NOTICE OF REGULAR MEETING
Sacramento Housing and Redevelopment Commission
Wednesday, April 19, 2017 – 6:00 pm
801 12th Street, 2nd 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 - March 15, 2017

DISCUSSION/BUSINESS ITEMS

2. Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing For Kensington Apartments

3. Approval Of Loan Commitment For St. Francis Terrace and Village Park

4. Approval of Resolution to Support The City And County Allocating Their Biannual Residual Distributions From Redevelopment Property Tax Trust Fund "Boomerang Funds" To Affordable Housing

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 12th Street, Sacramento CA 95814. Agendas and reports are also posted online at 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.
MINUTES

Sacramento Housing and Redevelopment Commission (SHRC)
Meeting of March 15, 2017
Meeting noticed on March 10, 2017

ROLL CALL

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

MEMBERS PRESENT: Alcalay, Creswell, Griffin, Macedo, Morgan, Raab, Rios, Simas, Staajabu

MEMBERS ABSENT: Johnson, Painter

STAFF PRESENT: La Shelle Dozier, Tyrone Williams, David Levin, Vickie Smith, Christine Weichert, MaryLiz Paulson, Angela Jones, Sarah Thomas, Joanna Davis, Mark Hamilton, Jim Shields, Lira Goff

APPROVAL OF AGENDA – agenda approved as submitted.

CITIZENS COMMENTS

Jefferey Tardaguilla and Charles Linegar provided comments.

1. APPROVAL OF MINUTES - The minutes of the February 1, 2017 and February 15, 2017 meetings were approved as submitted.

CONSENT ITEMS

2. Authorization to Contract with Property Management Service Provider for Norcade Circle Properties

3. Award of 75 Veteran Affairs Supportive Housing (VASH) Vouchers to House Homeless Veterans in Sacramento – County Report

4. Award of 75 Veteran Affairs Supportive Housing (VASH) Vouchers to House Homeless Veterans in Sacramento – City Report
On a motion by Commissioner Alcalay, seconded by Commissioner Griffin, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES:   Alcalay, Creswell, Griffin, Macedo, Morgan, Raab, Rios, Simas, Staajabu

NOES:   None

ABSENT: Johnson, Painter

ABSTAIN: None

DISCUSSION/BUSINESS ITEMS

5. Authorization and Acceptance of the Performance Partnership Pilots for Disconnected Youth (P3) Grant – City report

6. Authorization and Acceptance of the Performance Partnership Pilots for Disconnected Youth (P3) Grant – County report

On a motion by Commissioner Morgan, seconded by Commissioner Simas, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES:   Alcalay, Creswell, Griffin, Macedo, Morgan, Raab, Rios, Simas, Staajabu

NOES:   None

ABSENT: Johnson, Painter

ABSTAIN: None

7. Award of 75 Veteran Affairs Supportive Housing (VASH) Vouchers to House Homeless Veterans in Sacramento – Commission report

On a motion by Commissioner Alcalay, seconded by Commissioner Griffin, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES:   Alcalay, Creswell, Griffin, Macedo, Morgan, Raab, Rios, Simas, Staajabu

NOES:   None
ABSENT: Johnson, Painter

ABSTAIN: None

PUBLIC HEARING ITEMS

8. Housing Authority Resources to Serve the Homeless - City report

9. Housing Authority Resources to Serve the Homeless - County report

Sarah Thomas presented the item.

Chair Creswell read a letter of support for the item submitted by Commissioner Painter.

The following individuals provided comment in support of the item:
  Mike Jaske – Sacramento ACT
  Anthony Creel – Sac Stand Down Association
  Ryan Loffborrow – Sacramento Steps Forward
  Patty Uplinger – Housing Now
  Bill Blado
  Joan Burke – Loaves and Fishes
  John Foley – Sacramento Self Help Housing
  Robert Coplin – Sacramento Homeless Organizing Committee
  Sarah Steinheimer – Legal Services of Northern California
  Daryl Rutherford – Sacramento Housing Alliance
  Holly Wonder-Styles – Mutual Housing
  Jim Lofgren – Rental HOulsng Association

The following individual spoke in opposition to the proposal:
  Deborah Surrut – Sacramento Resident Advisory Board

On a motion by Commissioner Griffin, seconded by Commissioner Macedo, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Creswell, Griffin, Macedo, Morgan, Raab, Rios, Simas, Staajabu

NOES: None

ABSENT: Johnson, Painter

ABSTAIN: None
ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None

EXECUTIVE DIRECTOR REPORT

La Shelle Dozier reviewed the following:
1. The next meeting will be held April 19th
2. Upcoming events including:
   Ethan Terrace Apartments grand reopening – March 30th at 11am
   Colonial Heights Library Ribbon Cutting – April 13th at 11:30 am
   Louise Perez Community Center/Prime time nutrition center grand opening April 14th at 10am
   Mutual Housing at Foothill Farms Grand reopening – April 27th at 10:30am

COMMISSION CHAIR REPORT

None

ADJOURNMENT

As there was no further business to be conducted, Chair Creswell adjourned at 8:07 pm.

_________________________
Clerk
Sacramento Housing and Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:
Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing for Kensington Apartments

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

RECOMMENDATION
Staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,

LA SHELL DOZIER
Executive Director

Attachment

801 12th Street, Sacramento, CA 95814
COUNTY OF SACRAMENTO  
CALIFORNIA

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

From: Sacramento Housing and Redevelopment Agency

Subject: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing For Kensington Apartments

Supervisorial District: Peters

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 Tax Credit Equity and Fiscal Responsibility Act (TEFRA) hearing for the 301-unit Kensington Apartments (Project), approval of the issuance of the tax-exempt bonds by California Statewide Communities Development Authority (CSCDA), and approval for the Housing Authority of the County of Sacramento (Housing Authority) to receive an issuance fee.

Recommendations
Adopt the attached 1) Board of Supervisors Resolution for the Kensington Apartments which indicates that the Board of Supervisors has: a) conducted a public TEFRA hearing related to the proposed construction and permanent financing of the Project, b) approved issuance of the tax-exempt bonds and refunding bonds by CSCDA subject to receipt of an issuance fee to the Housing Authority, and c) approved authorization to carry out the intent of the resolution; and 2) Housing Authority Resolution which indicates that: a) the Housing Authority is authorized to release the existing Regulatory Agreement, and receive and accept an issuance fee, b) the Housing Authority is authorized to execute and deliver any and all documents deemed necessary, and c) the Housing Authority, any department of the Housing Authority, or the County of Sacramento are not obligated to provide financing or other obligations.

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

Measures/Evaluation
The proposed project will preserve 61 affordable units, thereby contributing to the County of Sacramento's 2013-2021 Housing Element goals. Affordability restrictions placed on the Kensington Apartments Project will be monitored by the CSCDA for 55 years.
**Fiscal Impact**

The Housing Authority will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable upon issuance of the bonds. The Developer will be responsible for payment of all costs, fees, and deposits related to the bond application. Multifamily housing revenue bonds do not represent a financial obligation of the Sacramento Housing and Redevelopment Agency (Agency), Housing Authority, or the County of Sacramento.

**BACKGROUND**

Kensington Apartments, LP, a partnership created by Klein Financial Corporation (Developer), has requested a TEFRA hearing related to the issuance of up to $38 million in tax-exempt bonds for the rehabilitation of Kensington Apartments (Project). Upon approval of the TEFRA, a four percent Low Income Housing Tax Credit (LIHTC) application to the California Tax Credit Allocation Committee (CTCAC) and an application for an allocation of tax-exempt Multifamily Housing Revenue Bonds (MHRB) from California Debt Limit Allocation Committee (CDLAC) will be submitted by May 19, 2017.

The Agency’s Multifamily Lending and Mortgage Revenue Bond Policies (Policies), adopted by the Board of Supervisors in February 2009, authorize the Housing Authority to issue Mortgage Revenue Bonds (bonds) within the County of Sacramento. Bonds provide below market rate financing for qualified rental projects. Among other things, these bonds increase and preserve the supply of affordable rental housing, and maintain quality and sustainable living environments for residents of assisted affordable housing developments and surrounding properties. As the bond issuer, the Agency ensures the necessary project due diligence, financial feasibility, quality management, and on-site services and resources. To date, the Agency has issued bonds for over 100 projects throughout the County of Sacramento.

In limited situations, Agency policy allows other issuers to issue bonds for multifamily housing projects located within the County of Sacramento. All Agency affordability requirements, procedures and requirements apply to projects that utilize other issuers. The Developer has requested that CSCDA, a statewide bond issuer, rather than the Housing Authority, issue the bonds for Kensington Apartments. Regardless of the issuer, the Tax Equity and Fiscal Responsibility Act states the issuance of bonds must be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located. The purpose of the public hearing is to provide an opportunity for interested persons to express their views on the proposed bond issuance and the nature and location of the project.

**DISCUSSION**

**Project Description**

Kensington Apartments is an existing 301-unit affordable/market rate development on 13.17 acres located at 3644 Kings Way in the Arden-Arcade area of Sacramento County. The Project is comprised of 61 very low income units restricted to households earning 50 percent of the Area Median Income (AMI) or less and 237 market-rate units. The unit mix includes 40 studios, 79
one-bedroom, 158 two-bedroom and 24 three-bedroom apartments. A vicinity map is provided as Attachment 1. A picture of the Project is provided as Attachment 2.

The Project was built in two phases. Phase 1 was completed in 1964 and includes three stucco-clad three-story residential buildings containing 103 units, three elevators, a community building with management offices, community room with a kitchen, a business center with computers, restrooms and pool equipment room. Phase 2 was completed in 1984 and includes 20 vinyl-clad two-story garden apartment buildings containing 198 units and a fitness center. Other amenities include three gated swimming pools, one hot tub, four laundry facilities, picnic areas with barbecues, benches and tables, 234 carport parking spaces, 205 open spaces and perimeter security fencing.

