



INVESTING IN COMMUNITIES

NOTICE OF REGULAR MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, February 19, 2014 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES

1. Minutes – February 5, 2014

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 electronic devices that they have in their possession.

SPECIAL PRESENTATION

3. Certificate of appreciation to outgoing commissioner Verne Gore

CONSENT

4. Authority to Execute the Choice Neighborhoods Planning Grant Agreement and Planning Coordinator Contract for the Upper Land Park – Marina Vista/Alder Grove Choice Neighborhoods Initiative

BUSINESS ITEMS

5. Approval of a Joint Exercise of Powers Agreement creating the Sacramento Public Financing Authority
6. Approval of Increased Agency Loan for the Curtis Park Court Apartments

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th 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.



MINUTES

**Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
February 5, 2014**

Meeting noticed on January 31, 2014

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:05 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Griffin, Johnson, Le Duc, Morgan, Stivers

MEMBERS ABSENT: Gore, Morton (two vacancies)

STAFF PRESENT: Vickie Smith, LaShelle Dozier, David Levin, Celia Yniguez, MaryLiz Paulson, Christine Weichert, Mai Le, Leilani Barnett, Steve Lierly

APPROVAL OF AGENDA Agenda approved as submitted.

APPROVAL OF MINUTES

1. The minutes for January 19, 2014 were approved.

CITIZENS COMMENTS

2. MaryLiz Paulson and her staff introduced Family Self Sufficiency Program graduates Latrice Braley and Ruby Brown.

SPECIAL PRESENTATION

3. Certificate of appreciation to outgoing Commissioner Verne Gore
Due to Mr. Gore's illness, this item was postponed to the next meeting.

BUSINESS ITEMS

4. Approval of Bond Issuance and Home Investment Partnership Program Loan Modification for the Arbor Creek Senior Apartment project

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

SHRC Minutes
February 5, 2014

AYES: Alcalay, Chan, Griffin, Johnson, LeDuc, Morgan, Stivers

NOES: none

ABSENT: Gore, Morton

INFORMATIONAL ITEMS

5. Public Housing Program Vacancy Turnaround update

MaryLiz Paulson presented the item.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier announced the following:

- Next meeting would be February 19th.
- Review of SHRA fact sheet prepared by Angela Jones
- Updated group on status of County's affordable housing ordinance
- Update on status of new commission members
- Update on First Source program kick off.

COMMISSION CHAIR REPORT

Chair Alcalay thanked staff for preparing the SHRA fact sheet.

Chair Alcalay thanked LaShelle for her participation on the Downtown Partnership Board.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Chan asked if the La Valentina project had received an award. La Shelle Dozier indicated that it was announced today that the La Valentina project received an award from EPA.

Commissioner Morgan requested a status update on the Sierra Vista disposition.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:05 p.m.

AGENCY CLERK

February 19, 2014



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Authority to Execute the Choice Neighborhoods Planning Grant Agreement and Planning Coordinator Contract for the Upper Land Park – Marina Vista/Alder Grove Choice Neighborhoods Initiative

RECOMMENDATION

Staff recommends adoption of the attached resolutions which authorizes the Executive Director or her designee to: 1) Execute the Choice Neighborhoods Planning Grant Agreement with the United States Department of Housing and Urban Development (HUD); and 2) Execute the Planning Coordinator contract with EJP Consulting Group LLC (EJP).

CONTACT PERSONS

MaryLiz Paulson, Assistant Director, 916-440-1334
Celia Yniguez, Program Manager, 916-440-1350

SUMMARY

The Housing Authority of the City of Sacramento applied for and received a FY2013 Choice Neighborhoods Planning Grant (CNI) to prepare a Neighborhood Transformation Plan for the Upper Land Park – Marina Vista/Alder Grove area. Staff is requesting the authority for the Executive Director or her designee to execute the HUD CNI agreement for \$500,000. Additionally, the CNI Planning Grant application required identification of an experienced Planning Coordinator. EJP was the identified Planning Coordinator for the purposes of the application. Staff is also requesting the authority for the Executive Director or her designee to execute a contract not to exceed \$200,000 with EJP for services as the Planning Coordinator.

BACKGROUND

On May 21, 2013, the Housing Authority Board approved the selection of a development team comprised of Related Companies of California, Mercy Housing California, and Regis Homes Sacramento to prepare a housing program and master

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plan to carryout the potential revitalization of the Marina Vista/Alder Grove Public Housing sites. Concurrently, they also approved the submittal of a federal Choice Neighborhoods Initiative (CNI) Planning Grant, which would provide \$500,000 to develop a Neighborhood Transformation Plan (NTP) for the Upper Land Park – Marina Vista/Alder Grove neighborhood.

The CNI grant required identification of an experienced Planning Coordinator, and as a result, EJP Consulting was selected to serve due to their unique qualifications to provide strategic planning and facilitation services, program design and implementation assistance, evaluation and assessment, and capacity building and training services for the repositioning of public housing properties. Specifically, EJP has over 25 years of combined experience working with HUD and local housing authorities on similar master planning and repositioning strategies and has assisted numerous localities in the preparation of successful Choice Neighborhoods and HOPE VI applications. EJP is also familiar with this Housing Authority and with our goals and objectives due to their experience as the Planning Coordinator on the Twin Rivers CNI project.

The NTP is a comprehensive neighborhood revitalization plan which focuses on directing resources to address three core goals: Housing, People and Neighborhoods. Once completed, the NTP becomes the guiding document for the potential revitalization of the 751-unit Marina Vista/Alder Grove public housing sites while simultaneously directing the transformation of the surrounding neighborhood with positive outcomes for families. On November 22, 2013, the Housing Authority was awarded the CNI Planning Grant, and it is expected that the NTP will be complete by the end of 2015.

FINANCIAL CONSIDERATIONS

Approval of this report and resolution will allow the Housing Authority to execute the CNI agreement to receive federal funding of up to \$500,000 under the Planning Grant. Funding of the contract with EJP Consulting will utilize a combination of the CNI grant and previously approved Community Development Block Grant (CDBG) funds.

POLICY CONSIDERATIONS

The actions recommended in this report are consistent with the City and County Housing Authority 2007 Asset Repositioning Strategy. Approval of these agreements allows the Housing Authority to proceed with the development of a Neighborhood Transformation Plan for the Marina Vista and Alder Grove sites.

The selection of EJP complies with the SHRA procurement policy by documenting their competence and professional qualifications necessary for the satisfactory performance of the services. On May 21, 2013 the Housing Authority of the City unanimously confirmed this selection.

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The use of Community Development Block Grant funding and CNI Planning Grant funds for the Planning Coordinator services is consistent with the goals of the 2013-17 Consolidated Plan. Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998.

ENVIRONMENTAL REVIEW

On January 22, 2014 the Housing Authority of the City of Sacramento made findings that the approval of the exclusive negotiation agreement (ENA) with the selected development team constituted administrative activities and government fiscal activities and did not require any action or involve commitment to any specific project and would not result in any physical impacts on the environment. As such, the approved ENA did not constitute a project under CEQA per Guidelines Section 15378. It also found that the activity to fund predevelopment services was statutorily exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15262 involving planning and feasibility studies for possible future actions which have not been approved by the Housing Authority's governing board. The planning and feasibility activities were found to be categorically excluded from review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a)(1).

M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

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3. Resolution – pg. 54

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
February 19, 2014

EXECUTE THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CHOICE NEIGHBORHOODS FY2013 CHOICE NEIGHBORHOODS PLANNING GRANT FOR THE MARINA VISTA AND ALDER GROVE HOUSING COMMUNITIES

WHEREAS, River Oaks (Marina Vista) and New Helvetia (Alder Grove) are the two largest public housing sites owned by the Housing Authority of the City of Sacramento. Marina Vista contains 391 units on roughly 38 acres and Alder Grove contains 360 units on roughly 30 acres. Both sites present significant development opportunity in a neighborhood experiencing transition from industrial to residential, mixed-use.

WHEREAS, In 2007, the Housing Authority Board (Board) approved an Asset Repositioning Strategy aimed at solving the Housing Authority's structural operating deficit, reducing dependence on funding from the United States Department of Housing and Urban Development (HUD), and providing reinvestment strategies for long term preservation of affordable housing. The Asset Repositioning Strategy recommended redevelopment of the Marina Vista and Alder Grove public housing sites.

WHEREAS, On November 22, 2013, the Federal Department of Housing and Urban Development awarded the Housing Authority with a \$500,000 Choice Neighborhoods Initiative Planning grant to develop a Neighborhood Transformation Plan for the Upper Land Park neighborhood.

WHEREAS, The action to approve the Choice Neighborhoods Planning Grant Agreement (Agreement) constitutes administrative activities and government fiscal activities and do not require any action or involve commitment to any specific project and will not result in any physical impacts on the environment. As such, approval of the Agreement does not constitute a project under CEQA per Guidelines Section 15378. These planning and feasibility activities are exempt activities under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34 (a)(1).

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

Section 1. After due consideration of the facts presented, the recitals above, including the environmental recitals regarding this action, are found to be true and correct.

Section 2. The Executive Director, or her designee, is authorized to execute the FY2013 CNI Planning Grant Agreement for the Marina Vista and Alder Grove Public Housing Sites Exhibit A.

