site is graded with mowed ruderal vegetation and some mature trees mostly along the property boundaries, and one in the center of the parcels; none of the trees are of heritage size. Photographs from 2007 indicate the property was most recently used for a garden before being cleared.

SHRA purchased the property in 2009 and is now implementing a DDA with Habitat for Humanity for the construction of self-help housing on the site. Typical dwelling renderings are provided in Figure 3.



Source: The Ervin Consulting Group, 2014

FIGURE 1  
PROJECT VICINITY



Source: The Ervin Consulting Group, 2014

FIGURE 2  
AERIAL





Source: Habitat for Humanity, 2014

**FIGURE 3**  
**EXTERIOR VIEW**

**SECTION III – CEQA ENVIRONMENTAL CHECKLIST AND DISCUSSION**

**1. AESTHETICS, LIGHT AND GLARE**

*Would the proposal:*

Issues	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Affect a scenic vista or adopted view corridor?			<b>X</b>
B) Have a demonstrable negative aesthetic effect?			<b>X</b>
C) Create light or glare?			<b>X</b>

**ENVIRONMENTAL SETTING**

Visually the project vicinity is characterized by older single- and multi-family residential properties. The area has mature vegetation and trees; streets have rolled curbs and gutters, narrow sidewalks, and overhead utility lines. The project site consists of four vacant residential properties. The northern and eastern boundaries of the property are delineated with a wooden fence while the southern and western borders are enclosed within a chain link fence. There are mature trees along the property boundaries but none are of heritage size.

**STANDARDS OF SIGNIFICANCE**

For purposes of this environmental document, an impact is considered significant if the project would:

- Affect a scenic vista or adopted view corridor
- Have a demonstrable negative aesthetic effect
- Create a significant new source of light or glare

**ANSWERS TO CHECKLIST QUESTIONS**

**Questions A and B**

There are no designated scenic vistas, highways or scenic view corridors located adjacent to the project site. Highway 99 is a designated county scenic highway located approximately 500 feet east of the project site, and is not visible to or from the site due to intervening multi-story apartment buildings.

All proposed activities must conform to current standards of development as specified in the Sacramento County Code. Overall, the intent of the project is to eliminate visual as well as economic blight in the NSP target area, which would be a beneficial aesthetic effect of the project.

**Question C**

The project involves site improvements and approval of a DDA for the construction of single-family homes. New construction will result in a minor increase in lighting consistent with surrounding uses; there are existing streetlights on utility poles along 43<sup>rd</sup> Avenue. New development facilitated by the project will be required to install lighting in compliance with the County's Zoning Ordinance standards.

**FINDINGS**

The proposed infill residential project would have a beneficial aesthetic effect and would not affect a scenic vista or adopted view corridor and would not create a significant new source of light or glare. Therefore, the project would have a *less-than-significant* impact on aesthetics, light or glare impact.

## 2. AIR QUALITY

Would the proposal:

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less than Significant Impact
A) Violate any air quality standard or contribute to an existing or projected air quality violation?			X
B) Expose sensitive receptors to pollutants?			X
C) Alter air movement, moisture, or temperature, or cause any change in climate, including a cumulative effect on global climate change?			X
D) Create objectionable odors?			X

### ENVIRONMENTAL SETTING

The project site is located in the Sacramento Valley Air Basin (SVAB), which is bounded by the Sierra Nevada on the east and the Coast Range on the west. Prevailing winds in the area originate primarily from the southwest. These winds are the result of marine breezes coming through the Carquinez Straits. These marine breezes diminish during the winter months, and winds from the north occur more frequently at this time. Air quality within the area and the surrounding region is largely influenced by urban emission sources.

The SVAB is subject to federal, state, and local air quality regulations under the jurisdiction of the Sacramento Metropolitan Air Quality Management District (SMAQMD). The SMAQMD is responsible for implementing emissions standards and other requirements of federal and state laws. As there are minimal industrial emissions, urban emission sources originate primarily from automobiles. Home fireplaces also contribute a significant portion of the air pollutants, particularly during the winter months. Air quality hazards are caused primarily by carbon monoxide (CO), particulate matter (PM<sub>10</sub>), and ozone (O<sub>3</sub>), mainly as a result of motor vehicles.

With the exception of ozone, PM<sub>10</sub> and PM<sub>2.5</sub>, Sacramento County is in attainment for all state and federal ambient air quality standards (AAQS). Sacramento County is designated nonattainment for the state PM<sub>10</sub> and PM<sub>2.5</sub> standards and for the federal PM<sub>10</sub> standard. However, air quality monitoring data shows that Sacramento County does meet the federal PM<sub>10</sub> standard. SMAQMD must request redesignation to attainment and submit a maintenance plan to USEPA. On October 8, 2009, the USEPA signed the final PM<sub>2.5</sub> non-attainment designations. On December 14, 2012, EPA strengthened the annual National Ambient Air Quality standards (NAAQS) for PM<sub>2.5</sub>. EPA's action strengthened the 'long-term' annual PM<sub>2.5</sub> standard, changing the standard from 15µg/m<sup>3</sup> to 12µg/m<sup>3</sup>. Sacramento's annual PM<sub>2.5</sub> concentrations meet the new standard (10µg/m<sup>3</sup> in 2011).

### STANDARDS OF SIGNIFICANCE

The SMAQMD adopted the following thresholds of significance in 2002:

**Ozone (O<sub>3</sub>) and Particulate Matter (PM)**

An increase of nitrogen oxides (NO<sub>x</sub>) above 85 pounds per day (lb/day) for short-term (construction) effects would result in a significant impact. An increase of either O<sub>3</sub> precursor – NO<sub>x</sub> or reactive organic gases (ROG) – above 65 lb/day for long-term (operational) effects would result in a significant impact (as revised by SMAQMD, March 2002). The threshold of significance for PM<sub>10</sub> is a concentration based threshold equivalent to the California Ambient Air Quality Standard (CAAQS). For PM<sub>10</sub> and PM<sub>2.5</sub>, a project would have a significant impact if it would emit pollutants at a level equal to or greater than 5% of the CAAQS (50 micrograms/cubic meter for 24 hours) if there were an existing or projected violation; however, if a project is below the ROG and NO<sub>x</sub> thresholds, it can be assumed that the project is below the PM<sub>10</sub> and PM<sub>2.5</sub> threshold as well.

**Carbon Monoxide (CO)**

The pollutant of concern for sensitive receptors is CO. Motor vehicle emissions are the dominant source of CO in Sacramento County (County; SMAQMD, 2004). For purposes of environmental analysis, sensitive receptor locations generally include parks, sidewalks, transit stops, hospitals, rest homes, schools, playgrounds, and residences. Commercial buildings are generally not considered sensitive receptors. CO concentrations are considered significant if they exceed the 1-hour CAAQS of 20.0 parts per million (ppm) or the 8-hour CAAQS of 9.0 ppm (the CAAQS is more stringent than the NAAQS).

**ANSWERS TO CHECKLIST QUESTIONS****Question A**

The project would facilitate the construction of five single-family homes and associated site improvements along the northeast corner of 43<sup>rd</sup> Avenue and MLK Boulevard. SMAQMD identifies construction and operational screening levels in the *Guide to Air Quality Assessment* (Chapter 3). SMAQMD has determined that a single-family new construction project less than 35 acres generally will not exceed NO<sub>x</sub> construction screening levels, and a single family project less than 316 units does not exceed operational screening levels. Whereas the proposed project is five single-family units on 0.70 acres, the project is significantly below the thresholds and will have a less than significant effect on air emissions. However, all construction projects regardless of the screening level are required to implement SMAQMD's Basic Construction Emission Control Practices for the control of fugitive dust.

**Question B**

The proposed project would facilitate the development of five residential dwellings on the project site, in an infill residential area. The California Air Resources Board's Community Health Air Pollution Information System (CHAPIS) was used to determine that the only source of emissions near the project site is the Silgan Can Company, located approximately ½ mile northwest of the project site. There are no other industrial or heavy commercial uses located near the project site that would expose future residents to toxic air contaminants (TACs).

Highway 99 is defined as a north/south freeway, urban roadway with greater than 100,000 vehicles per day, and as such is considered a major source of TACs for development within 500 feet of the roadway. The eastern half of the project site is located within 500 feet of this freeway; therefore SMAQMD's Protocol for Evaluating the Location of Sensitive Land Uses Adjacent to Major Roadways was conducted to assess the cancer risk from diesel PM for the residents at this location.

Prevailing winds are from the southwest, thus the screening Table 2.2 for projects east and west of a north-south roadway (Version 2.4 EMFAC2007; Analysis Year 2011) was used. Caltrans data was used to determine conservative peak hour volumes of approximately 16,000 for Highway 99 (2013) closest to the project site. The building pads have not been identified, so a conservative estimate of approximately 350 feet between the closest residence and the edge of the closest travel lane identifies an incremental cancer risk of 105 per million. This does not exceed the evaluation criterion for projects of 276/million, thus no health risk assessment is required. However, there is an elevated risk above the existing background cancer DPM risk for Sacramento County of 360/million, thus measures to reduce exposure would be appropriate where feasible.

Table 2: 2011 Diesel PM Cancer Risk (Potential Incremental Cancer Chances per Million People) East and West of a North-South Roadway

**PROJECTS EAST AND WEST OF A NORTH-SOUTH ROADWAY Version 2.4 EMFAC2007 (Analysis Year 2011)**

Peak Hour Traffic (vehicle/hr)	Receptor Distance from Edge of Nearest Travel Lane (feet)							
	10	25	60	100	200	300	400	500
Incremental Cancer Risk Per Million East (downwind)								
4000	219	188	149	105	67	51	38	32
8000	442	378	299	210	134	99	80	67
12000	677	579	458	324	207	153	121	102
16000	900	773	611	429	273	204	162	134
20000	1126	964	766	537	343	254	204	169
24000	1352	1158	919	646	413	305	242	200
Incremental Cancer Risk Per Million West (upwind)								
4000	140	108	83	64	35	25	19	16
8000	280	223	162	111	70	51	41	32
12000	429	340	248	169	105	76	60	51
16000	572	452	331	226	143	105	83	67
20000	716	566	417	283	178	130	102	83
24000	859	677	499	340	213	156	124	102

A laboratory study measured the removal rates of particulate matter passing through leaves and needles of vegetation. Particles were generated in a wind tunnel and a static chamber and passed through vegetative layers at low wind velocities. Redwood, deodar cedar, live oak, and oleander were tested. The results indicate that all forms of vegetation were able to remove 65-85 percent of very fine particles at wind velocities below 1.5 meters per second (roughly 3 miles per hour), with redwood and deodar cedar being the most effective. Even greater removal rates were predicted for ultra-fine particle < 0.1 mm in diameter.

While from a CEQA standpoint no mitigation is required, it is suggested that the applicant plant redwood, deodar cedar, and/or live oak trees along the east and north boundaries of the project site to improve air quality conditions on the site, based on the proximity of the freeway.

**Question C**

**Air Movement**

The project would facilitate residential development on an infill site, and would not alter air movements.

**Temperature and Moisture**

The project would facilitate residential development on an infill site. Due to the paved and built nature of the area and the small size of the project, development and landscaping would have a negligible effect on the existing heat island effect and increases in air moisture due to plant transpiration.

**Climate**

The project involves infill development, consistent with the Regional Blueprint and County General Plan policies to reduce greenhouse gas (GHG) emissions. GHG emissions reduction and air quality improvements are fundamental objectives that underlie policies throughout the General Plan. The General Plan addresses these objectives primarily by providing land use, mobility, and energy conservation policies intended to promote infill development and reduce automobile trips and GHG emissions on a per capita basis. Development on the project site is not expected to create or lengthen vehicle trips on a regional scale, and would facilitate the provision of residential uses near jobs and existing infrastructure, consistent with the Regional Blueprint Project and the County General Plan.

**Question D**

The project does not include any action or facility that would generate foul odors. The project would have *no impact* on odors.

**FINDINGS**

The proposed project's emissions would be well below the SMAQMD thresholds of significance, and would not require a health risk assessment regarding the site's proximity to a significant source of toxic air contaminants. Therefore, the proposed project would have a *less-than-significant impact* related to air quality.

**3. BIOLOGICAL RESOURCES**

*Would the proposal result in impacts to:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Endangered, threatened, or rare species or their habitats (including, but not limited to plants, fish, insects, animals, and birds)?			<b>X</b>
B) Locally designated species (e.g., heritage or County street trees)?			<b>X</b>
C) Wetland habitat (e.g., marsh, riparian and vernal pool)?			<b>X</b>

**ENVIRONMENTAL SETTING**

The project site is located in a heavily disturbed, densely developed Urban Land Habitat. Urban habitat exists within developed areas where pre-development vegetation has been removed and new species of plants have been introduced intentionally (ornamental species) or inadvertently (weeds). There are no wetlands or water features on the site, or natural vegetation. The site has been previously developed for both residential uses and later as a community garden, and is surrounded by existing residential development.

