



INVESTING IN COMMUNITIES

**NOTICE OF REGULAR MEETING**  
**Sacramento Housing and Redevelopment  
Commission**  
**Wednesday, January 18, 2017 – 6:00 pm**  
**801 12<sup>th</sup> Street**  
**2<sup>nd</sup> Floor Commission Room**  
**Sacramento CA**

**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. If you wish to speak under Citizens Comments or on a posted agenda item, please fill out a speaker card and present it to the Agency Clerk. 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. Commission attendees are requested to silence any electronic devices that they have in their possession during the meeting.

1. **APPROVAL OF MINUTES** - December 6, 2016

**CONSENT**

2. Adoption of Updated CalHome Program Guidelines - City report
3. Adoption of Updated CalHome Program Guidelines - County report

**DISCUSSION ITEMS/STAFF REPORTS**

4. Crossroad Gardens Project: Declaration Of Intention To Reimburse Expenditures From The Proceeds Of Tax-Exempt Obligations And Directing Certain Actions
5. Authorization to Competitively Procure and Contract for Property Management Services for Phoenix Park III
6. Authorization To Competitively Procure And Contract For Property Management Services For Norcade Circle Properties
7. Authorization to Competitively Procure and Contract for Routine Services

**PRESENTATIONS**

8. Policy on use of Housing Trust Funds
9. Update on City/County Homeless Initiative meeting **scheduled for January 31<sup>st</sup>**
10. Housing Authority Vacant unit turn around report

## BUSINESS ITEMS

11. Election of SHRA Commission Chair for 2017

12. Election of SHRA Commission Vice-Chair for 2017

## EXECUTIVE DIRECTOR REPORT

## COMMISSION CHAIR REPORT

## ITEMS AND QUESTIONS OF COMMISSION MEMBERS

## ADJOURNMENT

**REPORTS:** Copies of documents relating to agenda items are available for review in the Agency Clerk's office located at 801 12<sup>th</sup> Street, Sacramento CA 95814. Agendas and reports are also posted online at [www.shra.org](http://www.shra.org). Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Agency Clerk's office during normal business hours and will also be available at the meeting.

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



INVESTING IN COMMUNITIES

## MINUTES

### **Sacramento Housing and Redevelopment Commission (SHRC) Meeting**

**December 6, 2016**

Meeting noticed on December 1st, 2016

#### ROLL CALL

The special meeting of the Sacramento Housing and Redevelopment Commission was called to order at 6:15 p.m. by Vice-Chair Raab. A quorum of members was present.

**MEMBERS PRESENT:** Alcalay, Griffin, Johnson, Macedo, Morgan, Raab, Simas, Staajabu

**MEMBERS ABSENT:** Creswell, Painter, Rios

**STAFF PRESENT:** La Shelle Dozier, Tyrone Williams, David Levin, Vickie Smith, Christine Weichert, MaryLiz Paulson, Sarah Thomas, Lira Goff, Tashica McIntyre, Jim Shields, Mark Hamilton, Greg Potts, Robbie Folkes, Karen Wallace

APPROVAL OF AGENDA – agenda approved as submitted.

CITIZENS COMMENTS – none

1. APPROVAL OF MINUTES – The minutes for the November 16, 2016 meeting were approved unanimously as submitted.

#### PRESENTATIONS

2. Family Self Sufficiency Participant Presentations  
Sarah Thomas and Karen Wallace introduced Angelique Venegas and Kalilah Hammond who presented information to the Commission about their positive experiences with the Family Self Sufficiency program.

#### EXECUTIVE DIRECTOR REPORT

La Shelle Dozier announced the following:

- Next meeting would be on January 18, 2017.
- Fund Inc. Donations will be accepted in the donation box.

COMMISSION CHAIR REPORT

None

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Alcalay announced that there is an event honoring Dr. Martin Luther King Jr. on February 4<sup>th</sup> at Sacramento State University.

Commissioner Griffin thanked the Family Self-Sufficiency participants for their attendance at the meeting.

ADJOURNMENT

As there was no further business to be conducted, Vice-Chair Raab adjourned at 6:35 pm.

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Clerk



January 18, 2017

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:**

Approval of Updated CalHome Program Guidelines

**SUMMARY**

The attached report and resolution are submitted to you for review prior to review by the City of Sacramento.

**RECOMMENDATION**

Approve staff recommendation as outlined in the report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment



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

Consent  
**February 7, 2017**

**Honorable Mayor and Members of the City Council**

**Title: Adoption of Updated CalHome Program Guidelines**

**Location/Council District: Citywide**

**Recommendation:** Adopt a Council Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) through its Executive Director to: 1) adopt updated local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines and 2) make related findings.

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

**Presenters:** Not applicable.

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue Detail:** The local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines were adopted on June 17, 2014 as part of Council's authorization to apply to the California Department of Housing and Community Development (HCD) for CalHome Program funds. The City received an award of \$1,500,000 in CalHome Program funds which were administered by the Agency. The 2014 contract funds were fully expended through a homebuyer assistance program. Funds were used to help 41 low-income homebuyers purchase their first homes. The CalHome Program guidelines require that all repayments of CalHome loan principal and interest be deposited in a CalHome Reuse Account. This report requests authorization to update local guidelines for the CalHome Program to prioritize the Reuse Account funding and eliminate census tract targeting.

**Background:** The Agency has administered the CalHome Program on behalf of the City since 2001. With this program the Agency has assisted over 290 low-income homebuyers in the City purchase their first homes. CalHome Program guidelines require that recipients of CalHome funding awards establish a separately maintained CalHome Reuse Account. The Agency maintains

## Approval of Updated CalHome Program Guidelines

separate CalHome Reuse Accounts for City CalHome funds and for County CalHome funds. All repayments of loan principal and interest from CalHome loans are deposited in the appropriate Reuse Account. Funds in the Reuse Accounts may only be used to provide loans for CalHome eligible activities, however, they are not subject to the restrictions of previous CalHome awards, such as targeting to specific census tracts.

The CalHome First-Time Homebuyer Mortgage Assistance Program provides down payment and mortgage assistance to low-income first-time homebuyers. The assistance is in the form of a deferred payment loan. The assistance is calculated at 20% of the purchase price, and can range from a minimum amount of \$10,000 to a maximum amount of \$40,000. The program imposes housing ratio guidelines to ensure the home being purchased is affordable to the homebuyer.

Staff is proposing that the Reuse Account guidelines be updated to reflect that priority will be given to programs that further the goals of revitalizing neighborhoods through strategic redevelopment and provide homeownership opportunities to low-income homebuyers. Initially, it is proposed that funding from the Reuse Account be used to assist eligible homebuyers participating in the Agency's Welcome Home Program (technically known as the Amended Section 32 Homeownership Program), Neighborhood Stabilization Program 3 (NSP3), and the Del Paso Nuevo V and VI developments. The goal of these programs is to increase affordable homeownership opportunities for low-income homebuyers. The proposed updated program guidelines are included as Exhibit A to the resolution.

### Welcome Home

City Council approved the Welcome Home Program on October 21, 2014. The Welcome Home Program will rehabilitate 54 vacant single family homes owned by the City Housing Authority. The homes will be sold at an affordable price to low-income owner occupants. To date, six homes have been rehabilitated and sold. Proceeds from the home sales will be used to fund the renovation of the remaining 48 homes.

### Neighborhood Stabilization Program

The NSP3 program received City Council approval on February 15, 2011. To date NGVB (Neighborworks/Gala/Volume Builder), Habitat for Humanity, and Homes By Towne have rehabilitated and sold 26 previously vacant single family homes to low-income homebuyers. The final seven homes in the NSP3 program are currently being renovated and should be available for sale by spring 2017.

### Del Paso Nuevo

Del Paso Nuevo V and VI were approved by City Council on June 9, 2015 and December 6, 2016, respectively. Del Paso Nuevo V and VI are new subdivisions in Council District 2. Half of the remaining homes in these subdivisions, 83 homes overall, must be sold to low-income homebuyers.

Approval of Updated CalHome Program Guidelines

**Policy Considerations:** The actions requested in this report are consistent with Agency policies to increase affordable homeownership opportunities. The CalHome First-Time Homebuyer Mortgage Assistance program will result in additional homebuyers in the City, contributing to goals in the City's 2013-2021 Housing Element.

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed action, approval of updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines to provide assistance to low-income homebuyers for the purchase of single-family homes which have previously been constructed or are in projects that have already been reviewed and approved under the California Environmental Quality Act (CEQA) and are under construction, is a general procedure-making activity and does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per 14 California Code of Regulations (CCR) §15378(b)(4).

**Sustainability Considerations:** Not applicable.

**Other:** The proposed action does not constitute a use of federal funds and therefore the National Environmental Policy Act (NEPA) does not apply.

**Commission Action:** At its meeting on January 18, 2017, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

**Rationale for Recommendation:** Updating the local guidelines for the CalHome First-Time Homebuyer Mortgage Assistance Program will increase homeownership in community revitalization areas.

**Financial Considerations:** The current balance of funding in the CalHome Reuse Account is approximately \$1,150,000. Funding from the Reuse Account will assist 25-30 low-income homebuyers. Funding in the Reuse Account will be replenished as additional CalHome loan payoffs are received.



February 7, 2017

Approval of Updated CalHome Program Guidelines

**LBE/M/WBE and Section 3 requirements:** The items discussed in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements. The City's LBE program does not apply.

Respectfully Submitted by: \_\_\_\_\_



LA SHELLE DOZIER  
Executive Director

**Table of Contents**

- 01 Description/Analysis
- 02 City Resolution
- 03 Exhibit A – Updated CalHome First-Time Homebuyer Program Guidelines

# **RESOLUTION NO. 2017 -**

**Adopted by the Sacramento City Council**

On date of

## **ADOPTION OF UPDATED CALHOME PROGRAM GUIDELINES**

### **BACKGROUND**

- A. The California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656, Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the California Health and Safety Code (the "statute") on April 29, 2014. Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004.
- B. The City of Sacramento, a California Municipal Corporation, through its related entity, the Sacramento Housing and Redevelopment Agency, (Agency) submitted an application to HCD to obtain an allocation of CalHome funds under authorization granted by the Sacramento City Council on June 17, 2014.
- C. The City of Sacramento received an award of \$1,500,000 of CalHome funds which are administered by the Agency.
- D. The proposed action is approval of updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines for the CalHome funds to be used under the requirements of the CalHome Program to provide assistance to low-income home buyers for the purchase of single-family homes which have previously been constructed or are in projects that have already been reviewed under the California Environmental Quality Act (CEQA), approved, and are under construction.
- E. The proposed action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per 14 California Code of Regulations §15378(b)(4).
- F. The proposed action does not constitute a use of federal funds and therefore the National Environmental Policy Act (NEPA) does not apply.

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

Section 1. The foregoing findings are true and correct and hereby adopted.

Section 2. The City adopts the updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines, as described in Exhibit A (the "Guidelines"). The Agency may make technical changes to the Guidelines as necessary for program implementation and compliance with the CalHome Program.

