



INVESTING IN COMMUNITIES

**NOTICE OF MEETING**  
**Sacramento Housing and Redevelopment Commission**  
**Wednesday, April 18, 2012 - 6:00 p.m.**  
**801 12<sup>th</sup> Street, Sacramento, Commission Room**

**ROLL CALL**

**APPROVAL OF AGENDA**

**APPROVAL OF ACTION SUMMARY SYNOPSIS**

1. Synopsis – March 7, 2012

**CITIZENS COMMENTS**

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

**PUBLIC HEARING**

3. Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing --Request For Approval Of Tax-Exempt Bonds For Township 9 Affordable Housing Project - county report
4. Approval of Loan Commitment for Township Nine Affordable Housing Project – city report

**EXECUTIVE DIRECTORS REPORT**

Activities Calendar

**ITEMS AND QUESTIONS OF COMMISSION MEMBERS**

**ADJOURNMENT**

Staff reports are available for public review on the Agency's website [www.shra.org](http://www.shra.org) and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12<sup>th</sup> Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** 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.



**SYNOPSIS**

**Sacramento Housing and Redevelopment Commission (SHRC)  
March 7, 2012**

**ROLL CALL**

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Josh Rosa.

PRESENT: Alcalay, Chan, Fowler, Gore, Johnson, Le Duc, Morton, Morgan, Rosa, Stivers

ABSENT: Johnson, Shah

STAFF PRESENT: Vickie Smith, Tia Patterson, LaShelle Dozier, Nick Chhotu, Chris Pahule, Christine Weichert, Bernadette Austin, MaryLiz Paulson, Jeree Glasser

**APPROVAL OF AGENDA**

The Chair announced that items 5 and 6 would be presented together.

1. **APPROVAL OF ACTION SUMMARY SYNOPSIS**

Action Summary Synopsis for February 15, 2012 was approved.

2. **CITIZEN COMMENTS**

none

**CONSENT**

3. **Housing Authority Participation in the Renewal of the Greater Broadway and Midtown Sacramento Property and Business Improvement Districts – City**

4. **Housing Authority Participation in the Renewal of the Greater Broadway and Midtown Sacramento Property and Business Improvement Districts - County**

The Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Chan, Fowler, Gore, Le Duc, Morgan, Morton, Rosa

NOES: none

ABSENT: Johnson, Shah

Not present to vote - Stivers

BUSINESS

5. Annual Report on Residential Hotels
6. Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

Katherine McFadden, Management Analyst, presented the items.

Commissioner Fowler asked for an explanation of what was included in the "third party reports" which staff provided.

Commissioner Stivers expressed support for the City's no net loss policy and he asked about the status of the three remaining Single Room Occupancy hotels which staff provided.

Commissioner Stivers asked for an explanation about why the non-regulated units were vacant which staff provided.

Commissioner LeDuc asked for information on LifeSteps which staff provided.

Commissioner LeDuc asked if the 8 percent construction contingency was adequate. Staff indicated that the project cost was evaluated by our construction inspection staff and they felt comfortable with the number.

Commissioner Chan asked if the building was on the historic register. Staff indicated that it had been evaluated but was not current on the register.

The Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

AYES: Alcalay, Chan, Fowler, Gore, Le Duc, Morgan, Morton, Rosa, Stivers

NOES: none

ABSENT: Johnson, Shah

7. Approval Of Home Investment Partnership Program (HOME) Loan For Willow Pointe Apartments

Bernadette Austin, Housing Finance Analyst, presented the item.

Commissioner LeDuc asked for an explanation of the operating expenses related to security which staff provided.

Commissioner LeDuc requested that social services be expanded if possible as this could help lessen the need for the high security cost.

Commissioner Alcalay expressed support for security to help the residents in the complex feel safe.

Chair Rosa asked for a description about how the different units are filled based on income which staff provided.

The Commission recommended approval of the staff recommendation for the item listed above. The votes were as follows:

AYES: Alcalay, Chan, Fowler, Gore, Le Duc, Morgan, Rosa, Stivers

NOES: none

ABSENT: Johnson, Shah

Not present to vote - Morgan

#### EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Activities Calendar
- Next meeting will be April 18<sup>th</sup>. March 21<sup>st</sup> and April 4<sup>th</sup> meetings are cancelled.

#### ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Chair Rosa announced that the members of the Executive Committee would stay the same during 2012.

#### ADJOURNMENT

As there was no further business to be conducted, Chair Rosa adjourned the meeting at 6:55 p.m.

---

AGENCY CLERK



April 18, 2012

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing – Request for Approval of  
Tax Exempt Bonds for Township 9 Affordable Housing Project

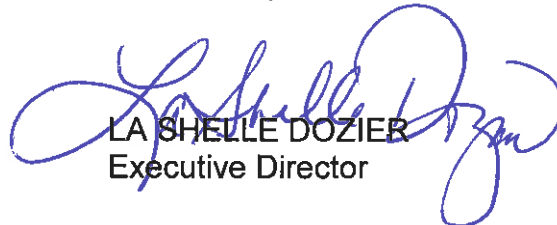
SUMMARY

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

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,

  
LA SHELLE DOZIER  
Executive Director

Attachment

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
May 8, 2012  
10:30A.M.

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

From: Sacramento Housing and Redevelopment Agency

Subject: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing --Request For Approval Of Tax-Exempt Bonds For Township 9 Affordable Housing Project

Supervisory  
District: Serna

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353;  
Jeree Glasser-Hedrick, Program Manager, Development Finance, 440-1302

**Overview**

This report recommends approval of up to \$23,000,000 in tax-exempt mortgage revenue bonds for the construction and permanent financing of Township 9 Affordable Housing Project.

**Recommendations**

1. Conduct the public hearing; indicate that the Board of Supervisors has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the project;
2. Authorize the issuance by the Housing Authority of the County of not more than \$23,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Township 9 Affordable Housing Project; and authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds.

**Measures/Evaluation**

The proposed development would include 180 new units of affordable housing; contributing to the City of Sacramento's 2008-2013 Housing Element goals. Affordability restrictions placed on the Township 9 Affordable Housing Project will be monitored by the Agency for 55 years.

The Sacramento Housing and Redevelopment Agency (Agency) will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or County of Sacramento.

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

## **BACKGROUND**

The John Stewart Company and Urban Core, LLC, doing business as T9 Affordable Housing Partners, LP (Developer), have applied for the issuance of up to \$23,000,000 in tax-exempt mortgage revenue bonds and a \$4,800,000 construction and permanent loan commitment from the Agency for the Township 9 Affordable Housing Project (Project). The Township 9 Affordable Housing Project is part of a much larger 2,360 unit Township 9 master development located near Richard's Boulevard and 7<sup>th</sup> Street. The bond issuance is being requested in the county to utilize a previous Carry-Forward Allocation the Agency received from the California Debt Limit Allocation Committee (CDLAC).

## **DISCUSSION**

Background: In 2009 the Housing Authority of the County of Sacramento received an allocation of the 2009 State Ceiling on Qualified Private Activity Bonds (Carryforward Allocation) in the amount of \$50,000,000 from California Debt Limit Allocation Committee (CDLAC). The Agency received the allocation on behalf of the Housing Authority of the County in order to accommodate the unincorporated areas of the County as well as projects located within the city limits. To date this resource has gone unused. The proposed Township 9 Affordable Housing Project (Project) is located in the River District of the City of Sacramento. Although in the City, this is the first project that has been able to utilize the Carryforward Allocation since its receipt. If the Carryforward Allocation is not utilized by December 2012, it will be forfeited. This Carryforward Allocation is not required to compete with other CDLAC requests within the State and is essentially guaranteed to the sponsor.

Description of Development: The proposed Township 9 Affordable Housing Project will be a five story structure constructed on 1.83 acres. The 180 residential units will surround three sides of a four story parking garage that is being funded by the City of Sacramento with Proposition 1C grant proceeds. A private tenant plaza area will connect the project to the street activating the public plaza at the corner of D and 7<sup>th</sup> street. The site will encompass the entire block bounded by F and D Streets on the north and south and by North 7<sup>th</sup> and E Streets on the east and west respectively. A total of 12,500 square feet of retail/restaurant space is proposed at the street level with the residential component comprising 177,600 square feet on five levels. There will be a mix of 90 one-bedroom and 90 two-bedroom units. With outside resident terraces on the fourth and fifth floors the building will include a community room, laundry facility, management/leasing office, and maintenance shop.

The project will consist of three extremely low-income units affordable to families at or below 30 percent of Area Median Income (AMI), 33 low-income units at or below 50 percent of AMI, 143 low-income units at or below 60 percent of AMI, and one manager's unit. A vicinity map and elevations are provided as Attachment I and II.

Developer: The project will be developed by a partnership formed between Urban Core, LLC, and the John Stewart Company, who have formed T9 Affordable Housing Partners, L.P. (Developer). The John Stewart Company is a full-service housing management, development, and consulting firm employing over 1,000 people in five offices state-wide. They are one of the largest affordable housing providers in California. The firm is multifaceted in providing property

management, financial services, and development and construction services to their own portfolio and as primary consultants to the affordable housing community. The firm is well respected and very active in the Sacramento region. Urban Core is based in San Francisco and is primarily engaged in the development of mixed-use, mixed-income, urban infill properties. They have most recently joint ventured with BRIDGE Housing Corporation and the John Stewart Company to develop the 341 unit North Beach, HOPE VI project in San Francisco. They have actively participated in the development of a number of significant and similar properties with non-profit affordable housing developers in San Francisco and the surrounding Bay Area.

Resident Services: Resident Services will be provided to the residents by Pacific Housing Inc., a nonprofit 501(c)(3) corporation. Pacific Housing proposes to offer instructional programs in areas such as exercise, nutrition, financial planning, computer training, and English as a Second Language, along with coordinating social activities for the residents. Ultimately, programs will be tailored to the needs of the residents. The service provider will be required to provide a minimum of 20 hours of services per week.