**STANDARDS OF SIGNIFICANCE**

For purposes of this environmental document, an impact would be significant if any of the following conditions or potential thereof, would result with implementation of the project:

- Creation of a potential health hazard, or use, production, or disposal of materials that would pose a hazard to plant or animal populations in the area affected
- Substantial degradation of the quality of the environment, reduction of the habitat, reduction of population below self-sustaining levels of threatened or endangered species of plant or animal
- Affect other species of special concern to agencies or natural resource organizations (such as regulatory waters and wetlands)

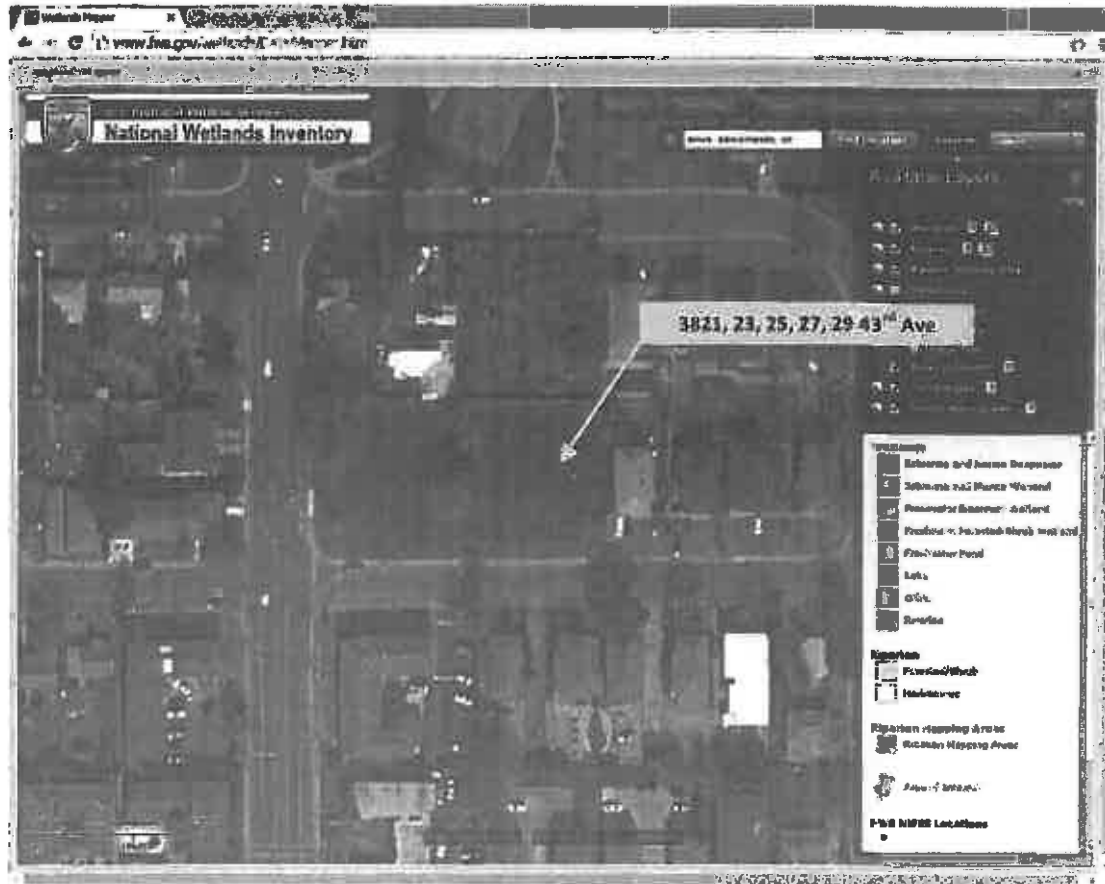
**ANSWERS TO CHECKLIST QUESTIONS**

**Questions A, B and C**

The project site is vacant with ruderal vegetation that is actively mowed, and some small trees; there are no trees of heritage size on the site. There are no mounds of fill dirt present on the site that could be used by burrowing owls. Asphalt driveways and roadways border the site on three sides, which does not create conditions conducive to special status species habitat or foraging.

There are no federally protected wetlands, as defined by Section 404 of the Clean Water Act, and as reviewed by the National Wetlands Inventory, within or near the project site (Figure 4). Therefore, the project will not adversely affect any federally protected wetlands through direct removal, filling, hydrological interruption, or other means.





**Figure 4**  
**National Wetlands Inventory Map**

The site was also reviewed in the California Natural Diversity Database for the location of special status species. The closest resource identified in the database is more than ½ mile from the project site, with intervening roadways, residential and industrial development (Figure 5). Trees on the site are less than 10 DBH and do not meet heritage tree size. Therefore, there are no species of special concern or locally designated species that would be affected by the project.



**4. CULTURAL RESOURCES**

*Would the proposal:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-Significant Impact
A) Disturb paleontological resources?			<b>X</b>
B) Disturb archaeological resources?			<b>X</b>
C) Affect historical resources?			<b>X</b>
D) Have the potential to cause a physical change which would affect unique ethnic cultural values?			<b>X</b>
E) Restrict existing religious or sacred uses within the potential impact area?			<b>X</b>

**ENVIRONMENTAL SETTING**

The project site is located in the upper Central Valley of California near the confluence of the Sacramento and American rivers. The project site is located in an existing urbanized area, which has been developed with both commercial and residential uses since the Gold Rush.

**STANDARDS OF SIGNIFICANCE**

Cultural resource impacts may be considered significant if the project would result in one or more of the following:

- Cause a substantial change in the significance of a historical or archaeological resource as defined in CEQA Guidelines Section 15064.5
- Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature

**ANSWERS TO CHECKLIST QUESTIONS**

**Questions A, B, and D**

The project site is highly disturbed and developed, thus excavation and earth moving has already occurred on the infill parcel. It is unlikely that the anticipated shallow excavations on these previously disturbed infill parcels would encounter subsurface paleontological or cultural resources.

The North Central Information Center conducted a records search and determined that there is low potential for identifying prehistoric-period cultural resources and moderate potential for identifying historic-period cultural resources in the project area.

In the event that resources are encountered during construction activities, the County General Plan contains goals and policies intended to protect cultural and historic resources in the County. Adopted policies and requirements would ensure any unanticipated cultural resources would be handled appropriately.

**Question C**

Existing single-family and multi-family residential dwellings surround the site. The assessor does not appear to release construction dates for commercial properties, but surrounding structures are not significant architecturally (Historic Environment Consultants). They appear to lack character-defining features that would indicate any special importance given by the 'designer'. The projecting squares arranged like diamond shapes on the apartment complexes to the east are potentially an effort to update a late fifties or sixties plain-is-better design concept, but none of the properties appear to be over 50 years.

A Primary Record form has been completed by Historic Environment Consultants for 6125 MLK Blvd. The form indicates that the house is a good example of a general residential type prominent in Sacramento from about 1925-1940 that borrowed from various themes of European design, and termed "Period Revival." The importance of its historic associations appears limited due to the lack of associations with significant persons or events. Its individual architectural merit lacks significant distinction for Registration on the California Register of Historical Resources or the National Register of Historic Places and the building does not appear to be individually eligible for the Sacramento Register.

**Question D and E**

The project site was previously developed as residential. There are no known cultural uses or existing religious or sacred uses associated with the site. The Native American Heritage Commission was contacted for a search of the sacred lands files, and no records for the project area were identified. Native American tribes with an interest in the area were also consulted and no specific resources were identified.

**FINDINGS**

There are no identified cultural resources identified on or adjacent to the project site that could be affected by the project. The proposed project would not cause a substantial change in the significance of a historical or archaeological resource as defined in CEQA Guidelines Section 15064.5, or directly or indirectly destroy a unique paleontological resource or site or unique geologic feature. Therefore, the proposed project would have a *less-than-significant impact* on cultural resources.

**5. ENERGY**

*Would the proposal result in impacts to:*

Issues.	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
A) Power or natural gas?			<b>X</b>
B) Use non-renewable resources in a wasteful and inefficient manner?			<b>X</b>
C) Substantial increase in demand of existing sources of energy or require the development of new sources of energy?			<b>X</b>

**ENVIRONMENTAL SETTING**

Pacific Gas and Electric (PG&E) supplies gas service to the county area. PG&E gas transmission pipelines are concentrated north of the City of Sacramento. Distribution pipelines are located throughout the area, usually underground along public utility easements (PUEs).

The Sacramento Municipal Utility District (SMUD) provides electrical service to customers generally within the County. SMUD-owned power generation resources supply approximately 50% of its customers energy needs. SMUD also has arrangements with the California Independent System Operator, Western Systems Power Pool, and Northern California Power Pool to purchase and sell short-term power. SMUD buys and sells energy and capacity on a short-term basis to meet load requirements and reduce costs.

**STANDARDS OF SIGNIFICANCE**

**Gas Service**

A significant environmental impact would result if a project would require PG&E to secure a new gas source beyond their current supplies.

**Electrical Services**

A significant environmental impact would occur if a project resulted in the need for SMUD to secure a new electrical source (e.g., hydroelectric and geothermal plants) beyond their current supplies.

**ANSWERS TO CHECKLIST QUESTIONS**

**Questions A through C**

Electrical hookups that will be required for the five proposed residential units on the site; utilities will be constructed in compliance with the California Building Standards Code as specified in the County Code. The County has adopted an energy conservation review checklist and development guidelines for all projects and site plan reviews. The intent of the guidelines is to encourage consideration of energy conservation measures in the preliminary development stages so that project related energy consumption is minimized. In addition to the checklist, Plan Review of the energy facilities for development occurs during the design review stage of the planning process. Building materials would be required to meet heating,

ventilation, air conditioning (HVAC) and lighting requirements as specified in Title 20 (Energy Building Regulations) and Title 24 (Energy Conservation Standards) of the CCR, or better.

The proposed project must construct residential buildings in a manner consistent with currently applicable building codes, and would not use non-renewable energy sources in a wasteful manner. The project site is located in an urbanized portion of the County, and no new energy sources would be required for the construction or operation of the project.

#### **FINDINGS**

The project is infill residential construction, consistent with the County General Plan and the Regional Blueprint Project, and would not result in a demand for new sources of gas or electricity. The proposed project will therefore have a *less-than-significant impact* on energy resources.

## 6. HAZARDS

Would the proposal involve:

ISSUES:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
A) A risk of accidental explosion or release of hazardous substances (including, but not limited to: oil, pesticides, chemicals, or radiation)?			X
B) Possible interference with an emergency evacuation plan?			X
C) The creation of any health hazard or potential health hazard?			X
D) Exposure of people to existing sources of potential health hazards?			X
E) Increased fire hazard in areas with flammable brush, grass, or trees?			X

### ENVIRONMENTAL SETTING

The project site is an infill parcel in a residential area. Highway 99 is located approximately 400 feet to the east, and an industrial area is located approximately ½ mile to the west. From the historical information reviewed, the Phase I ESA concluded that the subject property was agriculturally developed by 1937 and was developed with structures intermittently between at least 1957 until at least 1993. The property was vacant land from at least 2002 through the present.

### STANDARDS OF SIGNIFICANCE

For the purposes of this document, an impact is considered significant if the project would:

- Expose people (e.g., residents, pedestrians, construction workers) to existing contaminated soil during construction activities
- Expose people (e.g., residents, pedestrians, construction workers) to asbestos-containing materials (ACM)
- Expose people (e.g., residents, pedestrians, construction workers) to existing contaminated groundwater during dewatering activities

### ANSWERS TO CHECKLIST QUESTIONS

#### Questions A, B, C, and D

The proposed project is located on a residential infill parcel and site improvements will not result in street closures or interfere with emergency evacuation plans. A Phase I Environmental site assessment was prepared for the site in August 2011. General refuse was observed to be scattered throughout the property and concentrated in piles on the northeast and eastern portions of the property, although the site has since been cleared since that visit. There appears to be irrigation piping on the western portion of the property, and subsurface utility connections may still exist on the property. The Phase I ESA determined there was no evidence of recognized environmental conditions in connection

with the property. The property is not listed on researched regulatory databases and the Phase I ESA did not identify nearby hazardous sites deemed to have a potential to pose an environmental impact to the project site.

**Questions E**

The project site is an urban residential infill site and would not create an increased fire hazard in areas with flammable brush, grass, or trees.

**FINDINGS**

The Phase I ESA determined that there are no identified contaminated soils or groundwater that could expose construction workers or future occupants to hazards. The proposed project will have a *less-than-significant impact* related to hazards and hazardous materials.



**7. LAND USE**

*Would the proposal:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less than-significant impact
A) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			X
B) Affect agricultural resources or operation (e.g., impacts to soils or farmlands, or impact from incompatible land uses?)			X

**ENVIRONMENTAL SETTING**

Single and multi-family residential uses characterize the project area. The site is currently designated in the County General Plan as Medium Density Residential and zoned RD-20 Multi-Family residential. Habitat for Humanity is seeking a rezone for the project site, from RD-20 to RD-5.

**STANDARDS OF SIGNIFICANCE**

Land use effects are based on analyzing the consistency of the project with existing regional land use plans and policies as well as land use compatibility with adjacent parcels. Any indirect physical impacts associated with development would be addressed in the appropriate environmental sections of this Initial Study.

**ANSWERS TO CHECKLIST QUESTIONS**

**Question A**

The project site is approximately 30,492 square feet, which provides a gross lot size of approximately 6,000 sf. Lot size will be reduced depending on the site improvements required by the county.

The General Plan Medium Density Residential designation provides for areas of attached units, including apartments and condominiums, along transit corridors and throughout the urban area. This designation establishes urban densities between thirteen and thirty dwelling units per acre, resulting in population densities ranging from approximately 32.5 to 73.5 persons per acre. Medium density development includes apartments, condominiums, and group housing. These uses are appropriate near commercial areas, transportation and transit corridors, and employment centers. The RD-20 zoning designation provides for maximum densities of 20 dwelling units per net acre of land. Sacramento County requires a rezone from multi-family to single family for the project.

Although the site requires a rezone, a single-family designation is consistent with the land uses in the project vicinity. The site is in a transitional zone between single-family and multi-family, bordered on the north and west by single-family, and to the south and east by existing multi-family. There is only one bus line on MLK Boulevard (bus route 67), and the nearest light rail station is approximately one mile southwest of the site, thus the site is not

located on a primary transit corridor. Due to the small size of the site, a rezone to encourage infill development on this site would not result in a significant reduction in the number of units, and would be consistent with surrounding land uses.

***Question B***

The project site has been previously developed with buildings and infrastructure within an urbanized area. Agricultural zoning or resources are not located within or adjacent to the project site, thus the project would have *no effect* on agricultural resources or operations.

**FINDINGS**

The proposed project is currently inconsistent with the existing zoning and general plan designations, but an application for rezoning will be completed by the county prior to local land use approvals. The site is not on a primary transit corridor that warrants high densities, but provides infill development with ready access to bus transit, thus it is consistent with land use goals to encourage infill development. The site is committed to urban uses and is not zoned for or near any agricultural uses. Therefore, the project will have a *less-than-significant* impact on land use.