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Exhibit A - CNI Planning Grant Agreement

CHAIR

ATTEST:

CLERK

FY2013 Choice Neighborhoods Planning Grant Agreement

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**FY2013 Choice Neighborhoods
PLANNING GRANT AGREEMENT**

This grant agreement (“Grant Agreement”) is made by and between the United States Department of Housing and Urban Development (“HUD”) and the Lead and Co-Applicant(s) (“Grantee”). The Grantee received a Choice Neighborhoods Planning Grant from fiscal year 2013 funds, for the creation of a Transformation Plan that is the subject of this Grant Agreement (“Transformation Plan”) and that is identified on the fund obligation document (Form HUD-1044).

While the Planning Grant is awarded to the Grantee, only the Lead Applicant identified in the Grantee’s Choice Neighborhoods Application (“Lead Grantee”) will have access to draw down funds in LOCCS. HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Lead Grantee, in the total amount listed on the 1044, for the activities described in the Transformation Plan as defined in Article III.

The assistance that is the subject of this Grant Agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937, the Consolidated and Further Continuing Appropriations Act, 2013 (Public Law 113-6, 127 Stat. 198, approved March 26, 2013) (“2013 HUD Appropriations Act”), (collectively the “Choice Neighborhoods Authorization”). The 2013 HUD Appropriations Act appropriates approximately \$133.7 million for the Choice Neighborhoods program.

The form HUD-1044 and the Exhibits are incorporated into and subject to the terms of this Grant Agreement.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

ARTICLE I. Choice Neighborhoods Requirements

The Grantee agrees to conduct all activities to be assisted with funds provided under this Grant Agreement in accordance with the following requirements, as such requirements now exist or as they may hereafter be amended (hereafter collectively referred to as the “Choice Neighborhoods Requirements”):

- (A) the U.S. Housing Act of 1937, as applicable (the “1937 Act”), including Section 24 of the 1937 Act, and all implementing regulations, as applicable;
- (B) the 2013 HUD Appropriations Act, (Public Law 113-6, 127 Stat. 198, approved March 26, 2013);
- (C) the Fiscal Year (FY) 2013 NOFA for the Choice Neighborhoods Initiative Planning Grants published via Grants.gov on March 25, 2013 (the “Choice Neighborhoods NOFA”) and NOFA Policy Requirements and General Section (“General Section”) to HUD’s FY2013 NOFAs for Discretionary Programs, published via www.grants.gov on August 8, 2012 incorporated therein.
- (D) 31 U.S.C. § 1552. In accordance with this statute, all FY2013 Choice Neighborhoods funds must be expended by September 30, 2020. Any funds that are not expended by that date will be cancelled and recaptured by the Treasury, and thereafter will not be available for obligation or expenditure for any purpose. **However, in accordance with the Choice Neighborhoods NOFA, the term of a Planning Grant is two years and all funds should be expended shortly after the end of the Planning Grant term.**
- (E) In accordance with section 24(e)(2)(D) of the 1937 Act, Grantees must involve affected residents of the targeted public and/or assisted housing at the beginning and during the planning process. Grantees are required to involve the affected public and/or assisted housing residents in the planning process and implementation of your Transformation Plan. This involvement must be continuous from the beginning of the planning process through the implementation and management of the grant. In addition to the statutory requirement, unless HUD indicates otherwise in writing, Grantees will be expected to undertake resident and community involvement in a manner and method at least as comprehensive as that described in your grant application.
- (F) all executive orders applicable to the activities being conducted with funds provided under this Grant Agreement;
- (G) the terms and requirements of this Grant Agreement, and any amendments or addenda thereto;
- (H) all other applicable Federal requirements, including, without limitation, those set forth in Appendix A; and

- (I) all regulations, handbooks, notices, and policies applicable to the activities being conducted with funds provided under this Grant Agreement;

ARTICLE II. Program Overview

- (A) **Goals of the Choice Neighborhoods Program.** The Choice Neighborhoods Program employs a comprehensive approach to neighborhood transformation. The program will transform neighborhoods of concentrated poverty into mixed-income neighborhoods of long-term viability by revitalizing severely distressed public and/or assisted housing; improving access to economic opportunities; and investing and leveraging investments in well-functioning services, effective schools and education programs, public assets, public transportation, and improved access to jobs. Choice Neighborhoods will ensure that current residents benefit from this transformation by preserving affordable housing in the neighborhood or providing the choice to move to affordable housing in another neighborhood of opportunity. The purpose of this grant is to create a Transformation Plan that furthers the goals of the Choice Neighborhoods Program. The core goals of Choice Neighborhoods are:

- 1. Housing:** Transform distressed public and assisted housing into energy efficient, mixed-income housing that is physically and financially viable over the long-term;
- 2. People:** Support positive outcomes for families who live in the target development(s) and the surrounding neighborhood, particularly outcomes related to residents' health, safety, employment, mobility, and education; and
- 3. Neighborhood:** Transform neighborhoods of poverty into viable, mixed-income and sustainable neighborhoods with access to well-functioning services, high quality public schools and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.

- (B) **Expected Results of Coordinated Efforts.**

- (1) Developmental assets that allow residents to attain the skills needed to be successful in all aspects of daily life (educational institutions, early learning centers and health resources);
- (2) Commercial assets associated with production, employment, transactions, and sales (e.g. labor force and retail establishments);
- (3) Recreational assets that create value in a neighborhood beyond work and education (e.g. parks, open space, arts organizations, and athletics);
- (4) Physical assets that are associated with the built environment and physical infrastructure (e.g. housing, commercial buildings, roads, sidewalks and bike path); and

- (5) Social assets that establish well-functioning social interactions (e.g. public safety and community engagement).

ARTICLE III. Choice Neighborhoods Transformation Plan

- (A) **General.** The Grantee's Choice Neighborhoods Transformation Plan ("Transformation Plan") consists of a document or documents reviewed and accepted by HUD to govern the transformation of the neighborhood. The Transformation Plan should integrate effective strategies to implement public and/or assisted housing revitalization, the coordination and design of supportive services, including educational opportunities for children, and neighborhood-level planning to improve a range of neighborhood assets. The Transformation Plan should be created as part of a collaborative planning process that involves neighborhood stakeholders and local governmental entities.

The Transformation Plan should translate the three core goals of Choice Neighborhoods – Housing, People and Neighborhood – into a strategy that will direct investments, demonstrate the commitment among a range of public and private partners to address interdependent neighborhood challenges, utilize data to set and monitor progress toward implementation goals, and engage community stakeholders and residents in meaningful decision-making roles.

- (B) **Schedule and Budget.** In preparation for creating a Transformation Plan, Grantees must submit the following to HUD:
 - (1) a Program Schedule identifying tasks and milestones by date;
 - (2) a Choice Neighborhoods Planning Budget, as described in Article IX; and
 - (3) any other information or documentation that is not otherwise required under the Choice Neighborhoods NOFA or this Grant Agreement but that is requested by HUD to supplement or refine information provided in the Choice Neighborhoods Application or to meet any terms or conditions of the Grant Agreement.
- (C) **Time Periods for Implementation.** The Grantee agrees to create its Transformation Plan in accordance with the approved Program Schedule, including but not limited to the following time periods:
 - (1) In accordance with the Choice Neighborhoods NOFA as incorporated by Article I(C) above.
 - (2) All items identified in paragraph (B) of this Article must be submitted to HUD within 75 calendar days (weekends and holidays are not excluded)

from the Grant Award Date. HUD reserves the right to require Grantee to make edits to these items to put them in a form and substance acceptable to HUD.

- (3) The Grantee must complete planning and deliver their final Transformation Plan to HUD within 24 months from the Grant Award Date.
 - (4) All other required information or submissions as requested by HUD pursuant to paragraph (B)(3) of this Article must be submitted in accordance with the Quarterly Report as described in Article XV, in a form and substance acceptable to HUD.
- (D) **Time Extensions.** All requests for extensions of the time periods for implementation listed in paragraph (C)(1)-(4) of this Article must be requested by the Grantee in advance of the deadline date. All requests for extensions must be made in writing, and will be reviewed and approved or disapproved by the Deputy Assistant Secretary for the Office of Multifamily Housing Programs, the Assistant Secretary of Public and Indian Housing, and/or the Deputy Assistant Secretary for the Office of Public Housing Investments as applicable.