**Table of Contents:**

Exhibit A: Updated CalHome First-Time Homebuyer Program Guidelines



# Fact Sheet

801 12<sup>TH</sup> STREET • SACRAMENTO, CA 95814 (916) 440-1393

## **CalHome First-Time Homebuyer Mortgage Assistance Program** **2014 CONTRACT PROGRAM GUIDELINES – Updated February 7, 2017**

<b>CalHome Program</b>	Sacramento Housing and Redevelopment Agency (Agency) has an allocation of State CalHome funds available for mortgage assistance to qualified borrowers. This funding is administered in accordance with guidelines adopted by the State Department of Housing and Community Development (HCD). Funds are provided to qualified households in the form of 30-year, deferred-payment second mortgages. The CalHome First-Time Homebuyer Mortgage Assistance loan helps buyers purchase homes by providing down payment assistance.
Maximum Loan Amount	The maximum loan shall not exceed the required amount of assistance needed to make the unit affordable to the homebuyer. The assistance will be calculated as follows:
Calculation of Assistance	The amount of assistance will be calculated at 20 percent of the purchase price up to a maximum loan amount of \$40,000.  Minimum loan amount will be \$10,000.
Interest Rate	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Term	30 years
Max CLTV	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	Funds may be used for down payment and mortgage assistance.
Applicant Eligibility First-Time Home Buyer	The applicant must be a first-time homebuyer which means a borrower(s) who has not owned a home during the three-year period prior to the purchase of a home with CalHome assistance. Applicant's Federal income tax returns will be used to verify compliance.  The CalHome Regulation Section 7716(m) contains a provision for individuals who meet the definition of a displaced homemaker or single parent, or individuals who have owned a mobile home not permanently affixed to a permanent foundation to be considered eligible for the program.
Applicant Eligibility Household Income	The qualifying income of CalHome applicant household must not exceed 80 percent of County median income for the size of the household. As published by HCD on May 24, 2016, the eligible

income limits are:

Household Size	80 percent of County median
1-person	\$42,650
2-person	\$48,750
3-person	\$54,850
4-person	\$60,900
5-person	\$65,800
6-person	\$70,650

Household size is determined by applicant declaration as to household size, with supporting documentation such as tax returns.

Qualifying Income

Qualifying income is calculated by totaling gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividends, the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, public assistance, alimony, child support or regular gifts. Interest income, actual or imputed, from assets over \$5,000 will be included in qualifying income.

Eligibility vs. Lender Income

For program eligibility, the total annual income includes income of all adult members of the household.

For underwriting purposes, the lender shall use standard industry methods for determining the borrower's annual gross income. Note that the gross income figure calculated for income-eligibility purposes may vary substantially from the annual income a lender will use to underwrite the first mortgage.

Housing Debt Ratio

With the CalHome assistance, the homebuyer's monthly housing costs are to be affordable as evidenced by a monthly housing cost ratio of no less than 28 percent of the borrower's gross monthly income and no more than 38 percent of the borrower's gross monthly income. The total debt ratio may be determined by the lender's underwriting guidelines.

For FHA insured loans, the maximum homebuyer ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.

Underwriting

The first mortgage lender will perform the underwriting using established credit guidelines for the particular mortgage program as determined by industry standards. The Agency will review the first mortgage underwriting as part of its eligibility analysis for the CalHome assistance and may require credit explanations or payoff of collection accounts if deemed necessary and prudent. Prior bankruptcies or foreclosures may be permitted with evidence of reestablished credit if allowed by lender's credit guidelines.

There may be no outstanding unpaid judgments or involuntary liens at the time the CalHome loan is recorded.

First Mortgage Restrictions

Borrower shall obtain the maximum first lien mortgage loan with a term and interest rate from a mortgage lender consistent with affordable housing costs outlined above.

The term of the loan shall be a minimum of 30 years.

Mortgage loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest. Adjustable Rate Loans (ARM's) and Graduated Payment Loans (GPM's) are not

allowed. Interest rate buy downs are not allowed.

The first mortgage may be an FHA loan, conventional loan, or CalHFA financing.

Fees and charges to the borrower for the first mortgage loan shall be reasonable and must be approved by the CalHome lender.

The first mortgage lender is required to collect and manage impound accounts for payment of taxes, assessments and hazard insurance according to the lender's requirements.

Subordinate Financing to the CalHome Loan

Homebuyer mortgage assistance loans subordinate to the CalHome Program Loan are allowed provided the combined loan-to-value ratio does not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual non-recurring closing costs.

Subordinate financing loans shall defer all principal and interest payments for the term of the CalHome Program loan. No balloon payments are allowed prior to the maturity date of the CalHome loan.

Escrow Prohibitions

Cash transactions and oral agreements outside of escrow are prohibited. Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required minimum down payment. Borrower costs "Paid Outside Closing" are not reimbursable with cash out of escrow.

Eligible Properties  
Maximum Sales Price

Single family residences (including condominiums and half-plexes) in eligible areas of the City and unincorporated County of Sacramento. The property must meet minimum housing quality standards. An Agency inspection will be required.

The maximum allowable sales price of the assisted unit cannot exceed the current median sales price of a single family home in Sacramento County as published by a real estate research company, such as DataQuick. The current median sales price for Sacramento County is \$310,000.

Eligible Areas  
(CalHome Contract Funds only)

In the City of Sacramento, the CalHome Program is limited to properties located in "qualified census tracts".

In the County of Sacramento, the CalHome Program is available only within the unincorporated areas and is limited to properties located in "qualified census tracts". The program is not available in Citrus Heights, Elk Grove, Galt, Folsom, Isleton, or Rancho Cordova.

See below for the list of "qualified census tracts".

Qualified Census Tracts - City

The "qualified census tracts" are: 0005.00, 0006.00, 0007.00, 0011.01, 0018.00, 0020.00, 0022.00, 0027.00, 0028.00, 0032.02, 0032.03, 0032.04, 0037.00, 0041.00, 0042.02, 0042.03, 0043.00, 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0048.01, 0048.02, 0049.03, 0049.05, 0050.02, 0052.01, 0052.05, 0053.01, 0055.02, 0055.05, 0062.02, 0063.00, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0070.01, 0070.19, 0074.13, 0092.01, 0096.06, 0096.33

Qualified Census Tracts -  
County

The "qualified census tracts" are: 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0046.02, 0047.01, 0048.01, 0048.02, 0050.02, 0052.05, 0055.02, 0055.05, 0055.06, 0055.09, 0056.01, 0056.05, 0061.01, 0062.01, 0062.02, 0070.19, 0073.01, 0074.13, 0074.14, 0074.23, 0074.24, 0081.33, 0091.05, 0091.10, 0092.01

Repayment of CalHome Loan	Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome Program Loan maturity date.
Hardship	<p>However, if it is determined by the recipient that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, the borrower has two options:</p> <p>(A) Amending the note and deed of trust to defer repayment of the amount due at loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at zero percent additional interest), this may be offered one time, or</p> <p>(B) Converting the debt at loan maturity, that is the original principal balance and any accrued interest, to an amortized loan, repayable in 15 years at zero percent additional interest.</p>
Refinancing	Refinancing may be allowed subject to the provisions of the Agency loan servicing /subordination policy. In general, "cash out" refinancing is prohibited by Agency policy.
Reuse Account	When CalHome loans are repaid, the funds are deposited into a "CalHome Reuse Account". Loans funded from this reuse account are available throughout the City and unincorporated County of Sacramento. Funding priority will be given to eligible homebuyers in the Welcome Home Program (properties located in both the City and County) and Neighborhood Stabilization Program and the Del Paso Nuevo V and VI developments (properties located only in the City).
Homebuyer Education	<p>All CalHome homebuyers must attend an in-person 8 hour HUD approved course of homebuyer education classes. The homebuyer education requirement may be met by taking the following classes:</p> <p><b>Sacramento Home Loan Counseling Center</b></p> <ul style="list-style-type: none"> <li>• Course 1 –The Home Buying Process</li> <li>• Course 2 – Credit &amp; Money Management</li> <li>• Course 3 - Home Maintenance/Good Neighbor; <b>OR</b></li> </ul> <p><b>NeighborWorks Homeownership Center – Sacramento or Stockton offices</b></p> <ul style="list-style-type: none"> <li>• Preparing for Homeownership – 8 hour course</li> </ul>
Application Procedures	To apply for the program, please contact any of the lenders on the Agency Approved Lender List. For additional information or questions call (916) 440-1393, or visit our web site at <a href="http://www.shra.org">www.shra.org</a> .



Equal Housing Opportunity

## **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  
January 18, 2017

### **ADOPTION OF UPDATED CALHOME PROGRAM GUIDELINES**

WHEREAS, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656, Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the California Health and Safety Code (the "statute") on April 29, 2014. Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

WHEREAS, the City of Sacramento, a California Municipal Corporation, and the County of Sacramento, a political subdivision of the State of California, through their related entity, the Sacramento Housing and Redevelopment Agency, (Agency) each submitted an application to obtain from HCD an allocation of CalHome funds in the amount of \$1,500,000 under authority received from the Sacramento City Council on June 17, 2014 and the Sacramento County Board of Supervisors on June 17, 2014; and

WHEREAS, the City of Sacramento and the County of Sacramento each received an award of \$1,500,000 of CalHome funds which are administered by the Agency; and

WHEREAS, the proposed action is approval of updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines for funds to be used under the requirements of the CalHome Program to provide assistance to low-income home buyers for the purchase of single-family homes which have previously been constructed or are in projects that have already been reviewed under the California Environmental Quality Act (CEQA), approved, and are under construction; and

WHEREAS, the action does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per 14 California Code of Regulations (CCR) §15378(b)(4). The proposed action does not constitute a use of federal funds and therefore the National Environmental Policy Act (NEPA) does not apply.



BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. The foregoing recitals are true and correct and hereby approved.

Section 2. The updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines as described in attachments to the staff reports are adopted. The Executive Director of the Agency is obligated to comply with these Guidelines in the administration of the CalHome Program funding on behalf of the City and the County, and the Executive Director of the Agency may make technical changes to these Guidelines as necessary for program implementation in compliance with the applicable laws and regulations.

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CHAIR

ATTEST:

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CLERK



January 18, 2017

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:**

Approval of Updated CalHome Program Guidelines

**SUMMARY**

The attached report and resolution are submitted to you for review prior to review by the County of Sacramento.

**RECOMMENDATION**

Approve staff recommendation as outlined in the report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 7, 2017

To: Board of Supervisors of the County of Sacramento  
From: Sacramento Housing and Redevelopment Agency  
Subject: Approval Of Updated CalHome Program Guidelines

Supervisory  
District: All

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

**Overview**

This report requests authorization to update the local guidelines for the CalHome First-Time Homebuyer Mortgage Assistance Program. The proposed changes prioritize the Reuse Account funding and eliminate census tract targeting.

**Recommendations**

Adopt a Board of Supervisors Resolution: 1) approving the updated local CalHome Program Guidelines, and 2) make related findings.

**Measures/Evaluation**

Updating the local guidelines for the CalHome First-Time Homebuyer Mortgage Assistance Program will maximize the effectiveness of the CalHome Reuse Account by increasing homeownership in community revitalization areas, thereby contributing to the County of Sacramento's 2013-2021 Housing Element Goals. The Sacramento Housing and Redevelopment (Agency) annually reports statistics on progress toward housing element goals to the County of Sacramento.

**Fiscal Impact**

None.

**BACKGROUND**

The local CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines were adopted on June 17, 2014 as part of the Board's authorization to apply to the California Department of Housing and Community Development for CalHome Program funds. The County received an award of \$1,500,000 in CalHome Program funds, which are administered by the Agency. The 2014 contract funds are almost fully expended in a homebuyer assistance program, and, to date, have helped 36 low-income homebuyers purchase their first homes. CalHome Program guidelines require that all repayments of CalHome loan principal and interest be deposited in a CalHome Reuse Account. This report requests authorization to update the local guidelines for the CalHome Program specifically related to the Reuse Account.

