



NOTICE OF REGULAR MEETING
**Sacramento Housing and
Redevelopment Commission**
TELECONFERENCE MEETING ONLY
Wednesday, June 2, 2021 – 6:00 pm
801 12th Street Commission Room
Sacramento CA

Meetings of the Sacramento Housing and Redevelopment Commission are closed to the public until further notice in compliance with state guidelines on social distancing, in accordance with the Brown Act, (as currently in effect under the State Emergency Services Act), the Governor’s Emergency Declaration related to COVID-19, and the Governor’s Executive Order N-29-20 issued on March 17, 2020. These measures facilitate participation by members of the Commission, staff, and the public and allow meetings to be conducted by teleconference, videoconference, or both.

**The Sacramento Housing and Redevelopment Commission meeting will be broadcast live on YouTube. To view the meeting please visit:
<https://studio.youtube.com/video/09hNKiEgRyM/livestreaming>**

Members of the public who wish to make comments can do so in two ways:

1. Email comments to publiccomments@shra.org which will be read into the record by the Clerk during the meeting.
2. Comment by phone during the meeting by dialing (888) 970-1444. Please call and indicate if you wish to comment during the general ‘Citizens Comments’ period or on a specific agenda item.

Please contact the Agency Clerk’s office at 916-440-1330, if you have questions about the public comment procedure. In compliance with the Americans with Disabilities Act (ADA), SHRA requests that individuals who require special accommodations to access and/or participate in Commission meetings contact the office at (916) 440-1330 at least 24 hours before the scheduled meeting. Agenda materials are available for review online at www.shra.org. If you need assistance with locating reports contact the Agency Clerk at (916) 440-1330 for assistance.

ROLL CALL

APPROVAL OF AGENDA

CITIZENS COMMENTS

While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes, so that everyone may be heard. SHRA provides opportunities for the public to address the Commission at this time in order to listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment periods on the agenda are not intended to be “question and answer” periods or conversations with

Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Members of the public wishing to provide comment should either email comments to publiccomments@shra.org or be present them verbally by calling (888) 970-1444.

APPROVAL OF MINUTES – May 5, 2021

CONSENT ITEMS

1. Approval of Loan Commitment for Saybrook Apartments

BUSINESS ITEMS

2. Approval of Section 33433 Report, Predevelopment Loan Agreement, Loan Commitment, Environmental Remediation, and Disposition and Development Agreement for the 39th and Broadway Senior Apartments

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT



MINUTES
Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
May 5th, 2021

Meeting noticed on April 30th, 2021

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:05 p.m. by Chair Morgan. Note that meeting was held via teleconference following the Governor's executive order during the coronavirus pandemic.

MEMBERS PRESENT: Amanfor, Boyd, Morgan, Nunley (left meeting at 7:35 pm), Osmany, Schumacher-Hodge, Staajabu, Starks, Woo

MEMBERS ABSENT: Griffin (one vacancy)

STAFF PRESENT: La Shelle Dozier, James Shields, Brad Nakano, Susanna Jackson, Sarah O'Daniel, Celia Yniguez, Christine Weichert, Anne Nicholls, Victoria Johnson, Susan Veazey, MaryLiz Paulson, Ahmad Halimi, Peter Masih, Lira Goff, Brandi Ruiz

APPROVAL OF AGENDA

The Agenda was approved as submitted. Item number two and item number three were heard together. Item number seven and item number eight were heard together.

CITIZENS COMMENTS

None

APPROVAL OF MINUTES – April 7, 2021 minutes were approved as submitted.

CONSENT ITEMS

1. **Housing Authority Participation in the Carmichael Property and Business Improvement District**

Commissioner Woo motioned to approve the staff recommendation for the item listed above. Commissioner Nunley seconded the motion. The votes were as follows:

AYES: Amanfor, Boyd, Morgan, Nunley, Osmany, Staajabu, Starks, Woo

NOES: None

ABSENT: Griffin

ABSTAIN: Schumacher-Hodge

BUSINESS ITEMS

2. COVID-19 Response: CARES Act Framework and Funding Priorities; Homelessness: Sacramento Emergency Rental Assistance (SERA) Phase 2 Program - City Report
3. Retroactive Authorization To Accept Additional COVID-19 Tenant Relief Act Funding In The Amount Of \$3,593,637 From The State Department Of Housing And Community Development; Amend Agreement With The Housing Authority Of The County Of Sacramento For A Total Amount Not To Exceed \$67,696,467 To Administer The Sacramento Emergency Rental Assistance Phase Two Program; Approve The Housing Authority Of The County Of Sacramento's Budget To Utilize The Additional Funds For The Administration Of The Sacramento Emergency Assistance Phase Two Program; And Approve An Appropriation Adjustment Request In The Amount Of \$3,593,637 - County Report

MaryLiz Paulson presented the items. SERA program participant Olga Daroodi spoke.

Commissioner Woo motioned to approve the staff recommendation for the item listed above. Commissioner Nunley seconded the motion. The votes were as follows:

AYES: Amanfor, Boyd, Morgan, Nunley, Osmany, Schumacher-Hodge, Staajabu, Starks, Woo

NOES: None

ABSENT: Griffin

ABSTAIN: None

4. Cornerstone Approval of Housing Authority Loan Commitment to the Mirasol Village Block C Project (Twin Rivers Phase 3)

Anne Nicholls presented the item.

Commissioner Woo motioned to approve the staff recommendation for the item listed above. Commissioner Nunley seconded the motion. The votes were as follows:

AYES: Amanfor, Boyd, Morgan, Nunley, Osmany, Schumacher-Hodge, Staajabu, Starks, Woo

NOES: None
ABSENT: Griffin
ABSTAIN: None

5. Loan Commitment for the 4995 Stockton Boulevard Affordable Housing Development

Anne Nicholls presented the item. Steven Daues and Jen Fleming of Mercy Housing spoke.

Commissioner Nunley motioned to approve the staff recommendation, with the exception of the City Council 10-day review waiver (this waiver was removed, as scheduling changes caused the item to be published for 10-days at City Council). for the item listed above. Commissioner Staajabu seconded the motion. The votes were as follows:

AYES: Boyd, Morgan, Nunley, Osmany, Staajabu, Starks, Woo
NOES: None
ABSENT: Griffin
ABSTAIN: Amanfor, Schumacher-Hodge

6. Approval of a First Substantial Amendment to the 2021 One-Year Action Plan, and an Amendment to the Citizen Participation Plan to the Coronavirus Aid, Relief, and Economic Security Act Funding

Celia Yniguez presented the item.

Commissioner Nunley motioned to approve the staff recommendation for the item listed above. Commissioner Woo seconded the motion. The votes were as follows:

AYES: Amanfor, Boyd, Morgan, Nunley, Osmany, Schumacher-Hodge, Staajabu, Starks, Woo
NOES: None
ABSENT: Griffin
ABSTAIN: None

PRESENTATIONS

7. Annual Reports of the Housing Trust Fund Ordinance, Mixed Income Housing Ordinance, HOME Investment Partnerships Program, and Residential Hotel Unit Withdrawal, Conversion, and Demolition Ordinance - City Report
8. Annual Reports of the Housing Trust Fund (HTF), Affordable Housing Ordinance, and HOME Investment Partnerships Program (HOME) - County Report

Susan Veazey presented the items.

EXECUTIVE DIRECTOR'S REPORT

Executive Director La Shelle Dozier reviewed the following:

- The meeting scheduled for May 19, 2021 will be cancelled. The next meeting is scheduled for June 2, 2021.
- Thanks to Christine Weichert and Susan Veazey for all of their hard work.
- Re-announced the opening for the SERA 2 Program waitlist and stressed that it will remain open as long as possible.
- Thanks to Olga Daroodi, for coming to the SHRA Commission to tell her personal story.

COMMISSION CHAIR REPORT

Chair Morgan welcomed the Commissioners Amanfor and Schumacher-Hodge.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None

ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 7:54 pm.

Clerk



June 2, 2021

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

Honorable Members in Session:

SUBJECT:

Approval of Loan Commitment for Saybrook Apartments

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by the Sacramento Board of Supervisors.

Respectfully Submitted,


LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 15, 2021

To: Board of Supervisors

Through: Ann Edwards, Interim County Executive
Bruce Wagstaff, Deputy County Executive, Social Services

From: La Shelle Dozier, Executive Director, Sacramento Housing and Redevelopment Agency

Subject: Approval of Loan Commitment for Saybrook Apartments

District(s): Kennedy

RECOMMENDED ACTION

This report recommends the adoption of the attached Board of Supervisors Resolution for the Saybrook Apartments (Project), which authorizes the Sacramento Housing and Redevelopment Agency (Agency) to:

1. Approve an additional \$4,900,000 of County HOME Investment Partnership Program (HOME) funds with Jamboree Housing Corporation (Developer) for the acquisition, construction and permanent financing of the Project;
2. Execute a Loan Commitment Letter with the Developer;
3. Execute all necessary documents associated with the transaction;
4. Amend the Agency budget; and
5. Make related findings.

BACKGROUND

The County Board of Supervisors, at its meeting on February 11, 2020, approved funding for the Project in the amount of \$3,550,000. Sources of those funds included \$400,000 of County HOME funds, \$2,400,000 of Community Development Block Grant (CDBG) funds, and \$750,000 of Affordable Housing Funds. Approval was also given to restructure the existing Agency debt on the property.

The Developer is now requesting additional gap financing from the Agency in the amount of \$4,900,000 of County HOME funds for the acquisition, construction and permanent financing of the Project. If approved, this request would increase the loan commitment to this project to \$8,450,000.

The Developer originally intended to make use of the State Department of Housing and Community Development's (HCD) Multifamily Housing Program (MHP); however, after two unsuccessful attempts, it is clear the Project is

not competitive based on the State's funding priorities and the limited amount of funding for the Northern Region. The Developer will be restructuring the financing to compete for nine percent Low Income Housing Tax Credits (LIHTC) and anticipates greater success with this new approach.

The Developer had anticipated a \$15 million loan through MHP. This gap will be partially off-set by a \$5 million increase in LIHTC using the nine percent program, a \$1.3 million decrease in developer fee, and decreases of \$2 million in administrative requirements due to MHP. In addition, the developer has added a \$2 million conventional loan. There is, however, a remaining gap with this new financing approach that staff recommend be filled by HOME funds given the importance and urgency of preserving this project.

The Project is an existing affordable housing multifamily development that was purchased by Pacific Housing and converted from a motel in 2005. The Project currently houses a vulnerable population, the vast majority of whom are single mothers with children who were homeless prior to arriving at Saybrook. There are 37 children under the age of five years of age, and 54 between five and twelve years of age. All households have, at least, one member who has a mental or physical health issue. Because of the construction type of the motel and the flat roofs, the Project has, in the past, had significant water intrusion issues that required temporary relocation of many of the residents. To resolve this intractable problem, substantial rehabilitation of the existing structures is both urgent and imperative.

PROJECT DESCRIPTION

The 4.27-acre site is located in the County of Sacramento at 4390 47th Avenue. Jamboree is proposing the acquisition and rehabilitation of the existing three, two-story residential buildings with 60 permanent supportive housing family units, one manager unit and a community center, as well as the new construction of 27 family units. The new units include three studios, six one-bedroom, twelve two-bedroom and six three-bedroom units. The Project will total 88 units of studio, one-, two-, and three- bedroom units. The 60 existing affordable units have Project Based Vouchers (PBV). A vicinity map is included in Attachment 1.

The scope of work of the Project has not changed since the earlier Board of Supervisors approval in February 2020. The proposed rehabilitation plan will address water intrusion issues throughout the buildings, and install new windows, appliances, flooring, interior paint and heating and cooling equipment in each unit as well as common areas and amenity spaces. Exterior improvements will include the installation of a new roof, new exterior paint for the buildings, slurry seal and restriping of the parking lot,

new landscaping, and the installation of a solar photovoltaic and solar hot water system.

The new construction of 27 family units will consist of a new, three-story tuck under wood-framed building, with a contemporary design with flat roofs, parapets and simple box like geometry to match the existing buildings. Building materials will also match the existing community building, including the brick veneer, siding and exterior plaster. A Project Rendering and a Site Map are included as Attachments 2 and 3.

All units will include a full kitchen with microwave, dishwasher, stove/range, cabinets and countertops. Bathrooms will have solid-surface counters, new tubs and low-flow fixtures. The flooring will be a combination of carpet and vinyl planking. The parking lot will include a total of 147 parking spaces. The site will be secured on all sides with a six-foot tall perimeter fence with a key fob system to keep the site secure. The site amenities include a playground/tot lot, BBQ areas, raised-bed community garden, and a dog run.

PROJECT BASED VOUCHERS

Sacramento Housing and Redevelopment Agency awarded 60 PBVs to house homeless households at Saybrook on October 31, 2017. All 60 subsidized households pay 30 percent of their adjusted household income as rent and are subject to Tax Credit rents restricted at or below 50 percent Area Median Income (AMI).

DEVELOPER

Jamboree Housing Corporation is the developer of this project. Jamboree is an affordable housing developer with 29 years of experience in residential development, including 91 developments consisting of more than 8,200 homes and an asset portfolio of \$1.1 billion across California.

PROPERTY MANAGEMENT

Domus Management Company was established in 2007 and specializes in affordable and supportive services properties. Domus has been managing the Project since 2019. Staff has reviewed Domus's qualifications and the management plan, and has found the proposed management company meets Agency requirements.

SUPPORTIVE SERVICES

On-site supportive services will be provided by both Lutheran Social Services of Northern California (LSS) and Jamboree. LSS has an overall goal to move families from poverty to self-sufficiency and has been providing case management services since 1998. In addition to LSS, Jamboree Community Impact (Housing with Heart) will provide Resident Services for all tenants.

Jamboree will ensure availability of a comprehensive range of voluntary and coordinated multi-disciplinary services for all tenants. Jamboree will employ a half-time employed Program Manager and a half-time Supportive Services Coordinator who will be on site.

SECURITY PLAN

Agency staff has reviewed and approved the security plan which includes security patrol services available 24 hours a day and seven days a week; installation of web-based security cameras and recording equipment; and installation of exterior lighting.

PROJECT FINANCING

The proposed financing of Saybrook includes Tax-Exempt Bonds, tax credit equity, a deferred developer fee, a restructured Agency loan, and a new Agency loan totaling \$8,450,000, comprised of \$2,400,000 County CDBG funds and \$5,300,000 of County HOME funds, and \$750,000 of Affordable Housing Funds to be used for the acquisition, construction and permanent financing of the Project. A project summary is contained in Attachment 4, and a cashflow proforma is in Attachment 5.

LOW-INCOME SET ASIDE REQUIREMENTS

The Agency requires that 15 percent of the total units be restricted to households with incomes no greater than 50 percent of the AMI, and at least 5 percent of a project's total number of units affordable to and occupied by extremely low-income households earning less than 30 percent of the AMI. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer. A schedule of maximum income and rents are included as Attachment 6.

Affordability requirements are summarized in the table below:

Affordability Restriction (55 years)	Units	% of Units
Extremely Low Income (30% AMI)	15	17%
Extremely Low Income (35% AMI)	22	25%
Very Low Income (40% AMI)	15	17%
Very-Low Income (50% AMI)	19	22%
Low Income (60% AMI)	16	18%
Management Unit(s)	1	<1%
Total	88	100%

COMMISSION ACTION

At its meeting of June 2, 2021, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. Staff will notify the Board in the event the item is not approved.

POLICY CONSIDERATIONS

The recommended actions for this Project are consistent with: a) the Agency's Multifamily Lending and Mortgage Revenue Bond Policies adopted by the Board on September 24, 2019, Subsection 1.1.(2)(i), new construction of permanent supportive housing and homeless housing and Subsection 1.1(2)(iii), Workforce housing (30% AMI to 60% AMI); and b) the 2013-2021 Housing Element Goals and Strategies, Subsection 4.1.1, support efforts to improve accessibility for both dwelling units and residential neighborhoods to meet the special needs of persons with disabilities; Subsection 4.1.9, support programs that address long-term solutions to homelessness, including work skills assessment, job training/placement, permanent housing and supportive services; Subsection 4.1.11, support the development of housing to meet the needs of large households; Subsection 4.2.1, facilitate the development of new extremely low-income rental units; Subsection 4.2.3, in part, assist extremely low-income households through the use of project based vouchers; and Subsection 6.1.2, encourage residential developers to maximize energy efficiency through building design and through the use of energy efficient materials, equipment, appliances, strategies and techniques.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The Saybrook project is exempt under CEQA pursuant to the CEQA Guidelines Class 32 categorical exemption for "infill development" (14 Cal. Code Regs., § 15332).

National Environmental Policy Act (NEPA): An Environmental Assessment for the Saybrook project was prepared pursuant to NEPA requirements under Title 24, Code of Federal Regulations (CFR) Part 58 and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. The addition of new HOME funds is considered supplemental assistance for a previously approved project and is categorically excluded pursuant to 24 CFR §58.35(b)(7).

M/WBE/SECTION 3 CONSIDERATIONS

Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with the Agency's Section 3 Economic Opportunity Plan.

FINANCIAL ANALYSIS

The Agency loan for Saybrook is comprised of \$2,400,000 County CDBG funds \$5,300,000 of County HOME funds, and \$750,000 of AHF for a total of \$8,450,000. This loan will have an interest rate of zero percent and a term of 55 years after the construction period is complete. The Agency will collect an annual payment of 0.125 percent (12.5 basis points) of the total Agency funding amount for monitoring of the regulatory restrictions and administration of the funds from the Project's owner. The Agency will also receive a fee equal to \$100 per each Agency-funded unit per year. The Annual Administration Fee shall not exceed \$15,000 per year on non-bond projects.

Respectfully Submitted,

APPROVED
ANN EDWARDS
Interim County Executive


LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
BRUCE WAGSTAFF
Deputy County Executive

Attachment(s):

- RES – Board of Supervisors Resolution
- RES – SHRC Loan Commitment
- ATT 1 – Saybrook Vicinity Map
- ATT 2 – Saybrook Project Rendering
- ATT 3 – Saybrook Site Map
- ATT 4 – Residential Project Summary
- ATT 5 – Cashflow Proforma
- ATT 6 – Saybrook Maximum Income and Rent Limits 2021
- ATT 7 – Saybrook Funding Commitment Letter and Scope of Development

RESOLUTION NO.

SAYBROOK APARTMENTS (PROJECT): A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO APPROVING A FUNDING COMMITMENT OF \$5,300,000 OF COUNTY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS, \$2,400,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS, AND \$750,000 AFFORDABLE HOUSING FUNDS (AHF); EXECUTION OF FUNDING COMMITMENT AND RELATED DOCUMENTS WITH JAMBOREE HOUSING CORPORATION (DEVELOPER), OR RELATED ENTITY; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

WHEREAS, on February 11, 2020, the Board of Supervisors approved Sacramento Housing and Redevelopment Agency (Agency) providing a gap financing loan commitment of \$400,000 of County HOME funds, \$2,400,000 of CDBG funds, \$750,000 of AHF, and the extension and/or restructuring of existing debt for the construction and permanent financing of Saybrook Apartments; and

WHEREAS, the Developer has applied to the Sacramento Housing and Redevelopment Agency for an additional gap financing loan commitment of \$4,900,000 of County HOME funds for the construction and permanent financing of the Project, for a total of \$5,300,000 County HOME funds; and

WHEREAS, CDBG funds totaling \$2,400,000 were allocated in the 2020 Action Plan to the Affordable Housing Rehabilitation Program fund (Resolution 2019-0743).

WHEREAS, the Project is exempt under the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines Class 32 categorical exemption for "infill development" (14 Cal. Code Regs., § 15332); and

WHEREAS, an Environmental Assessment for the Project was prepared pursuant to National Environmental Policy Act (NEPA) requirements under Title 24, Code of Federal Regulations (CFR) Part 58 and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. The addition of new HOME

funds is considered supplemental assistance for a previously approved project and is categorically excluded pursuant to 24 CFR §58.35(b)(7).

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

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

Section 2. The Funding Commitment letter attached as Exhibit A to and incorporated in this resolution by this reference for the financing of Saybrook Apartments is approved in the amount of \$5,300,000 of County HOME funds which includes the \$400,000 in previously committed HOME funds.

Section 3. The Agency is authorized to enter into and execute the Funding Commitment and related documents and transmit to Jamboree Housing Corporation, or related entity, as approved to form by Agency's Office of the General Counsel, and perform other actions necessary to fulfill the intent of the Funding Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including, without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy and with this resolution. The Agency will return to the Board for approval of loan and grant documents.

Section 4. The Agency is authorized to amend its budget and allocate up to \$5,300,000 of County HOME funds to provide construction and permanent financing for the Project.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 15th day of June, 2021, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,
(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors

Exhibit A: Conditional Funding Commitment

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
June 2, 2021

SAYBROOK APARTMENTS: AUTHORIZING A FUNDING COMMITMENT CONSISTING OF \$5,300,000 OF COUNTY HOME INVESTMENT PARTNERSHIPS (HOME) FUNDS, \$2,400,000 OF COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS AND \$750,000 OF AFFORDABLE HOUSING FUNDS (AHF); EXECUTION OF A FUNDING COMMITMENT AND RELATED DOCUMENTS WITH JAMBOREE HOUSING CORPORATION (DEVELOPER), OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

WHEREAS, on February 5, 2020, the Sacramento Housing and Redevelopment Commission approved a funding commitment of \$400,000 of County HOME funds, \$2,400,000 of CDBG funds, \$750,000 of AHF, and the extension and/or restructuring of existing debt for the construction and permanent financing of Saybrook Apartments (Project); and

WHEREAS, the Developer has applied to the Sacramento Housing and Redevelopment Agency (Agency) for an additional gap financing loan commitment of \$4,900,000 of County HOME funds for the construction and permanent financing of the Project, for a total of \$5,300,000 of County HOME funds; and

WHEREAS, CDBG funds totaling \$2,400,000 were allocated in the 2020 Action Plan to the Affordable Housing Rehabilitation Program fund (Resolution 2019-0743).

WHEREAS, the Project is exempt under the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines Class 32 categorical exemption for “infill development” (14 Cal. Code Regs., § 15332); and

WHEREAS, an Environmental Assessment for the Project was prepared pursuant to National Environmental Policy Act (NEPA) requirements under Title 24, Code of Federal Regulations (CFR) Part 58 and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. The addition of new HOME funds is considered supplemental assistance for a previously approved project and is categorically excluded pursuant to 24 CFR §58.35(b)(7).

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 and adopted.

Section 2. Subject to approval by the Sacramento County Board of Supervisors (Board), the Funding Commitment attached to and incorporated in this resolution by this reference for the financing of the Project (Funding Commitment), the Executive Director, or designee, is authorized to execute the Funding Commitment and related documents, and perform other actions the Executive Director deems necessary to fulfill the intent of repayment of the Funding Commitment, including without limitation, extensions, all as approved by the Office of the General Counsel, and transmit to Jamboree Housing Corporation, or related entity.

Section 3. The Loan Commitment comprised of \$5,300,000 in County HOME Funds, which includes the \$400,000 previously committed HOME Funds, that accompanies this resolution, is approved and the Executive Director, or her designee, is delegated authority to execute and transmit the Loan Commitment to the Developer, for the acquisition, construction, and permanent financing of the Project.

Section 4. The Executive Director, or her designee, is authorized to enter into and execute other documents as she deems necessary, as approved to form by the Office of the General Counsel, as well as amend the budget and perform other actions necessary to fulfill the intent of the Loan Commitment and Loan Agreement in accordance with its terms, and to ensure proper repayment of the funds, including without limitation, loan restructuring, subordination, and extensions consistent with adopted policies and with this resolution.

Section 5. The Executive Director is authorized to amend its budget and allocate up to \$5,300,000 of County HOME funds to provide construction and permanent financing for the Project.