In December 1992, the Project was rehabilitated with tax-exempt bonds, restricting 61 of the 301 units at 50 percent of Area Median Income (AMI). As the bond issuer, the Housing Authority required that the restricted units remain affordable until the bonds were no longer outstanding. Sacramento Housing and Redevelopment Agency (Agency) staff have conducted annual physical and file inspections since 1992.

2006-2016 Improvements

In December 2006, M2 Sacramento 301, LP, consisting of the Klein Financial Corporation, California Public Employee Retirement System (CalPERS) and other partners, acquired the Project and assumed the regulatory requirements. The Project has undergone renovations during the last 10 years. According to the Developer the following has taken place at the Project: roof replacement on six buildings, installation of new vinyl siding on the 20 garden apartment buildings, new flooring in 143 units, new cabinets or cabinet facing in 174 units, and new garbage disposals in 159 units. In addition, improvements were made to trash enclosures, wood fencing, concrete walkways, and drainage systems. The Developer has stated that all improvements should have an additional 15 years of useful life, as required by Agency Policy. Agency staff was not provided documentation confirming the remaining useful life span of these improvements.

Current Improvements

The Developer states the current management company, Alliance Residential Company, will complete the following work no later than June 2017: retrofit windows where there is water intrusion/dry rot, repair and reseal asphalt throughout the parking lot and at driveways, replace lifted concrete sidewalks and driveways, repair fascia, replace post and beam work on the carports, replace water damaged cabinets, remove dry rot throughout the property including new patio railings on the second and third floor balconies, and remove over 30 trees. It should be noted that the Developer did not provide the Agency with an arborist’s report verifying the tree removal recommendation or include language protecting nesting birds during tree trimming/removal. Agency staff was not given a budget for these improvements, nor was staff able to confirm that the existing Project reserves were sufficient to cover the required work. It is hoped the improvements will have a minimum of a 15-year useful life.
Proposed Improvements
The Developer states the following will be completed: installation of energy efficient appliances including refrigerators, ranges, and dishwashers, and new microwave-hoods, sinks, finishes, and granite kitchen countertops. Kitchen cabinet doors, drawers and hardware will be refaced. Bathrooms will be upgraded with new sinks, finishes and low-flow toilets, resurfaced counters, and refinished tubs and surrounds. Additional improvements include new entry doors, French doors/slidors, new window coverings, new paint, carpet and vinyl flooring, and drywall repair. Lastly, windows will be retrofitted. Since the Agency was not provided a unit by unit physical needs assessment, it was not possible to fully verify the interior improvement needs and to determine if the proposed improvements meet our Agency guidelines.

Proposed exterior improvements will include new roofing on all buildings and carports, new gutters, photovoltaic solar and wind systems, elastomeric paint on buildings with stucco-siding, thermostats and condensers throughout the property, interior paint and flooring in common areas and an upgrade to one of the three elevators. There will be fence repair, irrigation, and landscaping. No playground equipment will be installed.

In conclusion, the Agency’s construction staff was not able to fully confirm that the proposed scope of development and construction budget are sufficient; however, the Developer has assured staff that they are committed to completing all rehabilitation needs. According to the Developer, continual improvements have been made to the property over the last 10 years.

It should be noted that because the Agency is not the issuer, Construction Management staff from the Agency will not be providing on-site inspections to ensure the rehabilitation is completed as described as would normally be the procedure.

Developer: Klein Financial Corporation has developed and/or financed more than 50 affordable housing developments throughout California, Colorado and Arizona, consisting of approximately 14,000 units. In California, there are 36 Klein Financial-owned properties consisting of more than 10,000 units, including Discovery Commons, a 160-unit development in Sacramento. Klein Financial Corporation also serves as a co-investor and investment manager for real estate investments funded properties owned by CalPERS totaling 2,790 units.

Relocation Services: The Agency’s third-party relocation services consultant determined that the Temporary Relocation Plan is incomplete and does not meet the requirements in the Agency’s Policies. The Developer proposes to complete the rehabilitation while residents are living in the units, rather than temporarily moving the residents off-site. The Temporary Relocation Plan provided also does not include information regarding advisory services, timeline, per diem allowance, 30/60/90 day notices, nor an action plan to address potential temporary relocation for those residents who may have allergies or other medical conditions that prevent them from living in their units during construction.

Property Management: The Management Plan is incomplete as it does not include tenant application and eligibility information. Alliance Residential Company has been the property management company at the Project since January 2010 and will continue to provide property management services for the Developer.
Resident Services: The proposed Resident Services Provider is Leaven. Developer has executed a Services Agreement (Agreement) that includes an after-school program for up to 12 hours of services each week. The Agency’s policy is a minimum of 15 hours per week of on-site resident services.

Project Financing: Kensington Apartments will be financed through a combination of four percent Low Income Housing Tax Credits (LIHTC), tax-exempt bond financing for a permanent loan, market rate equity, net operating income during construction and a deferred developer fee. Funding sources and uses are provided in the Project Summary as Attachment 3. A Cash Flow Proforma is provided as Attachment 4.

Bond Financing: Agency Policy states that, in limited situations, other issuers, such as CSCDA, will be allowed to issue bonds for multifamily housing projects located within the County of Sacramento. All Agency procedures and requirements, including affordability, will apply to projects using other issuers including the issuance fee of 0.25 percent of the bond issuance amount to be paid to the Agency upon issuance of the bonds.

Consistent with other local Mortgage Revenue Bond Issuers, the Housing Authority prefers issuing bonds within the County of Sacramento. Being the bond issuer ensures the necessary project due diligence, financial feasibility, management, and on-site services and resources. The Agency confirms there is adequate management and oversight by performing annual on-site inspections of units, common areas and amenities. On-site property records and resident files are reviewed, along with quarterly reviews of resident services reports; and monthly reviews of bond resident activity reports. Additionally, the Agency provides direct technical assistance to help projects succeed in meeting the affordable regulatory requirements. CSCDA, who will be monitoring the Project, uses a third-party vendor to conduct desktop file reviews every three years. On-site inspections are not performed.

The Developer has reported that they have a master agreement with CSCDA to issue tax-exempt bonds for projects throughout the state. The same financing team, comprised of CSCDA as the issuer, Deutsche Bank AG as the senior lender, Kutak Rock LLP as counsel to the underwriter and Cox, Castle & Nicholson LLP is used for all projects. According to the Developer, using the same team provides them with costs saving not possible if the Housing Authority were the issuer.

The bond proceeds provide acquisition, construction, and permanent financing for multifamily housing developments. Interest paid on the obligations is exempt from federal and state income tax, so bondholders will accept a below-market yield from the obligations. These savings are, in turn, passed on to the project owner in the form of a loan, charging below-market interest. Approximately $38 million of tax-exempt bonds for the Project are intended to be privately-placed with Deutsche Bank, AG.

Very-Low Income and Rent Restrictions: Maximum rent and income limits can be found in Attachment 5. Project affordability restrictions will be specified in the 55-year regulatory agreements with the CTCAC, CSCDA and Developer.

COMMISSION ACTION
At its meeting of April 19, 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 County’s Housing Element set affordable housing goals for the period of 2013-2021. A very low-income unit is defined as being affordable to a household with income up to 50 percent of Area Median Income (AMI). The rehabilitated project, when completed, will allow the County to retain 61 very low-income units as represented in the following table:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>% of Units</th>
<th>Affordability Level Regulated for 55 years</th>
<th>AMI</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC and MHRB</td>
<td>20%</td>
<td>Very-Low Income</td>
<td>50%</td>
<td>61</td>
</tr>
</tbody>
</table>

FINANCIAL ANALYSIS

The bond issuance will not be an obligation of the County, the Housing Authority, or the 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 Housing Authority will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing.

POLICY CONSIDERATIONS

In accordance with the Agency’s Multifamily Lending and Mortgage Revenue Bond Policies (Policies), all Agency procedures and requirements, including affordability, will apply to projects using other issuers.

As detailed in the Discussion section of this report, the Agency was unable to confirm that the application is consistent with the approved Agency Policies and/or standard industry practices. Issues of concern are: the construction budget and scope of development meeting the Agency’s construction standards; the Temporary Relocation Plan; the Management Plan; and the Resident Services Plan. The senior loan is non-performing with interest-only payments. The principal balance of the loan and any unpaid interest is due at maturity. The Project’s finance plan, and sources and uses, do not reflect permit, issuance, application, monitoring, or permanent financing fees.

The 55-year affordability term required for the Project is consistent with Agency Policy. Regulatory restrictions on the property will be specified in regulatory agreements with the CTCAC, CSCDA and the Developer.
ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The project has been determined to be categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301(a), “Existing Facilities”.

National Environmental Policy Act (NEPA): This project does not include any federal action. Therefore, NEPA does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,

LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

NAVDEEP S. GILL
County Executive

Attachments:
RES – Board of Supervisors (TEFRA)
RES – Housing Authority
ATT 1 – Vicinity Map
ATT 2 – Picture
ATT 3 – Project Summary
ATT 4 – Project Cashflow Proforma
ATT 5 – Maximum Income and Rent Limits
RESOLUTION NO. __________

ON DATE OF

KEN SINGTON APARTMENTS: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO APPROVING THE ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS

WHEREAS, the proposed action has been analyzed in accordance with the California Environmental Quality Act (CEQA) and is categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301(a), “Existing Facilities”.

WHEREAS, the proposed project does not include any federal action, therefore, the National Environmental Policy Act (NEPA) does not apply.