ARTICLE IV. Transformation Plan Requirements

- (A) Activities under this Grant Agreement include tasks necessary to develop a Transformation Plan, align investments with this plan, and develop the relevant planning and evaluation capacity of the Grantee and its partners. Eligible activities for the Planning Grant include:
- (1) Conduct comprehensive needs assessments to inform the development of the Transformation Plan by 12 months after the Grant Award Date. The needs assessments should include:
 - (a) Current patterns of disinvestment with the neighborhood, including vacant/abandoned homes and businesses, the quality of the existing housing stock, foreclosures, and current home values and rents. Discuss other subsidized housing (for example Housing Choice Vouchers, LIHTC units, local affordable housing units, etc.) in the neighborhood not part of the target public and/or assisted housing project(s), the current mix of incomes, and any long-term economic drivers for continued disinvestment that may be expected to continue, absent a publicly funded intervention;
 - (b) The neighborhood's access to key assets, such as quality grocery stores, banks, health clinics and doctors' offices, local schools, child care facilities, parks and recreational facilities, and public

- transit. Identify key neighborhood anchor institutions, such as major employers, universities, or hospitals that can reliably be expected to continue to provide significant economic activity;
- (c) Relevant developmental, commercial, recreational, physical and social assets in the target neighborhood as these assets relate to opportunities for resident education, employment, health, mobility and safety; and
 - (d) Challenges and gaps in neighborhood services and assets.
 - (e) A household-level needs assessment for public and/or assisted housing residents living in the target development(s) to better design solutions for the children and families of HUD housing.
- (2) Address the challenges and gaps in services and assets identified through the needs assessments in the Transformation Plan.
- (a) Housing. Adopt effective strategies to achieve the Housing goal. Such activities include but are not limited to:
 - 1. Studies of the different options for revitalization, including the feasibility, costs and neighborhood impact of such options;
 - 2. Assessment of the need for affordable housing;
 - 3. Market study to assess the feasibility of market rate rental and homeownership housing.
 - 4. Site planning and conceptual architectural design work;
 - 5. Designing a suitable replacement housing plan, in situations where partial or total demolition is considered (Owners of projects subject to a project-based section 8 HAP contract may, to the extent that their proposal involves the preservation of the HAP contract, request that the Secretary either (1) exercise the discretion that he has for the remainder of fiscal year 2013 under section 212(a) of the 2013 HUD Appropriations Act to authorize the transfer of some or all project-based assistance associated with one or more multifamily housing project to another multifamily housing project or projects. The Secretary may exercise this discretion, however, only to the extent that HUD determines that all conditions enumerated in section 212(c) are satisfied. To the extent that Congress enacts any

authority of this nature for future fiscal years, the Secretary may act only in accordance with the terms of any such enactment, or (2) split the HAP contract before it terminates, terminate one of the resulting contracts, and, under section 8(bb)(1) of the 1937 Act, transfer the budget authority remaining on the terminated contract to another contract, whether an existing HAP contract or a new HAP contract that the Secretary agrees to put in place. Any exercise of such discretion, however, will be subject to terms and conditions as prescribed by the Secretary. These terms include a requirement, among others, that the contract to which budget authority is transferred be in the same locale as the contract that HUD agreed to split.);

6. Designing a suitable mobility strategy and relocation assistance;
 7. Conducting environmental or geotechnical studies to assess the suitability of a site for developmental activities; and
 8. Developing a viable financing plan to implement the Housing plan.
- (b) People. Adopt effective strategies to achieve the People goal. Such activities include but are not limited to:
1. Planning for supportive services, particularly education, asset building, job training and self-sufficiency activities that promote the educational attainment and economic self-sufficiency of the neighborhood residents, including original residents of the targeted public and/or assisted housing;
 2. Planning for improving access to high quality education programs and improved academic and developmental outcomes for children in the neighborhood along the continuum of cradle-through-college-to-career solutions, including:
 - a. High quality early learning programs and services that are comprehensive, inclusive, evidence-based and that result in significantly improved outcomes in physical well-being and motor development, social-emotional development, language and literacy development, and cognition and general knowledge, including early numeracy for children.

- b. High quality education programs, which may include: (A) evidence-based programs that increase learning time which may include high quality after-school, summer school, and other expanded learning-time programs designed to improve student outcomes and (B) evidence-based programs that prepare student for college and career success.
 - c. School improvements, which may include (A) significant improvements to the programs, policies and personnel of an elementary, middle/junior high and/or high school that are linked to improved academic outcomes or (B) establishing a new high-quality school. While planning for new schools is an eligible use of Planning Grant funds, no Choice Neighborhoods grant funds may be used to construct or rehabilitate schools or universities.
 - 3. Developing a viable financing plan to implement the People plan.
 - 4. Planning for the health of residents of the neighborhood.
 - 5. Planning for safety precautions and infrastructure needed to support the neighborhood and allow for sustainability.
 - 6. Engaging residents and building resident and neighborhood capacity within the first 12 months of grant award date by completing one or more of the following: resident leadership training on transformation planning or a similar topic, participation by more than one resident on primary leadership group and other work groups.
- (c) Neighborhood. Adopt effective strategies to achieve the Neighborhood goal. Such activities include but are not limited to:
- 1. Planning for neighborhood-level improvements across a range of neighborhood assets;
 - 2. Aligning with existing planning processes and activities in the local jurisdiction and/or metropolitan area or county/parish;
 - 3. Planning for neighborhood economic development activities; and

4. Developing a viable financing plan to implement the Neighborhood plan.
- (3) Conduct technical planning studies concerning local development issues, priorities, or suggested appropriate approaches in the context of the local housing market relative to other alternatives. This could include new approaches to housing, economic development, capital improvement programming or community relations. However, any such studies should directly further the integration of strategies to develop a comprehensive neighborhood-level Transformation Plan.
 - (4) Work with public and private agencies, organizations (including philanthropic organizations) and individuals to develop the Transformation Plan and secure commitments to collaborate long-term to ensure it will be implemented successfully, gather and leverage resources needed to support the financial sustainability of the Transformation Plan, and identify strategies for building upon and leveraging existing neighborhood efforts and anticipated Federal, state, regional and local investments.
 - (5) Ensure meaningful resident and neighborhood participation throughout the development of the Transformation Plan, including but not limited to public hearings, meetings, websites, forums, charrettes, and other communication that will provide all aspects of the policy and development plans and alternative options to neighborhood residents in sufficient time for them to review, react, and make informed decisions on how proposed plans and policies will impact their daily lives. Activities should prioritize ways to engage communities traditionally marginalized from planning processes, such as low-income individuals and families, limited English speakers, persons with disabilities, and the elderly.
 - (a) Over the course of these meetings, the issues listed below must have been identified (i.e., all issues need not be addressed at each meeting):
 1. The Choice Neighborhoods planning process;
 2. The proposed physical plan, including the extent of proposed demolition or rehabilitation of existing structures, and if applicable, proposed site design;
 3. Planned supportive service activities;
 4. Other proposed transformation activities;

5. Relocation issues, such as relocation planning, mobility counseling and relocation benefits; and
 6. Reoccupancy plans and policies.
- (b) For assistance in ensuring meaningful access for persons with limited English proficiency, Grantees may consult HUD's Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (HUD's LEP Guidance) published in the Federal Register on January 22, 2007 (72 Fed. Reg. 2732). Additional information is also available at www.hud.gov/fheo/promotingfh/lep.cfm. Pursuant to Section 508 of the Rehabilitation Act, recipients must employ accessible means of technology to ensure that persons with disabilities can access information on the planning process, plans, and other information.
- (6) Plan for the collection and strategic use of relevant data by identifying data to track future community impacts once the Transformation Plan is implemented by employing statistical and qualitative analysis of specific metrics (see Summary section B) developed in partnership with the appropriate local, state, regional and federal agencies/organizations.
 - (7) Strengthen management and decision-making capacities of participating organizations to create a comprehensive and integrated Transformation Plan.
 - (8) Identify and secure the involvement of effective practices and actors based on the best available evidence. Such activities may include conducting site visits, research, or participating in a community of practice, which is a group of grantees that agrees to interact regularly to solve a persistent problem or improve practice in an area that is important to them and the success of their project, through enabling grantees to meet, discuss and collaborate with each other regarding grantee projects.
 - (9) Leveraging other resources, including housing resources, supportive services, job creation, and other economic development uses on or near the project that will benefit future residents of the site.
 - (10) Reasonable costs for administration, planning, technical assistance, and fees and costs, as established by the HUD Choice Neighborhoods Planning Grant Budget Guidance are eligible uses of Planning Grant funds. These costs are limited to the costs of creating the Transformation Plan, as specifically approved by HUD, such as fees for architectural and engineering work.