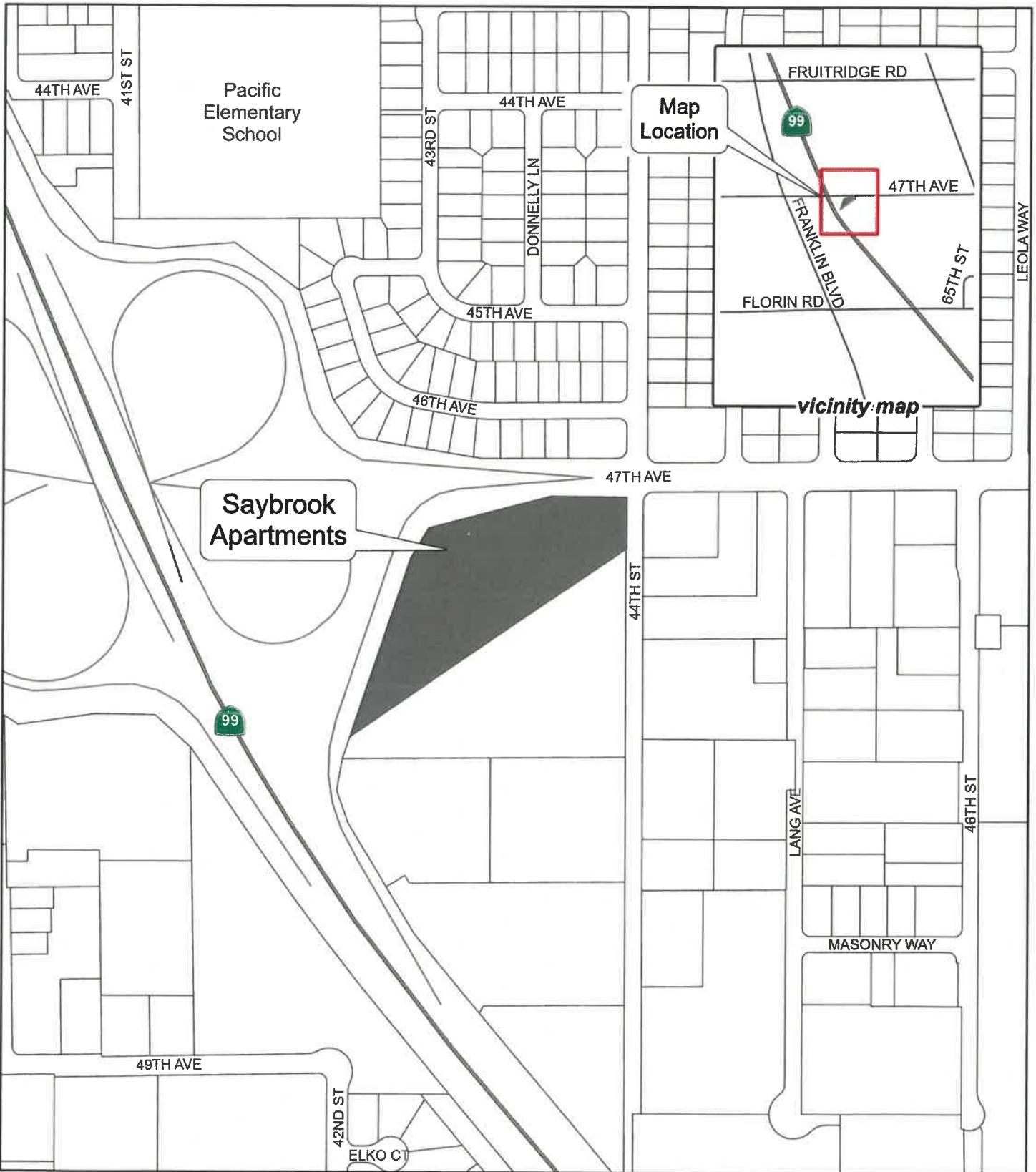
CHAIR

ATTEST:

CLERK



Saybrook



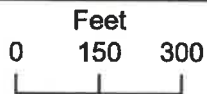
Saybrook Apartments

Map Location

vicinity:map



Saybrook Apartments (4390 47th Avenue)



SHRA GIS
December 11, 2019

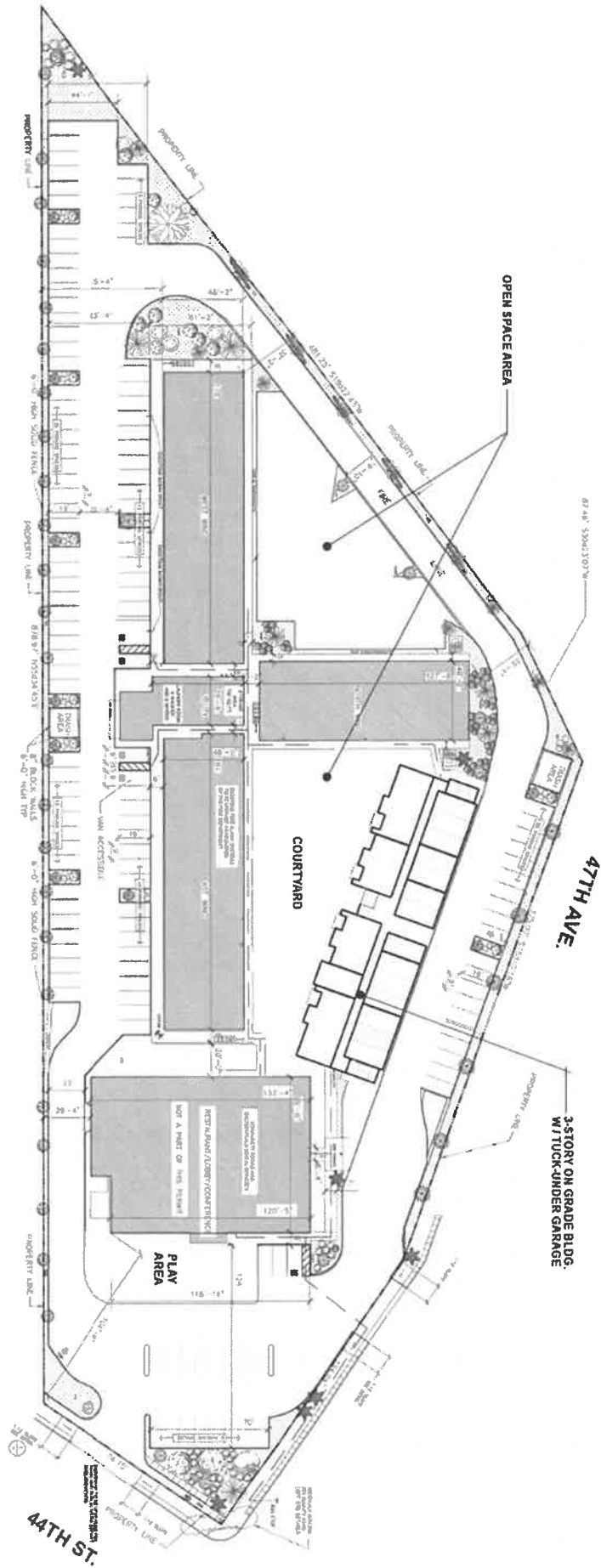


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**Saybrook Apartments
Residential Project Summary**

Address	4390 47th Avenue, Sacramento CA, 95824					
Number of Units	88					
Year Built	2005 & New Construction					
Acreage	4.11 acres (179,031.6 SF)					
Unit Mix and Rents	<u>ELI 30% AMI</u>	<u>ELI 35% AMI</u>	<u>VLI 40% AMI</u>	<u>VLI 50% AMI</u>	<u>VLI 60% AMI</u>	<u>Total</u>
Studio/ 1 Bath	2	2	1	3	0	8
1 Bedroom/ 1 Bath	7	10	5	7	4	33
2 Bedroom/ 1 Bath	3	7	2	2	9	23
3 Bedroom/ 2 Bath	3	3	7	7	3	23
Management Unit (2 Bedroom exempt)						1
Total	15	22	15	19	16	88
Square Footage	<u>Unit Size (sq.ft.)</u>		<u>Total</u>			
Studio/ 1 Bath	330		2,643			
1 Bedroom/ 1 Bath	521		17,208			
2 Bedroom/ 1 Bath	663		15,249			
3 Bedroom/ 2 Bath	1,023		23,524	sq.ft.		
Community Area			36,569	sq.ft.		
Total			95,193	sq.ft.		
Resident Facilities	Community room with kitchen, management office and area for resident services and recreational activities, childcare, playground for school-aged children and tot-lot, 146 parking spaces, and perimeter fencing.					
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>			
Tax Credit Equity	\$ 16,139,638	\$ 183,404.98	\$ 169.55			
Conventional Permanent Loan	\$ 1,982,000	\$ 22,522.73	\$ 20.82			
Existing Agency Loan	\$ 2,801,879	\$ 31,839.53	\$ 29.43			
Previously Approved Agency Loan	\$ 3,550,000	\$ 40,340.91	\$ 37.29			
New Agency Loan	\$ 4,900,000	\$ 55,681.82	\$ 51.47			
Deferred Developer Fee	\$ 400,000	\$ 4,545.45	\$ 4.20			
TOTAL SOURCES	\$ 29,773,517	\$ 338,335.42	\$ 312.77			
Permanent Uses	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>			
Acquisition	\$ 4,500,000	\$ 51,136.36	\$ 47.27			
Construction Costs	\$ 15,524,383	\$ 176,413.44	\$ 163.08			
Architecture & Engineering	\$ 1,100,000	\$ 12,500.00	\$ 11.56			
Permits	\$ 650,779	\$ 7,395.22	\$ 6.84			
Hard Cost Contingency	\$ 1,420,372	\$ 16,140.59	\$ 14.92			
Soft Cost Contingency	\$ 414,818	\$ 4,713.84	\$ 4.36			
Financing Cost	\$ 1,202,318	\$ 13,662.70	\$ 12.63			
Operating Reserves	\$ 235,029	\$ 2,670.78	\$ 2.47			
Capital Operating Resident Services Reserve	\$ 750,000	\$ 8,522.73	\$ 7.88			
Legal Fees	\$ 120,000	\$ 1,363.64	\$ 1.26			
Relocation	\$ 400,000	\$ 4,545.45	\$ 4.20			
Developer Fee	\$ 2,200,000	\$ 25,000.00	\$ 23.11			
Third Party Fees, Marketing, Other	\$ 1,255,818	\$ 14,270.66	\$ 13.19			
TOTAL USES	\$ 29,773,517	\$ 338,335.42	\$ 312.77			
Leveraging	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>			
	\$ 127,862	\$ 338,335	SHRA: Other \$1.00: \$2.65			
Management / Operations	<p style="text-align: center;">Proposed Developer: Jamboree Housing Corporation Property Management Company: Domus Management Company</p>					
Operating Expenses	\$ 537,755	\$ 6,111	per unit			
Property Management	\$ 67,873	\$ 771	per unit			
Security	\$ 31,827	\$ 362	per unit			
Resident Services	\$ 106,090	\$ 1,206	per unit			
Replacement Reserves	\$ 26,400	\$ 300	per unit			
Taxes/Insurance	\$ 78,030	\$ 887	per unit			

**Saybrook Apartments
Cash Flow Proforma**

Attachment 5

	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 10 2032	Year 15 2037	Year 20 2042	Year 25 2047	Year 30 2052
Net Operating Income	\$210,504	\$210,071	\$209,402	\$208,483	\$207,301	\$188,883	\$177,205	\$145,003	\$99,387	\$33,710
Debt Service	Amount									
Mortgage Fee (12.5 bps of Loan + \$(0.05)SHRA unit)	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000
Debt Service Subtotal	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000	\$1,982,000
Profitability Distributions										
Asset Management Fee (LP)	\$5,000	5,000	5,305	5,464	5,628	6,524	7,563	8,768	10,164	11,763
Partnership Management Fee (GP)	\$20,000	20,000	21,218	21,855	22,510	26,065	30,252	35,070	40,658	47,131
Priority Distributions Subtotal	\$25,000	\$25,000	\$26,523	\$27,318	\$28,138	\$32,619	\$37,815	\$43,838	\$50,820	\$58,894
Net Cash after Priority Distributions	\$48,150	\$48,150	\$45,525	\$43,811	\$41,810	\$38,809	\$2,136	(\$35,288)	(\$88,787)	(\$162,565)
Deferred Developer Fee										
Principal Balance	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Interest for Period	8,000	8,000	8,008	8,008	8,008	8,008	8,008	8,008	8,008	8,008
Payment from Cash Flow	\$48,150	\$48,150	\$45,525	\$43,811	\$41,810	\$38,809	\$2,136	(\$35,288)	(\$88,787)	(\$162,565)
Balance	\$331,850	\$304,884	\$256,359	\$213,548	\$173,738	\$0	\$0	\$0	\$0	\$0
Net Cash after Deferred Fee and Available Capitalized Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New and Existing Amortized SBA Loan										
Principal Balance	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000
Payment	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000	\$8,450,000
Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing SBA Loan										
Principal Balance	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879	\$2,801,879
Interest for Period	75,371	75,371	75,371	75,371	75,371	75,371	75,371	75,371	75,371	75,371
Accumulated Interest	156,751	156,751	226,112	301,462	376,853	457,705	545,411	641,116	745,264	850,264
Payment	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250	\$2,877,250
Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Permitted to 24CFR 883.301, contract rents approved by HUD may exceed the maximum rent limit. The tenant rent will not exceed 30% of the household adjusted gross income with FPI.

Potential Gross Income
 Rental Subsidy Income
 Other Income
 Less Gross Income Vacancy
 Effective Gross Income
 Operating Expenses
 Property Management
 Resident Services
 Security
 Replacement Reserves
 Term Insurance
 Total Expenses
Net Operating Income

Debt Service
 Mortgage Fee
 Debt Service Subtotal
Profitability Distributions
 Asset Management Fee
 Partnership Management Fee
 Priority Distributions Subtotal
 Net Cash after Priority Distributions
Deferred Developer Fee
 Principal Balance
 Interest for Period
 Payment from Cash Flow
 Balance
 Net Cash after Deferred Fee and Available Capitalized Operating Reserve
New and Existing Amortized SBA Loan
 Principal Balance
 Payment
 Balance
Existing SBA Loan
 Principal Balance
 Interest for Period
 Accumulated Interest
 Payment
 Balance

MAXIMUM GROSS INCOME AND RENT LIMITS 2021
 Low Income Housing Tax Credits, Bonds, CDBG, HOME and AHP

Saybrook Apartments

Maximum Gross Income Limits

<u>Family Size</u>	<u>30% AMI</u>	<u>40% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 19,050	\$ 25,400	\$ 31,750	\$ 38,100
2 person	\$ 21,750	\$ 29,000	\$ 36,250	\$ 43,500
3 person	\$ 24,480	\$ 32,640	\$ 40,800	\$ 48,960
4 person	\$ 27,180	\$ 36,240	\$ 45,300	\$ 54,360
5 person	\$ 29,370	\$ 39,160	\$ 48,950	\$ 58,740
6 person	\$ 31,530	\$ 42,040	\$ 52,550	\$ 63,060
7 person	\$ 33,720	\$ 44,960	\$ 56,200	\$ 67,440

Rent Limits¹

<u>Unit Size</u>	<u>30% AMI</u>	<u>40% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>
Studio	\$ 476	\$ 635	\$ 793	\$ 952
1 Bedroom	\$ 510	\$ 680	\$ 850	\$ 1,020
2 Bedroom	\$ 612	\$ 816	\$ 1,020	\$ 1,224
3 Bedroom	\$ 706	\$ 942	\$ 1,178	\$ 1,413

¹Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits. The tenant rent will not exceed 30% of the household adjusted gross income with PBV.



Date: June 15, 2021

Jamboree Housing Corporation
C/O Michael Massie
17701 Cowan Avenue, Suite 200
Irvine, CA 92614

RE: Conditional Funding Commitment for Saybrook Apartments

Dear Mr. Massie:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its \$8,450,000 permanent loan commitment comprised of \$5,300,000 of County HOME Investment Partnerships Program (HOME) funds, \$2,400,000 of Community Development Block Grant (CDBG) funds, \$750,000 of Affordable Housing Funds (AHF), and an assignment and extension of an existing permanent loan estimated at \$2,703,746 in Housing Trust Funds (HTF) for the acquisition, construction and permanent financing (Loan); and a capitalized operating reserve for resident services (Grant), of that certain real property known as Saybrook Apartments (Project) located at 4390 47th Avenue, Sacramento, California (Property). **This letter replaces the Conditional Funding Commitment letter made previously for Saybrook Apartments on February 11, 2020. 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 funding 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 the loan commitment letter shall be deemed to be terms of this commitment.

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

This commitment will expire **December 15, 2022**.

1. **PROJECT DESCRIPTION:** The 4.11 acre proposed site is located in the County of Sacramento at 4390 47th Avenue. Saybrook Apartments is an existing affordable housing multifamily development. Jamboree is proposing the acquisition and rehabilitation of the existing three two-story residential buildings with 60 permanent supportive housing family units, one manager unit and a community center, as well as the new construction of 27 family units for a total of 88 residential units. The total unit mix will include eight studios, 33 one bedroom, 34 two bedroom, and 23 three bedroom units. There will be 60 units assisted with Project Based Vouchers from the Sacramento Housing and Redevelopment Agency. Substantial rehabilitation of the development is proposed. The scope of development includes addressing the underlying issue with mold, constructing a new roof, exterior improvements, upgrade of common areas and amenities spaces, upgrade of units with new windows, appliances, flooring, paint, heating and cooling equipment, exterior paint, slurry seal and restriping the parking lot, landscaping, and installation of solar photovoltaic and solar hot water system. The 27 new construction family units will be in a new three-story tuck under wood framed building.

The proposed design of the new 27-unit building will match the style of the existing buildings which have very simple geometry and flat roofs. The new three story building is a contemporary design with flat roofs, parapets and simple box like geometry. Building materials will match those on the existing community building including the brick veneer, siding and exterior plaster.

All units will include a full kitchen with microwave, dishwasher, stove/range, cabinets and countertops. Bathrooms will have solid-surface counters, and low-flow fixtures. The flooring will be carpet and vinyl planking. The parking lot will include a total of 147 parking spaces. The site will be secured on all sides with a six-foot-tall perimeter fence with a key fob system to maintain security. The site amenities include a playground for children up to age twelve and a tot lot playground, BBQ areas, raised-bed community garden, and a dog run. See Exhibit 1 for more details on the Scope of Development.

2. **BORROWER:** The name of the Borrower for the Loan is Jamboree Housing Corporation, or related entity.
3. **PURPOSE OF LOAN AND GRANT:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) the new Agency HOME, CDBG, and AHF loan of Eight Million Four Hundred Fifty Thousand Dollars (\$8,450,000) and the assignment and extension of an existing Agency HTF loan of Two Million Seven Hundred Three Thousand Seven Hundred Forty-Six



Dollars (\$2,703,746); or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.

4.1 EXTENSION PERIOD: The Project currently has an existing HTF loan at 2.69% interest, with a projected total outstanding balance with accrued interest of approximately \$2,703,746 which will mature in November 2032. The existing debt will be restructured and/or extended and assigned to the Borrower. Any restructuring of the loans and associated documents includes extending their maturity to a date 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.

5. TERM OF LOAN: The Loan shall mature 57 years or 684 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 interest rate shall be as follows: (a) simple interest at zero percent (0%) per annum on the Eight Million Four Hundred Fifty Thousand Dollars (\$8,450,000) Agency HOME, CDBG and AHF loan and (b) interest at 2.69% per annum on the Two Million Seven Hundred Three Thousand Seven Hundred Forty-Six Dollars (\$2,703,746) existing Agency HTF loan.
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 NEW LOAN FUNDS: Agency is making the new Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether as Agency requirements or otherwise: \$2,400,000 of CDBG funds, \$5,300,000 of HOME funds, and \$750,000 of AHF, for the acquisition, construction and permanent financing of the Project.

This new 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 and Grant; 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 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 construction of the Property.
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 \$16,100,000 in Low Income Housing Tax Credit Equity and no less than \$400,000 in deferred developer fee. If LIHTC equity goes below \$16,100,000 the equity must be offset by an increase in deferred developer fee.
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 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 (ESA Report) Process" (ASTM Standard Practice 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, give 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 disbursal 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. 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.
25. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. 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.
27. 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.
28. 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.
29. 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.
30. 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. 100, 116, and 102.5/102.7 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.
31. 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.
32. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
33. 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.
34. 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.



35. 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.
36. 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 with a total of 40 hours according to the following minimum schedule:
- a. Coordinator: Four (4) hours per week (maximum)
 - b. After School Programming: Eight (8) hours per week (two hours per day and four days per week, minimum)
 - c. Additional Programming: Balance of minimum three (28) hours per week shall include, but are not limited to:
 - i. Workforce development support and activities.
 - ii. Education classes such as nutrition, exercise, health resources, health insurance application assistance, Annual onsite health fair and ESL classes.
 - iii. Socialization activities such as bingo, gardening and community building events.
 - iv. Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.
37. 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.
38. 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.
39. 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.
40. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with



lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.

41. 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.
42. 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.



Sincerely,

La Shelle Dozier
Executive Director

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

Dated: June 15, 2021

BORROWER:

Jamboree Housing Corporation

By: _____
Michael Massie, Senior Vice President, Finance

The Exhibit listed below is incorporated in this Conditional Funding Commitment by this reference for the financing of the Saybrook Apartments Project:

Exhibit 1 - Scope of Development



I. Scope of Development

Saybrook Apartments is in the incorporated area of Sacramento County (County), South Sacramento community, located at 4390 47th Avenue. The proposed scope of work is the rehabilitation of three existing two-story residential buildings, an existing community building and the addition of 27 multifamily units in a new building. There will be a total of 88 total units. The existing 61-unit residential buildings are comprised of (5) studios, (27) one-bedroom, (11) two-bedroom and (17) three bedroom and (1) two-bedroom manager unit. The new 27-unit residential building will be comprised of (3) studios, (6) one-bedroom, (12) two-bedroom and (6) three-bedroom units. The substantial rehabilitation will extend the useful life of the property and significantly reduce on-going maintenance needs and costs. The renovation will also allow for American with Disabilities Act (ADA) accessibility modifications throughout the Project.

II. RESIDENTIAL REHABILITATION

Exterior Improvements

1. **Roof:** Installation of a new asphalt shingle roof over insulation, a new roof drainage system and mechanical platforms installed for all rooftop equipment.
2. **Gutters and Downspouts:** All gutters, downspouts will be replaced as needed.
3. **Siding/Plastering:** New siding and plastering will be repaired and replaced as needed.
4. **Paint:** New coat of elastomeric paint on all building exteriors.
5. **Stairways, Railings and Landings:** Paint all metal portions of exterior stairways. Install riser plates for all exterior treads. Install Accessibility Code required contrast striping on all exterior stairs and accessible handrails.
6. **Traffic Deck/Coating:** Install new traffic coating system throughout on upper walkways. Reinstall traffic coating on ground level section.
7. **Signage:** New unit ID will be installed.
8. **Security:** Replace existing security camera system.



Interior Improvements

1. **ADA and Hearing or Visually Impaired (HVI) units:** ADA accessibility modification will be completed to ensure that 9 units include mobility features. Three units will include communication features.
2. **HVAC:** Install new high efficiency mini spilt systems in all units.
3. **Kitchens:** All kitchens will have new energy efficient electric ranges and hoods, refrigerators dishwashers and garbage disposals. New solid surface countertops, sinks, and low-flow faucets.
4. **Bathrooms:** All bathrooms will have new solid surface countertops, cabinets, sinks, low-flow faucets/showerheads and bath fans with humidistat.
5. **Exterior Doors:** The exterior doors will be replaced as necessary. Replace door hardware with dual action lever handle model. New ADA compliant lever hardware, as needed.
6. **Interior Doors:** Interior doors, replaced as necessary. Replace door hardware with dual action lever handle models. Install new metal framed sliding closet doors. New ADA-compliant lever hardware, as needed.
7. **Windows:** All units will have new low-e vinyl windows.
8. **Flooring:** Install high quality vinyl plank flooring in units.
9. **Window Coverings:** Install new window blinds in all units.
10. **Drywall:** Patching due to repairs, Drywall concrete on second floor,
11. **Paint:** New paint to all unit interiors.
12. **Electrical:** All light fixtures will be replaced with LED fixtures. Smoke and/or CO sensors shall be replaced.
13. **Ventilation:** Design and install ventilation system in all units.

III. RESIDENTIAL NEW CONSTRUCTION

New Building Exterior

1. **Roof:** The new building will have a TPO roof.



2. **Gutters, Downspouts and Downspout Extensions:** All gutters, downspouts, and downspout extensions will be connected to a storm drain system and/or routed to surface drain to site bio-retention planters.
3. **Exterior:** The exterior of the project will have stucco and siding.
4. **Paint:** The building will have interior and exterior painting.
5. **Balcony and Patio Enclosures:** Ground floor apartments will have private patios on grade while upper level apartments will have balconies.
6. **Lighting:** The new building will have adequate lighting to maintain security around the perimeter.
7. **Windows and Sliders:** All windows will be energy-efficient windows. Windows designed to be opened will have screens.
8. **Blinds:** Window blinds will be provided in all units.
9. **Security:** There will be controlled access as well as a security camera system.