## **DISCUSSION**

The Agency has administered the CalHome Program on behalf of the County since 2001. Through this program, the Agency has assisted over 220 low-income homebuyers in the County purchase their first home. CalHome Program guidelines require that recipients of CalHome funding awards establish a separately maintained CalHome Reuse Account. The Agency maintains separate CalHome Reuse Accounts for County CalHome funds and for City CalHome funds. All repayments of loan principal and interest from CalHome loans are deposited in the appropriate Reuse Account. Funds in the Reuse Account may only be used to provide loans for CalHome eligible activities, however, they are not subject to the restrictions of previous CalHome awards, such as targeting to specific census tracts.

The CalHome First-Time Homebuyer Mortgage Assistance Program provides down payment and mortgage assistance to low-income, first-time homebuyers. Assistance is in the form of a deferred payment loan. The assistance is calculated at 20% of the purchase price, and can range from a minimum amount of \$10,000 to a maximum amount of \$40,000. The program imposes housing ratio guidelines to ensure the home being purchased is affordable to the homebuyer.

Staff is proposing that the Reuse Account section of the guidelines be updated to prioritize programs that further the goals of revitalizing neighborhoods through strategic redevelopment and provide homeownership opportunities to low-income homebuyers. Initially, it is proposed that funding from the Reuse Account be used to assist eligible homebuyers in the Agency's Welcome Home Program (technically known as the Amended Section 32 Homeownership Program). In the Welcome Home Program portfolio there are currently 22 homes located in the County of Sacramento. The proposed updated program guidelines are included as Attachment 2 to the resolution.

The Board approved the County's Welcome Home Program on November 4, 2014. The homes will be sold at an affordable price to low-income owner occupants. To date, five homes have been rehabilitated and are currently listed for sale. Proceeds from the home sales will be used to fund the renovation of the remaining 17 homes. It is anticipated all homes will be renovated and sold within the next three years.

## **COMMISSION ACTION**

At its meeting of January 18, 2017, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

### **MEASURES/EVALUATIONS**

The proposed actions are consistent with goals of both the Agency and the County of Sacramento to provide affordable housing opportunities for low-income homebuyers. Updating the local guidelines for the CalHome First-Time Homebuyer Mortgage Assistance Program will increase homeownership in community revitalization areas.

### **FINANCIAL ANALYSIS**

The current balance of funding in the CalHome Reuse Account is approximately \$925,000.00. Funding from the Reuse Account will assist 20-25 low-income homebuyers. Funding in the Reuse Account will be replenished as additional CalHome loan payoffs are received.

### **POLICY CONSIDERATIONS**

The actions recommended in this report are consistent with Agency policies to increase affordable homeownership opportunities within the unincorporated areas of the County. The actions are also consistent with the County of Sacramento's 2013-2021 Housing Element goals to create and preserve affordable housing stock.

### **ENVIRONMENTAL REVIEW**

The proposed action, approval of updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines to provide assistance to low-income homebuyers for the purchase of single-family homes which have previously been constructed or are in projects that have already been reviewed and approved under the California Environmental Quality Act (CEQA) and are under construction, is a general procedure-making activity and does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per 14 California Code of Regulations (CCR) §15378(b)(4).

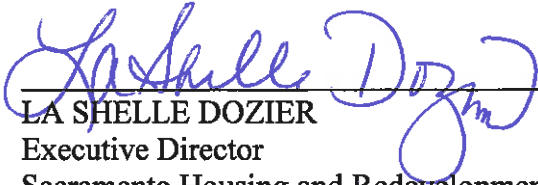
NEPA: The proposed action does not constitute a use of federal funds and therefore the National Environmental Policy Act (NEPA) does not apply.

**M/WBE/SECTION 3 AND FIRST SOURCE CONSIDERATIONS**

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

Respectfully submitted,

APPROVED

  
LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

\_\_\_\_\_  
NAVDEEP S. GILL  
County Executive

Attachments:

RES – County BOS Resolution

ATT 1 – CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines – redline

ATT 2 - CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines – final

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

**ADOPTED BY THE BOARD OF SUPERVISORS OF THE  
COUNTY OF SACRAMENTO**

ON DATE OF

**ADOPTION OF UPDATED CALHOME PROGRAM GUIDELINES**

**WHEREAS**, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the CalHome Program established by Chapter 84, Statutes of 2000 (SB1656, Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the California Health and Safety Code (the “statute”) on April 29, 2014. Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome Program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and

**WHEREAS**, the County of Sacramento, by its agent, the Sacramento Housing and Redevelopment Agency, (Agency) submitted an application to obtain from HCD an allocation of CalHome funds under authorization granted by the Board of Supervisors on June 17, 2014; and

**WHEREAS**, the County of Sacramento received an award of \$1,500,000 of CalHome funds which are administered by the Agency; and

**WHEREAS**, the proposed action is approval of updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines for the CalHome funds to be used under the requirements of the CalHome Program to provide assistance to low-income home buyers for the purchase of single-family homes which have previously been constructed or are in projects that have already been reviewed under the California Environmental Quality Act (CEQA), approved, and are under construction. The action is a general procedure-making activity and does not commit to any specific project which may result in potentially significant impacts on the environment. As such, the proposed action does not constitute a project under CEQA per 14 California Code of Regulations §15378(b)(4). The proposed action does not constitute a use of federal funds and therefore the National Environmental Policy Act (NEPA) does not apply.

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

**Section 1:** The recitals as stated above are found to be true and correct and hereby approved and adopted.

**Section 2:** The County adopts the updated CalHome First-Time Homebuyer Mortgage Assistance Program Guidelines, as described in Attachment 2 (the "Guidelines"). The Agency may make technical changes to the Guidelines as necessary for program implementation and compliance as may be required from time to time with the CalHome Program.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 7th day of February, 2017, 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





# Fact Sheet

801 12<sup>TH</sup> STREET • SACRAMENTO, CA 95814 (916) 440-1393

## **CalHome First-Time Homebuyer Mortgage Assistance Program** **2014 CONTRACT PROGRAM GUIDELINES – Updated February 7, 2017**

<b>CalHome Program</b>	Sacramento Housing and Redevelopment Agency (Agency) has an allocation of State CalHome funds available for mortgage assistance to qualified borrowers. This funding is administered in accordance with guidelines adopted by the State Department of Housing and Community Development (HCD). Funds are provided to qualified households in the form of 30-year, deferred-payment second mortgages. The CalHome First-Time Homebuyer Mortgage Assistance loan helps buyers purchase homes by providing down payment assistance.
Maximum Loan Amount	The maximum loan shall not exceed the required amount of assistance needed to make the unit affordable to the homebuyer. The assistance will be calculated as follows:
Calculation of Assistance	The amount of assistance will be calculated at 20 percent of the purchase price up to a maximum loan amount of \$40,000.  Minimum loan amount will be \$10,000.
Interest Rate	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
Term	30 years
Max CLTV	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
Use of Funds	Funds may be used for down payment and mortgage assistance.
Applicant Eligibility First-Time Home Buyer	The applicant must be a first-time homebuyer which means a borrower(s) who has not owned a home during the three-year period prior to the purchase of a home with CalHome assistance. Applicant's Federal income tax returns will be used to verify compliance.  The CalHome Regulation Section 7716(m) contains a provision for individuals who meet the definition of a displaced homemaker or single parent, or individuals who have owned a mobile home not permanently affixed to a permanent foundation to be considered eligible for the program.
Applicant Eligibility Household Income	The qualifying income of CalHome applicant household must not exceed 80 percent of County median income for the size of the household. As published by HCD on May 24, 2016, the eligible income limits are:

Household Size	80 percent of County median
1-person	\$42,650
2-person	\$48,750
3-person	\$54,850
4-person	\$60,900
5-person	\$65,800
6-person	\$70,650

Household size is determined by applicant declaration as to household size, with supporting documentation such as tax returns.

**Qualifying Income**

Qualifying income is calculated by totaling gross income for all persons 18 years of age or older who will occupy the residence. The income is annualized forward over a twelve-month period. Income includes all salaries, wages, overtime and bonuses before payroll deductions. It also includes earnings from interest on savings and checking accounts, dividends, the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, public assistance, alimony, child support or regular gifts. Interest income, actual or imputed, from assets over \$5,000 will be included in qualifying income.

**Eligibility vs. Lender Income**

For program eligibility, the total annual income includes income of all adult members of the household.

For underwriting purposes, the lender shall use standard industry methods for determining the borrower's annual gross income. Note that the gross income figure calculated for income-eligibility purposes may vary substantially from the annual income a lender will use to underwrite the first mortgage.

**Housing Debt Ratio**

With the CalHome assistance, the homebuyer's monthly housing costs are to be affordable as evidenced by a monthly housing cost ratio of no less than 28 percent of the borrower's gross monthly income and no more than 38 percent of the borrower's gross monthly income. The total debt ratio may be determined by the lender's underwriting guidelines.

For FHA insured loans, the maximum homebuyer ratios are 29/41. These cannot be exceeded unless there are significant compensating factors.

**Underwriting**

The first mortgage lender will perform the underwriting using established credit guidelines for the particular mortgage program as determined by industry standards. The Agency will review the first mortgage underwriting as part of its eligibility analysis for the CalHome assistance and may require credit explanations or payoff of collection accounts if deemed necessary and prudent. Prior bankruptcies or foreclosures may be permitted with evidence of reestablished credit if allowed by lender's credit guidelines.

There may be no outstanding unpaid judgments or involuntary liens at the time the CalHome loan is recorded.

**First Mortgage Restrictions**

Borrower shall obtain the maximum first lien mortgage loan with a term and interest rate from a mortgage lender consistent with affordable housing costs outlined above.

The term of the loan shall be a minimum of 30 years.

Mortgage loans shall not include provisions for negative amortization, principal increases, balloon payments or deferred interest. Adjustable Rate Loans (ARM's) and Graduated Payment Loans (GPM's) are not allowed. Interest rate buy downs are not allowed.

The first mortgage may be an FHA loan, conventional loan, or CalHFA financing.

Fees and charges to the borrower for the first mortgage loan shall be reasonable and must be approved by the CalHome lender.

The first mortgage lender is required to collect and manage impound accounts for payment of taxes, assessments and hazard insurance according to the lender's requirements.

Subordinate Financing to the CalHome Loan

Homebuyer mortgage assistance loans subordinate to the CalHome Program Loan are allowed provided the combined loan-to-value ratio does not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual non-recurring closing costs.

Subordinate financing loans shall defer all principal and interest payments for the term of the CalHome Program loan. No balloon payments are allowed prior to the maturity date of the CalHome loan.

Escrow Prohibitions

Cash transactions and oral agreements outside of escrow are prohibited. Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required minimum down payment. Borrower costs "Paid Outside Closing" are not reimbursable with cash out of escrow.

Eligible Properties  
Maximum Sales Price

Single family residences (including condominiums and half-plexes) in eligible areas of the City and unincorporated County of Sacramento. The property must meet minimum housing quality standards. An Agency inspection will be required.

The maximum allowable sales price of the assisted unit cannot exceed the current median sales price of a single family home in Sacramento County as published by a real estate research company, such as DataQuick. The current median sales price for Sacramento County is ~~\$310245,000~~.

Eligible Areas  
(CalHome Contract Funds only)

In the City of Sacramento, the CalHome Program is limited to properties located in "qualified census tracts".

In the County of Sacramento, the CalHome Program is available only within the unincorporated areas and is limited to properties located in "qualified census tracts". The program is not available in Citrus Heights, Elk Grove, Galt, Folsom, Isleton, or Rancho Cordova.

See below for the list of "qualified census tracts".