Property Management: This project will be professionally managed by the John Stewart Company. Comprehensive housing management is the foundation of the John Stewart Company's diversified housing services goal to provide secure, service oriented, well-maintained and professionally managed housing that serves the interests of residents and owners alike. The John Stewart Company is one of the largest private managers' of affordable housing in California. These properties provide both affordable housing and specialized supportive services to a wide range of target populations. They are experienced with the requirements of the many federal and state housing program and occupancy guidelines, such as the Low Income Housing Tax Credit program, assures full compliance with Regulatory Agreements and Fair Housing requirements.

Project Financing: The Developer proposes to finance the Township 9 Affordable Housing Project with up to \$23,000,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority, Low-Income Housing Tax Credits, a deferred developer fee, a seller subordinate loan, and a \$4,800,000 Agency loan. A project summary, including a proposed sources and uses of funds, is included as Attachment III. A cash flow proforma is included as Attachment IV.

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

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

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income



groups. Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment V. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: Typically, the Housing Authority must apply for and compete to receive authorization from CDLAC prior to issuing tax-exempt mortgage revenue bonds. In this instance the application process is noncompetitive because the Housing Authority received a Carryforward Allocation on December 17, 2009. The Housing Authority is prohibited from using the Allocation for any other purpose or from transferring the Allocation to any governmental unit of the State other than CDLAC.

The Housing Authority is recommending using this 2009 Allocation for the benefit of the State, the County of Sacramento, the City of Sacramento, and the Township 9 Affordable Housing Project.

Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Staff recommends that the Housing Authority adopt a resolution to indicate its intent to issue bonds to finance the construction and permanent financing of the project. Adoption of the resolution will not bind the Housing Authority to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws.

### **COMMISSION ACTION**

At its meeting of April 18, 2012, 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 has set affordable housing goals for the period of 2008-2013. An extremely low-income unit is defined as being affordable to a household with income up to 30 percent of area median income (AMI), a very low-income unit is defined as being affordable to a household with income of up to 50 percent of AMI and a low-income unit is being defined as being affordable up to 60 percent of AMI. The project's location in the City will allow the City to add 179 units (3 extremely low, 33 very low, and 143 low) to their affordable housing goals.

### **FINANCIAL ANALYSIS**

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

### **POLICY CONSIDERATIONS**

The proposed actions further the Agency goal to promote affordable housing in the River District Redevelopment Area. The recommended bond issuance is consistent with the Agency's previously approved tax-exempt bond and multifamily loan policies. Regulatory restrictions on the property will be specified in a Regulatory Agreement between the Developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

### **ENVIRONMENTAL REVIEW**

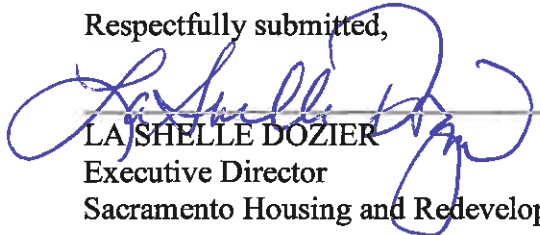
The Township 9 Planned Unit Development (PUD) and related land use entitlements including a Large Lot Tentative Map, a Development Agreement, and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report, prepared pursuant to California Environmental Quality Act (CEQA) Guidelines, was certified on that date. The appeal period expired on September 28, 2007, and no appeals were filed. The actions pertaining to the agreements, loans and budget amendments in this report are in furtherance of the previously approved Township 9 PUD and do not constitute a new project or substantive changes or modifications to the approved project. As required by State CEQA Guidelines § 15096(f), the Housing Authority has considered the environmental effects of the proposed project as shown in the Environmental Impact Report. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review per State CEQA Guidelines §§ 15162 or 15163.

The specific actions herein are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a)(2) and (3), which exempt information and financial services, and administrative and management activities respectively. Environmental review for the Township Nine Affordable Housing project pursuant to NEPA is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

**M/WBE CONSIDERATIONS**

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

Respectfully submitted,

  
\_\_\_\_\_  
LASHELLE DOZIER  
Executive Director  
Sacramento Housing and Redevelopment Agency

APPROVED

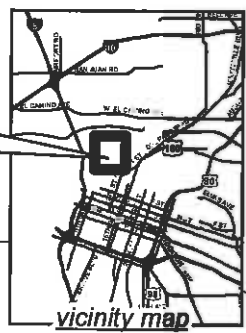
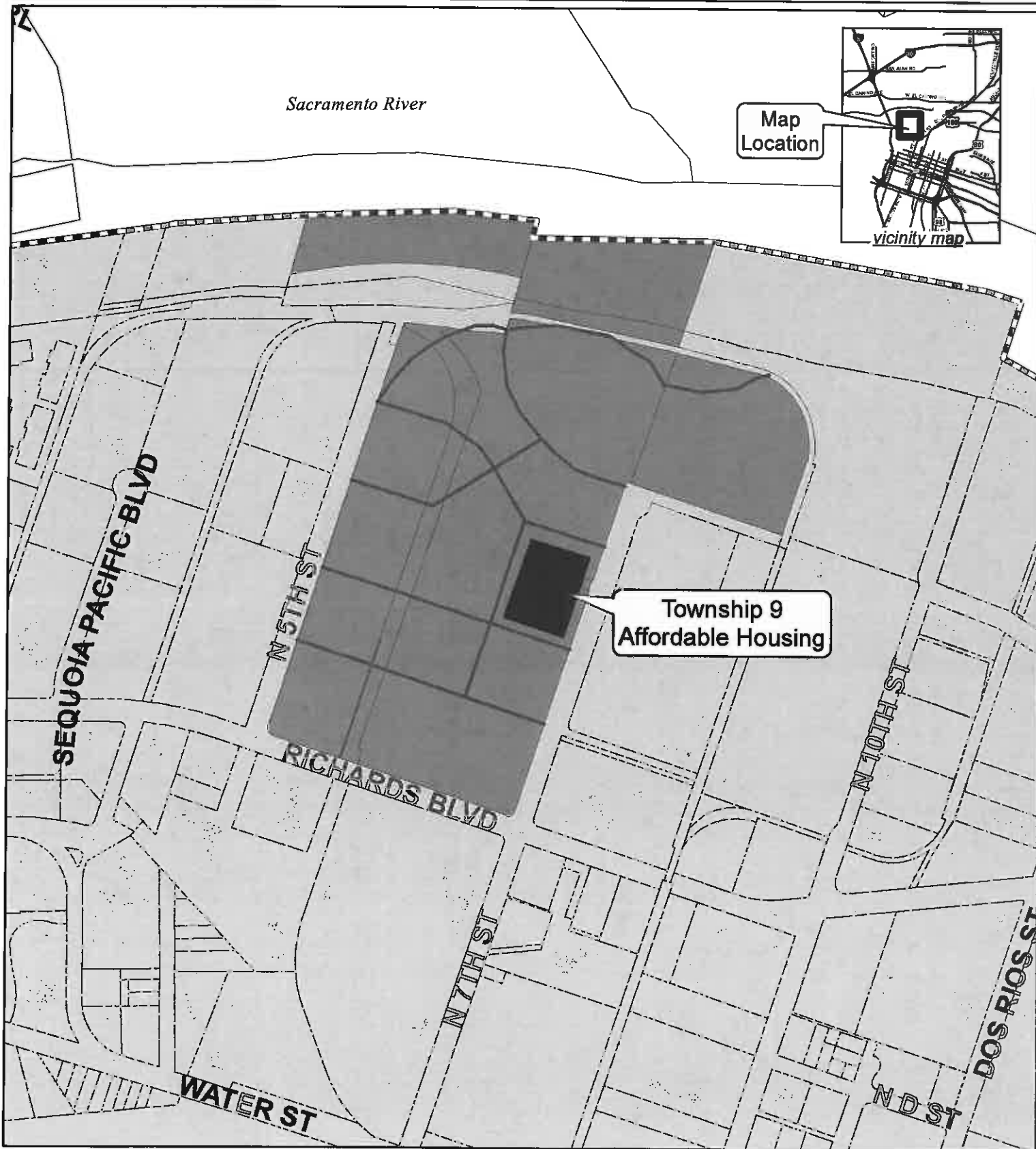
\_\_\_\_\_  
BRADLEY J. HUDSON  
County Executive

**Attachments:**

- RES – HACOS Bond Reimbursement Township 9 Affordable Housing
- RES – BOS (TEFRA)
- ATT I – Vicinity Map
- ATT-II–Elevation
- ATT III – Project Summary
- ATT IV – Cash Flow Proforma
- ATT V – Rent and Income Restrictions



