

Cornerstone, a Habitat for Humanity of Greater Sacramento Community is part of the vacant 46th and Lang master development which includes a three phase affordable development of multifamily apartments and single family detached homes. The Project will have 18 single family homes developed by Habitat for Humanity of Greater Sacramento.

3. PURCHASE AND SALE. Agency agrees to sell and Developer agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer'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 Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.

4. PURCHASE PRICE. The Purchase Price for the Property shall be One Dollars and No Cents (\$1.00) and shall be payable as follows: The unpaid portion of the Purchase Price shall be payable prior to the conveyance of the Property to Developer as a condition precedent to its conveyance.

4.1. CONDITIONS TO AGENCY'S PERFORMANCE. Agency's obligation to perform under this DDA is subject to all of the following conditions:

4.1.1. Developer 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; providing all required budgets, reports and evidence of funding and insurance; and providing required construction contracts.

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

4.1.3. Developer'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.

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

4.2. CONDITIONS TO DEVELOPER'S PERFORMANCE. Developer's obligation to perform under this DDA is subject to satisfaction of all of the following conditions:

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

4.2.2. 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.

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

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

4.3.1. **AGENCY'S REPRESENTATIONS AND WARRANTIES.** Agency represents and warrants to Developer that as of the date of this DDA to the actual knowledge of Agency's Executive Director, Office of the General Counsel, and 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;

b) Agency has caused a Phase I environmental study to be performed for Property. Agency has provided Developer with a copy of said study and Developer agrees that as to this study, Developer acquires no rights against either Agency or those individuals or firms who prepared the study. To the extent, if any, that Developer relies on the study, Developer does so at Developer's own risk;

c) 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;

d) 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.

4.3.2. **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 Developer 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 Developer'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 Developer or the Property after the Close of Escrow without the prior written consent of Developer, 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;

e) Agency shall convey the Property to Developer pursuant to the terms and conditions contained in this DDA;

4.3.3. DEVELOPER'S REPRESENTATIONS AND WARRANTIES. Developer, 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) Developer 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 Developer closes Escrow for the acquisition of the Property, Developer shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses;

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

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

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

e) Developer has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. Developer represents that any equity and funding commitments represented by Developer to Agency as available to the Project are unencumbered and that Developer 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; and

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

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

a) Developer 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) Developer 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, and thereafter until construction of the Project according to Plans is completed to the satisfaction of Agency in its sole and absolute discretion;

c) Developer 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) Developer 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) Developer shall be solely responsible for the cost and acquisition of the remaining parcels of the Project Site;

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

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

4.3.5. CLOSE OF ESCROW. The Escrow shall not close, and the Property shall not be conveyed to Developer unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow. The Escrow shall close on or about the date shown on the Schedule of Performances.

4.4. 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 Developer 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 Developer in writing of the damage, destruction or condemnation. Developer may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

4.4.1. 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 Developer 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 Developer 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 Developer all of Agency's rights regarding, any awards for such taking.

4.4.2. **COMMISSIONS.** Agency is not responsible, by this DDA or otherwise, to pay commissions on the sale of the Property or any related transaction.

5. **AGENCY FUNDING.** Agency shall provide funding for the Project as provided in the Funding Agreement. All terms regarding Agency funding are in the Funding Agreement, including without limitation, the source and use of funds.

6. **PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS.** 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 Agency shall have the right to approve or reject the Plans for reasonable cause.

6.1. **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 Final Plans conform to the Plans; and (b) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by 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. Developer 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.

6.2. 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.

6.3. PLANS. Developer has provided Agency with Plans, and Agency has approved the Plans concurrently with this DDA. Agency has been induced to undertake its obligations under this DDA by Developer's promise to develop the Project in accordance with the Plans, the Scope of Development and the provisions of this DDA.

6.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS. Developer 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. Developer shall submit the Final Plans to 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 this DDA has insufficient detail or is unclear, this 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 County approval of the project, unless otherwise fulfilled.

6.5. DELIVERY. Developer 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 Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: 46th and Lang PROJECT PLAN REVIEW" or the equivalent.

6.5.1. 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.

6.5.2. 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 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 Agency rejects the proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received Agency's approval of the Final Plans as modified.

6.6. 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 Developer shall inform Agency. If Agency and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by Agency. If Agency or Developer reasonably disagrees with the required change, they shall

reasonably cooperate with the governmental agency requiring the change in efforts to develop a mutually acceptable alternative.

6.7. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS. If the Developer desires to make any substantial changes in the Final Plans, Developer shall submit such proposed changes, in writing, to Agency for its approval. 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 approval of the original Final Plans under this section. Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

6.7.1. 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 and NEPA approval of the Project;
- d) Material changes in site development items for the Property that are specified in the Final Plans;

Material changes in the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans or otherwise accepted by Agency under the Art in Public Places Program;

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

6.7.2. MISREPRESENTATION. If Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by Developer or by anyone on Developer's behalf, 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.

7. DEVELOPMENT PROVISIONS. As stated in detail in this Section 6, Developer 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. Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project.

7.1. NOTICE TO PROCEED. Developer shall not enter the Property or begin work on the Project until Agency has issued to Developer a written notice to proceed with the work. Agency will issue a notice to proceed after Agency approval of the Final Plans, County's issuance of a building permit for substantially more than the Project foundations, Developer's compliance with all governmental requirements for start of construction, Developer's provision of required policies of insurance, and Developer's provision of proof of construction financing in an amount adequate to begin the Project work.

7.2. CONSTRUCTION CONTRACTS. Developer shall submit to Agency the construction contract or contracts with sub-contractors 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 Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is reverted in Agency pursuant to Section 12.1, Developer shall assign all rights under the Construction Contracts to Agency.

7.3. GOVERNMENTAL REVIEW PROCESS. Notwithstanding any other provision of this DDA, Developer 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 County of Sacramento.

7.4. 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.

7.5. SUBSTANTIAL CHANGES. Developer covenants and agrees that Developer 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 6.7, without Agency approval of such changes as provided in Section 6.7.

7.6. LOCAL, STATE AND FEDERAL LAWS. The Developer 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, Developer 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. Developer 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.

7.7. PREVAILING WAGES. Agency advises Developer 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 Developer 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 Developer and Contractor make their own independent determinations of the applicability of prevailing wage laws and independently implement such determinations. Developer and Contractor represent that they have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer 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 Developer or Contractor or both of them.

7.8. PUBLIC SAFETY PROTECTIONS. Developer 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 Developer's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

7.9. NO DISCRIMINATION DURING CONSTRUCTION. Developer for itself, the 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.

7.9.1. EMPLOYMENT. Developer 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 Developer 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 be 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. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Agency setting forth the provisions of this nondiscrimination clause.

7.9.2. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS. This DDA requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. The Developer shall fulfill its obligations

imposed by this Section by instructing its Contractor and its subcontractors to utilize lower income Project area residents as employees to the greatest extent feasible by:

a) Identifying the number of positions in the various occupational categories including skilled, semi-skilled, and unskilled labor, needed to perform each phase of the Project;

b) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are currently occupied by regular, permanent employees;

c) Identifying, within the positions identified in subparagraph (a) of this Section, the number of positions in the various occupational categories which are not currently occupied by regular, permanent employees;

d) Establishing the positions identified in subparagraph (c) of this Section, a goal which is consistent with the purpose of this subsection within each occupational category of the number of positions to be filled by lower income Project area residents; and

e) Making a good faith effort to fill all of the positions established in subparagraph (d) of this Section with lower income Project area residents, first and foremost, through the First Source Program, Greater Sacramento Urban League, Sacramento Works, Sacramento Employment Training Agency, or similar local workforce agencies.

7.9.3. ADVERTISING. Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, 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.

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

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

7.11. AGENCY ACCESS TO THE PROPERTY. Developer 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 this DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

7.12. PROJECT SIGN. If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "Housing Authority of the County of Sacramento" as a participant in the Project. Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

7.13. CERTIFICATE OF COMPLETION. After Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, Agency will furnish the Developer with the Certificate of Completion certifying such completion. Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this DDA with respect to the obligations of the Developer 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.

7.13.1. 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 Developer 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.

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

7.14. CONSTRUCTION PERIOD EXTENSION FEE. If Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following said completion date, a construction period extension fee of Twenty-Five Dollars and No Cents (\$25.00) for each day by which the completion of construction is delayed beyond said completion date. Such construction period extension fee due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The number of days used in computation of the construction period extension fee shall be reduced by the number of days of Unavoidable Delay. Failure to pay such construction period extension fee when due is a material default of this DDA. Any unearned portion of an advance payment of any such extension fee shall be refunded by Agency within thirty (30) days of completion of construction, or of termination of this DDA. Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such unpaid construction extension fee and to declare Developer in material default of this DDA. In any event, such construction extension fees shall not be accepted for a time period greater than six (6) months excluding any period of Unavoidable Delay, at which time Developer shall be deemed in material default of this DDA.

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

7.16. NOTIFICATION OF CONTRACTORS, ARCHITECTS AND ENGINEERS. Developer shall assure notification of the Contractors, architects and engineers for the Project of the requirements of this DDA. Developer 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 Developer shall undertake the enforcement of such provisions.

7.17. PROPERTY CONDITION. Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between Agency and Developer, Developer 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 Developer 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.

7.18. ZONING OF THE PROPERTY. Agency exercises no authority with regard to zoning of the Property. Developer 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.

7.19. HAZARDOUS SUBSTANCES. Agency has obtained a Phase I assessment, and has delivered them to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer 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 Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer 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 Developer, Developer 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 Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed One Hundred Thousand Dollars and No Cents (\$100,000.00), Developer 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.

7.20. DEVELOPER ACCESS TO PROPERTY. Prior to the conveyance of the Property by Agency to Developer, Agency shall permit representatives of Developer 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 Developer's obligations under this DDA; *provided, however*, that Developer shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer 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. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

8. DEVELOPMENT FINANCING. Except as specifically provided in this DDA, Developer 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 Developer, Developer shall provide 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 Developer shall provide evidence, satisfactory to 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.

8.1. EVIDENCE OF AVAILABLE FUNDS. Unless otherwise approved by Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 8.3); (b) firm and binding loan commitments (as provided in Section 8.2) from each Lender, in form and substance satisfactory to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by 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.

8.2. COMMITMENT AND LOAN REQUIREMENTS. As a material obligation under this DDA, Developer shall assure that the loan documents for the Project are consistent with the Lender's commitment approved by Agency and comply, in all respects, with this DDA. Agency may reject

a loan commitment unless such commitment: (a) is subject only to Lender's reasonable conditions of title and Developer's execution of standard loan documents (copies of which have been previously provided to and approved by Agency); (b) contains only usual, customary, and commercially reasonable loan terms; (c) continues in effect until a time when financing is reasonably expected to be required; and (d) for construction financing, provides for a construction loan 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. 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. 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 Agency to enter into agreements with any Lender, guarantor, equity partner or any other third-party.

8.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by Agency, Developer may provide evidence of equity in the amount of One Hundred Seventy Thousand Dollars and No Cents (\$170,000.00) for each lot transferred in each phase by any one of the following actions: (a) deposit of the required equity in a joint account with Agency, which funds shall be released only upon the joint signatures of Agency and the Developer; (b) delivery to Agency of an unconditional, irrevocable letter of credit in the amount of the required equity, in form and substance as provided by Agency, which letter of credit shall provide that Agency may draw to fulfill any Developer obligation related to the development of the Project and necessary to assure its timely and proper completion; or (c) Developer's audited financial statements from the most recent tax year (Fiscal Year July 1 through June 30) prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims). Developer 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 Developer profit or fees or Developer contribution of services to the Project. Agency, in its sole and absolute discretion, may reject any submitted evidence of equity if Agency has any reason to believe that such funds may not be available to the Project.

9. INDEMNIFICATION FOR HAZARDOUS SUBSTANCES. Developer 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 Developer or that were related to the removal or discharge of Hazardous Substances by Developer, or its employees, agents or contractors, during Developer's remediation of the Property pursuant to this Section.

Agency shall indemnify, protect and defend Developer, 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.

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

This indemnification provision shall survive the termination of this DDA.

11. LIABILITY INSURANCE. With regard to this DDA, the Developer 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 Developer, 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 Developer, 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 Developer's obligations under this DDA.

11.1. INSURANCE PROVIDER: Each policy of insurance required under the Loan 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 Lender's legal counsel.

11.2. PROPERTY INSURANCE: Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00.

11.3. COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE: Borrower shall carry insurance as set forth below effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times and work is performed in connection with the project. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the disbursement of the Loan.

11.3.1. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

11.3.2. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;

11.3.3. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Agency; and

11.3.4. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Agency, whichever amount is greater.

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

11.3.6. FAILURE TO MAINTAIN. If Developer fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this DDA, Agency shall have the right, but not the obligation, to purchase the insurance on Developer's behalf, and Developer shall promptly reimburse the full cost of such insurance to Agency. If Developer fails to reimburse 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).

11.3.7. BLANKET COVERAGE. Developer'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 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 Agency will not be reduced or diminished thereby, and all of the other requirements of this Section 11 with respect to such insurance shall otherwise be satisfied by such blanket policy.

12. DEFAULTS AND REMEDIES. Except as otherwise provided in this 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 this 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 this DDA, neither Agency nor Developer shall have any further rights against or liability to the other under this DDA except as expressly set forth in this DDA to the contrary.

12.1. REVESTING TITLE IN AGENCY. Notwithstanding any other provisions of this DDA and in addition to any other rights and remedies of Agency, after conveyance of any part of the Property to Developer and prior to issuance of a Certificate of Completion, if Developer 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 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 Developer, and to terminate and re-vest in Agency the estate so conveyed. It is the intent of this DDA that the conveyance of the Property to Developer 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 Developer specified in this Section, failure on the part of Developer to remedy, end, or abrogate such default, failure, violation, or other action or inaction, within the period and in the manner stated in this DDA, Agency at its option may declare a termination in favor of Agency of the title, and of all the rights and interest in the Property conveyed by the Grant Deed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Property, shall revert to Agency. Such condition subsequent and any such re-vesting of title in Agency shall always be subject to and limited by the lien or security interest authorized by this DDA, and any rights or interests provided in this 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 this DDA and for which a Certificate of Completion issued as provided in this DDA. Such condition subsequent shall conform to the provisions of Civil Code Sections 885.010 through 885.070.

12.2. RESALE OF REACQUIRED PROPERTY. Upon the re-vesting of title to the Property in accordance with Section 11.1, Agency shall use its best efforts to resell the Property, as soon and in such manner as Agency shall find feasible and consistent with its objectives, to a qualified and responsible party, as determined by Agency, who will assume the obligation of completing the Project or such other improvements in their stead as shall be satisfactory to 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:

12.2.1. AGENCY REIMBURSEMENT. Upon such resale of the Property, the resale proceeds shall be paid first to Agency to reimburse Agency for all costs and expenses incurred by 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 re-vesting); 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 Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing Agency by the Developer.

12.2.2. DEVELOPER REIMBURSEMENT. After payment to Agency of the sum specified herein, said proceeds shall be paid to Developer to reimburse Developer in an amount not to exceed: (1) the sum of the purchase price paid by Developer 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 this DDA or the Property and any amounts, including interest on loans, then due from Developer to Agency.

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

12.3. LIQUIDATED DAMAGES. IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS DDA BY REASON OF ANY DEFAULT OF DEVELOPER, AGENCY SHALL BE RELEASED FROM AGENCY'S OBLIGATION TO SELL THE PROPERTY TO DEVELOPER, AND AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW. IF THE PROPERTY HAS BEEN CONVEYED TO DEVELOPER, DEVELOPER HAS COMMITTED A DEFAULT SUFFICIENT FOR REVESTMENT OF THE PROPERTY UNDER SECTION 12.1, AND DEVELOPER HAS NOT VOLUNTARILY RECONVEYED THE PROPERTY TO AGENCY, AGENCY MAY REVEST THE PROPERTY OR TAKE ANY AVAILABLE ACTION TO RECONVEY THE PROPERTY TO AGENCY. IN SUCH EVENT, AGENCY MAY ALSO PROCEED AGAINST DEVELOPER UPON ANY CLAIM OR REMEDY THAT AGENCY MAY HAVE IN LAW OR EQUITY; *PROVIDED, HOWEVER,* THAT, BY INITIALING THIS SECTION, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT THAT DEVELOPER FAILS TO PURCHASE THE PROPERTY: (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES RELATED TO THE FAILURE TO PURCHASE THE PROPERTY; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO AGENCY ON ACCOUNT OF THE FAILURE TO PURCHASE THE PROPERTY; (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO AGENCY SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF AGENCY FOR THE FAILURE OF DEVELOPER TO PURCHASE THE PROPERTY; (D) AGENCY MAY RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO AGENCY AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO AGENCY PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

_____ Developer's Initials

_____ Agency's Initials

12.4. 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.