WHEREAS, on November 3, 1992, the Board of the Housing Authority of the County of Sacramento approved the issuance of multifamily housing revenue bonds to the project and recorded against title a Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement); and

WHEREAS, the California Statewide Communities Development Authority (the Authority) is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the Agreement), among certain local agencies throughout the State of California, including the County of Sacramento (the County), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, Kensington Apartments, LP or a partnership created by Klein Financial Corporation (the Developer), consisting at least of the Developer or a related person to the Developer and one or more limited partners, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the Bonds) in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed $38,000,000 in outstanding aggregate principal amount, to finance the acquisition and rehabilitation of a 301-unit multifamily rental
housing project located at 3644 Kings Way, Sacramento, California, generally known as Kensington Apartments (the Project) and operated by Alliance Residential Company; and

WHEREAS, the Bonds or a portion thereof will be “private activity bonds” for purposes of the Internal Revenue Code of 1986 (the Code); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the “applicable elected representative” of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of the Board of Supervisors (the Board of Supervisors) are the applicable elected representatives of the County of Sacramento (the County); and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the County, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the Board of Supervisors approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Project (the Refunding Bonds), but only in such cases where federal tax laws would not require additional consideration or approval by the Board of Supervisors; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The Board of Supervisors hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority, and authorizes the release of the Regulatory Agreement, subject to receipt of an issuance fee of 0.25 percent of the Bond issuance amount to be paid to the Housing Authority of the County of Sacramento upon issuance of the Bonds. It is the purpose and intent of the Board of Supervisors that this resolution constitute approval of the Bonds for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

Section 4. This resolution shall take effect immediately upon its passage.
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 9th day of May, 2017, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,

(PER POLITICAL REFORM ACT (§ 18902.5))

Chair of the Board of Supervisors of Sacramento County, California

(SEAL)

ATTEST: ____________________________
    Clerk, Board of Supervisors
RESOLUTION NO. ___

ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

ON DATE OF

KENSINGTON APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO APPROVING THE RELEASE OF RECORDED REGULATORY AGREEMENT AND ACCEPTANCE OF AN ISSUANCE FEE

WHEREAS, the proposed action has been analyzed in accordance with the California Environmental Quality Act (CEQA) and is categorically exempt under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15301(a), “Existing Facilities”; and

WHEREAS, the proposed project does not include any federal action, therefore, the National Environmental Policy Act (NEPA) does not apply; and

WHEREAS, on November 3, 1992, the Board of Commissioners of the Housing Authority of the County of Sacramento approved the issuance of multifamily housing bonds to the project and recorded against title, a Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement).

WHEREAS, Kensington Apartments, LP or a partnership created by Klein Financial Corporation (Developer), consisting of the Developer or a related person to the Developer and one or more limited partners, has requested that the California Statewide Communities Development Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (Bonds) in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, and at no time to exceed $38,000,000 in outstanding aggregate principal amount, to finance the acquisition and rehabilitation of a 301-unit multifamily rental housing development located at 3644 Kings Way in Sacramento, California, generally known as Kensington Apartments (Project) and operated by Alliance Residential Company.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO
Section 1. The above recitals, including the environmental determinations, are true and correct.

Section 2. Subject to the adoption of the Tax Equity and Fiscal Responsibility Act (TEFRA) resolution by the Board of Supervisors of the County of Sacramento, which approves the issuance of the Bonds and the Refunding Bonds by the California Statewide Communities Development Authority, and authorizes the release of the Regulatory Agreement, subject to an issuance fee of 0.25 percent of the Bond issuance amount to be paid to the Housing Authority of the County of Sacramento (Housing Authority) upon issuance of the Bonds, the appropriate officers or the staff of the Housing Authority is hereby authorized to receive and accept an issuance fee of 0.25 percent of the Bond issuance amount upon issuance of the Bonds.

Section 3. The appropriate officers or the staff of the Housing Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution.

Section 4. The adoption of this Resolution shall not obligate (i) the Housing Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Housing Authority, of or any department of the Housing Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 5. This resolution shall take effect immediately upon its adoption.
On a motion by Member ____________, seconded by Member ____________, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California, this 9th day of May 2017, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

RECUSAL: Members,

(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Housing Authority of Sacramento County, California

(SEAL)

ATTEST: __________________________

Clerk
**Kensington Apartments**

**Residential Project Summary**

<table>
<thead>
<tr>
<th><strong>Address</strong></th>
<th>3644 Kings Way, Sacramento, 95821 301</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Built</strong></td>
<td>1984 and 1985</td>
</tr>
<tr>
<td><strong>Acreage</strong></td>
<td>13.17 (573,685 sq. ft.)</td>
</tr>
</tbody>
</table>

**Affordability**
- 61 units at or below 50% AMI and 237 Market Rate Units and 3 exempt Management Units

<table>
<thead>
<tr>
<th><strong>Unit Mix and Rents</strong></th>
<th><strong>VI-L (50% AMI)</strong></th>
<th><strong>Market Rate</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio / 1 Bath</td>
<td>10</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>16</td>
<td>63</td>
<td>79</td>
</tr>
<tr>
<td>2 Bedroom / 2 Bath</td>
<td>30</td>
<td>125</td>
<td>155</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>5</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>Management Units (2 BD / 2 BA exempt)</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**Square Footage**

<table>
<thead>
<tr>
<th><strong>Unit Size (sq.ft.)</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio / 1 Bath</td>
<td>480</td>
</tr>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>756</td>
</tr>
<tr>
<td>2 Bedroom / 2 Bath</td>
<td>1,005</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>1,185</td>
</tr>
<tr>
<td>Community Area</td>
<td>3,656</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,698,310 sq.ft.</td>
</tr>
</tbody>
</table>

**Resident Facilities**
- Community room with kitchen, laundry facility, three swimming pools, fitness spa, outdoor patio seating areas, on-site parking, security cameras and perimeter fencing.

**Permanent Sources**

<table>
<thead>
<tr>
<th><strong>Source</strong></th>
<th><strong>Total</strong></th>
<th><strong>Per Unit</strong></th>
<th><strong>Per Square Foot</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Credit Equity</td>
<td>2,747,631</td>
<td>9,128</td>
<td>10.18</td>
</tr>
<tr>
<td>Permanent Loan</td>
<td>38,000,000</td>
<td>126,246</td>
<td>140.84</td>
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<tr>
<td>Market Rate Equity</td>
<td>2,949,235</td>
<td>9,798</td>
<td>10.93</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>3,400,000</td>
<td>11,296</td>
<td>12.60</td>
</tr>
<tr>
<td>NOI During Construction</td>
<td>490,834</td>
<td>1,631</td>
<td>1.82</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$ 47,587,700</strong></td>
<td><strong>$ 158,099</strong></td>
<td><strong>$ 176</strong></td>
</tr>
</tbody>
</table>

**Permanent Uses**

<table>
<thead>
<tr>
<th><strong>Use</strong></th>
<th><strong>Total</strong></th>
<th><strong>Per Unit</strong></th>
<th><strong>Per Square Foot</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>29,300,000</td>
<td>97,342.19</td>
<td>108.59</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>9,511,291</td>
<td>31,599</td>
<td>35.25</td>
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<tr>
<td>Architecture, Engineering &amp;</td>
<td>125,000</td>
<td>415</td>
<td>0.46</td>
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<tr>
<td>Survey Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Hard Cost Contingency</td>
<td>1,426,694</td>
<td>4,740</td>
<td>5.29</td>
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<tr>
<td>Soft Cost Contingency</td>
<td>128,750</td>
<td>428</td>
<td>0.48</td>
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<tr>
<td>Financing Reserves</td>
<td>419,796</td>
<td>1,395</td>
<td>1.56</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>956,169</td>
<td>3,177</td>
<td>3.54</td>
</tr>
<tr>
<td>Relocation</td>
<td>200,000</td>
<td>664</td>
<td>0.74</td>
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<tr>
<td>Developer Fee</td>
<td>75,000</td>
<td>249</td>
<td>0.28</td>
</tr>
<tr>
<td>Third Party Fees, Marketing,</td>
<td>5,400,000</td>
<td>17,940</td>
<td>20.01</td>
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<tr>
<td>Other</td>
<td>45,000</td>
<td>149.50</td>
<td>0.17</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$ 47,587,700</strong></td>
<td><strong>$ 158,099</strong></td>
<td><strong>$ 176</strong></td>
</tr>
</tbody>
</table>

**Management / Operations**

<table>
<thead>
<tr>
<th><strong>Proposed Developer</strong></th>
<th>Klein Financial Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Management Company</strong></td>
<td>Alliance Residential Company</td>
</tr>
<tr>
<td><strong>Operations Budget</strong></td>
<td>1,664,433</td>
</tr>
<tr>
<td><strong>Property Management Company</strong></td>
<td>123,543</td>
</tr>
<tr>
<td><strong>Resident Services</strong></td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Assessments</strong></td>
<td>123,900</td>
</tr>
<tr>
<td><strong>Replacement Reserves</strong></td>
<td>90,300</td>
</tr>
</tbody>
</table>