# Township 9 Affordable Housing



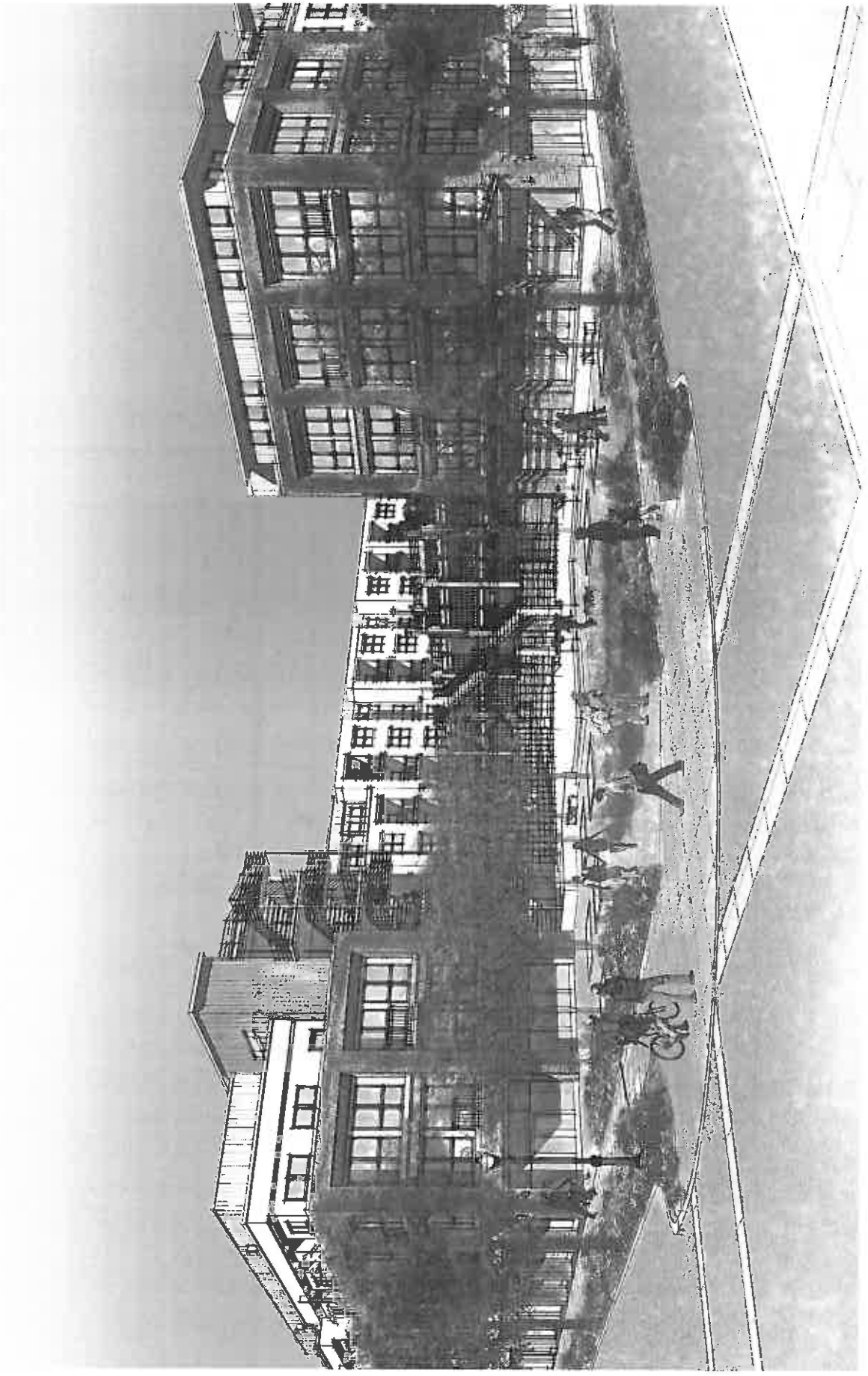
**Township 9  
Affordable Housing**

- River District Redevelopment Area
- Affordable Housing
- Township 9 Project Area
- Proposed Street



SHRA GIS  
December 14, 2011

**Township 9 Affordable Housing**



## Township 9 Affordable Housing Project

## Project Summary

<b>Address</b>	North of Richards Boulevard on North Seventh Avenue			
<b>Number of Units</b>	180			
<b>Year Built</b>	New Construction			
<b>Acreage</b>	1.80 acres			
<b>Affordability</b>	36 units (20%) at or below 50% of median income 143 units (80%) at or below 60% of medium			
<b>Unit Mix and Rents</b>	(30% AMI)	(50% AMI)	(60% AMI)	Manager Unit
1 Bedroom	2	16	72	
2 Bedroom	1	17	71	1
Total	3	33	143	1
<b>Unit Square Footage</b>	<i>Residential</i>	<i>Retail</i>	<i>Total</i>	
Total	177,600	12,500	190,100	
1 Bedroom/1 Bath	750		in sq. ft.	
2 Bedroom/2 Bath	925			
<b>Resident Facilities</b>	This is a mixed-use transit oriented development near a developing light rail station. The four story project features a community room, laundry facilities, property management office and 10,081 square feet of ground floor retail space.			
<b>Permanent Sources</b>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Tax Exempt Bonds	\$ 10,640,000	\$ 59,111	\$ 55.97	
Tax Credit Equity	\$ 15,591,000	\$ 86,617	\$ 82.01	
SHRA Loan	\$ 4,800,000	\$ 26,667	\$ 25.25	
NCRF Subordinate Loan	\$ 1,150,000	\$ 6,389	\$ 6.05	
Deferred Developer Fee	\$ 1,398,000	\$ 7,767	\$ 7.35	
General Partner Equity	\$ 2,000	\$ 11	\$ 0.01	
<b>TOTAL SOURCES</b>	\$ 33,581,000	\$ 186,561	\$ 176.65	
<b>Permanent Uses</b>				
Construction Costs	\$ 21,049,000	\$ 116,939	110.73	
Development Impact Fees	\$ 3,620,000	\$ 20,111	19.04	
Architecture, Engineering, Survey	\$ 783,000	\$ 4,350	4.12	
Contingency	\$ 1,827,000	\$ 10,150	9.61	
Financing Costs	\$ 2,404,000	\$ 13,356	12.65	
Reserves	\$ 1,100,000	\$ 6,111	5.79	
Legal Fees	\$ 155,000	\$ 861	0.82	
Developer Fee	\$ 2,300,000	\$ 12,778	12.10	
Third Party Fees, Marketing, Other	\$ 343,000	\$ 1,906	1.80	
<b>TOTAL USES</b>	\$ 33,581,000	\$ 186,561	176.65	
<b>Management / Operations</b>	Township 9 Affordable Housing Associates			
Proposed Developer:	John Stewart Management Company			
Property Management Company:				
Operations Budget:	\$842,580	\$4,681 per unit		
Replacement Reserves:	\$45,000	\$250 per unit		

Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent		Annual Rent			
								Year 1	Year 2	Year 10	Year 20	Year 25	Year 30
1 BD / 1 BA @ 30% AMI	2	760	1,500	\$ 428	\$ 71	\$ 357	\$ 0.48	\$ 714	\$ 8,568				
1 BD / 1 BA @ 50% AMI	16	750	12,000	\$ 713	\$ 71	\$ 642	\$ 0.86	\$ 10,272	\$ 123,264				
1 BD / 1 BA @ 60% AMI	72	750	54,000	\$ 856	\$ 71	\$ 785	\$ 1.05	\$ 56,520	\$ 678,240				
2 BD / 2 BA @ 30% AMI	1	925	925	\$ 513	\$ 82	\$ 431	\$ 0.47	\$ 431	\$ 5,172				
2 BD / 2 BA @ 50% AMI	17	925	15,725	\$ 856	\$ 82	\$ 774	\$ 0.84	\$ 13,158	\$ 157,896				
2 BD / 2 BA @ 60% AMI	71	925	65,675	\$ 1,027	\$ 82	\$ 945	\$ 1.02	\$ 67,095	\$ 805,140				
Manager's Units	1	925	925	-	-	-	-	-	-	-	-		
Totals/Averages	180	838	150,750	\$ 899	\$ 76	\$ 766	\$ 0.98	\$ 148,190	\$ 1,778,280				
<b>Income</b>	<b>annual rate</b>	<b>annual Increase</b>	<b>per unit</b>	<b>2014 Year 1</b>	<b>2015 Year 2</b>	<b>2016 Year 3</b>	<b>2017 Year 4</b>	<b>2018 Year 5</b>	<b>2023 Year 10</b>	<b>2028 Year 15</b>	<b>2033 Year 20</b>	<b>2038 Year 25</b>	<b>2043 Year 30</b>
Potential Gross Income				\$1,746,349	\$1,790,008	\$1,834,758	\$1,880,627	\$1,927,642	\$2,180,950	\$2,467,545	\$2,791,801	\$3,158,667	\$3,573,741
Other Income				91,913	94,211	96,566	98,980	101,455	114,787	129,871	146,937	166,246	188,092
Less Vacancy	5.00%			157,486	162,738	168,146	173,698	179,356	195,126	211,041	227,113	243,437	260,000
Effective Gross Income				\$1,680,776	\$1,721,481	\$1,763,178	\$1,809,909	\$1,857,741	\$1,985,624	\$2,256,504	\$2,564,688	\$2,915,230	\$3,313,741
<b>Operating Expenses</b>													
Operating Expenses				712,800	737,748	763,569	790,294	817,954	971,473	1,153,805	1,370,359	1,627,557	1,933,027
Social Services				32,580	33,232	33,896	34,574	35,266	38,936	42,989	47,463	52,403	57,857
Property Management				97,200	99,144	101,127	103,149	105,212	116,163	128,253	141,602	156,340	172,612
Replacement Reserves				45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Expenses				\$914,207	\$915,124	\$943,592	\$973,018	\$1,003,432	\$1,171,572	\$1,370,047	\$1,604,424	\$1,881,300	\$2,208,496
<b>Net Operating Income</b>				\$832,142	\$874,884	\$891,166	\$907,609	\$924,210	\$1,009,378	\$1,097,498	\$1,187,377	\$1,277,367	\$1,365,246
<b>Debt Service</b>	<b>amount</b>	<b>rate</b>	<b>amort</b>										
Senior Loan	\$10,640,000	5.70%	35	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479
SHRA Monitoring Fee	\$22,500,000	0.15%		33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750
Debt Service Subtotal				\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229
DCR on Senior Bonds				1.13	1.19	1.21	1.23	1.26	1.37	1.49	1.61	1.74	1.85
<b>Priority Distributions</b>													
Asset Management Fee (Investor)				5,000	5,150	5,305	5,464	5,628	6,524	7,563	8,768	10,164	11,763
Managing General Partner Fee				10,000	10,300	10,609	10,927	11,255	13,048	15,126	17,535	20,328	23,566
Supplemental Assessment				48,000	48,960	49,939	50,938	51,957	57,364	63,335	69,927	77,205	85,241
Priority Distributions Subtotal				\$63,000	\$64,410	\$65,853	\$67,329	\$68,839	\$76,936	\$86,024	\$96,230	\$107,697	\$120,589
Net Cash after Priority Distributions				\$32,912	\$74,245	\$89,084	\$104,051	\$119,142	\$196,213	\$275,245	\$354,918	\$433,441	\$508,427
<b>Deferred Developer Fee</b>													
Principal Balance	\$1,397,877	4.00%		1,397,877	1,397,877	1,397,877	1,397,877	1,397,877	970,015	0	0	0	0
Interest for Period				55,915	55,915	55,915	55,915	55,915	38,801	0	0	0	0
Accumulated Interest				55,915	55,915	55,915	55,915	55,915	38,801	0	0	0	0
Payment				32,912	74,245	89,084	104,051	119,142	196,213	0	0	0	0
Balance				\$1,420,880	\$1,379,547	\$1,364,708	\$1,349,741	\$1,334,651	\$812,602	\$0	\$0	\$0	\$0
Net Cash after Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$275,245	\$354,918	\$433,441	\$508,427	
<b>SHRA Loan</b>													
Principal Balance	\$4,800,000	4.00%		4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Interest for Period				192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000
Accumulated Interest				293,760	485,760	677,760	869,760	1,061,760	2,021,760	2,981,760	3,078,894	2,622,358	1,793,532
Payment				0	0	0	0	0	0	0	0	0	0
Balance				\$5,093,760	\$5,285,760	\$5,477,760	\$5,669,760	\$5,861,760	\$6,821,760	\$7,781,760	\$7,625,643	\$7,094,114	\$6,192,056