New Building Interior

1. **HVAC:** The new building will have an energy efficient HVAC system.
2. **Kitchens:** All kitchens cabinets, drawers, solid surface countertops, stove/range, sink, dishwasher, garbage disposal, and refrigerator/freezer. All appliances will be EnergyStar.
3. **Bathrooms:** All bathrooms will have solid-surface counters, sinks, tubs and surrounds, accessories (i.e., toilet paper holders, towel racks), low-flow showerheads and low-flow faucets.
4. **Water Heaters:** The development will utilize a solar thermal system for water heating.
5. **Doors:** All doors will meet current egress standards.
6. **Windows:** All units will have energy efficient vinyl windows. Windows designed to open will have screens. All windows will meet current egress standards.
7. **Flooring:** All units will have luxury vinyl plank flooring.
8. **Paint:** Paint will be applied to all walls, ceilings, and trim, in all rooms, closets and storage rooms.
9. **Lighting:** All kitchens, bedrooms, bathrooms and hallways will have energy efficient light fixtures.



10. Laundry: There will be a laundry room onsite.

11. Elevator: There will be one elevator.

IV. SITE IMPROVEMENTS AND COMMUNITY BUILDING

Site Improvements

1. **Paving and Surface Parking:** Remove and replace damaged asphalt. Seal coat the parking lot and restripe parking areas according to current code. Construct new parking area near main entrance.
2. **Concrete:** New concrete walkways and concrete restoration and cleaning, as necessary.
3. **Lighting:** Site lighting will be upgraded as needed. All new light fixtures will be LED.
4. **Landscaping/Irrigation:** Existing irrigation system to be checked, repaired and/or modified as necessary. Weather sensitive controller will be installed. Drought tolerant landscape will be installed in perimeter section.
5. **Signage:** New monument and directory signage will be installed.
6. **Picnic Areas:** Barbeque and seating areas will be provided.
7. **Fencing:** Paint ornamental fencing. Repair damaged chain link fencing. Install sound wall between west and north wing for noise reduction.
8. **Gates:** Install level handle hardware on all gate exteriors for proper accessibility. Repair rusted vehicle gates. Add safety screen to vehicle gate.
9. **Domestic Hot Water System:** Replace older water heaters with new boiler and storage system.
10. **Play Area:** Relocate existing tot lot area. Replace outdoor playground equipment. Add additional outdoor children's amenities.
11. **Community Garden:** A new garden community garden will be installed.
12. **Dog Run:** Improve existing dog run area.
13. **Photovoltaic Panels and Solar Hot Water:** Install roof top solar panels for solar hot water system.
14. **Laundry Facilities:** Install new flooring, lighting fixtures, paint and ventilation system.



15. **Utility Room:** Remodel of existing utility room.
16. **Transformer:** Install protective bollards around transformer.

Community Building

1. **Community Building Remodel:** Community building will be remodeled to make improvements to social services, property management, common area, community room and day care center spaces. New common area furniture, computer equipment and finishes throughout. Interior and exterior will be painted.
2. **Community Room and Kitchen:** Flooring to be replaced. New furniture and finishes will be installed. Paint throughout. The kitchen will have new counters, cabinets, refrigerator/freezer, range/oven/hood, dishwasher, sink, garbage disposal and low-flow faucets. All appliances will be Energy Star.
3. **Roof:** Replace community building roof.
4. **HVAC:** Replace existing units with high efficiency models.
5. **Security:** There will be controlled access as well as a security camera system.

Attachment 1: Lender's Minimum Construction Standards exhibit is 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.

SHRA 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.

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 Fannie Mae'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 Fannie Mae 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. Retrofit windows are not acceptable. Any windows showing signs of condensation or leakage of any kind shall be replaced.
- 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.

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.

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 be provided on the basis of one washer and dryer for every ten dwelling units. 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.

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





June 2, 2021

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

Honorable Members in Session:

SUBJECT:

**Approval of Section 33433 Report, Predevelopment Loan Agreement, Loan
Commitment, Environmental Remediation, and Disposition and Development
Agreement for the 39th and Broadway Senior Apartments**

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLE DOZIER
Executive Director

Attachment



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

**Public Hearing
June 15, 2021**

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

Title: Approval of Section 33433 Report, Predevelopment Loan Agreement, Loan Commitment, Environmental Remediation, and Disposition and Development Agreement for the 39th and Broadway Senior Apartments

Location/Council District: 3031, 3023 and 3025 39th Street, and 3900, 3908 and 3916 Broadway, Council District 5

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a City Council Resolution authorizing: a) the sale of property owned by the Housing Authority of the City of Sacramento (Housing Authority or HACS) to The Related Companies of California, or related entity, (Developer) pursuant to the Section 33433 Report; b) Sacramento Housing and Redevelopment Agency (SHRA) to enter into and execute the Predevelopment Loan Agreement comprised of \$500,000 in HOME Investment Partnerships Program (HOME) funds for predevelopment financing of the 39th and Broadway Senior Apartments (Project) with the Developer; c) SHRA to enter into and execute the Loan Commitment comprised of \$5,620,000 in HOME funds for the construction and permanent financing of the Project with the Developer; d) SHRA to perform other actions related to the Project as approved to form by its Office of the General Counsel, including budget amendment and executing related documents with the Developer; e) finding that an economically feasible method of alternative financing is not available, and authorizing SHRA to subordinate the SHRA loans to senior loans; and f) environmental and other findings; and 2) a Housing Authority Resolution: a) finding that the sale of Housing Authority property will assist in the elimination of blight and increase the community's supply of affordable housing; b) finding that the consideration for the sale of the property by the Housing Authority to the Developer is the Developer's obligations under the Development and Disposition Agreement (DDA) at the fair market value of the Property of \$180,000 in the form of a separate Seller Carryback Land Loan corresponding to the transferred Property; c) authorizing the Executive Director, or her designee, to enter into and execute the DDA and \$180,000 Seller Carryback Land Loan Commitment for the acquisition financing of the Project with the Developer; d) authorizing the Executive Director, or her designee, to perform other actions related to the Project as approved to form by its Office of the General Counsel, including budget amendment and executing related documents with the Developer;

e) finding that an economically feasible method of alternative financing is not available, and authorizing the Executive Director, or her designee, to subordinate the Housing Authority loans to senior loans; and f) environmental and other findings.

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

Presenters: Christine Weichert, Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: As the former Redevelopment Agency, SHRA acquired five parcels located at 3031, 3023 and 3025 39th Street, and 3900 and 3908 Broadway between 1982 and 2001; and on February 1, 2012, the parcels were conveyed to the Housing Authority. SHRA released two Request for Proposals (RFP). The 2004 RFP response was not consistent with the community's vision at the time and did not proceed. On January 17, 2018, SHRA issued the second RFP seeking an affordable housing developer to acquire and build affordable housing on the property. On April 10, 2018, the selection panel awarded the property to The Related Companies of California, or related entity, (Developer) for the proposed 39th and Broadway Senior Apartments, a 43-unit affordable housing development (Project). The development proposal also includes a privately held parcel located at 3916 Broadway.

On March 2, 2020, the Developer submitted an application to SHRA requesting HOME funds for the predevelopment, acquisition, construction and permanent financing of the Project. Staff is recommending approval of the Section 33433 Report, \$500,000 Predevelopment Loan Agreement; \$5,800,000 Loan Commitment comprised of the \$180,000 seller carryback land loan and \$5,620,000 construction and permanent loan; and DDA to convey the Housing Authority owned parcels to the Developer.

Prior to the sale of the Housing Authority parcels to the Developer, SHRA will remove the soil contaminated with lead and perchloroethylene attributed to previous use of a dry cleaner on an adjacent parcel. The environmental remediation will cost \$630,000 and is anticipated to be completed by Fall 2021.

Subject to Council and Housing Authority approval of staff recommendations, SHRA will immediately begin the bidding for remediation work on the Housing Authority owned parcels; and the Developer will apply for nine percent Low Income Housing Tax Credits in July 2021. If successfully awarded, construction would begin in Spring 2022 and be complete by Spring 2024.

Development: The 39th and Broadway Senior Apartments is new construction of a three-story residential building, including 43 units comprised of seven studios and 36

one-bedroom units, a community room, management offices, laundry facilities, community garden and courtyard patio with a shade structure. The site is comprised of six parcels separated by 39th Street La Solidar Way Alley (Alley). To the west of the Alley are the five parcels on a 0.55-acre vacant site, located at 3031, 3023 and 3025 39th Street, and 3900 and 3908 Broadway, owned by the Housing Authority. The sixth parcel located to the east of the Alley is a 0.22-acre vacant site, located at 3916 Broadway, owned by All Nations Church of God in Christ, where 16 vehicle spaces will be built for resident use. When completed, this development will be managed in conjunction with the Arbors at Oak Park, an existing/adjacent 56-unit senior development developed and owned by the Developer. Exterior design elements from the Arbors at Oak Park have been replicated to integrate the two sites. A vicinity map, site plan and project rendering are included as Attachments 9, 10 and 11.

Entitlements: The Developer submitted the entitlement application and it is anticipated to be approved no later than July 2021.

Developer: The Related Companies of California, or related entity, will serve as the Developer. The Developer is a fully-integrated real estate firm with a 30-year track record of delivering mixed-income housing and mixed-use developments across California. The company has completed 16,000 residences and currently has more than 1,750 affordable and 4,000 market rate units in pre-development. The Developer is qualified to undertake this new construction Project given their long and successful history of affordable housing development, including the Arbors at Oak Park.

As a requirement in SHRA's adopted Multifamily Lending and Mortgage Revenue Bond Policies, all applicants seeking an SHRA loan must include a qualified non-profit managing general partner (MGP). An MGP is subject to SHRA approval prior to close of the Project's acquisition, construction and permanent financing.

Property Management: The Project will be managed by the John Stewart Company (JSCo), an experienced property management firm with over 40 years of experience operating affordable apartment communities. There are over 420 properties in California consisting of more than 31,600 affordable and market rate residential units in their portfolio. The JSCo currently manages 16 SHRA financed affordable housing properties in the Sacramento region, including the Arbors at Oak Park. SHRA staff has reviewed and approved the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures to ensure the company meets SHRA requirements for property management.

Resident Services: Fifteen (15) hours per week of on-site resident services will be provided by Life Matters, Inc. (LMI), a locally founded non-profit organization that serves over six apartment communities of approximately 1,000 affordable residential units in the Sacramento region, including the Arbors at Oak Park and Point Natomas. The resident services staff will include one part-time Resident Services Coordinator. Resident services programs will include, but is not limited to, transportation assistance, educational, enrichment and social events. LMI provides 20 hours of on-site resident

services at the Arbors at Oak Park senior community, and residents from either site will be able to access services at both sites.

SHRA staff has reviewed Life Matters qualifications and the resident services plan, and has found that the proposed resident services provider and resident services plan meet SHRA requirements.

Security Plan: SHRA staff has reviewed and approved the security plan which includes security patrol services, installation of security cameras and recording equipment, and installation of lighting in all common areas.

Project Financing: In addition to the SHRA and Housing Authority financing summarized in the table below, the Project will be financed with nine percent Low Income Housing Tax Credits (LIHTC), conventional loan, deferred developer fee, and fee waivers.

SHRA AND HOUSING AUTHORITY FINANCING

DESCRIPTION	AMOUNT
Environmental Remediation (HOME funds)	\$ 630,000
Subtotal to SHRA	\$ 630,000
SHRA Predevelopment Loan (HOME funds)	\$ 500,000
SHRA Construction and Permanent Loan (HOME funds)	\$ 5,620,000
HACS Seller Carryback Land Loan (Housing Authority funds) ¹	\$ 180,000
Subtotal to Developer	\$ 6,300,000
Total SHRA and HACS Financing for the Project	\$ 6,930,000

¹HACS Seller Carryback Land Loan is \$180,000 or an amount justified by an updated fair market value appraisal.

Low-Income Set-Aside Requirements: As a condition of receiving LIHTC and the benefits of LIHTC financing, federal law requires that units 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 up to 50 percent of Area Median Income (AMI). SHRA further requires at least 5 percent of the units have rents that are affordable to households with income up to 30 percent AMI, based on financial feasibility.

Project affordability restrictions will be specified in regulatory agreements with the Developer. The Project Summary and Proforma are included as Attachments 12 and 13, and a schedule of Maximum Income and Rent Limits is included as Attachment 14. These anticipated sources and their affordability requirements are summarized in the following table:

39TH AND BROADWAY SENIOR APARTMENTS

AFFORDABILITY RESTRICTIONS (55 YEARS)	UNITS	% OF UNITS
Extremely Low Income (30% AMI)	5	12%
Very-Low Income (45% AMI)	17	39%
Very-Low Income (50% AMI)	8	19%
Low Income (60% AMI)	12	28%
Management Unit (Exempt)	1	2%
Total	43	100%

Policy Considerations: The recommended actions are consistent with 1) SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, priority level 2(iv) - New Construction for other affordable housing (Resolution No. 2019-0425 and Housing Authority Resolution No. 2019-022); 2) the 2013-2021 Housing Element, a) 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); and 3) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal is to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263). Also, the Project is located in an Opportunity Zone that provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains and forgiveness of tax on new capital gains (enacted into federal law through the Tax Cuts and Jobs Act of 2017).

Economic Impacts: This multifamily residential project is expected to create 166.11 total jobs (93.25 direct jobs and 72.86 jobs through indirect and induced activities) and create \$14,570,885 in total economic output (\$8,954,654 of direct output and another \$5,616,231 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 found to be eligible for ministerial approval through SB35 and is therefore not subject to CEQA review.

National Environmental Policy Act (NEPA): The project is undergoing environmental review pursuant to NEPA procedures at 24 CFR Part 58. It is anticipated that the project will be found to have no significant impact on the environment with mitigation measures incorporated. The NEPA review will be completed prior to expenditure of funds or committing any choice limiting action.

Other Environmental Considerations: The project site will require remediation for soil and soil vapor impacts, and any mitigation measures determined necessary to remediate the site to residential use standards. Remediation costs associated with the removal of the contaminated soil on the Housing Authority owned parcels will be administered by SHRA staff and paid for by SHRA's HOME funds.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, the project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element – Strategies and Policies for Conserving Energy Resources – Climate Action Plan, subsection 7.2: improving the energy efficiency in new buildings; and b) Environmental Resources - Air Quality and Climate Change subsection 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed-use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its June 2, 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 recommended actions are consistent with 1) SHRA's Multifamily Lending and Mortgage Revenue Bond Policies; 2) the 2013-2021 Housing Element; and 3) the Sacramento Promise Zone Plans and Goals. Also, the Project is located in an Opportunity Zone.

Financial Considerations: The cost to remove the contaminated soil from the Housing Authority owned parcels will be paid for with HOME funds in an amount not to exceed \$630,000. The \$500,000 predevelopment HOME loan, \$5,620,000 HOME loan commitment, and \$180,000 seller carryback loan will have a term of 55 years and a simple interest rate of three percent. SHRA will receive an annual payment for monitoring the regulatory restrictions and administration of the Funding Programs in the amount of 0.125 percent of the loan amount. SHRA will also receive a \$100 annual administrative fee for each assisted unit under the funding programs. The total administrative fee will not exceed \$15,000 annually for the affordable units during the regulatory agreement term.

LBE - M/WBE and Section 3 requirements: Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible 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 Administrator, the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar entities, to promote employment opportunities.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachments

- 01-Description/Analysis
- 02-City Council Resolution
- 03-Exhibit A: Section 33433 Report
- 04-Exhibit B: Predevelopment Loan Agreement
- 05-Exhibit C: Loan Commitment
- 06-Housing Authority Resolution
- 07-Exhibit A: Development and Disposition Agreement
- 08-Exhibit B: Loan Commitment
- 09-Vicinity Map
- 10-Site Plan
- 11-Project Rendering
- 12-Residential Project Summary
- 13-Cash Flow Proforma
- 14-Maximum Income and Rent Limits

RESOLUTION NO. 2021 -

Adopted by the Sacramento City Council

on date of

June 15, 2021

39TH AND BROADWAY SENIOR APARTMENTS (PROJECT): APPROVING THE SALE OF PROPERTY BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO TO THE RELATED COMPANIES OF CALIFORNIA OR RELATED ENTITY (DEVELOPER); PREDEVELOPMENT LOAN AGREEMENT AND LOAN COMMITMENT WITH THE DEVELOPER; EXECUTION OF PREDEVELOPMENT LOAN AGREEMENT AND LOAN COMMITMENT; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority), as successor to the Redevelopment Agency of the City of Sacramento, owns the five parcels listed below located in the Oak Park neighborhood; collectively, Housing Authority Property:
1. 3021 39th Street (APN 014-0172-025-0000),
 2. 3023 39th Street (APN 014-0172-024-0000),
 3. 3025 39th Street (APN 014-0172-023-0000),
 4. 3900 Broadway Sacramento (APN 014-0172-001-0000), and
 5. 3908 Broadway Sacramento (APN 014-0172-030-0000).
- B. On behalf of the Housing Authority, the Sacramento Housing and Redevelopment Agency (SHRA) issued a Request for Proposals on January 17, 2018 for an affordable housing developer to construct an affordable housing development on the Property. On April 10, 2018, a development team led by The Related Companies of California, or related entity (Developer) was selected to be awarded the Property.
- C. On March 2, 2020, the Developer submitted an application to SHRA requesting \$500,000 in HOME Investment Partnerships Program (HOME) funds to assist in financing predevelopment activities and \$5,620,000 in HOME funds for the construction and permanent financing of the 39th and Broadway Senior Apartments (Project). The Project site includes the Housing Authority Property and 3916 Broadway (APN 014-0172-031-0000) owned by Itasker Hollins Ministries/Christian Outreach. The Project includes a three-story residential building with 42 affordable studio and one-bedroom units, one exempt management unit, property management office, community room, elevator, parking, laundry, community garden and shaded courtyard. The affordable units are restricted at or below 60% of Area Median Income.
- D. A report under Health and Safety Code Section 33433 (Section 33433 Report) has been prepared and is attached hereto as Exhibit A, and is filed with the

Agency Clerk and made available for public review pursuant to Section 33433. Proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

- E. The project has been found to be eligible for ministerial approval through SB35 and is therefore not subject to the California Environmental Quality Act (CEQA).
- F. The project is undergoing environmental review pursuant to the National Environmental Policy Act (NEPA) procedures at 24 CFR Part 58 and will be completed prior to expenditure of funds or committing any choice limiting action.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The City Council, as the legislative body defined in Health & Safety Code section 33007, approves the sale of the Housing Authority Property to the Developer for the Project pursuant to the terms of the DDA and finds that consideration for the Property is not less than its fair market value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed as set forth in the Section 33433 Report attached as Exhibit A to this Resolution.
- Section 3. The Predevelopment Loan Agreement, attached as Exhibit B to this Resolution, comprised of \$500,000 in HOME funds (Predevelopment Loan Agreement) is approved and SHRA is delegated authority to execute and transmit the Predevelopment Loan Agreement to the Developer for the predevelopment financing of the Project.
- Section 4. The Loan Commitment, attached as Exhibit C to this Resolution, comprised of \$5,620,000 in HOME funds (Loan Commitment) is approved and SHRA is delegated authority to execute and transmit the Loan Commitment to the Developer for the construction and permanent financing of the Project.
- Section 5. SHRA is authorized to enter into and execute other documents, as approved to form by SHRA's Office of the General Counsel, as well as amend the budget and perform other actions necessary to fulfill the intent of the Predevelopment Loan Agreement and Loan Commitment that accompany this resolution, in accordance with its terms, and to ensure proper repayment of the SHRA funds, including without limitation, loan restructuring, subordination and extensions, consistent with SHRA's adopted policies and with this resolution.
- Section 6. 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 senior loans.

Section 7. This resolution shall take effect immediately upon its adoption.

Table of Contents:

Exhibit A: Section 33433 Report

Exhibit B: Predevelopment Loan Agreement

Exhibit C: Loan Commitment

**Report Regarding the Disposition of Property Acquired Directly or
Indirectly with Tax Increment Funds
(Health & Safety Code Section 33433)**

I. Agreement

A copy of the Disposition and Development Agreement ("Agreement") disposing of interest in Housing Authority of the City of Sacramento (Housing Authority) real property, located at 3031, 3023 and 3025 39th Street, and 3900 and 3908 Broadway, Sacramento, California 95817 is attached to this Report.

II. Summary of Terms of Disposition

HOUSING AUTHORITY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	\$65,186
Commissions	\$0
Closing Costs	\$0
Relocation Costs	\$0
Land Clearance Costs	\$0
Financing Costs	\$0
Improvement Costs (e.g. utilities or foundations added)	\$0
Other Costs	\$0
TOTAL	\$65,186

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$65,186

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$65,186

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$180,000

33433 Report

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III. The Disposition is for Not Less Than The Full Fair Market Appraised Value at the Use and with the Covenants and Conditions and Development Costs Authorized by the Sale.

The primary purposes of disposition of the Housing Authority-owned Land (Property) are developing property for uses consistent with the City's Housing Element that encourages infill development, enhancing and preserving existing neighborhoods, and increasing affordable housing opportunities in a mixed income development; and elimination of blighting influences. To accomplish this, the Agreement provides that the Housing Authority will transfer its interest in the Property, at its fair market value, to The Related Companies of California, or related entity (Developer) upon the express condition that Developer will develop the Property for the uses described in the Agreement. The Agreement is intended to assure that the Developer will develop the Property and that the Developer is not merely speculating in land.

The Property is comprised of various sized parcels that was purchased at various times with Oak Park Tax Increment. The funding source used requires that the land be disposed of for market value. The amount paid protected the affordability covenants.

IV. Elimination of Blight

The Property listed in the Agreement consists of five vacant lots. The recommended disposition is in keeping with the City's Housing Element that encourages infill development, enhancing and preserving existing neighborhoods, and expanding affordable housing opportunities. The construction of new affordable housing units will meet current building codes incorporating improved energy efficiency and enhanced green building standards. Each unit will meet Title-24 energy standards. The goal is to create a neighborhood of quality, affordable, energy efficient units for seniors earning 60 percent or less of Area Median Income. There will be 42 regulated units for 55 years and one exempt management unit. Completion of construction will transform long-standing vacant land into a community of new, energy efficient, affordable senior units in the Oak Park area of the City of Sacramento.

UNSECURED PREDEVELOPMENT LOAN AGREEMENT
39TH AND BROADWAY
(3023, 3025 and 3021 39th Street and 3900 and 3908 Broadway)

"EFFECTIVE DATE"	June 15, 2021
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ARTICLE I TERMS AND DEFINITIONS:

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. This Loan Agreement includes Article II Loan Provisions and the attachments and Exhibits listed below, all of which are incorporated in this Loan Agreement by this reference. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I Terms and as defined in Article II Loan Provisions. (Terms being defined are indicated by quotation marks. If an item in this Article 1 table is marked "None, Not Applicable, N/A" or equivalent or is left blank, that defined term is not applicable to this Loan or the referenced item is not required or is not included in this Loan, as the context may indicate.) Lender is making the Loan pursuant to the terms and conditions of this Loan Agreement.

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

A. "Loan Information" The general loan provisions of the Loan.	
"LENDER"	The following public agency that is making the Loan, and whose legal status and address are:
Name	Sacramento Housing And Redevelopment Agency
Legal Status	A Joint Powers Agency
Principal Address	801 12 th Street, City of Sacramento, Sacramento County, California 95814
"BORROWER"	The borrower of the Loan funds whose name, legal status and address are:
Name	The Related Companies of California, LLC
Legal Status	California Limited Liability Company
Principal Address	44 Montgomery Street, Suite 1300, San Francisco, CA 94104
"LOAN"	The Loan made by this Loan Agreement.
"LOAN COMMITMENT"	Lender's loan commitment, made by letter dated as of
	Not Applicable
"LOAN PROGRAM"	Lender's Loan Program and CFDA #14.239, commonly known as
	HOME Loan
"LOAN AMOUNT"	Five Hundred Thousand Dollars and No Cents (\$500,000.00)
"INTEREST RATE"	The interest rate is 0% per year, simple interest
"DISBURSEMENT TERMS"	Lender shall make loan disbursement to Borrower as a reimbursement for paid invoices or similar documentation from third party contractors for actual costs of the Project, and is more particularly described in the Lender approved budget under this Loan Agreement when the following conditions precedent stated in Section 7 have been met.