ARTICLE V. Program Requirements

- (A) **Program Requirements.** In developing the Transformation Plan, Grantees should evaluate and incorporate the general requirements contained in Section III.C.3 of the Choice Neighborhoods NOFA as they are applicable to their Transformation Plan. However, the following requirements of Section III.C.3 apply specifically to this Planning Grant Agreement:
- (1) **Compliance with Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973.** The Grantee must comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and implementing regulations in determining the location of any replacement housing.
 - (2) **Housing Choice Opportunities for Returning Tenants.** An approved Transformation Plan shall demonstrate the following:
 - (a) that each public and/or assisted housing tenant who wishes to return to the on-site or off-site replacement housing may return if the tenant was lease-compliant at the time of departure from the housing prior to relocation and continued to remain lease-compliant during the relocation period. A returning tenant shall be provided a preference for occupancy of on-site or off-site replacement units before such units are made available to any other eligible households, or the tenant may choose to retain tenant-based voucher assistance provided under section 8(o) of the United States Housing Act of 1937 for relocation from the properties revitalized under this Choice Neighborhoods NOFA.
 - (b) that (1) the owner of a project subject to a project-based section 8 HAP contract (Owner) will secure temporary replacement housing for displaced families; (2) the Owner will ensure that the temporary housing is available for the entire duration of the displacement period; and (3) the housing meets the requirements of 24 C.F.R. Part 5, Subpart G (“Physical Condition Standards and Inspection Requirements”) and 24 C.F.R. Part 200 Subpart P (“Physical Condition of Multifamily Properties”) at the beginning of and throughout the displacement period. To satisfy this requirement, Owners are encouraged to adopt the model and the related procedures in Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 (“Multifamily Emergency/Disaster Guidance”), section 38-32 C (“Section 8 Pass Through”) for the temporary relocation of section 8-assisted families necessitated by a natural disaster or other emergency. Based on this model and the related procedures, the Owner is authorized to enter into a temporary lease for a unit in the same locale that meets the foregoing regulatory requirements

on behalf of a displaced section 8-assisted family. During this period, the Owner may voucher for the contract rent for that unit on a temporary basis. The Owner pays no more than the contract rent on the temporary dwelling until the resident's permanent rental unit has been restored to habitable condition and the Owner notifies the resident that they may resume occupancy of their former unit. The resident is still responsible for the resident's share of the rent. Should the displaced resident fail to return, the Owner may rent the repaired unit to an eligible section 8 applicant. Before doing so, however, the Owner must inform the resident in writing that their assistance is terminated. In the event that the Owner rents the unit to an eligible section 8 applicant, the Owner must first terminate the "pass through" lease that the Owner executed on behalf of the displaced resident. In addition, should the temporarily displaced resident move from the temporarily leased unit before their permanent rental unit is repaired and made available for their return, the Owner can no longer voucher for the temporary unit and the resident is considered permanently housed. (See Housing Handbook 4350.1 REV-1 CHG-2, Chapter 38 ("Multifamily Emergency/Disaster Guidance"), section 38-32 C ("Section 8 Pass Through")).

These preferences are retained even if the resident has already received permanent relocation benefits. This preference remains available until the initial lease-up of the new units.

- (3) **One-for-One Replacement of Public and/or Assisted Housing Units.** Grantees are expected to devise a Transformation Plan that provides for replacing any public and/or assisted dwelling units that will be demolished or disposed on a one-for-one basis. The Transformation Plan will be subject to the replacement requirements of any implementation funding received. The following are guidelines of HUD's current policy:
 - (a) **Number of Units.** For one hundred percent of all such dwelling units in existence, as of the date the application for the grant is submitted, that are to be demolished or disposed, the Transformation Plan must provide for replacement of the dwelling unit;
 - (b) **Number of Bedrooms.** Replacement housing for demolished or disposed properties shall reflect the number of bedrooms per unit that are needed to adequately serve returning tenants, households currently on the waiting list and that are needed based on other market data, except that in instances where the tenants of the original properties need a different number of bedrooms than households on the waiting list, the plan may enable displaced

tenants to exercise their opportunity under program requirement, "Housing Choice Opportunities for Returning Tenants," in section III.C.3.c of the FY2013 Choice Neighborhoods NOFA using a tenant-based voucher in the original neighborhood or other neighborhood of the tenants' choice.

(c) Location.

1. Replacement housing units shall be developed:

- a. on-site and/or in the target neighborhood being revitalized; and
- b. within the metropolitan area up to 25 miles from the original project site, as necessary to:
 - (i) comply with fair housing requirements;
 - (ii) deconcentrate poverty; or
 - (iii) redevelop onsite with appropriate densities.

2. Replacement housing outside the target neighborhood must offer access to economic opportunities and public transportation and be accessible to social, recreational, educational, commercial, health facilities and services, and other municipal services and facilities that are comparable to those that will be provided in the target neighborhood.

3. Replacement housing outside the target neighborhood shall be located neither in areas of minority concentration nor in areas with a poverty rate above 40 percent. A neighborhood of minority concentration is a Census tract or other defined geographic area in which the percentage of residents who are racial or ethnic minorities is at least 20 percentage points higher than the percentage of minority residents in the MSA (or jurisdiction not in a MSA) as a whole.

(d) Types of Units. Replacement housing includes housing assisted under sections 8 or 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and 42 U.S.C 1437g) (excluding tenant-based vouchers, except as described below), section 202 of Housing Act of 1959 (12 U.S.C. 1701q), and section 811 of the National Affordable Housing Act of 1990 (42 U.S.C 8013). To satisfy the one-for-one replacement requirement, the replacement unit must

not have been receiving assistance, prior to submitting the application, under the sections listed above in this paragraph. For example, you cannot acquire a section 202 property that is nearby the public or assisted housing site targeted in the application for the purposes of deeming that replacement housing.

- (e) **Tenant-based Vouchers as Replacement Housing.** The following is an exception to the hard-unit one-for-one replacement criteria described above. HUD must provide written approval to grant this exception. A grantee may replace up to half of the public housing and/or assisted housing dwelling units that are demolished or disposed of under the Transformation Plan with tenant-based vouchers in housing markets where there is an adequate supply of affordable rental housing in areas of low poverty. Please note that this exception does not supersede an entity's obligation to comply with other one-for-one replacement requirements associated with other funding sources (e.g. Section 104(d) of the Housing and Community Development Act).
1. To be granted this exception to the hard-unit one-for-one replacement criteria, the area of the Choice Neighborhoods development must meet all three of the following criteria:
 - a. Be located in a county/parish with a currently and historically soft rental housing market for low-income renters. HUD has defined these areas as those where the county/parish rental vacancy rates for units affordable to low-income households were greater than 7.3 percent in 2000 and greater than 8.7 percent in 2005-2009.
 - b. Be located in a Core Based Statistical Area (CBSA) or non-CBSA County/Parish where vouchers currently in use are primarily in lower poverty neighborhoods. Data from PIC shows the location of current housing choice voucher holders in the CBSA (or county/parish outside of CBSA). To qualify on this standard, the median neighborhood poverty rate for a voucher holder in the CBSA (or county/parish outside of a CBSA) must be 20 percent or less. In other words, at least 50 percent of voucher holders must be in neighborhoods with 20 percent poverty rate or less. A Grantee may request that this standard only be applied for the entity proposed to operate the voucher program as opposed to all entities in the CBSA.

- c. **High voucher success rate.** The Grantee will be required to provide data to HUD that shows that the entity that would administer the replacement vouchers has a success rate of 80 percent or higher. That is, a minimum of 80 percent of households issued vouchers are successful at leasing units within 120 days. To meet this requirement you will need to provide a file to HUD from an entity that shows all vouchers issued in the prior 18 months and the outcome associated with that issuance. In addition, you will need to provide a narrative (preferably with data if available) on success rates for the population comparable to the current population of the Choice Neighborhoods target development. For example, if the proposed Choice Neighborhoods development has 10 percent of its households as families with 5 or more people, 40 percent as families with 2 to 4 people, 30 percent non-elderly disabled, and 20 percent elderly, the Grantee would need to discuss relative success rates for each of these groups in their one-for-one waiver application.

ARTICLE VI. Deliverables

- (A) **The Grantee should submit draft documents to HUD during the term of the Planning Grant.** HUD may provide comments and guidance on these draft documents, which the Grantee should use in drafting the Transformation Plan. The documents that are required are:
 - (1) **Outline with Content.** The Grantee should provide an update to HUD showing at a minimum the outline with some of the content that will be in the Transformation Plan no later than 12 months after the Grant Award Date.
 - (2) **Draft Transformation Plan.** The Grantee should submit a draft Transformation Plan to HUD no later than 18 months after the Grant Award Date.
 - (3) **Transformation Plan.** The Grantee should submit a final Transformation Plan to HUD no later than 24 months after the Grant Award Date.

ARTICLE VII. Changes to the Grantee's Plan

- (A) **Changes Requiring Prior HUD Approval.** If the following activities in the application are to be modified or amended, the Grantee must request and obtain prior written HUD approval:
- (1) **Program Schedule.** The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions that will impair materially the Grantee's ability to comply with the Program Schedule, and include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation. HUD must approve any proposed changes to the Program Schedule that would modify any date or time period.
 - (2) changes in any Budget Line Item (BLI) in LOCCS that are greater than 10% of the original of the Choice Neighborhoods Budget;
 - (3) an extension of the period of availability of the Choice Neighborhoods Grant funds provided under this Grant Agreement, not to go beyond the statutory timeframes;
 - (4) any material changes to the contract between the Grantee and the Planning Coordinator; and
 - (5) any loss or replacement of committed funds which were identified for purposes of rating and ranking the leverage section of the grant.

ARTICLE VIII. Waiver Requests

- (A) **Standard for Approval.** The activities to be conducted under this Grant Agreement are subject to the terms of this Grant Agreement and the Choice Neighborhoods Requirements. Nevertheless, HUD seeks innovative solutions under Choice Neighborhoods to the long-standing problems associated with neighborhoods of concentrated poverty and severely distressed public and assisted housing, and will consider granting a waiver of specific HUD regulatory requirements, provided that:
- (1) such a waiver would be consistent with applicable statutory requirements; and
 - (2) the Grantee is able to demonstrate good cause to support HUD's granting of such a waiver.
- (B) **Waiver Request Procedure.** If the Grantee wants HUD to approve a waiver of a HUD regulatory requirement, it must submit a written request with sufficient information and justification to enable HUD to make a determination of good cause for granting any such request to deviate from existing regulations. Until

such time as the Grantee requests and HUD, in its discretion, approves any such requests in writing, the Grantee does not have authority to implement the activities described in the Choice Neighborhoods Application to which the request for approval applies (or for which a request for approval is needed).