**MAXIMUM RENT AND INCOME LEVELS 2012**  
*(Rents @ 30%, 50%, and 60% of AMI where applicable)*

<b>Maximum Income Limits:</b>				
<b>Family Size</b>	<b>Max Income 30% AMI</b>	<b>Max Income 50% AMI</b>	<b>Max Income 60% AMI</b>	
1 person	\$15,990	\$26,650	\$31,980	
2 person	\$18,270	\$30,450	\$36,540	
3 person	\$20,550	\$34,250	\$41,100	
<b>Maximum Rent Limits:</b>				
<b>Tax Increment, HOME, Mortgage Revenue Bond (MRB), Low Income Housing Tax Credit (LIHTC)</b>				
<b>Unit Size</b>	<b>Gross Rent 30% AMI</b>	<b>Gross Rent 50% AMI</b>	<b>Gross Rent 60% AMI</b>	
1 Bedroom	\$428.00	\$713.00	\$856.00	LIHTC
2 Bedroom	\$513.00	\$856.00	\$1,027.00	LIHTC



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

**APPROVING THE ISSUANCE OF BONDS BY THE HOUSING  
AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF OF  
TOWNSHIP 9 AFFORDABLE HOUSING ASSOCIATES, LP**

**WHEREAS**, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue bonds (the "Bonds") in an amount not to exceed \$23,000,000 and to lend the proceeds thereof to T9 Affordable Housing Partners, LP, a California limited partnership, or a limited partnership or a limited liability company related to or formed by Township 9 Affordable Housing Associates, LLC (the "Developer") to be used to provide funds for the acquisition, construction and development of a 180-unit multifamily housing residential facility to be located on North 7<sup>th</sup> Street (North of Richards Boulevard), in the City of Sacramento, California, to be owned and operated by the Developer;

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

**WHEREAS**, a public hearing was held by the Board on the 8th day of May, 2012, following duly published notice thereof, and all persons desiring to be heard have been heard;

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

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

**Section 1.** The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Bonds in the maximum principal amount of \$23,000,000 for the purposes described above is hereby approved.

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing --Request For Approval Of Tax-Exempt Bonds For Township 9 Affordable Housing Project  
Page 2

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

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 8th day of May, 2012, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

---

Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

ATTEST:

---

Clerk of the Board

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

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

ON DATE OF

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY  
OF SACRAMENTO DECLARING INTENTION TO  
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF  
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

**WHEREAS**, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to T9 Affordable Housing Partners, LP, a California limited partnership, or a limited partnership or a limited liability company related to or formed by Township 9 Affordable Housing Associates, LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 180-unit multifamily housing residential facility to be located on North 7<sup>th</sup> Street (North of Richards Boulevard), in the City of Sacramento, California (the "Project"); and

**WHEREAS**, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

**WHEREAS**, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

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

Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, construction and development of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$23,000,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the County of Sacramento to approve any application or request for, or take

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing --Request For Approval Of Tax-Exempt Bonds For Township 9 Affordable Housing Project

Page 3

any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 8. This resolution shall take effect immediately upon its adoption.

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 8th day of May 2012, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

---

Chair of the Housing Authority  
of Sacramento County, California

(SEAL)

ATTEST:

---

Clerk



April 18, 2012

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Loan Commitment for Township 9 Affordable Housing Project

SUMMARY

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

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LASHELLE DOZIER  
Executive Director

Attachment



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

Staff Report  
**May 8, 2012**

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

**Title: Approval of Loan Commitment for Township Nine Affordable Housing Project**

**Location/Council District:** North 7<sup>th</sup> Street and North of Richards Boulevard, District 3, River District

**Recommendation:** Adopt 1) a **City Resolution** a) approving funding and related budget amendment for a Sacramento Housing and Redevelopment Agency (Agency) loan of up to \$1,800,000 in City Home Investment Partnership (HOME) funds to the Township 9 Project (Project); b) authorizing the Agency to execute a commitment letter with T9 Affordable Housing Partners, LP, or related entity (Developer); c) delegating the authority to prepare the loan agreement together with other related documents to the Agency; 2) a **Housing Authority (as Successor Housing Agency) Resolution** a) approving a loan commitment of \$3,000,000 of Downtown Low/Moderate Tax Increment (LM/ TI) funding previously allocated to the project by Resolution No. 2011-031 adopted by the Redevelopment Agency of the City of Sacramento on June 21, 2011; b) delegating the authority to prepare the loan agreement together with other related documents to the Agency; c) authorizing the Executive Director to execute a loan commitment and prepare a loan agreement together with other related documents for a construction and permanent loan for the Project with T9 Affordable Housing Partners, LP, or a related entity for a total loan of up to \$4,800,000.

**Contact:** Christine Weichert, Assistant Director, Development Finance, 440-1353;  
Jeree Glasser-Hedrick, Program Manager, Development Finance, 440-1302

**Presenters:** N/A

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The Township 9 Development (Development) is a 2,350 unit, transit oriented, mixed use development located in the former River District Redevelopment Area. The City, on behalf of Capitol Station 65, LLC, the Master

## Approval of Loan Commitment for Township Nine Affordable Housing Project

Developer of Township 9 development, requested and received an allocation of \$30 million in Proposition 1C (Prop 1C) Infill Infrastructure Funds from the State Department of Housing and Community Development (HCD) for the Development. The terms and conditions of the grant agreements require that the City ensure the development of 179 affordable housing units within the Development. These units are proposed to be constructed in the Township 9 Affordable Housing Project (Project) which is contained within the larger Development.

The Project was allocated and committed \$3 million in Housing Trust Funds in 2009. In association with the financial restructuring of two downtown housing projects the initial Housing Trust fund allocation was exchanged for tax increment housing set aside funding in 2010 and again in 2011. The Project's 2009 commitment is recognized on the former Redevelopment Agency of the City of Sacramento's approved Enforceable Obligation Project Schedule (EOPS) as an enforceable obligation. The Housing Authority of the City of Sacramento as Successor Housing Agency has now assumed the housing functions and assets of the former redevelopment agency and the Project is ready to move forward. This report recommends the approval of a funding commitment to assist the City in satisfying their Prop 1C affordable housing obligation. The proposed project, developed by T9 Affordable Housing Partners, LP (Developer), will produce 180 units of multi-family affordable housing.

The project requires an additional \$5,950,000 to be financially feasible. The Agency will assist with a loan of up to \$4,800,000 consisting of \$1,800,000 in City HOME funds and \$3,000,000 in previously allocated former Downtown Low-Moderate TI (L/M TI) funds from the Housing Authority of the City of Sacramento acting as the Housing Successor Entity for the Redevelopment Agency of the City. If the Agency receives authorization through legislative or other policy directives to commit remaining L/M TI balances, an additional \$1,150,000 will be provided to the Project. In the event that such authorization is not obtained, the seller will provide subordinate financing to make the project feasible.

The affordable Project will be located north of Richards Boulevard on North 7<sup>th</sup> Street and bounded by future streets "D", "E" and "F" of the tentative map. A vicinity map and elevation are included as Attachments 1 and 2. The project will occupy 1.83 acres and will consist of a five story residential mixed use building with ground floor retail. The proposed 179 affordable housing units will surround three sides of a four-story above-ground parking structure that will be financed separately by the City of Sacramento utilizing the Township 9 Prop 1C funding.

The Township 9 Affordable Housing Project is proposed to be funded with tax-exempt mortgage revenue bonds, 4 percent Low Income Housing Tax Credits (LIHTC's), the Agency loan, a subordinate loan through Capitol Station 65, LLC, and deferred developer fee.



Approval of Loan Commitment for Township Nine Affordable Housing Project

The bonds, tax credits, and Agency loan together will require three units to be affordable to individuals and families earning 30 percent or less of area median income (AMI), 33 units to individuals earning 50 percent or less of AMI and 143 units to individuals earning 60 percent or less of AMI. The bond, tax credit, and Agency loan affordability restrictions would continue in effect for a 55 year term.

Further background on the project, developer and the property is included as Attachment 3. A project summary, including a proposed sources and uses of funds, is included as Attachment 4. A project cash flow pro-forma and a schedule of maximum rents are included as Attachments 5 and 6.

**Policy Considerations:** The recommended lending actions are consistent with the Agency's previously approved multifamily lending and mortgage revenue bond policies. Additionally, despite the dissolution of redevelopment agencies, the recommended action is consistent with the former River District Redevelopment Plan. As an affordable housing project, this project is exempt from the Art in Public Places requirement.