"MATURITY DATE"	The Maturity Date for the Loan shall be the date which is the earlier to occur of: (i) December 31, 2022 or extended upon mutual agreement; or (ii) the close of the \$6,120,000 construction and permanent loan from Lender to Borrower for the Project ("Construction Loan"). Upon Borrower's satisfaction of all conditions precedent to the funding of the Construction Loan for the Property, the Loan Proceeds not yet repaid to Lender pursuant to the Note shall be paid off in full with the loan proceeds from such Construction Loan, and be secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan and full repayment of the Loan, the Note will be released. For the avoidance of doubt, the \$6,120,000 Construction Loan is inclusive of the \$500,000 Predevelopment Loan proceeds.	
"WORK PRODUCT"	The Work Product for the Loan shall be the following: 1. Any and all architectural drawings, including drawings prepared by sub-consultants to the Architect ("Mogavero Architects") under the Architect's Agreement between The Related Companies of California, LLC ("TRCC"), Borrower, or related entity, and Mogavero Architects, along with any drawings or reports engaged directly by TRCC, Borrower, or related entity, with respect to the Project; and 2. Any and all engineer drawings, including drawings prepared by sub-consultants to the Engineer ("To be Determined Engineer") under the Engineer's Agreement between TRCC, Borrower, or related entity and [TBD] Engineer, along with any drawings or reports engaged directly by TRCC, Borrower, or related entity, with respect to the Project.	
"PAYMENT SCHEDULE"	The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, fees and charges.	
"BORROWER EQUITY"	None	
"SPECIAL TERMS"	None	
"PROJECT"	Which is the Project to be developed on the Property with the Loan funds, described as:	The Project is limited to the following predevelopment activities, not to exceed the Loan Amount: Architecture & Engineering (i.e., architectural drawings, landscape architecture, civil engineering, environmental engineering and structural engineering) to determine the feasibility of the project and to obtain financial commitments, and other predevelopment activities all subject to Lender's prior written approval.

B. "PROPERTY" The following described real property, which is the site of the Project:	
The Loan is unsecured, there is no collateral for repayment of the Loan, and the Property is not collateral for the Loan	
Addresses and Assessor's Parcel Number (APN)	3900 Broadway, Sacramento, CA 95817 (APN: 014-0172-001-0000) 3908 Broadway, Sacramento, CA 95817 (APN: 014-0172-030-0000) 3023 39th Street, Sacramento, CA 95817 (APN: 014-0172-024-0000) 3025 39th Street, Sacramento, CA 95817 (APN: 014-0172-023-0000) 3021 39th Street, Sacramento, CA 95817 (APN: 014-0172-025-0000)
"Legal Description"	The Property is situated in the State of California, County of Sacramento, and is more particularly described in Exhibit: Legal Description attached and incorporated by reference.

C. "LIST OF EXHIBITS" (The following are attached and incorporated in this Loan Agreement):	
EXHIBIT	DEFINED TERM
Exhibit 1: Legal Description	"Legal Description"
Exhibit 2: Funding Requirements	"Funding Requirements"
Exhibit 3: Note Form	"Note"

D. "APPROVAL DOCUMENTS" Borrower shall submit the following documents for Lender approval
Borrower's organizational documents, such as partnership agreements or corporate articles and by-laws.
Budget for use of the Loan proceeds.

E. "ASSIGNED DOCUMENTS" Borrower assigns the following documents to Lender
1. Architect's Consent to Assignment of Architect's Agreement, and
2. Engineer's Consent to Assignment of Engineer's Agreement.

ARTICLE II LOAN PROVISIONS

LENDER AND BORROWER HAVE ENTERED THIS LOAN AGREEMENT AS OF THE EFFECTIVE DATE. The capitalized terms in this Loan Agreement shall have the meanings assigned in Article I General Terms and as defined in Section 1 of this Article II Loan Provisions. (Terms being defined are indicated by quotation marks.) Lender is making the Loan pursuant to the Loan Commitment and the terms and conditions of this Loan Agreement.

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

1. **DEFINITIONS.** As used in this Loan Agreement, the following terms shall have the following meanings:

1.1. "Business Day" means regularly scheduled business day of Lender. Whenever any payment to be made under this Loan Agreement is due on a day other than a Business Day, it may be made on the next succeeding Business Day, and the resulting extension of time will be included in the computation of payment of interest.

1.2. "Default Rate" is the maximum legal interest rate.

1.3. "Event of Default" is breach of or default in a party's obligations under this Loan Agreement, the Note, and any other instrument that is incorporated in this Loan Agreement or that otherwise secures the repayment of the Loan.

1.4. "Financial Statements" means the financial statements of Borrower (and any other persons on whose financial capacity Lender has relied in making this Loan) as may be required by Lender from time to time, including operating statements, balance sheets, and any other financial reports and information that Lender may require.

1.5. "Governmental Authority" means the United States of America, the State of California, the County of Sacramento, the City of Sacramento or any other political subdivision, agency, department, commission, board, bureau, or instrumentality of any of them.

1.6. "Governmental Requirement" means any law, ordinance, order, rule, regulation, plan, ruling, determination or requirement of a Governmental Authority.

1.7. "Loan" is the loan from Lender to Borrower made pursuant to this Loan Agreement.

1.8. "Loan Agreement" means this Loan Agreement including Article I and II, all Exhibits attached to this Loan Agreement (which are incorporated in this Loan Agreement by this reference) and the Loan Documents which are not otherwise included in this definition.

1.9. "Loan Documents" means the Note, this Loan Agreement, and all other documents evidencing, securing, or relating to the Loan.

1.10. "Loan Maturity Date" means the date on which the entire unpaid balance of the Loan, including principal and interest, is due and payable.

1.11. "Loan Proceeds" means funds disbursed by Lender on account of the Loan and pursuant to this Loan Agreement.

1.12. "Note" means that certain promissory note evidencing the Loan and attached hereto as Exhibit 2.

1.13. "Permanent Loan" means the permanent financing obtained by Borrower.

1.14. "Person" means any natural person, corporation, firm, partnership, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

1.15. "Potential Default" means an event that would constitute an Event of Default but for any requirement of notice to be given or period of grace or time to elapse.

1.16. "Project" means the Property as developed for the use stated in Article I, including, without limitation, all existing buildings, improvements, and appurtenances on the Property, all work of demolition and rehabilitation to be conducted on the Property, and all improvements, additions, and replacements constructed or placed at any time on the Property.

2. **SECURITY.** Lender's Loan will be secured by Borrower's pledge of Work Product.

3. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Lender to enter into this Loan Agreement and to make the Loan to Borrower, Borrower unconditionally, and each signatory who signs on its behalf, to the extent of their actual knowledge, represents and warrants to Lender, as of the Effective Date, as follows:

3.1. **LEGAL ORGANIZATION.** Borrower is duly formed and validly exists in the form stated in Article I, is qualified to do business in California, and has full power to consummate the transactions contemplated.

3.2. **BORROWER'S POWERS.** Borrower has full power and authority to execute this Loan Agreement, the Note, and all of the other Loan Documents, to undertake and consummate the contemplated transactions, and to pay, perform, and observe all of the conditions, covenants, agreements, and obligations.

3.3. **BINDING OBLIGATION.** This Loan Agreement, the Note, and each of the other Loan Documents constitute a legal and binding obligation of, and is valid and enforceable against, each party other than Lender, in accordance with the terms of each.

3.4. **LITIGATION.** There are no actions, suits, or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower, the Property, or any part of it, or involving the validity or enforceability of any of the other Loan Documents, at law or in equity, or before or by any Governmental Authority. Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any court or other Governmental Authority.

3.5. **NO VIOLATION.** The consummation of the transactions covered by this Loan Agreement and the payment and performance of all of the obligations in the Loan Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, contract, loan or credit agreement, corporate charter, bylaws, partnership agreement, trust agreement, or other instrument to which Borrower or any of its general partners is a party or by which it or they or the Property may be bound or affected.

3.6. **NO DEFAULT.** There is no Event of Default or Potential Default on the part of Borrower.

3.7. **NO UNAPPROVED LOANS.** Borrower has not received financing for the Project except as has been specifically disclosed to and approved by Lender in writing.

3.8. **TAXES PAID.** Borrower has filed all required Federal, State, County, and City tax returns and has paid all taxes due and owing. Borrower knows of no basis for additional assessments with respect to any taxes, other than the lien of taxes not yet due.

3.9. ACCURACY. All applications, Financial Statements, reports, documents, instruments, information, and forms of evidence delivered to Lender concerning the Loan or required by this Loan Agreement or any of the other Loan Documents are accurate, correct, and sufficiently complete to give Lender true and accurate knowledge of their subject matter, and do not contain any untrue statement of a material fact or omit any material fact necessary to make them not misleading.

4. BORROWER'S COVENANTS AND CONDITIONS. From the Effective Date until payment and performance in full of all obligations of Borrower under this Loan Agreement, the Note, the Security Documents, and the other Loan Documents or the earlier release of the liens of the Loan Documents (and all related obligations) in accordance with the terms of this Loan Agreement, the Note, the Security Documents, and the other Loan Documents, Borrower hereby covenants and agrees with Lender that:

4.1. USE OF LOAN PROCEEDS. Borrower shall use Loan Proceeds solely on a reimbursement basis for pre-development financing of Property and such specific Property costs as Lender may approve in writing in advance.

5. LOAN. Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount, to finance the purposes and uses of pre-developing the Project subject to the terms, conditions, representations, warranties, and covenants, all as stated in this Loan Agreement.

5.1. PRINCIPAL AMOUNT. The principal amount of the Loan shall be the Loan Amount.

5.2. USE OF LOAN FUNDS. Loan funds shall be used only for purposes specified in this Loan Agreement.

5.3. LOAN TERMS. The Loan is made pursuant to the Loan Program and is subject to the laws, rules and regulations of the Loan Program. Lender agrees to disburse the Loan Proceeds in the manner and subject to the limitations stated in this Loan Agreement. Interest, at the Interest Rate, shall accrue on each disbursement of Loan Proceeds commencing on the date on which each such disbursement is made. Repayment of the loan shall be made, in payments of principal and interest, in lawful tender of the United States, in accordance with the Payment Schedule.

5.4. NOTE. The Loan is evidenced by the Note executed by Borrower in favor of Lender and delivered to Lender upon execution.

6. PERFORMANCE CONDITIONS. The following are conditions precedent to performance under this Loan Agreement:

6.1. CONDITIONS TO LENDER'S PERFORMANCE. Lender's obligation to perform under this Loan Agreement is subject to all of the following conditions: (a) Borrower has performed all of its obligations then to be performed pursuant to this Loan Agreement; (b) Borrower has met the applicable Special Provisions, if any; (c) Borrower's representations and warranties in this Loan Agreement are true and correct as of the date of this Loan Agreement; (e) this Loan Agreement continues to be in full force and effect, no default on the part of Lender has occurred under this Loan Agreement, and no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Borrower under this Loan Agreement; and (f) Lender has approved the Approval Documents.

6.2. CONDITIONS TO BORROWER'S PERFORMANCE. Borrower's obligation to perform under this Loan Agreement is subject to satisfaction of all of the following conditions: (a) Lender's representations and warranties in this Loan Agreement are correct as of the date of this Loan Agreement; and (d) no event has occurred that, with the giving of notice or the passage of time, will constitute a default by Lender under this Loan Agreement.

7. COMMISSIONS. Lender is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

8. CONDITIONS PRECEDENT TO LOAN DISBURSEMENT. The obligation of Lender to make any disbursements of Loan Proceeds shall be subject to the following conditions precedent:

8.1. No Event of Default or Potential Default of Borrower has occurred and is continuing;

8.2. The representations and warranties in the Loan Documents are correct as of the date of the requested disbursement;

8.3. Borrower has paid Lender all fees, if any, then due to Lender, and Borrower has submitted to, and Lender has approved in writing, all documents, records, statements, certificates, reports, and other materials and information then required to be submitted to Lender for approval under this Loan Agreement;

8.4. Borrower has delivered to Lender all funds, documents, instruments, policies, evidence of satisfaction of conditions, and other materials then due or otherwise requested by Lender under the Loan Documents;

8.5. There is no legal action threatened or pending against Borrower or affecting the Property or any Additional Collateral;

8.6. If Borrower has obtained a loan commitment from a financial institution (or other lender approved by Lender in its sole discretion) to make the Permanent Loan, Lender has approved the loan commitment. For Lender to approve such commitment it must provide (a) that Lender will have notice of, and a reasonable opportunity to cure, any Borrower defaults, and (b) it does not require any change in the Loan or Loan Documents;

8.7. Borrower has filed all tax returns required to be filed and paid all taxes due, which, if unfiled or unpaid, might adversely affect Lender's security under the Security Documents; and

8.8. Borrower has provided proof of all insurance required by this Loan Agreement.

9. **MAKING DISBURSEMENT.** Lender shall make disbursement as provided in the Disbursement Terms.

10. **DEFAULTS.** At the option of Lender, each of the following events will constitute a default (each an "Event of Default"):

10.1. Failure to comply with the terms of the Loan Documents, including without limitation, the failure to make any payment under the Loan when due;

10.2. Borrower's failure to comply with any Governmental Requirement; provided, however that Borrower's right to challenge the Governmental Requirement is not abridged;

10.3. Borrower's failure to keep in full force any permit, license, consent, or approval with respect to the Project, unless Borrower has renewed the same or otherwise cured the lapse prior to Lender's issuance of a notice of the default;

10.4. The filing of any lien against the Property, if the claim of lien continues for thirty (30) days without discharge, satisfaction, or the making of provision for payment (including bonding) to the satisfaction of Lender; and

10.5. The attachment, levy, execution, or other judicial seizure of any portion of the Property, or any substantial portion of the other assets of Borrower, that is not released, expunged, bonded, discharged, or dismissed within thirty (30) days after the attachment, levy, execution, or seizure.

11. **REMEDIES**

11.1. **OPTION TO ACT.** At any time upon or after the occurrence of any Event of Default, in addition to its other rights in this Loan Agreement or in any of the other Loan Documents, at law, or in equity, Lender may, without prior demand, exercise any one or more of the following rights and remedies:

11.1.1. Terminate its obligation to make disbursements;

11.1.2. Declare the Note and all other sums owing to Lender with respect to the other Loan Documents immediately due;

11.1.3. Make any disbursements after the happening of any one or more of the Events of Default, without waiving its right to demand payment of the Note and all other sums owing to Lender with respect to the other Loan Documents or any other rights or remedies and without liability to make any other or further disbursements, regardless of Lender's previous exercise of any rights and remedies;

11.1.4. Proceed as authorized at law or in equity with respect to the Event of Default, and in connection with that, remain entitled to exercise all other rights and remedies described in this Loan Agreement;

11.1.5. Make any unauthorized payment from Loan Proceeds or other funds of Lender that may be reasonably necessary to protect Lender's rights under this Loan Agreement; and

11.1.6. Recover its funds expended in exercising or enforcing any of its rights or remedies under any of the Loan Documents, together with interest at the Default Rate from the date the funds were spent until repaid.

12. RIGHTS CUMULATIVE, NO WAIVER. All of Lender's rights and remedies provided in this Loan Agreement or in any of the other Loan Documents are cumulative and may be exercised by Lender at any time. Lender's exercise of any right or remedy will not constitute a cure of any Event of Default unless all sums then due to Lender under the Loan Documents are repaid and Borrower has cured all other Events of Default. No waiver will be implied from Lender's failure to take, or delay in taking, any action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver under any of the Loan Documents must be in writing and will be limited to its specific terms.

12.1. DISCLAIMER. Whether Lender elects to employ any of the remedies available to it in connection with an Event of Default, Lender will not be liable for the continuation or protection of the Project; the payment of any expense incurred in connection with the exercise of any remedy available to Lender or the Project; or the performance or nonperformance of any other obligation of Borrower.

13. COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE. Borrower shall carry insurance in at least the amounts set forth below in this Section 13, subsections a through d, effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times work is performed in connection with the project. Such insurance coverage must list the Lender as an additional insured, and must be approved in writing by Lender 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 Lender 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 Lender; and
- d. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Lender, whichever amount is greater.

13.1. INSURANCE PROVISIONS. Each policy of insurance required under this Loan Agreement shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII or better, 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. Each policy shall contain the following provisions as applicable, unless otherwise approved by Lender's legal counsel in writing in advance.

13.1.1 ADDITIONAL INSURED. Borrower shall obtain a policy in ISO form CG 20 33, or equivalent, naming Lender as additional insured under the Commercial General Liability Policy at the same limits as required in section 16.1.2, above.

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

13.1.3. **CERTIFIED POLICY COPY.** Borrower shall provide Lender with a certified copy of each required policy of insurance, upon request by Lender. Borrower shall provide Lender with a Certificate of Insurance of Insurance for each policy on the applicable ACORD form. And, specific sections of the policy may be requested by Lender for review. The ACORD form shall not substitute for the policy, if the policy is requested. The most current ACORD 25-S "Certificate of Liability Insurance shall be used for liability insurance.

13.2. **CANCELLATION.** Each policy shall bear an endorsement precluding cancellation or termination of the policy or reduction in coverage unless Lender has been given written notice of such intended action at least thirty (30) days prior to its effective date. In the alternative to such endorsement, Borrower will provide Lender with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is Borrower's responsibility to notify Lender of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, Borrower shall notify Lender within forty-eight (48) hours of such cancellation or non-renewal.

Borrower's Initials

13.3. **FAILURE TO MAINTAIN.** If Borrower fails to obtain or maintain, or cause to be obtained and maintained, any insurance required by this Loan Agreement, Lender shall have the right to purchase the insurance on Borrower's behalf, and Borrower shall promptly reimburse the full cost of such insurance to Lender. If Borrower fails to reimburse Lender for insurance, the amount of unpaid reimbursement shall bear interest, at the maximum rate permissible under the law, until paid.

14. MISCELLANEOUS

14.1. **FEDERAL REQUIREMENTS.** If any Loan Program is federally funded, Borrower shall comply with all laws, rules, regulations and funding requirements that govern the use of such funds. Lender shall fully cooperate with, and assist Borrower in fulfillment of such obligations. If Lender, as a result of actions of Borrower, shall be obligated to repay the Loan Program any amount of the Loan Proceeds, Borrower shall make such repayment on account of Lender and failure to do so shall be an Event of Default.

14.2. **NATURE OF REPRESENTATIONS AND WARRANTIES.** Borrower certifies to Lender that all representations and warranties made in this Loan Agreement and all other Loan Documents are true and correct in all material respects and do not contain any untrue statement of a material fact or omit any material fact necessary to make the representations and warranties not misleading. All representations and warranties will remain true and correct in all material respects and will survive so long as any of Borrower's obligations have not been satisfied or the Loan or any part of it remains outstanding, and for any applicable statute of limitations period. Each request by Borrower for a disbursement will constitute an affirmation that all representations and warranties remain true and correct as of the date of that request. Each representation and warranty made in this Loan Agreement, in any other Loan Documents, and in any other document delivered to Lender by Borrower, will be deemed to have been relied on by Lender, regardless of any investigation, inspection, or inquiry made by Lender or any related disbursement made by Lender. The representations and warranties that are made to the best knowledge of Borrower have been made after diligent inquiry calculated to ascertain the truth and accuracy of the subject matter of each representation and warranty.

14.3. **NO WAIVER.** No failure or delay on the part of Lender in exercising any right or remedy under the Loan Documents will operate as a waiver nor will Lender be estopped to exercise any right or remedy at any future time because of any such failure or delay. No express waiver will affect any matter other than the matter expressly waived and that waiver will be

operative only for the time and to the extent stated. Waivers of any covenant, term, or condition in this Loan Agreement will not be construed to waive any subsequent breach of the same covenant, term, or condition.

14.4. NO THIRD PARTIES BENEFITED. This Loan Agreement 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 funds of Lender or held by Lender on account of this Loan.

14.5. NOTICES. Borrower irrevocably appoints Lender as its agent (the agency being coupled with an interest) to file for record any notices that Lender deems necessary or desirable to protect its interests under this Loan Agreement or under the Loan Documents. All notices shall be given in accordance with law. Notices to be given under this Loan Agreement shall be in writing and sent to the addresses stated above by one or more of the following methods, unless otherwise required by law.

(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, 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 its fax number or to such other address as Borrower or Lender may respectively designate by written notice to the other.

14.6. ACTIONS. Lender will have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties, or the disbursement of any funds under this Loan Agreement. In connection with that, Lender may incur and pay costs and expenses, including, without limitation, reasonable attorney fees. Borrower agrees to pay to Lender on demand all these expenses, and Lender is authorized to disburse funds from any account for that purpose. This Section does not apply to actions or proceedings between the parties.

14.7. ASSIGNMENT. The terms of this Loan Agreement will be binding on and inure to the benefit of successors and assigns of the parties. However, Borrower shall not assign this Loan Agreement or any interest it may have in the monies due without the prior written consent of Lender, in Lender's sole discretion. However, if there is an assignment, conveyance, or encumbrance, Lender may nevertheless at its option continue to make disbursements under this Loan Agreement to Borrower or to those who succeed to Borrower's title, and all sums so disbursed will be deemed to be disbursements under this Loan Agreement and not modifications. Lender may at any time assign the Loan Documents and its interest in any accounts to any political subdivisions or successor in interest to Lender, provided that the assignee will assume the obligations of Lender, and Lender will have no further obligation of any nature. In that case, the provisions of this Loan Agreement will continue to apply to the Loan, and the assignee will be substituted in the place and stead of Lender, with all rights, obligations, and remedies of Lender, including, without limitation, the right to further assign the Loan Documents.

14.8. PREPAYMENT. Borrower may prepay the Loan only on and subject to the terms and conditions in the Note. Borrower shall have no rights to receive, and under no circumstances will Borrower receive repayment of any fees previously paid to Lender.

14.9. NONLIABILITY FOR NEGLIGENCE, LOSS, OR DAMAGE. Borrower acknowledges, understands, and agrees as follows:

14.9.1. The relationship between Borrower and Lender is, and will at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect,

supervise, pass judgment on, or inform Borrower of the quality, adequacy, or suitability of the Project work, except as to matters which are made mandatory on Lender by the Loan Documents.

14.9.2. Lender will not be responsible or liable to Borrower for any loss or damage of any kind to person or property whether suffered by Borrower or any other person or group of persons or for negligent, faulty, inadequate, or defective building or construction, and Borrower will hold Lender harmless from any liability, loss, or damage for these things.

14.10. **CONTROLLING LAW; VENUE.** The Loan Documents will be governed by and construed in accordance with California law. The venue for any legal action or proceeding will be in the County of Sacramento, California

14.11. **CONSENTS AND APPROVALS.** All consents and approvals by Lender required or permitted by any provision of this Loan Agreement will be in writing. Lender's consent to or approval of any act by Borrower requiring further consent or approval will not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

14.12. **SURVIVAL OF WARRANTIES AND COVENANTS.** The warranties, representations, conditions, covenants, and agreements in this Loan Agreement and in the other Loan Documents will survive the making of the Loan and the execution and delivery of the Note and will continue in full force until the Loan has been paid in full. Nothing in this Section is intended to limit any other provision of the Loan Documents that by their stated terms survive the repayment of the Indebtedness or the termination of any Loan Document.

14.13. **LOAN EXPENSES.** Borrower will pay directly any expenses related to the Loan, and will hold Lender free from any cost, liability, or obligation of any nature in connection with it, including reasonable attorney fees incurred by Lender. Borrower further agrees to pay on demand all out-of-pocket costs and expenses reasonably incurred by Lender including, without limitation, the fees and disbursements of Lender's outside counsel, in connection with: (i) the administration of the Loan, including, without limitation, all approvals or consents given or contemplated to be given under the Loan Documents, and all amendments to the Loan Documents requested by Borrower; and (ii) the enforcement of any rights or remedies under the Loan Documents. All costs and expenses, together with interest at the Interest Rate, will be added to the principal balance of the Loan.

14.14. **NO REPRESENTATIONS BY LENDER.** By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Lender pursuant to this Loan Agreement or pursuant to the Loan Documents, Lender will not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of it or of any particular term, provision, or condition of it, and any acceptance or approval will not be or constitute any warranty or representation by Lender.

14.15. **AMENDMENT.** The Loan Documents and the terms of each of them may not be modified, waived, discharged, or terminated except by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge, or termination is asserted.

14.16. **TERMINATION.** Except as otherwise provided in the Loan Documents, all rights and obligations under this Loan Agreement will terminate except as to any accrued obligations effective on the payment of all Indebtedness owing by Borrower to Lender.

14.17. **COUNTERPARTS.** The Loan Documents may be executed in any number of counterparts and by different parties in separate counterparts, each of which when executed and delivered will be deemed an original and all of which counterparts taken together will constitute one and the same instrument.

14.18. **SEVERABILITY.** If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

14.19. **CAPTIONS.** All Article and Section headings in the Loan Documents are inserted for convenience of reference only and do not constitute a part of the Loan Documents for any other purpose.

14.20. **INDEMNITY.** Borrower agrees to defend, indemnify, and hold Lender harmless from all losses, damages, liabilities, claims, actions, judgments, costs, and reasonable attorney fees that Lender may reasonably incur as a direct or indirect consequence of the making of the Loan, Borrower's failure to perform any obligations as and when required by this Loan Agreement or any of the other Loan Documents, the failure at any time of any of Borrower's representations or warranties to be true and correct, or any act or omission by Borrower, any contractor, subcontractor, engineer, architect, or other Person with respect to the Property, the Project, or any portion of them. Borrower will pay immediately on Lender's demand any amounts owing under this indemnity, together with interest at the lesser of the Default Rate or the maximum rate permitted by law from the date Lender makes a payment or incurs a loss. Borrower's duty to indemnify Lender will survive the release and cancellation of the Note.