ARTICLE IX. Choice Neighborhoods Budget and Funding Requests

- (A) **Budget.** The Grantee must ensure that funds provided under this Grant Agreement are expended in accordance with the Choice Neighborhoods Requirements and a Choice Neighborhoods Budget. Each Grantee must submit to HUD for approval a Choice Neighborhoods Budget as part of the Supplemental Submissions. The Choice Neighborhoods Budget allocates ALL Choice Neighborhoods Grant funds into Budget Line Items. The Choice Neighborhoods Budget will serve as the primary budget and may be subject to revision.
- (B) **Budget Form.** Each budget submitted in accordance with paragraph (A) of this Article must be submitted on the Choice Neighborhoods Planning Grant budget form, Parts I and II. Part I must be signed and dated by the Lead Grantee and Part II must include a detailed description of the uses of the funds. Grantees should also track their leveraged fund expenditures and maintain this information on file should HUD request it.
- (C) **Pre-Grant Agreement Execution Costs.** After the execution of this Grant Agreement, the Grantee may include in its Choice Neighborhoods Budget, and the Lead Grantee may draw down funds for, costs that were incurred prior to execution of this Grant Agreement, provided that such costs:
 - (1) were incurred after the date of HUD's notification letter awarding this Choice Neighborhoods Planning Grant to the Grantee (November 22, 2013);
 - (1) are directly associated with the activities to be funded under this Choice Neighborhoods Grant; and
 - (2) are approved as reasonable and eligible by HUD.
- (D) **Administration, Fees and Costs.**
 - (1) **Cost Controls.** The Grantee will comply with HUD guidance and policies that establish reasonable costs for administration, management improvements, planning, technical assistance, and fees and costs.

You may not use Choice Neighborhoods Transformation Grant funds to pay for any planning activities carried out on or before the date of the letter announcing the award of the Choice Neighborhoods Grant (November 22, 2013).

- (2) Lobbying. The Grantee hereby certifies that no funds provided under this Grant Agreement will be expended for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

ARTICLE X. Project Drawdowns

- (A) LOCCS Payment System. Notwithstanding any contrary provisions of 24 CFR § 85.21 or 24 CFR § 84.22, the Lead Grantee will request all drawdowns of Choice Neighborhoods Grant funds under the Line of Credit Control System (e-LOCCS), unless and until another payment system is designated by HUD. The Lead Grantee will comply with all rules, guidelines, and notices established for Choice Neighborhoods under LOCCS, or any substitute system, in connection with any drawdown of Choice Neighborhoods Grant funds. If HUD designates a different payment system, it will be based upon the provisions of section 85.21 and 84.22 (subject to the provisions of Article XVII(D)).
- (B) Drawdowns.
 - (1) Without HUD approval, the Lead Grantee may draw down Choice Neighborhoods Grant funds for a Budget Line Item (BLI) in an amount up to 100 percent of the amount of that BLI that HUD has approved and made available for drawdown.
 - (2) Any request for funds in excess of 10 percent of the entire grant amount in any month must be approved by HUD.
- (C) Drawdown Consequences of Default.
 - (1) Withholding of Payments. HUD may withhold payments in accordance with 24 CFR § 85.21(g) and 84.22.

- (2) **Grantee Representations.** Each drawdown request by the Lead Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).
- (3) **Overdue Reports.** No funds provided under this Grant Agreement may be released during any period in which the Grantee has failed to file with HUD any overdue quarterly report.

ARTICLE XI. Matching and Leveraged Funds

- (A) **Overall Match and Leverage.** The Grantee agrees to provide resources, other than Choice Neighborhoods Grant funds, in an amount that is the greater of five percent of the Choice Neighborhoods Grant amount or the amount documented in the Grant application for purpose of leverage scoring. Matching and Leveraged funds must be directly applicable to planning and the creation of the Transformation Plan.
- (B) **Eligible Match Contributions.** Matching funds may include amounts from other Federal sources, any State or local government sources, any private contributions, the value of any donated material or building, the value of any lease on a building, the value of the time and services contributed by volunteers, and the value of any other in-kind services or administrative costs provided. Other Federal sources may include funds provided by the Public Housing Capital Fund Program or other HUD-provided public housing funds, including funds derived from program income. You may not include as match amounts funds from any HOPE VI grant, including HOPE VI Revitalization, HOPE VI Demolition, HOPE VI Neighborhood Networks or HOPE VI Main Street Grants.
- (C) **Enforcement of Leveraged Resources.** The Grantee agrees that it will pursue and enforce any commitment (including commitments for services) obtained from any public or private entity for any contribution or commitment to the Transformation Plan, as included in its Choice Neighborhoods Application.

ARTICLE XII. Grantees, Subgrantees and Contractors

- (A) **General Grantee Responsibilities.**
 - (1) **Planning Team.** The Grantee agrees to promptly assemble a competent planning team, if the Grantee has not already, to assist in working with the Grantee's partners and collaborators and coordinating all phases of the planning process. In the event of a default under the terms of this Grant Agreement, HUD reserves the right to require a Grantee to procure a

planning coordinator in order for the Grantee to meet the performance standards detailed in this agreement.

- (2) **Choice Neighborhoods Requirements.** The Grantee shall ensure that any entity to which it makes grant funds available will comply with the Choice Neighborhoods Requirements.
- (3) **Required Certifications.**
 - (a) The Grantee must ensure that all subgrantees and contractors execute an original document in the form of Exhibit A or B, as appropriate, to this Grant Agreement at the time the Grantee executes any contract with any subgrantee or contractor to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certification together with the executed contract documents.
 - (b) Grantees that are public housing authorities (PHA Grantee) must ensure that the requirements contained in the General Conditions for Non-Construction Form (Form 5370-C) are included in any solicitation in connection with non-construction contracts that will be made by the PHA Grantee and paid for with assistance under this Grant Agreement. Such conditions must also be included in any non-construction contract entered into by the PHA Grantee.

(B) Administrative Requirements for PHA, Government and Nonprofit Grantees.

(1) Administrative requirements applicable to Grantees that are public housing authorities or local governments are:

- (a) 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments), as modified by 24 CFR part 941 or successor part, relating to the procurement of partners in mixed finance developments;
- (b) 2 CFR 225 (Cost Principles for State, Local and Indian Tribal Governments); and
- (c) 24 CFR 85.26 (audit requirements).

(2) Administrative requirements applicable to nonprofit organizations are:

- (a) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations, 2 CFR Part 215);

- (b) OMB Circular A-122 (2 CFR Part 230, Cost Principles for Nonprofit Organizations); and
 - (c) 24 CFR 84.26 (audit requirements).
- (3) Non-profit instrumentalities of state or local governments are subject to 24 CFR Part 85 because of the degree of control exercised by the governmental bodies over the instrumentality non-profit entities.
- (4) **Subgrant Agreements**
- (a) **Grantee Responsibilities Regarding Subgrantees.** Grantees will be responsible for:
 - (i) ensuring that subgrantees are aware of the requirements imposed upon them by Federal statutes, regulations, and this Grant Agreement;
 - (ii) ensuring that all subgrant agreements between Choice Neighborhoods Grantees and non-profit subgrantees contain all the provisions required by 24 CFR § 84.48 and Appendix A to Part 84;
 - (iii) ensuring that subgrant agreements include any clauses required by Federal statutes and executive orders, and their implementing regulations; and
 - (iv) monitoring subgrantees' performance to ensure compliance with the Choice Neighborhoods Requirements.
 - (b) **State or Local Subgrantee Requirements.** State or local government subgrantees are subject to, and required to comply with, the Administrative requirements at 24 CFR part 85 ("Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments") and the cost principles of 2 CFR 225 ("Cost Principles for State, Local and Indian Tribal Governments").
 - (c) **Nonprofit Subgrantee Requirements.** Nonprofit subgrantees are subject to, and required to comply with, the provisions and standards set forth in the regulations at 24 CFR part 84 ("Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations" or the "Nonprofit Administrative Requirements") and OMB Circular A-122 ("Cost

Principles for Nonprofit Organizations” or the “Nonprofit Cost Principles”).

(5) **Contractors and Subcontractors**

(a) **Grantee Responsibilities Regarding Contractors and Subcontractors.** Grantees that are subject to 24 CFR part 85 as described in (B)(1) of this Article will be responsible for the following:

(i) **For-Profit Entities.** Obtain the services of a for-profit entity through a competitive procurement under 24 CFR part 85. However, if the Grantee can demonstrate to HUD that the services to be provided by the for-profit entity can be obtained only from that one source, the Grantee may request HUD approval to select the entity under a sole-source procurement in accordance with 24 CFR § 85.36(d)(4).

(ii) **Consultant Services.** Obtain consultant services provided under an independent contractor relationship according to the procurement requirements in 24 CFR § 85.36 and the principles of cost reasonableness contained in 2 CFR 225.