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

12.6. 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.

13. ENCUMBRANCE OF PROPERTY AND LENDER PROTECTIONS. Before issuance of a Certificate of Completion, if Developer 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 Developer 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, Agency shall have no rights of approval regarding financing secured by the Property. As a condition to Agency's approval of a loan, Developer shall provide 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.

13.1. NOTICES. If Agency gives any notice of default to Developer under this DDA, 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 Developer. 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 Housing Authority of the County of Sacramento and Habitat for Humanity of Greater Sacramento ("DDA"). Lender requests, in accordance with this DDA, that if any default notice shall be given to Developer under this DDA, a copy of such default notice shall be given to Lender.

[Lender Name and Address for Notice]

13.2. 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 and such assignment of Lender's loan shall be void *ab initio* 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.

13.3. LENDER NOT OBLIGATED TO CONSTRUCT. Notwithstanding any of the provisions of this DDA, Lender shall not be obligated by the provisions of this DDA to construct or complete the Project. Nothing in this Section or any other provision of this 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 this DDA.

13.4. LENDER'S OPTION TO CURE DEFAULTS. After any default of Developer's obligations under this DDA, each Lender shall have the right, at its option, to cure or remedy such default, within the time for cure allowed to Developer, and to add the cost of such cure to the debt and the lien secured by the Property. Agency shall accept such performance as if it had been performed by Developer; *provided, however*, that such Lender shall not be subrogated to the rights of 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 Agency, Developer's obligations to complete the Project on the Property in the manner provided in this DDA. Any Lender who properly completes the Project as provided in this DDA shall be entitled, upon written request made to Agency, to a Certificate of Completion from Agency in a manner provided in this DDA. Such certification shall mean that any remedies or rights with respect to the Property that Agency may have because of Developer'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 this DDA by the Developer 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 Agency may have against the Developer for such default.

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

13.5.1. If such default cannot practicably be cured by the Lender without taking possession of the Property, then the Schedule of Performances (and, therefore, 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 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 Agency on account of such default, except to the extent of any monies due and unpaid from Developer; (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.

13.5.2. From and after the cure of such Developer 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 Agency from exercising any of its rights or remedies with respect to Developer during any period of such forbearance.

13.6. **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 Developer 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 Agency. Upon such foreclosure, sale or conveyance, Agency shall recognize the resulting purchaser or other transferee as the Developer under this DDA, provided that such purchaser or transferee expressly assumes each and every obligation of the Developer under this DDA (except for the obligation to pay damages except to the extent of any monies due and unpaid from Developer under this DDA) by assumption agreement satisfactory to Agency. If any Lender or its designee acquires Developer'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 Developer 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 Developer'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.

13.7. **MODIFICATIONS.** No modification or amendment to this 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.

13.8. FURTHER ASSURANCES TO LENDERS. Agency and Developer 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.

13.9. 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. Agency's designee shall be authorized to execute any such certificate requested by Developer from Agency.

13.10. PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER. In reliance on the financial capability and experience of Developer, 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. Developer shall not, prior to issuance of a Certificate of Completion, assign Developer'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 Developer or the degree of their control of Developer without the prior written consent of Agency. Any assignment or other such prohibited act or transaction taken by Developer shall be void ab initio. 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 Developer. Such a transfer as permitted in this Section shall not relieve Developer, or any other party bound in any way by this DDA, from any of its obligations under this DDA. With respect to this provision, the Developer and the parties signing this DDA on behalf of the Developer represent that they have the authority of all of Developer's principals to agree to and bind them to this provision.

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

14.1. GRANT AGREEMENT. The Conditional Grant Agreement executed between the Sacramento Housing and Redevelopment Agency and Grantee on May 1, 2021.

14.2. REGULATORY AGREEMENT. The Regulatory Agreement sets out certain provisions of this DDA which shall survive the completion of the Improvements.

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

15.1. 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 this DDA may then be reasonably fulfilled.

15.2. WAIVERS AND AMENDMENTS. All waivers of the provisions of this DDA must be in writing and signed by Agency or Developer, as applicable, and all amendments to this DDA must be in writing and signed by Agency and Developer. Any delay by Agency in asserting any rights in this DDA 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 of this DDA by Developer shall not be considered as a waiver of the rights of Agency with respect to any other defaults of this DDA by Developer or with respect to the particular default except to the extent specifically waived in writing.

15.3. 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.

15.4. 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.

15.5. NO 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.

15.6. TIME FOR PERFORMANCE. In determining time for performance, it shall be construed that Agency and Developer 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.

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

15.8. 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 Developer. 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 Developer other than that of a governmental entity regulating the development of private property, and the owner of such private property.

15.9. 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.

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

15.11. OWNERSHIP OF DATA. If this DDA is terminated, for any reason, prior to the completion of the Project, Developer 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.

15.12. 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:

15.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the County of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Anne Nicholls.

b) Developer: Habitat for Humanity of Greater Sacramento, 819 North 10th Street, Sacramento, CA 95811, Attention: Leah Miller.

15.12.2. 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 Developer or Agency may respectively designate by written notice to the other.

15.13. 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.

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

16.1. "Agency" is the Housing Authority of the County of Sacramento. Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authority Law of the State of California. The principal office of Agency is located at 801 12th Street, Sacramento, California 95814. Agency as used in this DDA includes the Housing Authority of the County of Sacramento 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 Agency.

16.2. "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.

16.3. "Certificate of Completion" is the certificate issued by Agency certifying Developer's completion of the Project and termination of the revestment provisions.

16.4. "County" is the County of Sacramento in the State of California.

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

16.6. "Contractor" is the contractor or contractors with whom Developer has contracted for the construction of the Project. The Agency-approved Contractor is Habitat for Humanity of Greater Sacramento. In the event the Contractor is replaced, the Developer must obtain written approval of the replacement Contractor by the Agency, prior to the Developer entering any contracts with the replacement Contractor.

16.7. "Completion Date" is the date for completion of construction of the Project to the satisfaction of 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.

16.8. "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 this DDA by reference is a default of this DDA.

16.9. "Developer" is Habitat for Humanity of Greater Sacramento, a California nonprofit corporation. The principal office of the Developer is located at 819 North 10th Street, Sacramento, CA 95811. The principal of Developer is Leah Miller, its Chief Executive Officer.

16.10. "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.

16.11. "Escrow Instructions" are the escrow instructions for the close of the Escrow for the Grant Deed.

16.12. "Final Plans" are the full and final plans, drawings and specifications for the Project as described in, and approved by 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), the National Environmental Policy Act (commencing at United States Code Title 42, Section 4321), and the rules and regulations promulgated under such acts. 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 Agency, the Final Plans shall conform in all material respects to all provisions of this DDA.

16.13. "Grant Deed" is the grant deed for the transfer of the Property to Developer under this DDA. The Grant Deed contains covenants that run with the land, easements and a reverter provision.

16.14. "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.

16.15. "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.

16.16. "Plans" are the Project designs and elevations, prepared by the Project architect Salazar Architects, then approved by the Sacramento City Planning Commission on January 11, 2021, 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.

16.17. "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.

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

16.19. "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.

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

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

16.22. "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 2: Schedule of Performances.

16.23. "Scope of Development" is the detailed description of the construction parameters for the Project. The Scope of Development is attached as Exhibit 3: Scope of Development.

16.24. "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 301 University Avenue, Suite 120, Sacramento, California 95825.

16.25. "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 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.

**DEVELOPER : HABITAT FOR HUMANITY OF
GREATER SACRAMENTO, INC., A
CALIFORNIA NONPROFIT CORPORATION**

**AGENCY: THE HOUSING AUTHORITY OF
THE COUNTY OF SACRAMENTO, A PUBLIC
BODY, CORPORATE AND POLITIC**

By:

**Leah Miller
Chief Executive Officer**

By:

**La Shelle Dozier,
Executive Director**

Approved as to form:

Agency Counsel

EXHIBIT 1

Property Description

The land referred to is situated in the unincorporated area of the County of Sacramento, State of California, and is described as follows:

PARCEL ONE:

ALL THAT PORTION OF THE NORTHEAST 1/4 OF SECTION 32, TOWNSHIP 8 NORTH, RANGE 5 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID NORTHEAST 1/4, SAID POINT BEING ON THE NORTHEASTERLY LINE OF THAT CERTAIN TRACT OF LAND DESCRIBED IN THE DEED RECORDED AUGUST 5, 1955, IN BOOK 2891 OF OFFICIAL RECORDS, AT PAGE 156, EXECUTED BY CHARLES W. BARDIN, AS ADMINISTRATOR WITH THE WILL ANNEXED OF THE ESTATE OF LILLIAN BARDIN, DECEASED TO THE STATE OF CALIFORNIA, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF THE NORTHEAST 1/4 BEARS SOUTH 89° 54' WEST 642.41 FEET; THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHEASTERLY LINE OF SAID STATE OF CALIFORNIA PROPERTY NORTH 39° 51' 46" WEST 179.23 FEET; THENCE NORTH 00° 08' WEST 905.73 FEET TO A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492; THENCE ALONG SAID SOUTH LINE NORTH 89° 54' EAST 305.39 FEET TO A POINT ON THE WEST LINE OF THAT CERTAIN 20.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY J.B. SMITH, ET AL TO VIOLA MAY WILDER, ET UX, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 825 OF OFFICIAL RECORDS, AT PAGE 270; THENCE ALONG THE WEST LINE OF SAID 20.00 ACRE TRACT OF LAND AND THE SOUTHERLY PRODUCTION THEREOF SOUTH 00° 08' EAST 164.89 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN 10.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY MAYBELLE K. DANNSEY TO J.L. JONES, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1055 OF OFFICIAL RECORDS, AT PAGE 330; THENCE ALONG WEST LINE OF SAID 10.00 ACRE TRACT OF LAND SOUTH 00° 08' EAST 878.61 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 32; THENCE ALONG SAID SOUTH LINE SOUTH 89° 54' WEST 190.83 FEET TO A POINT OF BEGINNING.

PARCEL TWO:

AN EASEMENT NAMELY FOR INGRESS AND EGRESS AND FOR ALL PUBLIC UTILITIES FOR THE REAL PROPERTY DESCRIBED ABOVE AND ANY PART THEREOF, OVER, UNDER, ALONG AND ACROSS THAT PORTION OF THE NORTHEAST 1/4 OF SAID SECTION 32, DESCRIBED AS FOLLOWS: A STRIP OF LAND 42 FEET IN WIDTH, MEASURED AT RIGHT ANGLES, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF THAT CERTAIN 11.00 ACRE TRACT OF LAND DESCRIBED IN THE DEED EXECUTED BY TONY CHILELLY, ET AL, TO MARGARET K. BAKER, ET AL, RECORDED IN THE OFFICE OF THE RECORDER OF SACRAMENTO COUNTY IN BOOK 1074 OF OFFICIAL RECORDS, AT PAGE 492, FROM WHICH POINT OF BEGINNING THE SOUTHWEST CORNER OF SAID NORTHEAST BEARS SOUTH 89° 54' WEST 402.55 FEET AND THENCE SOUTH 00° 12' EAST 1043.49 FEET; THENCE FROM SAID BEGINNING SOUTH 00° 12' EAST 121.00 FEET; THENCE NORTH 89° 54' EAST 126.51 FEET.

APN: 039-0011-013-0000

EXHIBIT 2

Schedule of Performances

Schedule¹	Milestone
Build Phase 1 (5 SFD homes)	
Summer 2021	Fundraising begins for 5 homes Estimated to be \$100,000 per home
Spring 2022	Submit Permit Application for 3 homes
Summer 2022	Completion of Off-Site Infrastructure Start Construction on 3 homes
Fall 2022	Submit Permit Application for 2 homes
Summer 2023	Start Construction on 2 homes Completion of Phase 1 (5 SFD homes)
Build Phase 2 (5 SFD homes)	
Summer 2022	Fundraising begins for 5 homes Estimated to be \$100,000 per home
Spring 2023	Submit Permit Application for 5 homes
Summer 2023	Start Construction on 5 homes
Spring 2024	Completion of Phase 2 (5 SFD homes)
Build Phase 3 (5 SFD homes)	
Spring 2023	Fundraising begins for 5 homes Estimated to be \$100,000 per home
Winter 2023	Submit Permit Application for 5 homes
Spring 2024	Start Construction on 5 homes
Winter 2024	Completion of Phase 3 (5 SFD homes)
Build Phase 4 (3 SFD homes)	
Spring 2024	Fundraising begins for 3 homes Estimated to be \$100,000 per home
Fall 2024	Submit Permit Application for 3 homes
Winter 2024	Start Construction on 3 homes
Fall 2025	Completion of Phase 4 (3 SFD homes)

¹This Schedule of Performance is subject to successful award and completed construction of infrastructure by Summer 2021 by Mutual Housing California, or related entity, associated with the Cornerstone, a Mutual Housing and Habitat for Humanity of Greater Sacramento Community development.

EXHIBIT 3

Scope of Development

Cornerstone, a Habitat for Humanity of Greater Sacramento Community (Single Family Detached Homes)

I. Project Description

Cornerstone, a Habitat for Humanity of Greater Sacramento Community is in the unincorporated area of Sacramento County (County), South Sacramento community. The site does not have an assigned address, but is located adjacent to 44th Street, LeDonne Drive, east of the Chateau Lang Apartments at APN 039-0011-013-0000. The new construction project will bring 18 new single family detached homes of affordable housing to South Sacramento.

II. Site Improvements

1. **Landscaping:** Project will be designed in accordance with County requirements.
 - a) Existing trees shall be evaluated by an arborist and trimmed/removed according to the evaluation. Any tree trimming or tree removal will either occur outside the nesting season for nesting birds.
 - b) Front yards will be covered in mulch, bark or some other ground cover with a weed barrier.
2. **Irrigation:** Irrigation systems shall be installed with new system that includes appropriate water efficient fixtures.

III. Building Exterior Improvements

3. **Fencing:** All houses will have 6' redwood fencing on both sides with a gate to access each backyard.
4. **Roof:** The roofing of all buildings will have a minimum 30-year warranty Asphalt Composition Shingles.
5. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain.
6. **Siding:** Exterior siding of the homes will be a cementitious siding (lap and panel).
7. **Paint:** Building will have interior and exterior painting.

8. **Windows and Sliders:** All windows will be energy-efficient windows. Windows will be designed to open and will have screens and will meet all current codes.
9. **Lighting:** All exterior lighting will be energy efficient
10. **Sidewalks and Ramps:** The sidewalks and ramps will meet current code and ADA requirements throughout the Project.
11. **Mailbox Units:** New cluster mailbox units will be installed and shall include space for larger parcels delivered to site.
12. **Stairways, Railings and Landings:** Will meet all current codes for treads and risers, guardrails and handrails.

IV. Building Interior

1. **Central Heating, Ventilation and Air Conditioning Systems (HVAC):** All of the homes will have a) the duct work, air distribution and air supply and exhaust systems will be installed b) new EnergyStar or better HVAC split systems installed; new air output; and c) new intake vents will be installed.
2. **Water heaters:** All units will have EnergyStar water heaters.
3. **Water distribution System:** Water distribution system will be made of PEX piping for the branch lines and Aquatherm piping for the main water lines.
4. **Kitchens:** All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing electric range/oven combination appliances, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better.
5. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. A humidistat fan will be installed in all bathrooms.
6. **Ceilings and Walls:** All interior walls and ceilings will have a drywall finish.
7. **Doors:** All doors will be new and will meet current egress standards.
8. **Flooring:** Will be carpet/laminate and meet all current codes.
9. **Windows:** Will be installed to meet all current codes and will have screens.