14.21. **FURTHER ASSURANCES.** At Lender's request and at Borrower's expense, Borrower will execute, acknowledge, and deliver all other instruments and perform all other acts necessary, desirable, or proper to carry out the purposes of the Loan Documents.

14.22. **DISCLOSURE OF INFORMATION.** If Lender elects to sell the Loan, Lender may forward to assignee of the Loan all documents and information related to the Loan in Lender's possession, including without limitation all Financial Statements, whether furnished by Borrower or otherwise.

14.23. **LENDER'S AGENTS.** Lender may designate agents or independent contractors to exercise any of Lender's rights under the Loan Documents. Any reference to Lender in any of the Loan Documents will include Lender's employees, agents, and independent contractors.

14.24. **INTEGRATION AND INTERPRETATION.** The Loan Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations. Any reference to the Property or Project in any of the Loan Documents will include all or any portion of them. Any reference to the Loan Documents themselves in any of the Loan Documents will include all amendments, renewals, or extensions approved by Lender.

14.25. **NUMBER, IDENTITY AND GENDER.** When the context and construction so require, all words used in the singular will be deemed to have been used in the plural and vice versa. When the context and construction so require, all words which indicate a gender will be deemed to have been used to indicate the gender as indicated by the context.

THE PARTIES HAVE EXECUTED THIS LOAN AGREEMENT in Sacramento, California as of the date first written above.

BORROWER :
THE RELATED COMPANIES OF CALIFORNIA, LLC, A
CALIFORNIA LIMITED LIABILITY COMPANY

LENDER:
SACRAMENTO HOUSING AND REDEVELOPMENT
AGENCY, A JOINT POWERS AGENCY

By: _____
Ann Silverberg
Vice President

By: _____
La Shelle Dozier, Executive Director

Approved as to form:

Lender Counsel

Exhibit 1: Legal Description

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

Parcel 1:

All that portion of Lot 61, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County, described as follows:

Beginning at the point of intersection of the Southerly line of Fifth Avenue (now Broadway), and the Easterly line of 39th Street, said point being the Northwesterly corner of said Lot 61; thence running Southerly along the Westerly line of said Lot 61, a distance of 60 feet to the Southwesterly corner of said Lot; thence Easterly along the Southerly line of said Lot 61, a distance of 87 ½ feet; thence Northerly parallel with the Westerly line of said Lot 61, a distance of 60 feet to the Southerly line of Fifth Avenue (now Broadway); thence Westerly along the Southerly line of Fifth Avenue (now Broadway) and the Northerly line of said Lot 61, a distance of 87 ½ feet to the place of beginning.

APN: 014-0172-001-0000

Parcel 2:

The North 40 feet of Lot 63, as shown on the "Map of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

APN: 014-0172-023-0000

Parcel 3:

The South 30 feet of the West 85 feet of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

APN: 014-0172-024-0000

Parcel 4:

A portion of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

Beginning at the Northwesterly corner of said Lot 62; thence Easterly along the Northerly line of said lot, 85 feet; thence at right angles Southerly 30 feet; thence at right angles Westerly 85 feet to the Westerly line of said Lot 62; thence Northerly in a direct line to the point of beginning.

014-0172-025-0000

Parcel 5:

The East 40 feet of the West 127.5 feet of Lot 61, and the East 42 ½ feet of the West 127.5 feet of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded in Book 5 of Maps, Map No. 36, records of said County.

APN: Portion of 014-0172-030-000

Parcel 6:

Lots 61 and 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded in Book 5 of Maps Map No. 36, records of said County.
Except the Westerly 127.5 feet of said Lots.

APN: Portion of 014-0172-030-0000

Exhibit 2: Funding Requirements

HOME Funding and Other Federal Requirements Rental Project

These "HOME Funding and Other Federal Requirements" are attached to the Loan Documents (Loan Agreement and Regulatory Agreement), and are incorporated in the Loan Documents. The capitalized terms used in these HOME and Other Federal Funding Requirements shall have the meanings below in the body of these HOME Funding and other Federal Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these HOME Funding and Other Federal Requirements that are not defined below are defined in the Loan Documents. References to the CFR are to the Code of Federal Regulations. Project specific restrictions are set forth in Section 3 of this Regulatory Agreement.

1. **Definitions.** For the purposes of the Loan Documents and in addition to the definitions made elsewhere in the Loan Documents, the following capitalized words and phrases contained in this Contract shall have the following meanings: "HOME" is the federal HOME Investment Partnership program (Catalogue of Federal Domestic Assistance FDA 14.239) administered by the U.S. Department of Housing and Urban Development.

a. The "HOME Requirements" are the laws, rules and regulations which are specifically applicable to this contract. A substantial portion of the Federal Requirements included in this Attachment 2.

b. "Exhibits" to this Exhibit 2 contain a substantial portion of the Federal Requirements, and are incorporated into this Agreement in the form of a Compact Disc (CD) or uploaded to a shared cloud file.

Borrower acknowledges receipt of the Exhibits by initialing here: ____.

The Exhibits included the following:

- i. Exhibit 1 – HOME Regulations: 24 Code of Federal Regulations (CFR) Part 92.
- ii. Exhibit 2 – Requirements for nonprofit subgrantees; 2 CFR §200.70; Appendix VIII to 2 CFR Part 200
- iii. Exhibit 3 –Restrictions on Lobbying; 24 CFR Part 87; see also 2 CFR §200.450
- iv. Exhibit 4- Federal Labor Standards Provisions: 29 CFR Part 5

2. **Recitals.** The Agency Funding includes proceeds of the federal HOME Investment Partnerships Act ("HOME") and its implementing regulations (commencing at 24 CFR Part 92) ("HOME Funds"). The Agency has approved the Agency Funding on condition that the property described in the Loan Documents ("Property") is rehabilitated or developed as residential rental property ("Project") with certain units regulated in accordance with laws, rules and regulations regarding the use of HOME funds for the benefit of low-income persons ("HOME Restricted Units") by recordation of these HOME Funding and Other Federal Restrictions as covenants running with the land. HOME Restricted Units are made affordable by such regulation to persons and households that qualify as low-income or very low-income as indicated in the table in Section 3 of the Regulatory Agreement.

3. **Use of HOME Funds.** Owner shall assure that the HOME Funds are used only for qualified uses. HOME Funds may only be used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations; to provide tenant-based rental assistance, including security deposits; to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations, all as further defined in 24 CFR §§ 92.205-92.209. The HOME Funds shall not be used for project reserve accounts except as expressly authorized or to provide operating subsidies.

Owner shall not utilize the Project for explicitly religious activities, including activities that involve overt religious content such as worship, religious instruction, or proselytization, and to the extent that Owner engages in such explicitly religious activities, it shall perform such activities and offer such services outside of the program pursuant to which Owner is developing the Project pursuant to this Agreement. The Owner further represents that the Project units are available to all persons regardless of religion, religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice; and that there are no religious or membership criteria for tenants of the Property.

4. **Section 3 Requirements.** Owner shall ensure compliance with the following Section 3 Requirements. The terms used in this Section shall have the meanings assigned to them in 24 CFR Part 135. Further, Owner shall ensure all Covered Contracts, as defined in 24 CFR Part 135, related to the Project contain the provisions set forth in this Section 4, subsections a through f (the "Section 3 Clause"):

a. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

b. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

c. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

d. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

e. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

f. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

g. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and sub contracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

5. **Property Standards.** Upon completion, the Project will comply with the applicable property standards of 24 CFR § 92.251. For the term of these Funding Requirements, Owner shall provide Agency access at all reasonable times for inspection to assure compliance with such standards. Such provisions are generally as follows:

a. If the Project is new construction, it must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b. All other HOME-assisted housing (such as acquisition) must meet all applicable State and local housing quality standards and code requirements.

c. The housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 United States Code (USC) Section 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 USC §§ 3601et. seq.).

d. Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280. These standards pre-empt State and local codes covering the same aspects of performance for such housing. Also, installation of manufactured housing units must comply with applicable State and

local laws or codes, or in the absence of such laws or codes, the participating jurisdiction must comply with the manufacturer's written instructions for installation of manufactured housing units. Manufactured housing that is rehabilitated using HOME funds must meet the requirements set out in Section 4.a.

e. Owner must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401.

6. **Lead-Based Paint.** Owner shall comply with the Lead-Based Paint Poisoning Prevention Act (42 USC §4821et. seq.), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §4851et. seq.), and implementing regulations.

7. **Affordability Requirements.** Owner shall assure that the of HOME Restricted Units shall be rented at or below the following rates:

a. Low-Income Units shall be rented for amounts that do not exceed thirty percent (30%) of sixty-five percent (65%) of the Sacramento Metropolitan Statistical Area median income ("Median Income"), as determined annually by the federal Department of Housing and Urban Development ("HUD"), as adjusted for family size appropriate to the size and number of bedrooms in the respective HOME Restricted Unit, provided however that if the tenant is paying for utilities and services for the HOME Restricted Unit, the rent shall not exceed the maximum amount calculated as set forth in this subdivision minus a monthly allowance for utilities and services as set forth in the maximum monthly allowances for utilities and services established and updated annually by the Agency pursuant to 24 CFR §92.252(d).

b. Very Low-Income Units shall be rented for amounts that do not exceed thirty percent of fifty-percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective HOME Restricted Unit, provided however that if the tenant is paying for utilities and services for the HOME Restricted Unit, the rent shall not exceed the maximum amount calculated as set forth in this subdivision minus a monthly allowance for utilities and services as set forth in the maximum monthly allowances for utilities and services established and updated annually by the Agency pursuant to 24 CFR §92.252(d).

c. Notwithstanding any other provision, the maximum rent on any HOME-Restricted Unit shall not exceed the "Fair Market Rent" as established by HUD under 24 CFR §888.111.

d. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of HOME-Restricted Units by the bedroom sizes stated in the Regulatory Agreement.

e. Such maximum rent limits shall be recalculated periodically after HUD determination of the Fair Market Rent or the Median Income; provided, however, that the rents are not required to be lower than the initial rent for the HOME-Restricted Units. Owner shall give tenants not less than thirty (30) days' notice of a change in rents.

f. The Agency shall review and approve rents proposed by Owner for the HOME Restricted Units, subject to the maximum rent limitations as set forth in section 6(a), (b) and (c) of this Agreement. The Agency will provide Owner with information on updated HOME rent limits. Owner must annually provide the Agency with information on rents and occupancy of HOME Restricted Units to demonstrate compliance with this Section 6. The Agency must review rents for compliance and approve or disapprove them every year.

g. The foregoing affordability requirements may, with the consent of the Agency, terminate on foreclosure or deed in lieu of foreclosure; provided, however, that the affordability requirements will revive according to the original terms if the Owner at the time of foreclosure, or any entity that includes such Owner or anyone with whom such Owner has or had family or business ties, obtains an ownership interest in the Project or Property.

8. **Occupancy Requirements.** Owner shall assure that all HOME Restricted Rental Units shall be initially occupied by households earning less than sixty-five percent (65%) of the Median Income, as verified by the Agency. Notwithstanding any other provision, if five or more units in the Project are HOME-Restricted Units, not less than twenty percent of the HOME-Restricted Units shall be Very Low-Income Units and shall be occupied by families whose annual income does not exceed fifty-percent (50%) of the Median Income. If a tenant of a HOME-Restricted Unit no longer qualifies as for the HOME-Restricted Unit as a result of an increase in family income, the HOME-Restricted Unit continues to qualify under these Funding Requirements so long as actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with these Funding Requirements until the noncompliance is corrected. Such tenants shall pay as rent the lesser of the amount payable by the tenant under State or local law or thirty percent (30%) of the family's adjusted income, except that tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to section 42 of the Internal Revenue Code of 1986 (26 USC Section 42) must

pay rent governed by such section. In addition, for projects where HOME units are designated as floating pursuant to 24 CFR §92.252(j), tenants who no longer qualify as low-income are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood. If the HOME-Restricted Units are not occupied by eligible tenants within six months following the date of Project completion, Owner shall, in accordance with the requirements of 24 CFR §92.252, submit marketing information to Agency and to HUD and, if appropriate, submit a marketing plan. If any HOME-Restricted Unit has not been rented to eligible tenants 18 months after the date of project completion, Owner shall repay the HOME funds invested in such HOME-Restricted Unit to HUD.

9. Income Verification. Owner shall fully cooperate with Agency by requiring every prospective tenant of a HOME Restricted Unit to provide to Owner, prior to initial occupancy of a HOME-Restricted Unit and annually, all information required to verify income-eligibility of the prospective tenant to assure income eligibility in accordance with 24 CFR § 92.203. For the initial eligibility determination, Owner shall cause the tenant to provide the Agency with at least two months of source documents evidencing annual income (by way of example, wage statement, interest statement, unemployment compensation statement) for the family. Thereafter, Owner shall cause the tenant to provide the Owner with such source documents; a written statement of the amount of the family's annual income and family size, with a certification that the information is complete and accurate and assurance that the family will provide source documents upon request; or a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family, stating the tenant's family size and the amount of the family's annual income or alternatively, stating the current dollar limit for very low or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed such limit.

10. Tenant Protections; Lease Provisions. Owner shall comply with the following provisions for protection of tenants in HOME-Restricted Units.

a. Owner shall enter into an initial lease with a tenant of a HOME-Restricted Unit for not less than one year, unless by mutual agreement between the tenant and the Owner and not required by Owner as a condition of entering into the lease. Such lease shall not contain any of the following provisions, in addition to any other applicable requirements of law:

i. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;

ii. Agreement by the tenant that the Owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties; excepting an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit that is in accordance with State law;

iii. Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

iv. Agreement of the tenant that the Owner may institute a lawsuit without notice to the tenant;

v. Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

vi. Agreement by the tenant to waive any right to a trial by jury;

vii. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

viii. Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

ix. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

b. An Owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, the Owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

c. Owner must adopt and follow written tenant selection policies and criteria that:

i. Limit the housing to very low-income and low-income families;
ii. Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);

iii. Limit eligibility or give a preference to a particular segment of the population if required in the Loan Documents (and only if the limitation or preference is described in the Agency's consolidated plan).

1. Any limitation or preference must not violate nondiscrimination requirements in 24 CFR §92.350. A limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a Federal program that limits eligibility to a particular segment of the population (e.g., the Housing Opportunity for Persons with AIDS program under 24 CFR Part 574, the Shelter Plus Care program under 24 CFR Part 582, the Supportive Housing program under 24 CFR Part 583, supportive housing for the elderly or persons with disabilities under 24 CFR Part 891), and the limit or preference is tailored to serve that segment of the population.

2. If the Project does not receive funding from a Federal program that limits eligibility to a particular segment of the population, the project may have a limitation or preference for persons with disabilities who need services offered at a project only if:

a. The limitation or preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain housing;

b. Such families will not be able to obtain or maintain themselves in housing without appropriate supportive services; and

c. Such services cannot be provided in a non-segregated setting. The families must not be required to accept the services offered at the Project. In advertising the Project, Owner may advertise the Project as offering services for a particular type of disability; however, the Project must be open to all otherwise eligible persons with disabilities who may benefit from the services provided in the Project.

iv. Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

v. Give prompt written notification to any rejected applicant of the grounds for any rejection.

d. Owner shall not refuse to lease a HOME-Restricted unit to a certificate or voucher holder under 24 CFR Part 982 – Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the tenant as a holder of such certificate, voucher or comparable certification.

11. Unit Quality & Determination of Cost Allocation. OWNER shall assure that HOME Restricted Units assisted with HOME Funds must be comparable in size and amenities to other units in the Project. If the assisted and non-assisted units are comparable in terms of size, features and number of bedrooms, the actual cost of the HOME Restricted units can be determined by pro-rating the total HOME eligible development costs of the Project so that the proportion of the total development costs charged to the HOME program does not exceed the proportion of the HOME Restricted units in the Project. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of cost allocation.

12. Compliance With Loan Documents. Owner shall comply with any and all applicable provisions of the Loan Agreement for so long as they continue to be in effect.

13. Repayment On Default Or Early Termination. If the Agency determines the Project does not comply with HOME requirements for affordability as specified in 24 CFR §§ 92.252 or 92.254; or if the Project is terminated before completion, either voluntarily or otherwise; or if Owner does not comply with these funding restrictions; or if the Project is determined to be an ineligible activity under HOME, Owner must repay to Agency any HOME Funds invested in the Project upon demand.

14. Program Income. If Project income is considered to be HOME program income, it shall nevertheless be paid to or retained by Owner in accordance with the agreement between Agency and Owner.

15. Administrative Requirements. Owners that are governmental or non-profit organizations shall comply with the provisions of 24 CFR §92.505 regarding uniform administrative requirements. Owner shall cooperate fully with the

Agency and provide all documents and records required by Agency in preparing for HOME related audits. Owner shall comply with all applicable requirements under HOME, including without limitation, recordkeeping and reporting.

16. Governmental Entities, Non-Profits, CHDOS. Special HOME regulations apply to an Owner that is governmental or non-profit entities or a community housing development organization. Such Owner is responsible for knowledge of and shall fully comply with such regulations.

17. Term. These covenants shall burden and regulate the HOME Restricted Units assisted with HOME Funds for the following term as applicable, unless a longer term is specified in the body of the document to which this attached:

- a. For rehabilitation or acquisition of existing housing, five (5) years if the subsidy for each of HOME-Restricted Unit is less than \$15,000;
- b. For ten (10) years if such subsidy is \$15,000 or more but not more than \$40,000;
- c. For fifteen (15) years if such subsidy is more than \$40,000 or if the project involves refinancing of an existing loan; and
- d. For new construction or acquisition of newly constructed housing, twenty (20) years.

18. No Termination On Recapture. Notwithstanding any other provisions of the Regulatory Agreement, the provisions of this HOME Funding and Other Federal Restrictions shall continue for the duration of the applicable preceding term.

Exhibit 3: Note Form

UNSECURED PROMISSORY NOTE
PREDEVELOPMENT LOAN AGREEMENT
39TH AND BROADWAY
(3023, 3025 and 3021 39th Street and 3900 and 3908 Broadway)

ARTICLE I TERMS AND DEFINITIONS:

BORROWER HAS MADE THIS PROMISSORY NOTE ("NOTE") AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note, in addition to attachments and Exhibits listed below includes Article II Note Provisions, which is attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in this Article I Terms and Definitions and as defined in Article II Note Provisions. (Terms being defined are indicated by quotation marks. If an item in a table in this Article 1 is marked "None, Not Applicable, N/A" or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrowers making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
"Effective Date" and "Loan Date"	June 15, 2021
"Lender"	Sacramento Housing and Redevelopment Agency, a joint powers agency
"Borrower"	The Related Companies of California, LLC
"Borrower Legal Status"	California limited liability company
"Loan Agreement"	The Loan Agreement between the Borrower and Lender as of the Loan Date for making of the loan ("Loan") evidenced by this Note
"Principal Amount"	Five Hundred Thousand Dollars and No Cents (\$500,000.00)
"Interest Rate"	Zero Percent (0%)
"Special Terms"	None
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
"Maturity Date"	The Maturity Date for the Loan shall be the date which is the earlier to occur of: (i) December 31, 2022 or extended upon mutual agreement; or (ii) the close of the \$6,120,000 construction and permanent loan from Lender to Borrower for the Project ("Construction Loan"). Upon Borrower's satisfaction of all conditions precedent to the funding of the Construction Loan for the Property, the Loan Proceeds not yet repaid to Lender pursuant to the Note shall be paid off in full with the loan proceeds from such Construction Loan, and be secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan and full repayment of the Loan, the Note will be released. For the avoidance of doubt, the \$6,120,000 Construction Loan is inclusive of the \$500,000 Predevelopment Loan proceeds.

"WORK PRODUCT"	<p>The Work Product for the Loan shall be the following:</p> <ol style="list-style-type: none"> 1. Any and all architectural drawings, including drawings prepared by sub-consultants to the Architect ("Mogavero Architects") under the Architect's Agreement between The Related Companies of California, LLC ("TRCC"), Borrower, or related entity, and Mogavero Architects, along with any drawings or reports engaged directly by TRCC, Borrower, or related entity, with respect to the Project; and 2. Any and all engineer drawings, including drawings prepared by sub-consultants to the Engineer ("[To be Determined Engineer]") under the Engineer's Agreement between TRCC, Borrower, or related entity and [TBD] Engineer, along with any drawings or reports engaged directly by TRCC, Borrower, or related entity, with respect to the Project.
"PAYMENT SCHEDULE"	<p>The unpaid balance of the Note is due and payable on the Maturity Date, including without limitation all unpaid principal, fees and charges.</p>

ARTICLE II NOTE PROVISIONS:

FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the date of each advance by Lender to Borrower at the Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under the Loan Agreement. The terms and covenants of the Loan Agreement are incorporated in this Note by reference.
2. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:
 - a. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan;
 - b. Lender discovers that Borrower had made any misrepresentations or failed to disclose any fact in the Loan Agreement or this Note that would affect the interests of Lender;
 - c. Borrower defaults or breaches any of the terms of Loan Agreement or this Note;
 - d. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, hypothecation, exchange, gift, inheritance or other means, without prior written consent of Lender; and
 - e. The occurrence of any of the following:
 - 1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, its inability to pay its debts as they mature or making a general assignment of or entering into any arrangement to restructure debt with creditors;
 - 2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower; and
 - 3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

3. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.

4. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.

5. During the existence of default or delinquency under the terms of this Note, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.

6. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.

Borrower:
THE RELATED COMPANIES OF CALIFORNIA, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

By: _____
Ann Silverberg
Vice President



Effective Date: June 15, 2021

The Related Companies of California, LLC
Ann Silverberg, CEO NorCal Affordable
44 Montgomery Street, Suite 1300
San Francisco, CA 94104

RE: Conditional Loan Commitment for 39th and Broadway Senior Apartments

Dear Ms. Silverberg:

On behalf of Sacramento Housing and Redevelopment Agency (SHRA) and the Housing Authority of the City of Sacramento (Housing Authority or HACS) (collectively, Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of funds listed in the chart below for the purpose of financing the acquisition, construction and development of that certain real property known as 39th and Broadway Senior Apartments located at 3031, 3023 and 3025 39th Street, and 3900, 3908 and 3916 Broadway, Sacramento, California 95817 (Property). Please note, the parcel addressed as 3916 Broadway is excluded from the seller carryback land loan given this parcel is owned by another party.

SHRA AND HOUSING AUTHORITY LOANS	
DESCRIPTION	AMOUNT
SHRA Predevelopment Loan (HOME funds) ¹	\$ 500,000
SHRA Construction and Permanent Loan (HOME funds)	\$ 5,620,000
HACS Seller Carryback Land Loan (Housing Authority funds) ²	\$ 180,000
Total SHRA and HACS Loans to Developer	\$ 6,300,000

¹The terms of the Predevelopment Loan are incorporated in Section 7 of this Commitment.

²HACS Seller Carryback Land Loan is \$180,000 or an amount justified by an updated fair market value 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 **December 31, 2022**, or extended upon mutual agreement.

1. **PROJECT DESCRIPTION:** The 39th and Broadway Senior Apartments is new construction of a three-story residential building, including 43 units comprised of seven studios and 36 one-bedroom units, a community room, management offices, laundry facilities, community garden and courtyard patio with a shade structure. The site is comprised of six parcels separated by 39th Street La Solidar Way Alley (Alley). To the west of the Alley are the five parcels on a 0.55-acre vacant site, located at 3031, 3023 and 3025 39th Street, and 3900 and 3908 Broadway, owned by the Housing Authority. The sixth parcel located to the east of the Alley is a 0.22-acre vacant site, located at 3916 Broadway, owned by All Nations Church in Christ, where 16 vehicle spaces will be built for resident use. When completed, this development will be managed in conjunction with the Arbors at Oak Park, an existing/adjacent 56-unit senior development developed and owned by the Developer. Exterior design elements from the Arbors at Oak Park have been replicated to integrate the two sites.
2. **BORROWER:** The name of the Borrower for the Loan is The Related Companies of California, LLC, a California limited liability corporation, or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the following:
 - a. SHRA HOME loan: Six Million One Hundred Twenty Thousand Dollars and No Cents (\$6,120,000.00), which is inclusive of the Five Hundred Thousand Dollars and No Cents (\$500,000.00) Predevelopment Loan with terms described in Section 7 of this Commitment, or a lesser amount to be determined prior to close of the Loan based on a project budget approved by Agency; and
 - b. Housing Authority seller carryback land loan of \$180,000 (One Hundred Eighty Thousand Dollars and No Cents) or an amount justified by an updated fair market value appraisal.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 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%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **PREDEVELOPMENT LOAN**
The following terms and conditions will apply to the Predevelopment Loan:
- a. Project: 39th and Broadway
 - b. Borrower: The Related Companies of California, LLC, a California limited liability corporation, or related entity.
 - c. Predevelopment Loan: The principal amount of the Agency's Predevelopment Loan is comprised of HOME program funds associated 3023, 3025 and 3021 39th Street and 3900 and 3908 Broadway, Sacramento, California 95817 is Five Hundred Thousand Dollars and No Cents (\$500,000.00) with a zero percent interest rate (0.00%).
 - d. The Maturity Date for the Predevelopment Loan shall be the date which is the earlier to occur of: (i) December 31, 2022 or extended upon mutual agreement; or (ii) the close of the \$6,120,000 construction and permanent loan from Lender to Borrower for the Project ("Construction Loan"). Upon Borrower's satisfaction of all conditions precedent to the funding of the Construction Loan for the Property, the Loan Proceeds not yet repaid to Lender pursuant to the Note shall be paid off in full with the loan proceeds from such Construction Loan, and be secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan and full repayment of the Loan, the Note will be released. For the avoidance of doubt, the \$6,120,000 Construction Loan is inclusive of the \$500,000 Predevelopment Loan proceeds.
 - e. Subordination: The Predevelopment Loan may be subordinated to any new Agency debt that is recorded against the property.
8. **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.
9. **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: HOME and Housing Authority Funds. 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.