Regulatory restrictions on the property will be specified in bond and loan and grant regulatory agreements with the Housing Authority, the Agency and the Housing and Community Development Department of the State of California respectively. Compliance with the Agency regulatory agreements will be monitored by the Agency on a regular basis for 55 years consistent with former redevelopment law. Prior to returning to Council to obtain approval for the loan documents, the Developer will provide a coverage opinion from the Department of Industrial Relations.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The Township 9 Planned Unit Development (PUD) and related land use entitlements including a Large Lot Tentative Map, a Development Agreement, and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report was certified on that date. The appeal period expired on September 28, 2007, and no appeals were filed. The actions pertaining to the agreements, loans and budget amendments in this report are in furtherance of the previously approved Township 9 PUD and do not constitute a new project or substantive changes or modifications to the approved project. As required by State CEQA Guidelines § 15096(f), the Housing Authority has considered the environmental effects of the proposed project as shown in the Environmental Impact Report. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review per State CEQA Guidelines §§ 15162 or 15163.

Approval of Loan Commitment for Township Nine Affordable Housing Project

**Sustainability Considerations:** The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goals, policies and targets as follows: (1) Goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long term affordable and reliable energy; (2) Goal number three – Air Quality, specifically by reducing the number of commute trips by single occupancy vehicles and reducing vehicle miles traveled; (3) Goal number five – Public Health and Nutrition, specifically by maximizing the number of amenities that are located within ½ mile of all residents and cleanup, redevelopment, and reuse of areas that are Brownfield; and (4) Goal number six – Urban Design, Land Use, Green Building, and Transportation specifically by reducing dependence on the private automobile by providing efficient and accessible public transit and transit-supportive land uses, reducing long commutes by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

**Other:** Environmental review for the Township 9 Affordable Housing project pursuant to NEPA is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

**Committee/Commission Action:** At its meeting April 18, 2012, the Sacramento Housing and Redevelopment Commission considered this item. The votes were as follows:

AYES:

NOES:

ABSENT:

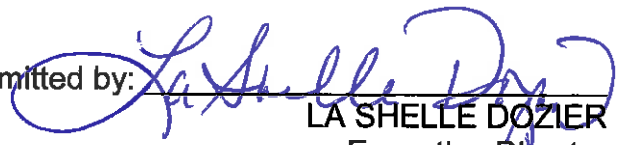
**Rationale for Recommendation:** The actions proposed in this report will enable construction on this mixed-use, transit-oriented, affordable housing development which is scheduled to begin construction in 2012. In addition, the actions recommended in this report are in accordance with the previous Implementation Plan, further the remediation of blight, and enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Approval of Loan Commitment for Township Nine Affordable Housing Project

**Financial Considerations:** Staff recommends funding of \$4,800,000 for the project through an Agency loan comprised of \$1,800,000 of City HOME and \$3,000,000 Downtown L/M TI funds. A loan commitment letter is included as Exhibit A of Attachment 7. In the event the Agency obtains authorization to commit remaining L/M TI balances, the Agency will provide an additional \$1,150,000 to the project.

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

Respectfully Submitted by:



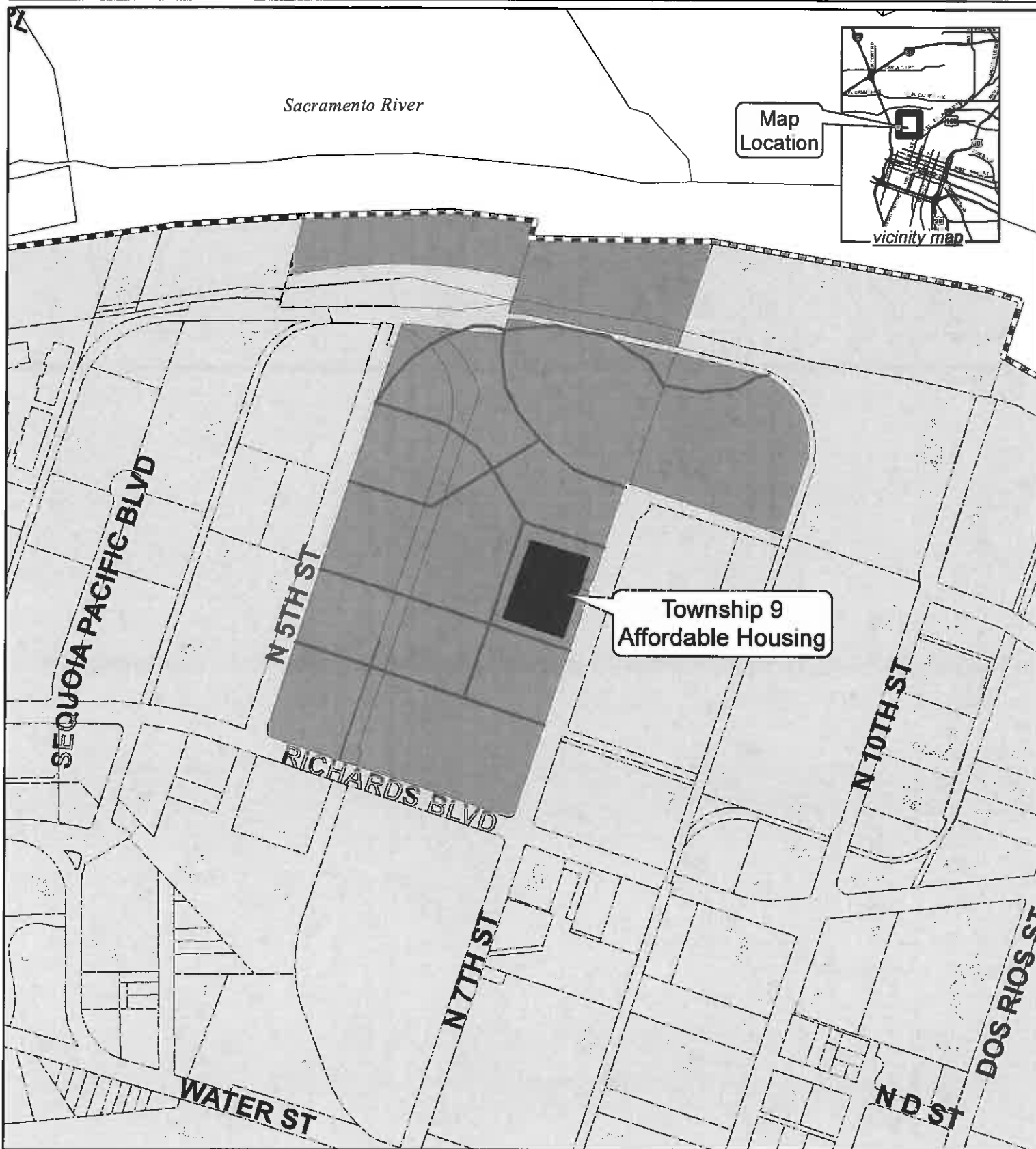
LA SHELLE DOZIER  
Executive Director





**Table of Contents**

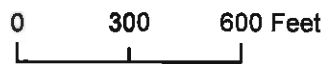
Report	pg. 1
<b>Attachments</b>	
1 Vicinity Map	pg. 6
2 Elevation	pg. 7
3 Background	pg. 8
4 Project Summary	pg. 10
5 Cash Flow	pg. 11
6. Maximum Rent and Income	pg. 12
7. City Resolution- Funding	pg. 13
Exhibit A: Commitment letter	pg. 15
8. Housing Authority Resolution- -Funding	pg. 25
Exhibit A-Commitment Letter	pg. 28



# Township 9 Affordable Housing



-  River District Redevelopment Area
-  Affordable Housing
-  Township 9 Project Area
-  Proposed Street



SHRA GIS  
December 14, 2011

Township 9 Affordable Housing



## **Township 9 Affordable Housing Project Background Information**

Description of Development: The Township 9 Affordable Housing Project is part of a much larger 2,350 unit Township 9 master development near Richard's Boulevard and 7<sup>th</sup> Streets. The Project will be a five story structure constructed on 1.83 acres. The 180 residential units will surround three sides of a four story parking garage that is being funded by the City of Sacramento with Prop. 1 C grant proceeds. A private tenant plaza area will connect the project to the street activating the public plaza at the corner of D and 7<sup>th</sup> Street. The site will encompass the entire block bounded by F and D Streets on the north and south and by North 7<sup>th</sup> and E Streets on the east and west respectively. A total of 12,500 square feet of retail/restaurant space is proposed at the street level with the residential component comprising 177,600 square feet on five levels. There is a mix of 90 one-bedroom and 90 two-bedroom units. With outside resident terraces on the fourth and fifth floors, the building will include a community room, laundry facility, management/leasing office, and maintenance shop.

### History:

The City, on behalf of the Township 9 Development requested an allocation of \$30 million in State Housing and Community Development (HCD) Proposition 1C Infill Funds (Prop 1C Funds). In June 2008, the City was awarded \$19.1 million of Prop 1C Funds and in July 2009, the City was awarded the additional \$10.9 million were awarded to the City for specific infrastructure improvements to be completed within the Township 9 Development. These funds have been and will continue to be utilized to fund the streets, utilities, and parks necessary for the development to proceed. Additionally, \$6.2 million of the Prop 1C funding will be used to construct the parking garage which is integrated with but separate from this project.

The terms and conditions of the Prop 1C funding require the City to ensure 179 units of affordable housing units developed within the Development. The 180 unit Township 9 Affordable Housing Project satisfies the 179 unit affordable housing requirements of the grant agreements and furthers the City's efforts to eliminate blight in the River District Area. One unit is reserved for the on site manager.