Attachment 3
<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number</th>
<th>Square Feet</th>
<th>Total Sq Feet</th>
<th>Max Gross Rent</th>
<th>Utility Allowance</th>
<th>Max Net Rent</th>
<th>Rent per Sq Foot</th>
<th>Total Mo. Rent</th>
<th>Current Annual Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio / 1 BA @ 50% AMI</td>
<td>10</td>
<td>480</td>
<td>4,800</td>
<td>$607</td>
<td>-</td>
<td>$607</td>
<td>1.26</td>
<td>6,070</td>
<td>72,840</td>
</tr>
<tr>
<td>1 BD / 1 BA @ 50% AMI</td>
<td>16</td>
<td>756</td>
<td>12,096</td>
<td>$651</td>
<td>-</td>
<td>$651</td>
<td>0.86</td>
<td>10,416</td>
<td>124,902</td>
</tr>
<tr>
<td>2 BD / 2 BA @ 50% AMI</td>
<td>30</td>
<td>1,005</td>
<td>30,150</td>
<td>$781</td>
<td>-</td>
<td>$781</td>
<td>0.78</td>
<td>23,430</td>
<td>261,160</td>
</tr>
<tr>
<td>3 BD / 2 BA @ 50% AMI</td>
<td>5</td>
<td>1,185</td>
<td>5,925</td>
<td>$902</td>
<td>-</td>
<td>$890</td>
<td>0.73</td>
<td>4,300</td>
<td>51,600</td>
</tr>
<tr>
<td>Studio / 1 BA Market Rate (MR)</td>
<td>30</td>
<td>460</td>
<td>14,400</td>
<td>$1,255</td>
<td>-</td>
<td>$1,255</td>
<td>1.03</td>
<td>27,750</td>
<td>333,000</td>
</tr>
<tr>
<td>1 BD / 1 BA MR</td>
<td>63</td>
<td>756</td>
<td>47,628</td>
<td>$1,130</td>
<td>-</td>
<td>$1,130</td>
<td>1.49</td>
<td>71,190</td>
<td>854,280</td>
</tr>
<tr>
<td>2 BD / 2 BA MR</td>
<td>125</td>
<td>1,005</td>
<td>125,625</td>
<td>$1,290</td>
<td>-</td>
<td>$1,290</td>
<td>1.28</td>
<td>161,250</td>
<td>1,935,000</td>
</tr>
<tr>
<td>3 BD / 2 BA MR</td>
<td>19</td>
<td>1,185</td>
<td>22,515</td>
<td>$1,610</td>
<td>-</td>
<td>$860</td>
<td>0.73</td>
<td>16,340</td>
<td>196,080</td>
</tr>
<tr>
<td>Manager's Units (2BD / 2BA exempt)</td>
<td>3</td>
<td>1,005</td>
<td>3,015</td>
<td>$1,290</td>
<td>-</td>
<td>$1,290</td>
<td>1.28</td>
<td>3,870</td>
<td>46,440</td>
</tr>
<tr>
<td><strong>Totals (62 @ 50% AMI &amp; 239 MR)</strong></td>
<td>301</td>
<td>7,857</td>
<td><strong>266,154</strong></td>
<td>$9,186</td>
<td>$8,394</td>
<td><strong>324,616</strong></td>
<td><strong>3,955,392</strong></td>
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</tbody>
</table>

### Income

<table>
<thead>
<tr>
<th></th>
<th>annual increase per unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Gross Income</td>
<td></td>
<td>2.50%</td>
<td>4,092</td>
<td>4,194</td>
<td>4,297</td>
<td>4,407</td>
<td>4,517</td>
<td>4,630</td>
<td>4,517</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td>2.50%</td>
<td>275</td>
<td>474</td>
<td>282</td>
<td>266</td>
<td>296</td>
<td>304</td>
<td>311</td>
</tr>
<tr>
<td>Less Vacancy</td>
<td></td>
<td>5.00%</td>
<td>204</td>
<td>209</td>
<td>214</td>
<td>220</td>
<td>225</td>
<td>228</td>
<td>231</td>
</tr>
<tr>
<td>Effective Gross Income</td>
<td></td>
<td></td>
<td>$4,163</td>
<td>$4,267</td>
<td>$4,374</td>
<td>$4,483</td>
<td>$4,595</td>
<td>$4,610</td>
<td>$5,189</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>annual increase per unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td></td>
<td>3.50%</td>
<td>5,530</td>
<td>1,664</td>
<td>1,722</td>
<td>1,782</td>
<td>1,845</td>
<td>1,909</td>
<td>1,976</td>
</tr>
<tr>
<td>Property Management</td>
<td></td>
<td>3.50%</td>
<td>410</td>
<td>123</td>
<td>127</td>
<td>132</td>
<td>132</td>
<td>136</td>
<td>141</td>
</tr>
<tr>
<td>Reservoir Services</td>
<td></td>
<td>3.50%</td>
<td>100</td>
<td>30</td>
<td>31</td>
<td>30</td>
<td>32</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Assessments</td>
<td></td>
<td>2.00%</td>
<td>412</td>
<td>123</td>
<td>128</td>
<td>130</td>
<td>133</td>
<td>136</td>
<td>139</td>
</tr>
<tr>
<td>Replacement Reserves</td>
<td></td>
<td>0.00%</td>
<td>300</td>
<td>90</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
<td>$6,751</td>
<td>$2,037</td>
<td>$2,103</td>
<td>$2,176</td>
<td>$2,249</td>
<td>$2,325</td>
<td>$2,655</td>
</tr>
</tbody>
</table>

### Net Operating Income

<table>
<thead>
<tr>
<th></th>
<th>annual increase per unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td>$2,131</td>
<td>$2,230</td>
<td>$2,268</td>
<td>$2,306</td>
<td>$2,345</td>
<td>$2,384</td>
<td>$2,544</td>
</tr>
</tbody>
</table>

### Priority Distributions

<table>
<thead>
<tr>
<th></th>
<th>annual increase per unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management Fee (GP)</td>
<td></td>
<td>3.00%</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

### Deferred Developer Fee

<table>
<thead>
<tr>
<th></th>
<th>annual increase per unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td></td>
<td></td>
<td>$3,400</td>
<td>3,212</td>
<td>3,212</td>
<td>3,212</td>
<td>3,212</td>
<td>3,212</td>
<td>3,212</td>
</tr>
<tr>
<td>Balance</td>
<td></td>
<td></td>
<td>$3,212</td>
<td>2,927</td>
<td>2,927</td>
<td>2,927</td>
<td>2,927</td>
<td>2,927</td>
<td>2,927</td>
</tr>
<tr>
<td><strong>Net Cash after Deferred Developer Fee</strong></td>
<td></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
MAXIMUM GROSS INCOME AND RENT LIMITS 2016-2017
Low Income Housing Tax Credits (LIHTC)
50% of Area Median Income (AMI)

Kensington Apartments Income Limits:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>50% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>$ 24,300</td>
</tr>
<tr>
<td>2 person</td>
<td>$ 27,800</td>
</tr>
<tr>
<td>3 person</td>
<td>$ 31,250</td>
</tr>
<tr>
<td>4 person</td>
<td>$ 34,700</td>
</tr>
<tr>
<td>5 person</td>
<td>$ 37,500</td>
</tr>
<tr>
<td>6 person</td>
<td>$ 40,300</td>
</tr>
<tr>
<td>7 person</td>
<td>$ 43,050</td>
</tr>
</tbody>
</table>

Rent Limits:

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>50% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$ 607</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$ 651</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$ 781</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$ 902</td>
</tr>
</tbody>
</table>
Sacramento Housing and Redevelopment Commission  
Sacramento, CA  

Honorable Members in Session:  

SUBJECT:  

Approval of Loan Commitment for St. Francis Terrace and Village Park  

SUMMARY  

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

RECOMMENDATION  

Staff recommends approval of the recommendations outlined in this report.  

Respectfully submitted,  

[Signature]  
LA SHELLE DOZIER  
Executive Director  

Attachment  

801 12th Street, Sacramento, CA 95814
Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority Board

Title: Approval of Loan Commitment for St. Francis Terrace and Village Park

Location/Council District: 2525 L Street, Council District 4 and 3651 Norwood Avenue, Council District 2

Recommendation: Staff recommends adoption of: 1) a City Council Resolution authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) approve a loan commitment of $947,000 in HOME Investment Partnership Program (HOME) and $300,000 Housing Successor Funds to St. Francis Terrace and $1,022,000 in HOME funds to Village Park, b) execute Loan Commitment Letters with Mercy Housing California, L.P. or related entity, c) execute all necessary documents associated with this transaction, d) amend the Agency budget, and e) make related findings; and 2) a Housing Authority Resolution which authorizes the Executive Director to a) restructure and/or extend the existing debt of St. Francis Terrace and Village Park, b) execute Loan Commitment Letters and related documents with Mercy Housing California, L.P. or related entity, c) release recorded restrictions associated with original loan, and d) consent to the assumptions of obligations with Mercy Housing California, L.P. or related entity.

Contact: Christine Weichert, 440-1353; Tyrone Roderick Williams, 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Anne Nicholls, Housing Finance Analyst

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: The following narrative will provide detail about the St. Francis Terrace and the Village Park Projects. Mercy Housing California, L.P., (MHC or the Developer) will be requesting one tax credit allocation for both projects to achieve positive cash flow to support operating expenses and efficiencies in the financing and rehabilitation of the Projects. Therefore, the Agency is bringing forward both Projects together for approval.
St. Francis Terrace is an affordable apartment complex owned by MHC, located at 2525 L Street, in Sacramento’s Midtown neighborhood. St. Francis Terrace was built in 1994 and includes 48 one-, two- and three-bedroom units in a three- and four-story single podium building located on a 1.34 acre site with a community room, kitchen, leasing office, elevator, parking garage and stucco exterior siding. A vicinity map is included as Attachment 2. A photo of the building is included as Attachment 3.

The Developer has applied to the Agency for gap financing in the form of a $1,247,000 Agency loan for the rehabilitation of St. Francis Terrace. Additional project financing includes tax credit equity, general partnership equity, and restructuring existing loans from the State Department of Housing and Community Development (HCD) and the Housing Authority. Units will be regulated at 30, 35, 50 and 60 percent of Area Median Income (AMI).

An extensive renovation of the 23-year old St. Francis Terrace housing development is proposed. Interior unit improvements will include new cabinets, counters, flooring, sliding closet doors, windows and coverings, sliding glass and screen doors, hardware on doors, sinks, bathtubs, exhaust fans, toilets, lighting, paint, electrical subpanels, smoke detectors, and energy efficient appliances. Dishwashers will be installed in each unit. Damaged interior doors and drywall will be repaired or replaced. Elevated decks will be re-waterproofed. All existing ramps in the units will be replaced to comply with current code. Seven of the units will also be compliant with the requirements of the Americans with Disabilities Act (ADA).