Qualified Census Tracts - City

The "qualified census tracts" are: 0005.00, 0006.00, 0007.00, 0011.01, 0018.00, 0020.00, 0022.00, 0027.00, 0028.00, 0032.02, 0032.03, 0032.04, 0037.00, 0041.00, 0042.02, 0042.03, 0043.00, 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0048.01, 0048.02, 0049.03, 0049.05, 0050.02, 0052.01, 0052.05, 0053.01, 0055.02, 0055.05, 0062.02, 0063.00, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0070.01, 0070.19, 0074.13, 0092.01, 0096.06, 0096.33

Qualified Census Tracts -  
County

The "qualified census tracts" are: 0044.01, 0044.02, 0045.01, 0045.02, 0046.01, 0046.02, 0047.01, 0048.01, 0048.02, 0050.02, 0052.05, 0055.02, 0055.05, 0055.06, 0055.09, 0056.01, 0056.05, 0061.01, 0062.01, 0062.02, 0070.19, 0073.01, 0074.13, 0074.14, 0074.23, 0074.24, 0081.33, 0091.05, 0091.10, 0092.01

Repayment of CalHome Loan	Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome Program Loan maturity date.
Hardship	<p>However, if it is determined by the recipient that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, the borrower has two options:</p> <p>(A) Amending the note and deed of trust to defer repayment of the amount due at loan maturity, that is the original principal and the accrued interest, for up to an additional 30 years (at zero percent additional interest), this may be offered one time, or</p> <p>(B) Converting the debt at loan maturity, that is the original principal balance and any accrued interest, to an amortized loan, repayable in 15 years at zero percent additional interest.</p>
Refinancing	Refinancing may be allowed subject to the provisions of the Agency loan servicing /subordination policy. In general, "cash out" refinancing is prohibited by Agency policy.
Reuse Account	When CalHome loans are repaid, the funds are deposited into a "CalHome Reuse Account". <del>Loans funded from this reuse account will conform to the current Agency CalHome Program guidelines.</del> Loans funded from this reuse account are available throughout the City and unincorporated County of Sacramento. Funding priority will be given to eligible homebuyers in the Welcome Home Program (properties located in both the City and County) and Neighborhood Stabilization Program and the Del Paso Nuevo V and VI developments (properties located only in the City).
Homebuyer Education	<p>All CalHome homebuyers must attend an in-person 8 hour HUD approved course of homebuyer education classes. The homebuyer education requirement may be met by taking the following classes:</p> <p><b>Sacramento Home Loan Counseling Center</b></p> <ul style="list-style-type: none"> <li>• Course 1 –The Home Buying Process</li> <li>• Course 2 – Credit &amp; Money Management</li> <li>• Course 3 - Home Maintenance/Good Neighbor; <b>OR</b></li> </ul> <p><b>NeighborWorks Homeownership Center – Sacramento or Stockton offices</b></p> <ul style="list-style-type: none"> <li>• Preparing for Homeownership – 8 hour course</li> </ul>
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Equal Housing Opportunity



# Fact Sheet

801 12<sup>TH</sup> STREET • SACRAMENTO, CA 95814 (916) 440-1393

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<b>Interest Rate</b>	Three percent fixed rate, simple. Principal and interest shall be deferred for the term of the loan.
<b>Term</b>	30 years
<b>Max CLTV</b>	The loan-to-value ratio for the CalHome Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to five percent of the sales price to cover actual closing costs.
<b>Use of Funds</b>	Funds may be used for down payment and mortgage assistance.
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**Eligible Properties  
Maximum Sales Price**

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Application Procedures	To apply for the program, please contact any of the lenders on the Agency Approved Lender List. For additional information or questions call (916) 440-1393, or visit our web site at <a href="http://www.shra.org">www.shra.org</a> .



Equal Housing Opportunity





January 18, 2017

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Approval of Loan  
Commitment for Crossroad Gardens

SUMMARY

The attached report and resolution are submitted to you for review prior to review by the  
County of Sacramento.

RECOMMENDATION

Approve staff recommendation as outlined in the report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
January 24, 2017  
10:00am

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of  
Loan Commitment For Crossroad Gardens

Supervisory  
District: Kennedy

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

**Overview**

This report will serve as the required public TEFRA hearing and authorization request for a loan commitment for gap financing in the amount of \$5,500,000 for the 70 unit Crossroad Gardens Project (Project).

**Recommendations**

1. Adopt the attached Board of Supervisors Resolution for Crossroad Gardens which indicates that the Board of Supervisors has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the Project.
2. Adopt the attached Board of Supervisors Resolution for Crossroad Gardens which authorizes the Sacramento Housing and Redevelopment Agency (Agency) to:
  - a. Approve a loan commitment of \$3,300,000 in County HOME Investment Partnership Program (HOME) Funds and \$2,200,000 in Community Development Block Grant (CDBG) funds to the Project,
  - b. Execute a Loan Commitment Letter with Mercy Housing California (Developer),
  - c. Execute all necessary documents associated with the transaction,
  - d. Amend the Agency budget, and
  - e. Make related findings.

The clerk is requested to certify six (6) copies of the resolutions and forward them to staff.

**Measures/Evaluation**

The Project will preserve and extend the affordability of 70 rehabilitated units, thereby contributing to the County of Sacramento's 2013-2021 Housing Element goals. Affordability restrictions placed on the Crossroad Gardens project will be monitored by the Sacramento Housing and Redevelopment Agency for 55 years.

**Fiscal Impact**

The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount

(approximately \$24,518), which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount (approximately \$14,711) for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or County of Sacramento.

## **BACKGROUND**

Mercy Housing California (Developer) has applied to the Agency for the issuance of up to \$13,500,000 in tax-exempt mortgage revenue bonds and gap financing for a \$5.5 million loan consisting of HOME Investment Partnership Program and Community Development Block Grant funds for the rehabilitation of Crossroad Gardens (Project). On December 6, 2016, in order to meet the January 2017 California Debt Limit Allocation Committee deadline, the Housing Authority approved the intent to issue \$13,500,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Project. After having received these approvals, the Developer submitted a competitive four percent Low Income Housing Tax Credit (LIHTC) application to the California Tax Credit Allocation Committee (CTCAC), and an application of tax-exempt Mortgage Revenue bonds from CDLAC on January 13, 2017. In order for the CDLAC application to be complete, the Board of Supervisors must now adopt a resolution indicating they have held the required Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and approved the \$5.5 million gap financing loan commitment. The 70 unit property is located in the unincorporated County of Sacramento at 7322 Florin Woods Drive. A vicinity map is provided as Attachment 1. A project photo is provided as Attachment 2.

## **DISCUSSION**

**Project Description:** Crossroad Gardens is an existing 70-unit affordable development located in the South Sacramento area of Sacramento County. Built in 1995, the project consists of 12 one-bedroom, 32 two-bedroom, and 26 three-bedroom units located within eight two-story buildings framed with wood studs, which are clad with stucco and vinyl siding. The development includes 154 parking spaces throughout the site, including 14 carport structures, which provide 70 covered parking spaces, and four parking spaces for the disabled. Other than routine maintenance and replacement of tenant unit roofing about three years ago, no significant rehabilitation has taken place since the project was originally constructed in 1995. The proposed rehabilitation will ensure a 15 year useful life.

The interiors of each unit will be upgraded. Approximately half of the kitchen appliances, including electric ranges, exhaust hoods, and refrigerators were replaced within the last two years. The remaining appliances will be replaced. All of the kitchen and bathroom vanity cabinets, countertops, and faucets will be replaced. Bathrooms will receive new tubs and surrounds, fixtures, and cabinets. All plumbing will be low-flow, high efficiency fixtures. All interior and exterior doors will be replaced. Sheet vinyl in bathrooms and carpet in bedrooms will be replaced. New vinyl plank will be installed in living rooms and hallways.

The Project was originally designed to be accessible to persons with disabilities, and all of the first story units are considered adaptable by Americans with Disabilities Act (ADA) standards. The rehabilitation will meet CTCAC's requirements for unit accessibility.

Upgrades to existing amenities include a community room expansion and bathroom addition to an existing community structure, additional laundry machines, two additional disabled accessible parking spaces, repair of concrete walkways, landscaping improvements, and two new playground areas for both younger and older children. The property will be upgraded with LED site lighting fixtures and the installation of high resolution security cameras. The wood perimeter fencing will be replaced along the northern and western property lines. Chain link fencing in tenant backyards will be replaced with wood fencing.

Improvements to the project exterior will be significant. The buildings are wood-framed structures with an exterior façade of stucco and vinyl siding. The vinyl siding and wood trim will be replaced. Due to a construction defect during the initial construction, the siding must now be replaced in its entirety. Apart from this necessary work on the stucco and siding, the condition of the major systems is as expected for a property of this age. In addition to the stucco and siding work, wooden trellises will be removed. All windows and flashing will be replaced, as will the aluminum sliding glass doors. Exterior stairs will be brought up to code and replaced with closed risers. Heating, ventilation and air conditioning (HVAC) equipment, water heaters, and bathroom exhaust fans will be replaced. A soccer field with goal posts and a walking track will be added to an open grass area.

At a minimum, Agency construction staff conducts monthly inspections during the construction phase and works closely with the Developer and their General Contractor to ensure construction quality. This process is intended to prevent construction issues on Agency-assisted projects.

Developer: Mercy Housing California (MHC) was formed through the merger of Rural California Housing Corporation and Mercy Charities Housing California in July 2000. Mercy Housing is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income persons in California. Mercy Housing California has developed over 10,900 affordable homes including over 7,900 rental and 3,000 homeownership units. Their portfolio includes 19 properties with over 1,300 units in Sacramento County alone.

Property Management: Crossroad Gardens will be managed by Mercy Housing Management Group (MHMG), an affiliate of Mercy Housing. MHMG manages 220 properties nationally, comprised of more than 11,000 affordable housing units and 100 developments in California. Agency staff has reviewed MHMG's qualifications and the management plan, and has found that the proposed management company meets Agency requirements.

Resident Services: Resident services will be provided by Mercy Housing Resident Services. A minimum of 20 hours per week of on-site resident services will be provided. Resident services will include but are not limited to an on-site resident services coordinator, after-school program, economic development assistance, exercise classes, and health and wellness education.

**Project Financing:** Crossroad Gardens will be financed using a combination of four percent Low Income Housing Tax Credits, tax-exempt bond financing, an Agency loan consisting of \$3,300,000 of HOME Investment Partnership Program (HOME) and \$2,200,000 of Community Development Block Grant (CDBG) funds, existing Agency HOME and Housing Trust Fund (HTF) loans, an existing Department of Housing and Community Development (HCD) Family Housing Demonstration Program (FHDP) loan, existing reserves, and general partner equity. Funding sources and uses are provided in the Project Summary as Attachment 3. A Cash Flow Proforma is provided as Attachment 4.

**Bond Financing:** As a public entity, the Housing Authority may issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

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

**Low-Income Set-Aside Requirements:** As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that apartments be set-aside for targeted income groups. Income restrictions from LIHTC financing require that no households have income higher than 60 percent of Area Median Income (AMI). The Agency further requires that 20 percent of the units be restricted to households with income no greater than 50 percent of AMI. The Project affordability restrictions will be specified in regulatory agreements with the Developer.

**Project Inducement:** On December 6, 2016, in order for the Developer to submit the CDLAC application by the January 2017 deadline, the Housing Authority Board adopted an inducement resolution authorizing the bond issuance.