10. **Paint:** Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
11. **Electrical:** GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units.
12. **Lighting:** All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy efficient light fixtures installed.

End of Scope of Development

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

April 7, 2021

CORNERSTONE NORTH, CORNERSTONE SOUTH AND CORNERSTONE, HABITAT FOR HUMANITY (PROJECT): A RESOLUTION OF THE SACRAMENTO HOUSING COMMISSION APPROVING THE CONDITIONAL LOAN COMMITMENT, PREDEVELOPMENT LOAN DOCUMENTS AND CONDITIONAL CONSTRUCTION GRANT DOCUMENTS; CONVEYANCE OF A PORTION OF THE PROPERTY FOR LESS THAN FAIR MARKET VALUE TO HABITAT FOR HUMANITY OF GREATER SACRAMENTO; EXECUTION OF THE CONDITIONAL LOAN COMMITMENT AND RELATED DOCUMENTS WITH CORNERSTONE NORTH MUTUAL HOUSING ASSOCIATES, L.P., OR RELATED ENTITY; EXECUTION OF THE CONDITIONAL LOAN COMMITMENT, PREDEVELOPMENT LOAN DOCUMENTS AND RELATED DOCUMENTS WITH CORNERSTONE SOUTH MUTUAL HOUSING ASSOCIATES, L.P., OR RELATED ENTITY; EXECUTION OF CONDITIONAL CONSTRUCTION GRANT DOCUMENTS WITH HABITAT FOR HUMANITY OF GREATER SACRAMENTO; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

WHEREAS, on October 31, 2001, Sacramento Housing and Redevelopment Agency (SHRA) acquired title to an approximately seven-acre site through a deed in lieu of foreclosure. The property is located south of 46th Street and Lang Avenue, east of Highway 99 and a Trustee's Deed was recorded in Sacramento County in Book 20011031 at Page 0822 (Property); and

WHEREAS, between late to 2001 to early 2006, SHRA worked with the former Franklin Boulevard Redevelopment Advisory Committee and surrounding neighborhoods to plan for an affordable housing development on the Property. SHRA released Request for Proposals; however, the results were unsuccessful and was largely attributed to water capacity issues with the California American Water Company (formerly Fruitridge Vista Water Company), a private water company (Water Company), that serves the Property; and

WHEREAS, on April 11, 2006, the Board of Supervisors adopted a resolution to authorize SHRA to pay the Water Company \$420,000 in County HOME funds for water connection fees associated with the future development of the Property (Resolution No. 2006-0409); and

WHEREAS, on February 24, 2009, the Board of Supervisors and the Board of the Housing Authority adopted resolutions to authorize SHRA 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 SHRA to establish and implement the Vacant Properties Program, the Block Acquisition and Rehabilitation Program, and the Property Recycling Program (PRP) to undertake NSP activities (Resolution No. 2009-0104 and HA-2304); and

WHEREAS, on June 16, 2009, the Board of Supervisors (Resolution No. 2009-0512) approved the NSP PRP Guidelines allowing SHRA to purchase foreclosed properties within the NSP Target Areas to be transferred for redevelopment purposes; and

WHEREAS, on January 29, 2013, the Housing Authority of the County of Sacramento (Housing Authority) acquired the Property from SHRA in a manner consistent with PRP Guidelines. The Grant Deed was recorded in Sacramento County in Book 20130129 at Page 0562. Associated with this acquisition, the aforementioned water connection fees credits were transferred to the Housing Authority; and

WHEREAS, in a separate resolution subject to approval by the Housing Authority Board on April 20, 2021, the Housing Authority is recommending approval to assign the water connection fee credits to the new ownership entities of the Property; and

WHEREAS, on November 1, 2016 the Housing Authority Board adopted a resolution approving the Vacant Lot Disposition Strategy that permitted the sale of the Property (Resolution No. HA-2396); and

WHEREAS, on March 14, 2019, SHRA, on behalf of the Housing Authority, issued a Request for Proposals (RFP#1915-VK) seeking an affordable housing developer to acquire and build affordable housing on the property. On May 13, 2019, Mutual Housing California (Mutual Housing) and Habitat for Humanity of Greater Sacramento, a nonprofit self-help housing organization (Habitat for Humanity) partnered and submitted a proposal for a 108-unit permanent supportive/homeless and workforce housing development and 18 single family detached homes within one master development, and were awarded the Property; and

WHEREAS, in a separate resolution subject to approval by the Housing Authority Board on April 20, 2021, the Housing Authority is recommending approval of the three Disposition and Development Agreements (DDA) for the three respective projects associated with the master

development referred to as Cornerstone, a Mutual Housing and Habitat for Humanity for Greater Sacramento Community:

1. Cornerstone North (DDA with 48 multifamily units) will be developed by Cornerstone North Mutual Housing Associates, L.P., a partnership of which Mutual Housing California (Cornerstone North Developer) or a related entity to the Cornerstone North Developer is the general partner; and
2. Cornerstone South (DDA with 60 multifamily units) will be developed by Cornerstone South Mutual Housing Associates, L.P., a partnership of which Mutual Housing California (Cornerstone South Developer) or a related entity to the Cornerstone South Developer is the general partner; and
3. Cornerstone, a Habitat for Humanity Greater Sacramento Community (DDA with 18 single family detached homes) will be developed by Habitat for Humanity or a related entity; and

WHEREAS, on October 1, 2019, Mutual Housing and Habitat for Humanity submitted a funding application to SHRA for predevelopment, acquisition, construction and permanent financing of the Project:

1. Cornerstone North: \$59,000, the current fair market value appraisal, as a seller carryback land loan for a portion of the Property acquired with NSP funds; and
2. Cornerstone South: a) \$92,000, the current fair market value appraisal, as a seller carryback land loan for a portion of the Property acquired with NSP funds; b) \$120,000 predevelopment loan comprised of Affordable Housing Funds (AHF); c) \$9,880,000 construction and permanent loan consisting of \$6,312,000 in AHF, \$2,752,000 in HOME Investment Partnerships Program Funds (HOME) and \$816,000 in Housing Trust Funds (HTF); and d) a tax-exempt mortgage revenue bonds issuance not to exceed \$20,000,000, which is subject to approval by the Housing Authority Board on April 20, 2021, in a separate resolution; and
3. Cornerstone, a Habitat for Humanity of Greater Sacramento Community: a) \$1.00 to convey a portion of the Property acquired with NSP funds, which has a current fair market value appraisal of \$640,000; and b) \$1,175,000 conditional construction grant comprised of AHF.

Cornerstone North, Cornerstone South And Cornerstone, Habitat For Humanity: A Resolution
Of The Sacramento Housing Commission Approving The Conditional Loan Commitment,
Predevelopment Loan Documents And Conditional Construction Grant Documents
Page 4

The administration of the NSP, AHF, HOME and HTF program funds are subject to approval of this resolution; whereas, in a separate resolution, the seller carryback land loans and conveyance are subject to approval by the Housing Authority Board on April 20, 2021; and

WHEREAS, on April 3, 2020, SHRA, on behalf of the Housing Authority, issued a Request for Proposals (RFP#2013-DS) seeking owners and developers interested in receiving Project Based Vouchers (PBV) to serve homeless families/individuals. On May 5, 2020, Mutual Housing submitted a proposal and were awarded 16 PBV, and there will be eight (8) PBV assisted units at each Cornerstone North and South developments; and

WHEREAS, the Project is consistent with SHRA's approved Neighborhood Stabilization Program Property Recycling Program Guidelines, Multifamily Lending and Mortgage Revenue Bond Policies (Resolution No. 2019-0673 and HA-2435), Priority 2(i) - New Construction of Permanent Supportive Housing and Homeless Housing and Priority 2(iii) - Workforce Housing; November 30, 2018 County of Sacramento Homeless Plan; and meets the housing development goals and strategies to increase the supply of affordable housing in the County's Housing Element 2013-2021; and

WHEREAS, pursuant to the provisions of the National Environmental Policy Act, an Environmental Assessment was prepared for the project and it was determined that the project will not result in a significant impact on the quality of the human environment, with mitigation measures incorporated; and

WHEREAS, pursuant to the provisions of the California Environmental Quality Act, the County of Sacramento prepared an Initial Study for the proposed project and adopted a Mitigation Monitoring and Reporting Program on January 11, 2021.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Section 2. The \$10,151,000 Conditional Loan Commitment for Cornerstone North and South is approved and the Executive Director, or her designee, is authorized to enter into, execute and transmit the Conditional Loan Commitment to Cornerstone North Mutual Housing Associates,

L.P., and Cornerstone South Mutual Housing Associates, L.P., or a partnership of which Mutual Housing California (Developer) or a related entity to the Developer is the general partner for purposes of predevelopment, acquisition, construction, permanent financing of Cornerstone North and South as described below (Loan Commitment):

1. **Cornerstone North:** \$59,000, the current fair market value appraisal, as a seller carryback land loan for the property acquired with NSP funds; and
2. **Cornerstone South:** The \$10,092,000 loan is comprised of the following: a) \$92,000, the current fair market value appraisal, as a seller carryback land loan for the property acquired with NSP funds; b) \$120,000 Predevelopment Loan comprised of AHF; and c) \$9,880,000 Construction and Permanent Loan consisting of \$6,312,000 in AHF, \$2,752,000 HOME funds and \$816,000 in HTF.

In a separate resolution, the seller carryback land loans and conveyance are subject to approval by the Housing Authority Board on April 20, 2021.

Section 3. The Predevelopment Loan Documents for financing the predevelopment activities at the Cornerstone South vacant site, is approved and the Executive Director, or her designee, is authorized to enter into, execute and transmit the Predevelopment Loan Documents to Cornerstone South Mutual Housing Associates, L.P., or a partnership of Developer or a related entity to the Developer is the general partner.

Section 4. The conveyance of a portion of the Property for \$1.00 to Habitat for Humanity of Greater Sacramento Community, a nonprofit self-help housing organization, to develop 18 single family homes is consistent with the administration of the NSP PRP program and is approved.

Section 5. The \$1,175,000 Conditional Construction Grant comprised of AHF for financing the development activities at Cornerstone, a Habitat for Humanity of Greater Sacramento Community is approved and the Executive Director, or her designee, is authorized to enter into, execute and transmit the Conditional Construction Grant Documents to Habitat for Humanity of Greater Sacramento or a related entity.

Section 6. The Executive Director, or her designee, is authorized to enter into and execute other documents it deems necessary, as approved to form by SHRA Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Loan Commitment and Predevelopment Loan Documents that accompany this resolution, in accordance with their

terms, and to ensure proper repayment of SHRA funds including without limitation, subordination, restructuring and extensions consistent with SHRA adopted policies and with this resolution.

Section 7. SHRA finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, SHRA is authorized to subordinate the SHRA loans to the senior loans.

Section 8. The Executive Director, or her designee, is authorized to enter into and execute other documents it deems necessary, as approved to form by its Office of the General Counsel, and perform other actions SHRA deems necessary to fulfill the intent of the Conditional Construction Grant Documents that accompany this resolution, in accordance with their terms, including without limitation, restructuring and extensions consistent with SHRA adopted policies and with this resolution.

Section 9. The Executive Director, or her designee, is authorized to amend its budget and allocate up to a) \$120,000 Predevelopment Loan comprised of AHF; and b) \$9,880,000 Construction and Permanent Loan consisting of \$6,312,000 in AHF, \$2,752,000 in HOME and \$816,000 in HTF program funds for the Cornerstone South development.

Section 10. SHRA is authorized to amend its budget and allocate up to \$1,175,000 Conditional Construction Grant comprised of AHF for the Cornerstone, a Habitat for Humanity of Greater Sacramento Community.

Section 11. This resolution shall take effect immediately upon its adoption.

ATTEST:

CHAIR

CLERK



April 7, 2021

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

Central City (Rental Assistance Demonstration 2) Tax Equity and Fiscal Responsibility Act Hearing, and Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by the Sacramento City Council and Housing Authority.

Respectfully Submitted


LA SHELLE DOZIER
Executive Director

Attachment



**REPORT TO CITY COUNCIL AND
HOUSING AUTHORITY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

**Public Hearing
April 20, 2021**

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

Title: Central City (Rental Assistance Demonstration 2) Tax Equity and Fiscal Responsibility Act Hearing, and Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment

Location/Council District: 1820 Capitol Avenue and 626 I Street / District 4.

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a City Council Resolution indicating the Housing Authority has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, rehabilitation and development of the Rental Assistance Demonstration 2 (RAD 2) project; 2) a Housing Authority Resolution authorizing (a) the intention of the Housing Authority to issue up to \$40,000,000 in tax exempt mortgage revenue bonds to finance the acquisition, rehabilitation and development of the Project, (b) the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds; and 3) a Housing Authority Resolution authorizing the Housing Authority of the City of Sacramento to (a) amend the Housing Authority budget, (b) approve an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements (Option Agreement) for the Project, (c) approve the Conditional Funding Commitment comprised of a seller carryback loan, a ground lease loan, and a cash proceeds note (Loan Commitment), (d) execute any related documents with Sacramento Housing Authority Repositioning Program, Inc., (SHARP), or related entity, and (e) make related findings.

Contact: Christine Weichert, Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency; Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency.

Presenters: Cylus Scarbrough, Housing Finance Analyst, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Housing Authority of the City of Sacramento

Description/Analysis

Issue Detail: The Housing Authority of the City of Sacramento continues to transition its public housing portfolio to the Rental Assistance Demonstration (RAD) program with the

conversion of the Edge Water and Capitol Terrace buildings in downtown Sacramento. The conversion of the units to RAD will convert them from public housing units to the multifamily bond and low income housing tax credit (LIHTC) program with project based vouchers. The Housing Authority will continue to provide on-site management of the units.

On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the RAD and Section 18 Demolition and Disposition Programs. The Board also authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties. On January 3, 2020, HUD approved the application to reposition and convert 83 units at Capitol Terrace (1820 Capitol Avenue), and 107 units at Edge Water (626 I Street) to Project Based Voucher (PBV) units.

The Guiding Principles of the Asset Repositioning Plan, adopted as the policy direction for each reposition activity, are to prevent the loss of units for extremely low income households, facilitate a decrease in reliance on federal funds, incorporate smart growth principles into development opportunities, reinvest any sale proceeds into Housing Authority replacement units, foster partnerships with entities to position development efforts for success, and to pursue actions that would generate fees and other revenue for the Housing Authority. Conversion to RAD is a critical component of the Asset Repositioning plan as RAD allows public housing agencies to convert public housing units to long-term, PBV rental assistance developments. Converting the properties under RAD facilitates access to private debt and equity to address immediate and long-term capital needs.

The developer, Sacramento Housing Authority Repositioning Program, Inc. (SHARP), is currently completing the first phase of the RAD project (RAD 1), which was approved by the City and County in January 2020. RAD Phase 1 consists of six scattered sites including the Pointe Lagoon Apartments (two sites in the County and one in the City of Elk Grove), Rio Garden Apartments in the County, Oak Park Apartments in the City of Sacramento, and Meadow Commons in the City of Sacramento.

Staff is requesting approval to enter into an Option Agreement with SHARP for a Ground Lease and the Purchase and Sale of Improvements (Option Agreement) in an amount to be justified by a fair market value appraisal. This report is also recommending approval to allocate funding to SHARP for acquisition, rehabilitation and permanent financing for the two Project properties. This funding is proposed to be in the form of a \$14,111,200 seller carryback loan for the building improvements, a \$6,820,000 ground lease loan, and a \$4,217,700 cash proceeds note for the sale of improvements. In addition, the report also recommends approving the applicant's request for Mortgage Revenue Tax Exempt Bond financing for the Project.

Vicinity maps for Edge Water and Capitol Terrace are included as Attachments 7 and 8, and pictures of the two buildings are included as Attachment 9.