Developer: The project will be developed by a partnership formed between Urban Core, LLC, and the John Stewart Company, who have formed T9 Affordable Housing Partners, L.P. (Developer). The John Stewart Company is a full-service housing management, development, and consulting firm employing over 1,000 people in five offices state-wide. They are one of the largest affordable housing providers in California. The firm is multifaceted in providing property management, financial services, and development and construction services to their own portfolio and as primary consultants to the affordable housing community. The firm is well respected and very active in the Sacramento region. Urban Core is based in San Francisco and is primarily engaged in the development of mixed-use, mixed-income, urban infill properties. They have most recently joint ventured with BRIDGE Housing Corporation and the John Stewart Company to develop the 341 unit North Beach, HOPE VI project in San Francisco. They have actively participated in the development of a number of significant and similar

properties with non-profit affordable housing developers in San Francisco and the surrounding Bay Area.

**Property Management:** This project will be professionally managed by the John Stewart Company. Comprehensive housing management is the foundation of the John Stewart Company's diversified housing services goal to provide secure, service oriented, well-maintained and professionally managed housing that serves the interests of residents and owners alike. The John Stewart Company is one of the largest private manager's of affordable housing in California. These properties provide both affordable housing and specialized supportive services to a wide range of target populations. They are experienced with the requirements of the many federal and state housing program and occupancy guidelines, such as the Low Income Housing Tax Credit program, assures full compliance with Regulatory Agreements and Fair Housing requirements.

**Resident Services:** Resident Services will be provided to the residents by Pacific Housing Inc., a nonprofit 501(c)(3) corporation. Pacific Housing proposes to offer instructional programs in areas such as exercise, nutrition, financial planning, computer training, and English as a Second Language, along with coordinating social activities for the residents. Ultimately, programs will be tailored to the needs of the residents. The service provider will be required to provide a minimum of 20 hours of services per week.

**Project Financing:** The Developer proposes to finance the Township 9 Affordable Housing Project with up to \$23,000,000 in tax-exempt mortgage revenue bonds issued by the Housing Authority of the County of Sacramento, Low-Income Housing Tax Credits, a deferred developer fee, a seller subordinate loan, and a \$4,800,000 Agency loan using \$1,800,000 in City HOME funds and \$3,000,000 in former Low/Moderate Tax Increment funds. The bonds will be issued by the County to utilize an existing carry-forward allocation the County received from the Debt Limit Allocation Committee (CDLAC) in 2009. If the bonds are not issued by the end of the year the allocation will have to be returned.

**Low-income Set-aside Requirements:** The project will be layered with affordability requirements required by the various public funding sources. These sources and their affordability requirements are summarized in the following table.

<b>Funding</b>	<b>Affordability Restrictions</b>	<b>No. Units Covered</b>	<b>Regulatory Term</b>
<b>Prop 1C</b>	Extremely Low-Income (30% AMI)	3	55 years
<b>Tax-Exempt Bonds, Low Income Housing Tax Credits, Agency Loan</b>	Very Low-Income (50% AMI)	33	55 years
	Low-Income (60% AMI)	143	55 years
<b>Manager Unit</b>	Unrestricted	1	

## Township 9 Affordable Housing Project

## Project Summary

<b>Address</b>	North of Richards Boulevard on North Seventh Avenue			
<b>Number of Units</b>	180			
<b>Year Built</b>	New Construction			
<b>Acreage</b>	1.80 acres			
<b>Affordability</b>	36 units (20%) at or below 50% of median income 143 units (80%) at or below 60% of medium			
<b>Unit Mix and Rents</b>	(30% AMI)	(50% AMI)	(60% AMI)	Manager Unit
1 Bedroom	2	16	72	
2 Bedroom	1	17	71	1
Total	3	33	143	1
<b>Unit Square Footage</b>	<i>Residential</i>	<i>Retail</i>	<i>Total</i>	
Total	177,600	12,500	190,100	
1 Bedroom/1 Bath	750		in sq. ft.	
2 Bedroom/2 Bath	925			
<b>Resident Facilities</b>	This is a mixed-use transit oriented development near a developing light rail station. The four story project features a community room, laundry facilities, property management office and 10,081 square feet of ground floor retail space.			
<b>Permanent Sources</b>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Tax Exempt Bonds	\$ 10,640,000	\$ 59,111	\$ 55.97	
Tax Credit Equity	\$ 15,591,000	\$ 86,617	\$ 82.01	
SHRA Loan	\$ 4,800,000	\$ 26,667	\$ 25.25	
NCRF Subordinate Loan	\$ 1,150,000	\$ 6,389	\$ 6.05	
Deferred Developer Fee	\$ 1,398,000	\$ 7,767	\$ 7.35	
General Partner Equity	\$ 2,000	\$ 11	\$ 0.01	
<b>TOTAL SOURCES</b>	<b>\$ 33,581,000</b>	<b>\$ 186,561</b>	<b>\$ 176.65</b>	
<b>Permanent Uses</b>				
Construction Costs	\$ 21,049,000	\$ 116,939	110.73	
Development Impact Fees	\$ 3,620,000	\$ 20,111	19.04	
Architecture, Engineering, Survey	\$ 783,000	\$ 4,350	4.12	
Contingency	\$ 1,827,000	\$ 10,150	9.61	
Financing Costs	\$ 2,404,000	\$ 13,356	12.65	
Reserves	\$ 1,100,000	\$ 6,111	5.79	
Legal Fees	\$ 155,000	\$ 861	0.82	
Developer Fee	\$ 2,300,000	\$ 12,778	12.10	
Third Party Fees, Marketing, Other	\$ 343,000	\$ 1,906	1.80	
<b>TOTAL USES</b>	<b>\$ 33,581,000</b>	<b>\$ 186,561</b>	<b>176.65</b>	
<b>Management / Operations</b>				
Proposed Developer:	Township 9 Affordable Housing Associates			
Property Management Company:	John Stewart Management Company			
Operations Budget:	\$842,580	\$4,681 per unit		
Replacement Reserves:	\$45,000	\$250 per unit		



Cash Flow Proforma

Township 9 Affordable Housing Project

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance		Net Rent	Rent per Sq Foot	Total Mo. Rent		Annual Rent		
					2014 Year 1	2015 Year 2			2016 Year 3	2017 Year 4	2018 Year 5	2023 Year 10	2028 Year 15
1 BD / 1 BA @ 30% AMI	2	750	1,500	\$ 428	\$ 71	\$ 357	\$ 0.48	\$ 714	\$ 8,568				
1 BD / 1 BA @ 50% AMI	16	750	12,000	\$ 713	\$ 71	\$ 642	\$ 0.86	\$ 10,272	\$ 123,264				
1 BD / 1 BA @ 60% AMI	72	750	54,000	\$ 856	\$ 71	\$ 785	\$ 1.05	\$ 56,520	\$ 678,240				
2 BD / 2 BA @ 30% AMI	1	925	925	\$ 513	\$ 82	\$ 431	\$ 0.47	\$ 431	\$ 5,172				
2 BD / 2 BA @ 50% AMI	17	925	15,725	\$ 856	\$ 82	\$ 774	\$ 0.84	\$ 13,158	\$ 157,896				
2 BD / 2 BA @ 60% AMI	71	925	65,675	\$ 1,027	\$ 82	\$ 945	\$ 1.02	\$ 67,095	\$ 805,140				
Manager's Units	1	925	925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Totals/Averages	180	838	150,750	\$ 899	\$ 76	\$ 766	\$ 0.98	\$ 148,190	\$ 1,778,280				
<b>Income</b>	<b>rate</b>	<b>annual increase</b>	<b>per unit</b>	<b>2014 Year 1</b>	<b>2015 Year 2</b>	<b>2016 Year 3</b>	<b>2017 Year 4</b>	<b>2018 Year 5</b>	<b>2023 Year 10</b>	<b>2028 Year 15</b>	<b>2033 Year 20</b>	<b>2038 Year 25</b>	<b>2043 Year 30</b>
Potential Gross Income				\$1,795,062	\$1,839,939	\$1,885,937	\$1,933,085	\$1,981,413	\$2,241,786	\$2,536,376	\$2,869,678	\$3,246,775	\$3,673,428
Other Income				43,200	44,280	45,387	46,522	47,685	53,951	61,040	69,062	78,137	88,405
Less Vacancy				91,913	94,211	96,566	98,980	101,455	114,787	129,871	146,937	166,246	188,092
Effective Gross Income	5.00%			\$1,746,349	\$1,790,008	\$1,834,758	\$1,880,627	\$1,927,642	\$2,180,950	\$2,467,545	\$2,791,801	\$3,156,667	\$3,573,741
<b>Operating Expenses</b>													
Operating Expenses			3,960	712,800	737,748	763,569	790,294	817,954	971,473	1,153,805	1,370,359	1,627,557	1,933,027
Social Services			181	35,580	33,232	33,896	34,574	35,266	38,936	42,989	47,463	52,403	57,857
Property Management			540	97,200	99,144	101,127	103,149	105,212	116,163	128,253	141,602	156,340	172,612
Replacement Reserves			250	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Expenses			5,079	\$914,207	\$915,124	\$943,592	\$973,018	\$1,003,432	\$1,171,572	\$1,370,047	\$1,604,424	\$1,881,300	\$2,208,496
<b>Net Operating Income</b>				<b>\$832,142</b>	<b>\$874,884</b>	<b>\$891,166</b>	<b>\$907,609</b>	<b>\$924,210</b>	<b>\$1,009,378</b>	<b>\$1,097,498</b>	<b>\$1,187,377</b>	<b>\$1,277,367</b>	<b>\$1,365,246</b>
<b>Debt Service</b>	<b>amount</b>	<b>rate</b>	<b>amort</b>										
Senior Loan	\$10,640,000	5.70%	35	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479	702,479
SHRA Monitoring Fee	\$22,500,000	0.15%		33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750
Debt Service Subtotal				\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229	\$736,229
DCR on Senior Bonds				1.13	1.19	1.21	1.23	1.26	1.37	1.49	1.61	1.74	1.85
<b>Priority Distributions</b>													
Asset Management Fee (Investor)				5,000	5,150	5,305	5,464	5,628	6,524	7,563	8,768	10,164	11,783
Managing General Partner Fee				10,000	10,300	10,609	10,927	11,255	13,048	15,126	17,535	20,328	23,566
Supplemental Assessment				48,000	48,960	49,939	50,938	51,957	57,364	63,335	69,927	77,205	85,241
Priority Distributions Subtotal				63,000	64,410	65,853	67,329	68,839	76,936	86,024	96,230	107,697	120,589
Net Cash after Priority Distributions				\$32,912	\$74,245	\$89,084	\$104,051	\$119,142	\$196,213	\$275,245	\$354,918	\$433,441	\$508,427
<b>Deferred Developer Fee</b>													
Principal Balance	\$1,397,877	4.00%		1,397,877	1,397,877	1,397,877	1,397,877	1,397,877	970,015	0	0	0	0
Interest for Period				55,915	55,915	55,915	55,915	55,915	38,801	0	0	0	0
Accumulated Interest				55,915	55,915	55,915	55,915	55,915	38,801	0	0	0	0
Payment				32,912	74,245	89,084	104,051	119,142	196,213	0	0	0	0
Balance				\$1,420,880	\$1,379,547	\$1,364,708	\$1,349,741	\$1,334,651	\$812,602	\$0	\$0	\$0	\$0
Net Cash after Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$0	\$275,245	\$354,918	\$433,441	\$508,427
<b>SHRA loan</b>													
Principal Balance	\$4,800,000	4.00%		4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Interest for Period				192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000	192,000
Accumulated Interest				293,760	485,760	677,760	869,760	1,061,760	2,021,760	2,981,760	3,078,894	2,622,358	1,793,532
Payment				0	0	0	0	0	0	0	0	0	0
Balance				\$5,093,760	\$5,285,760	\$5,477,760	\$5,669,760	\$5,861,760	\$6,821,760	\$7,781,760	\$7,625,643	\$7,094,114	\$6,192,056