**8. NOISE**

*Would the proposal result in:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-Significant Impact
A) Increases in existing noise levels? Short-term Long Term			X X
B) Exposure of people to severe noise levels? Short-term Long Term		X	X

**ENVIRONMENTAL SETTING**

The project site is located in a residential infill setting in the County. SHRA contracted with ESA to conduct a field reconnaissance survey and two (2) 48-hour noise measurements and four (4) short-term 5-minute noise measurements on the project site.

HUD has established interior and exterior noise standards for residential development projects (CFR Title 24, Volume 1, Part 51, Subpart B – Noise Abatement and Control). The County Noise Element establishes the same standards for residential exterior and interior noise exposure. For interior spaces, noise levels shall not exceed 45 dBA Ldn. For exterior noise, the following site acceptability standards have been established by HUD for residential development: Ldn less than 65 dBA Ldn would be considered "Acceptable"; Ldn above 65 dBA but not exceeding 75 dBA would be considered "Normally Unacceptable"; and Ldn above 75 dBA would be considered "Unacceptable". HUD assumes that standard construction techniques provide an average of 20 dBA Ldn attenuation, which is sufficient to meet interior noise levels of 45 Ldn at sites in the "Acceptable" noise range. For sites in the "Normally Unacceptable" category, a 5-dBA additional attenuation is required for sites above 65 dBA but not exceeding 70 dBA, and a 10-dBA additional attenuation required for sites above 70 dBA but not exceeding 75 dBA. For sites in the "Unacceptable" category with federal funding, attenuation measures must be submitted to the Assistant Secretary for Community Planning and Development (CPD) for approval on a case-by-case basis.

**California Noise Insulation Standards (Title 24)**

The California Commission of Housing and Community Development officially adopted noise insulation standards in 1974. In 1988, the Building Standards Commission approved revisions to the standards (Title 24, Part 2, California Code of Regulations). As revised, Title 24 establishes an interior noise standard of 45 dB(A) for residential space (CNEL or Ldn). Acoustical studies must be prepared for residential structures to be located within noise contours of 60 dB(A) or greater (CNEL or Ldn) from freeways, major streets, thoroughfares, rail lines, rapid transit lines, or industrial noise sources. The studies must demonstrate that the building is designed to reduce interior noise to 45 dB(A) or lower (CNEL or Ldn).

**STANDARDS OF SIGNIFICANCE**

Thresholds of significance are those established by CCR Title 24 standards and by the County's General Plan Noise Element and the County Noise Regulation. Noise and

vibration impacts resulting from the implementation of the project would be considered significant if they cause any of the following results:

- Expose persons to or generate noise levels in excess of standards established in the 2030 General Plan or noise ordinance or applicable standards of other agencies
- Cause a substantial permanent increase in ambient noise levels (greater than 4 dB  $L_{dn}$ <sup>a</sup>) in the project vicinity, above levels existing without the project
- Cause a substantial temporary or periodic increase in ambient noise levels in the project vicinity, above levels existing without the project

#### ANSWERS TO CHECKLIST QUESTIONS

##### **Question A**

Construction of future development would result in a short-term (construction) increase in existing noise levels. All construction activities must comply with the County's Noise Ordinance. The County's Noise Ordinance reduces the impact of construction noise by limiting construction activities to certain hours. The ordinance further requires that all internal combustion engines used in construction must be equipped with suitable exhaust and intake silencers which are in good working order. Therefore, construction noise impacts would be less than significant.

##### **Question B**

To establish ambient noise conditions in the project area, ESA took two long-term (48-hour) measurements and four short-term measurements in the vicinity of the project site. The noise environment surrounding the site is influenced primarily by on-road vehicle traffic on nearby roadways. The project site is bordered by MLK Blvd. to the west and 43rd Ave. to the south. State Route 99, including a concrete noise barrier wall, is approximately 300 feet to the east of the project site. In addition, there is a rail line and the Sacramento Executive Airport. The project site is about 3,300 feet east of an existing rail line, farther than the 3,000-foot HUD screening distance. The project site is about one mile east of Sacramento Executive Airport and is outside the 65 CNEL noise contour for the airport. Results of the noise measurements are presented in Table 1.

The long-term noise monitoring results shows that existing day-night Ldn levels range from 64 dBA (eastern area of site) to 66 dBA (western area of site). MLK Blvd. is the primary source of noise in the area. Assuming an average traffic volume growth of three percent per year, after 10 years these noise levels would increase by 1-dBA, to 65 dBA Ldn and 67 dBA Ldn for the eastern and western areas of the site, respectively. These noise levels would put the site in the "Normally Unacceptable" range established by HUD.

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<sup>a</sup>Day-Night Average Sound Level ( $L_{dn}$ ) – The average equivalent sound level during a 24-hour day, obtained after addition of ten decibels to sound levels in the night after 10:00 p.m. and before 7:00 a.m.

**TABLE 1  
EXISTING NOISE ENVIRONMENT IN THE PROJECT VICINITY**

Location	Time Period	Noise Level (dBA)	Noise Sources
LT-1: Southeast corner of project site, about 40 feet from 43 <sup>rd</sup> Ave CL	24-hour Ldn Thursday July 10, 2014: 64 dBA Friday July 11, 2014: 64 dBA	Hourly Average Leq range: July 10: 51 – 64 July 11: 52 – 63	Unattended noise measurements do not specifically identify noise sources.
LT-2: Northwest corner of project site, about 40 feet from MLK Blvd CL	24-hour Ldn Thursday July 10, 2014: 66 dBA Friday July 11, 2014: 66 dBA	Hourly Average Leq range: July 10: 53 – 66 July 11: 53 – 64	Unattended noise measurements do not specifically identify noise sources.
ST-1: Northeast corner of project site, about 25 feet from project's northern boundary and 135 feet from 43 <sup>rd</sup> Ave CL	5 Minutes (Wednesday July 9, 2014 at 11:50 am)	Leq: 55 Lmax: 62	<ul style="list-style-type: none"> <li>• Vehicles on MLK and 43<sup>rd</sup> and SR 99</li> <li>• Dogs barking</li> <li>• People talking and laughing in nearby residential area</li> <li>• Birds chirping</li> <li>• Wind</li> </ul>
ST-2: Southeast corner of project site, near LT-1	5 Minutes (Wednesday July 9, 2014 at 11:58 am)	Leq: 57 Lmax: 69	<ul style="list-style-type: none"> <li>• Vehicles on MLK and 43<sup>rd</sup> and SR 99</li> <li>• Hammering in nearby residential area</li> <li>• Sirens in distance</li> <li>• Motorcycle with loud music on MLK</li> <li>• Birds chirping</li> <li>• Wind</li> </ul>
ST-3: Southwest corner of project site, about 40 feet from 43 <sup>rd</sup> Ave and MLK Blvd CLs	5 Minutes (Wednesday July 9, 2014 at 12:08 pm)	Leq: 65 Lmax: 71	<ul style="list-style-type: none"> <li>• Vehicles on MLK primarily</li> <li>• Sirens in distance</li> <li>• Air horn in distance</li> <li>• Birds chirping</li> </ul>
ST-4: Northwest corner of project site, near LT-2	5 Minutes (Wednesday July 9, 2014 at 12:18 pm)	Leq: 64 Lmax: 74	<ul style="list-style-type: none"> <li>• Vehicles on MLK primarily</li> <li>• People talking in nearby residential area</li> <li>• Birds chirping</li> </ul>
NOTES: CL = centerline; LT = long-term; ST = short-term Source: ESA, 2014.			

In order to achieve sufficient attenuation, architectural measures should be included in the residential design, which may include double paned windows, solid-core doors, and/or increased sound insulation of exterior walls (such as through staggered- or double-studs or multiple layers of gypsum board). Improved energy efficiency measures required in Title 24 building code requirements now include double paned windows. Although HUD assumes that standard construction techniques provide an average of 20 dBA Ldn attenuation throughout the country, California construction standards for noise and energy insulation are stringent. Most literature and common practice in California today is to assume 25 dB for modern construction with newer dual pane windows, which is sufficient to reduce interior noise levels at the project site to below HUD and County standards. However, since windows must be closed to achieve the interior noise criteria, ventilation or air-conditioning systems must be required to provide a habitable interior environment.

In addition, exterior noise levels exceed exterior standards for outdoor gathering spaces. According to the HUD Noise Guidebook, a solid 8-foot wood fence will provide exterior noise attenuation of approximately 7 dB based on the proximity of the travel lanes on MLK Blvd, which will reduce exterior noise levels in backyard spaces to less than 60 dBA (HUD Noise Guidebook, Chapter 4, Table 2).

**Mitigation Measure 8-1:** The site plans and construction documents shall incorporate the following:

- a) Ventilation or air-conditioning systems shall be provided in each dwelling unit to provide a habitable interior environment.
- b) An 8-foot concrete block or tightly constructed wood fence shall be constructed along the MLK Blvd. boundary between the back property line and the back of the corner

house, sufficient to provide a 7dB noise attenuation. Wood fencing shall be provided around each backyard area.

**FINDINGS**

The proposed project is a five-unit single-family infill development, and would not cause a substantial permanent increase in ambient noise levels (greater than 4 dB  $L_{dn}$ <sup>b</sup>) in the project vicinity, above levels existing without the project. Single-family construction methods do not result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity, and construction activity is restricted by county noise regulations. Although the project location would expose future residents to ambient noise levels in excess of adopted standards, Mitigation Measure 8-1 will reduce noise exposure to *less-than-significant* levels.

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<sup>b</sup>Day-Night Average Sound Level ( $L_{dn}$ ) – The average equivalent sound level during a 24-hour day, obtained after addition of ten decibels to sound levels in the night after 10:00 p.m. and before 7:00 a.m.

**9. POPULATION AND HOUSING**

*Would the proposal:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Induce substantial growth in an area either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure)?			X
B) Displace existing housing, especially affordable housing?			X

**ENVIRONMENTAL SETTING**

The project vicinity is an urban infill parcel surrounding by existing single and multi-family residential. Full urban utilities and services are currently available to the project site.

**STANDARDS OF SIGNIFICANCE**

The County treats the discussion of population and housing effects differently from technical environmental issues. Any indirect physical impacts associated with increases in population or housing would be addressed in the appropriate environmental sections of this Initial Study.

**ANSWERS TO CHECKLIST QUESTIONS**

**Question A**

The site is not located in an undeveloped area and does not extend major infrastructure; infrastructure is already available to the site. Residential development would increase the permanent population of the immediate area, at a level equal to or a little less than the anticipated population levels identified in the County General Plan due to the proposed rezoning. The project would not result in changes in population beyond those identified in regional and local population projections, and is consistent with the region's Blueprint objectives to encourage infill development.

**Question A and B**

The project site is currently vacant and thus would not displace existing housing. The site is an infill parcel, and the project will construct five single-family affordable self-help housing units, and thus will have a beneficial effect on affordable housing supplies in the county.

**FINDINGS**

The project would facilitate affordable residential infill development and therefore would result in a *less-than-significant* impact related to population or housing.

## 10. PUBLIC SERVICES

*Would the proposal have an effect upon, or result in a need for new or altered government services in any of the following areas:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
A) Fire protection?			X
B) Police protection?			X
C) Schools?			X
D) Maintenance of public facilities, including roads?			X
E) Other governmental services?			X

### ENVIRONMENTAL SETTING

#### *Fire Protection*

The Sacramento Metropolitan Fire District (SMFD) serves the county unincorporated area. The SMFD responds to all types of fire related emergencies, including residential, commercial, vegetation, and automobiles.

#### *Police Protection*

The Sacramento County Sheriff's Department provides police protection services to the unincorporated areas of the county and provides specialized law enforcement services to both incorporated and unincorporated areas. Services are generally provided through patrol units consisting of a patrol car and deputy sheriff.

#### *Schools*

The Sacramento City Unified School District (SCUSD) serves the project site. Students living on the project site would attend Pacific Elementary School, Fern Bacon Middle School, and C.K. McClatchy High School.

### STANDARDS OF SIGNIFICANCE

For the purposes of this Initial Study, an impact would be considered significant if the project resulted in the need for new or altered services related to fire protection, police protection, school facilities, roadway maintenance, or other governmental services.

Fire/police personnel, schools, libraries, and parks provide a wide range of services that are affected by population increases. These services, however, are generally not impacted by physical environmental effects created by the project. Section 15382 of the CEQA Guidelines defines a significant effect on the environment as a substantial or a potentially substantial adverse change in flora, fauna, ambient noise, and/or objects of historic or aesthetic significance. An economic or social change is not by itself considered a significant effect on the environment.



**ANSWERS TO CHECKLIST QUESTIONS****Questions A and B**

The County's General Fund and other special collections such as state school funds and developer fees provide the financial support to achieve basic safety, school, library, and park services. The County does not recognize the level of provision of these services as physical environmental impacts; police, fire, schools, library, and park services are basic social services to be provided by the County. The level of service is based in part on the economic health of the service provider – in this case, the County and SMFD.

Development on the project site will be required to incorporate design features identified in the Uniform Building Code and the Uniform Fire Code. Both the SMFD and the Sheriff's Department are given the opportunity to review and comment project design.

The General Plan policies include measures to accommodate for growth and increased service demands. Adequate fire and police services would be provided by the County to serve the anticipated increase in demand by the redevelopment of the project site.

**Question C**

The Sacramento City Unified School District (SCUSD) serves the project site. Over the last decade, enrollment in Sacramento City Unified School District has declined by approximately 10 percent, from a high of 53,418 in 2001-02 to 47,939 in 2012-2013, and a projected loss of 800 more students in 2013-2014 (SCUSD, 2014). Currently, SCUSD's elementary schools are operating at an average of 56 percent of enrollment capacity. Pacific is enrolled at 60%, and Fern Bacon Middle School at 76%. By comparison, C.K. McClatchy High School has a capacity of 2003 students, and currently operates at an enrollment of 2,285 with portable classrooms. However, the reduction in enrollment at elementary and middle school feeder schools is consistently reducing demand at the high school, thus all schools serving the site are considered to have adequate capacity to accommodate students generated by the project.