A community room with a fully equipped kitchen will be included which will have new ceilings, cabinets, counters, flooring, window coverings, storage and shelves, energy efficient appliances and lighting. The upgraded laundry facility will have new flooring, appliances, and an ADA compliant counter for folding laundry. The elevator will be replaced. Common interior areas will be painted and new ceiling, flooring, lighting, fixtures, and humidistats will be installed. A new interior access keypad entry system will be installed to access the third- and fourth-floor corridors and apartments. Handrails will be replaced in the hallways. The community restroom will have new ceiling, humidistat, plumbing and light fixtures, sink, toilet, and flooring installed. Community areas will include new playground equipment for school-aged youth, along with seating areas. The community garden will have new raised garden beds and new bicycle parking fixtures will be installed.

New exterior improvements will include significant renovation to the underground parking garage which currently has water intrusion issues, wood trim, built-up roof covering, gutters, downspouts, heat pump systems, central water heater, water booster pump, landscape irrigation and drainage systems, security cameras, and an access control system to the lobby. Site upgrades will conform to ADA standards. Concrete walkways will be brought to code. Ventilation improvements will be made in the mechanical rooms and subterranean parking garage. Waterproofing systems in the ceiling and walls and two additional disabled parking spaces will be added in the garage. The stucco building will be repainted.
Village Park is an affordable apartment complex owned by the Developer and also in need of rehabilitation. The property is located at 3651 Norwood Avenue, in Sacramento’s Johnson Heights neighborhood. Village Park was built in 1993 and includes a total of 50 two-, three- and four-bedroom units. They are housed in nine two-story apartment buildings and a single-story building comprised of three units, all wood-framed structures. A vicinity map is included as Attachment 4. A photo of the building is included as Attachment 5.

The Developer has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a gap financing Agency loan of $1,022,000 for the rehabilitation of Village Park. Additional project financing will include tax credit equity, general partnership equity, and restructuring of existing loans from HCD and the Housing Authority. Units will be regulated at 30, 35 and 60 percent of AMI.

The proposed rehabilitation of Village Park will be an extensive renovation of this 24-year old housing development. Interior unit improvements include new entry, patio and screen doors, cabinets, counters, flooring, sliding closet doors, windows and coverings, kitchen and bath sinks, bathtubs, exhaust fans, toilets, lighting, paint, electrical subpanels, smoke detectors, heating and air systems, and energy efficient appliances. Dishwashers will be added in each unit. Damaged interior doors and drywall will be repaired or replaced. Three of the units will be compliant with the current code and ADA.

The community room and office area will be expanded by 1,000 square feet and will include a new fully equipped kitchen with energy efficient appliances and lighting, community restroom and access-control system. Community areas will include new playground equipment for school-aged youth and seating areas. The community garden will have new raised garden beds.

Exterior improvements will include new roof sheathing on all buildings. The siding will be repaired, replaced and repainted to match surrounding surfaces. There will be upgraded landscape plans, repair work and new asphalt to the parking lot, two additional disabled parking spaces, concrete walkways upgraded to code, new security cameras, site lighting, water heaters, outdoor seating, landscape irrigation, drainage systems, trash enclosure gates, property signage, gutters and downspouts, and paint on site structures. Upgrades will be made to the wrought iron perimeter fencing, pedestrian gate access control and vehicle security gates. The chain link fence will be replaced with wooden fencing.

Developer: Mercy Housing California (MHC) 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 properties and 3,000 owned homes. MHC’s portfolio includes 19 properties with more than 1,300 units in the City and County of Sacramento.
Property Management: St. Francis Terrace and Village Park 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 MHMC's qualifications and its management plan, and has found that the proposed management company meets the Agency's requirements.

Resident Services: Resident services will be provided by Mercy Housing California. A minimum of 16 hours per week of on-site resident services will be provided at St. Francis Terrace and 24 hours per week of on-site resident services will be provided at Village Park. Resident services will include after-school programs and education and enrichment programs. An on-site coordinator will be assigned to the properties.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits, federal law requires that apartments be set-aside for targeted income groups. Income restrictions from Low Income Housing Tax Credit (LIHTC) financing require that no households have income above 60 percent AMI.

The Agency further requires that 20 percent of the units be restricted to households with income no greater than 50 percent AMI. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer.

Anticipated funding sources and their affordability requirements are summarized in the following table for each development:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>% of Units</th>
<th>Affordability Regulated for 55 years</th>
<th>AMI</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC and Agency Loan</td>
<td>11%</td>
<td>Extremely Low Income</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>25%</td>
<td>Very Low Income</td>
<td>35%</td>
<td>12</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>31%</td>
<td>Very Low Income</td>
<td>50%</td>
<td>15</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>31%</td>
<td>Low Income</td>
<td>60%</td>
<td>15</td>
</tr>
<tr>
<td>Not applicable</td>
<td>2%</td>
<td>Management Unit</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
<td>48</td>
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</table>
St. Francis Terrace and Village Park

May 9, 2017

Village Park

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>% of Units</th>
<th>Affordability Regulated for 55 years</th>
<th>AMI</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC and Agency Loan</td>
<td>10%</td>
<td>Extremely Low Income</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>58%</td>
<td>Very Low Income</td>
<td>35%</td>
<td>29</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>30%</td>
<td>Low Income</td>
<td>60%</td>
<td>15</td>
</tr>
<tr>
<td>LIHTC and Agency Loan</td>
<td>2%</td>
<td>Low Income Management Unit</td>
<td>60%</td>
<td>1</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
<td><strong>50</strong></td>
</tr>
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</table>

**Policy Considerations:** The recommended actions for both developments are consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority level two, Recapitalization (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, which encourages the preservation and rehabilitation of existing housing to ensure neighborhood livability and promote housing affordability (Resolution No. 2013-415). In addition, the recommended actions for St. Francis Terrace are consistent with: a) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and b) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, which aims to bring 10,000 places to live to Downtown Sacramento by 2025 (Resolution No. 2015-282).

Regulatory restrictions on each of the properties will be specified in regulatory agreements between the Developer and the Agency for a period of 55 years on the HOME- and Housing Authority Successor-assisted units. Compliance with the regulatory agreements will be monitored by the Agency on an annual basis. All units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement.

**Economic Impacts:** The St. Francis Terrace multifamily residential project is expected to create 40.63 total jobs (23.02 direct jobs and 17.61 jobs through indirect and induced activities) and create $3,385,990 in total economic output ($2,063,972 of direct output and another $1,322,018 of output through indirect and induced activities).

The Village Park multifamily residential project is expected to create 55.73 total jobs (31.58 direct jobs and 24.15 jobs through indirect and induced activities) and create $4,643,799 in total economic output ($2,830,685 of direct output and another $1,813,114 of output through indirect and induced activities).
The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

**Environmental Considerations:** California Environmental Quality Act (CEQA): These projects have been determined to be categorically exempt under CEQA pursuant to CEQA Guidelines Section 15301(a), "Existing Facilities". National Environmental Policy Act (NEPA): These projects have been determined to be Categorically Excluded from environmental review under NEPA regulations at 24 CFR Section 58.35(a) subsection (3) (ii) and converts to Exempt per 24 CFR Section 58.34 (a) subsection (12).

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

**Commission Action:** At its meeting of April 19, 2017, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

- **AYES:**
- **NOES:**
- **ABSTAIN:**
- **ABSENT:**

**Rationale for Recommendation:** The actions recommended in this report enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, Promise Zone Plans and Goals, the Downtown Housing Initiative, and the Initiation of the Downtown Specific Plan.
Financial Considerations: The $1,247,000 Agency loan for St. Francis Terrace is comprised of $947,000 in HOME and $300,000 in Housing Successor Funds with an interest rate of three percent. The existing Low/Moderate Housing Tax Increment (TI) loans are proposed to be restructured and/or extended 57 years from the date of closing using a current interest rate of three percent. The Project Summary is included as Attachment 6.

The Agency loan for Village Park consists of $1,022,000 in HOME funds with an interest rate of three percent. The existing TI loans are proposed to be restructured and/or extended 57 years from the date of closing using a current interest rate of three percent. The Project Summary is included as Attachment 7. The combined Cash Flow Proforma is included as Attachment 8.

LBE - MWBE and Section 3 requirements: Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable. Local Business Enterprise requirements do not apply to this report.