Capitol Terrace Site

The Capitol Terrace site is a nine-story multifamily building built in 1971 and located at 1820 Capitol Avenue near downtown Sacramento on a .44-acre site. It is an age-restricted building for seniors consisting of 84 one-bedroom units. The renovation work will address interior improvements of the units such as new refrigerators, ranges, cabinets, countertops and sinks in the kitchens and bathrooms, and all units will have new bathtub enclosures and toilets. Other improvements to the buildings will include new flooring, repair or replacement of mechanical systems, installation of rooftop thermal solar system, replacing windows and exterior finishes, ADA upgrades, weather proofing, and site work.

Edge Water Site

The Edge Water site is a 14-story mixed-use building built in 1973 and located at 626 I Street in downtown Sacramento on a .59-acre site. It is an age-restricted building for seniors consisting of 108 one-bedroom units. The first three floors consist of rentable office space, while floors four through twelve are residential with 108 one-bedroom units. All of the units at Edge Water will have new flooring and new air conditioning units, but no other modifications to the interior are proposed at this time as the interiors were upgraded in the last ten years. A new security surveillance camera system will be installed on the property. The scope of development for Capitol Terrace and Edge Water are included with the Loan Commitment in Attachment 6.

Developer: The Sacramento Housing Authority Repositioning Program, Inc., is a nonprofit public benefit corporation created by the Housing Authority in 2009 to implement the Housing Authority's Asset Repositioning Plan. Activities undertaken by SHARP include acquiring, developing, financing, rehabilitating, owning and operating affordable housing to maintain and preserve these affordable units. SHARP has partnered with BRIDGE Housing to rehabilitate three other Housing Authority properties, including Sutterview, Washington Plaza and Sierra Vista Apartments. SHARP is currently rehabilitating the six properties in the first phase of the Rental Assistance Demonstration project.

Property Management: Housing Authority staff currently manages over 3,000 housing units throughout the City and County of Sacramento, which includes the Capitol Terrace and Edge Water properties. It is proposed that Housing Authority staff will continue to manage the units after conversion to RAD.

Resident Services: LifeSTEPS will provide resident services, with 15 hours per week at Capitol Terrace, and 20 hours per week at Edge Water.

Security Plan: The security plan includes installation of upgraded exterior lighting and surveillance camera equipment at each building.

Project Financing: The proposed financing of the Project includes tax exempt bonds, a conventional loan, a Housing Authority seller carryback loan, a Housing Authority ground lease loan, a Housing Authority cash proceeds note, a deferred developer fee and RAD Program specific Project Based Vouchers (PBV).

Low-Income Set-Aside Requirements: As a condition of receiving LIHTC and the benefits of tax-exempt bond financing, federal law requires some units to be set aside for targeted income groups. Income restrictions from LIHTC financing require that 20 percent of the units have rents that are affordable to households with income at or below 50 percent of Area Median Income (AMI).

The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer. The Project Summaries are included as Attachments 10-12, and the Cash Flow Proforma is included as Attachment 13. A schedule of maximum income and rents are included as Attachment 14. The anticipated funding sources and their affordability requirements are summarized in the table below for the development:

Central City (RAD 2)

Unit Type	Units	% of Units	Affordability Restriction (55 years)
Tax-exempt Bonds, Housing Authority Funds and Project Based Vouchers	39	20%	Low Income 50% of Area Median Income
Tax-exempt Bonds, Housing Authority Funds and Project Based Vouchers	151	79%	Low Income 60% of Area Median Income
Management Units	2	1%	
Total	192	100%	

Policy Considerations: The recommended actions for the Project are consistent with:
a) United States Department of Housing and Urban Development (HUD) guidelines to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration (RAD) Program; b) Housing Authority Asset Repositioning Plan; and c) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415); and is generally consistent with the approved Agency's Multifamily Lending and Mortgage Revenue Bond Policies (Policies).

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions of the Project will be specified in the bond regulatory agreement between the Developer and

the Housing Authority for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

Economic Impacts: The Project is expected to create 251 total jobs (142 direct jobs and 109 jobs through indirect and induced activities) and create \$20,925,272 in total economic output (\$12,722,257 of direct output and another \$8,170,015 of output through indirect and induced activities).

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

Environmental Considerations:

California Environmental Quality Act (CEQA): The disposition and rehabilitation of the above properties has been found to be Categorical Exempt under CEQA pursuant to CEQA Guidelines Section 15301, "Existing Facilities".

National Environmental Policy Act (NEPA): The disposition and rehabilitation of the identified properties has been found to be Categorical Excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and converts to exempt pursuant to 24 CFR 58.34(a)(12).

Sustainability Considerations: The proposed Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, these projects will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting on April 6, 2021, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The recommended actions enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with United States Department of Housing and Urban Development (HUD) guidelines related to the repositioning and conversion of City Public Housing Properties under the Rental Assistance Demonstration (RAD) Program, Housing Authority Asset Repositioning Plan, 2013-2021 Housing Element as part of Sacramento's

2035 General Plan, and is generally consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.125 percent of the bond amount but not to exceed \$25,000 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 City of Sacramento.

M/WBE and Section 3 requirements: 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. Local Business Enterprise requirements do not apply to this report.

Respectfully Submitted by


LA SHELLE DOZIER
Executive Director

Attachments

- 1- Description/Analysis and Background
- 2- City Council Resolution – TEFRA
- 3- Housing Authority Resolution – Inducement
- 4- Housing Authority Resolution – Option Agreement and Loan Commitment
- 5- Exhibit A – Option Agreement for the Ground Lease and the Purchase and Sale of Improvements for Capitol Terrace and Edge Water (Option Agreement)
- 6- Exhibit B - Loan Commitment for Capitol Terrace and Edge Water (Loan Commitment)
- 7- Vicinity Map of Edge Water (626 I Street)
- 8- Vicinity Map of Capitol Terrace (1820 Capitol Terrace)
- 9- Pictures of Edge Water and Capitol Terrace
- 10-Project Summary – Edge Water and Capitol Terrace (combined)
- 11-Project Summary – Edge Water
- 12-Project Summary – Capitol Terrace
- 13-Cash Flow Proforma
- 14-Maximum Income and Rent Limits

RESOLUTION NO. 21__-____

Adopted by the Sacramento City Council

On date of April 20, 2021

CAPITOL TERRACE APARTMENTS AND EDGE WATER TERRACE APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF SACRAMENTO HOUSING ASSET REPOSITIONING PROGRAM, INC. (SHARP)

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$40,000,000 (the "Obligations") and to lend the proceeds thereof to [Borrower] or a partnership of which SHARP (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) Capitol Terrace Apartments, 1820 Capitol Avenue, Sacramento, California, consisting of 83 units (Obligation proceeds in an amount not to exceed \$22,540,000), and (2) Edge Water Terrace Apartments, 626 I Street, Sacramento, California, consisting of 107 units (Obligation proceeds in an amount not to exceed \$13,071,000);
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;
- C. A public hearing was held by the City Council on April 20, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard;
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

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

Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$40,000,000 for the purposes described above is hereby approved.

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

Adopted by the City of Sacramento City Council on April 20, 2021, by the following vote:

- Ayes:** Members,
- Noes:** Members,
- Abstain:** Members,
- Absent:** Members,

Attest:

Mindy Cuppy, City Clerk

RESOLUTION NO. 2021-

Adopted by the Housing Authority of the City of Sacramento

on the date of

CAPITOL TERRACE APARTMENTS AND EDGE WATER TERRACE APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Authority) intends to issue tax-exempt obligations (Obligations) for the purpose, among other things, of making a loan to Borrower, or a limited partnership or a limited liability company related to or formed by Sacramento Housing Asset Repositioning Program, Inc. (SHARP) (Developer), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) Capitol Terrace Apartments, 1820 Capitol Avenue, Sacramento, California, consisting of 83 units, and (2) Edge Water Terrace Apartments, 626 I Street, Sacramento, California, consisting of 107 units, (Project).
- B. United States Income Tax Regulations section 1.150-2 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.
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein.

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

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation and development of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and

development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$40,000,000.

- Section 4.** The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5.** The Developer shall be responsible for the payment of all present and future costs in connection with the 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, any fees required by the California Debt Limit Allocation Committee (CDLAC) 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 the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC for an allocation of private activity bonds for the financing of the Project.
- Section 7.** The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.
- Section 8.** This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. _____

Adopted by the Sacramento City Council

On date of

CAPITOL TERRACE APARTMENTS AND EDGE WATER TERRACE APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF SACRAMENTO HOUSING ASSET REPOSITIONING PROGRAM, INC. (SHARP)

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Authority), a housing authority organized and existing under the laws of the State of California, proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (Code) in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$40,000,000 (Obligations) and to lend the proceeds thereof to [Borrower] or a partnership of which SHARP (Developer) or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) Capitol Terrace Apartments, 1820 Capitol Avenue, Sacramento, California, consisting of 83 units (Obligation proceeds in an amount not to exceed \$22,540,000), and (2) Edge Water Terrace Apartments, 626 I Street, Sacramento, California, consisting of 107 units (Obligation proceeds in an amount not to exceed \$13,071,000);
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (City Council), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;
- C. A public hearing was held by the City Council on April 20, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard;
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum

principal amount of \$40,000,000 for the purposes described above is hereby approved.

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

RESOLUTION NO. 2021 -

Adopted by the Housing Authority of the City of Sacramento

on date of April 20, 2021

CENTRAL CITY (RAD 2) REHABILITATION – CAPITOL TERRACE AND EDGE WATER (PROJECT): APPROVAL TO AMEND THE HOUSING AUTHORITY BUDGET; AN OPTION AGREEMENT FOR THE GROUND LEASE AND THE PURCHASE AND SALE OF IMPROVEMENTS (OPTION AGREEMENT); \$14,111,200 SELLER CARRYBACK LOAN, \$6,820,000 GROUND LEASE LOAN, AND \$4,217,700 CASH PROCEEDS NOTE (LOAN COMMITMENT); EXECUTION OF OPTION AGREEMENT, LOAN COMMITMENT AND RELATED DOCUMENTS WITH SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP), OR RELATED ENTITY, AND MAKE RELATED FINDINGS

BACKGROUND

- A. On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved the updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition Programs. Additionally, the Board authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties under the RAD and Section 18 Demolition and Disposition Programs.
- B. On January 3, 2020, HUD approved the application to reposition and convert 83 units at Capitol Terrace (1820 Capitol Avenue in the City of Sacramento), and 107 units at Edge Water (626 I Street in the City of Sacramento) to Project Based Voucher units.
- C. The Housing Authority desires to partner and enter into an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by an updated fair market value appraisal, with SHARP, an entity that can benefit from the use of low-income housing tax credits, to position acquisition and rehabilitation efforts for success, and to accomplish necessary renovations to the Project under the RAD Program.
- D. SHARP has applied for acquisition, rehabilitation and permanent financing for the Project sites in the form of a seller carryback loan, ground lease loan, and a cash proceeds note from the Housing Authority.
- E. The disposition and rehabilitation of the properties has been found to be Categorically Exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities".
- F. The disposition and rehabilitation of the identified properties has been found to be Categorically Excluded under the National Environmental Policy Act (NEPA)

pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and converts to exempt pursuant to 24 CFR 58.34(a)(12).

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

- Section 1.** All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2.** The Executive Director is authorized to amend the Housing Authority budget to allocate \$14,111,250 in the form of a seller carryback loan, or an amount to be justified by a fair market value appraisal of the land and improvements, \$6,820,000 in the form of a ground lease loan, and \$4,212,476 in the form of a cash proceeds note, for the financing of the Project from the Housing Authority is approved.
- Section 3.** The Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by fair market value appraisals (Option Agreement) between the Housing Authority of the City of Sacramento and SHARP for the rehabilitation of the Project, included as Exhibit A, is approved.
- Section 4.** The Housing Authority Loan Commitment, included as Exhibit B, for the financing of the Project in the amount of a \$14,111,200 seller carryback loan, or an amount justified by updated fair market value appraisals, a \$6,820,000 ground lease loan, and a \$4,217,700 cash proceeds note from the Housing Authority is approved.
- Section 5.** The Executive Director, or designee, is authorized to execute the Option Agreement and Loan Commitment and related documents deemed necessary by the Executive Director, as approved to form by the Office of the General Counsel of the Housing Authority (Office of the General Counsel), and transmit each to SHARP, or related entity. The Housing Authority will return to the Board for approval of loan documents.
- Section 6.** The Executive Director, or designee, is authorized to enter into and execute related agreements deemed necessary by the Executive Director, as approved to form by the Office of the General Counsel, and perform other actions deemed necessary by the Executive Director to implement the activities and fulfill the intent of the Option Agreement and Loan Commitment to ensure proper repayment of the Housing Authority funds, as approved above or to delegate those activities to the Agency.

Table of Contents:

- Exhibit A: Central City (RAD 2) Option Agreement for Capitol Terrace and Edge Water
Exhibit B: Central City (RAD 2) Loan Commitment for Capitol Terrace and Edge Water

OPTION AGREEMENT
Ground Lease of Land and Purchase of Improvements
Rental Assistance Demonstration (RAD)
Phase 1 - Central City

THIS OPTION AGREEMENT ("the Agreement") is made and entered into as of _____, 202__ (the "Agreement Date"), by and between the Housing Authority of the City of Sacramento ("Owner") and Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation ("SHARP" and "Optionee").

1. **OPTION.** Owner hereby grants to Optionee an exclusive option (the "Option") to ground lease the land (defined in Section 2) and to purchase the improvements for the project known as RAD Phase 1 – Central City repositioning and conversion, and rehabilitation of 108 units to Rental Assistance Demonstration Program at Edgewater, 626 I Street, Sacramento, CA 95814 and 84 units at Capitol Terrace, 1820 Capitol Ave, Sacramento, CA 95811 in the City of Sacramento (the "Improvements"), subject to the terms and conditions contained in this Agreement.

2. **LAND.** The "Land" is that certain real property located under the Improvements at, [INSERT Property Name and Address], Sacramento County, California, more particularly described in Exhibit "A" attached hereto. The Land and Improvements are referred to collectively as the "Property."

3. **TERM OF OPTION.** The Option shall commence on the Agreement Date, and shall terminate at five o'clock p.m. (5:00p.m.) on _____, 202__ (the "Option Term").

4. **OPTION PAYMENT.** In consideration for the grant of the Option, SHARP has paid to Owner the sum of One Hundred Dollars (100.00) ("the Option Payment"), which amount shall be retained by Owner and is nonrefundable to Optionee.

5. **OPERATION OF THE PROPERTY DURING THE OPTION TERM.** Owner shall continue to operate and secure the Property according to its customary property management practices and in compliance with applicable HUD regulations, Government Code § 34200 et seq. ("California Housing Authority Law"), and Admissions and Continued Occupancy Policy ("ACOP") until the close of escrow transferring the leasehold interest in the Land through a ground lease and a fee interest in the improvements through a purchase and sale agreement.

6. **LEASING DURING THE OPTION TERM.** Owner agrees that it will not enter into any new lease of the Property without Optionee's prior written consent, and that Owner will not materially modify the Improvements without optionee's prior written consent; in each case such consent not to be unreasonably withheld, conditioned or delayed by Optionee.

7. **EXERCISE OF OPTION.** The Option shall be exercised by written notice delivered to Owner on or prior to expiration of the Option Term. Optionee's failure to timely deliver such notice shall be deemed Optionee's determination not to exercise the Option. Promptly following Optionee's exercise of the Option, the parties shall enter into the Ground Lease and the Purchase Agreement (defined below).

8. **GROUND LEASE AND PURCHASE AGREEMENT.** During the Option Term the parties shall negotiate in good faith a ground lease of the Land (the "Ground Lease") and a purchase and sale agreement for the Improvements (the "Purchase Agreement") which will outline the specific terms for Optionee's lease of the Land and purchase of the Improvements. The Ground Lease and Purchase Agreement shall include the following terms, together with such other terms as are mutually acceptable to the parties, provided that notwithstanding these terms, all terms are subject to any applicable requirements of the U.S. Department of Housing and Urban Development ("HUD"), including any applicable HUD approval requirement; and the following terms may be modified further, supplemented or replaced by agreement of the parties:

(a) **Ground Lease.**

(i) The Ground Lease will have a term of at least seventy-five (75) years, subject to the Owner's right to terminate the Ground Lease and repurchase the Improvements under subsection (d) below, the form of which shall be subject to HUD's approval.