**Questions D and E**

Public right-of-way (ROW) and driveways must be designed and constructed in compliance with county standards. The project would increase the residential population on the project site, which is served by existing governmental services. This would be consistent with the Regional Blueprint to provide increased densities in areas already served by public utilities and services. The improved property would contribute tax dollars into the County's General Fund along with payment of other county fees and taxes. The proposed project may be required to construct ROW improvements including reconstruction of curb, sidewalk and gutter and streetlights; widening 43rd Avenue from 23' to 30' wide within the right-of-way of the property, and widening MLK to 42' from 31' within the right-of-way of the property, which would be a beneficial effect for local government services.

**FINDINGS**

The proposal project would facilitate infill residential development and would result in no fire services, police services, schools, public facilities, and government services beyond those analyzed in the County General Plan EIR. The proposed infill residential construction is consistent with the County General Plan and the Regional Blueprint Project, and would have a *less-than-significant* impact on fire, public safety, schools and other public facilities and services.

**11. RECREATION**

*Would the proposal:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less than significant impact
A) Increase the demand for neighborhood or regional parks or other recreational facilities?			<b>X</b>
B) Affect existing recreational opportunities?			<b>X</b>

**ENVIRONMENTAL SETTING**

Both the City of Sacramento Department of Parks and Recreation and the County of Sacramento Regional Parks Department serve the project site. The closest park to the project site is Rainbow Mini Park 500 feet to the north, and there are a total of seven parks located within a one mile radius: Pacific Park, Bowling Green, Airport Little League, Airport, Maple School, Nicholas, and Fruitridge parks. The regional William Choley Park /Bing Maloney Golf Course and William Land Park are located approximately 2 miles from the site.

**STANDARDS OF SIGNIFICANCE**

Impacts to recreational resources are considered significant if the project would do either of the following:

- Cause or accelerate substantial physical deterioration of existing area parks or recreational facilities
- Create a need for construction or expansion of recreational facilities beyond what was anticipated in the General or Community Plan

**ANSWERS TO CHECKLIST QUESTIONS**

**Questions A and B**

Parks provide a wide range of services that are affected by population increases. Physical environmental effects created by the project, however, do not impact these services. Section 15382 of the CEQA Guidelines defines a significant effect on the environment as a substantial or a potentially substantial adverse change in flora, fauna, ambient noise, and/or objects of historic or aesthetic significance. An economic or social change is not by itself considered a significant effect on the environment.

The proposed project could slightly increase demand for local recreation resources by the new residents on the site generated by five new dwelling units. The Quimby Act (California Government Code 86477) allows local governments to acquire land sufficient to accommodate three acres of park improvements per 1,000 residents. The County imposes Quimby Act fees on new residential development to meet cumulative demand for services. Therefore, the impact on recreational facilities would be *less than significant*.

**FINDINGS**

The project would facilitate residential development and would result in a negligible increased demand for parks and recreational services and facilities. The proposed infill residential development was previously developed, and is proposed for a lower density than that identified in the General Plan. Therefore, the project will have a *less-than-significant* impact on recreation resources.

## 12. SEISMICITY, SOILS, AND GEOLOGY

Would the proposal result in or expose people to potential impacts involving:

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Seismic hazards?			X
B) Erosion, changes in topography or unstable soil conditions?			X
C) Subsidence of land (groundwater pumping or dewatering)?			X
D) Unique geologic or physical features?			X

### ENVIRONMENTAL SETTING

The project area is located in the flat surface of the Great Valley geomorphic province of California. The Great Valley is an alluvial plain approximately 50 miles wide and 400 miles long in the central portion of California. Its northern part is the Sacramento Valley drained by the Sacramento River, and its southern part is the San Joaquin Valley drained by the San Joaquin River.

The geology of the Great Valley is typified by thick sequences of alluvial sediments derived primarily from erosion of the mountains of the Sierra Nevada Range to the east, and to a lesser extent, erosion of the Klamath Mountains and Cascade Range to the north. These sediments were transported downstream and subsequently laid down as a river channel and floodplain deposits and alluvial fans.

Based on a 2010 groundwater monitoring report for a site located approximately 1,100 feet south of the subject property, the depth to groundwater in the area of the subject property ranges from approximately 35 to 44 feet below ground surface (bgs) with a flow direction to the east-southeast (Phase I ESA).

#### **Seismic**

There are no known active faults occurring in or adjacent to the County of Sacramento. During the past 150 years, there has been no documented movement on faults within the County, although the region has experienced numerous instances of ground shaking originating from faults located to the west and east. According to the Preliminary Map of Maximum Expectable Earthquake Intensity in California, prepared by the California Department of Mines and Geology, Sacramento is located near the border between the low and moderate severity zones, representing a probable maximum earthquake intensity of VII on the Modified Mercalli Scale. In Sacramento, the greatest intensity earthquake effects would come from the Dunnigan Hills fault, Midland fault, and the Foothill fault system. The maximum credible earthquake for those faults is estimated at 6.5 on the Richter scale.

**STANDARDS OF SIGNIFICANCE**

For the purposes of this analysis, an impact is considered significant if it allows a project to be built that will introduce either geologic or seismic hazards by allowing the construction of the project on such a site without protection against those hazards.

**ANSWERS TO CHECKLIST QUESTIONS****Question A**

Development in the project site could be exposed to potentially damaging seismically induced ground shaking. However, in Sacramento, the maximum credible earthquake from regional faults is estimated at 6.5 on the Richter scale. The proposed project must be built to current Uniform Building Code standards, which are specifically designed to minimize the potential for building damage due to ground shaking.

**Question B**

The project site is level; therefore, the project would not result in a change in topography or unstable soil conditions. The County requires soils reports and geological investigations for determining liquefaction, expansive soils, and subsidence problems on sites for new multiple-story buildings as a condition of approval, and that such information be incorporated into the project design and construction to eliminate hazards.

Minor increases in the volume and rate of water runoff may increase off-site soil erosion during any future construction. County code requires the preparation of erosion and sediment control plans with grading permits.

**Question C**

Residential site improvements and construction will require minor trenching up to a few feet for foundations and upgraded infrastructure. The project site is served by a municipal water supply that does not draw from groundwater in the area. Groundwater levels are deep enough at a minimum of 35 feet that no future trenching for utilities would reach groundwater.

**Question D**

There are no recognized unique geologic features or physical features in the project site that could be impacted by the proposed site improvements and housing construction.

**FINDINGS**

The proposed site improvements and construction of five single family dwelling units would be constructed to state standards for the seismic zone and therefore would not introduce either geologic or seismic hazards by allowing the construction of the project on such a site without protection against those hazards. Therefore, the proposed project would have a *less-than-significant* impact on seismicity, soils and geology.

### 13. TRANSPORTATION/CIRCULATION

Would the proposal result in:

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Increased vehicle trips or traffic congestion?			X
B) Hazards to safety from design features (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X
C) Inadequate emergency access or access to nearby uses?			X
D) Insufficient parking capacity on-site or off-site?			X
E) Hazards or barriers for pedestrians or bicyclists?			X
F) Conflicts with adopted policies supporting alternative transportation (e.g., bus turnouts, bicycle racks)?			X
G) Rail, waterborne or air traffic impacts?			X

#### ENVIRONMENTAL SETTING

The project site is located on Martin Luther King, Jr. (MLK) Boulevard and 43rd Avenue in unincorporated Sacramento County, in a highly urbanized area close to the City of Sacramento. Single and multi-family residential characterizes the area. Highway 99 is less than 400 feet east of the site, accessible to the north via Fruitridge Road and the south via 47<sup>th</sup> Avenue interchanges. Franklin Boulevard and MLK Blvd are both designated north-south arterials near the site. 47<sup>th</sup> Avenue is a designated thoroughfare at its intersections with Franklin and MLK boulevards.

The County maintains a level of service (LOS) "E" goal. Average daily traffic (ADT) volumes on MLK Blvd at 47<sup>th</sup> Avenue are 17,766 (counted 9/17/13). Under existing conditions, MLK Blvd meets the LOS E goal. Under cumulative General Plan buildout conditions, this LOS is expected to improve to LOS A-D.

#### STANDARDS OF SIGNIFICANCE

Impacts to the roadway system are considered significant if the project would result in development that would be anticipated to cause a significant increase in projected average daily traffic (ADT) volumes over current conditions or beyond those anticipated in the County General Plan and recent traffic studies.

#### ANSWERS TO CHECKLIST QUESTIONS

##### Question A

The proposed project would incrementally increase traffic volumes on local roadways, but at a lower level than that anticipated in the County General Plan. The County maintains a level

of service (LOS) "E" goal for urban roadways. Under existing conditions, MLK Blvd meets the LOS E goal. Under cumulative General Plan buildout conditions, this LOS is expected to improve to LOS A-D. Whereas the proposed project does not increase densities beyond those anticipated for the site in the General Plan, the project would have a *less-than-significant* impact on traffic congestion.

**Questions B, C, D, E, and F**

The proposed project may change the physical characteristics of the project site to meet county standards and ROW improvements. If required by the county, such improvements would be specifically intended to improve alternative transportation modes such as cycling and walking and enhance vehicle circulation. All improvements will be identified by the county to meet its requirements for public safety and improved circulation, and will have no adverse effect on safety or emergency access.

**Question F**

The project is on Regional Transit Bus Route 67 providing service to downtown, and connections south to Laguna Road and the Cosumnes College area. The project would add a negligible demand to transit services, within the scope of demand anticipated in the General Plan. Anticipated ROW improvements and reconstruction of sidewalks would improve both pedestrian and bicycle access at the project boundaries.

**Question G**

The project site is not adjacent to any heavy rail line, waterway, or airport and would not result in uses that would generate significant rail, waterborne, or air traffic. The site is also not within any Airport Clear Zones or Accident Potential Zones per the Comprehensive Land Use Elements for Executive, Mather and McClellan airports.

**FINDINGS**

The project would facilitate residential development consistent with or *less* than that anticipated in the General Plan, and would result in no mobility impacts beyond those analyzed in the County GP EIR. The proposed project would have a *less-than-significant* impact on traffic and mobility.

## 14. UTILITIES

Would the proposal result in the need for new systems or supplies, or substantial alterations to the following utilities:

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant impact
A) Local or regional water supplies?			X
B) Local or regional water treatment or distribution facilities?			X
C) Sewer or septic tanks?			X
D) Storm water drainage?			X
E) Solid waste disposal?			X

### ENVIRONMENTAL SETTING

The project site is an urbanized, infill site currently served by water, sewer, and stormwater infrastructure, and solid waste pickup.

#### **Water Supply and Treatment**

Water supply within the county consists of surface water from rivers and streams and groundwater pumped from underground aquifers. This water is distributed to agricultural and municipal users through a network of 28 water purveyors. The Fruitridge Vista Water District provides water to the project site.

#### **Wastewater**

The Sacramento Regional County Sanitation District (SRCSD) is responsible for providing wastewater service to all areas of the county.

#### **Stormwater**

The Sacramento County Department of Water Resources is responsible for drainage and flood control within the county, and maintains stormwater drains in 43<sup>rd</sup> Avenue. The site is located within Sacramento County Storm Water Utility and Sacramento County Water Agency Zone 12.

#### **Solid Waste**

The Sacramento County Department of Waste Management & Recycling (WMR) is responsible for maintaining a waste management system for residents and businesses in the unincorporated area. Sacramento County owns and operates the Kiefer Landfill, located at Kiefer Boulevard and Grant Line Road. Kiefer Landfill is a total of 1,084 acres in size, with a permitted disposal area of 660 acres, and serves as the primary solid waste disposal facility in the County. The Landfill has the capacity to meet demands until 2035 or later.



**STANDARDS OF SIGNIFICANCE**

For purposes of this environmental document, an impact is considered significant if the project would:

- Create an increase in water demand of more than 10 million gallons per day (mgd)
- Result in the determination by the wastewater treatment provider that adequate capacity is not available to serve the project's demand in addition to existing commitments
- Generate more than 500 tons of solid waste per year
- Generate stormwater that would exceed the capacity of the stormwater system

**ANSWERS TO CHECKLIST QUESTIONS*****Question A and B***

The project involves the construction of site improvements for five, approximately 1,300 s.f. single-family dwelling units on an infill parcel. The County has adequate water rights to support General Plan build-out, and this project is below the densities assume for the site in the General Plan. The project site is located within a developed, urbanized area with existing infrastructure to provide municipal water to the project parcels.

***Question C***

The project involves the construction of site improvements for five, approximately 1,300 s.f. single-family dwelling units. The wastewater generation factor for residential uses is 0.2 ESD/1000 square feet, where ESD is one equivalent single-family dwelling unit and has a wastewater generation rate of 400 gallons/day. Based on this standard, the proposed project would generate an ESD of 1.3, or 520 gallons/day. This is well below the significance criteria of 10 mgd.

New construction would incrementally increase demand on regional wastewater capacity. The Sacramento Regional County Sanitation District (SRCSD) has a program in place to continually evaluate demand/capacity needs, and the master planning effort provides the flexibility to respond to changes in demand that can be anticipated in advance of planned improvements, so that capacity issues are addressed in a timely and cost-effective manner. Master planning efforts that would identify necessary improvement in capacity to accommodate county growth beyond the 2020 Master Plan timeframe would be initiated well in advance. To fund expansions to the both the conveyance and treatment systems, the SRCSD requires a regional connection fee be paid to the District for any users connecting to or expanding sewer collection systems (SRCSD Ordinance No. SRCSD-0043). There would be sufficient capacity to accommodate the increase in wastewater, to accommodate providers' existing commitments, and there are established plans, programs, and policies in place to increase capacity in response to demand.

***Question D***

The proposed project would increase impervious surfaces on the project site, and incrementally increase stormwater flows into the existing drainage system in 43<sup>rd</sup> Avenue. The county requires site plans and utility plans that ensure adequate connection and adequate capacity in the receiving lines for the proposed project prior to the issuance of building permits. Current county codes ensure that stormwater effects will be less-than-significant.