10. **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)

11. **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.
12. **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.
13. **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.
14. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the approximate amount of no less than \$13,600,000 in Low Income Housing Tax Credit Equity and no less than \$350,000 in deferred developer fee. If LIHTC equity goes below \$13,600,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.
15. **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.
16. **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) Tax Credit 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.
17. **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.
18. **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.
19. **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 disbursal 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.



20. **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.
21. **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.
22. **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.
23. **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.
24. **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.

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. 9.6 and 9.7 (or CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (or CLTA endorsement no. 116) 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:
- a. Coordinator: Four (4) hours per week (maximum)
 - b. Senior Programming: Balance of minimum eleven (11) hours per week shall include, but are not limited to:
 - i. Education classes such as nutrition, exercise, health resources, health insurance application assistance and annual onsite health fair.
 - ii. Socialization activities such as bingo, gardening and community building events.
 - iii. Other services such as transportation assistance and counseling assistance.
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:

The Related Companies of California, LLC,
a California limited liability company

By: _____
Ann Silverberg, Vice President

Attachment:
Exhibit 1 - Scope of Development and Rental Property Minimum Construction Standards



Exhibit 1 - Scope of Development

39th and Broadway Senior Apartments

PROJECT DESCRIPTION:

This 39th and Broadway Senior Apartments (Project) is new construction of a three-story affordable senior residential building, including 43 residential units, a community room, management offices, and laundry facilities. The residential units are a mix of seven (7) studios and thirty-seven (36) one-bedroom units. The site is comprised of two properties that are separated by an alley. To the west of the alley is a 0.55-acre site owned by SHRA. The site to the east of the alley is owned by All Nations Church in Christ and is 0.22 acres. The SHRA site consists of two parcels, one of which is zoned C-1-PD and other zoned R-1. The east parcel is zoned C-1-PD. The building will be constructed on the north side of the west parcel within the C-1 zoned area, with the exception of three (3) stacked one-bedroom units to be built on the R-1 portion of the site.

A small maintenance building will also be located within the R-1 zone to service the main building and shield the outdoor space from the parking and alley traffic. Four tuck-under parking spaces and two additional parking spaces are provided on the west parcel adjacent to the alley and 16 spaces will be constructed on the east parcel, which is consistent with zoning. When completed, this development will be managed in conjunction with the Arbors Senior Apartments, an existing/adjacent 56-unit senior development developed and owned by the team responsible for the Project. Exterior design elements from the Arbors - massing, articulation and materials - have been replicated to integrate the two sites. Gross building square footage is approximately 35,511 and unit square footage is approximately 22,833.

Landscape improvements include a community garden, a courtyard patio and shade structure adjacent to the community room, stormwater detention areas, and street trees and other planting adjacent to the public right of way along 39th and Broadway. A tiered planting plan including a colorful pallet of flowering shrubs, grasses and trees will be used to screen the parking at the east parcel adjacent to Broadway. The landscaping plan satisfies the City's open space requirements and the planting plan at the east parcel meets the City's shading requirements for the proposed parking.

I. MITIGATION MEASURES:

Borrower/Owner will adhere to the Mitigation Measures required and detailed in the following reports by Nichols Consulting Engineering:

1. Remedial Work Plan (i.e., soil vapor remediation),
2. Operations and Maintenance Plan, and
3. Mitigation, Monitoring and Reporting Plan.



II. BUILDING EXTERIORS:

1. **Asphalt Pavements:** 22 parking spaces are proposed, representing a parking ratio of 0.51 per unit. ADA required spaces will be provided. With the exception of four (4) tuck-under spaces.
2. **Open Space:** The project exceeds the city's requirements for open space. The current plan includes 6,100 SF of open space. The requirement by code is 4,400 SF.
3. **Site Lighting:** The site will include Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
4. **Non-Smoking:** The Project is 100% non-smoking.
5. **Landscaping and Courtyard:** Landscaping will be designed with drought tolerant plants and trees. Trees will be planted in the parking lot to meet City shading requirements. Landscaped areas will be serviced by a programmable irrigation system. A courtyard is proposed at the center of the U-shaped building and will function as an extension of the community room. The courtyard will be programmed during the design development phase. We would expect there to be BBQ areas and seating areas. We are proposing a small community garden, but this will be more fully explored once we develop the plan for stormwater retention.
6. **Mailboxes:** New mailboxes will be installed in at the building entrance.
7. **Site Fencing:** A 6'-0" high wood fence along any property line that abuts an existing single family residence and a metal picket fence to enclose the parking lot.
8. **Stormwater:** The development will comply with storm water requirements.
9. **Roof:** The building will have a flat roof and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment. We will use a cool roof to passively counteract the warm conditions of Sacramento County.
10. **Siding:** The building exterior will be a combination of stucco and cementitious siding material.
11. **Offsite Improvements:** The Borrower will comply with City requirements for the offsite improvements as reflected in the building permit issued for the project and the stamped plan set.
12. **Stairs:** To be interior (2-hour rated enclosure) wood-framed stairs with slip resistant surfacing.



III. BUILDING INTERIORS:

1. **Americans with Disabilities Act (ADA) Units:** A minimum of 10% of the units will be accessible with mobility features, and 4% of the units will include communications features for persons with hearing or vision impairment to comply with TCAC's requirements. All other units will conform the requirements of the California Building Code, Chapter 11A for Adaptable units.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units, offices and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination (Energy Star Rated), electric stove and range, dishwasher (Energy Star Rated) and a garbage disposal.
5. **Bathtubs and Toilets:** The project will be bid with standard tub/shower enclosures and an add/alternate to install roll-in showers at the wood-framed units and at the ground floor units. We will make a determination once the bids have been collected about whether to integrate roll-in showers. Restrooms will have water efficient toilet and fixtures, and bath accessories. Tub surrounds will be one unbroken piece per wall.
6. **Doors (Interior and Exterior):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, and viewers. Dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Microwave Shelves, Counters and Sinks:** Plywood cabinets, shelving for microwaves and outlet for microwave (with the exception of ADA units), solid surface or granite countertops and stainless steel sinks will be installed in the kitchen. Bathrooms will have the same cabinets and countertops as the kitchen and the porcelain sinks will be installed.
8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows.
11. **Electrical and Lighting:** All apartments will have high efficiency LED lighting, ceiling fans (Energy Star Rated), exhaust fans vented to the exterior and bathroom humidistat fans.



12. **Flooring:** Apartment interiors will have vinyl plank (LVP) at least 12 mils flooring throughout, except in bathrooms where they will have vinyl sheet flooring.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.
14. **HVAC & Plumbing Systems:** Each apartment will have its own split system air conditioning and forced air heat, or similar, with its own thermostat. A gas-fired central boiler augmented by solar thermal panels will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.
15. **Low Voltage Wiring:** All units will be wired for access to cable, satellite and internet service.

IV. COMMUNITY AMENITIES:

1. **Management Office and Lobby:** The furnished management office and lobby will have energy efficient lighting and HVAC systems. Flooring will be a commercial grade carpet.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** Two community restroom will be provided either within the community room or in an adjacent location and will be ADA compliant, with low-flow bathroom fixtures. Wainscotting and the flooring material will be tile.
4. **Community Room located on the 1st Floor:** To meet SHRA's requirements for 1,200 SF of community space, we have converted the 1bdm unit adjacent to the offices to community space. All common area spaces will be ADA compliant. Kitchen equipment integrated into the space will be energy star rated and will include a refrigerator, stove, microwave, dishwasher and a garbage disposal. The countertops will be granite or solid surface. Flooring material will be vinyl plank (LVP) minimum of 20 mils thick.
5. **Elevator:** One hydraulic elevator will be installed.
6. **Laundry Facility:** Each of the three floors will have a laundry room containing two washers and two dryers (total of three laundry sets). The laundry rooms will be sized to provide the proper clearances for ADA and will include an ADA compliant washer and dryer per floor. Flooring will be a vinyl sheet to provide a cleanable, impervious surface.
7. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.
8. **Trash Collection:** The plan includes a primary trash collection area with trash chutes provided for upper floors located in the southeast portion of the site and accessible at the alley by the trash collector.
9. **Recycle:** The project will comply with any requirements for recycling.



- 10. Bicycle parking:** The project will comply with the City's requirements for bike parking.
- 11. Security Cameras:** A web-based security camera system will be included to monitor the primary ingress/egress points to and from the site, as well as parking lots and indoor and outdoor common areas where people will be congregating.
- 12. Community Garden:** An approximately 350 SF community garden is proposed. The size of the community garden may be impacted by the storm water management requirements.

Attachment 1: Lender's Minimum Construction Standards follows and is incorporated in this Scope of Development.



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.



RESOLUTION NO. 2021 -

Adopted by the Housing Authority of the City of Sacramento

on date of

June 15, 2021

39TH AND BROADWAY SENIOR APARTMENTS (PROJECT): APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT (DDA), RELATED DOCUMENTS AND LOAN COMMITMENT WITH THE RELATED COMPANIES OF CALIFORNIA OR RELATED ENTITY (DEVELOPER); EXECUTION OF THE DDA AND LOAN COMMITMENT; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority), as successor to the Redevelopment Agency of the City of Sacramento, owns the five parcels listed below located in the Oak Park neighborhood; collectively, Housing Authority Property:
1. 3021 39th Street (APN 014-0172-025-0000),
 2. 3023 39th Street (APN 014-0172-024-0000),
 3. 3025 39th Street (APN 014-0172-023-0000),
 4. 3900 Broadway Sacramento (APN 014-0172-001-0000), and
 5. 3908 Broadway Sacramento (APN 014-0172-030-0000).
- B. On behalf of the Housing Authority, the Sacramento Housing and Redevelopment Agency (SHRA) issued a Request for Proposals on January 17, 2018 for an affordable housing developer to construct an affordable housing development on the Property. On April 10, 2018, a development team led by The Related Companies of California, or related entity (Developer) was selected to be awarded the Property.
- C. The Housing Authority and Developer desire to enter into 1) a Disposition and Development Agreement (DDA) to convey the Property to the Developer for \$180,000, the fair market value of the Property with the covenants, conditions, restrictions required by the DDA and Grant Deed; and 2) a Loan Commitment for the Seller Carryback Land Loan.
- D. The project has been found to be eligible for ministerial approval through SB35 and is therefore not subject to the California Environmental Quality Act (CEQA).
- E. The project is undergoing environmental review pursuant to the National Environmental Policy Act (NEPA) procedures at 24 CFR Part 58 and will be completed prior to expenditure of funds or committing any choice limiting action.

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 Housing Authority's sale of the Property will assist in the elimination of blight and increase the community's supply of low-income housing available at affordable rents no greater than 60% of area median income, as stated in the 33433 Report subject to approval in a separate resolution.
- Section 3.** As established in the 33433 Report, the consideration for the Housing Authority's conveyance of the Property to Developer is the found to be not less than the appraised fair market value at the use and with the covenants and conditions and costs of Developer's obligations under the DDA at the fair market value of the Property of \$180,000 in the form of a separate Seller Carryback Land Loan corresponding to the transferred Property as established in the 33433 Report and the DDA. Staff will return for approval of the Seller Carryback Loan documents.
- Section 4.** The DDA and \$180,000 Seller Carryback Land Loan Commitment (Loan Commitment), attached as Exhibits A and B to this Resolution, for the acquisition financing of the Project, are approved and the Executive Director, or her designee, is authorized to enter into, execute and transmit the DDA and Loan Commitment to the Developer.
- Section 5.** The Executive Director, or her designee, is authorized to enter into and execute other documents she deems necessary, as approved to form by its Office of the General Counsel, as well as amend the budget and perform other actions the Housing Authority deems necessary to fulfill the intent of the DDA and Loan Commitment that accompany this resolution, in accordance with their terms, and to ensure proper repayment of the Housing Authority funds including without limitation, subordination, restructuring and extensions consistent with SHRA adopted policies and with this resolution.
- Section 6.** The Housing Authority finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, the Executive Director, or her designee, is authorized to subordinate the Housing Authority loan to the senior loans.
- Section 7.** This resolution shall take effect immediately upon its adoption.

Table of Contents:

Exhibit A: Disposition and Development Agreement

Exhibit B: Loan Commitment

NO FEE DOCUMENT:

Entitled to free recording
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
Development Finance Division
801 12th Street
Sacramento, CA 95814

DISPOSITION AND DEVELOPMENT AGREEMENT

39TH AND BROADWAY

3021 39TH STREET, SACRAMENTO, CA 95817

3023 39TH STREET, SACRAMENTO, CA 95817

3025 39TH STREET, SACRAMENTO, CA 95817

3900 BROADWAY STREET, SACRAMENTO, CA 95817

3908 BROADWAY STREET, SACRAMENTO, CA 95817

HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

THE RELATED COMPANIES OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

June 15, 2021

DISPOSITION AND DEVELOPMENT AGREEMENT

39TH AND BROADWAY

3021 39TH STREET, SACRAMENTO, CA 95817

3023 39TH STREET, SACRAMENTO, CA 95817

3025 39TH STREET, SACRAMENTO, CA 95817

3900 BROADWAY STREET, SACRAMENTO, CA 95817

3908 BROADWAY STREET, SACRAMENTO, CA 95817

THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO (“Agency”), a public body, corporate and politic and THE RELATED COMPANIES OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (“Developer”) enter into this Disposition and Development Agreement (this “DDA”), as of June 15, 2021 (the “Effective Date”) and expires on December 31, 2022, or extended upon mutual agreement (“Expiration Date”). For purposes of this DDA, the capitalized terms shall have the meanings assigned in Section 17.

RECITALS

A. Agency is the owner of five parcels of real property located at: 3021 39th Street; 3023 39th Street; 3025 39th Street; 3900 Broadway Street; and 3908 Broadway Street, each located in the City of Sacramento, State of California, and more particularly described in the Property Description (the “Property”).

B. The Property is located in the Oak Park Neighborhood Redevelopment Project Area and is subject to the redevelopment plan for the Project Area. Further, Developer acknowledges that Developer is purchasing the Property from Agency which is a Redevelopment Agency formed and acting under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and that this document is governed by the Community Redevelopment Law. This DDA is consistent with, and furthers, the Redevelopment Plan and the “Implementation Plan” adopted for the Project Area in that it meets the following implementation plan goals: improving the quality of life in the City of Sacramento by eliminating the existence of blight, abandoned properties, board-ups, inconsistent uses, and properties that experience repeated calls for police services or otherwise constitute a nuisance. In accordance with Health & Safety Code Section 34312.3(b), Agency has held, or will hold, a public hearing to disclose the disposition of the Property. Upon disposition of the Property, proceeds will be used directly to assist the development of low income housing within Agency’s boundaries.

C. The primary purpose of this DDA is the elimination of the following blighting influences: hazardous materials. In order to accomplish such purpose, this DDA provides that Agency will transfer Agency’s interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.

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

AGREEMENT

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

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.

2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: a new construction development with residential buildings, including a community room and community kitchen, management offices, laundry facilities and 22 total vehicle parking spaces. The Project will be constructed on approximately 0.77 acres comprised of five Agency owned parcels located in the Oak Park neighborhood of Sacramento on 39th Street and Broadway. Developer will also acquire, either through fee title, lease or easement, the exclusive rights to use an adjacent parcel, located at 3916 Broadway, owned by All Nations Church for 16 parking spaces (the "Adjacent Parcel"). The Project will consist of 43 units with a mix of seven (7) studios and 36 one-bedroom units. Inclusive of this unit mix, one unit will be for management staff, with five (5) units at 30% Area Median Income (AMI), 17 units at 45% AMI, eight (8) units at 50% AMI and 12 units at 60% AMI. Any material changes to the Project description in this Section 2 will be subject to the Agency's approval. There is a Right of Way Easement overlapping a portion of the Housing Authority owned parcels, 3900 and 3908 Broadway, and a portion of the Adjacent Parcel.

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.

3.1. **PURCHASE PRICE.** The Purchase Price for the Property shall be One Hundred Eighty Thousand Dollars and No Cents (\$180,000.00) or an amount justified by an updated fair market value appraisal, and shall be payable by Developer's execution and delivery of the Promissory Note at the close of acquisition and construction financing, which will be repaid pursuant to the Funding Agreement as described in Section 4, below.

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

3.2.1. Developer has performed, or will timely perform, 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.

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

3.2.3. Developer's representations and warranties in this DDA are true and correct as of the Effective Date of this DDA and as of the Close of Escrow.

3.2.4. 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.

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

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

3.3.2. 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.

3.3.3. 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.

3.3.4. Developer shall have reviewed and approved the Condition of Title and the Title Company shall, upon payment of Title Company's regularly scheduled premium, shall have agreed to issue the Title Policy for the Property upon Close of Escrow.

3.3.5. Developer shall have obtained, and the Agency shall have approved Financing Plan and the Financing shall have closed and funded or be ready to close and fund concurrent with the applicable closing.

3.3.6. The Developer shall have approved the Site Conditions and shall not have elected to cancel Escrow and terminate this Agreement pursuant to Section 2.2 hereof, the RAP (as defined below), and the Agency Remedial Work shall have been completed as provided herein.

3.3.7. Developer shall have acquired, or will contemporaneously with the Close of Escrow, rights to the Adjacent Parcel.

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

3.4.1. AGENCY'S REPRESENTATIONS AND WARRANTIES. Agency represents and warrants to Developer that as of the date of this DDA and as of the Close of Escrow, the date for which is set forth on the Schedule of Performances, to the 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; provided, however nothing herein shall abrogate or diminish the Agency's obligation to perform the Agency Remedial Work (as hereinafter defined);

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.

3.4.2. 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;

3.4.3. 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, or will have, 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.

3.4.4. 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;

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, or long-term easement, of the Adjacent Property;

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.

3.4.5. 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. At the Close of Escrow, the Escrow Agent shall record the Grant Deed for the Property with instructions for the Recorder of Sacramento County, California to deliver the Grant Deed to the Developer. The Escrow Agent is authorized to allocate costs as follows: Each party shall pay its ad valorem taxes and assessments on the Site and insurance for the current year shall be prorated by the Escrow Agent as of the date of closing with the Agency responsible for those levied, assessed or imposed prior to closing and the Developer responsible for those after closing. If the actual taxes are not known at the date of closing, the proration shall be based upon the most current tax figures. When the actual taxes for the year of closing become known, Developer and Agency shall, within thirty days thereafter, reprorate the taxes in cash between the parties.

3.5. 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 unforeseen 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.

3.5.1. 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.

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

4. **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.

5. **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.

5.1. **EXTENT AND CHARACTER OF PLAN REVIEW.** Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Plans further the Redevelopment Plan; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by 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.

5.2. 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.

5.3. 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.

5.4. 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 SB 35 and any conditions of City approval of the project, unless otherwise fulfilled. Developer agrees that it will comply with the requirements of the City of Sacramento Site Plan and Design Review planning entitlement to the extent of its jurisdiction.

5.5. 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 Agency Clerk at the address for notices and shall have clearly marked on its exterior "URGENT: 39th & Broadway Senior Apartments PROJECT PLAN REVIEW" or the equivalent.

5.5.1. 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.

5.5.2. 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.

5.6. 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.

5.7. 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.

5.7.1. 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;
- e) Material changes in the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans;
- f) Material changes in quality of project or landscaping materials;
- g) Any change in public amenities specified in the Final Plans;
- h) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer; and
- i) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

5.7.2. MISREPRESENTATION. If Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by Developer or by anyone acting 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.

6. 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. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code a goal which is consistent with the purpose 3000) shall control.

6.1. 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, City'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.

6.2. CONSTRUCTION CONTRACTS. Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by 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 revested in Agency pursuant to Section 13.1, Developer shall assign all rights under the construction contracts to Agency.

6.3. 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 City of Sacramento. To assure proper review by the City, Developer shall, within thirty (30) days of obtaining all necessary funding sources, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, Developer shall obtain, or has obtained, a final Site Plan and Design Review planning entitlement before the City's Design Review/Preservation Board or its appropriate subcommittee for approval as soon as practicable. Conditions to the project imposed by the City shall be considered obligations of the Developer under this DDA. If a dispute with City staff arises regarding such City conditions, Developer shall accept the decision of the City's Planning and Design Commission interpreting, imposing and enforcing such City conditions, subject to any applicable appeals process of the Planning and Design Commission.

6.4. 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.

6.5. PAYMENT AND PERFORMANCE BONDS. As a condition precedent to beginning construction of the Project, the Developer shall provide Agency a copy of a performance bond obtained by Developer or Contractor in favor of the Developer as a named obligee, in form and amount as approved by Agency insuring the faithful completion of Developer's obligations to develop the Project under this DDA, and a copy of a payment bond obtained by Developer or Contractor in favor of the Developer as a named obligee, in form and amount as approved by Agency securing payment of all labor and material suppliers and subcontractors for the work as stated in the construction contract for the Project. The bonds shall be written with a surety listed as acceptable to the federal government on its most recent list of sureties. Developer shall assure compliance with all requirements of the surety. Developer shall permit no changes in the work to be performed by the Contractor and shall make no advance payments to the Contractor without prior written notice to the surety and Agency, if such change or payment could release the surety of its obligations under the bonds.

6.6. 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 5.7, without Agency approval of such changes as provided in Section 5.7.

6.7. 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.

6.8. PREVAILING WAGES. In accordance with Labor Code Section 1720(c)(4), so long as the sole and only public subsidy for the Project is from Agency's Low and Moderate Income Housing Fund, the Project is not subject to prevailing wages. Developer represents to Agency that Developer has obtained no other public subsidy for the Project. If Developer obtains another public subsidy, Developer shall pay prevailing wages for the Project in accordance with the public subsidy funding requirements. Therefore, Developer indemnifies, holds harmless and defends 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. In accordance with Labor Code Section 1720(c)(6)(E)), so long as the public subsidy for the Project consists of below market rate loans, and the Project restricts occupancy on at least 40% of the units for at least 20 years to individuals or families earning no more than 80% of the area median income, the Project is not subject to prevailing wages. Developer represents to Agency that Developer has obtained no public subsidy for the Project that does not meet such criteria. If Developer obtains another non-qualifying public subsidy, Developer shall pay prevailing wages for the Project. Therefore, Developer indemnifies, holds harmless and defends 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. Unless stated otherwise above, Agency advises Developer that the Project is subject to the payment of prevailing wages under California law. Developer shall inform the Contractor and shall require the Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Agency's determination of the applicability of California prevailing wage requirements. Developer and Contractor have had the opportunity to 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. Developer and Contractor 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 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.

6.9. 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.

6.10. 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.

6.10.1. 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.

6.10.2. 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.

6.10.3. 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.

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

6.11. 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.

6.12. 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.

6.13. 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 City 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.

6.14. 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.

6.14.1. 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.

6.14.2. 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.

6.15. CONSTRUCTION PERIOD EXTENSION FEE. If after commencement of construction, Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, which is subject to the Expiration Date, 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.

6.16. 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.

6.17. 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.

6.18. 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.

6.19. 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.

6.20. HAZARDOUS SUBSTANCES. Agency has obtained Phase I and Phase II assessments, 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.

6.20.1. If Hazardous Substances are known to be on the Property as of the date of this DDA, Agency shall remediate such Hazardous Substances on the Property 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 (the "Agency Remedial Work") and shall use best efforts to complete the Agency Remedial Work on or before the date set forth in the Schedule of Performance; provided, however, Agency and Developer acknowledge and agree the Agency Remedial Work shall not include any soil vapor remediation at the Property, which, in the event Closing occurs, shall be undertaken by the Developer at Developer's sole cost and expense. In the event the Agency fails to complete the Agency Remedial Work as set forth on the Schedule of Performance, Agency and/or Developer may elect to terminate this Agreement. Agency shall deliver to Developer a remedial action plan ("RAP"), which RAP shall be approved by the oversight public agency.