Respectfully Submitted by: LA SHELLE DOZIER
Executive Director

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01 Description/Analysis and Background
02 St. Francis Terrace Vicinity Map
03 St. Francis Terrace Photo
04 Village Park Vicinity Map
05 Village Park Photo
06 St. Francis Terrace Project Summary
07 Village Park Project Summary
08 St. Francis Terrace and Village Park Cash Flow Proforma
09 Maximum Income and Rent Limits
10 City Council Loan Commitments Resolution - St. Francis Terrace and Village Park
11 Exhibit A to Resolution (St. Francis Terrace Loan Commitment)
12 Exhibit B to Resolution (Village Park Loan Commitment)
13 HACS Existing Loans Resolution - St. Francis Terrace and Village Park
# St. Francis Terrace
## Residential Project Summary

<table>
<thead>
<tr>
<th>Address</th>
<th>2525 L Street, Sacramento 95816</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>48</td>
</tr>
<tr>
<td>Year Built</td>
<td>1994</td>
</tr>
<tr>
<td>Acreage</td>
<td>1.34 (58,370 square feet)</td>
</tr>
<tr>
<td>Affordability</td>
<td></td>
</tr>
<tr>
<td>5 units at or below 30% of AMI</td>
<td></td>
</tr>
<tr>
<td>12 units at or below 35% of AMI</td>
<td></td>
</tr>
<tr>
<td>15 units at or below 50% of AMI</td>
<td></td>
</tr>
<tr>
<td>15 units at or below 60% of AMI and 1 exempt management (MGT) unit</td>
<td></td>
</tr>
<tr>
<td>Unit Mix and Rents</td>
<td></td>
</tr>
<tr>
<td>1 Bedroom / 1 Bath (20)</td>
<td>2</td>
</tr>
<tr>
<td>2 Bedroom / 1.5 Bath (10)</td>
<td>1</td>
</tr>
<tr>
<td>3 Bedroom / 1.5 Bath (18)</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL (48)</strong></td>
<td>5</td>
</tr>
<tr>
<td>Square Footage</td>
<td>Per Unit SF</td>
</tr>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>521</td>
</tr>
<tr>
<td>2 Bedroom / 1.5 Bath</td>
<td>1,094</td>
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<td>3 Bedroom / 1.5 Bath</td>
<td>1,130</td>
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<tr>
<td>Common Areas</td>
<td>650</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>42,350</td>
</tr>
<tr>
<td>Resident Facilities</td>
<td>Community area includes management and resident services office, community room facility, community garden, playground, elevator, bicycle parking, garage parking (44 spaces) and security cameras.</td>
</tr>
<tr>
<td>Permanent Sources</td>
<td>Current Total</td>
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<tr>
<td>Tax Credit Equity</td>
<td>$5,697,363</td>
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<tr>
<td>Existing HCD Loan</td>
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</tr>
<tr>
<td>Existing Agency Loan</td>
<td>$595,678</td>
</tr>
<tr>
<td>New Agency Loan</td>
<td>$1,247,000</td>
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<tr>
<td>NOI During Construction</td>
<td>$71,141</td>
</tr>
<tr>
<td>GP Equity</td>
<td>$207,141</td>
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<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td>$11,548,828</td>
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<tr>
<td>Permanent Uses</td>
<td>Acquisition</td>
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<td>Construction</td>
<td>$3,385,990</td>
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<tr>
<td>Permits and Fees</td>
<td>$96,000</td>
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<tr>
<td>Architecture and Engineering</td>
<td>$248,061</td>
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<tr>
<td>Hard Cost Contingency</td>
<td>$338,599</td>
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<tr>
<td>Soft Cost Contingency</td>
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<tr>
<td>Financing Costs</td>
<td>$336,208</td>
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<tr>
<td>Capitalized Operating Subsidy Reserves</td>
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<tr>
<td>Replacement Reserves</td>
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<td>Legal Fees</td>
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<tr>
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<tr>
<td>Developer Fee</td>
<td>$650,440</td>
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<tr>
<td>Insurance, Third Party, Marketing, Other</td>
<td>$210,500</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td>$11,548,828</td>
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</table>

### St. Francis Terrace & Village Park Operations

<table>
<thead>
<tr>
<th>Proposed Developer</th>
<th>Mercy Housing California</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Management Company</td>
<td>Mercy Housing Management Company</td>
</tr>
<tr>
<td>Operations Budget</td>
<td>$525,941</td>
</tr>
<tr>
<td>Assessments</td>
<td>$21,534</td>
</tr>
<tr>
<td>Property Management</td>
<td>$47,794</td>
</tr>
<tr>
<td>Resident Services</td>
<td>$25,710</td>
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<tr>
<td>Replacement Reserves</td>
<td>$58,800</td>
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</table>
# Village Park
## Residential Project Summary

<table>
<thead>
<tr>
<th>Address</th>
<th>3651 Norwood Ave, Sacramento 95838</th>
</tr>
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<tbody>
<tr>
<td>Number of Units</td>
<td>50</td>
</tr>
<tr>
<td>Year Built</td>
<td>1993</td>
</tr>
<tr>
<td>Acreage</td>
<td>4.03 (175,547 square feet)</td>
</tr>
<tr>
<td>Affordability</td>
<td>5 units at or below 30% of AMI, 29 units at or below 35% of AMI, 16 units at or below 60% of AMI, including 1 management (MGT) unit</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit Mix and Rents</th>
<th>30% AMI</th>
<th>35% AMI</th>
<th>60% AMI</th>
<th>MGT-60% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Bedroom / 1 Bath (17)</td>
<td>1</td>
<td>11</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3 Bedroom / 1.5 Bath (19)</td>
<td>2</td>
<td>10</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>4 Bedroom / 2 Bath (14)</td>
<td>2</td>
<td>8</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>TOTAL (50)</td>
<td>5</td>
<td>29</td>
<td>15</td>
<td>1</td>
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<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Per Unit SF</th>
<th>Total SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Bedroom / 1 Bath</td>
<td>960</td>
<td>16,320</td>
</tr>
<tr>
<td>3 Bedroom / 1.5 Bath</td>
<td>1,185</td>
<td>22,515</td>
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<tr>
<td>4 Bedroom / 2 Bath</td>
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<td>Common Areas</td>
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<td>TOTAL</td>
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<td>59,953</td>
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</table>

### Resident Facilities
Community area includes management and resident services office, community room facility, community garden, playground, BBQ area with tables and seating, open field, gated parking (88 spaces) and security cameras.

### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Credit Equity</td>
<td>$7,965,505</td>
<td>$159,310</td>
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<tr>
<td>Existing HCD Loan</td>
<td>$3,134,594</td>
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<td>Existing Agency Loan</td>
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<td>New Agency Loan</td>
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<td>NOI During Construction</td>
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<td>TOTAL SOURCES</td>
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### Permanent Uses

<table>
<thead>
<tr>
<th>Use</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
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</thead>
<tbody>
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<td>(10%) Hard Cost Contingency</td>
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<td>Financing Costs</td>
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<td>$7.54</td>
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<tr>
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<td>$2.83</td>
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<td>Legal Fees</td>
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<td>$0.86</td>
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<td>Relocation - Temporary</td>
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<td>Developer Fee</td>
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<td>Insurance, Third Party, Marketing, Other</td>
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<td>$3,850</td>
<td>$3.21</td>
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<tr>
<td>TOTAL USES</td>
<td>$12,830,948</td>
<td>$256,619</td>
<td>$214.02</td>
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### St. Francis Terrace & Village Park Operations

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<td>$25,710</td>
</tr>
<tr>
<td>Replacement Reserves</td>
<td>$58,800</td>
</tr>
<tr>
<td>Year Type</td>
<td>Unit Type</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>2 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>2 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>2 BA at 35% AMI</td>
</tr>
<tr>
<td>BD / BA</td>
<td>2 BA at 35% AMI</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Park</th>
<th>Unit Type</th>
<th>Number</th>
<th>Square Feet</th>
<th>Total Sq Ft</th>
<th>Gross Rent</th>
<th>Utility Allowance</th>
<th>Maximum Net Rent</th>
<th>Minimum Rent per Sq Ft</th>
<th>Total Mu. Rent</th>
<th>Current Annual Rent</th>
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</thead>
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<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
<td>1</td>
<td>998</td>
<td>998 $</td>
<td>468 $ 90</td>
<td>378 $</td>
<td>0.39</td>
<td>378 4,526</td>
<td></td>
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</tr>
<tr>
<td>BD / BA</td>
<td>1 BA at 35% AMI</td>
<td>11</td>
<td>998</td>
<td>10,068 $</td>
<td>456</td>
<td>90</td>
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<td>1,094</td>
<td>1,094 $</td>
<td>469</td>
<td>3 510</td>
<td>0.37</td>
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**Income:**
- **Potential Gross Income:** 702,044 4th Quarter 2022
- **Less Vacancy:** 50,000 5th Quarter 2023
- **Effective Gross Income:** 652,044 6th Quarter 2023

**Operating Expenses:**
- **Resident Services:** 1st Quarter 2023
- **Replacement Reserves:** 2022

**Total Operating Income:** 746,813 7th Quarter 2023

**Net Operating Income:** 746,813 7th Quarter 2023

**Property Information:**
- **HDC Monitoring Fee:** 10,000 2022
- **HDC Miscellaneous Fee:** 2,269,000 2022

**Finance:**
- **Net Cash after Prior Period Distributions:** 2023
- **PUD New Home & Housing Successor Funds:** 2024

**Accounts:**
- **Net Cash from Operations:** 2022
- **Distributions:** 2023
- **Net Capitalized Operating Subsidy Reserve:** 2022
MAXIMUM GROSS INCOME AND RENT LIMITS 2016-2017
Rent at 30%, 35%, 50% and 60% of Area Median Income (AMI)

St. Francis Terrace and Village Park Income Limits:
Low Income Housing Tax Credits (LIHTC), HOME and TI

<table>
<thead>
<tr>
<th>Family Size</th>
<th>30% AMI</th>
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<th>50% AMI</th>
<th>60% AMI</th>
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St. Francis Terrace and Village Park Rent Limits:
LIHTC and HOME and TI

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<th>Unit Size</th>
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<td>4 Bedroom</td>
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RESOLUTION NO. 2017 –
Adopted by the Housing Authority of the City of Sacramento
on date of

ST. FRANCIS TERRACE AND VILLAGE PARK: APPROVAL OF RESTRUCTURING
AND/OR EXTENDING THE EXISTING DEBT AND ASSIGNMENT TO MERCY
HOUSING CALIFORNIA L.P. OR RELATED ENTITY

BACKGROUND

A. Mercy Housing California L.P., or related entity (Developer), has applied for an
allocation of $2,269,000 to assist in funding the acquisition and rehabilitation of
St. Francis Terrace and Village Park (Project).