## **COMMISSION ACTION**

It is anticipated that, at its meeting of January 18, 2017, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

## **MEASURES/EVALUATIONS**

This Project contributes to the County's 2013-2021 Housing Element goals by preserving and renovating 70 existing regulated affordable housing units. A very low-income unit is defined as being affordable to a household with an income up to 50 percent of Area Median Income (AMI), while a low-income unit is defined as being affordable to a household with an income of 60

percent of AMI. The Project will preserve a net of 15 low-income and 54 very low-income units to meet the County’s affordable housing goals as represented in the following table:

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
HCD Loan	19%	Very Low (35% AMI)	13	55 years
Agency Loan, Tax-exempt Bonds, Low Income Housing Tax Credits	60%	Very Low (50%)	41	55 years
Agency Loan and Low Income Housing Tax Credits	20%	Low (60% AMI)	15	55 years
Manager’s Unit	1%	Unrestricted	1	
Total	100%		70	

**FINANCIAL ANALYSIS**

The proposed bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project’s owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount (approximately \$24,518), which is payable at bond closing. The Agency will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount (approximately \$14,711) for monitoring of the regulatory restrictions and administration of the bonds. The law firm of Orrick, Herrington and Sutcliffe LLP, is acting as bond counsel for the Housing Authority.

The Loan Commitment of \$3,300,000 in County HOME funds and \$2,200,000 in County CDBG funds for the financing of the Project will bear three percent interest and carry a term of 55 years after completion of construction. The Conditional Loan Commitment is included as Attachment 6.

**POLICY CONSIDERATIONS**

The recommended actions are consistent with approved Agency’s Multifamily Lending and Mortgage Revenue Bond Policies. It should be noted that the resident services budget is not being inflated at the minimum rate of 3.5 percent per year because the Project is providing resident services beyond the Agency’s minimum requirement. The resident services reserve will fill funding gaps anticipated in future years.

Regulatory restrictions on the property will be specified in the loan regulatory agreement between the Developer and the Agency for a period of 55 years. In addition, the HOME affordability period will be 15 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis. The loan term will be 55 years.

**ENVIRONMENTAL REVIEW**

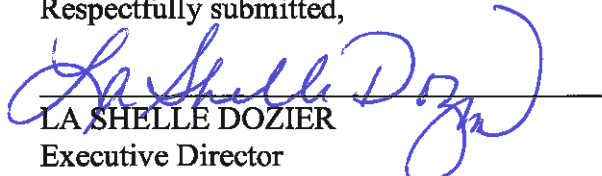
California Environmental Quality Act (CEQA): The Crossroad Gardens Project was evaluated in accordance with CEQA and the project was determined to be exempt from the provisions of CEQA per Guidelines Section 15301(Existing Facilities).

National Environmental Policy Act (NEPA): The Crossroad Gardens Project was reviewed in accordance with NEPA and was determined to be categorically excluded per 24 CFR Section 58.35(a)(3)(ii) and converts to exempt per Section 58.34(a)(12).

**M/WBE/SECTION 3 AND FIRST SOURCE CONSIDERATIONS**

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

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

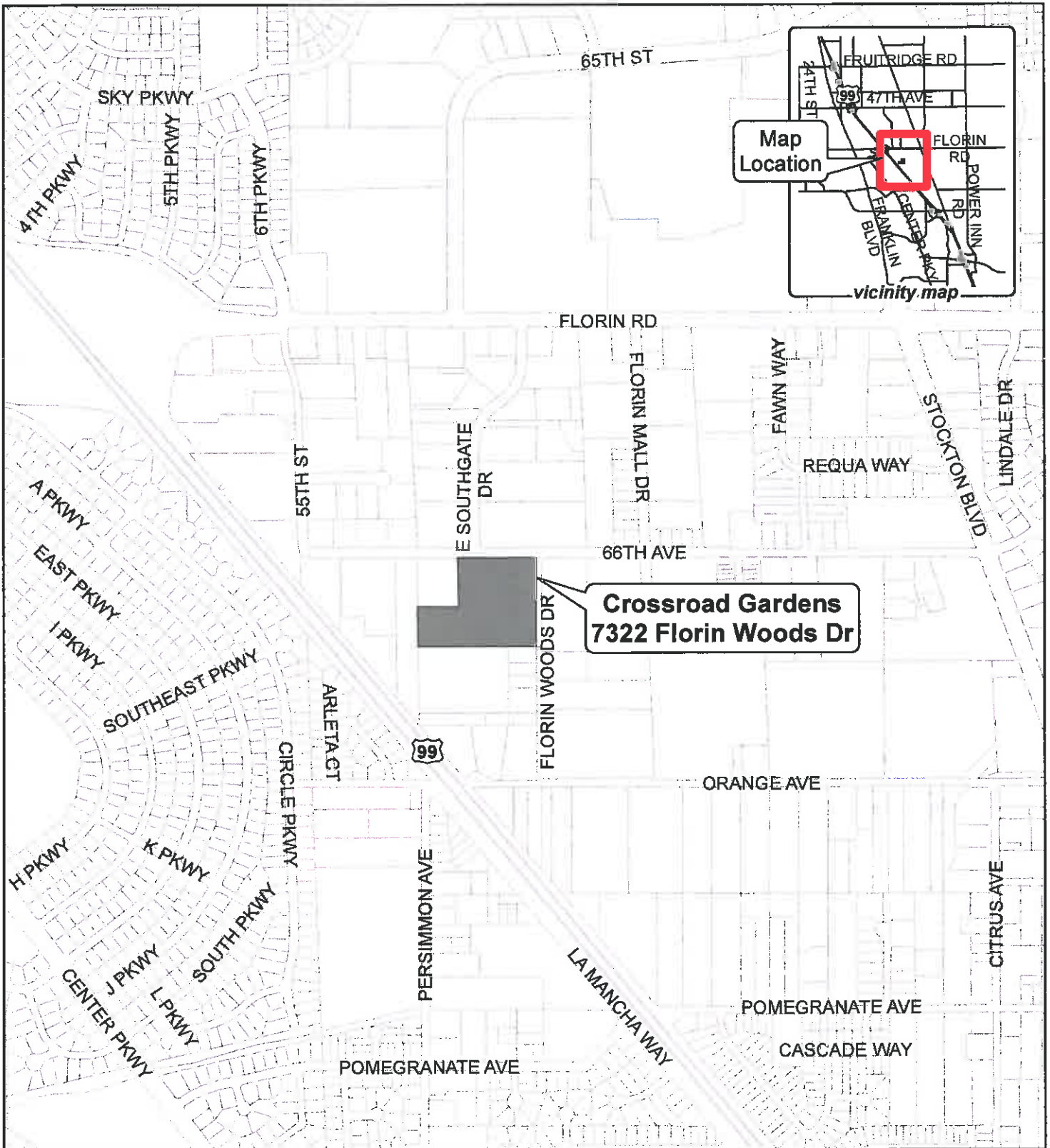
\_\_\_\_\_  
NAVDEEP S. GILL  
County Executive

Attachments:

- RES – Board of Supervisors (TEFRA)
- RES – Board of Supervisors Loan Commitment Authorization
- RES – Housing Authority Bond Authorization
- ATT 1 – Vicinity Map
- ATT 2 – Project Photo
- ATT 3 – Project Summary
- ATT 4 – Project Cashflow Proforma
- ATT 5 – Maximum Income and Rent Limits
- ATT 6 – Conditional Loan Commitment



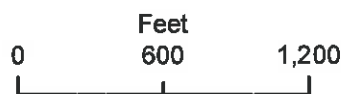
# Crossroad Gardens



**Crossroad Gardens**  
7322 Florin Woods Dr



Crossroad Gardens



SHRA GIS  
September 20, 2016



Crossroad Gardens  
Project Photo



**Crossroad Gardens**  
Residential Project Financial Summary

<b>Address</b>	7322 Florin Woods Drive, Sacramento, CA 95823			
<b>Number of Units</b>	70			
<b>Year Built</b>	1995			
<b>Construction Type</b>	Rehabilitation			
<b>Acreage</b>	7			
<b>Affordability</b>	13 units at or below 35% of AMI 41 units at or below 50% of AMI 15 units at or below 60% of AMI			
<b>Unit Mix and Rents</b>	(35% AMI)	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	3	9		
2 Bedroom / 1 Bath	10	17	5	
3 Bedroom / 2 Bath		15	10	1
<b>TOTAL</b>	<b>13</b>	<b>41</b>	<b>15</b>	<b>1</b>
<b>Square Footage</b>	<i>Per Unit</i>	<i>Total</i>		
1 Bedroom / 1 Bath	620	7,440	square feet	
2 Bedroom / 1 Bath	864	27,648	square feet	
3 Bedroom / 2 Bath	1,235	32,110	square feet	
Common Areas		1,438	square feet	
SETA/Headstart Space		5,170	square feet	
<b>TOTAL</b>		<b>73,806</b>	<b>square feet</b>	
<b>Resident Facilities</b>	The project includes a community building with manager's office, laundry facilities, and afterschool room. The site includes two tot lots and a half-court basketball area.			
<b>Permanent Sources</b>	<i>Current Total</i>	<i>Per Unit</i>	<i>Per Sq Ft</i>	
Federal Tax Credit Equity	\$ 6,654,856	\$ 95,069	\$ 90.17	
Mercy Perm Loan	\$ 1,301,924	\$ 18,599	\$ 17.64	
Existing HCD Loan	\$ 1,781,350	\$ 25,448	\$ 24.14	
Existing SHRA Loan	\$ 1,799,422	\$ 25,706	\$ 24.38	
New SHRA Loan	\$ 5,500,000	\$ 78,571	\$ 74.52	
Existing Reserves	\$ 252,717	\$ 3,610	\$ 3.42	
Deferred Developer Fee	\$ 650,000	\$ 9,286	\$ 8.81	
GP Equity	\$ 621,788	\$ 8,883	\$ 8.42	
<b>TOTAL SOURCES</b>	<b>\$ 18,562,057</b>	<b>\$ 265,172</b>	<b>\$ 251.50</b>	
<b>Permanent Uses</b>				
Acquisition	\$ 5,777,131	\$ 82,530	\$ 78.27	
Construction	\$ 6,837,662	\$ 97,681	\$ 92.64	
Permits and Fees	\$ 70,000	\$ 1,000	\$ 0.95	
Architecture and Engineering	\$ 275,000	\$ 3,929	\$ 3.73	
Hard Cost Contingency	\$ 700,860	\$ 10,012	\$ 9.50	
Soft Cost Contingency	\$ 210,000	\$ 3,000	\$ 2.85	
Financing Costs	\$ 788,580	\$ 11,265	\$ 10.68	
Capitalized Operating Reserves	\$ 125,739	\$ 1,796	\$ 1.70	
Capitalized Replacement Reserves	\$ 70,000	\$ 1,000	\$ 0.95	
Capitalized Services Reserves	\$ 200,000	\$ 2,857	\$ 2.71	
Legal Fees	\$ 265,000	\$ 3,786	\$ 3.59	
Developer Fee	\$ 2,275,640	\$ 32,509	\$ 30.83	
Relocation	\$ 618,880	\$ 8,841	\$ 8.39	
Insurance, Third Party, Marketing, Other	\$ 347,565	\$ 4,965	\$ 4.71	
<b>TOTAL USES</b>	<b>\$ 18,562,057</b>	<b>\$ 265,172</b>	<b>\$ 251.50</b>	
<b>Operating Expenses (at Occupancy)</b>				
Proposed Developer:		Mercy Housing California		
Property Management Company:		Mercy Housing Management Group		
Operations Budget:	\$ 385,570	\$ 5,508		
Assessments:	\$ 18,056	\$ 258		
Property Management	\$ 43,300	\$ 619		
Resident Services:	\$ 40,171	\$ 574		
Replacement Reserves:	\$ 42,000	\$ 600		



**MAXIMUM HOME RENT AND INCOME LEVELS 2016****Maximum Income Limits:**

<b>Family Size</b>	<b>35% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>
1 person	\$ 17,010	\$ 24,300	\$ 29,160
2 person	\$ 19,460	\$ 27,800	\$ 33,360
3 person	\$ 21,875	\$ 31,250	\$ 37,500
4 person	\$ 24,290	\$ 34,700	\$ 41,640
5 person	\$ 26,250	\$ 37,500	\$ 45,000

**Maximum Rent Limits:**

Low Income Housing Tax Credits (LIHTCs)/HOME/HTF/MRB

<b>Unit Size</b>	<b>35% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>
1 bedroom	\$ 455	\$ 651	\$ 781
2 bedroom	\$ 546	\$ 781	\$ 937
3 bedroom	\$ 631	\$ 902	\$ 1,083

Date: January 24, 2017

Mercy Housing California  
c/o Stephan Daues, Vice President  
2512 River Plaza Drive, Suite 200  
Sacramento, CA 95833

RE: Conditional Loan Commitment for Crossroad Gardens

Dear Mr. Daues:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of the Agency commitment of permanent loan funds (Loan) comprised of \$5,500,000 in County Home Investment Partnership Program (HOME) and Community Development Block Grant (CDBG) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Crossroad Gardens located at 7322 Florin Woods Drive, Sacramento, California (Property). **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 January 24, 2018.