(ii) The Ground Lease shall have an annual rental payment of its appraised fair market value determined at time of the execution of the Ground Lease.

(b) **Purchase Agreement.** The purchase price for the Improvements shall be at their fair market value as determined by an appraisal performed within six (6) months of closing. Current appraisal values are as follows:

Property	Land Value	Improvements Value
626 I Street APN 006-0032-030-0000	\$4,900,000	\$15,160,000
1820 Capitol Avenue APN 007-0142-024-0000	\$1,920,000	\$7,300,000
Total	\$6,820,000	\$22,460,000

The Purchase Agreement shall require that the Optionee rehabilitate and modernize the improvements to a standard acceptable to the Owner within a negotiated and defined period of time.

(c) **Evidence of Adequate Financing.** The Ground Lease and Purchase Agreement shall each include a provision for a condition precedent to Owner's conveyance upon Optionee's submission of evidence of sufficient funds to meet all rehabilitation and modernization budget requirements.

(d) **Payment.** The purchase price will be paid through a take-back note from Optionee payable to the Owner.

(e) **Repurchase Provisions.** Owner shall have the right, but not the obligation, to terminate the Ground Lease and repurchase the Improvements at any time after the end of the 55th year of the Ground Lease term in exchange for Owner's assumption or forgiveness of all debt then secured by Optionee's interest in the Land and/or the Improvements, or at such earlier

time as the parties agree upon.

(f) Reversion at End of Ground Lease Term. Upon the expiration of the Ground Lease Term, title to the Improvements shall automatically revert to Owner at no cost to Owner.

(g) Use Restrictions. Concurrently with the Ground Lease and the grant deed, use restrictions shall be recorded against the Property to ensure affordability use by residents with income less than eighty percent (80%) of the Area Median Income ("Use Restrictions"), as determined by HUD. The Use Restrictions shall have the same term as the Ground Lease.

9. OPTIONEE'S ACTIVITIES DURING THE OPTION TERM. From and after the Agreement Date, Owner shall provide Optionee, its agents and representatives access to the Property, and Optionee, its agents and representatives shall be entitled to enter onto the Property to surveys, inspections, appraisals and tests of the Property (including invasive testing) and make any other investigations necessary to determine if the Property is suitable, in Optionee's sole discretion, for Optionee's intended use. After making such tests and inspections, Optionee agrees to promptly restore the Property to its condition prior to such tests and inspections. Optionee agrees to indemnify and hold harmless Owner from all loss, cost and expense (including reasonable attorneys' fees) incurred, suffered by, or claimed against the Owner by reason of any actual damage to the Property or injury to persons caused by Optionee and/or its agents, employees or contractors in exercising said inspection rights.

10. ASSIGNMENT. Optionee may assign its rights and/or obligations under this Agreement to an affiliated nonprofit public benefit corporation or to a limited partnership or limited liability company of which Optionee or an affiliated entity is the general partner or manager with the prior written consent of Owner. It is contemplated that Optionee will assign its rights and obligations under this Agreement to a limited partnership or limited liability in connection with tax credit syndication of the Property.

11. ENTIRE AGREEMENT. This Agreement and the attached exhibits constitute the entire Agreement between the Parties with respect to the lease of the Land (apart from the current lease) and the purchase and sale of the Improvements, and no other warranties, agreements or representations have been made or shall be binding upon either party unless expressly set forth therein.

12. NOTICES. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or electronic mail, shall be deemed received upon the earlier of (a) if personally delivered, the date of delivery to the address of the person to receive such notice, (b) if mailed, three (3) business days after the date of posting by the United States post office, (c) if given by electronic mail, when sent if before 5:00p.m., otherwise on the next business day, or (d) if delivered by overnight delivery one (1) business day after mailing. Any notice, request, demand, direction or other communication sent by electronic mail must be confirmed within by letter mailed or delivered within two business days in accordance with the foregoing.

Optionee: Sacramento Housing Authority Repositioning Program, Inc.

c/o 801 12th Street
Sacramento, CA 95814
Attn: President

Owner: Housing Authority of the City of Sacramento
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

13. MODIFICATION. No modification, variation or amendment of this Agreement shall be effective unless it is in writing and is signed by both parties to this Agreement.

14. CONSTRUCTION. This Agreement shall be construed according to the laws of the State of California.

15. ATTORNEY FEES. In the event that suit is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees.

16. AUTHORITY. Except as otherwise provided herein, each party has full power and authority to execute this Agreement and perform its respective obligations hereunder. On October 30, 2018, the Special Applications Center of HUD approved the disposition of the Property (the "Disposition Approval"). Notwithstanding any other provision of this Agreement, the parties' actions under this Agreement are subject to compliance with the terms and conditions of the Disposition Approval and any other applicable HUD requirements, including HUD approval requirements. The exercise of the Option is subject to HUD approval. Owner shall have no liability under this Agreement in connection with efforts to comply with HUD requirements, obtain HUD approvals or any action or inaction associated with HUD requirements or the HUD approval process.

17. COUNTERPARTS. This Agreement may be executed in counterparts.

[Signatures appear on following page]

IN WITNESS WHEREOF, Optionee and Owner have executed this Agreement as of the day and year first above written.

OPTIONEE:

Sacramento Housing Authority Repositioning
Program, Inc.,
a California nonprofit public benefit corporation

By: _____
James Shields

Its: President

OWNER:

Housing Authority of the City of Sacramento,
A public body, corporate and politic

Approved as to form:

By: _____
La Shelle Dozier, Executive Director

By: _____
General Counsel

Exhibit A

Legal Description

Edgewater Apartments:

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

Lots 3 and 4 in the block bounded by I and J, 6th and 7th streets of the City of Sacramento, according to the official plat thereof.

Pursuant to that Certificate of Compliance, dated January 7, 2001, recorded January 10, 2011, in Book 20110110, page 347 Official Records.

APN: 006-0032-030-0000

Capitol Terrace:

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

PARCEL ONE:

THE WEST ONE-HALF OF LOT 3, IN THE BLOCK BOUNDED BY "M" AND "N", 18TH AND 19TH STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE MAP OR PLAN THEREOF.

PARCEL TWO:

THE EAST ONE-HALF OF LOT 2, IN THE BLOCK BOUNDED BY "M" AND "N", 18TH AND 19TH STREETS, OF THE CITY OF SACRAMENTO, ACCORDING TO THE MAP OR PLAN THEREOF.

PARCEL THREE:

THE EAST ONE-HALF OF LOT 3 IN THE BLOCK BOUNDED BY "M" AND "N", 18TH AND 19TH STREETS OF THE CITY OF SACRAMENTO, ACCORDING TO THE MAP OR PLAN THEREOF.

APN: 007-0142-024-0000



Effective Date: April 20, 2021

James Shields, President
Sacramento Housing Authority Repositioning Program, Inc., (SHARP)
801 12th Street
Sacramento, CA 95814

RE: Conditional Funding Commitment for Central City (RAD 2)
Capitol Terrace, 1820 Capitol Terrace, Sacramento, CA 95811
Edge Water, 626 I Street, Sacramento, CA 95814

Dear Mr. Shields:

On behalf of the Housing Authority of the City of Sacramento (Agency), we are pleased to advise you of this Conditional Funding Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of \$14,500,000 in the form of a seller carry-back loan, and a \$4,500,000 cash proceeds note for the sale of improvements for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as the following: Capitol Terrace located at 1820 Capitol Terrace, Sacramento, CA 95811; and Edge Water located at 626 I Street, Sacramento, California 95811 (Property). The commitment of the funding level is based upon the current appraisal of the fair market value of the Improvements. This amount may change based on the update of that appraisal.

The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void. Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this Commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this Commitment and the loan documents, the terms stated in this Commitment shall be deemed to be terms of this Commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This Commitment will expire October 20, 2022, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:**

Capitol Terrace Site

The Capitol Terrace site is a nine-story multifamily building located at 1820 Capitol Avenue near downtown Sacramento on a .44-acre site, built in 1971. It is an age-restricted building consisting of 84 one-bedroom units. The scope of development is included in Exhibit 1.

Edge Water Site

The Edge Water site is a 14-story mixed-use building located at 626 I Street in downtown Sacramento on a .59-acre site, built in 1973. The first 3 floors consist of rentable office space, while floors 4 through 12 are residential with 108 one-bedroom units. The scope of development is included in Exhibit 2.

2. **BORROWER:** The name of the Borrower for the Loan is Sacramento Housing Authority Repositioning Program, Inc. (SHARP), a California nonprofit public benefit corporation, or related entity as the lead development partner.
3. **PURPOSE OF LOAN:** The seller carry-back Loan is to be used by Borrower solely to pay the costs of acquisition of improvements and for such other purposes as Agency expressly agrees to in the loan agreement.

The cash proceeds note will be paid to the Housing Authority of the City of Sacramento as part of the purchase price for the sale of improvements.

4. **PRINCIPAL AMOUNT:** The combined principal amount of the seller carry-back Loan will be the lesser of (a) Fourteen Million Five Hundred Thousand Dollars and No Cents (\$14,500,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. The combined principal amount of the cash proceeds note will be the lesser of (a) Four Million Five Hundred Thousand Dollars and No Cents (\$4,500,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 32 years or 384 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) or the Applicable Federal Rate (AFR) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.



7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: Housing Authority Seller Carry-back financing and Housing Authority financing for the sale of improvements. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.
9. **Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

_____ (Borrower Initial)

10. **ACCELERATION:** Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY:** The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. **PROOF OF EQUITY:** Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$10,600,000 in Low Income Housing Tax Credit Equity and no less than \$680,000 in deferred developer fee. If LIHTC equity goes



below \$10,600,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.

14. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
- a. As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - b. Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
 - c. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - d. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder



of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.
19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS:** The Loan will require that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible.
22. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
23. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this Commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance



and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

24. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
25. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
26. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than twenty-four (24) months following the close of construction financing.
27. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
28. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan 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 Lender's legal counsel.
29. **PROPERTY INSURANCE:** Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause



in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00.

30. **COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE:**

Borrower shall carry insurance as set forth below effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times and work is performed in connection with the project. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the disbursement of the Loan.

- a. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;
- b. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;
- c. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Agency; and
- d. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Agency, whichever amount is greater.

31. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 101.1 and CLTA endorsement nos. 100, 116, 102.5/102.7, and 124 insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

32. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.



33. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
34. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
35. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
36. AFFIRMATIVE FAIR MARKETING: Borrower agrees to follow the Agency's Affirmative Marketing Policies that require outreach to groups least likely to apply for the housing based on local demographic information, providing sufficient marketing time prior to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and Borrower prior to the start of Lease Up.
37. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval.

The agreement must include on-site resident services according to the following minimum schedule of fifteen (15) hours per week at Capitol Terrace:

- a. Coordinator: Four (4) hours per week (maximum)
- b. Senior Programming: Eleven (11) hours per week (maximum)

The agreement must include on-site resident services according to the following minimum schedule of twenty (20) hours per week at Edge Water:

- a. Coordinator: Six (6) hours per week (maximum)
- b. Senior Programming: Fourteen (14) hours per week (maximum)

38. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.



39. **SMOKE-FREE ENVIRONMENT:** 100% of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.
40. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
41. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this Commitment, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this Commitment.
42. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
43. **ACCEPTANCE OF THIS COMMITMENT:** Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this Commitment at any time prior to Borrower's acceptance.

Signatures appear on the following page.



Sincerely,

La Shelle Dozier, Executive Director

The undersigned acknowledges and accepts the terms and conditions of the Commitment and Scope of Development and Rental Property Minimum Construction Standards (Exhibit 1), and has executed this Commitment as of the Effective Date.

BORROWER:

Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation, or related entity

By: _____
James Shields, President

Attachment:

Exhibit 1 – Capitol Terrace Scope of Development and Rental Property Minimum Construction Standards

Exhibit 2 – Edge Water Scope of Development and Rental Property Minimum Construction Standards



Exhibit 1 - Scope of Development

Scope of Development – Rehabilitation of Capitol Terrace Apartments

Capitol Terrace Apartments is an existing mid-rise senior housing facility with 84 units located on approximately 0.53 acres in 1820 Capitol Ave, Sacramento, CA 95811. The project goal is to renovate all existing one bedroom units. Additionally, there is 910 sq. ft. community room that will be utilized for resident services and an office space (205 sq. ft) that will be used for property management. Other property amenities include 1093 sq. ft which includes utility, storage and a computer room.

I. Building Exteriors:

1. **Asphalt Pavements:** Repair areas with alligator cracking and tree root damage. All asphalt will receive a thick slurry coat.
2. **Concrete Sidewalks:** Replace existing concrete sidewalks where required to create an accessible path of travel to the public right of ways.
3. **Balconies:** Replace wood railings with decorative steel railings. Refinish and paint the balconies.
4. **Electrical:** All Exterior wall packs and patio lights will be replaced.
5. **Landscaping Improvements:** Landscaping and irrigation improvements to address water efficiency. Landscaping improvements includes replacing additional tree planting, turf replacement, bark/mulch and shrubs.
6. **Roof:** Roofing will be replaced with multi-ply poly (TPO). Roof guard rails, exhaust fans and fall protection will be replaced.
7. **Stucco Exterior:** Existing stucco will be repaired, washed and painted.
8. **Weather Proofing:** All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.

II. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** There will be a total of 9 Americans with Disabilities Act (ADA) compliant units, one per floor. All nine (9) units will be



equipped with visual and audio communication features that comply with ADA requirements.

2. **Appliances:** All units will have new refrigerators, range, hood and Microwaves.
3. **Blinds, Shades and Curtains:** All units will have new vertical blinds.
4. **Bathtubs and Toilets:** All units will have new bathtub enclosures and toilets.
5. **Cabinets, Counters and Sinks:** All units will have new cabinets, countertops and sinks in the kitchen and bathroom.
6. **Doors, Windows and Hardware:** All unit doors and hardware will be replaced with new. All windows will be replaced with new. Common area doors will be repaired as needed.
7. **Ceilings and Walls:** Walls in the bathroom and kitchen will be stripped down to the studs or usable drywall after further asbestos testing and electrical and HVAC repairs and replacement. Patching and replacement will be completed. Walls will receive new texture and paint. Popcorn ceilings will be painted.
8. **Corridors:** All corridors and common area ceilings will be replaced with suspended ceiling.
9. **Electrical and Lighting:** All electrical fixtures, switches and outlets will be replaced with new. Wiring will be replaced or added as needed. Unit load centers (Unit Panels) will be replaced in all units.
10. **Flooring:** Floorings will be replaced throughout the building with luxury vinyl flooring. This includes all units, corridors, community building, laundry room, office spaces and computer room. All utility rooms will receive epoxy flooring.
11. **Plumbing Fixtures:** All plumbing fixtures will be replaced with new fixtures. Laundry room will receive new laundry equipment, sink and laundry table.
12. **Signage:** All unit and building signs will be replaced. Lighted Emergency Signs will be replaced in kind.
13. **Water Heaters:** Building water heaters will be replaced with efficient gas water heaters.
14. **HVAC:** PTAC units in each unit will be replaced with new.



15. **Elevators (2 Each):** Elevator cabs will be retrofitted. Controls and one of electric motors will be replaced. Additional upgrades will be performed to ensure efficiency and longevity.