(b) **Trigger for the Submission of Contracts.** Contract documents must be submitted to HUD for prior approval if required or requested by HUD under 24 CFR § 85.36 or 84.44. Any modification of such contracts is also subject to HUD’s written approval before execution.

(c) **Debarred or Suspended Parties.** Prior to executing any contract, Grantees which are local governments or PHAs will comply with, and ensure compliance with, 24 CFR § 85.35 and 24 CFR part 24, which prohibit the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status.

(d) **Minority, Women’s, and Resident-Controlled Business Enterprises.** In accordance with Executive Orders 11246, 11625, 12432, and 12138, the Grantee will adopt the goal of awarding a specified percentage of the dollar value of the total of the Choice Neighborhoods contracts to be awarded as a result of this grant to minority business enterprises and take appropriate affirmative action to assist resident-controlled and women’s business enterprises.

- (6) **Administrative Requirements.** Administrative requirements applicable to for-profit organizations under contract with a Grantee subject to 24 CFR part 85 as described in (B)(1) of this Article are 48 CFR part 31 (contract cost principles and procedures).
- (C) **Administrative Requirements for For-profit Grantees**
 - (1) 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations);
 - (2) 48 CFR part 31 (contract cost principles and procedures); and
 - (3) 24 CFR 84.26 (audit requirements).

ARTICLE XIII. No Third Party Rights

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third party beneficiaries to this Grant Agreement. Notwithstanding the provisions set forth in this Grant Agreement concerning consultations with residents and dissemination of information to residents, nothing in this Grant Agreement may be construed as conferring the status of third party beneficiary upon the residents; and in no event shall any entity other than the Grantee have direct rights to the Choice Neighborhoods funds provided for under this Grant Agreement.

ARTICLE XIV. Conflict of Interest

- (A) **Prohibition.** The Grantee shall comply with the conflict of interest requirements in 24 CFR part 85 or part 84 as applicable. No person who is an employee, agent, officer, or elected or appointed official of the Grantee or member of his immediate family and who exercises any functions or responsibilities with respect to activities assisted under this Choice Neighborhoods Grant may have a direct interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder.
- (B) **HUD-Approved Exception.**
 - (1) **Standard.** HUD may grant an exception to the exclusion in paragraph (A) of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of Choice Neighborhoods and its effective and efficient administration.

- (2) Procedure. HUD will consider granting an exception only after the Grantee has provided a disclosure of the nature of the conflict, accompanied by:
 - (a) an assurance that there has been public disclosure of the conflict;
 - (b) a description of how the public disclosure was made; and
 - (c) an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws.

- (3) Consideration of Relevant Factors. In determining whether to grant a requested exception under paragraph (B) of this Article, HUD will consider the cumulative effect of the following factors, where applicable:
 - (a) whether the exception would provide a significant cost benefit or an essential degree of expertise to the Transformation Plan that would otherwise not be available;
 - (b) whether an opportunity was provided for open competitive bidding or negotiation;
 - (c) whether the person affected is a member of a group or class intended to be the beneficiaries of the Transformation Plan and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (d) whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;
 - (e) whether the interest or benefit was present before the affected person was in a position as described in paragraph (A) of this Article;
 - (f) whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
 - (g) any other relevant considerations.

ARTICLE XV. Reporting Requirements

- (A) Quarterly Report.

- (1) The Grantee will submit to HUD a Quarterly Report on the 15th day of the month after the calendar quarter. The first report will be due in April 2014. If the due date falls on a Saturday, the report is due the Friday before. If the due date falls on a Sunday, the report is due the Monday after. In the Quarterly Report the Grantee will report the progress of their grant for the previous quarter, including but not limited to progress against their schedule and budget, expenditures to date, and a narrative statement on their progress, progress on financing leverage secured to date for the planning grant and leverage for the implementation of the plan. The Grantee should also include, as appropriate, best practices and lessons learned from the date of the prior Quarterly Report.
 - (2) Failure to submit to HUD a timely Quarterly Report may result in a suspension of Choice Neighborhoods Grant funds in LOCCS until such time as the report is received and approved by HUD, and/or any other default remedy authorized by Article XVII.
- (B) **Obligations and Expenditures.** The Grantee must enter cumulative obligation and expenditure data into LOCCS by the due dates established by HUD, whether or not there has been any change in the cumulative amounts since the end of the last quarter.
- (C) **Additional Information Requests.** Subject to paragraph (D) of this Article, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the Choice Neighborhoods Program. The Grantee will:
- (1) fully cooperate with all reasonable information gathering requests made by HUD or contractors of HUD in the course of authorized evaluations of the Choice Neighborhoods Program; and
 - (2) if requested, submit any post-closeout reports, in the forms prescribed by HUD, for a reasonable period of years as designated by HUD.
- (D) **Additional Requirements.** The Grantee agrees to comply with all other terms and conditions HUD may establish to administer, monitor, or evaluate the Choice Neighborhoods Program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XVII, HUD hereafter will not establish any additional terms and conditions without:
- (1) consideration of the burden imposed on the Grantee by such conditions or requirements;
 - (2) consideration of the availability of less burdensome conditions or requirements; and

- (3) in the case of a term or condition applicable solely to the Grantee, consulting in advance with the Grantee.

ARTICLE XVI. Technical Assistance

- (A) **Site Visits.** The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits and inspections as deemed necessary by HUD based upon the Grantee's needs in creating the Transformation Plan or the needs of the Choice Neighborhoods Program. Technical assistance site visits may be provided by HUD or its designees:
 - (1) in response to requests from the Grantee; or
 - (2) based upon demonstrated needs of the Choice Neighborhoods Program; or
 - (3) as provided in paragraph (B) of this Article.
- (B) **HUD Assessment.** HUD representatives will visit the site and make an assessment of any technical assistance and/or training that the Grantee may require for the creation of the Transformation Plan. HUD will consult with the Grantee in determining the Grantee's specific technical assistance and training needs and will carry out subsequent on-site assessments as necessary.
- (C) **Technical Assistance Provider.** If HUD determines, in its discretion, that technical assistance and/or training is necessary for the creation of the Transformation Plan, it will assign a technical assistance provider to work with the Grantee for this purpose.
- (D) **Grantee Training/Technical Assistance.** The Grantee agrees to use its best efforts to attend any training and to accept any technical assistance provided or sponsored by HUD.

ARTICLE XVII. Unsatisfactory Performance/Default

- (A) In accordance with Section 24(i) of the 1937 Act, if the Grantee defaults under this grant agreement, HUD may withdraw any unobligated grant amounts and may pursue other actions as described in this Article. HUD shall redistribute any withdrawn amounts to one or more other applicants eligible for Choice Neighborhoods assistance or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the Transformation Plan of the original Grantee. This section applies to all Grantees regardless of their status as a government, PHA, for-profit, or other entity.

(B) Default. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, may constitute a default by the Grantee under this Grant Agreement, as determined by HUD in its sole discretion:

- (1) use of funds provided under this Grant Agreement for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
- (2) failure to comply with the Choice Neighborhoods Requirements or any other Federal, State, or local laws, regulations or requirements applicable in creating the Transformation Plan;
- (3) failure to make any submission under Article III, perform any obligation, or otherwise fail to proceed in a manner consistent with the Transformation Plan, (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule);
- (4) any material misrepresentation in any of the required submissions, including, without limit, any misrepresentations in any of the submissions required by Article III(B); or
- (5) failure to comply with, or any material breach of, any other requirements, conditions or terms of this Grant Agreement.

(C) Notice of Default and Action(s) to Cure.

- (1) General. HUD will give the Grantee written notice of any default. The notice will give the Grantee the opportunity to cure such default within 30 days of the date of the notice, or to demonstrate within this time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not able to be cured within the 30-day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must agree to carry out such cure diligently and to complete the cure within the 90-day period.
- (2) Immediate Default. Notwithstanding the provisions of paragraph (C)(1) of this Article, HUD in its sole discretion may place the Grantee into immediate default for not being in compliance with its Program Schedule or for non-compliance with Choice Neighborhoods requirements once written notification of default has been provided to the Grantee. At that time, HUD may immediately begin imposing consequences of default, including specifically the suspension of draws of the Choice Neighborhoods grant.