1. **PROJECT DESCRIPTION:** Crossroad Gardens is an existing 70-unit affordable development located in the South Sacramento area of Sacramento County. Built in 1995, the project consists of 12 one-bedroom, 32 two-bedroom, and 26 three-bedroom units located within 8 two-story buildings framed with woods studs, which are clad with stucco and vinyl siding. On-site amenities include a community building, half-court basketball area, playground sites, and laundry facilities. The development includes 154 parking spaces throughout the site, including 14 carport structures, which provide 70 covered parking spaces, and 4 disabled parking spaces.
2. **BORROWER:** The name of the Borrower for the Loan is Mercy Housing California, a California limited partnership (or related entity).
3. **PURPOSE OF LOAN:** 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) Five Million Five Hundred Thousand Dollars (\$5,500,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. This Loan amount is based on assumptions of a 25% marginal tax rate. Should the assumed marginal tax rate increase once tax rates are more certain and an investor is identified, the Loan amount will be reduced.
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 zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 660 months. Beginning in month 661, monthly installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **SOURCE OF LOAN FUNDS:**  
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: County HOME Investment Partnership Program (HOME) funds and Community Development Block Grant (CDBG) 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.

**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)

9. **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.
10. **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 bank loan/bond, State of California Department of Housing and Community Development – Family Housing Demonstration Program loan, 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 rehabilitation of the Property.
11. **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.
12. **PROOF OF EQUITY:** Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$6,654,856 in Low Income Housing Tax Credit Equity and no less than \$650,000 in deferred developer fee. If LIHTC equity goes below \$6,654,856 it must be offset by an increase in deferred developer fee.
13. **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.

14. 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.
15. SOILS AND TOXIC REPORTS: Borrower/Grantee 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/Grant closing. Borrower/Grantee must, as a condition of disbursement of Loan/Grant 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.
16. 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. The Final Plans shall incorporate all related mitigation measures 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.
17. 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.

18. 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.
19. 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.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. 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.

22. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency. The cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any

loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

23. 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.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
26. 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.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage 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 TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion

Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. **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 CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. **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.
31. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. **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.
33. **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.
34. **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 a minimum of twenty (20) hours of on-site resident services.

35. 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.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. 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.
38. 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.
39. 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.
40. 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: January 24, 2017

**BORROWER:**

Mercy Housing California, L.P., a California limited partnership (or related entity)

By: \_\_\_\_\_  
Stephan Daues, Vice President

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

**CROSSROAD GARDENS PROJECT: APPROVING THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF OF MERCY HOUSING CALIFORNIA, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

**WHEREAS**, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing for the issuance of multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$13,500,000 and to lend the proceeds thereof to Mercy Housing California, a California nonprofit public benefit corporation (the "Borrower") or a partnership created by the Borrower, consisting at least of the Borrower or a related person to the Borrower and one or more limited partners, to be used to provide funds for the acquisition, rehabilitation and development of a 70-unit multifamily housing residential facility to be located at 7322 Florin Woods Drive, in the County of Sacramento, California, to be owned by the Borrower and operated by Mercy Housing Management Group;

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

**WHEREAS**, a public hearing was held by the Board on the 24<sup>th</sup> day of January, 2017, following duly published notice thereof, and all persons desiring to be heard have been heard;

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

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of Loan  
Commitment For Crossroad Gardens

Page 2

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds,  
determines and declares that issuance by the Authority of the Obligations in the maximum  
principal amount of \$13,500,000 for the purposes described above is hereby approved.

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

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_,  
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of  
Sacramento, State of California, this 24<sup>th</sup> day of January, 2017, 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

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

ON DATE OF

**CROSSROAD GARDENS: APPROVAL OF \$5,500,000 LOAN COMMITMENT AND RELATED DOCUMENTS CONSISTING OF \$3,300,000 IN HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) AND \$2,200,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS; APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOANS AND ASSUMPTIONS OF OBLIGATIONS; RELEASES OF OUTDATED RESTRICTIONS; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA OR RELATED ENTITY; AUTHORIZING THE AMENDMENT OF THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA) BUDGET; RELATED FINDINGS; ENVIRONMENTAL FINDINGS**

**WHEREAS**, Mercy Housing California (Developer) has applied to the Sacramento Housing and Redevelopment Agency (SHRA) for the issuance of up to \$13,500,000 in tax-exempt mortgage revenue bonds and gap financing loan commitment of \$3,300,000 in HOME Investment Partnership Program (HOME) funds and \$2,200,000 in Community Development Block Grant (CDBG) funds for the rehabilitation of Crossroad Gardens (Project); and

**WHEREAS**, the Project currently has two SHRA loans outstanding. The first is a HOME loan with a principal balance of \$575,450 that will have accrued approximately \$387,777 in interest through June 2017. The second is a loan of City Housing Trust Funds (HTF) with a principal balance of \$495,151 that will have accrued approximately \$341,044 in interest through June 2017. The Developer has requested that the existing debt be restructured and assigned to a new limited partnership formed by Mercy Housing California. The requested restructuring of the loans and associated documents includes assuming them as one loan in the amount of approximately \$1,799,422, extending their maturity to a date 55 years after the proposed rehabilitation of the Project, and changing their interest rate; and

**WHEREAS**, the 15 year term of affordability as required in 2013 HOME Rule, 24 CFR Part 92 has been achieved. The existing HOME and HTF Regulatory Agreement dated August 4, 1994 is therefore eligible for release from the Project. The SHRA intends to record a new HOME and CDBG Regulatory Agreement for a term of 15 years on the Project; and

**WHEREAS**, Crossroad Gardens qualifies for CDBG funding and continues to qualify for HOME funding under the SHRA Multifamily Lending Guidelines; and

**WHEREAS**, the proposed action has been analyzed in accordance with CEQA and the project was determined to be exempt per Guidelines Section 15301; and



**WHEREAS**, the proposed action has been analyzed in accordance with NEPA and was determined to be categorically excluded per 24 CFR Section 58.35(a)(3)(ii) and converts to exempt per Section 58.34(a)(12); and

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

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

Section 2: The Loan Commitment letter attached to and incorporated in this resolution by this reference for the financing of Crossroad Gardens is approved in the amount of Three Million Three Hundred Thousand Dollars (\$3,300,000) of HOME funds and Two Million Two Hundred Thousand Dollars (\$2,200,000) of CDBG funds, and the Agency is authorized to execute the Loan Commitment and related documents and transmit to Mercy Housing California, L.P. or related entity. The Agency will return to the Board for approval of loan documents.

Section 3: The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan 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.

Section 4: The Agency is authorized to amend its budget and to transfer up to Three Million Three Hundred Thousand Dollars (\$3,300,000) of HOME funds and Two Million Two Hundred Thousand Dollars (\$2,200,000) of CDBG funds to Crossroad Gardens.

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of Loan  
Commitment For Crossroad Gardens  
Page 3

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_,  
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of  
Sacramento, State of California this 24<sup>th</sup> day of January, 2017, 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

## 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

**CROSSROAD GARDENS: AUTHORIZING A LOAN COMMITMENT CONSISTING OF \$3,300,000 IN COUNTY HOME INVESTMENT PARTNERSHIP (HOME) FUNDS AND \$2,200,000 IN COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS; APPROVAL OF THE RESTRUCTURING OF OUTSTANDING LOANS AND ASSUMPTION OF OBLIGATIONS; RELEASES OF OUTDATED RESTRICTIONS; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA, L.P. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS**

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

- Section 1. The Crossroad Gardens Project was evaluated in accordance with CEQA and the project was determined to be exempt from the provisions of CEQA per Guidelines Section 15301(Existing Facilities).
- Section 2. The Crossroad Gardens Project was reviewed in accordance with NEPA and was determined to be categorically excluded per 24 CFR Section 58.35(a)(3)(ii) and converts to exempt per Section 58.34(a)(12).
- Section 3. Subject to approval by the Board of Supervisors, the Loan Commitment letter attached to and incorporated in this resolution by this reference for the financing of Crossroad Gardens (Loan Commitment) is approved and the Sacramento Housing and Redevelopment Agency (Agency) Executive Director, or designee, is authorized to execute the Loan Commitment and related documents and transmit to Mercy Housing California, L.P., or related entity.
- Section 4. Subject to the close of escrow and related financing, the Executive Director or designee is authorized to modify and extend the terms and consent to the assumption of the obligations by Mercy Housing California or a related entity.
- Section 5. Subject to the close of escrow and related financing, the Executive Director or designee is authorized to release recorded restrictions associated with existing Agency loans on the subject property.
- Section 4. The Executive Director, or designee, is authorized to amend the Agency budget to transfer Three Million Three Hundred Thousand Dollars (\$3,300,000) of County

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of Loan  
Commitment For Crossroad Gardens

Page 2

HOME Investment Partnership (HOME) funds and Two Million Two Hundred  
Thousand Dollars (\$2,200,000) of County Community Development Block Grant  
(CDBG) funds to Crossroad Gardens.

Section 5. Subject to the approval by the Board of Supervisors, the Executive Director, or  
designee, is authorized to execute the Loan Agreement and related documents,  
and perform other actions necessary to fulfill the intent of repayment of funds,  
including without limitation, subordination, extensions and restricting of  
payments, all as approved by Agency Counsel.

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CHAIR

ATTEST:

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CLERK



January 18, 2017

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:**

Authorization to Competitively Procure and Contract for Property Management Services  
for Phoenix Park III

**SUMMARY**

The attached report and resolution are submitted to you for review prior to review by the  
City of Sacramento.

**RECOMMENDATION**

Approve staff recommendation as outlined in the report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment



**Report to Housing Authority  
City of Sacramento**  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Consent**  
**February 7, 2017**

**Chair and Members of the Housing Authority Board**

**Title: Authorization to Competitively Procure and Contract for Property Management Services for Phoenix Park III**

**Location/Council District:** Phoenix Park III Development/Council District 8

**Recommendation:** Adoption of the attached **Housing Authority Resolution** which: a) authorizes the Executive Director or her designee to solicit competitive bids and proposals, and award and execute a contract according to adopted Sacramento Housing and Redevelopment Agency (Agency) Procurement Policy and Procedures for property management services for the Housing Authority owned property known as Phoenix Park III located in Sacramento for a period of one year with four optional one-year extensions, based on performance, and b) makes related environmental findings.