6.20.2. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released 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.

6.21. 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.

7. 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.

7.1. 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 7.3); (b) firm and binding loan commitments (as provided in Section 7.2) 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.

7.2. 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.

7.3. EVIDENCE OF DEVELOPER EQUITY. Unless otherwise agreed in writing by Agency, Developer may provide evidence of equity in the amount of Thirteen Million Six Hundred Dollars and No Cents (\$13,600,000.00) 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 provision of financial statements prepared by a certified public accountant which show liquid assets available to the Project (and not subject to other existing or contingent claims) in the amount of One Hundred and Fifty Percent (150%) of the amount of the required equity. 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.

8. 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.

This indemnification provision shall survive the termination of this DDA.

9. 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.

10. COMMERCIAL GENERAL LIABILITY AND OTHER 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, insurance in at least the amounts set forth below in this Section, subsections a through d. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the Close of Escrow.

- 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.

11. PROPERTY INSURANCE. Borrower shall procure and maintain property insurance and for the life of the Regulatory Agreement 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 DDA 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 Twenty-Five Thousand Dollars (\$25,000.00).

12. INSURANCE PROVISIONS. Each policy of insurance required under this DDA shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII or better, 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. Each policy shall contain the following provisions as applicable, unless otherwise approved by Lender's legal counsel in writing in advance.

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

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

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

12.1.4. 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.

12.1.5. 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).

12.1.6. 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 10 with respect to such insurance shall otherwise be satisfied by such blanket policy.

13. 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.

13.1. 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.

13.2. RESALE OF REACQUIRED PROPERTY. Upon the re-vesting of title to the Property in accordance with Section 13.1, Agency shall use its best efforts to resell the Property, as soon and in such manner as Agency shall find feasible and consistent with the objectives of the Redevelopment Plan and the Community Redevelopment Law, 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:

13.2.1. 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 revesting); all taxes, assessments, and water and sewer charges with respect to the Property, or in the event the Property is exempt from such taxation or assessment during Agency's ownership, an amount equal to such taxes, assessment, or charges (as determined by local assessing authorities) as would have been payable if the Property were not so exempt; any payments necessary to discharge any encumbrances or liens existing on the Property at the time of such revesting or to discharge or prevent any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer; any expenditures made or obligations incurred with respect to completion of the Project; and any amounts otherwise owing Agency by the Developer.

13.2.2. 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.

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

13.3. LIQUIDATED DAMAGES. IF DEVELOPER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS PROVIDED IN THIS DDA BY REASON OF ANY DEFAULT OF DEVELOPER, SUBJECT TO ANY APPLICABLE NOTICE AND CURE PERIOD, 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 13.1, 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 \$500 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

13.4. 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.

13.5. 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.

13.6. 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.

14. 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.

14.1. **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]
[Address]

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 City of Sacramento and The Related Companies of California, LLC, a California limited liability company ("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]

14.2. **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.

14.3. **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.

14.4. **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.

14.5. 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.

14.5.1. 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.

14.5.2. 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.

14.6. 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.

14.7. 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.

14.8. 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.

14.9. 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.

14.10. 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.

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

15.1. LOAN AGREEMENT. The Funding Agreement governing the Seller Carryback Land Loan.

15.2. PROMISSORY NOTE. The promissory note evidencing the Seller Carryback Land Loan.

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

16.1. 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.

16.2. 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.

16.3. 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.

16.4. 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.

16.5. 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.

16.6. 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.

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

16.8. 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.

16.9. 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.

16.10. 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.

16.11. 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.

16.12. 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:

16.12.1. Addresses for notices are as follows:

a) Agency: Housing Authority of the City of Sacramento, 801 12th Street, Sacramento, California 95814, Attention: Portfolio Management.

b) Developer: The Related Companies of California, LLC, a California limited liability company, 44 Montgomery Street, Suite 1300, San Francisco, CA 94104, Attention: Ann Silverberg.

16.12.2. 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.

16.13. **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.

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

17.1. “Agency” is the Housing Authority of the City 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 City 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.

17.2. “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.

17.3. “Certificate of Completion” is the certificate issued by Agency certifying Developer’s completion of the Project and termination of the revestment provisions.

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

17.5. “Close of Escrow” is the time for the close of the Escrow as provided in the Escrow Instructions, established for the construction loan closing.

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

17.7. “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.

17.8. “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.

17.9. “Developer” is The Related Companies of California, LLC, a California limited liability company, a California limited liability company. The principal office of the Developer is located

at 44 Montgomery Street, Suite 1300, San Francisco, CA 94104. The principals of Developer are Ann Silverberg and William Witte.

17.10. "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.

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

17.12. "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.

17.13. "Funding Agreement" is the document that states the terms of the Seller Carryback Land Loan.

17.14. "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.

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

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

17.17. "Plans" are the Project designs and elevations, prepared by the Project architect Mogavero Architects and dated October 8, 2020, 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.

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

17.19. "Project Area" is the Oak Park Neighborhood Area, as defined in the Redevelopment Plan.

17.20. "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.

17.21. "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**.

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

17.23. "Redevelopment Plan" is the redevelopment plan for the Project Area (as it may be amended from time to time)

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

17.25. "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**.

17.26. "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**.

17.27. "Title Company" is the is Placer Title Company. Title Company is the insurer of title under this DDA and the Escrow holder. The Title Company address is Placer Title Company – Sacramento Commercial Division, 301 University Avenue, Suite 120, Sacramento, CA 95825.

17.28. "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: THE RELATED COMPANIES OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

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

By: _____
Ann Silverberg
Vice President

By: _____
La Shelle Dozier
Executive Director

Approved as to form:

Agency Counsel

EXHIBIT 1

Property Description

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

Parcel 1:

All that portion of Lot 61, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County, described as follows:

Beginning at the point of intersection of the Southerly line of Fifth Avenue (now Broadway), and the Easterly line of 39th Street, said point being the Northwesterly corner of said Lot 61; thence running Southerly along the Westerly line of said Lot 61, a distance of 60 feet to the Southwesterly corner of said Lot; thence Easterly along the Southerly line of said Lot 61, a distance of 87 ½ feet; thence Northerly parallel with the Westerly line of said Lot 61, a distance of 60 feet to the Southerly line of Fifth Avenue (now Broadway); thence Westerly along the Southerly line of Fifth Avenue (now Broadway) and the Northerly line of said Lot 61, a distance of 87 ½ feet to the place of beginning.

APN: 014-0172-001-0000

Parcel 2:

The North 40 feet of Lot 63, as shown on the "Map of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

APN: 014-0172-023-0000

Parcel 3:

The South 30 feet of the West 85 feet of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

APN: 014-0172-024-0000

Parcel 4:

A portion of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded March 15, 1904 in Book 5 of Maps, Map No. 36, records of said County.

Beginning at the Northwesterly corner of said Lot 62; thence Easterly along the Northerly line of said lot, 85 feet; thence at right angles Southerly 30 feet; thence at right angles Westerly 85 feet to the Westerly line of said Lot 62; thence Northerly in a direct line to the point of beginning.

014-0172-025-0000

Parcel 5:

The East 40 feet of the West 127.5 feet of Lot 61, and the East 42 ½ feet of the West 127.5 feet of Lot 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded in Book 5 of Maps, Map No. 36, records of said County.

APN: Portion of 014-0172-030-000

Parcel 6:

Lots 61 and 62, as shown on the "Plat of H. J. Goethe Company's Addition F to Sacramento", recorded in Book 5 of Maps Map No. 36, records of said County. Except the Westerly 127.5 feet of said Lots.

APN: Portion of 014-0172-030-0000

EXHIBIT 2**Schedule of Performances**

This schedule shall be updated in a manner mutually agreed by the parties if tax credits are not awarded in the Fall of 2021 and the Expiration Date as defined in the DDA.

Milestone	Schedule
Agency Delivers Remedial Action Plan to Developer	Summer 2021
Completion of Agency Remedial Work	Fall 2021
Developer submits 9% TCAC Application	Summer 2021
Developer receives 9% TCAC Allocation	Fall 2021
Developer provides Building Permits/Readiness Letter	Spring 2022
Agency Notice to Proceed	Spring 2022
Close of Escrow	Spring 2022
Developer begins Construction	Spring 2022
Developer begins Lease-up	Winter 2023
Developer completes Construction/Certificate of Occupancy	Spring 2024

EXHIBIT 3

Scope of Development

Scope of Development - 39th and Broadway Senior Apartments

PROJECT DESCRIPTION:

This 39th and Broadway Senior Apartments (Project) is new construction of a three-story affordable senior residential building, including 43 residential units, a community room, management offices, and laundry facilities. The residential units are a mix of seven (7) studios and thirty-seven (36) one-bedroom units. The site is comprised of two properties that are separated by an alley. To the west of the alley is a 0.55-acre site owned by SHRA. The site to the east of the alley is owned by All Nations Church in Christ and is 0.22 acres. The SHRA site consists of two parcels, one of which is zoned C-1-PD and other zoned R-1. The east parcel is zoned C-1-PD. The building will be constructed on the north side of the west parcel within the C-1 zoned area, with the exception of three (3) stacked one-bedroom units to be built on the R-1 portion of the site. A small maintenance building will also be located within the R-1 zone to service the main building and shield the outdoor space from the parking and alley traffic. Four tuck-under parking spaces and two additional parking spaces are provided on the west parcel adjacent to the alley and 16 spaces will be constructed on the east parcel, which is consistent with zoning. When completed, this development will be managed in conjunction with the Arbors Senior Apartments, an existing/adjacent 56-unit senior development developed and owned by the team responsible for the Project. Exterior design elements from the Arbors - massing, articulation and materials - have been replicated to integrate the two sites. Gross building square footage is approximately 35,511 and unit square footage is approximately 22,833.

Landscape improvements include a community garden, a courtyard patio and shade structure adjacent to the community room, stormwater detention areas, and street trees and other planting adjacent to the public right of way along 39th and Broadway. A tiered planting plan including a colorful pallet of flowering shrubs, grasses and trees will be used to screen the parking at the east parcel adjacent to Broadway. The landscaping plan satisfies the City's open space requirements and the planting plan at the east parcel meets the City's shading requirements for the proposed parking.

I. MITIGATION MEASURES:

Borrower/Owner will adhere to the Mitigation Measures required and detailed in the following reports by Nichols Consulting Engineering:

1. Remedial Work Plan (i.e., soil vapor remediation),
2. Operations and Maintenance Plan, and
3. Mitigation, Monitoring and Reporting Plan.

II. BUILDING EXTERIORS:

- 1. Asphalt Pavements:** 22 parking spaces are proposed, representing a parking ratio of 0.51 per unit. ADA required spaces will be provided. With the exception of four (4) tuck-under spaces.
- 2. Open Space:** The project exceeds the city's requirements for open space. The current plan includes 6,100 SF of open space. The requirement by code is 4,400 SF.
- 3. Site Lighting:** The site will include Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
- 4. Non-Smoking:** The Project is 100% non-smoking.
- 5. Landscaping and Courtyard:** Landscaping will be designed with drought tolerant plants and trees. Trees will be planted in the parking lot to meet City shading requirements. Landscaped areas will be serviced by a programmable irrigation system. A courtyard is proposed at the center of the U-shaped building and will function as an extension of the community room. The courtyard will be programmed during the design development phase. We would expect there to be BBQ areas and seating areas. We are proposing a small community garden, but this will be more fully explored once we develop the plan for stormwater retention.
- 6. Mailboxes:** New mailboxes will be installed in at the building entrance.
- 7. Site Fencing:** A 6'-0" high wood fence along any property line that abuts an existing single family residence and a metal picket fence to enclose the parking lot.
- 8. Stormwater:** The development will comply with storm water requirements.
- 9. Roof:** The building will have a flat roof and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment. We will use a cool roof to passively counteract the warm conditions of Sacramento County.
- 10. Siding:** The building exterior will be a combination of stucco and cementitious siding material.
- 11. Offsite Improvements:** The Borrower will comply with City requirements for the offsite improvements as reflected in the building permit issued for the project and the stamped plan set.
- 12. Stairs:** To be interior (2-hour rated enclosure) wood-framed stairs with slip resistant surfacing.

III. BUILDING INTERIORS:

1. **Americans with Disabilities Act (ADA) Units:** A minimum of 10% of the units will be accessible with mobility features, and 4% of the units will include communications features for persons with hearing or vision impairment to comply with TCAC's requirements. All other units will conform the requirements of the California Building Code, Chapter 11A for Adaptable units.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units, offices and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination (Energy Star Rated), electric stove and range, dishwasher (Energy Star Rated) and a garbage disposal.
5. **Bathtubs and Toilets:** The project will be bid with standard tub/shower enclosures and an add/alternate to install roll-in showers at the wood-framed units and at the ground floor units. We will make a determination once the bids have been collected about whether to integrate roll-in showers. Restrooms will have water efficient toilet and fixtures, and bath accessories. Tub surrounds will be one unbroken piece per wall.
6. **Doors (Interior and Exterior):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, and viewers. Dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Microwave Shelves, Counters and Sinks:** Plywood cabinets, shelving for microwaves and outlet for microwave (with the exception of ADA units), solid surface or granite countertops and stainless steel sinks will be installed in the kitchen. Bathrooms will have the same cabinets and countertops as the kitchen and the porcelain sinks will be installed.
8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows.
11. **Electrical and Lighting:** All apartments will have high efficiency LED lighting, ceiling fans (Energy Star Rated), exhaust fans vented to the exterior and bathroom humidistat fans.
12. **Flooring:** Apartment interiors will have vinyl plank (LVP) at least 12 mils flooring throughout, except in bathrooms where they will have vinyl sheet flooring.

13. Plumbing Fixtures: All apartments will have new water efficient plumbing fixtures.

14. HVAC & Plumbing Systems: Each apartment will have its own split system air conditioning and forced air heat, or similar, with its own thermostat. A gas-fired central boiler augmented by solar thermal panels will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.

15. Low Voltage Wiring: All units will be wired for access to cable, satellite and internet service.

IV. COMMUNITY AMENITIES:

1. Management Office and Lobby: The furnished management office and lobby will have energy efficient lighting and HVAC systems. Flooring will be a commercial grade carpet.

2. Ceilings and Walls: Low or no VOC paint will be used in all building interiors.

3. Community Restrooms: Two community restroom will be provided either within the community room or in an adjacent location and will be ADA compliant, with low-flow bathroom fixtures. Wainscoting and the flooring material will be tile.

4. Community Room located on the 1st Floor: To meet SHRA's requirements for 1,200 SF of community space, we have converted the 1bdm unit adjacent to the offices to community space. All common area spaces will be ADA compliant. Kitchen equipment integrated into the space will be energy star rated and will include a refrigerator, stove, microwave, dishwasher and a garbage disposal. The countertops will be granite or solid surface. Flooring material will be vinyl plank (LVP) minimum of 20 mils thick.

5. Elevator: One hydraulic elevator will be installed.

6. Laundry Facility: Each of the three floors will have a laundry room containing two washers and two dryers (total of three laundry sets). The laundry rooms will be sized to provide the proper clearances for ADA and will include an ADA compliant washer and dryer per floor. Flooring will be a vinyl sheet to provide a cleanable, impervious surface.

7. Signage: A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.

8. Trash Collection: The plan includes a primary trash collection area with trash chutes provided for upper floors located in the southeast portion of the site and accessible at the alley by the trash collector.

9. Recycle: The project will comply with any requirements for recycling.

- 10. Bicycle parking:** The project will comply with the City's requirements for bike parking.
- 11. Security Cameras:** A web-based security camera system will be included to monitor the primary ingress/egress points to and from the site, as well as parking lots and indoor and outdoor common areas where people will be congregating.
- 12. Community Garden:** An approximately 350 SF community garden is proposed. The size of the community garden may be impacted by the storm water management requirements.

Attachment 1: Lender's Minimum Construction Standards follows and is incorporated in this Scope of Development.

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.



Effective Date: June 15, 2021

The Related Companies of California, LLC
 Ann Silverberg, CEO NorCal Affordable
 44 Montgomery Street, Suite 1300
 San Francisco, CA 94104

RE: Conditional Loan Commitment for 39th and Broadway Senior Apartments

Dear Ms. Silverberg:

On behalf of Sacramento Housing and Redevelopment Agency (SHRA) and the Housing Authority of the City of Sacramento (Housing Authority or HACS) (collectively, Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of funds listed in the chart below for the purpose of financing the acquisition, construction and development of that certain real property known as 39th and Broadway Senior Apartments located at 3031, 3023 and 3025 39th Street, and 3900, 3908 and 3916 Broadway, Sacramento, California 95817 (Property). Please note, the parcel addressed as 3916 Broadway is excluded from the seller carryback land loan given this parcel is owned by another party.

SHRA AND HOUSING AUTHORITY LOANS	
DESCRIPTION	AMOUNT
SHRA Predevelopment Loan (HOME funds) ¹	\$ 500,000
SHRA Construction and Permanent Loan (HOME funds)	\$ 5,620,000
HACS Seller Carryback Land Loan (Housing Authority funds) ²	\$ 180,000
Total SHRA and HACS Loans to Developer	\$ 6,300,000

¹The terms of the Predevelopment Loan are incorporated in Section 7 of this Commitment.

²HACS Seller Carryback Land Loan is \$180,000 or an amount justified by an updated fair market value 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 **December 31, 2022**, or extended upon mutual agreement.

1. **PROJECT DESCRIPTION:** The 39th and Broadway Senior Apartments is new construction of a three-story residential building, including 43 units comprised of seven studios and 36 one-bedroom units, a community room, management offices, laundry facilities, community garden and courtyard patio with a shade structure. The site is comprised of six parcels separated by 39th Street La Solidar Way Alley (Alley). To the west of the Alley are the five parcels on a 0.55-acre vacant site, located at 3031, 3023 and 3025 39th Street, and 3900 and 3908 Broadway, owned by the Housing Authority. The sixth parcel located to the east of the Alley is a 0.22-acre vacant site, located at 3916 Broadway, owned by All Nations Church in Christ, where 16 vehicle spaces will be built for resident use. When completed, this development will be managed in conjunction with the Arbors at Oak Park, an existing/adjacent 56-unit senior development developed and owned by the Developer. Exterior design elements from the Arbors at Oak Park have been replicated to integrate the two sites.
2. **BORROWER:** The name of the Borrower for the Loan is The Related Companies of California, LLC, a California limited liability corporation, or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the following:
 - a. SHRA HOME loan: Six Million One Hundred Twenty Thousand Dollars and No Cents (\$6,120,000.00), which is inclusive of the Five Hundred Thousand Dollars and No Cents (\$500,000.00) Predevelopment Loan with terms described in Section 7 of this Commitment, or a lesser amount to be determined prior to close of the Loan based on a project budget approved by Agency; and
 - b. Housing Authority seller carryback land loan of \$180,000 (One Hundred Eighty Thousand Dollars and No Cents) or an amount justified by an updated fair market value appraisal.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 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%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.

7. **PREDEVELOPMENT LOAN**

The following terms and conditions will apply to the Predevelopment Loan:

- a. **Project:** 39th and Broadway
 - b. **Borrower:** The Related Companies of California, LLC, a California limited liability corporation, or related entity.
 - c. **Predevelopment Loan:** The principal amount of the Agency's Predevelopment Loan is comprised of HOME program funds associated 3023, 3025 and 3021 39th Street and 3900 and 3908 Broadway, Sacramento, California 95817 is Five Hundred Thousand Dollars and No Cents (\$500,000.00) with a zero percent interest rate (0.00%).
 - d. **The Maturity Date** for the Predevelopment Loan shall be the date which is the earlier to occur of: (i) December 31, 2022 or extended upon mutual agreement; or (ii) the close of the \$6,120,000 construction and permanent loan from Lender to Borrower for the Project ("Construction Loan"). Upon Borrower's satisfaction of all conditions precedent to the funding of the Construction Loan for the Property, the Loan Proceeds not yet repaid to Lender pursuant to the Note shall be paid off in full with the loan proceeds from such Construction Loan, and be secured by the security instruments, if any, executed by Borrower in connection therewith and shall be repaid pursuant to the terms of the documents evidencing such Construction Loan. Subject to the funding of the Construction Loan and full repayment of the Loan, the Note will be released. For the avoidance of doubt, the \$6,120,000 Construction Loan is inclusive of the \$500,000 Predevelopment Loan proceeds.
 - e. **Subordination:** The Predevelopment Loan may be subordinated to any new Agency debt that is recorded against the property.
8. **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.
9. **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: HOME and Housing Authority Funds. 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.



10. **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)

11. **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.
12. **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.
13. **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.
14. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the approximate amount of no less than \$13,600,000 in Low Income Housing Tax Credit Equity and no less than \$350,000 in deferred developer fee. If LIHTC equity goes below \$13,600,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.
15. **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.
16. **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) Tax Credit 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.
17. **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.
18. **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.
19. **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 disbursal 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.



20. **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.
21. **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.
22. **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.
23. **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.
24. **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.

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. 9.6 and 9.7 (or CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (or CLTA endorsement no. 116) 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:
- a. Coordinator: Four (4) hours per week (maximum)
 - b. Senior Programming: Balance of minimum eleven (11) hours per week shall include, but are not limited to:
 - i. Education classes such as nutrition, exercise, health resources, health insurance application assistance and annual onsite health fair.
 - ii. Socialization activities such as bingo, gardening and community building events.
 - iii. Other services such as transportation assistance and counseling assistance.
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:

The Related Companies of California, LLC,
a California limited liability company

By: _____

Ann Silverberg, Vice President

Attachment:

Exhibit 1 - Scope of Development and Rental Property Minimum Construction Standards



Exhibit 1 - Scope of Development

39th and Broadway Senior Apartments

PROJECT DESCRIPTION:

This 39th and Broadway Senior Apartments (Project) is new construction of a three-story affordable senior residential building, including 43 residential units, a community room, management offices, and laundry facilities. The residential units are a mix of seven (7) studios and thirty-seven (36) one-bedroom units. The site is comprised of two properties that are separated by an alley. To the west of the alley is a 0.55-acre site owned by SHRA. The site to the east of the alley is owned by All Nations Church in Christ and is 0.22 acres. The SHRA site consists of two parcels, one of which is zoned C-1-PD and other zoned R-1. The east parcel is zoned C-1-PD. The building will be constructed on the north side of the west parcel within the C-1 zoned area, with the exception of three (3) stacked one-bedroom units to be built on the R-1 portion of the site.

A small maintenance building will also be located within the R-1 zone to service the main building and shield the outdoor space from the parking and alley traffic. Four tuck-under parking spaces and two additional parking spaces are provided on the west parcel adjacent to the alley and 16 spaces will be constructed on the east parcel, which is consistent with zoning. When completed, this development will be managed in conjunction with the Arbors Senior Apartments, an existing/adjacent 56-unit senior development developed and owned by the team responsible for the Project. Exterior design elements from the Arbors - massing, articulation and materials - have been replicated to integrate the two sites. Gross building square footage is approximately 35,511 and unit square footage is approximately 22,833.

Landscape improvements include a community garden, a courtyard patio and shade structure adjacent to the community room, stormwater detention areas, and street trees and other planting adjacent to the public right of way along 39th and Broadway. A tiered planting plan including a colorful pallet of flowering shrubs, grasses and trees will be used to screen the parking at the east parcel adjacent to Broadway. The landscaping plan satisfies the City's open space requirements and the planting plan at the east parcel meets the City's shading requirements for the proposed parking.

I. MITIGATION MEASURES:

Borrower/Owner will adhere to the Mitigation Measures required and detailed in the following reports by Nichols Consulting Engineering:

1. Remedial Work Plan (i.e., soil vapor remediation),
2. Operations and Maintenance Plan, and
3. Mitigation, Monitoring and Reporting Plan.



II. BUILDING EXTERIORS:

1. **Asphalt Pavements:** 22 parking spaces are proposed, representing a parking ratio of 0.51 per unit. ADA required spaces will be provided. With the exception of four (4) tuck-under spaces.
2. **Open Space:** The project exceeds the city's requirements for open space. The current plan includes 6,100 SF of open space. The requirement by code is 4,400 SF.
3. **Site Lighting:** The site will include Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
4. **Non-Smoking:** The Project is 100% non-smoking.
5. **Landscaping and Courtyard:** Landscaping will be designed with drought tolerant plants and trees. Trees will be planted in the parking lot to meet City shading requirements. Landscaped areas will be serviced by a programmable irrigation system. A courtyard is proposed at the center of the U-shaped building and will function as an extension of the community room. The courtyard will be programmed during the design development phase. We would expect there to be BBQ areas and seating areas. We are proposing a small community garden, but this will be more fully explored once we develop the plan for stormwater retention.
6. **Mailboxes:** New mailboxes will be installed in at the building entrance.
7. **Site Fencing:** A 6'-0" high wood fence along any property line that abuts an existing single family residence and a metal picket fence to enclose the parking lot.
8. **Stormwater:** The development will comply with storm water requirements.
9. **Roof:** The building will have a flat roof and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment. We will use a cool roof to passively counteract the warm conditions of Sacramento County.
10. **Siding:** The building exterior will be a combination of stucco and cementitious siding material.
11. **Offsite Improvements:** The Borrower will comply with City requirements for the offsite improvements as reflected in the building permit issued for the project and the stamped plan set.
12. **Stairs:** To be interior (2-hour rated enclosure) wood-framed stairs with slip resistant surfacing.