III. Community Amenities

1. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New paint will be applied on the ceilings, walls, doors, door frames, and trim throughout the hallways, lobby, laundry room, community kitchen, resident lounge, and community room.
2. **Community Room:** The community room will be retrofitted for ADA compliance. Ceilings will be replaced with suspended acoustic ceiling.
3. **Community Room Kitchen:** Community kitchen will be retrofitted to include new sink, cabinets, refrigerator, range and hood.
4. **Hallways and Stairs:** Hallways will be renovated to include new lighting, flooring, paint, and acoustic ceiling.
5. **HVAC & Plumbing Systems:** All new HVAC will be provided throughout, including PTACS at units that do not require sound mitigation. Three (3) split systems serving community room, office space and laundry room will be replaced. Rooftop swap cooler serving corridors will be replaced with a MAU unit.
6. **Switch Gear and Panel:** Building main switchgear and panels will be replaced to ensure over 15 years of useful life.
7. **Manual Transfer Switch:** A manual transfer switch will be installed outside the building to allow for a temporary generator in case of outages.
8. **Building Fire Alarm System:** Building fire alarm system will be replaced with new non-proprietary system. All fire alarm devices throughout the building will be replaced.
9. **Laundry Facility:** The central laundry will be on the first floor and will have four (4) sets of card operated washers and dryers, including two (2) set that complies with ADA requirements.
10. **Trash Room:** All trash is located in two trash container in the parking lot. No modification will be performed to the existing trash collection system.
11. **Security Surveillance Camera System:** A new security surveillance camera system will be installed, which includes new security cameras on each floor as specified in the Plans.



12. **Wireless Internet:** Wireless access points (WAPs) will be installed in each floor providing coverage for units and common spaces.
13. **Bicycle Parking:** There will be two bicycle racks installed on the property, one at each entrance.



Exhibit 2 - Scope of Development

Scope of Development – Rehabilitation of Edge Water Apartments

Edge Water Apartments is an existing high-rise senior housing facility with 108 units located on approximately 0.53 acres in 626 I Street, Sacramento, CA 95814. The project goal is to replace existing fire pumps, domestic water pumps, and buildings main coils. Flooring, paint and PTAC units in all existing one bedroom units will also be replaced. The first and 2nd floors office spaces (13,954 sq. ft) and the community rooms (3,196 sq. ft) are not part of this project.

I. Building Exteriors:

1. **Parking Lot:** Parking lot will receive a new striping and paint as needed.

II. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** No modifications to existing ADA units will be made.
1. **Appliances:** No modifications will be made to existing.
2. **Blinds, Shades and Curtains:** No modifications will be made to existing.
3. **Bathtubs and Toilets:** No modifications will be made to existing.
4. **Cabinets, Counters and Sinks:** No modifications will be made to existing.
5. **Doors, Windows and Hardware:** No modifications will be made to existing.
6. **Ceilings and Walls:** Unit walls and ceilings will receive new texture and paint.
7. **Corridors:** All corridors walls will be painted.
8. **Electrical and Lighting:** No modifications will be made to existing.
9. **Flooring:** Floorings will be replaced in all units with luxury vinyl flooring. This includes only residential units, and first floor lobby.
10. **Furnishings:** No furnishings will be provided.
11. **Plumbing Fixtures:** No modifications will be made to existing.



12. **Signage:** Monument signs will be replaced with concrete and steel plated monument signs.
13. **Water Heaters:** No modifications will be made to existing.
14. **HVAC:** PTAC units in each unit will be replaced with new and efficient units.
15. **Elevators :** No modifications will be made to existing.

III. Community Amenities

1. **Ceilings and Walls:** No modifications will be made to existing.
2. **Community Room:** No modifications will be made to existing.
3. **Community Room Kitchen:** No modifications will be made to existing.
4. **Hallways and Stairs:** No modifications will be made to existing.
5. **HVAC & Plumbing Systems:** All units will receive new PTACS. One (1) rooftop air handler unit will be replaced due to age. An existing coil for the main blower unit will be replaced.
6. **Fire Pump:** Existing fire pump, jockey pump and skid will be replaced with new 25 HP fire pumping system.
7. **Domestic Water Pump:** Existing domestic water pump will be replaced with new fire pump.
8. **Manual Transfer Switch:** A manual transfer switch will be installed outside the building to allow for a temporary generator in case of outages.
9. **Laundry Facility:** No modifications will be made to existing.
10. **Trash Room:** No modifications will be made to existing.
11. **Security Surveillance Camera System:** A new security surveillance camera system will be installed, which includes new security cameras on each floor as specified in the Plans.
12. **Wireless Internet:** No modifications will be made to existing.
13. **Bicycle Parking:** No modifications will be made to existing.



Attachment 1: Rental Property Minimum Construction Standards are on the following page.



Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 2 from the Lender's Multifamily Lending and Mortgage Revenue Bond Policies.

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

Note: For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

Useful Life Expectancy – Rehabilitation only

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

General Requirements

- A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.
- B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.
- C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.
- D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.
- E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.
- F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.
- G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.



General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.
- B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.
- C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.
- D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

Site Work

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.



Site Work – Rehabilitation only

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼”) shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

- A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.
- B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer’s warranty.
- C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.
- D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

Doors and Windows

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California’s currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.
- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely



without excessive effort.

- E. All doors and windows must meet current egress standards.

Doors and Windows – Rehabilitation only

- A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer's specifications. Retrofit windows must have a similar useful life as "new, construction" (i.e., nail fin) windows.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb beyond their useful life shall be replaced.

Casework

- A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.
- B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.
- C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

Casework – Rehabilitation only

- A. All cabinets shall be replaced or in very good condition, within their 15 year useful life, both structurally and in appearance.

Finishes

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.
- B. In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.
- C. Carpet shall meet or exceed the minimum standards as set by HUD's UM-44D bulletin.

Finishes – Rehabilitation only

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.
- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

Equipment

- A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.



- B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
- C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

Furnishings

- A. Dwelling units must have window coverings on all windows.

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.
- C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

Mechanical/Plumbing

- A. Water heaters must be installed per current applicable codes.
- B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.
- C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.
- D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

Mechanical/Plumbing – Rehabilitation only

- A. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

- A. All units must have smoke/carbon monoxide detectors installed per current code.
- B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.
- C. Broadband infrastructure meeting the requirements of 24 CFR 5.100* is required in all new construction projects of 4 or more units.



**Broadband Infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

Electrical – Rehabilitation only

- A. All electrical panels shall meet current code.
- B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.
- C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.
- D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

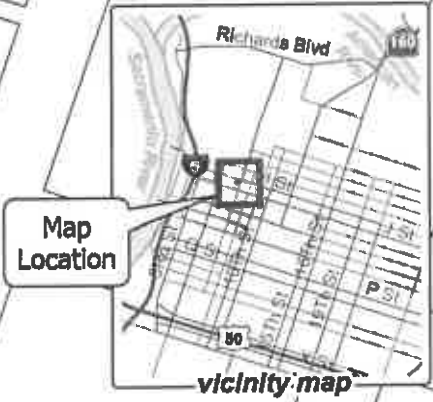
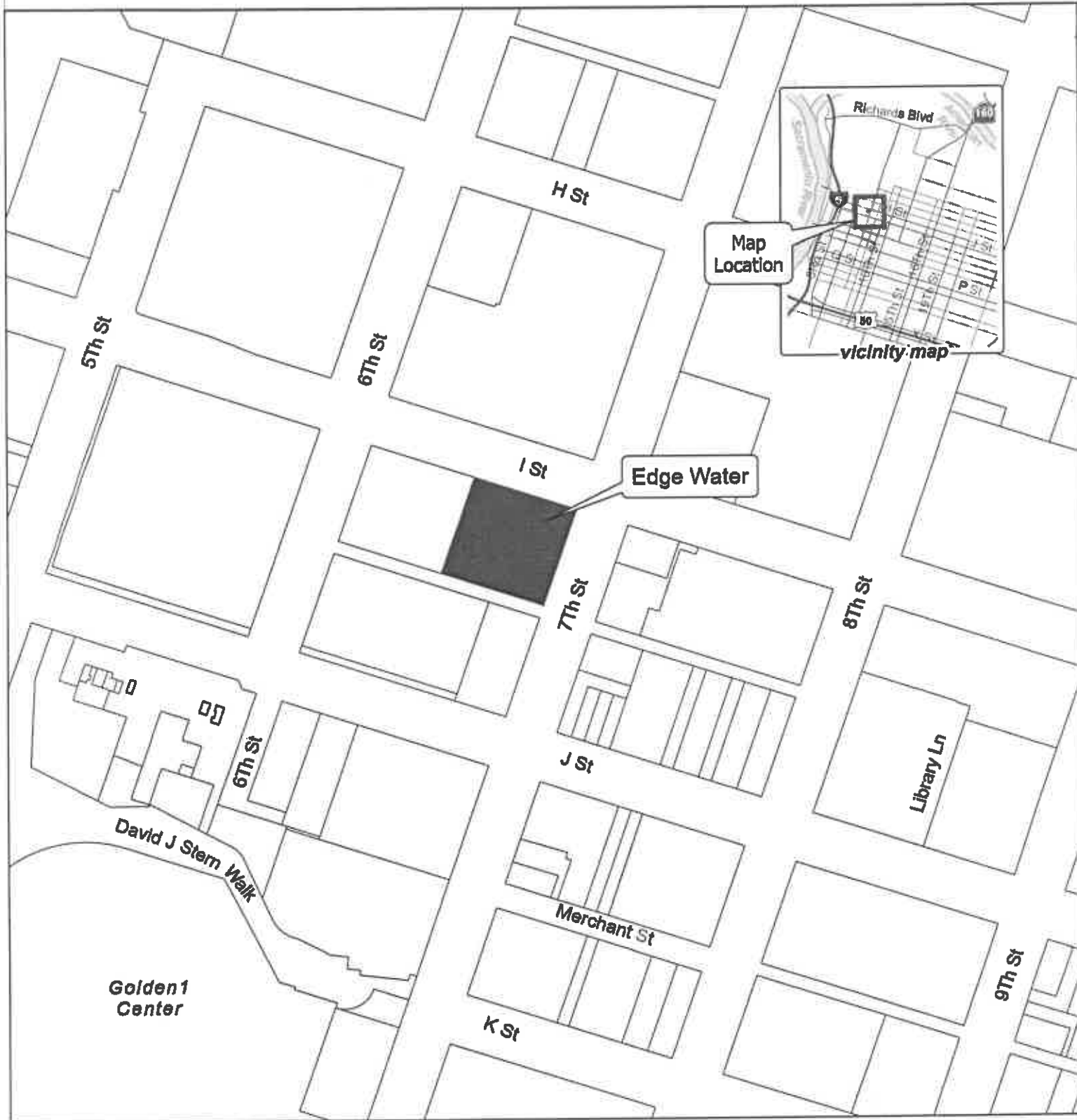
For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

End of Scope of Development.

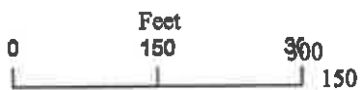




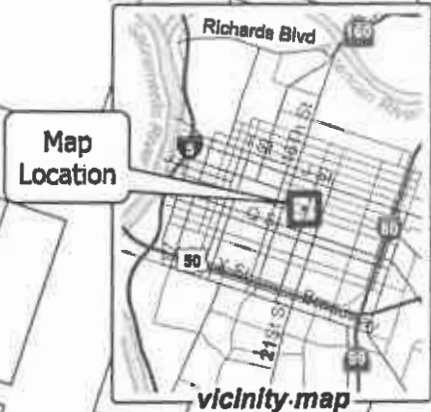
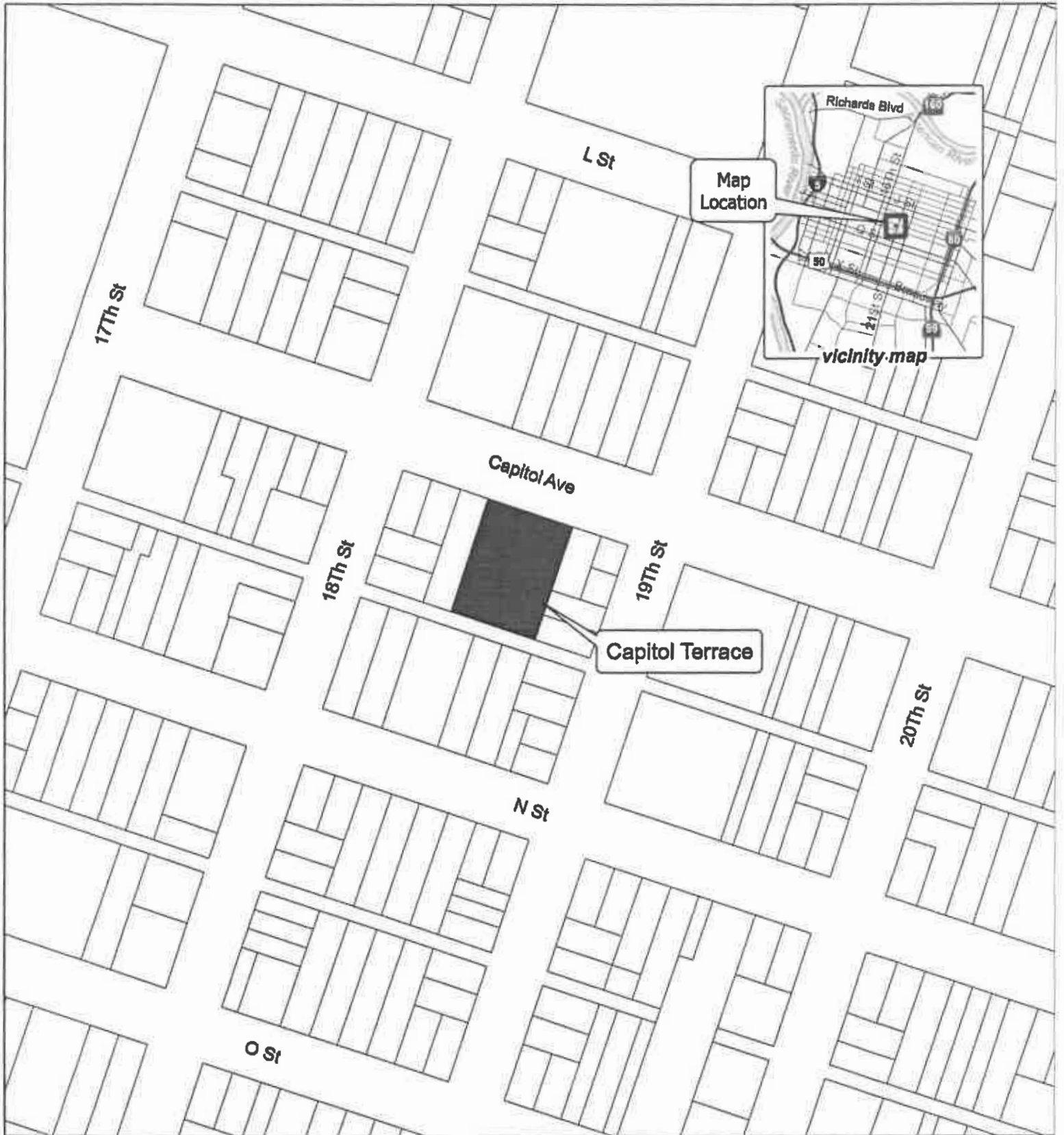
Central City (RAD 2) (Edge Water - 626 1 Street)



Edge Water (626 1 Street)



Central City (RAD 2) (Capitol Terrace- 1820 Capitol Avenue)



Capitol Terrace (1820 Capitol Avenue)