**MAXIMUM RENT AND INCOME LEVELS 2012**  
*(Rents @ 30%, 50%, and 60% of AMI where applicable)*

<b>Maximum Income Limits:</b>				
<b>Family Size</b>	<b>Max Income 30% AMI</b>	<b>Max Income 50% AMI</b>	<b>Max Income 60% AMI</b>	
1 person	\$15,990	\$26,650	\$31,980	
2 person	\$18,270	\$30,450	\$36,540	
3 person	\$20,550	\$34,250	\$41,100	

<b>Maximum Rent Limits:</b>				
<b>Tax Increment, HOME, Mortgage Revenue Bond (MRB), Low Income Housing Tax Credit (LIHTC)</b>				
<b>Unit Size</b>	<b>Gross Rent 30% AMI</b>	<b>Gross Rent 50% AMI</b>	<b>Gross Rent 60% AMI</b>	
1 Bedroom	\$428.00	\$713.00	\$856.00	LIHTC
2 Bedroom	\$513.00	\$856.00	\$1,027.00	LIHTC

## **RESOLUTION NO. 2012 –**

**Adopted by the Sacramento City Council**

on the date of

### **TOWNSHIP 9 AFFORDABLE HOUSING PROJECT: AUTHORIZING A \$1,800,000 LOAN COMMITMENT 9(CITY HOME INVESTMENT PARTNERSHIP FUNDS); EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH TOWNSHIP 9 AFFORDABLE HOUSING ASSOCIATES, LLC OR RELATED ENTITY; RELATED BUDGET AMENDMENT**

#### **BACKGROUND**

- A. Township 9 Affordable Housing Associates, LLC (“Developer”) has applied for an allocation of One Million Eight Hundred Thousand Dollars (\$1,800,000) in City Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the 180-unit Township 9 Affordable Housing Project.
- B. The Township 9 Affordable Housing Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines.
- C. The Township 9 PUD and related land use entitlements including a Large Lot Tentative Map, a Development Agreement, and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report was certified on that date. The appeal period expired on September 28, 2007, and no appeals were filed. There have been no intervening actions or changes in circumstances that would change the environmental impacts of this Project.
- D. In accordance with the requirements of 24 CFR Part 58 Subpart E, implementing the National Environmental Policy Act (NEPA), environmental review for the Township 9 Affordable Housing Project is currently underway, and will be completed prior to any choice limiting action.

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

Section 1. All of the evidence having been duly considered, the findings, including the environmental findings, as stated above, are approved.

Section 2. The Loan Commitment, attached as (Exhibit A), for financing the Project with \$1,800,000 in City HOME funds (up to \$4,800,000 in total including \$3,000,000 in Housing Authority as Successor Housing Agency Tax Increment housing set aside funds) is approved, and the Sacramento Housing and Redevelopment Agency (Agency)

is delegated authority to administer the loan is authorized to execute and transmit the Loan Commitment to the Developer.

Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy and with this resolution.

Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,800,000 in City HOME funds to the Township 9 Affordable Housing Project.

**Table of Contents:**  
Exhibit –A- Commitment Letter

Date: May 8, 2012

Michael Johnson and Jack Gardner  
Township Nine Affordable Housing Associates, LLC  
1320 Fillmore Street  
San Francisco, CA 94115

RE: Conditional funding commitment, Township 9 Affordable Housing Project

Dear Mr. Johnson and Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from the City HOME funds, Merged Downtown Low/Moderate Project Area Tax Increment funds for the purpose of financing the of that certain real property known as Parcel 11 of the Township 9 Development, Sacramento, California ("Property"). 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 Agency, this commitment is void. Agency's obligation to make the Loan is subject to 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 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 days prior to close of escrow for the Property.

This commitment will expire December 31, 2012.

1. PROJECT DESCRIPTION: The project is new construction of a four story, mixed use, 180 unit affordable multifamily housing project.
2. BORROWER: The name of the Borrower for the Loan is T9 Affordable Housing Partners, LP or related entity.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of residential construction 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) Four Million Eight Hundred Thousand Dollars (\$4,800,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value as determined by the Agency.
5. **TERM OF LOAN:** The unpaid balance of the Loan will be all due and payable 384 months or 32 years from the making of the loan.
6. **INTEREST RATE:** The Loan will bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **AMORTIZATION:** Loan shall amortize as permitted by monthly payments.
8. **MONTHLY PAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement as based on a 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principle.
9. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Partnership Investment Program (HOME) funds and former low-moderate Tax Increment 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)

**Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.**

\_\_\_\_\_ (Borrower Initial)

10. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to the first mortgage 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.
12. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's 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.
13. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of \$ 15,500,000, to be evidenced by a fully executed firm commitment with a tax credit equity investor.
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:

Residential and Retail Space: 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. Commitments for permanent financing sufficient to remove all liens and for a term of not less than 15 years including an amortized payment for no less than 35 years.

Parking Garage: Construction and Permanent Financing from a City of Sacramento Loan (City Loan) in an amount(s) sufficient to complete construction of the parking garage included in the development but separate from the residential and retail space. The City Loan shall be in an amount not less than Six Million Two Hundred Thousand Dollars (\$6,200,000) or sufficient to pay a guaranteed maximum payment (GMP) construction contract as contained in the Development Budget and other associated costs necessary to construct the garage. The City Loan shall have a maturity date of 55 years from the date of closing, a zero interest rate, and all payments of principal shall be deferred until the maturity date. The City Loan shall be subordinated to the Agency Loan.

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

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the loan documents or other agreements.

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer and 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 E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been 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 un-disbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") 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"), 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 shall 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%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. ENVIRONMENTAL REVIEW: The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban

Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

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

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

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

24. **PREVAILING WAGE**: Prior to Loan closing, Borrower shall provide a determination from the California Department of Industrial Relations ("DIR") acceptable to the Agency stating that the residential component of the Development is exempt from the payment of prevailing wages.
25. **COST SAVINGS**: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. 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, 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.

26. **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 March 31, 2013.
27. **SECURITY CAMERAS AND OUTSIDE LIGHTING.** Project shall include installation of a web based security camera system at vehicular driveways, pedestrian entrances and community areas, all as approved by the Agency. In addition, project will include a security patrol if necessary.
28. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage 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 Deeds of Trust constitutes a first or second 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:** Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
34. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
35. **RESIDENT SERVICES PLAN:** Borrower shall submit for approval a detailed resident services plan including but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 20 hours per week; 3) confirmation services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 4) a description of the programs to be offered, and; 5) a Proforma social services budget.

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. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. EXTENTION OF COMMITMENT TERM: If the Project is not successful in securing the funding within the timeframe of this commitment, Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later December 31, 2013.
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,

LaShelle Dozier  
Executive Director

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

Dated:

**BORROWER:**

T9 Affordable Housing Partners, LP,  
A California limited partnership

By: Urban Core, LLC,  
A California limited liability company  
Its: Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **RESOLUTION NO. 2012 –**

**Adopted by the Housing Authority of the City of Sacramento  
Acting as the Successor Housing Agency to the Redevelopment Agency  
of the City**

on the date of

### **TOWNSHIP 9 AFFORDABLE HOUSING PROJECT: APPROVAL OF A LOAN COMMITMENT UP TO \$4,800,000 (COMPRISED DOWNTOWN LOW/MODERATE TAX INCREMENT FUNDS AND CITY HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS); EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH T9 AFFORDABLE HOUSING PARTNERS, LP OR RELATED ENTITY**

#### **BACKGROUND**

- A. T9 Affordable Housing Partners, LP, has applied for a loan of Four Million Eight Hundred Thousand (\$4,800,000) comprised of a previously allocated Three Million Dollars (\$3,000,000) in Merged Downtown Low/Mod Tax Increment funds (L/M TI) together with One Million Eight Hundred Thousand Dollars (\$1,800,000) in City Home Investment Partnership Program funds (HOME) to assist in funding the construction and permanent financing of the 180-unit Township 9 Affordable Housing Project ("Project").
- B. On March 23, 2009 the Sacramento Housing and Redevelopment Commission (SHRC) authorized the Executive Director of the Sacramento Housing and Redevelopment Agency (Agency) to allocate \$3,000,000 in City Housing Trust Funds for the Project.
- C. On April 21, 2009 the Sacramento City Council authorized the Agency to allocate the \$3,000,000 in Housing Trust funds to the Project and authorized the Agency to prepare the necessary loan documents for future consideration by the Agency's governing boards.
- D. On June 10, 2010 the Redevelopment Agency of the City of Sacramento in the financial structuring of the 7<sup>th</sup> and H Single Room Occupancy Project approved an allocation of \$3,000,000 in Downtown Low/Moderate TI Tax Exempt Bond funds to the Project and defunded the \$3,000,000 in Housing Trust Funds from the Project.
- E. On June 21, 2011 the Redevelopment Agency of the City of Sacramento in the financial structuring of the 700 K Street Project approved an allocation of \$3,000,000 in Downtown Low/Moderate TI flow (Fund 102) to the Project and defunded the \$3,000,000 in Downtown Low/Moderate TI Tax Exempt Bond funds from the Project.