B. St. Francis Terrace currently has two Housing Authority of the City of
Sacramento (Housing Authority) Low/Moderate Housing Tax Increment loans at
3% interest, with a total outstanding balance with accrued interest projected to
closing of approximately $595,678. The first loan will mature in 2025 and the
second in 2033. Village Park has a Housing Authority Low/Moderate Housing
Tax Increment loan at 3% interest, with a total outstanding balance with accrued
interest of approximately $348,833 which will mature in 2031. The Developer has
requested that the existing debt be restructured and/or extended and assigned to
a new limited partnership formed by Mercy Housing California. Any restructuring
of the loans and associated documents includes extending the maturity dates 57
years from the date of closing using a current 3% interest rate.

C. The existing project loans, due to the Low/Moderate Housing Tax Increment fund
origin and related regulatory agreements, are housing assets under California
Health and Safety Code Section 34176.

D. On April 1, 2013, the California Department of Finance issued its final
determination related to the Housing Asset Transfer assets. This final
determination included these existing Low/Moderate Housing Tax Increment
loans.

E. The proposed action has been analyzed in accordance with the California
Environmental Quality Act (CEQA) and is categorically exempt under CEQA
pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR)
§15301(a), “Existing Facilities”.

F. The proposed action has been analyzed in accordance with the National
Environmental Policy Act (NEPA) and is Categorically Excluded from
environmental review under NEPA regulations at 24 Code of Federal Regulations
(CFR) §58.35(a)(3)(ii) and converts to Exempt per 24 CFR §58.34 (a)(12).
BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, RESOLVES AS FOLLOWS:

Section 1. The facts as presented and stated in the Background above, including the environmental facts are found to be true and correct.

Section 2. The Executive Director, or her designee, is authorized to restructure and/or extend the existing debt and assign it to a new limited partnership formed by Mercy Housing California, L.P., extending the loans' maturity dates 57 years from the date of closing using a current 3% interest rate.

Section 3. The Executive Director, or her designee, is authorized to execute the Loan Commitment Letters and related documents with Mercy Housing California, L.P., or a related entity.

Section 4. The Executive Director, or her designee, is authorized to release outdated recorded restrictions associated with the original loan as these restrictions have been superseded by more comprehensive, longer-term restrictions and covenants.

Section 5. The Executive Director, or her designee, is authorized to consent to the assumption of the obligations with Mercy Housing California, L.P., or a related entity, in order to ensure the continued viability of the development.
Date: May 9, 2017

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

RE: Conditional Loan Commitment for St. Francis Terrace Apartments

Dear Mr. Daues:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its $1,247,000 commitment of permanent loan funds (Loan), comprised of $947,000 in City Home Investment Partnerships Program (HOME) and $300,000 in Housing Successor Funds, for the purpose of financing the acquisition, rehabilitation and development of certain real property known as St. Francis Terrace Apartments, located at 2525 L Street, 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. No loan terms not in this funding commitment and the attached loan document forms shall 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 on July 1, 2018 with option to extend upon mutual agreement.
1. **PROJECT DESCRIPTION:** St. Francis Terrace Apartments is an existing affordable development located in Sacramento’s Central City and its compliance period ended in 2009. Built in 1994, the project will involve the rehabilitation of 48 units consisting of 20 one-bedroom, 10 two-bedroom and 18 three-bedroom units, a manager’s office, community room with kitchen, restroom, laundry facility, bicycle and subterranean parking for 44 vehicles, perimeter fence and gates, an elevator and security cameras. The development is comprised of a three and four story single-podium, 42,350 square foot building.

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) $1,247,000 in HOME and Housing Successor Funds (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.

5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.

6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.

7. **ANNUAL REPAYMENT:** Payments shall be deferred from the Loan’s Effective Date through the first 683 months. Beginning in month 684, full payment shall be applied to unpaid principal. Early payments are not penalized.

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: City HOME and Housing Successor 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 construction loan/bond 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 $5.6 million in Low Income Housing Tax Credit Equity. If LIHTC equity goes below $5.6 million it must be offset by an increase in deferred developer fee.

13. EXTENSION PERIOD: The Project currently has two existing Low/Moderate Housing Tax Increment Housing Authority loans at three percent (3%) interest, with a projected December 1, 2017 total outstanding balance with accrued interest of approximately $595,678, which will mature in 2028. The existing debt will be restructured and/or extended and assigned to the Borrower. Any restructuring of the loans and associated documents includes extending their maturity to a date 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.

14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

Conditional Loan Commitment for St. Francis Terrace Apartments 3
(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.

15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency’s requirements. Borrower’s evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.

16. **SOILS AND TOXIC REPORTS:** Borrower/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.

17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the Project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATIONS:** Final plans and specifications, if any, for the Project must be in accordance with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the Project. The Final Plans shall incorporate all related mitigation measures required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.

21. **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.

22. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to close of the Loan, a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements. The breakdown shall conform to the Project plans and specifications and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.
23. **COST SAVINGS:** By no later than the date Borrower submits a final draw for release of the Retention, 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.

24. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.

25. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.

26. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.

27. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A+ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.

28. **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).
29. **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.

30. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to 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.

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

32. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.

33. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by
Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.

34. **MANAGEMENT AGREEMENT:** Prior to execution and close of the Loan, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

35. **RESIDENT SERVICES AGREEMENT:** Prior to execution and close of the Loan, 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 sixteen (16) hours per week of on-site resident services.

36. **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.

37. **NON-SMOKING ENVIRONMENT:** At least 50% of the units must be non-smoking. All indoor common areas must be non-smoking.

38. **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.

39. **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.

40. **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.

41. **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 for St. Francis Terrace and its terms and conditions.

Dated: May 9, 2017

BORROWER:

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

By: ________________________________
   Stephan Daues, Vice President
Date: May 9, 2017

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

RE: Conditional Loan Commitment for Village Park Apartments

Dear Mr. Daues:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of $1,022,000 in City Home Investment Partnerships Program (HOME) funds for the purpose of financing the acquisition, rehabilitation and development of certain real property known as Village Park, located at 3651 Norwood Avenue, 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. No loan terms not in this funding commitment and the attached loan document forms shall 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 on July 1, 2018 with option to extend upon mutual agreement.
1. **PROJECT DESCRIPTION:** Village Park Apartments is an existing affordable development located in the Del Paso Heights area and its compliance period ended in 2008. Built in 1993, the project will involve the rehabilitation of 50 units consisting of 17 two-bedroom, 19 three-bedroom and 14 four-bedroom units, management office, parking for 89 vehicles, perimeter fence and gates, and security cameras. The existing community room will be expanded by a 1,000 square foot addition, and includes a kitchen and restroom. The development is comprised of 10 garden-style buildings and a detached community building.

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) $1,022,000 in HOME funds (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.

5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.

6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.

7. **ANNUAL REPAYMENT:** Payments shall be deferred from the Loan’s Effective Date through the first 683 months. Beginning in month 684, full payment shall be applied to unpaid principal. Early payments are not penalized.

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: City HOME 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 construction loan/bond 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 $7.9 million in Low Income Housing Tax Credit Equity. If LIHTC equity goes below $7.9 million it must be offset by an increase in deferred developer fee.

13. **EXTENSION PERIOD:** The Project currently has an existing Low/Moderate Housing Tax Increment Housing Authority loan at three percent (3%) interest, with a projected December 1, 2017 total outstanding balance with accrued interest of approximately $348,833, which will mature in 2031. The existing debt will be restructured and/or extended and assigned to the Borrower. Any restructuring of the loans and associated documents includes extending their maturity to a date 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.

14. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency’s liens, and which shall be otherwise on terms and conditions acceptable to Agency:
(a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

(b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.

(c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

15. **EVIDENCE OF FUNDS**: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.

16. **SOILS AND TOXIC REPORTS**: Borrower/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.

17. **LOAN IN BALANCE**: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the Project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATIONS:** Final plans and specifications, if any, for the Project must be in accordance 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 required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.

21. **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.

22. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to close of the Loan, a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements. The breakdown shall conform to the Project plans and specifications and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.
23. **COST SAVINGS:** By no later than the date Borrower submits a final draw for release of the Retention, 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.

24. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.

25. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.

26. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.

27. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A+ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender’s legal counsel.

28. **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).
29. **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.

30. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to 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.

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

32. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.

33. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by
Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.

34. **MANAGEMENT AGREEMENT:** Prior to execution and close of the Loan, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

35. **RESIDENT SERVICES AGREEMENT:** Prior to execution and close of the Loan, 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-four (24) hours per week of on-site resident services.

36. **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.

37. **NON-SMOKING ENVIRONMENT:** At least 50% of the units must be non-smoking. All indoor common areas must be non-smoking.

38. **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.

39. **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.

40. **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.

41. **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 for Village Park and its terms and conditions.

Dated: May 9, 2017

BORROWER:

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

By: __________________________
    Stephan Daues, Vice President
RESOLUTION NO. 2017 –

Adopted by the Housing Authority of the City of Sacramento

on date of

ST. FRANCIS TERRACE AND VILLAGE PARK: APPROVAL OF RESTRUCTURING AND/OR EXTENDING THE EXISTING DEBT AND ASSIGNMENT TO MERCY HOUSING CALIFORNIA L.P. OR RELATED ENTITY

BACKGROUND

A. Mercy Housing California L.P., or related entity (Developer), has applied for an allocation of $2,269,000 to assist in funding the acquisition and rehabilitation of St. Francis Terrace and Village Park (Project).

B. St. Francis Terrace currently has two Housing Authority of the City of Sacramento (Housing Authority) Low/Moderate Housing Tax Increment loans at 3% interest, with a total outstanding balance with accrued interest projected to closing of approximately $595,678. The first loan will mature in 2025 and the second in 2033. Village Park has a Housing Authority Low/Moderate Housing Tax Increment loan at 3% interest, with a total outstanding balance with accrued interest of approximately $348,633 which will mature in 2031. The Developer has requested that the existing debt be restructured and/or extended and assigned to a new limited partnership formed by Mercy Housing California. Any restructuring of the loans and associated documents includes extending the maturity dates 57 years from the date of closing using a current 3% interest rate.