Edge Water Apartments
626 I Street, Sacramento, CA 95814



Capitol Terrace Apartments
1820 Capitol Terrace, Sacramento, CA 95814



**Central City (RAD 2)
Residential Project Summary**

Addresses	626 I Street - Edge Water Apartments (108 1-BR units) 1820 Capitol Avenue - Capitol Terrace Apartments (84 1-BR units)			
Number of Units	192			
Year Built	1971 (Capitol Terrace) and 1973 (Edge Water)			
Acreage	.44 acres (Capitol Terrace) and .59 acres (Edge Water)			
Unit Mix and Rents	<u>50% AMI (RAD)</u>	<u>60% AMI (RAD)</u>	<u>60% AMI (PBV)</u>	<u>Total</u>
1 Bedroom / 1 Bath	39	103	48	190
Management Unit (1 Bedroom exempt)				2
Total Units	39	103	48	192
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total (sq. ft.)</u>		
1 Bedroom/1 Bath	450-550 sf	93,800		
Management Unit (1 Bedroom exempt)	450-550 sf	1,000		
Total Gross		94,800		
Resident Facilities	Rehabilitation of two scattered sites in downtown Sacramento. New HVAC systems, energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$ 18,777,247	\$ 97,798	\$ 198.07	
Permanent Loan	\$ 15,169,699	\$ 79,009	\$ 160.02	
Housing Authority Seller Carryback Loan	\$ 14,111,197	\$ 73,496	\$ 148.85	
Housing Authority Ground Lease Loan	\$ 6,820,000	\$ 35,521	\$ 71.94	
Housing Authority Cash Proceeds Note	\$ 4,217,658	\$ 21,967	\$ 44.49	
Deferred Developer Fee	\$ 1,370,478	\$ 7,138	\$ 14.46	
TOTAL SOURCES	\$ 60,466,279	\$ 314,929	\$ 637.83	
Permanent Uses	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Acquisition	\$ 22,460,000	\$ 116,979	\$ 236.92	
Ground Lease	\$ 6,820,000	\$ 35,521	\$ 71.94	
Construction Costs	\$ 17,969,855	\$ 93,593	\$ 189.56	
Architecture & Engineering	\$ 1,466,573	\$ 7,638	\$ 15.47	
Permits	\$ 226,036	\$ 1,177	\$ 2.38	
Hard Cost Contingency	\$ 2,695,478	\$ 14,039	\$ 28.43	
Soft Cost Contingency	\$ 294,450	\$ 1,534	\$ 3.11	
Financing Cost	\$ 1,622,668	\$ 8,451	\$ 17.12	
Relocation Expenses	\$ 953,725	\$ 4,967	\$ 10.06	
Operating Reserve	\$ 917,483	\$ 4,779	\$ 9.68	
Legal Fees	\$ 305,000	\$ 1,589	\$ 3.22	
Developer Fee	\$ 3,420,000	\$ 17,813	\$ 36.08	
Third Party Fees, Marketing, Other	\$ 512,736	\$ 2,671	\$ 5.41	
TOTAL USES	\$ 60,466,279	\$ 314,929	\$ 637.83	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 35,521	\$ 314,929	SHRA	
			\$1.00 : \$8.87	
Management / Operations	Sacramento Housing Authority Repositioning Program, Inc. (SHARP) Housing Authority			
Proposed Developer Property Management Company				
Operating Expenses	\$ 818,600	\$ 4,264	per unit	
Property Management Fee	\$ 186,956	\$ 974	per unit	
Resident Services	\$ 104,123	\$ 542	per unit	
Replacement Reserves	\$ 57,600	\$ 300	per unit	
Taxes and Insurance	\$ 108,691	\$ 566	per unit	

Edge Water Residential Project Summary

Addresses	628 I Street - Edge Water Apartments (108 1-BR units)			
# Number of Units	108			
Year Built	1973 (Edge Water)			
Acreage	.59 acres (Edge Water)			
Unit Mix and Rents - Edge Water	<u>50% AMI (RAD)</u>	<u>60% AMI (RAD)</u>	<u>60% AMI (PBV)</u>	<u>Total</u>
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	22	58	27	107
Total Units	22	58		108
Square Footage	<u>Unit Size (sq.ft.)</u>		<u>Total (sq. ft.)</u>	
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	450		48,150	
Total Gross	450		450	
			48,600	
Resident Facilities	New HVAC systems, energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$ 8,095,614	\$ 74,959	\$	166.58
Permanent Loan	\$ 3,692,224	\$ 34,187	\$	75.97
Housing Authority Seller Carry-Back Loan	\$ 9,524,744	\$ 88,192	\$	195.98
Housing Authority Ground Lease Loan	\$ 4,900,000	\$ 45,370	\$	100.82
Housing Authority Cash Proceeds Note	\$ 2,889,557	\$ 26,755	\$	59.46
Deferred Developer Fee	\$ 685,239	\$ 6,345	\$	14.10
TOTAL SOURCES	\$ 29,787,378	\$ 275,809	\$	612.91
Permanent Uses	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Acquisition	\$ 15,160,000	\$ 140,370	\$	311.93
Ground Lease	\$ 4,900,000	\$ 45,370	\$	100.82
Construction Costs	\$ 4,373,767	\$ 40,498	\$	90.00
Architecture & Engineering	\$ 362,088	\$ 3,353	\$	7.45
Permits	\$ 55,016	\$ 509	\$	1.13
Hard Cost Contingency	\$ 656,065	\$ 6,075	\$	13.50
Soft Cost Contingency	\$ 147,225	\$ 1,363	\$	3.03
Financing Cost	\$ 811,334	\$ 7,512	\$	16.69
Operating Reserves	\$ 458,742	\$ 4,248	\$	9.44
Relocation Expenses	\$ 802,275	\$ 7,428	\$	16.51
Legal Fees	\$ 152,500	\$ 1,412	\$	3.14
Developer Fee	\$ 1,710,000	\$ 15,833	\$	35.19
Third Party Fees, Marketing, Other	\$ 198,366	\$ 1,837	\$	4.08
TOTAL USES	\$ 29,787,378	\$ 275,809	\$	612.91
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 45,370	\$ 275,809	SHRA \$1.00 : \$6.08	

Capitol Terrace Residential Project Summary

Addresses	1820 Capitol Avenue - Capitol Terrace Apartments (84 1-BR units)			
Number of Units	84			
Year Built	1971 (Capitol Terrace)			
Acreage	.44 acres (Capitol Terrace)			
Unit Mix and Rents - Capitol Terrace	<u>50% AMI (RAD)</u>	<u>60% AMI (RAD)</u>	<u>60% AMI (PBV)</u>	<u>Total</u>
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	17	45	21	83 1
Total Units	17	45	21	84
Square Footage (both locations)	<u>Unit Size (sq.ft.)</u>	<u>Total (sq. ft.)</u>		
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	550	45,650		
Total Gross	550	1,000 46,650		
Resident Facilities	New HVAC systems, energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$ 10,681,833	\$ 127,162	\$ 228.97	
Permanent Loan	\$ 11,477,475	\$ 136,637	\$ 246.03	
Housing Authority Seller Carry-Back Loan	\$ 4,586,453	\$ 54,601	\$ 98.32	
Housing Authority Ground Lease Loan	\$ 1,920,000	\$ 22,857	\$ 41.16	
Housing Authority Cash Proceeds Note	\$ 1,328,101	\$ 15,811	\$ 28.47	
Deferred Developer Fee	\$ 685,239	\$ 8,158	\$ 14.69	
TOTAL SOURCES	\$ 30,678,901	\$ 365,225	\$ 657.64	
Permanent Uses	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Acquisition	\$ 7,300,000	\$ 86,905	\$ 156.48	
Ground Lease	\$ 1,920,000	\$ 22,857	\$ 41.16	
Construction Costs	\$ 13,596,088	\$ 161,858	\$ 291.45	
Architecture & Engineering	\$ 1,104,485	\$ 13,149	\$ 23.68	
Permits	\$ 171,020	\$ 2,036	\$ 3.67	
Hard Cost Contingency	\$ 2,039,413	\$ 24,279	\$ 43.72	
Soft Cost Contingency	\$ 147,225	\$ 1,753	\$ 3.16	
Financing Cost	\$ 811,334	\$ 9,659	\$ 17.39	
Relocation Expenses	\$ 953,725	\$ 11,354	\$ 20.44	
Operating Reserves	\$ 458,741	\$ 5,461	\$ 9.83	
Legal Fees	\$ 152,500	\$ 1,815	\$ 3.27	
Developer Fee	\$ 1,710,000	\$ 20,357	\$ 36.66	
Third Party Fees, Marketing, Other	\$ 314,370	\$ 3,743	\$ 6.74 Insurance,	
TOTAL USES	\$ 30,678,901	\$ 365,225	\$ 657.64	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 22,857	\$ 365,225	SHRA \$1.00 : \$15.98	

Central City 1 (Edge Water and Capitol Terrace)

MAXIMUM GROSS INCOME AND RENT LIMITS 2021

LIHTC, Mortgage Revenue Bonds

Rents at 50% and 60% of Area Median Income (AMI)

Maximum Gross Income Limits:

<u>Family Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 30,250	\$ 36,300
2 person	\$ 34,550	\$ 41,460
3 person	\$ 38,850	\$ 46,620

Maximum Gross Rent Limits:

<u>Unit Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 Bedroom	\$ 810	\$ 972

Per 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits; and the AMI change is due to income averaging regulation by CDLAC. The tenant rent will not exceed 30% of the household adjusted gross income with PBV.



April 7, 2021

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

**The Wong Center Senior Housing Community Tax Equity and Fiscal
Responsibility Act Hearing and Approval of Tax Exempt Bonds**

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by the Sacramento City Council and Housing Authority.

Respectfully Submitted


LA SHELL DOZIER
Executive Director

Attachment



**REPORT TO THE CITY COUNCIL
AND HOUSING AUTHORITY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

**Public Hearing
April 20, 2021**

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

**Title: The Wong Center Senior Housing Community Tax Equity and Fiscal
Responsibility Act Hearing and Approval of Tax Exempt Bonds**

Location/Council District: 631 F Street, Sacramento CA 95814, District 4

Recommendation: Conduct a public hearing and upon conclusion adopt 1) a City Council Resolution indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and financing of The Wong Center Senior Housing Community; 2) a Housing Authority Resolution a) indicating the intention of the Housing Authority of the City of Sacramento to issue up to \$35,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, construction and permanent financing for the Project, and b) authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds.

Contact: Christine Weichert, Director, Development Finance, (916) 440-1353; Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Christine Weichert, Director, Development Finance, (916) 440-1353

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue Detail: The Wong Center Senior Housing Community is a new construction affordable housing development located on 2.05 vacant acres at 631 F Street within the Railyards Specific Plan in Downtown Sacramento. A vicinity map and rendering are included as Attachments 1 and 2.

Mutual Housing California (Developer) has applied to SHRA for the issuance of up to \$35,000,000 in tax exempt mortgage revenue bonds. The project is anticipated to be

funded with four percent Low Income Housing Tax Credits (LITHC's), a deferred developer fee, a general partner contribution, and a conventional loan.

Description of Development: The Wong Center Senior Housing Community will have 134 one-bedroom units and 16 two-bedroom units, for a total of 150 units; all of which will be affordable at 50% Area Median Income (AMI) with the exception of one exempt manager's unit. The project will be a single, four-story building that is wood framed construction with stucco exteriors. The exteriors include varying accents with extensive trim and multi-color painting scheme. Each apartment will contain luxury vinyl plank flooring, central heating and air, and energy efficient appliances. Details of the scope of development are included as Attachment 6.

Amenities will include 4,000 sf of multi-purpose community spaces including a community room with shared kitchen, meeting room, and offices. Three outdoor community spaces will include numerous seating and socializing areas, bocce court, dog park, barbecue, and gardening plots. The remaining open space areas will have lush landscaping to add to and tie into the aesthetic quality and consistency across the community.

Mixed Income Housing Ordinance compliance: The Mixed Income Housing Ordinance, adopted by the City Council in 2015, requires large subdivisions such as the Railyard of Sacramento to provide housing for a variety of incomes and family types. The Mixed Income Housing Strategy (Ordinance No. 2016-0044) includes integrating a variety of housing that will benefit sustainability and success of the Railyards over its multi-year build-out, as well as the greater community; specifically, diversity of housing targeted to residents with incomes at or below 60% of Area Median Income.

To meet a portion of the Railyard Mixed Income Housing Ordinance obligation, the developer proposes to build the 150-unit affordable Wong Center Senior Housing Community which includes one exempt management unit.

Resident Services: Resident Services will be offered by Mutual Housing, who will provide a minimum of 20 hours of on-site resident services per week. These services will consist of 6 hours where a resident services coordinator is on-site, 6 hours of health and wellness programming, and 8 hours of additional services tailored to seniors.

Property Management: The Project will be managed by Mutual Housing Management, a property management company with staff experienced in operating affordable apartment communities. SHRA staff, has reviewed and approved the management plan and has ensured that the company meets SHRA's requirements for property management.

Project Financing: The financing will be structured as a Low Income Housing Tax Credit project with tax-exempt bonds in the amount of \$35,000,000, a Wong Development loan in the amount of \$12,771,000 and a land donation from the Master Developer LDK in the amount of \$4,000,000.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that a number of apartments be set-aside for targeted income groups. Income restrictions from Low-Income Housing Tax Credit (LIHTC) financing require that no households have income higher than 60 percent of the Area Median Income (AMI). SHRA further requires that 20 percent of the units be restricted to households with income no greater than 50 percent AMI. Maximum rent and income limits can be found in Attachment 5. Project affordability restrictions will be specified in regulatory agreements with the Developer. The anticipated sources and their affordability requirements are summarized in the following table:

The Wong Center Senior Housing Community

Unit Type	Units	% of Units	Affordability Restriction (55 years)
4% LIHTC, State Tax Credits, Tax-exempt Bonds	149	99%	Very Low Income 50% of Area Median Income (AMI)
Management Unit	1	1%	Exempt Management Units
Total	150	100%	

Policy Considerations: The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies; b) the 2013-2021 Housing Element, encourages the development of senior housing, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities (Resolution No. 2013-415.). Additionally, on May 30, 2017, the City of Sacramento approved the Railyards Mixed Income Housing Strategy as part of the Development Agreement. Regulatory restrictions on the property will be specified in regulatory agreements between the Developer and the Housing Authority for a period of 55 years for the mortgage revenue bond assisted units. Compliance with the regulatory agreements will be monitored by SHRA on an annual basis. All units will be regulated for a period of 55 years as a Low Income Housing Tax Credit funding requirement.

Economic Impacts: This multifamily residential project is expected to create an estimated 422.36 total jobs (237.11 direct jobs and 185.24 jobs through indirect and induced activities) and create an estimated \$37,048,711 in total economic output (\$22,768,582 of direct output and another \$14,280,1129 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

Environmental Considerations:

California Environmental Quality Act (CEQA): The project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the Project is consistent with the Railyards Specific Plan and the project is therefore exempt from CEQA pursuant to Guidelines section 15182.

Sustainability Considerations: The proposed project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, these projects will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its April, 7, 2021 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and are consistent with the SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, and the Ordinance No. 2017-040 adopting the Railyards Mixed Income Housing Strategy as part of the Development Agreement.

Financial Considerations: SHRA will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing; and annual payment for monitoring the regulatory restrictions and administration of the bonds of 0.125 percent of the bond amount or an amount not to exceed \$25,000 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 SHRA, Housing Authority, or City of Sacramento. The law firm Orrick, Herrington and Sutcliffe, LLP, is acting as bond counsel for the Housing Authority.

M/WBE and Section 3 requirements: Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with SHRA's Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.