- (3) **Imminent Threat.** Notwithstanding the provisions of subparagraph (C)(1) of this Article concerning the opportunity to cure defaults, if HUD reasonably determines that there is an imminent threat that the Grantee will expend additional Choice Neighborhoods Grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph (C)(4)(d) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under paragraph (C)(1) of this Article or by subsequent written notice to the Grantee. An imminent threat is not an immediate default.
- (4) **Consequences of Default.** If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in paragraph (C)(1) of this Article, or fails to diligently pursue or complete any cure as provided in paragraph (C)(1), HUD may take any of the following remedial actions, upon written notice to the Grantee:
- (a) requiring a Grantee in default to provide evidence to HUD of acceptable performance over such period of time as specified by HUD and to obtain written approval from HUD to proceed to the next phase of activities;
 - (b) requiring additional, more detailed financial reports;
 - (c) requiring additional project monitoring;
 - (d) requiring the Grantee (or subgrantee) to obtain technical or management assistance;
 - (e) establishing additional prior approvals; and
 - (f) require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto, and follow such revised Program Schedule to complete the activities under the Grant Agreement;
 - (g) require the Grantee, within a time period established by HUD, to revise any activity under the Grant Agreement in order to successfully complete the activities under the Grant Agreement in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Choice Neighborhoods Budget as necessary, and substitution of other eligible activities;

- (h) require submission of additional documentation before any additional request for funds will be approved;
 - (i) temporarily suspend the Grantee's authority to draw down Choice Neighborhoods Grant funds for affected activities, or at HUD's sole discretion for all activities, pending action to cure the defaults;
 - (j) disallow use of Choice Neighborhoods Grant funds for all or part of the cost of the activity or action not in compliance;
 - (k) recover amounts determined by HUD to have been improperly expended, including any property obtained by the Grantee with such grant funds;
 - (l) require reimbursement by the Grantee for Choice Neighborhoods Grant funds determined by HUD to have been improperly expended;
 - (m) make arrangements satisfactory to HUD, in its sole discretion, for use of an entity other than the Grantee to carry out activities assisted under the Grant Agreement, including requiring the Grantee to assign any outstanding contracts obligating grant funds to another entity.
- (5) **Additional Enforcement Actions.** If HUD determines that the remedial actions taken by HUD under paragraph (C)(4) of this Article have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph (C)(4) and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph (C)(2) of this Article to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph (C) of this Article upon written notice to the Grantee):
- (a) reduce the Choice Neighborhoods Grant in the amount affected by the default;
 - (b) terminate the Choice Neighborhoods Grant as to all further activities and initiate closeout procedures;
 - (c) recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.
 - (i) If the basis for the Grantee's default is its failure to comply with the reasonable time periods established by HUD under Article III(C), HUD shall, in accordance with section 24(i)

of the 1937 Act, and unless otherwise approved by HUD under paragraph (C)(3) of this Article, recapture any Choice Neighborhoods Grant funds not obligated by the Grantee.

- (ii) If the Grantee fails to comply with the reasonable time periods established in Article III(C), HUD may take into account whether factors beyond the Grantee's control are the cause of the delay.
 - (d) take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and
 - (e) take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under a PHA's ACC and/or premised on HUD's interest in the housing development established in the relevant Declaration of Trust or Declaration of Restrictive Covenants or housing assistance contract, as applicable.
- (6) Delinquent Federal Debts. Consistent with the purposes and intent of 31 U.S.C. 3720B and 28 U.S.C. 3201(e), Grantees with an outstanding federal debt must provide to HUD a negotiated repayment schedule which is not delinquent or have made other arrangements satisfactory to HUD. If arrangements satisfactory to HUD cannot be completed within 90 days of notification of selection, HUD will not make an award of funds to the Grantee, but offer the award to the next eligible Grantee. Applicants selected for funding, or awarded funds, must report to HUD changes in status of current agreements covering federal debt. If a previously agreed-upon payment schedule has not been adhered to or a new agreement with the federal agency to which the debt is owed has not been signed, the Grantee will be considered to be in default under this Agreement.

ARTICLE XVIII. Project Close-Out

- (A) Termination of Disbursements Letter. Within 90 days after completion of all grant-funded activities and HUD's approval of the Transformation Plan, the Grantee will initiate close-out, in accordance with procedures established by HUD, by submitting a Termination of Disbursements letter, which states that:
 - (1) The Grantee has completed all activities to be performed using Choice Neighborhoods Planning Grant funds.
 - (2) All requirements of the Grant Agreement have been met.

- (3) All obligated Choice Neighborhoods grant funds have been disbursed;
- (4) The Grantee will abide by any continuing Federal requirements; and

At HUD's option, the Grantee may delay initiation of close-out until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.

- (B) **Preliminary Closeout Materials.** The Grantee must submit the following Preliminary Close-Out Materials along with the Termination of Disbursements Letter:
 - (1) Final Choice Neighborhoods Budget;
 - (2) Final Financial Status Report (Form SF-269-A), which contains a cumulative summary of all expenditures and indicates the balance of unexpended funds.
 - (2) Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A), or a Choice Neighborhoods successor form if created, which summarizes the information on the Financial Status Report and serves as the document that officially closes out the grant.
- (C) **HUD Review of Preliminary Close-Out Materials.** HUD will review Preliminary Close-Out Materials to confirm that:
 - (1) The amounts on the final Choice Neighborhoods Budget and AHCC agree as to funds approved, obligated and expended.
 - (2) The amount of funds approved and disbursed on the AHCC agrees with HUD records in LOCCS.
 - (3) If HUD disbursed more funds than the Grantee expended, the Grantee will immediately remit to HUD the excess funds, without waiting for completion of the final audit.
- (D) **Final Audit.** Following HUD approval of the Preliminary Close-Out Materials, the Grantee must conduct a final audit of the Planning Grant in accordance with the requirements of 24 CFR 85.26 or 84.26 and forward the audit to HUD for approval.
- (E) **Cost Certificate.** Upon receipt of the final audit, the designated HUD official will execute the AHCC or successor form once HUD determines to its satisfaction that:

- (1) the expenditure of funds provided under this Grant Agreement was allowable and reasonable, as determined by the final audit;
 - (2) the activities to be completed using Choice Neighborhoods Grant funds were completed, as required by the Grant Agreement; and
 - (3) all Federal requirements, were satisfied.
- (F) Final Close-Out. Following execution of the AHCC, any funds remaining in the Planning Grant will be recaptured by HUD. A Post-Audit Date will be entered into LOCCS and the grant will be closed.
- (G) Close-Out Procedures on the Choice Neighborhoods Website. Grantees must follow the detailed Close-Out Procedures for the Choice Neighborhoods program, as posted to the Choice Neighborhoods website, including procedures for the Final Choice Neighborhoods Close-Out Approval.

ARTICLE XIX. Grant Award Date

The Grant Award Date is November 22, 2013. Except for Quarterly Reports, which are due according to the dates in Article XV, all deliverables in the Grant Agreement are based on the Grant Award Date.

ARTICLE XX. Funding Obligation Date, Date of Funding Availability and Effective Date

The date of obligation of the funding to the Grantee under this Grant Agreement is the date HUD signed the form HUD-1044. The date of fund availability for this Grant Agreement is the date that the Lead Grantee signs the 1044. The effective date of the Grant Agreement is the date that HUD signs the signature page of the Grant Agreement (See Article XXII).

ARTICLE XXI. Points of Contact

Any correspondence related to this Grant Agreement should be directed to the following points of contact for HUD, the Lead Grantee, and any other Grantees:

For the U.S. Department of Housing and Urban Development:

Dominique Blom
Deputy Assistant Secretary, Office of Public Housing Investments
U.S. Department of Housing and Urban Development
451 7th Street, SW Room 4130
Washington, D.C. 20410

For the Lead Grantee:

Mr. Chris Pahule
Assistant Director
Housing Authority of the City of Sacramento
801 12th Street
Sacramento, CA 95814-2947

For the Co-Grantee:

Ms. Lydia Tan
Executive Vice President
The Related Companies of California
333 Pine Street, Suite 300
San Francisco, CA 94104

For the Co-Grantee:

Mr. Douglas Shoemaker
President
Mercy Housing California
1360 Mission Street, Suite 300
San Francisco, CA 94103

XXII. Signature Page.

Ms. LaShelle Dozier
Executive Director
Housing Authority of the City of Sacramento

Mr. William Witte
President
The Related Companies of California

Mr. Douglas Shoemaker
President
Mercy Housing California

Sandra B. Henriquez
Assistant Secretary, Public and Indian Housing
U.S. Department of Housing and Urban Development

Date

Appendix A

Additional statutory, regulatory, and other requirements with which Grantee must comply as applicable include:

1. OMB Circulars A-102, A-110, A-87, A-122 are applicable to the availability of using federal funds for matching.
2. Fair Housing Certifications, as the same maybe amended from time to time, and any additional Fair Housing requirements that may become applicable:
 - (A) the Fair Housing Act (42 U.S.C. §§ 3601-19) and regulations pursuant thereto 24 CFR part 100;
 - (B) Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107);
 - (C) the fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 108);
 - (D) Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and regulations pursuant thereto (24 CFR part 1) relating to nondiscrimination in housing;
 - (E) the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07) and regulations issued pursuant thereto (24 CFR part 146);
 - (F) the prohibitions against discrimination on the basis of disability, including requirements that the Grantee make reasonable modifications and accommodations and make units accessible, under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) and regulations issued pursuant thereto (24 CFR part 8);
 - (G) the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and its implementing regulation at 28 CFR part 36; and
 - (H) the Architectural Barriers Act of 1968, as amended (42 U.S.C. § 4151) and regulations issued pursuant thereto (24 CFR part 40).
 - (I) Accessible Technology. The Rehabilitation Act Amendments of 1998 apply to all electronic information technology (EIT) used by a Grantee for transmitting, receiving, using, or storing information to carry out the responsibilities of any Federal grant awarded. It includes, but is not limited to, computers (hardware, software, word processing, email and web pages) facsimile machines, copiers and telephones. When developing, procuring, maintaining or using EIT, grantees must ensure that the EIT allows:

- (1) Employees with disabilities to have access to and use information and data that is comparable to the access and use of data by employees who do not have disabilities; and
- (2) Members of the public with disabilities seeking information or service from a grantee must have access to and use of information and data and comparable to the access and use of data by members of the public who do not have disabilities. If these standards impose on a grantee, they may provide an alternative means to allow the individual to use the information and data. No grantee will be required to provide information services to a person with disabilities at any location other than the location at which the information services are generally provided.