**Question E**

The proposed project would be constructed at a lower density than that identified in the General Plan, and must meet current County zoning requirements regarding recycling. The County has met AB 939's requirement with a 58% diversion rate and is in compliance with Senate Bill 610's per capita disposal maximum of 7.7 pounds per person per day by disposing only 5.9 pounds per person per day. Assuming a conservative occupancy on the site of 6 persons per unit, waste generation could be approximately 32 tons per year. This is well below the significance criteria of 500 tons per year. The project would therefore not result in solid waste growth beyond that anticipated in the General Plan and solid waste disposal projections, and would not affect the capacity of the County's landfill resources. With the remaining capacity and expected lifespan at Kiefer Landfill, the increase in solid waste generated by development under the 2030 General Plan build-out was determined to not exceed capacity of the landfills (GP EIR).

**FINDINGS**

The proposed infill project would be constructed at lower densities than anticipated in the GP EIR, and therefore would not result in water demand, wastewater demand, stormwater, and solid waste generation beyond that analyzed in the GP EIR. Impacts on utilities would be *less than significant*.

## 15. WATER

Would the proposal result in or expose people to potential impacts involving:

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
A) Changes in absorption rates, drainage patterns, or the rate and amount of surface/stormwater runoff (e.g. during or after construction; or from material storage areas, vehicle fueling/maintenance areas, waste handling, hazardous materials handling & storage, delivery areas, etc.)?			X
B) Exposure of people or property to water related hazards such as flooding?			X
C) Discharge into surface waters or other alteration of surface water quality that substantially impact temperature, dissolved oxygen or turbidity, beneficial uses of receiving waters or areas that provide water quality benefits, or cause harm to the biological integrity of the waters?			X
D) Changes in flow velocity or volume of stormwater runoff that cause environmental harm or significant increases in erosion of the Project Area or surrounding areas?			X
E) Changes in currents, or the course or direction of water movements?			X
F) Change in the quantity of ground waters, either through direct additions or withdrawal, or through interception of an aquifer by cuts or excavations or through substantial loss of groundwater recharge capability?			X
G) Altered direction or rate of flow of groundwater?			X
H) Impacts to groundwater quality?			X

### ENVIRONMENTAL SETTING

There are no surface water or natural drainages on or near the project site. The Federal Emergency Management Agency (FEMA) publishes Flood Insurance Rate Maps (FIRM) that delineate flood hazard zones for communities. The project site is located within an area designated "X" on FIRM Panel Number 06067C0190H (effective on 08/16/2012).

#### Groundwater

The aquifer system underlying the county is part of the larger Central Valley groundwater basin. The American, Sacramento, and Cosumnes rivers, as well as other tributary streams, generally recharge the aquifer. Based on a 2010 groundwater monitoring report for a site located approximately 1,100 feet south of the subject property, the depth to groundwater in the area of the subject property ranges from approximately 35 to 44 feet below ground surface (bgs) with a flow direction to the east-southeast (Phase I ESA).

**STANDARDS OF SIGNIFICANCE*****Water Quality***

For purposes of this environmental document, an impact is considered significant if the project would substantially degrade water quality and violate any water quality objectives set by the SWRCB, due to increased sediments and other contaminants generated by consumption and/or operation activities.

***Flooding***

For purposes of this environmental document, an impact is considered significant if the project substantially increases exposure of people and/or property to the risk of injury and damage in the event of a 100-year flood.

**ANSWERS TO CHECKLIST QUESTIONS*****Questions A and D***

The project site is located within a developed, urbanized area with existing infrastructure to accommodate drainage from the site. The project would construct five dwelling units on the 0.70-acre vacant site, and thus result in a negligible increase in impermeable surfaces and some increased runoff. The site is less than one acre in size, and there is a stormwater drainage infrastructure in the street to accommodate new drainage connections. Therefore, the proposed project will have a less-than-significant impact on absorption rates, drainage patterns, and runoff flows.

***Question B***

The project site is located within an area designated "X" on FIRM Panel Number 06067C0190H (effective on 08/16/2012), which is an area that has no identified flood risk. Therefore, the proposed project would not expose people or property to water related hazards such as flooding (Figure 6).

***Questions C and E***

Construction of the proposed project would include temporary earth disturbing activities as the site is prepared for new foundations, driveways, landscaping, and utilities. This could result in a minor increase in soil erosion leading to increased sediment loads in storm runoff, which could enter the drainage system and adversely affect receiving water quality. Construction activities may contribute organic pollutants during the construction of infrastructure and improvements.

All new development proposals are evaluated by the Sacramento County Department of Water Resources (DWR) to ensure that improvement plans are in compliance with drainage and floodplain management policies by conforming to County standards, drainage ordinances, and floodplain development policies. DWR typically conditions development projects with the following measures:

- A Notice of Intent (NOI) must be filed with the State Water Resources Control Board prior to construction to obtain coverage under the State's General Construction Activity Stormwater Permit. As a condition of the General Permit, a Stormwater Pollution Prevention Plan (SWPPP) must be developed for the project.
- Provide a permanent concrete stamp, or other permanently applied message to the satisfaction of DWR not including paint, which reads "No Dumping-Flows to Creek" or other approved message at each storm drain inlet.

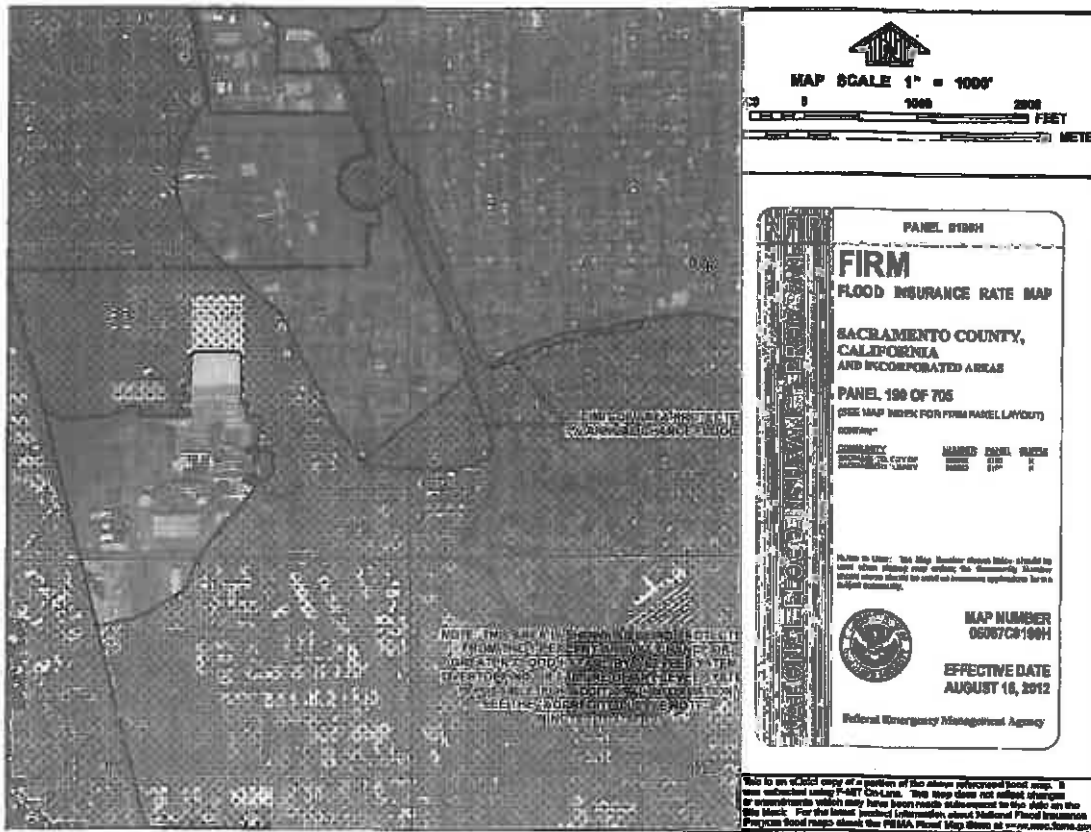


Figure 6  
FEMA Flood Map

Standard county requirements will ensure impacts on receiving waters are less than significant.

**Questions F, G, and H**

The proposed project would not involve substantial excavation or trenching that would impact groundwater at 35 feet bgs. The proposed dwellings would be constructed with slab foundations. Due to the flat topography of the site, cut and fill slopes are not required. The project would require minor trenching for utilities, connecting to existing water, power, and sewer infrastructure in the surrounding streets; maximum trenching depths for utilities are well above the groundwater level. The proposed project would therefore have no impact on groundwater.

**FINDINGS**

The proposed infill residential development would comply with county codes and requirements and construction would not approach the groundwater table; therefore, impacts associated with stormwater, flooding, groundwater, and water quality would be less than significant.

**16. MANDATORY FINDINGS OF SIGNIFICANCE**

*Does the proposal:*

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less than-significant impact
A) Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?			x
B) Have the potential to achieve short-term, to the disadvantage of long-term environmental goals?			x
C) Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)			x
D) Have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly? Disturb paleontological resources?		x	

**ANSWERS TO CHECKLIST QUESTIONS**

**Question A**

The proposed project would not degrade the quality of the environment through significant air emissions, traffic congestion, environmental or geotechnical hazards, noise, or a reduction in public services, or impact special status species or habitat, archeological or paleontological resources, or public utilities, as discussed in the previous sections; therefore, the project would have a *less-than-significant* impact on the quality of the environment.

**Question B**

The project provides residential development on an infill parcel, consistent with Regional Blueprint and County General Plan goals to promote infill development. This would be in the interest of long-term environmental goals regarding air quality, climate change, and traffic.

**Question C**

The project provides residential development on an infill parcel, consistent with Regional Blueprint and County General Plan goals to promote infill development. Densities on the site will be constructed at a slightly lower level than that anticipated in the General Plan, thus the project would not result in new cumulative effects that were not previously considered in the GP EIR.

***Question D***

Potentially significant impacts were identified for the location of residential units in an area of ambient noise levels above County and HUD standards. Mitigation measures have been required that ensure this impact is reduced to less-than-significant levels. The proposed project, as mitigated, would have no substantial direct or indirect adverse effects on human beings or paleontological resources.

## **SECTION IV - ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED**

The environmental factors checked below would potentially be affected by this project.

- |                                     |                              |                          |                                      |
|-------------------------------------|------------------------------|--------------------------|--------------------------------------|
| <input type="checkbox"/>            | Aesthetics, Light, and Glare | <input type="checkbox"/> | Population and Housing               |
| <input type="checkbox"/>            | Air Quality                  | <input type="checkbox"/> | Public Services                      |
| <input type="checkbox"/>            | Biological Resources         | <input type="checkbox"/> | Recreation                           |
| <input type="checkbox"/>            | Cultural Resources           | <input type="checkbox"/> | Seismicity, Soils, Soils and Geology |
| <input type="checkbox"/>            | Energy                       | <input type="checkbox"/> | Transportation/Circulation           |
| <input type="checkbox"/>            | Hazards                      | <input type="checkbox"/> | Utilities                            |
| <input type="checkbox"/>            | Land Use                     | <input type="checkbox"/> | Water                                |
| <input checked="" type="checkbox"/> | Noise                        | <input type="checkbox"/> | Mandatory Findings of Significance   |
| <input type="checkbox"/>            | None Identified              |                          |                                      |





**SECTION V - DETERMINATION**

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On the basis of the initial evaluation:

I find that the project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.

**X** I find that although the project could have a significant effect on the environment, there will not be a significant effect in this case because the project-specific mitigation measures described in Section III have been added to the project. A **MITIGATED NEGATIVE DECLARATION** will be prepared.

I find that the project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.

Brad Satterwhite  
Signature

10/8/14  
Date

Brad Satterwhite  
Printed Name



## **SECTION VI - REFERENCES CITED**

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This Initial Study has been compiled from a variety of sources, including published and unpublished studies, applicable maps, aerial photographs, and independent field investigations. The State CEQA Guidelines recommend that previously completed environmental documents, public plans, and reports directly relevant to a project be used as background information to the greatest extent possible and, where this information is relevant to findings and conclusions, that it be incorporated by reference in the environmental document. The following documents have been used as reference materials for this initial study. These documents are available for public review online as noted below, or available from Sacramento Housing and Redevelopment Agency, 801 12<sup>th</sup> Street, Sacramento, 95814.

Caltrans. 2014. Traffic Census. Available online: <http://traffic-counts.dot.ca.gov/>. Accessed September 2014.

County of Sacramento. 2011. Sacramento County General Plan of 2005-2030. Amended November 9, 2011. Available online: <http://www.per.saccounty.net/PlansandProjectsInProgress/Pages/GeneralPlan.aspx>. Accessed September 2014.

County of Sacramento. 2010. General Plan Update Final Environmental Impact Report. Available online: <http://www.per.saccounty.net/EnvironmentalDocuments/Pages/SearchDocuments.aspx>. Accessed September 2014.

County of Sacramento Zoning Code. 2014. Current through Ordinance 1565 and the September 2014 code supplement. Available online: <http://qcode.us/codes/sacramentocounty/>. Accessed September 2014.

County of Sacramento Website. Available online: <http://www.saccounty.net/>. Accessed September 2014.

Sacramento Area Council of Governments. 2004. Blueprint Preferred Scenario for 2050. Available online: <http://www.sacregionblueprint.org/>

Sacramento City Unified School District. (2014). Schools information. Available online: <http://www.scusd.edu/>. Accessed September 2014.

Sacramento County Department of Transportation. (2014). Traffic Counts. Available online: <http://www.sacdot.com/Pages/TrafficCountProgram.aspx>. Accessed September 2014.

Sacramento Housing and Redevelopment Agency. 2011. Phase I Environmental Site Assessment, Vacant Residential Land, 3821-3829 43rd Avenue, Sacramento, CA 95824. Available from SHRA: 801 12<sup>th</sup> Street, Sacramento, CA 95814.