**Contact:** MaryLiz Paulson, Assistant Director of Housing, 916-440-1334; Cecette Hawkins, Management Analyst, 916-449-6218

**Presenters:** None

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue Detail:** Phoenix Park III includes 125 units of rental housing incorporated into the Morrison Creek Estates, Wildwood, and Brookfield developments in Sacramento (see Attachment 2--Map). These units were purchased by the Housing Authority of City of Sacramento as part of a comprehensive plan to find solutions and implement changes to improve an otherwise challenging and deteriorating neighborhood. Staff is seeking authority to solicit proposals from property management vendors and to enter into a contract with a qualified entity to act as the exclusive management agent for the properties located in Phoenix Park III. The ideal vendor will have experience marketing, leasing, and maintaining multi-family units.

Phoenix Park III Property Management Services

**Policy Considerations:** The recommendations in this report are consistent with the Housing Authority Five-Year and Annual Plan goals to improve the community's quality of life and economic vitality, and its mission to promote adequate and affordable housing, economic opportunities, and a suitable living environment free from discrimination.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA):** Authorization for Solicitation, Award and Contract is an administrative and fiscal activity and is therefore not considered a project under CEQA, per 14 California Code of Regulations (CCR) §15378(b), and exempt under NEPA per 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3). This is not considered a choice-limiting action. Prior to authorizing any specific work under a contract, or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed. Property management services are considered administrative and maintenance activities and are therefore not considered a project under CEQA per 14 CCR §15378(b), and exempt under NEPA per 24 CFR 58.34(a) (3) and 58.35(b) (3). These activities will not require subsequent review.

**Commission Action:** *Sacramento Housing and Redevelopment Commission:* At its meeting of January 18, 2017, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

**Rationale for Recommendation:** The attached resolution will enable the Housing Authority to enter into a contract to continue to provide property management services which will provide valuable and needed service for this Housing Authority owned property.

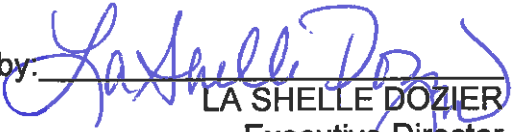
**Financial Considerations:** This report does not recommend an amendment to the Housing Authority budget. Property Management services are fee for service contracts where the revenue from operations covers the cost of services provided.

February 7, 2017

Phoenix Park III Property Management Services

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

Respectfully Submitted by:

  
LA SHELLE DOZIER  
Executive Director

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- 01 Description/Analysis
- 02 Vicinity Map
- 03 Resolution



## **RESOLUTION NO. 2017 -**

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

on date of

### **HOUSING AUTHORITY CONTRACTS: AUTHORIZATION FOR THE HOUSING AUTHORITY TO COMPETITIVELY PROCURE AND CONTRACT FOR PROPERTY MANAGEMENT SERVICES**

#### **BACKGROUND**

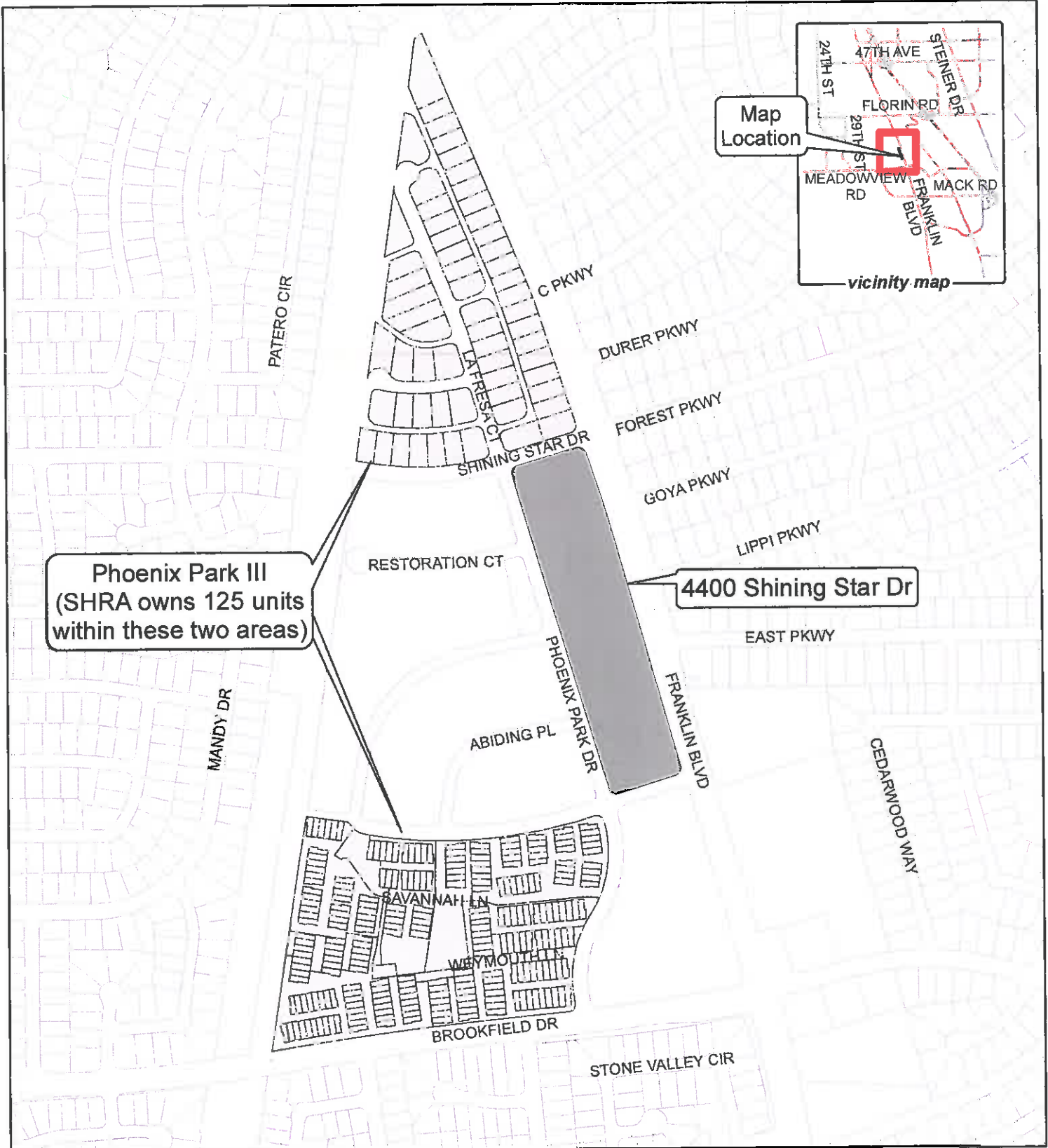
- A. Phoenix Park III includes 125 units of rental housing incorporated into the Morrison Creek Estates, Wildwood, and Brookfield developments in the City of Sacramento. These units were purchased by the Housing Authority of City of Sacramento as part of a comprehensive plan to find solutions and implement changes to improve an otherwise challenging and deteriorating neighborhood.
- B. Staff is seeking a property management firm to lease and manage these properties and is requesting authority to solicit proposals from property management vendors to act as the exclusive management agent for properties located in the Phoenix Park III property located in the City of Sacramento.
- C. California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA): Authorization for Solicitation, Award and Contract is an administrative and fiscal activity and is therefore not considered a project under CEQA, per 14 California Code of Regulations (CCR) §15378(b), and exempt under NEPA per 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3). This is not considered a choice-limiting action. Prior to authorizing any specific work under a contract, or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed. Property management services are considered administrative and maintenance activities and are therefore not considered a project under CEQA per 14 CCR §15378(b), and exempt under NEPA per 24 CFR 58.34(a) (3) and 58.35(b) (3). These activities will not require subsequent review.

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

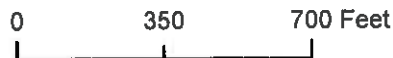
- Section 1: The above recitals, including the environmental recitals, are determined to be true and correct.
- Section 2. The Executive Director or her designee is authorized to solicit competitive bids and proposals, and award and execute contracts for property management services for the Housing Authority owned properties in Phoenix Park III, located in the City of Sacramento. The duration of the contract will be one year with four optional one-year extensions, based on performance.



# Phoenix Park III



-  4400 Shining Star Dr
-  Phoenix Park III





January 18, 2017

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:**

Authorization to Competitively Procure and Contract for Property Management Services  
for Norcade Circle Properties

**SUMMARY**

The attached report and resolution are submitted to you for review prior to review by the  
County of Sacramento.

**RECOMMENDATION**

Approve staff recommendation as outlined in the report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 7, 2017

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Authorization To Competitively Procure And Contract For Property Management Services For Norcade Circle Properties

Supervisory District: Nottoli

Contact: MaryLiz Paulson, Assistant Director of Housing, 916-440-1334  
Cecette Hawkins, Management Analyst, 916-449-6218

**Overview**

The Housing Authority owns 12 rental units on Norcade Circle in Sacramento (see Attachment 1-Map). Staff is seeking authority to solicit proposals from property management vendors and to enter into a contract with a qualified entity to act as the exclusive management agent for these properties. The ideal vendor will have experience marketing, leasing, and maintaining multi-family units.

**Recommendations**

Adopt a **Housing Authority Resolution** which authorizes the Executive Director or her designee: a) to solicit competitive bids and proposals, and award and execute contracts according to adopted Agency Procurement Policy and Procedures for property management services at the Housing Authority properties located on 2816, 2820, and 2832 Norcade Circle. The contract term will be one year with four one-year optional extensions, based on performance at the Agency's discretion, and b) make related environmental findings.

**Measures/Evaluation**

The proposed actions are consistent with goals of the Housing Authority of the County of Sacramento to improve community quality of life and economic vitality for residents. Providing these services to our residents will enable us to continue to provide safe decent and sanitary housing.

**Fiscal Impact**

This report does not recommend an amendment to the Housing Authority budget. Property Management services are fee for service contracts where revenue from operations cover the cost of services provided.

## **BACKGROUND**

In October 2008, Norcade Circle was identified as one of two target areas for the Block Acquisition and Rehabilitation Program (Block Program) created as part of the Neighborhood Stabilization Program (NSP) funded through the Housing and Economic Recovery Act of 2008 (HERA). The Block Program was designed as a strategy to acquire, rehabilitate (or demolish and rebuild), and maintain, as common rental property, units in designated areas where foreclosures and vacant properties have magnified existing physical and social blight issues.

## **DISCUSSION**

To support the NSP efforts in this area, the Housing Authority purchased 12 rental units on Norcade Circle located in Sacramento County. Staff is seeking authority to solicit proposals from property management vendors and to enter into a contract with a qualified entity to act as the exclusive management agent for the properties located on Norcade Circle. The ideal vendor will have experience marketing, leasing, and maintaining multi-family units. The proposed contract term will be one year with four one-year optional extensions, based on performance at the Agency's discretion.

## **COMMISSION ACTION**

At its meeting of January 18, 2017, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

## **MEASURES/EVALUATIONS**

The proposed actions are consistent with goals of the Housing Authority of the County of Sacramento to improve community quality of life and economic vitality for residents. Providing these services to residents continues the Housing Authority's mission to provide safe decent and sanitary housing.

## **FINANCIAL ANALYSIS**

This report does not recommend an amendment to the Housing Authority budget. Property Management services are fee for service contracts where the revenue from operations cover the cost of services provided.

**POLICY CONSIDERATIONS**

The recommendations in this report are consistent with the Housing Authority’s Five Year and Annual Plan goals to improve the community’s quality of life and economic vitality, and its mission to promote adequate and affordable housing, economic opportunities, and a suitable living environment free from discrimination.