C. The existing project loans, due to the Low/Moderate Housing Tax Increment fund origin and related regulatory agreements, are housing assets under California Health and Safety Code Section 34176.

D. On April 1, 2013, the California Department of Finance issued its final determination related to the Housing Asset Transfer assets. This final determination included these existing Low/Moderate Housing Tax Increment loans.

E. The proposed action has been analyzed in accordance with the California Environmental Quality Act (CEQA) and is categorically exempt under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15301(a), “Existing Facilities”.

F. The proposed action has been analyzed in accordance with the National Environmental Policy Act (NEPA) and is Categorically Excluded from environmental review under NEPA regulations at 24 Code of Federal Regulations (CFR) §58.35(a)(3)(ii) and converts to Exempt per 24 CFR §58.34 (a)(12).
BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, RESOLVES AS FOLLOWS:

Section 1. The facts as presented and stated in the Background above, including the environmental facts are found to be true and correct.

Section 2. The Executive Director, or her designee, is authorized to restructure and/or extend the existing debt and assign it to a new limited partnership formed by Mercy Housing California, L.P., extending the loans' maturity dates 57 years from the date of closing using a current 3% interest rate.

Section 3. The Executive Director, or her designee, is authorized to execute the Loan Commitment Letters and related documents with Mercy Housing California, L.P., or a related entity.

Section 4. The Executive Director, or her designee, is authorized to release outdated recorded restrictions associated with the original loan as these restrictions have been superseded by more comprehensive, longer-term restrictions and covenants.

Section 5. The Executive Director, or her designee, is authorized to consent to the assumption of the obligations with Mercy Housing California, L.P., or a related entity, in order to ensure the continued viability of the development.
RESOLUTION NO. SHRC-


ON DATE OF
April 19, 2017

ST. FRANCIS TERRACE AND VILLAGE PARK: AUTHORIZING LOAN COMMITMENTS CONSISTING OF $2,269,000 IN CITY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) AND HOUSING SUCCESSOR FUNDS; EXECUTION OF LOAN COMMITMENTS AND RELATED DOCUMENTS WITH MERCY HOUSING CALIFORNIA, L.P. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

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

Section 1: The proposed action has been analyzed in accordance with the California Environmental Quality Act (CEQA) and is categorically exempt under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15301(a), “Existing Facilities”.

Section 2: The proposed action has been analyzed in accordance with the National Environmental Policy Act (NEPA) and is Categorically Excluded from environmental review under NEPA regulations at 24 Code of Federal Regulations (CFR) §583.35(a)(3)(ii) and converts to Exempt per 24 CFR §58.34 (a)(12).

Section 3: Subject to approval by the City Council, the Loan Commitments attached to and incorporated in this resolution by this reference for the financing of St. Francis Terrace and Village Park (Loan Commitments) the Executive Director, or designee, is authorized to execute the Loan Commitments and related documents and transmit to Mercy Housing California L.P. or related entity.

Section 4: The Executive Director, or designee, is authorized to amend the Sacramento Housing and Redevelopment Agency (Agency) budget to transfer $1,247,000 comprised of $947,000 from City Home Investment Partnerships Program (HOME) funds, including Community Housing Development Organization (CHDO) set-aside funds from the HOME entitlement, and $300,000 from the Housing Successor Funds to the St. Francis Terrace project.

Section 5: The Executive Director, or designee, is authorized to amend the Agency budget to transfer $1,022,000 from HOME funds, including CHDO set-aside funds from the HOME entitlement, to the Village Park project.
Section 6: Subject to approval by the City Council, the Executive Director, or designee, is authorized to execute the Loan Agreements 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.

__________________________
CHAIR

ATTEST:

__________________________
CLERK
RESOLUTION NO. SHRC-


RESOLUTION SUPPORTING THE CITY AND COUNTY ALLOCATING ITS BIENNIAL RESIDUAL DISTRIBUTIONS FROM REDEVELOPMENT PROPERTY TAX TRUST FUND “BOOMERANG FUNDS” TO AFFORDABLE HOUSING

ON DATE OF
April 19, 2017

WHEREAS, the Sacramento Housing and Redevelopment Commission has a long-standing commitment to the preservation and development of affordable housing for very-low, low and moderate income households throughout Sacramento.

WHEREAS, affordable housing has long been identified by both the City and County as a priority need. The Regional Housing Needs Allocation for Sacramento has determined that 13,768 new affordable units will be needed in the City and County of Sacramento by the year 2021.

WHEREAS, prior to the dissolution of redevelopment in California, redevelopment funding was the largest single source of affordable housing funds in Sacramento and redevelopment agencies were required to set aside at least twenty percent of gross tax increment funds into a low and moderate income housing fund to provide funding for affordable housing.

WHEREAS, with the dissolution of redevelopment agencies, these funds are no longer available and other critical state and federal housing resources have diminished significantly.

WHEREAS, ABX 26, AB 1484, SB 341, SB 107 and other statutes governing the dissolution of redevelopment agencies and the wind-down of redevelopment activities provide for the distribution of funds to taxing entities, including cities and counties, in a variety of circumstances, including, among other things, ongoing distributions of property tax from the Redevelopment Property Tax Trust Fund ("RPTTF") from funds
Resolution Supporting The City And County Allocating Its Biannual Residual Distributions From Redevelopment Property Tax Trust Fund “Boomerang Funds” To Affordable Housing

Page 2

not needed by successor agencies to fulfill enforceable obligations, distributions of sales proceeds and other revenues from the use or disposition of assets of successor agencies, and distributions of available cash assets of successor agencies.

WHEREAS, the housing needs of lower income families, seniors, individuals with disabilities and workers continue to grow. Homelessness in the City and County continues and is exacerbated by the loss of funding resources.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. The Sacramento Housing and Redevelopment Commission (SHRC) reaffirms its commitment to the production of decent, safe and sanitary affordable housing, and strongly encourages the City and County of Sacramento to do likewise.

Section 2. The SHRC strongly urges the City and County of Sacramento to maintain its strong leadership in providing ongoing financial assistance to develop and maintain affordable housing in Sacramento. Toward this end, the City and County are urged to place all or a significant portion of monies contributed pursuant to Redevelopment Property Tax Trust Fund (RPTTF), on an ongoing basis, into accounts for affordable housing.

Section 3. The SHRC urges that this policy apply to distributions from the RPTTF under California Health and Safety Code Section 34183.

______________________________
CHAIR

ATTEST:

______________________________
CLERK
April 19, 2017

Mayor Darrell Steinberg
Vice Mayor Rick Jennings, II - District 7
Mayor Pro Tem Larry Carr - District 8
Angelique Ashby - District 1
Allen Warren - District 2
Jeff Harris - District 3
Steve Hansen - District 4
Jay Schenirer - District 5
Eric Guerra - District 6

Re: Availability of Redevelopment Property Tax Trust Fund (RPTTF)

Honorable Mayor and Members of the Council,

At our April 19, 2017 meeting, the Sacramento Housing and Redevelopment Commission adopted the attached resolution related to funds available through the Redevelopment Property Tax Trust Fund (RPTTF) also known as “Boomerang funds”. As you continue the City’s fiscal year 2017/18 budget discussions, the Commission strongly urges you to allocate a significant portion of these funds on an ongoing basis into an account for affordable housing. As you know, Sacramento's housing needs continue to grow and the significant deficit of affordable homes frustrates the City's exceptional efforts to prevent and end homelessness. Allocating these funds toward the preservation and development of affordable homes, including permanent supportive housing, will support the City's robust strategy to end homelessness. In addition, dedicating Boomerang funds to increase the supply of safe and affordable homes promotes inclusive and equitable communities, strengthens the local economy, and builds healthy and sustainable neighborhoods.

Boomerang funds can also provide important bridge financing for affordable homes as the City and State continue efforts to establish a more permanent and ongoing affordable housing funding resource.

Thank you for your leadership in addressing homelessness and affordable housing in our community.

Please contact me at 916-712-6492 if you have any questions or need additional information.

Sincerely,

Cathy Creswell

Cathy Creswell, Chair
Sacramento Housing and Redevelopment Commission
April 19, 2017

Chair Don Nottoli — District 5
Phil Serna — District 1
Patrick Kennedy — District 2
Susan Peters — District 3
Sue Frost — District 4

Re: Availability of Redevelopment Property Tax Trust Fund (RPTTF)

Honorable Chair and Members of the Board,

At our April 19, 2017 meeting, the Sacramento Housing and Redevelopment Commission adopted the attached resolution related to funds available through the Redevelopment Property Tax Trust Fund (RPTTF) also known as “Boomerang Funds”. As you continue the County’s fiscal year 2017/18 budget discussions, the Commission strongly urges you to allocate a significant portion of these funds on an ongoing basis into an account for affordable housing. As you know, housing needs in the County continue to grow; locking too many residents out of an affordable place to call home. Allocating these resources toward affordable housing will help provide safe and affordable homes to support families, workers and the local economy. In addition, these funds could be an important component of the County’s groundbreaking initiatives to reduce homelessness ensuring a critical pipeline of permanent supportive housing is available as individuals and families exit the full service rehousing shelters, the redesigned family homeless response and shelter system, and to support the flexible supportive rehousing programs. An adequate supply of safe, affordable homes is the linchpin to ending homelessness and dedicating boomerang funds to this purpose will reinforce the County’s bold strategy.

Thank you for your leadership in addressing homelessness and providing safe and affordable housing in our community.

Please contact me at 916-712-6492 if you have any questions or need additional information.

Sincerely,

Cathy Creswell

Cathy Creswell, Chair
Sacramento Housing and Redevelopment Commission