Sacramento Metropolitan Air Quality Management District. June 2014. Guide to Air Quality Assessment in Sacramento County. Available online at <http://www.airquality.org/ceqa/ceqaguideupdate.shtml>. Accessed September 2014.

Sacramento Regional Transit. 2014. Route Map. Available online: <http://www.sacrt.com/systemmap/B1.stm>. Accessed September 2014.

**NEIGHBORHOOD STABILIZATION PROGRAM (NSP): 3821-3829  
43RD AVENUE HOUSING PROJECT  
MITIGATION MONITORING PLAN**

This Mitigation Monitoring Plan (MMP) has been required by and prepared for the Sacramento Housing and Redevelopment Agency, 801 12th Street, Sacramento, CA 95814, pursuant to Public Resources Code of California, Statute, 21081.6.

**SECTION I – PROJECT IDENTIFICATION**

Project Name: Neighborhood Stabilization Program (NSP): 3821-3829  
43rd Avenue Housing Project

Owner/Developer/Applicant: Sacramento Housing and Redevelopment Agency  
801 12th Street  
Sacramento, California 95814

Project Manager: Brad Satterwhite, Environmental Coordinator  
Sacramento Housing and Redevelopment Agency  
801 12th Street  
Sacramento, California 95814  
Phone: (916) 440-1393

Environmental Consultant: The Ervin Consulting Group  
4310 Langner Avenue B  
Santa Rosa, CA 95407  
Phone (916) 989-0269  
info@ervincg.com

Project Location: The project is located at 3821-3829 43rd Avenue, Sacramento, on the northeast corner of the intersection of 43rd Avenue and Martin Luther King Junior Boulevard. (APN: 037-0327-016 through -020).

Proposed Project: The Sacramento Housing and Redevelopment Agency (SHRA) proposes to adopt a Disposition and Development Agreement (DDA) with Habitat for Humanity to develop five two-story, single-family, 3 bedroom income-restricted homes on separate and contiguous vacant parcels. The DDA includes a Conditional Grant for \$220,000 to cover costs for infrastructure/site development including erosion controls, sidewalks, storm water protection plan (SWPPP), sewer and other utilities, and street light re-work. In addition, the project requires that the site be re-zoned from the current RD-20 to RD-5.

**SECTION II -- GENERAL INFORMATION**

The Mitigation Monitoring Plan (MMP) includes mitigation for Noise. The intent of the MMP is to prescribe and enforce a means for properly and successfully implementing the mitigation measures as identified within the Initial Study/Mitigated Negative Declaration for this project. Unless otherwise noted, the cost of implementing the mitigation measures as prescribed by this MMP shall be funded by the developer; in this case, Habitat for Humanity. This Mitigation Monitoring Plan (MMP) is designed to aid SHRA in its implementation and monitoring of mitigation measures adopted for the proposed project.

The mitigation measures have been taken verbatim from the Mitigated Negative Declaration/Initial Study and are assigned the same number they have in the document. The MMP describes the actions that must take place to implement each mitigation measure, the timing of those actions, and the entities responsible for implementing and monitoring the actions. SHRA will be responsible for fully understanding and effectively implementing the mitigation measures contained within the MMP. The County of Sacramento, along with other applicable local, state, or federal agencies, will be responsible for ensuring compliance during construction.

**3821-3829 43RD AVENUE HOUSING PROJECT  
MITIGATION MONITORING PLAN**

Impact	Mitigation Measure	Action	Implementing Party	Timing	Monitoring Party
<b>8. Noise</b>					
Exterior noise levels exceed standards for interior spaces and outdoor gathering spaces	<p>8-1. The site plans and construction documents shall incorporate the following:</p> <p>a) Ventilation or air-conditioning systems shall be provided in each dwelling unit to provide a habitable interior environment.</p> <p>b) An 8-foot concrete block or tightly constructed wood fence shall be constructed along the MLK Blvd. boundary between the back property line and the back of the corner house, sufficient to provide a 7dB noise attenuation. Wood fencing shall be provided around each backyard area.</p>	<p>Incorporate Mitigation Measures in the DDA</p> <p>Include HVAC in construction documents</p> <p>Include sound wall specs in construction documents</p>	<p>SHRA</p> <p>Developer</p> <p>Developer</p>	<p>Prior to project approval</p> <p>Prior to building permits</p> <p>Prior to building permits</p>	<p>SHRA</p> <p>County Building Permits and Inspection</p> <p>County Building Permits and Inspection</p>

## **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

November 19, 2014

### **3821/23/25/27/29 43RD AVENUE VACANT LOT DEVELOPMENT PROJECT: AUTHORIZATION FOR EXECUTION OF A PRE DEVELOPMENT AGREEMENT, DISPOSITION AND DEVELOPMENT AGREEMENT WITH SACRAMENTO HABITAT FOR HUMANITY**

#### **BACKGROUND**

- A. On February 24, 2009 the Board of Supervisors authorized the Sacramento Housing and Redevelopment Agency (Agency) to amend and submit changes to the Neighborhood Stabilization Program (NSP) in the 2009 One-Year Action Plan to the U.S. Department of Housing and Urban Development (HUD), authorizing the Agency to establish and implement the Vacant Properties Program, the Block Acquisition and Rehabilitation Program, and the Property Recycling Program (PRP) to undertake NSP activities.
- B. On November 6, 2009 the Agency acquired 3821/23/25/27/29 43rd Avenue, which were vacant lots which were consistent with PRP Guidelines. A Replacement Housing Plan was completed for the property on March 20, 2014. (date of selection committee)
- C. The Agency and Sacramento Habitat for Humanity (Developer) desire to enter into a Pre Development Agreement, Letter of Agency, Disposition and Development Agreement (DDA) to convey the title of 3821/23/25/27/29 43rd Avenue and provide funding for the infrastructure for the Development of 5 single family homes per the schedule of performances included in the DDA.
- D. This project has been analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). An Initial Study (IS) has been prepared by SHRA in support of the MND, pursuant to Title 14, Section 15070 of the California Code of Regulations (CCR). It has been



determined that the project will not have a significant effect on the environment and preparation of an Environmental Impact Report is not required.

- E. Mitigation measures associated with the Mitigated Negative Declaration (MND) have been included and agreed to by Sacramento Habitat for Humanity to avoid potentially significant effects and a Mitigation Monitoring Plan has been prepared.
- F. SHRA filed a Notice of Availability/Intent to Adopt a MND on October 15, 2014.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND. THE COMMISSION RESOLVES AS THE FOLLOWS:**

Section 1. The above recitals, including the environmental recitals, are found to be true and correct.

Section 2. Subject to approval by the Board of Supervisors, the Pre-Development Agreement and Disposition and Development Agreement attached to and incorporated in this resolution by this reference for the funding of the 43<sup>rd</sup> Avenue Vacant Lot Development Project ("Pre-Development Agreement and Disposition and Development Agreement") are approved and the Executive Director is authorized to execute the documents and transmit to Sacramento Habitat for Humanity.

Section 3. The Executive Director or her designee is authorized to amend its budget to transfer up to \$325,000 in NSP funds to the Project.

Section 4. The Executive Director or her designee is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the accompanying staff report that accompany this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds, including without limitation, subordination, extensions, and restructuring of such a loan.

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CHAIR

ATTEST:

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CLERK



November 14, 2014

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Allocation of Supplemental Annual Administrative Fees from Multifamily Low-Income Mortgage Revenue Bond Financed Developments to the Housing Authority for Affordability and Supportive Services

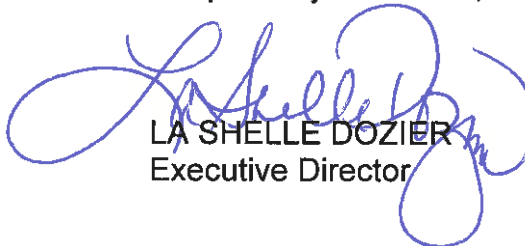
SUMMARY

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

RECOMMENDATION

Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER  
Executive Director

Attachment



**REPORT TO COUNCIL AND  
HOUSING AUTHORITY  
City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)**

**Discussion  
December 2, 2014**

**Honorable Mayor and Members of the City Council  
Chair and Members of the Housing Authority Board**

**Title: Allocation of Supplemental Annual Administrative Fees from Multifamily Low-Income Mortgage Revenue Bond Financed Developments to the Housing Authority for Affordability and Supportive Services**

**Location/Council District: Citywide**

**Recommendation:** Adopt a **City Council Resolution a)** authorizing the transfer of Supplemental Annual Administrative Fees (Fees) collected from multifamily low-income Mortgage Revenue Bond financed developments in City Council District 1 (District 1) in 2013-2014 in the amount of \$214,686 and up to \$214,686 to be collected and retained by the Housing Authority of the City of Sacramento (Housing Authority) in 2014-2015 for the Boys and Girls Clubs program at Inderkum High School or similar facility; and b) authorizing Fees collected from such developments within the City as of Fiscal Year 2014-15 and thereafter be retained by the Housing Authority for housing affordability and supporting services for residents in such developments. Adopt a **Housing Authority Resolution a)** authorizing the Executive Director to accept the transfer of \$214,686 in 2013-2014 District 1 Fees, retain up to \$214,686 in 2014-2015 District 1 Fees and amend the Housing Authority budget to allocate the funds to the Boys and Girls Clubs program at Inderkum High School or similar facility; b) authorizing the Executive Director, or her designee, to enter into a contract(s) with the Boys and Girls Clubs to provide up to \$429,372 in operating subsidies for the program at Inderkum High School or similar facility; and c) collect and retain the Fiscal Year 2014-2015 and future Fees from such developments within the City for housing affordability and supporting services for residents in such developments.

**Contact:** Christine Weichert, Assistant Director, Development Finance 440-1353  
Susan Perry, Supervisor, Portfolio Management and Homeownership 440-1386

**Presenters:** Christine Weichert

**Department:** Sacramento Housing and Redevelopment Agency

## Allocation of Supplemental Annual Administrative Fees to the Housing Authority

### Description/Analysis

**Issue:** The Housing Authority of the City of Sacramento administers the collection of the Supplemental Annual Administrative Fees (Fees) on behalf of the City of Sacramento. The Fees are collected from multifamily low-income housing developments (Developments) which were financed with Mortgage Revenue Bonds issued by the Housing Authority. If such Developments are owned by not-for-profit organizations, they are eligible for an exemption from property taxes and instead are required to pay Supplemental Annual Administrative Fees equal to 20% of 1% of the assessed value of the property.

Supplemental Annual Administrative Fees are paid only by Developments that file a Welfare Tax Exemption on property taxes due under Revenue and Taxation Code Section 214. This statute requires that property tax savings be used to maintain the affordability of the low-income housing development pursuant to a Regulatory Agreement restricting usage and rents. Such Regulatory Agreements also require services be provided for the residents of these low-income housing developments at no cost.

The City of Sacramento desires to use the Fees collected in District 1 (Attachment 2 - Map) for Fiscal Years 2013-2014 and 2014-2015 to fund the operation of a Boys and Girls Club on the campus of Inderkum High School. In addition, a Compliance Coordinator working with the Developments and the Boys and Girls Club is envisioned. The after school and summer programs will serve the low-income children from Developments located in North Natomas at no cost, thereby further supporting and increasing the affordability for residents living in the Developments.

Furthermore, Fees from all City Council Districts in future years shall be collected and retained by the Housing Authority for uses as approved by the governing boards in support of maintaining affordability and supporting services at no cost to the residents of Mortgage Revenue Bond financed low-income housing developments citywide, pursuant to the Regulatory Agreements.

Staff will return to Housing Authority Board to propose supporting services, which serve the residents from low-income housing developments throughout the city.

**Policy Considerations:** The recommended actions are consistent with Article XIII, section 1 of the California Constitution Revenue and Taxation Code Section 214, subdivision (g) which was enacted by Assembly Bill (AB) 2144 (1987-1988); the Board of Equalization Legal Department Memorandum dated March 20, 2013, Assignment Number 13-044 regarding Payment in Lieu of Taxes Agreements; and the California legislation Senate Bill (SB) 1203 and AB 1760 which were signed into law on September 27, 2014: a low-income housing developer subject to a payment in lieu of taxes agreement with a local government can file a Section 214(g) certification provided the developer has maintained affordable rents in compliance with a Regulatory Agreement and has a reasonable belief that its Fees will be used in support of maintaining affordability

## **Allocation of Supplemental Annual Administrative Fees to the Housing Authority**

and supporting services at no cost to the residents of low-income housing developments pursuant to the Regulatory Agreements.

**Economic Impacts:** Not applicable.

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The project has been analyzed in accordance with CEQA. The proposed action is exempt under CEQA per Guideline Section 15061(b)(3).

**Sustainability Considerations:** There are no sustainability considerations applicable to this proposed action.

**Other:** There is no federal involvement in this administrative activity; therefore, the National Environment Policy Act does not apply.

**Commission Action:** At its meeting on November 19, 2014, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:

NOES:

ABSENT:

**Rationale for Recommendation:** In passing SB 1203 and AB 1760, the California Legislature clarified that the payment in lieu of taxes agreements between local governments and owners of low-income housing developments made prior to January 1, 2015 comply with Section 214(g) certification provided the developer has maintained affordable rents in compliance with a Regulatory Agreement and has a reasonable belief that its Fees will be used in support of maintaining affordability and supporting services at no cost to the residents of low-income housing developments pursuant to the Regulatory Agreements.

**Financial Considerations:** In June 2014, \$214,686 District 1 Fees were collected in Fiscal Year 2013-2014 by the Housing Authority and transferred to the City of Sacramento. The \$214,686 in Fees from District 1 in Fiscal Year 2013-2014 will be transferred back to the Housing Authority upon conclusion of the City's 2013-14 year-end audit process anticipated to be complete in February 2015. Approximately \$214,686 in Fiscal Year 2014-2015 Fees will be used by the Housing Authority for the operational needs of a Boys and Girls Clubs program at Inderkum High School or similar facility and the related Compliance Coordinator.