**ENVIRONMENTAL REVIEW**

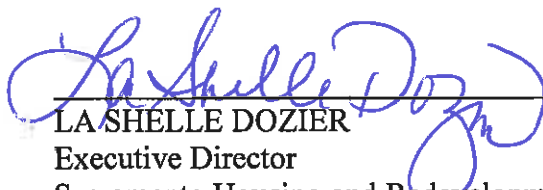
The California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA): Authorization for Solicitation, Award and Approval of Annual Expenditure Caps and per Contract Caps is an administrative and fiscal activity and is therefore not considered a project under CEQA, per 14 California Code of Regulations (CCR) §15378(b), and exempt under NEPA per 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3). This is not considered a choice-limiting action. Prior to authorizing any specific work under a contract, or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed. Property management services are considered administrative and maintenance activities and are therefore not considered a project under CEQA per 14 CCR §15378(b), and exempt under NEPA per 24 CFR 58.34(a)(3) and 58.35(b)(3). These activities will not require subsequent review.

**M/WBE and SECTION 3 REQUIREMENTS**

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

Respectfully submitted,

APPROVED

  
\_\_\_\_\_  
LA SHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

\_\_\_\_\_  
NAVDEEP S. GILL  
County Executive

Attachments:  
RES – County HACOS Resolution  
ATT 1 - Map

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

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

**ON DATE OF**

**AUTHORIZATION FOR THE HOUSING AUTHORITY TO COMPETITELY  
PROCURE AND CONTRACT FOR SERVICES**

**WHEREAS**, the Housing Authority of the County of Sacramento owns 12 rental housing units at 2816, 2820, and 2832 Norcade Circle located in the County of Sacramento.

**WHEREAS**, the Housing Authority is seeking a property management firm to lease and manage the Norcade Circle properties.

**WHEREAS**, the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA): Authorization for Solicitation, Award and Approval of Annual Expenditure Caps and per Contract Caps is an administrative and fiscal activity and is therefore not considered a project under CEQA, per 14 California Code of Regulations (CCR) §15378(b), and exempt under NEPA per 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3). This is not considered a choice-limiting action. Prior to authorizing any specific work under a contract, or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed. Property management are considered administrative and maintenance activities and are therefore not considered a project under CEQA per 14 CCR §15378(b), and exempt under NEPA per 24 CFR 58.34(a)(3) and 58.35(b)(3). These activities will not require subsequent review.

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

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

**Section 2:** The Executive Director or her designee is authorized to solicit competitive bids and proposals, and award and execute contracts according to adopted Agency Procurement Policy and Procedures for property management services for the Housing Authority properties located at 2816, 2820, and 2832 Norcade Circle, located in County of Sacramento. The duration of the contract will be one year with four optional one-year extensions, based on performance.

Authorization To Competitively Procure And Contract For Property Management Services For  
Norcade Circle Properties  
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On a motion by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 7th day of February, 2017, by the following vote, to wit:

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

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Chair of the Housing Authority  
of Sacramento County, California

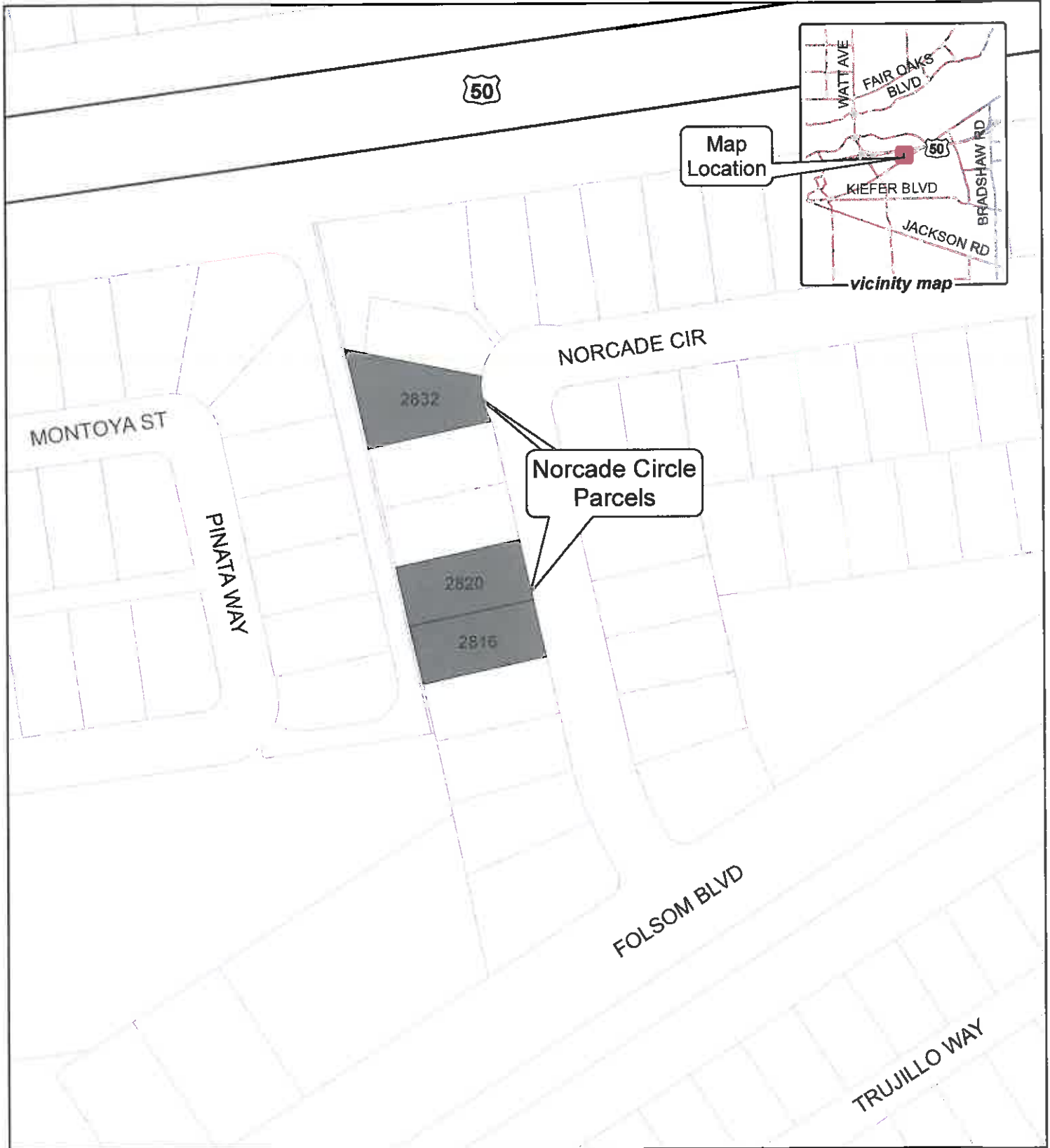
(SEAL)

ATTEST: \_\_\_\_\_  
Clerk

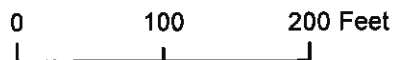




# Norcade Circle



Norcade Circle Parcel



SHRA GIS  
January 11, 2017

January 18, 2017



Sacramento Housing and Redevelopment Commission  
Sacramento, California

Honorable Members in Session:

**SUBJECT** Authorization to Competitively Procure and Contract for Routine Services

**RECOMMENDATION**

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to solicit competitive bids and proposals, and award and execute contracts according to adopted Sacramento Housing and Redevelopment Agency (Agency) Procurement Policy and Procedures for laundry equipment, vending machines, collection agencies, and emergency remediation services for clean up after a fire, flood or biohazard. The term of these contracts will be one year with four optional one-year extensions based on performance.

**CONTACT PERSONS**

MaryLiz Paulson, Assistant Director of Housing, 916-440-1334  
Cecette Hawkins, Management Analyst, 916-449-6218

**SUMMARY**

The Housing Authority regularly procures and contracts for routine services for various activities related to the management of public housing. The Sacramento Housing and Redevelopment Commission annually reviews and approves a list of anticipated, recurring solicitations and approves a budget which includes costs where payment is issued to the vendor. This report covers anticipated services required for 2017 and subsequent years that were not included in the report approved by the Commission in 2016. If the length of the contract is greater than one year, the resolution authorizes the Executive Director to amend the contract for a maximum of four one-year extensions based on performance at the discretion of Agency staff.

## **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Sacramento Housing and Redevelopment Commission  
January 18, 2017  
Page 2

### **BACKGROUND**

This report requests authority to solicit for services such as the provision of laundry equipment used by residents, vending machines, and collection agency services. These types of service providers do not receive a fee directly from the Agency for the service but are paid from the income they generate. The Agency also receives payment from the proceeds.

The Housing Authority (HA) occasionally procures services for the emergency remediation of a public housing unit after fire, flood, and biohazard events. This report requests authority to competitively procure contractors in advance of such an event which will allow the HA to begin remediation measures immediately instead of delaying the clean up to solicit bids.

### **FINANCIAL CONSIDERATIONS**

Services outlined in this report will be procured by competitive bids and proposals in accordance with the Agency Procurement Policy and Procedures. Income from fees for service contracts and funding for remediation services were included in the adopted 2017 Housing Authority budget.

### **POLICY CONSIDERATIONS**

Agency procurement policy requires that all purchase orders and agreements for routine services, supplies and maintenance exceeding \$100,000 be approved by the Sacramento Housing and Redevelopment Commission. The contract for services may not be more than \$100,000 in a year but may exceed this amount over several years.

### **ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA): Authorization for Solicitation, Award and Contract is an administrative and fiscal activity and is therefore not considered a project under CEQA, per 14 California Code of Regulations (CCR) §15378(b), and exempt under NEPA per 24 Code of Federal Regulations (CFR) §58.34(a) (2) and (3). This is not considered a choice-limiting action. Prior to authorizing any specific work under a contract or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed.

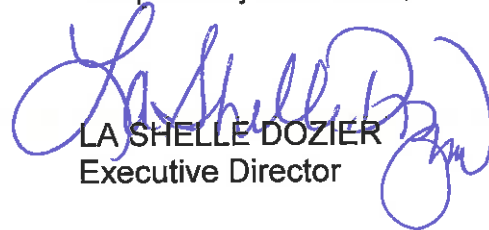
## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and Redevelopment Commission  
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### M/WBE and Section 3 Requirements

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

Respectfully submitted,



LA SHELLE DOZIER  
Executive Director

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**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  
January 18, 2017

**HOUSING AUTHORITY CONTRACTS: AUTHORIZATION FOR THE  
HOUSING AUTHORITY TO COMPETITIVELY PROCURE AND  
CONTRACT FOR ROUTINE SERVICES**

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

Section 1. All the evidence presented having been fully considered, including but not limited to the environmental findings that the actions herein are not considered a project under the California Environmental Quality Act (CEQA) pursuant to 14 California Code of Regulations (CCR) §15378(b), and exempt under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.34(a)(2) and (3). Prior to authorizing any specific work under a contract, or any other discretionary or choice-limiting action is taken, a subsequent environmental review under CEQA and NEPA will be completed.

Section 2. The Executive Director or her designee is authorized to solicit competitive bids and proposals, and award contracts according to adopted Agency Procurement Policy and Procedures for routine and recurring services for laundry equipment, vending machines, collection agencies, and emergency remediation services for clean up after a fire, flood or biohazard.

Section 3. The Executive Director or her designee is authorized to execute contracts for these routine and recurring services in amounts not to exceed the annual expenditure cap or per contract cap.

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CHAIR

ATTEST:

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CLERK