- F. In 2011 the California Legislature enacted AB 1X 26 which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- G. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.
- H. On January 31, 2010 the PHA affirmatively elected pursuant to Health and Safety Code Section 34173 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- I. The existing project funding due to its Low/Moderate fund origin is a housing asset and was published on the Enforceable Obligation Project list (EOPs) required by the State Department of Finance.
- J. The PHA finds that the Tax Increment set-aside funds used to fund the Project are needed to make the housing units affordable. Therefore, the project is not required to provide Art in Public Places.
- K. The Township 9 PUD and related land use entitlements including a Large Lot Tentative Map, a Development Agreement, and comprehensive PUD/Design Guidelines were approved by the City of Sacramento on August 28, 2007. An Environmental Impact Report ("EIR") was certified on that date. The appeal period expired on September 28, 2007, and no appeals were filed. The PHA has reviewed this EIR. There have been no intervening actions or changes in circumstances that would change the environmental impacts of this Project.
- L. In accordance with 24 CFR Part 58 Subpart E, and the National Environmental Policy Act (NEPA) environmental review for the Township 9 Affordable Housing Project is currently underway, and will be completed prior to any choice limiting action.

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

- Section 1. After due consideration of the facts presented, the above recitals are determined to be true and correct. The PHA has reviewed the Environmental Impact Report certified by the City of Sacramento on August 28, 2007 for the Township 9 PUD, and has considered the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f).



It is also found and determined that the actions do not require further environmental review pursuant to CEQA Guidelines §§ 15162 or 15163. The PHA hereby adopts the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093.

Section 2. It is found and determined that the former Tax Increment housing set-aside funds to develop the Project will benefit extremely low, very low, and low income individuals.

Section 3. It is found and determined that the Tax Increment housing set-aside funds that will be used for the project are needed to make the units affordable and therefore the Project is exempt from providing Art in Public Places.

Section 4. The Loan Commitment, attached to and incorporated in this resolution by this reference (Exhibit A), for financing the Township 9 Affordable Housing Project with L/M TI Funds in the amount of up to \$3,000,000 (up to \$4,800,000 in total including up to \$1,800,000 in HOME Funds) is approved and the Sacramento Housing and Redevelopment Agency (Agency) is authorized to execute and transmit the Loan Commitment to T9 Affordable Housing Partners, LP or related entity.

Section 5. Staff, as so authorized by the Sacramento Housing and Redevelopment Commission, will return to the PHA governing board for approval of the final loan documents.

**Table of Contents:**  
Exhibit –A- Commitment Letter

Date: May 8, 2012

Michael Johnson and Jack Gardner  
Township Nine Affordable Housing Associates, LLC  
1320 Fillmore Street  
San Francisco, CA 94115

RE: Conditional funding commitment, Township 9 Affordable Housing Project

Dear Mr. Johnson and Mr. Gardner:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from the City HOME funds, Merged Downtown Low/Moderate Project Area Tax Increment funds for the purpose of financing the of that certain real property known as Parcel 11 of the Township 9 Development, Sacramento, California ("Property"). 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 Agency, this commitment is void. Agency's obligation to make the Loan is subject to 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 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 days prior to close of escrow for the Property.

This commitment will expire December 31, 2012.

1. PROJECT DESCRIPTION: The project is new construction of a four story, mixed use, 180 unit affordable multifamily housing project.
2. BORROWER: The name of the Borrower for the Loan is T9 Affordable Housing Partners, LP or related entity.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of residential construction 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) Four Million Eight Hundred Thousand Dollars (\$4,800,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value as determined by the Agency.
5. **TERM OF LOAN:** The unpaid balance of the Loan will be all due and payable 384 months or 32 years from the making of the loan.
6. **INTEREST RATE:** The Loan will bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **AMORTIZATION:** Loan shall amortize as permitted by monthly payments.
8. **MONTHLY PAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement as based on a 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principle.
9. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City Home Partnership Investment Program (HOME) funds and former low-moderate Tax Increment 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)

**Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a “subsidy” may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower’s contractor.**

\_\_\_\_\_ (Borrower Initial)

10. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to the first mortgage 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.
12. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's 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.
13. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of \$ 15,500,000, to be evidenced by a fully executed firm commitment with a tax credit equity investor.
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:

Residential and Retail Space: 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. Commitments for permanent financing sufficient to remove all liens and for a term of not less than 15 years including an amortized payment for no less than 35 years.

Parking Garage: Construction and Permanent Financing from a City of Sacramento Loan (City Loan) in an amount(s) sufficient to complete construction of the parking garage included in the development but separate from the residential and retail space. The City Loan shall be in an amount not less than Six Million Two Hundred Thousand Dollars (\$6,200,000) or sufficient to pay a guaranteed maximum payment (GMP) construction contract as contained in the Development Budget and other associated costs necessary to construct the garage. The City Loan shall have a maturity date of 55 years from the date of closing, a zero interest rate, and all payments of principal shall be deferred until the maturity date. The City Loan shall be subordinated to the Agency Loan.

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

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the loan documents or other agreements.

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer and 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 E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been 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 un-disbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATION**: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. **ARCHITECTURAL AGREEMENT**: The architectural agreement ("Agreement") 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"), 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 shall 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%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. **ENVIRONMENTAL REVIEW**: The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban

Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.

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

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

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

24. **PREVAILING WAGE:** Prior to Loan closing, Borrower shall provide a determination from the California Department of Industrial Relations ("DIR") acceptable to the Agency stating that the residential component of the Development is exempt from the payment of prevailing wages.
25. **COST SAVINGS:** At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. 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, 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.

26. 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 March 31, 2013.
27. SECURITY CAMERAS AND OUTSIDE LIGHTING. Project shall include installation of a web based security camera system at vehicular driveways, pedestrian entrances and community areas, all as approved by the Agency. In addition, project will include a security patrol if necessary.
28. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage 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 Deeds of Trust constitutes a first or second 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**: Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
34. **MANAGEMENT AGREEMENT**: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
35. **RESIDENT SERVICES PLAN**: Borrower shall submit for approval a detailed resident services plan including but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 20 hours per week; 3) confirmation services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 4) a description of the programs to be offered, and; 5) a Proforma social services budget.

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. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. EXTENTION OF COMMITMENT TERM: If the Project is not successful in securing the funding within the timeframe of this commitment, Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later December 31, 2013.
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,

LaShelle Dozier  
Executive Director

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

Dated:

**BORROWER:**

T9 Affordable Housing Partners, LP,  
A California limited partnership

By: Urban Core, LLC,  
A California limited liability company

Its: Manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## RESOLUTION NO. SHRC-\_\_\_\_\_

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

### **TOWNSHIP 9 AFFORDABLE HOUSING PROJECT: APPROVAL OF \$4,800,000 LOAN COMMITMENT (HOUSING AUTHORITY AS SUCCESSOR HOUSING AGENCY LOW/MODERATE TAX INCREMENT FUNDS AND CITY HOME INVESTMENT PARTNERSHIP FUNDS); EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH T9 AFFORDABLE HOUSING PARTNERS, LP, OR RELATED ENTITY**

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

Section 1: .SHRA has reviewed the Environmental Impact Report certified by the City of Sacramento on August 28, 2007 for the Township 9 PUD, and has considered the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f). It is found and determined that the actions do not require further environmental review pursuant to CEQA Guidelines §§ 15162 or 15163. The SHRC hereby adopts the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093.

Section 2: In accordance with 24 CFR Part 58 Subpart E, environmental review pursuant to the National Environmental Policy Act (NEPA) for the Township 9 Affordable Housing Project is currently underway, and will be completed prior to any choice limiting action.

Section 3: Subject to approvals by the Housing Authority of the City of Sacramento and the City Council, the Loan Commitment, attached to and incorporated in this resolution by this reference, for the financing of the Township 9 Affordable Housing Project (“Loan Commitment”) is approved. As stated in the Loan Commitment, the loan amount shall include a loan amount of \$1,800,000 in City Home Investment Partnership Program (HOME) funds and \$3,000, 000 in Low-Mod Tax Increment funds for a total of up to \$4,800,000. Subject to the satisfaction of conditions in the loan commitment, the Executive Director, or her designee, is authorized to execute and transmit the Loan Commitment to T9 Affordable Housing Partners, LP, or related entity (Developer); provided, however that:

- (a) The Loan shall be made on the terms set out in the Loan Commitment and the staff report accompanying this resolution; and
- (b) Agency Counsel shall prepare the Loan documents on standard agency loan document forms in accordance with the Loan Commitment and the staff report accompanying this resolution, and in accordance with all applicable laws,

regulations, and policies regarding the making of the Loan and the use of the allocated funds.

Section 4: The Executive Director is authorized to execute the Loan Commitment.

Section 5. Subject to approvals by the Housing Authority of the City of Sacramento or the City Council, the Executive Director is authorized to execute the Loan and to enter into other agreements, execute other documents, and perform other actions necessary to fulfill the intent as stated in this resolution and the accompanying staff report.

---

CHAIR

ATTEST:

---

CLERK