III. BUILDING INTERIORS:

1. **Americans with Disabilities Act (ADA) Units:** A minimum of 10% of the units will be accessible with mobility features, and 4% of the units will include communications features for persons with hearing or vision impairment to comply with TCAC's requirements. All other units will conform the requirements of the California Building Code, Chapter 11A for Adaptable units.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units, offices and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination (Energy Star Rated), electric stove and range, dishwasher (Energy Star Rated) and a garbage disposal.
5. **Bathtubs and Toilets:** The project will be bid with standard tub/shower enclosures and an add/alternate to install roll-in showers at the wood-framed units and at the ground floor units. We will make a determination once the bids have been collected about whether to integrate roll-in showers. Restrooms will have water efficient toilet and fixtures, and bath accessories. Tub surrounds will be one unbroken piece per wall.
6. **Doors (Interior and Exterior):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, and viewers. Dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Microwave Shelves, Counters and Sinks:** Plywood cabinets, shelving for microwaves and outlet for microwave (with the exception of ADA units), solid surface or granite countertops and stainless steel sinks will be installed in the kitchen. Bathrooms will have the same cabinets and countertops as the kitchen and the porcelain sinks will be installed.
8. **Cellings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows.
11. **Electrical and Lighting:** All apartments will have high efficiency LED lighting, ceiling fans (Energy Star Rated), exhaust fans vented to the exterior and bathroom humidistat fans.



12. **Flooring:** Apartment interiors will have vinyl plank (LVP) at least 12 mils flooring throughout, except in bathrooms where they will have vinyl sheet flooring.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.
14. **HVAC & Plumbing Systems:** Each apartment will have its own split system air conditioning and forced air heat, or similar, with its own thermostat. A gas-fired central boiler augmented by solar thermal panels will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.
15. **Low Voltage Wiring:** All units will be wired for access to cable, satellite and internet service.

IV. COMMUNITY AMENITIES:

1. **Management Office and Lobby:** The furnished management office and lobby will have energy efficient lighting and HVAC systems. Flooring will be a commercial grade carpet.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** Two community restroom will be provided either within the community room or in an adjacent location and will be ADA compliant, with low-flow bathroom fixtures. Wainscotting and the flooring material will be tile.
4. **Community Room located on the 1st Floor:** To meet SHRA's requirements for 1,200 SF of community space, we have converted the 1bdrm unit adjacent to the offices to community space. All common area spaces will be ADA compliant. Kitchen equipment integrated into the space will be energy star rated and will include a refrigerator, stove, microwave, dishwasher and a garbage disposal. The countertops will be granite or solid surface. Flooring material will be vinyl plank (LVP) minimum of 20 mils thick.
5. **Elevator:** One hydraulic elevator will be installed.
6. **Laundry Facility:** Each of the three floors will have a laundry room containing two washers and two dryers (total of three laundry sets). The laundry rooms will be sized to provide the proper clearances for ADA and will include an ADA compliant washer and dryer per floor. Flooring will be a vinyl sheet to provide a cleanable, impervious surface.
7. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.
8. **Trash Collection:** The plan includes a primary trash collection area with trash chutes provided for upper floors located in the southeast portion of the site and accessible at the alley by the trash collector.
9. **Recycle:** The project will comply with any requirements for recycling.



10. **Bicycle parking:** The project will comply with the City's requirements for bike parking.
11. **Security Cameras:** A web-based security camera system will be included to monitor the primary ingress/egress points to and from the site, as well as parking lots and indoor and outdoor common areas where people will be congregating.
12. **Community Garden:** An approximately 350 SF community garden is proposed. The size of the community garden may be impacted by the storm water management requirements.

Attachment 1: Lender's Minimum Construction Standards follows and is incorporated in this Scope of Development.



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.

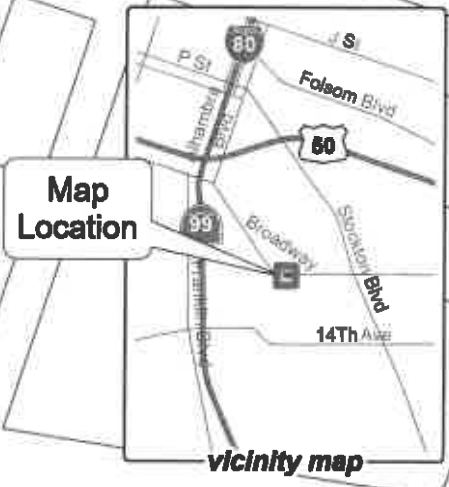
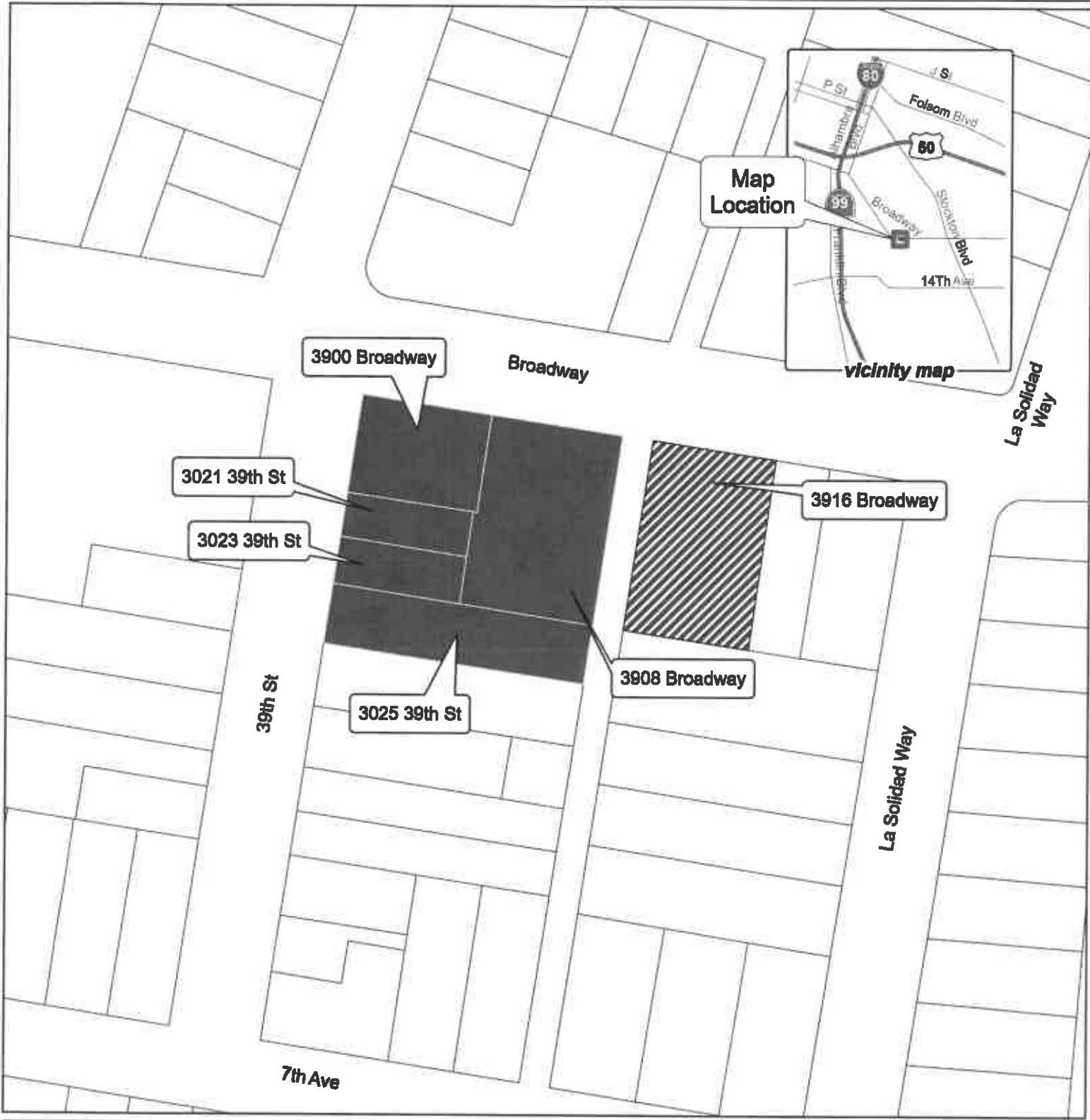
For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

End of Scope of Development.





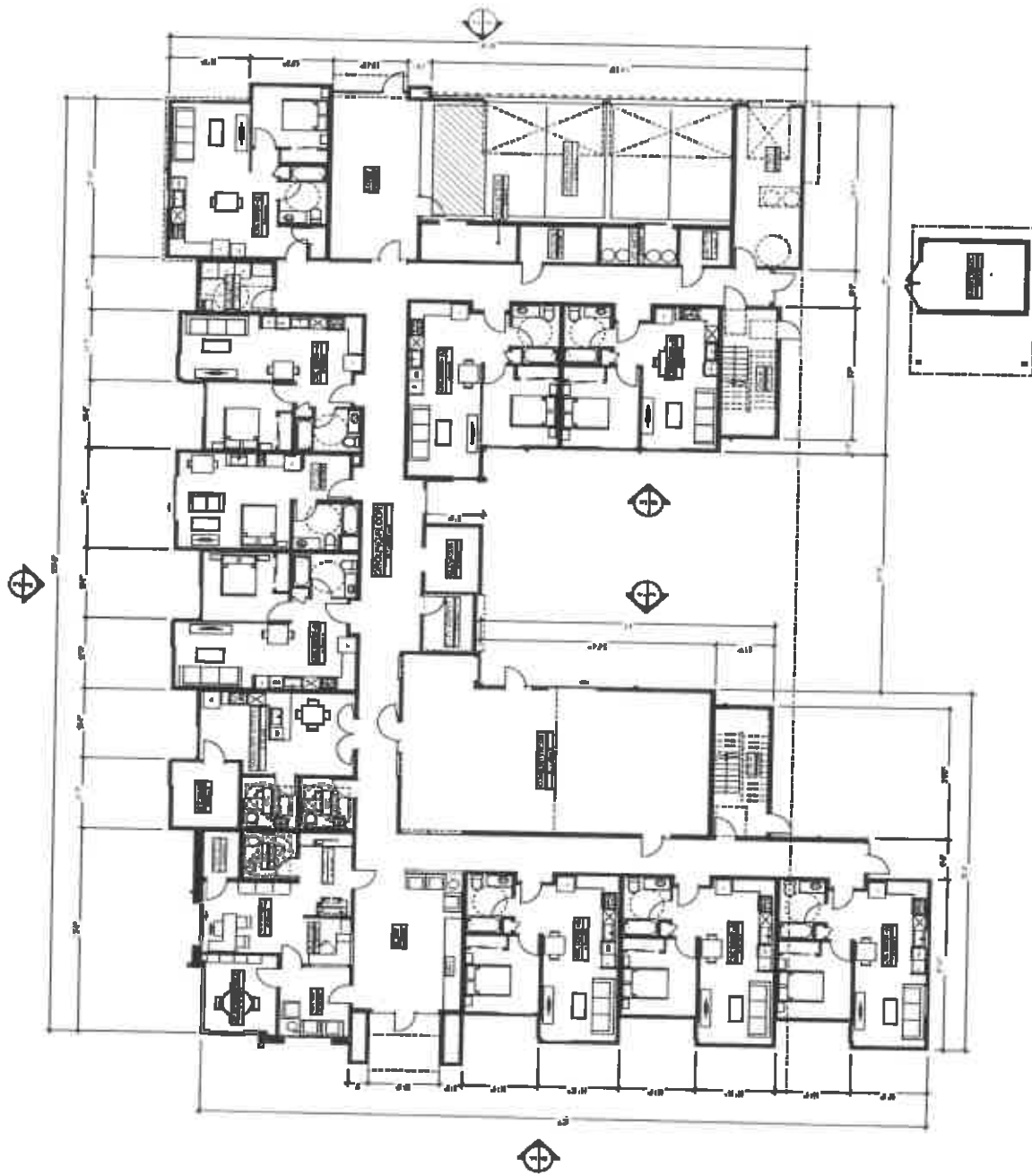
39th and Broadway Senior Apartments



-  Housing Authority Owned Parcels
-  All Nations Church of God In Christ Owned Parcel (16 Parking Spaces)



39th and Broadway Senior Apartments Site Plan



39th and Broadway Senior Apartments
Project Rendering



**39th and Broadway Senior Apartments
Residential Project Summary**

Address	3031, 3023 and 3025 39th Street, and 3900, 3908 and 3916 Broadway					
Number of Units	43					
Construction Type	New Construction					
Acreage	0.77-acres (33,541.2 Sq Ft)					
Unit Mix	<u>ELI 30% AMI</u>	<u>VLI 45% AMI</u>	<u>VLI 50% AMI</u>	<u>LI 60% AMI</u>	<u>Exempt Management Unit</u>	<u>Total</u>
Studio/1 Bath	1	3	1	2	0	7
1 Bedroom/1 Bath	4	14	7	10	1	36
TOTAL	5	17	8	12	1	43
Square Footage			<u>Per Unit</u>		<u>Total Sq Ft</u>	
Studio/1 Bath			400		2,800	
1 Bedroom/1 Bath			560		20,160	
Common Areas					12,551	
TOTAL					35,511	
Resident Facilities	Management offices, resident community space with kitchen, laundry facilities, elevator, community garden, a courtyard patio and shade structure adjacent to the community room and 22 parking spaces.					
Permanent Sources		<u>Current Total</u>	<u>Per Unit</u>		<u>Per Sq Ft</u>	
Federal Tax Credit Equity	\$	13,643,826	\$	317,294	\$	394.21
Permanent Loan	\$	210,000	\$	4,884	\$	5.91
SHRA Remediation ¹	\$	630,000	\$	14,651	\$	17.74
Predevelopment Loan	\$	500,000	\$	11,628	\$	14.08
Loan	\$	5,620,000	\$	130,698	\$	158.26
HACS Seller Carryback Loan	\$	180,000	\$	4,188	\$	5.07
Deferred Developer Fee	\$	350,000	\$	8,140	\$	9.86
Fee Waivers	\$	19,260	\$	448	\$	0.54
TOTAL SOURCES	\$	21,152,886	\$	491,928	\$	595.67
Permanent Uses						
Acquisition	\$	251,252	\$	5,843	\$	7.08
Environmental Cleanup ¹	\$	630,000	\$	14,651	\$	17.74
Construction	\$	13,940,885	\$	324,207	\$	392.58
Permits and Fees	\$	459,924	\$	10,696	\$	12.95
Architecture and Engineering	\$	1,168,018	\$	27,117	\$	32.84
Hard Cost Contingency	\$	687,542	\$	15,989	\$	19.36
Soft Cost Contingency	\$	214,509	\$	4,989	\$	6.04
Financing Costs	\$	728,515	\$	16,942	\$	20.52
Operating Reserves	\$	139,873	\$	3,253	\$	3.94
Legal Fees	\$	160,000	\$	3,488	\$	4.22
Developer Fee	\$	2,200,000	\$	51,163	\$	61.95
Insurance, Third Party, Marketing, Other	\$	584,369	\$	13,690	\$	16.46
TOTAL USES	\$	21,152,886	\$	491,928	\$	595.67
Leverage		<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>		<u>Leverage</u>	
		\$ 161,163	\$ 491,928		\$1.00 : \$3.05	
Management/Operations						
Proposed Developer						
Property Management Company				The Related Companies of California		
Operations Budget	\$	195,859	\$	4,555		
Property Management	\$	21,076	\$	490		
Resident Services	\$	23,000	\$	535		
Security Services	\$	11,188	\$	260		
Replacement Reserves	\$	10,750	\$	260		
Taxes and Insurance	\$	17,872	\$	416		

¹SHRA Remediation: SHRA will complete environmental clean-up prior to conveying the Housing Authority owned parcels to the Developer or related entity.

39th and Broadway Senior Apartments
Cash Flow Proforma

39th and Broadway Senior Apartments	Unit Type	Number	Square Feet	Total Sq Feet	Max Gross Rent	Utility Allowance	Max Net Rent	Rent per Sq Foot	Total Mo. Rent	Current Annual Rent
Studio/1 Bath (30% AMI)	1	400	476	400	\$ 405	\$ 71	\$ 405	\$ 1.01	\$ 405	\$ 4,860
Studio/1 Bath (45% AMI)	3	1,200	714	71	\$ 643	\$ 71	\$ 643	\$ 0.54	\$ 1,828	\$ 23,148
Studio/1 Bath (50% AMI)	1	400	703	71	\$ 722	\$ 71	\$ 722	\$ 1.81	\$ 722	\$ 8,664
Studio/1 Bath (60% AMI)	2	800	852	71	\$ 881	\$ 71	\$ 881	\$ 1.10	\$ 1,762	\$ 21,144
1 Bedroom/1 Bath (30% AMI)	4	560	2,240	80	\$ 430	\$ 80	\$ 430	\$ 0.19	\$ 1,720	\$ 20,640
1 Bedroom/1 Bath (45% AMI)	14	560	7,840	80	\$ 685	\$ 80	\$ 685	\$ 0.09	\$ 9,580	\$ 115,080
1 Bedroom/1 Bath (50% AMI)	7	560	3,920	80	\$ 770	\$ 80	\$ 770	\$ 0.20	\$ 5,380	\$ 64,680
1 Bedroom/1 Bath (60% AMI)	10	560	5,600	80	\$ 940	\$ 80	\$ 940	\$ 0.17	\$ 8,400	\$ 112,800
Totals	43	22,980			\$ 30,918	\$				\$ 371,016

Income	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2033 Year 10	2038 Year 16	2043 Year 20	2048 Year 25
Potential Gross Income	386,799	399,544	409,532	419,771	430,265	486,905	550,775	623,152	705,089
Other Income	6,934	7,107	7,285	7,467	7,654	8,860	9,768	11,085	12,542
Less Vacancy	18,837	20,333	20,841	21,362	21,898	24,773	28,029	31,712	35,870
Effective Gross Income	\$376,866	\$386,319	\$395,977	\$405,878	\$416,023	\$470,892	\$532,544	\$602,525	\$681,762
Operating Expenses	195,858	202,714	208,809	217,152	224,753	266,936	317,036	376,539	447,210
Property Management	\$490	\$21,076	\$22,577	\$23,967	\$24,185	\$26,724	\$34,116	\$40,519	\$48,123
Residential Services	\$536	\$23,805	\$24,638	\$25,501	\$26,393	\$31,347	\$37,230	\$44,218	\$52,517
Security Services	\$260	\$11,188	\$11,985	\$12,404	\$12,636	\$15,248	\$18,110	\$21,508	\$25,546
Replacement Reserves	\$250	\$10,760	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750	\$10,750
Taxes and Insurance	\$416	\$18,229	\$18,594	\$18,972	\$19,345	\$21,359	\$23,582	\$26,036	\$28,746
Total Expenses	\$6,508	\$278,745	\$288,892	\$308,140	\$318,265	\$374,364	\$440,823	\$519,570	\$612,892
Net Operating Income	\$87,161	\$107,427	\$107,023	\$97,736	\$97,768	\$96,320	\$91,721	\$82,955	\$68,870

Debt Service	amount	rate	amount
Permanent Loan	\$210,000	4.75%	15
SHRA Monitoring Fee ¹	\$6,300,000	0.125%	
Debt Service Subtotal			\$31,676

Priority Distributions	amount	rate	amount
Unlimited Partner Management Fee (LP)	\$5,000	1.00%	5,101
General Partner Asset Management Fee (GP)	\$20,000	1.00%	20,402
Priority Distributions Subtotal			\$25,503
Net Cash after Priority Distributions	\$40,475		\$40,444

Deferred Developer Fee	amount	rate	amount
Principal Balance	\$350,000	3.00%	320,025
Accumulated Interest	10,500		9,601
Payment	40,475		40,500
Balance	\$320,025		\$289,125
Net Cash after Deferred Developer Fee	\$0		\$0

SHRA Loan	amount	rate	amount
Principal Balance	\$ 8,120,000	3.00%	6,120,000
Accumulated Interest	183,800		367,200
Payment	0		0
Balance	\$6,303,800		\$6,487,200
Net Cash after Deferred Developer Fee			\$6,854,400

HACS Seller Carryback Loan	amount	rate	amount
Principal Balance	\$ 180,000	3.00%	185,400
Accumulated Interest	5,400		10,982
Payment	0		0
Balance	\$185,400		\$196,382

LEGEND
¹SHRA Monitoring Fee excludes SHRA Remediation funding source.

39th and Broadway Senior Apartments**2021 Maximum Income and Rent Limits**

*Affordability Levels at 30%, 45%, 50% and 60% of Area Median Income (AMI)
Low Income Housing Tax Credits and HOME Investment Partnerships Program*

Maximum Gross Income Limits

Household Size	30% AMI	45% AMI	50% AMI	60% AMI
1 person	\$ 19,050	\$ 28,575	\$ 31,750	\$ 38,100
2 person	\$ 21,750	\$ 32,625	\$ 36,250	\$ 43,500
3 person	\$ 24,480	\$ 36,720	\$ 40,800	\$ 48,960

Maximum Gross Rent Limits

Unit Size	30% AMI	45% AMI	50% AMI	60% AMI
Studio	\$ 476	\$ 714	\$ 793	\$ 952
One Bedroom	\$ 510	\$ 765	\$ 850	\$ 1,020

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

June 2, 2021

39TH AND BROADWAY SENIOR APARTMENTS (PROJECT): APPROVING THE PREDEVELOPMENT LOAN AGREEMENT AND LOAN COMMITMENT; EXECUTION OF PREDEVELOPMENT LOAN AGREEMENT AND LOAN COMMITMENT WITH THE RELATED COMPANIES OF CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

WHEREAS, On March 2, 2020, The Related Companies of California, or related entity (Developer) submitted an application to Sacramento Housing and Redevelopment Agency (SHRA) requesting \$500,000 in HOME Investment Partnerships Program (HOME) funds to assist in financing predevelopment activities and \$5,620,000 in HOME funds for the construction and permanent financing of the 39th and Broadway Senior Apartments (Project). The Project site includes five vacant parcels owned by Housing Authority Property and 3916 Broadway (APN 014-0172-031-0000) owned by Itasker Hollins Ministries/Christian Outreach. The Project includes a three-story residential building with 42 affordable studio and one-bedroom units, one exempt management unit, property management office, community room, elevator, parking, laundry, community garden and shaded courtyard. The affordable units are restricted at or below 60% of Area Median Income.

WHEREAS, the project has been found to be eligible for ministerial approval through SB35 and is therefore not subject to the California Environmental Quality Act (CEQA).

WHEREAS, the project is undergoing environmental review pursuant to the National Environmental Policy Act (NEPA) procedures at 24 CFR Part 58 and will be completed prior to expenditure of funds or committing any choice limiting action.

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 Predevelopment Loan Agreement comprised of \$500,000 in HOME funds (Predevelopment Loan Agreement), that accompanies this resolution, is approved and the Executive Director, or her designee, is delegated authority to execute and transmit the Predevelopment Loan Agreement to the Developer for the predevelopment financing of the Project.

Section 3. The Loan Commitment comprised of \$5,620,000 in HOME funds (Loan Commitment), that accompanies this resolution, is approved and the Executive Director, or her designee, is delegated authority to execute and transmit the Loan Commitment to the Developer for the construction and permanent financing of the Project.

Section 4. The Executive Director, or her designee, is authorized to enter into and execute other documents as she deems necessary, as approved to form by SHRA's Office of the General Counsel, as well as amend the budget and perform other actions necessary to fulfill the intent of the Predevelopment Loan Agreement, Loan Commitment and Construction and Permanent Loan Agreement in accordance with its terms, and to ensure proper repayment of the SHRA funds, including without limitation, loan restructuring, subordination, and extensions consistent with SHRA's adopted policy and with this resolution.

Section 5. SHRA finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, the Executive Director, or her designee, is authorized to subordinate the SHRA loans to senior loans.

Section 6. This resolution shall take effect immediately upon its adoption.

CHAIR

ATTEST:

CLERK