In addition, Fees from all City Council Districts in future years shall be collected and retained by the Housing Authority and budgeted for a use(s) as approved by the governing boards in support of maintaining affordability and supporting services at no

December 2, 2014

**Allocation of Supplemental Annual Administrative Fees to the Housing Authority**

cost to the residents of low-income housing developments pursuant to the Regulatory Agreements.

**M/WBE/Section 3/First Source Program Considerations:** The items discussed in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements. The First Source Program is not applicable to this report.

Respectfully Submitted by:



LA SHELLE DOZIER  
Executive Director

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## BACKGROUND

**History:** Sacramento Housing and Redevelopment Agency's Multifamily Lending and Mortgage Revenue Bond Policies (Lending and MRB Policies), which were approved by City Council on March 17, 2009 (City Resolution No. 2009-148), recognize that Mortgage Revenue Bond financed low-income housing Developments owned by not-for-profit organizations are eligible for a welfare exemptions. The Developments are instead required to pay Supplemental Annual Administrative Fees (Fees) equal to 20% of 1% of the assessed value of the property. As a result, Fees have been collected annually in the City of Sacramento beginning with the 2001-2002 tax year.

Citywide, the Housing Authority collects Fees from 28 multifamily low-income housing Developments. Ten low-income housing Developments in District 1 are subject to paying the Fees; the eight family Developments with Fees being directed to the Natomas Boys and Girls program (two are senior only) include: Atrium Court, Natomas Park, Northpointe Park, Terracina Gold II, The Lofts, Valencia Point, Westview Ranch and Willow Glen Apartment Communities.

Article XIII, section 1 of the California Constitution provides that all property in California is taxable unless exempted by law. The Legislature has authorized Revenue and Taxation Code Section 214, subdivision (a), the welfare exemption applicable to certain low-income housing developments requiring that property tax savings be used to maintain the affordability of the low-income housing development pursuant to an agreement restricting usage and rents.

**New Legislation:** On September 27, 2014, California legislation SB 1203 and AB 1760 were signed into law. In passing SB 1203 and AB 1760, the California Legislature banned payment in lieu of taxes agreements effective January 1, 2015, but clarified that the payment in lieu of taxes agreements between local governments and owners of low-income housing developments made prior to January 1, 2015 comply with Section 214(g) certification provided the developer has maintained affordable rents in compliance with a Regulatory Agreement and has a reasonable belief that its Fees will be used in support of maintaining affordability and supporting services at no cost to the residents of low-income housing developments pursuant to the Regulatory Agreements.

The Regulatory Agreements recorded against each of the 28 Developments require the respective properties to pay Fees to the Housing Authority as issuer of the Bonds if a welfare tax exemption on property taxes is filed. In addition, the Regulatory Agreements require that resident services be provided at no cost for the residents of the Developments. The Fees have traditionally been transferred from the Housing Authority to the City of Sacramento annually and placed in the City's General Fund. Due to the recent passage of SB 1203 and AB 1760, the City of Sacramento desires to use the Fees collected in District 1 in 2013-2014 and 2014-2015 to fund the operation of a Boys and Girls Club, and the related Compliance Coordinator, at Inderkum High School to provide after school and summer programs which serve the low-income children from Developments located in North Natomas at no cost. This further benefits

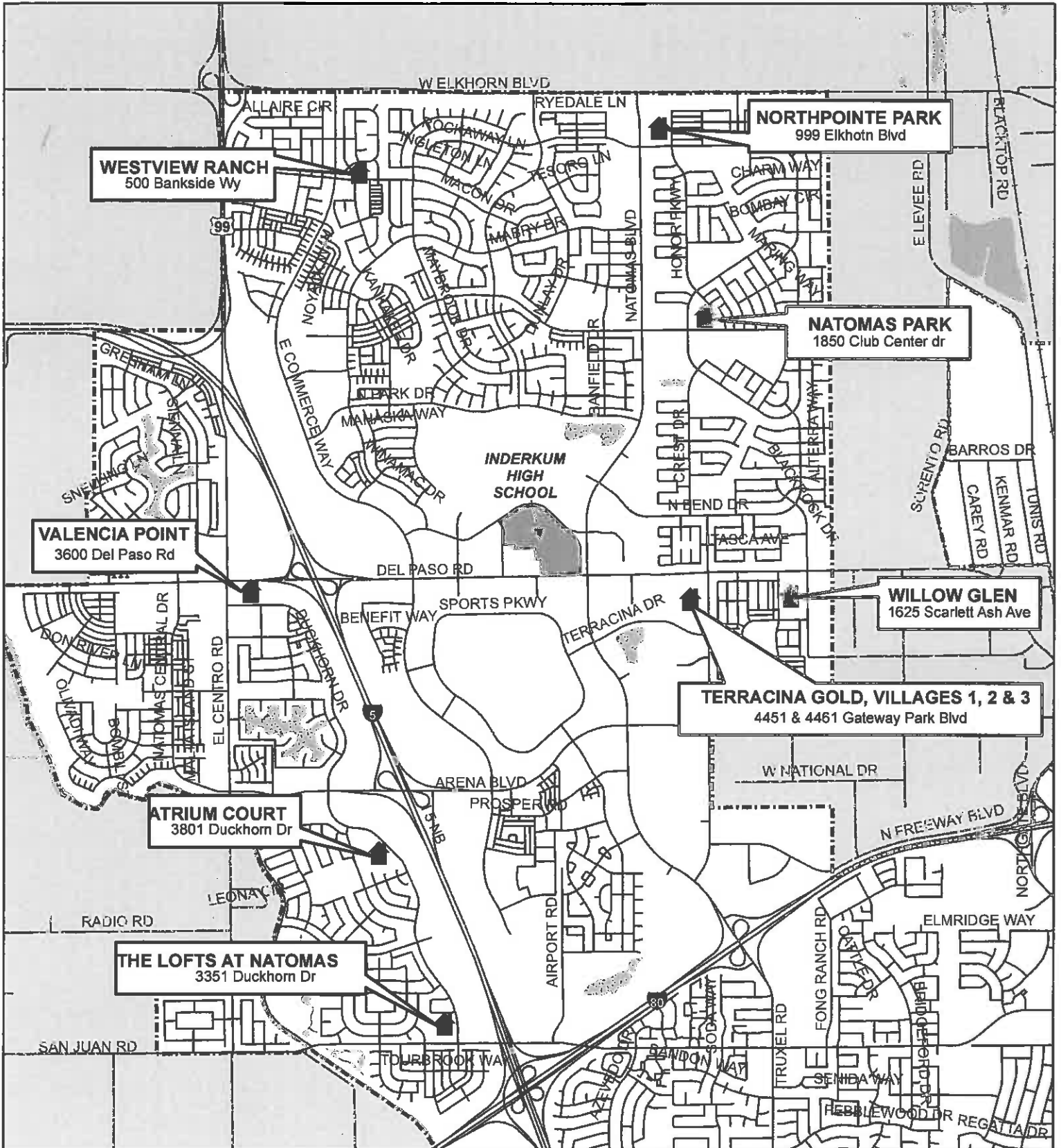
and increases the affordability for the residents living in the Developments pursuant to the Regulatory Agreements.

**Boys and Girls Clubs:** For more than 100 years, the Boys and Girls Clubs of America have been serving children across the nation. The eleven (11) locations of the Boys and Girls Clubs of Greater Sacramento provide children with an environment to participate in positive and fun activities. The Boys and Girls Clubs of Greater Sacramento believe that young people can reach their full potential when they have access to opportunities and are in an environment that promotes respect, creativity, education and fun. Currently in North Natomas, a Boys and Girls Clubs program is lacking and there is a need for an after-school and summer teen program.





# Multifamily Supplemental Annual Administrative Fee Properties



**WESTVIEW RANCH**  
500 Bankside Wy

**NORTHPOINTE PARK**  
999 Elkhorn Blvd

**NATOMAS PARK**  
1850 Club Center dr

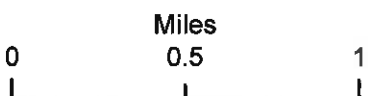
**VALENCIA POINT**  
3600 Del Paso Rd

**WILLOW GLEN**  
1625 Scarlett Ash Ave

**TERRACINA GOLD, VILLAGES 1, 2 & 3**  
4451 & 4461 Gateway Park Blvd

**ATRIUM COURT**  
3801 Duckhorn Dr

**THE LOFTS AT NATOMAS**  
3351 Duckhorn Dr



SHRA GIS  
November 5, 2014

**RESOLUTION NO. 2014 -****Adopted by the Sacramento City Council**

ON DATE OF

**AUTHORIZING THE TRANSFER OF SUPPLEMENTAL ANNUAL ADMINISTRATIVE FEES FROM MULTIFAMILY LOW-INCOME MORTGAGE REVENUE BOND FINANCED DEVELOPMENTS TO THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO (HOUSING AUTHORITY); APPROVAL OF THE HOUSING AUTHORITY TO COLLECT AND RETAIN FEES FROM ALL CITY COUNCIL DISTRICTS IN FUTURE YEARS; ENVIRONMENTAL FINDINGS****BACKGROUND**

- A. Twenty-eight low-income housing family developments throughout the City have been financed with multifamily low-income Mortgage Revenue Bonds (Bonds) issued by the Housing Authority of the City of Sacramento (Housing Authority).
- B. Eight low-income housing family developments in City Council District 1 (District 1) have been financed with multifamily low-income Bonds issued by the Housing Authority, which include: Atrium Court, Natomas Park, Northpointe Park, Terracina Gold II, The Lofts, Valencia Point, Westview Ranch and Willow Glen Apartment Communities (collectively "Developments").
- C. The owners of these Developments file a welfare exemption for property taxes due under Revenue and Taxation Code Section 214. This statute requires that the property tax savings be used by the owner to maintain the affordability of the low-income housing development pursuant to an agreement restricting usage and rents.
- D. These Developments have regulatory agreements which also require that resident services be provided at no cost for the residents.
- E. The regulatory agreements recorded against each of these Developments also required the respective owners to pay Supplemental Annual Administrative Fees (Fees) to the Housing Authority as issuer of the Bonds. The Fees are transferred from the Housing Authority to the City of Sacramento annually and placed in the City's General Fund.
- F. The City desires to allocate the District 1 Fees generated by the Developments in 2013-14 and 2014-15 to the Housing Authority to fund the Boys and Girls Club program on the campus of Inderkum High School (or similar facility) to provide after-school and summer programs which serve the low-income children from these Developments at no cost, thereby maintaining the affordability for the residents living in the Developments.
- G. The City also desires that as of fiscal year 2014-15, all of the Fees collected from

multifamily low-income housing developments financed with Mortgage Revenue Bonds within the City be retained by the Housing Authority for housing affordability and supportive services for residents in such developments.

- H. The proposed action is exempt under California Environmental Quality Act (CEQA) per Guideline Section 15061(b)(3), nor a federal undertaking under the National Environmental Policy Act (NEPA).

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

**Section 1:** The facts as presented and set forth in the background, above, are found to be true and correct.

**Section 2:** The transfer of Supplemental Annual Administrative Fees (Fees) collected in 2013-2014 in the amount of \$214,686 and up to \$214,686 to be collected in 2014-15 within City Council District 1 from multifamily low-income Mortgage Revenue Bond financed developments to the Housing Authority of the City of Sacramento for the Boys and Girls Clubs Program at Inderkum High School or similar facility, and the related Compliance Coordinator, is hereby approved. Funds will be transferred upon conclusion of the City's 2013-2014 year-end audit process anticipated to be complete in February 2015.

**Section 3:** The Fees collected from multifamily low-income Mortgage Revenue Bond financed developments within the City as of fiscal year 2014-15 and thereafter shall be retained by the Housing Authority of the City of Sacramento for affordability and supporting services for the residents of such developments.

## **RESOLUTION NO. 2014 -**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

### **ACCEPTING THE TRANSFER OF SUPPLEMENTAL ANNUAL ADMINISTRATIVE FEES FROM MULTIFAMILY LOW-INCOME MORTGAGE REVENUE BOND FINANCED DEVELOPMENTS FROM THE CITY OF SACRAMENTO; APPROVAL OF THE HOUSING AUTHORITY TO COLLECT AND RETAIN FEES FROM ALL CITY COUNCIL DISTRICTS IN FUTURE YEARS; ENVIRONMENTAL FINDINGS**

#### **BACKGROUND**

- A. Twenty-eight low-income housing family developments throughout the City have been financed with multifamily low-income Mortgage Revenue Bonds (Bonds) issued by the Housing Authority of the City of Sacramento (Housing Authority).
- B. Eight low-income housing family developments in City Council District 1 (District 1) have been financed with multifamily low-income Bonds issued by the Housing Authority, which include: Atrium Court, Natomas Park, Northpointe Park, Terracina Gold II, The Lofts, Valencia Point, Westview Ranch and Willow Glen Apartment Communities (collectively "Developments").
- C. The owners of these Developments file a welfare exemption for property taxes due under Revenue and Taxation Code Section 214. This statute requires that the property tax savings be used by the owner to maintain the affordability of the low-income housing development pursuant to an agreement restricting usage and rents.
- D. These Developments have regulatory agreements which also require that resident services be provided at no cost for the residents.
- E. The regulatory agreements recorded against each of these Developments also required the respective owners to pay Supplemental Annual Administrative Fees (Fees) to the Housing Authority as issuer of the Bonds. The Fees are transferred from the Housing Authority to the City of Sacramento annually and placed in the City's General Fund.
- F. The City desires to allocate the District 1 Fees generated by the Developments in 2013-14 and 2014-15 to the Housing Authority to fund the Boys and Girls Club program on the campus of Inderkum High School (or similar facility) to provide after-school and summer programs which serve the low-income children from these Developments at no cost, thereby maintaining the affordability for the residents living in the Developments.
- G. The City also desires that as of fiscal year 2014-15, all of the Fees collected from

multifamily low-income housing developments financed with Mortgage Revenue Bonds within the City be retained by the Housing Authority for housing affordability and supportive services for residents in such developments.