Respectfully Submitted by:

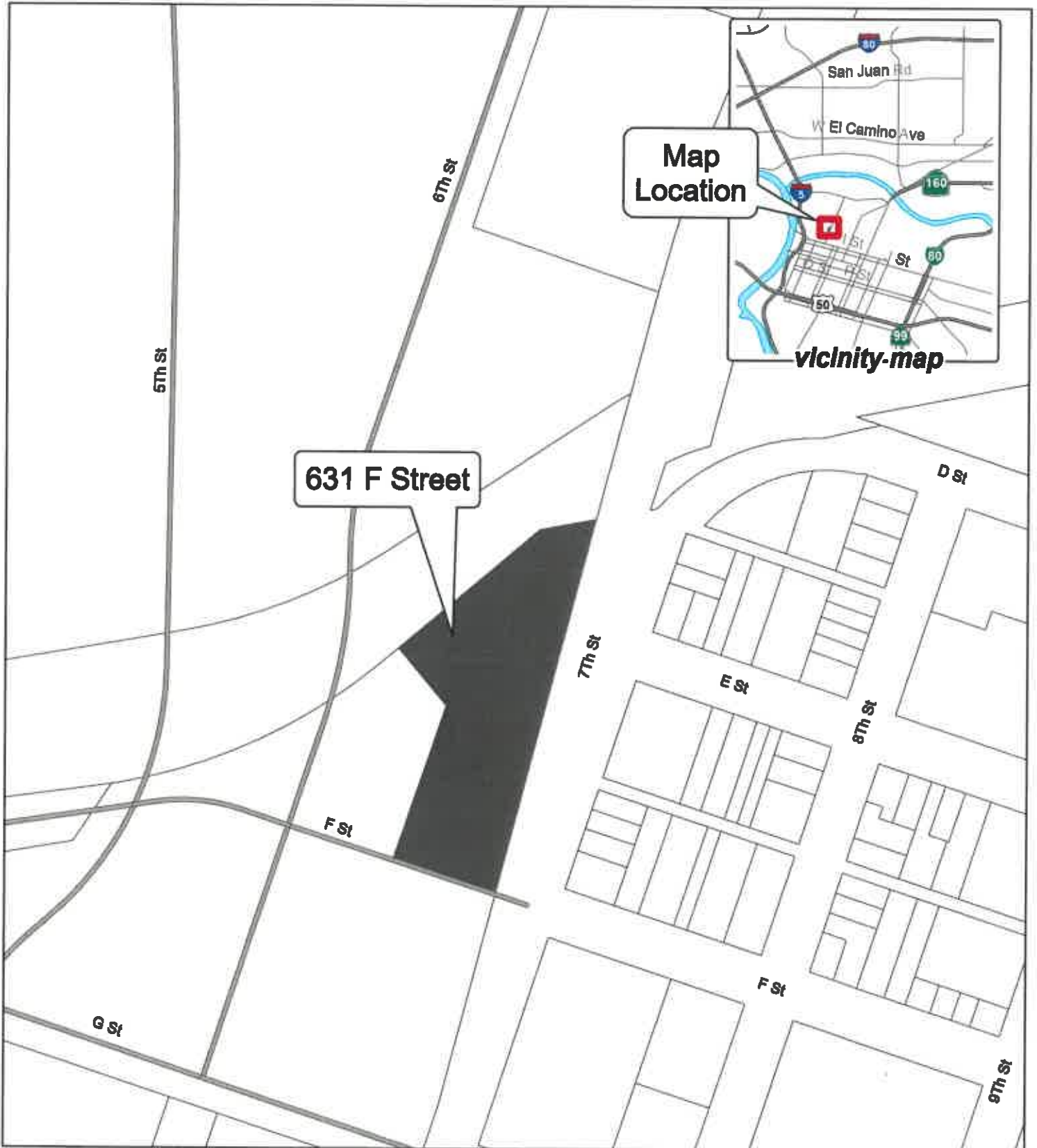


LA SHELLE DOZIER
Executive Director

Attachments

- 1-Vicinity Map
- 2-Project Rendering
- 3-Residential Project Summary
- 4-Cash Flow Proforma
- 5-Maximum Income and Rent Limits
- 6-Scope of Development
- 7-City Council Resolution – TEFRA Hearing
- 8-Housing Authority Resolution – Tax Exempt Bonds

The Wong Center Senior Housing Community



The Wong Center
Senior Housing Community



SHRA GIS
February 23, 2021



Wong Center Senior Housing Community Residential Project Summary

Address	631 F Street, Sacramento CA 95814		
Number of Units	150		
Year Built	New Construction		
Acreage	2.05 acres (126,838 sf)		
Unit Mix and Rents	LI 50% AMI	Total	
1 Bedroom/1 Bath	134	134	
2 Bedroom/1 Bath	15	15	
Management Unit (2 Bedroom exempt)	0	1	
Total Units	149	150	
Square Footage	Unit Size (sq.ft.)	Total	
1 Bedroom/1 Bath	571	76,514	sq.ft.
2 Bedroom/1 Bath	755	11,325	sq.ft.
Management Unit (2 Bedroom exempt)	755	755	sq.ft.
Community Area		4,000	sq.ft.
Total Gross		92,594	sq.ft.
Resident Facilities	Community room, shared laundry rooms, outdoor courtyards, community garden		
Permanent Sources	Total	Per Unit	Per Square Foot
Permanent Loan	\$ 4,537,668	\$ 30,251.12	\$ 49.01
Tax Credit Equity	\$ 30,685,784	\$ 204,572	\$ 331.40
Wong Development Loan	\$ 12,770,567	\$ 85,137	\$ 137.92
Wong Loan Accrued Interest	\$ 706,282	\$ 4,709	\$ 7.63
Land Donation	\$ 4,000,000	\$ 26,667	\$ 43.20
Deferred Developer Fee	\$ 754,541	\$ 5,030	\$ 8.15
GP Capital Contribution	\$ 3,133,393	\$ 20,889	\$ 33.84
TOTAL SOURCES	\$ 56,588,235	\$ 377,255	\$ 611.14
Permanent Uses			
Acquisition	\$ 4,000,000	\$ 26,667	\$ 43.20
Construction Costs	\$ 37,048,711	\$ 246,991	\$ 400.12
Architecture & Engineering	\$ 1,500,000	\$ 10,000	\$ 16.20
Permits	\$ 1,125,000	\$ 7,500	\$ 12.15
Hard Cost Contingency	\$ 1,845,200	\$ 12,301	\$ 19.93
Soft Cost Contingency	\$ 250,000	\$ 1,667	\$ 2.70
Financing Cost	\$ 2,573,505	\$ 17,157	\$ 27.79
Operating Reserves	\$ 614,426	\$ 4,096	\$ 6.64
Legal Fees	\$ 155,000	\$ 1,033	\$ 1.67
Developer Fee	\$ 6,613,393	\$ 44,089	\$ 71.42
Third Party Fees, Marketing, Other	\$ 863,000	\$ 5,753	\$ 9.32
TOTAL USES	\$ 56,588,235	\$ 377,255	\$ 611.14
Management / Operations			
Proposed Developer Property Management Company	Mutual Housing California Mutual Housing Management		
Operating Expenses	536,785	3,579	
Property Management	108,848	726	
Resident Services	41,442	276	
Replacement Reserves	60,000	400	
Taxes and Insurance	188,585	1,257	

The Wong Center Senior Housing Community
MAXIMUM INCOME AND RENT LIMITS 2021
Rents at 50% of Area Median Income (AMI)
Low Income Housing Tax Credits and Mortgage Revenue Bonds

Maximum Gross Income Limits

<u>Family Size</u>	<u>50% AMI</u>
1 person	\$ 30,250
2 person	\$ 34,550
3 person	\$ 38,850
4 person	\$ 43,150

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>50% AMI</u>
1 Bedroom	\$ 810
2 Bedroom	\$ 971

Wong Center Senior Housing, by Mutual Housing Scope of Development

I. Project Description

The Wong Center Senior Housing project is in the City of Sacramento located immediately northwest of the intersection of N. 7th St. and F St. The new construction development, on a 2.05 acre parcel, will bring 150 units of affordable housing. There will be 135 one bedroom/one bath and 15 two bedroom/one bath units (1 of which will be the manager's unit).

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. When there are differences, the stricter shall prevail. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer must indicate these funding requirements in the Project's plans/scope of work.

II. Site Improvements

1. **Landscaping:** Project will be designed in accordance with City requirements.
 - a) All soil shall be covered in mulch, bark or some other ground cover with a weed barrier. Soil in planter areas shall be established to a depth that ensures the ground cover does not freely spill into the adjacent concrete pathway. Planters shall be sloped away from the building foundation with a minimum two percent (2%) slope.
 - b) Planting design will add to and tie into the aesthetic quality and consistency across the community, promote safety, sustainability and be low maintenance. The landscape planting palette will be comprised of native and adapted native plant material with very low water use and maintenance requirements. The palette should also take into consideration durability, aesthetics, and ability to thrive with minimal irrigation. Plants will be sited and spaced based on mature growth ranges to reduce pruning, size control and excessive maintenance.
2. **Irrigation:** The irrigation system will be automated and comply with the City and State Model Water Efficient Landscape Ordinance. A standalone "SMART" irrigation controller will be specified to meet the needs of the site. The controller will utilize evapotranspiration data and on-site weather sensors to control and provide real time water delivery to the plants. Consistent with the proposed landscape planting, the irrigation will be a low maintenance system comprised of low volume subsurface drip irrigation. The inline drip system allows for water to be delivered directly to each plant and can be adjusted as per the soil infiltration rate to provide an even distribution of water to each plant without overwatering. This system design will also eliminate any chance of overspray and run-off typically found with rotary heads, while decreasing the amount of maintenance and deterioration on adjacent hardscape surfaces.
3. **Pedestrian and Fire-access Gates:** Gates will meet code. A lock box will be added to the fire-access gates at the south end of the property.

4. **Site Accessories:** Short-term bike racks, tables, benches, and shade structures will be included in the development's three courtyard areas. The southernmost courtyard will also include a barbecue area, the middle courtyard a bocce court and raised planter beds, and the northernmost courtyard a dog "park" with synthetic turf. Long-term bicycle parking will be provided within the building on the ground floor. The amount of bike parking will be consistent with the City of Sacramento requirements.
5. **Perimeter Fence:** A six foot wrought iron fence will be installed around a portion of the east and west sides of the property and the entirety of the north side as shown on the site plan. Along the east side, the fence will run south from the north and approximately half way down the site and then "return" into the building's east façade. Along the west side, it will extend from the north and approximately half way down the site and then "return" into the building's west façade. There will be one auto gate at the southern portion of the site along with one pedestrian gate. Residents and employees of the complex will have remote access to open the auto gate and park inside. There will be a second pedestrian gate at the "return" on the property's east side.
6. **Asphalt Parking Lot and Drive Aisles:** Parking lot and drive aisles will be designed in accordance with geotechnical recommendations. The parking lot will meet current code and ADA requirements, with respect to including required ADA van accessible parking. There will be a total of 75 uncovered parking spaces with at least 4 accessible spaces. Ten of the 75 spaces will be public spaces, with the remaining spaces being accessible only through the auto gate.

III. Building Exterior Improvements

1. **Roof:** The roofing of the building will be flat with parapets in order to provide for mechanical equipment, and will have a minimum 20-year membrane roof. The roof will be "cool", planned to passively counteract the warm conditions of the Sacramento area.
2. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts and downspout extensions will be new and connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
3. **Siding:** Exterior siding of the residential buildings will be a combination of cementitious lap siding and stucco, with brick veneer and tile at various accent locations. Ornamental metal awnings will be located above selected third- and fourth-floor windows along the building's south and east sides.
4. **Paint:** Buildings will have interior and exterior painting.
5. **Windows and Sliders:** All windows will be energy-efficient, designed to open, and will have screens.
6. **Trash Enclosures:** An accessible trash chute and recycle chute will be located on each floor. A trash and recycle room is located on the ground floor within the building envelope with a concrete apron at the exterior for trash pick-up.

7. **Lighting:** The exterior wall light fixtures will be new energy efficient wallpacks to increase visibility and downlit to reduce light trespass to the night sky and/or neighboring property. Site pole lights will have LED fixtures and will also minimize night sky light pollution.
8. **Sidewalks and Ramps:** The sidewalks and ramps will meet current building and accessibility code requirements, with universal design and ADA-compliant elements throughout the Project.
9. **Mailbox Units:** New front-loading cluster mailbox units will be installed at a convenient location in the building's lobby and shall include accessible resident mail slots along with space for larger parcels delivered to the site.
10. **Stairways, Railings and Landings:** Common area stairs will meet current building code requirements for tread depth, riser height, and the design of guardrails and handrails. Bottom of stairs will either be closed off for storage or provided with cane rails.
11. **Signage:** Monument signage, buildings, apartments, parking, ADA, and property signage throughout as required by current code.
12. **Security:** there will be interior and exterior web-based security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.

IV. Building Interior

1. **ADA units:** All units will be adaptable. There will be a total of 23 accessible units. 15% (23 units) will be fully accessible (twenty-one 1-bedrooms, two 2-bedrooms) and 10% (15 units) will have hearing / visual equipment. All Bathroom vanities and Kitchen sinks shall be provided with removable lower cabinets to allow for a front approach.
2. **Central Heating, Ventilation and Air Conditioning Systems (HVAC):** All units will have a) duct work, air distribution and air supply and exhaust systems installed b) new EnergyStar or better HVAC split systems installed; new air output; and c) new intake vents installed.
3. **Water heaters:** The building will have a gas-powered high efficiency central boiler system serving all units and common areas.
4. **Water distribution System:** Water distribution system will be made of PEX piping for the branch lines and Aquatherm piping for the main water lines.
5. **Kitchens:** All kitchens will have new solid-surface counters, cabinets, drawers, refrigerator/freezer combination appliances, free-standing gas range/oven combination appliances, ventilation hood appliances, dishwashers, sinks, garbage disposals, angle stops, low-flow faucets and finishes. All appliances will be EnergyStar or better.

6. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks, shower rods and curtains), low-flow showerheads, low-flow toilets and low-flow faucets. Vanities will have cabinets and drawers. A humidistat fan will be installed in all bathrooms with exhaust ventilation to the exterior.
7. **Ceilings and Walls:** All interior walls and ceilings will have a drywall finish. In select areas of common areas (lobbies, community room, office areas, etc.) higher grade finishes (wood, tile, etc.) and acoustic panels / clouds may be used.
8. **Doors:** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
9. **Flooring:** Luxury vinyl plank (LVP) flooring will be installed throughout all residential units, with the exception of the bathrooms in which sheet vinyl may be installed. LVP will also be installed in the corridors.
10. **Windows:** New window blinds will be installed at all windows.
11. **Paint:** Low or no VOC paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
12. **Electrical:** GFI outlets will be installed to code. New hardwired smoke and CO detectors will be installed in the hallways of all units. New hardwired smoke detectors will be installed in the bedrooms of all units.
13. **Lighting:** All kitchens, dining rooms, bedrooms, bathrooms and hallways will have new energy efficient light fixtures installed.
14. **Non-Smoking:** The Project is 100% non-smoking.

V. Community Areas

1. **Community Room, Office, Kitchen and Restroom:**
 - a) The building's amenity space will be approximately 4,000 sf and includes a community room with shared kitchen, meeting room, offices, and other community space. LVP will be installed throughout.
 - b) The community room kitchen will have solid-surface counters, refrigerator/freezer combination appliance, free-standing gas range/oven combination appliances, micro-hood combination appliance, dishwasher, sink, garbage disposal and low-flow

faucets. All appliances will be EnergyStar or better. Furniture, fixtures, and cabinets will be installed.

- c) The community restroom on the first floor will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, and bathroom accessories.
2. **Laundry Facilities:** There will be a community laundry room on each of the building's four floors, and they will meet building code and accessibility code requirements. New vinyl sheet or LVP flooring, windows, doors, washer and dryer appliances, counter for folding laundry, lighting fixtures, humidistat, and paint on walls and ceilings will be installed. A total of 4 washers and 4 dryers will be installed per laundry room; one washer and one dryer will be ADA accessible per laundry room.
 3. **Elevator:** Two hydraulic elevators will be installed. Each elevator's floor surface area will be a minimum of 28 square feet.

End of Scope of Development

RESOLUTION NO. 2021-_____

Adopted by the Housing Authority of the City of Sacramento

April 20, 2021

THE WONG CENTER SENIOR HOUSING COMMUNITY: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Authority) intends to issue tax-exempt obligations (Obligations) for the purpose, among other things, of making a loan to a limited partnership or a limited liability company related to or formed by Mutual Housing California (Developer), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 150-unit multifamily housing residential facility to be located at 631 F Street, Sacramento, California (Project).
- B. United States Income Tax Regulations section 1.150-2 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.
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein.

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

- 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 \$35,000,000.

- Section 4.** The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, 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, any fees required by the California Debt Limit Allocation Committee (CDLAC) 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 the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC 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 or the City 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.

RESOLUTION NO. 2021-_____

Adopted by the Sacramento City Council

April 20, 2021

THE WONG CENTER SENIOR HOUSING COMMUNITY: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (Authority), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (Code) in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$35,000,000 (Obligations) and to lend the proceeds thereof to a partnership of which Mutual Housing California (Developer) or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, construction and development of a multifamily housing residential facility located at 631 F Street, in the City of Sacramento, California;
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (City Council), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;
- C. A public hearing was held by the City Council on April 20, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard;
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$35,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.