- H. The proposed action is exempt under California Environmental Quality Act (CEQA) per Guideline Section 15061(b)(3), nor a federal undertaking under the National Environmental Policy Act (NEPA).

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

- Section 1: The facts as presented and set forth in the background, above, are found to be true and correct.
- Section 2: The transfer of Supplemental Annual Administrative Fees (Fees) collected in 2013-2014 in the amount of \$214,686 and up to \$214,686 to be collected in 2014-15 within City Council District 1 (District 1) from multifamily low-income Mortgage Revenue Bond financed developments to the Housing Authority of the City of Sacramento for the Boys and Girls Clubs Program at Inderkum High School or similar facility, and the related Compliance Coordinator, is hereby approved.
- Section 3: The Executive Director is authorized to amend the Housing Authority budget to allocate up to \$429,372 in District 1 Fees to the operating needs of a Boys and Girls Clubs Program at Inderkum High School or similar facility, and the related Compliance Coordinator.
- Section 4: The Executive Director, or her designee, is authorized to enter into a contract(s) with the Boys and Girls Clubs and Compliance Coordinator using District 1 Fees for 2013-2014 and 2014-2015, for up to \$429,372 in operating subsidies, from low income housing family developments for the operating needs of a Boys and Girls Clubs Program in District 1 at Inderkum High School or similar facility.
- Section 5: It is hereby authorized for Fees from all City Council Districts in 2014-2015 and future years to be collected and retained by the Housing Authority of the City of Sacramento for use(s) as approved by the governing boards in support of maintaining affordability and supporting services at no cost, which serve the residents from low-income housing developments, pursuant to the regulatory agreements.



November 14, 2014

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval Of Tax-Exempt Bonds for Anton Butano Apartments

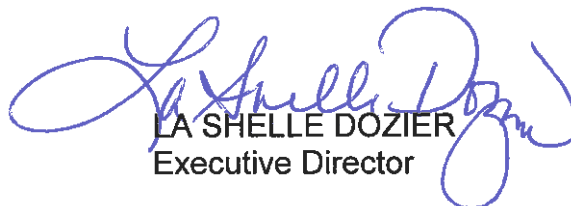
SUMMARY

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

RECOMMENDATION

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:  
December 9, 2014

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Tax-Exempt Bonds For Anton Butano Apartments

Supervisorial  
District: Peters

Contact: Christine Weichert, Assistant Director, Development Finance 440-1353  
Tyrone Williams, Director, Development, 440-1316

**Overview**

This report recommends approval of up to \$15,500,000 in tax-exempt mortgage revenue bonds for the 148 unit Anton Butano Apartments Project (Project).

**Recommendations**

Staff recommends adoption of the attached **Housing Authority Resolution** for the Anton Butano Apartments indicating the intention of the Housing Authority of the County to issue up to \$15,500,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Anton Butano Apartments authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds; authorizing the Executive Director or her designee to execute all necessary documents associated with the transaction.

The clerk is requested to certify six copies of the resolutions and forward them to staff.

**Measures/Evaluation**

The proposed development will construct 148 units of affordable housing; contributing to the County of Sacramento's 2014-2021 Housing Element goals. Affordability restrictions placed on the Anton Butano Apartments Project will be monitored by the Sacramento Housing and Redevelopment Agency (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.

## **BACKGROUND**

The Anton Development Company (Developer) has applied to the Agency for the issuance of up to \$15,500,000 in tax-exempt mortgage revenue bonds and a gap financing loan for the construction of Anton Butano Apartments (Project). The Agency anticipates requesting approval for a \$5.4 million loan consisting of Home Investment Partnership Program (HOME) and Housing Trust Funds (HTF) along with holding a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing in February of 2015. Due to the Project's timing, this report approves the Housing Authority's intention to issue bonds in December 2014 in order to take advantage of 2014 eligible Qualified Census Tracts. The development site is located at 2134 Butano Drive, on approximately 5.93 acres. A vicinity map is provided as Attachment 1. The bond issuance will utilize a previous Carry-Forward Allocation that the Agency received from the California Debt Limit Allocation Committee (CDLAC).

## **DISCUSSION**

Background: In December of 2013 the Housing Authority of the County of Sacramento received an allocation of the 2013 State Ceiling on Qualified Private Activity Bonds (Carry-Forward Allocation) in the amount of \$50,000,000 from California Debt Limit Allocation Committee (CDLAC). The Agency received the allocation on behalf of the Housing Authority of the County in order to accommodate the unincorporated areas of the County as well as projects located within the city limits. The term of the Carry-Forward Allocation is three years or until the full Allocation has been subscribed. This project, located in the City of Sacramento, is requesting to utilize the Carry-Forward bond allocation in 2014 and will be subject to the terms of the Carry-Forward allocation as dictated by CDLAC. This Carry-Forward Allocation is not required to compete with other CDLAC requests within the State and is essentially guaranteed to the sponsor.

Description of Development: The Project community includes five buildings, four three-story residential buildings and one community building. Residential space includes 148 units consisting of 40 one bedroom units, 96 two bedroom units and 12 three bedroom units. The community building includes a 3,675 square foot clubhouse with a clubroom, fitness center, activities room as well as onsite management and leasing offices. There will also be a swimming pool, play equipment, and barbecue area onsite. There will be 242 parking spaces and 27 garages.

Developer: The Anton Development Company (Anton), an affiliate of St. Anton Partners and one of California's leading multifamily developers, is the Project Developer. They own and manage over 7,000 rental apartments throughout California. Anton acquires, develops, constructs and manages multifamily rental apartments. They have extensive experience in financing projects with tax credits, tax exempt bonds and other public and private funding sources.

Resident Services: Services will be provided to the residents by Pacific Housing, Inc. The service provider will be required to provide at least 20 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include After-school Programs, Teen Services, Family/Adult Programs and Social Events/Enrichment Activities for the residents.



Property Management: The project will be managed by St. Anton Management, Inc. Founded in 2005, they provide a full balance of property management services including initial and on-going leasing, marketing, compliance monitoring, coordination of resident services and property maintenance. St. Anton manages over 7,000 apartment units, 12,300 square feet of retail space, and 112,500 square feet of office space located throughout California, including 11 projects in Sacramento.

Project Financing: The Developer proposes to finance the Anton Butano Apartment Project with up to \$15,500,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority and four percent Low Income Housing Tax Credits. The Agency anticipates returning for a TEFRA Hearing and approval of approximately \$5.4 million in loan financing in early 2015.

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. Income restrictions from the Low Income Housing Tax Credit (LIHTC) financing require that no households have an income higher than 60 percent Area Median Income (AMI). The Sacramento Housing and Redevelopment Agency further requires 20 percent of the units to be restricted to households with incomes no greater than 50 percent AMI. The Project affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: Typically, the Housing Authority must apply for and compete to receive authorization from CDLAC prior to issuing tax-exempt mortgage revenue bonds. In this instance the application process is noncompetitive because the Housing Authority received a Carry-Forward Allocation in December of 2013. The Housing Authority is prohibited from using the Allocation for any other purpose or from transferring the Allocation to any governmental unit of the State other than CDLAC. The Housing Authority is recommending using this 2013 Allocation for the benefit of the State, the County of Sacramento, the City of Sacramento, and the Butano Project.

Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will allow the Developer to be reimbursed from bond issue proceeds for acquisition expenses that have already been incurred and will be incurred 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**

It is anticipated that, at its meeting of November 19, 2014, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

**MEASURES/EVALUATIONS**

The County’s Housing Element set affordable housing goals for the period of 2014-2021. A very low-income unit is defined as being affordable to a household with income up to 50 percent of Area Median Income (AMI), while a low-income unit is defined as being affordable to a household with income of 60 percent of AMI. The project when completed will allow the County to add a net of 117 low-income and 30 very low-income units to their affordable housing goals as represented in the following table:

<b>Affordability</b>	<b>Area Median Income (AMI)</b>	<b>Proposed No. of Units</b>
Low Income	60% AMI	117
Very Low Income	50% AMI	30
Manager		1
<b>Total</b>		<b>148</b>

**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 law firm of Orrick, Herrington and Sutcliffe LLP, is acting as bond counsel for the Housing Authority.

**POLICY CONSIDERATIONS**

The recommended actions are also consistent with the Agency’s previously approved Multifamily Lending and Mortgage Revenue Bond Policies.

**ENVIRONMENTAL REVIEW**

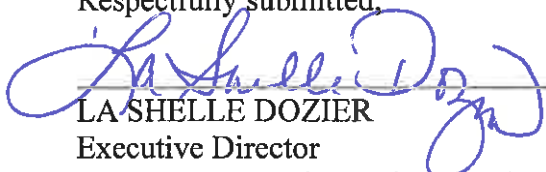
This project has been determined to be Exempt per California Environmental Quality Act (CEQA) Guidelines Section 21080(b)(1); 15268 by the County of Sacramento, Department of Community Development, Planning and Environmental Review Division.

Environmental review is currently underway for the National Environmental Policy Act (NEPA) and will be finalized prior to final project approval.

**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. Developer will be required to use the First Source Program for employment opportunities.

Respectfully submitted,



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LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

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BRADLEY J. HUDSON  
County Executive

Attachments:  
RES – HACOS Bond Reimbursement Woodhaven  
Attachment 1 - Vicinity Map

**RESOLUTION NO. \_\_\_\_\_**

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

ON DATE OF

**ANTON BUTANO APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY  
OF THE COUNTY OF SACRAMENTO 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 issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Arcade Sacramento L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by the Anton Development Company (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 148-unit multifamily housing residential facility to be located at 2134 Butano Drive, in the County of Sacramento, California (the "Project").

**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.

**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 issue the Obligations for the purpose of paying the costs of financing the acquisition, construction 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, construction 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, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$15,500,000.

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, construction 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 issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance 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, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority, the City of Sacramento 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, construction, 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 9th day of December, 2014, by the following vote, to wit:

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

---

Chair of the Housing Authority  
of Sacramento County, California

(SEAL)

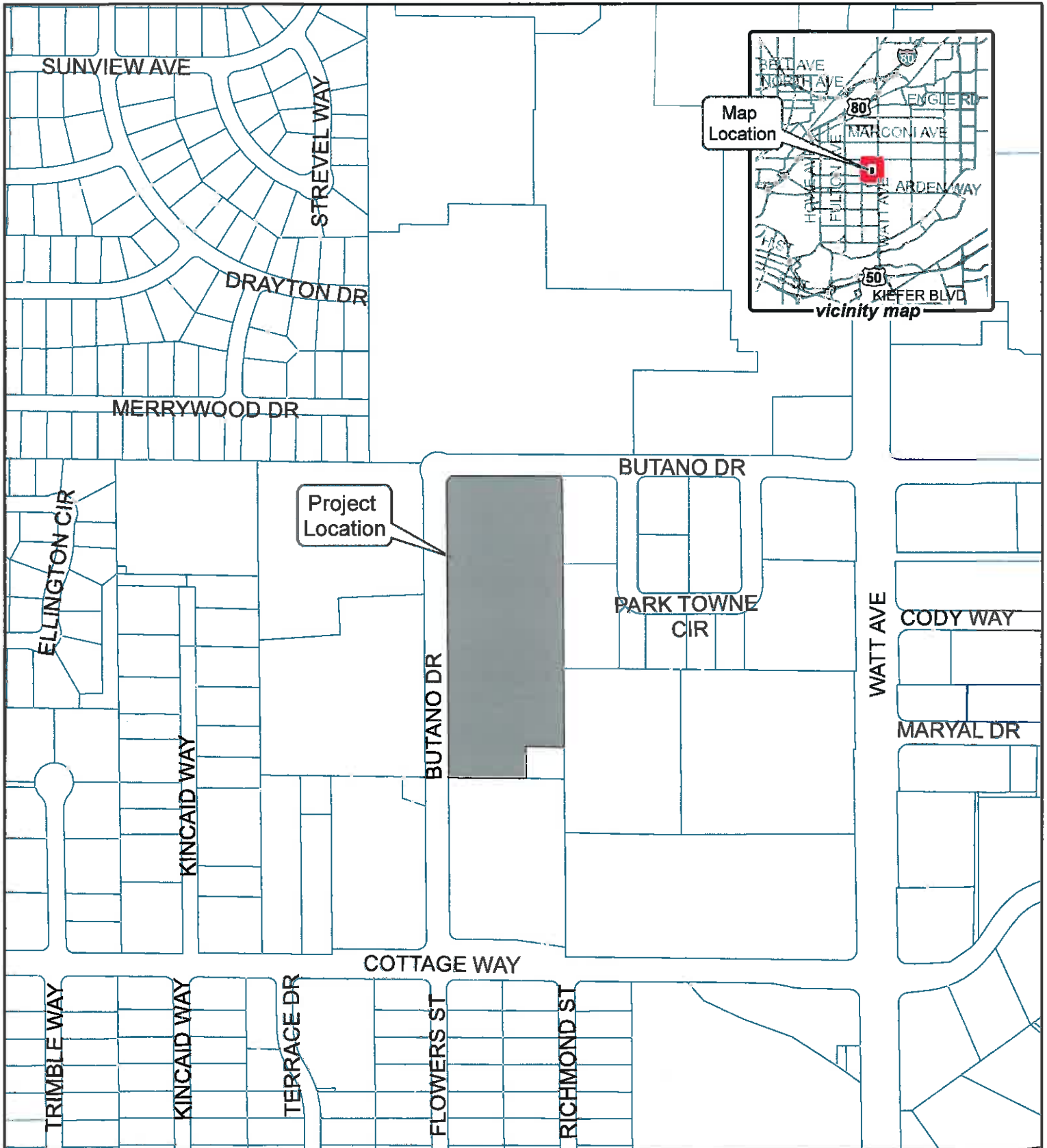
ATTEST:

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Clerk



# 2134 Butano Drive



 2134 Butano Dr



SHRA GIS  
November 10, 2014