3. Finance and Accounting

- (A) **Commingling of Grant Funds.** The Grantee agrees that, in its recordkeeping, it will not commingle Choice Neighborhoods Grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State or local government agencies. (Such other funds may be used to carry out the Transformation Plan, so long as they are not commingled in the Grantee's recordkeeping.)
- (B) **Duplication of Funding.** The Grantee will ensure that Choice Neighborhoods Grant funds are not used to duplicate work that is funded with any other HUD funds, funds from any other Federal program, or from any other funding source identified under the Transformation Plan, and will establish controls to assure non-duplication of funding.

4. Recordkeeping

- (A) **Recordkeeping Authorities.** The Grantee will comply with and be subject to all Federal recordkeeping requirements, including, but not limited to:
 - (1) the retention and access requirements for records under 24 CFR § 85.41, or 84.46 and 84.53;
 - (2) the non-Federal audit requirements under 24 CFR § 85.26 or 84.26; and
 - (3) the requirements of 24 CFR § 85.20 or 84.21 that facilitate an effective audit to determine compliance with program requirements.
- (B) **Recordkeeping Requirements.** Grantees must retain records in accordance with the requirements of paragraph (A) above, including, but not limited to:
 - (1) the amount and disbursement of funds received under this Choice Neighborhoods Grant, including sufficient records that document the reasonableness and necessity of each expenditure;

- (2) the amount and nature of any other assistance, including cash, services, or other items contributed to assist in the development of the Transformation Plan or contributed as a condition of receiving this Choice Neighborhoods Grant;
- (3) any other proceeds received for, or otherwise used in connection with, the Transformation Plan; and

(B) Access to Records. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this Choice Neighborhoods Grant or under the Transformation Plan, including all records required to be kept by paragraph (B) above.

5. Reporting

(A) Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) (Transparency Act), as amended.

(1) Recipient Reporting to Meet the Requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006, as amended.

- a. Prime Awardee Reporting. Prime recipients of HUD financial assistance are required to report subawards in the federal government-wide website www.fsr.gov or its successor system. Starting with awards made October 1, 2010 prime financial assistance awardees receiving funds directly from HUD are required to report subawards and executive compensation information both for the prime award and subaward recipients, including awards made as pass-through awards or awards to vendors, where both the initial award is \$25,000 or greater or the cumulative award will be \$25,000 or greater if funded incrementally as directed by HUD in accordance with OMB guidance. If subaward recipients' executive compensation is reported through the Central Contractor Registration (CCR) system, , the prime recipient is not required to report this information. The reporting of award and subaward information is in accordance with the requirements of Federal Financial Assistance Accountability and Transparency Act of 2006, as amended by section 6202 of Public Law 110-252, hereafter referred to as the "Transparency Act" and OMB Guidance issued to the Federal agencies on September 14, 2010 (75 FR 55669) and in OMB Policy guidance. The prime awardee will have until the end of the month plus one additional month after a subaward or pass-through award is obligated to fulfill the reporting

requirement. Prime recipients are required to report the following information for applicable subawards. This information will be displayed on a public government website pursuant to the Transparency Act.

1. Name of entity receiving award;
2. Amount of award
3. Funding agency;
4. North American Industry Classification System (NAICS) code for contracts/CFDA program for financial assistance awards;
5. Program source;
6. Award title descriptive of the purpose of the funding action;
7. Location of the entity (including Congressional district);
8. Place of Performance (including Congressional district);
9. Unique identifier of the entity and its parent; and
10. Total compensation and names of top five executives.

For the purposes of reporting into the FFATA Sub-award Reporting System (FSRS) reporting site, the unique identifier is the DUN and Bradstreet Universal Numbering System (DUNS) number the entity has obtained from Dun and Bradstreet, and for Prime awardees the DUNS number registered in the Central Contractor Registration as required by HUD regulation 24 CFR 5.1004.

- b. **Prime Grant Awardee Executive Compensation Reporting.** Prime awardees must also report in the government-wide website the total compensation and names of the top five executives in the prime awardee organization if:
 1. More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
 2. Compensation information is not readily available through reporting to the Securities Exchange Commission (SEC.)
- c. **Subaward Executive Compensation Reporting.** Prime awardees must also report in the government-wide website the total compensation and names of the top five executives in the subawardees if:
 1. More than 80 percent of the annual gross revenues are from the Federal government, and those revenues are greater than \$25 million annually; and
 2. This required compensation information is not readily available through reporting to the Securities Exchange Commission (SEC). If the subaward recipient's executive compensation is reported through the Central Contractor Registration (CCR), the prime recipient is not required to report the information again.

- d. **Transparency Act Reporting Exemptions.** The Transparency Act exempts any sub-awards less than \$25,000 made to individuals and any sub-awards less than \$25,000 made to an entity whose annual expenditures are less than \$300,000. Subawards with a cumulative total of \$25,000 or greater are subject to subaward reporting beginning the date the subaward total award amount reaches \$25,000. The Transparency Act also prohibits reporting of any classified information. Any other exemptions to the requirements must be approved by the Office of Management and Budget.

NOTE: For the purposes of FFATA reporting requirements, “prime grant awardee” includes awardees of capital advances for the Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities programs.

- (B). **Compliance with Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), hereafter referred to as “Section 872.”** Section 872 requires the establishment of a government-wide data system – the Federal Awardee Performance and Integrity Information System (FAPIS) - to contain information related to the integrity and performance of entities awarded federal financial assistance and making use of the information by federal officials in making awards. OMB is in the process of issuing regulations regarding federal agency implementation of section 872 requirements. A technical correction to this General section may be issued when such regulations are promulgated

For-Profit Subgrantee and Contractor Certifications and Assurances

The Department of Housing and Urban Development (HUD) requires that all for-profit Subgrantees and Contractors on Choice Neighborhoods projects sign this “Certifications and Assurances” form certifying that they will comply with the specific federal requirements described below. The parties who must sign a “Certifications and Assurances” form are defined below:

- **Subgrantees:** These are for-profit organizations to which the Grantee has awarded a grant from the Choice Neighborhoods grant that the Grantee received from HUD. The subgrantee is accountable to the Grantee for the use of the funds provided, but the Grantee is ultimately accountable to HUD.
- **Contractors:** This includes any for-profit contractor, consultant, service provider, or supplier that the Housing Authority contracts with for goods or services on any Choice Neighborhoods project.

.....

Certification and Assurance: The subgrantee or contractor executing this certification hereby assures and certifies that it will comply with all of the applicable requirements of the following, as the same may be amended from time to time, including adding appropriate provisions to all contracts between Grantee and for-profit Subgrantees or Contractors:

- (1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)
- (2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)
- (3) Compliance with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)
- (4) Compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)
- (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)
- (6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000,

and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

- (7) Notice of awarding agency requirements and regulations pertaining to reporting.
- (8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.
- (9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.
- (10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- (11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.
- (12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000).
- (13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

The information contained in this certification is true and accurate, to the best of my knowledge.

Name of Subgrantee or Contractor	Name and Contract Number:	
Signature of Authorized Certifying Official:	Title:	Date:

WARNING: Section 1001 of the Title 18 of the United States Code (Criminal Code and Criminal Procedure, 72 Stat.967) applies to this certification. 18 U.S.C. 1001, among other things, provides that whoever knowingly and willfully makes or uses a document or writing knowing the same to contain any false, fictitious or fraudulent statement or entry, in any matter within jurisdiction of any department or agency of the United States, shall be fined no more than \$10,000 or imprisoned for not more than five years, or both.

Return this form to:

Grantee Name _____

Address _____

City, State, Zip Code _____

Non-Profit Subgrantee Certifications and Assurances

The Department of Housing and Urban Development (HUD) requires that all non-profit Subgrantees on Choice Neighborhoods projects sign this "Certifications and Assurances" form certifying that they will comply with the specific federal requirements described below. The parties who must sign a "Certifications and Assurances" form are defined below:

- **Subgrantees:** These are non-profit organizations to which the Grantee has awarded a grant from the Choice Neighborhoods grant that the Grantee received from HUD. The subgrantee is accountable to the Grantee for the use of the funds provided, but the Grantee is ultimately accountable to HUD.

Certification and Assurance: The subgrantee executing this certification hereby assures and certifies that it will comply with all of the applicable requirements of the following, as the same may be amended from time to time, including adding appropriate provisions to all contracts between Grantee and Subgrantees in accordance with 24CFR Part 84 and Appendix A to Part 84.

- 1) Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.
- 2) All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- 3) Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, HUD may accept the bonding policy and requirements of the recipient, provided HUD has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:
 - i) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

- ii) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.
 - iii) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.
 - iv) Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, “Surety Companies Doing Business with the United States.”
- 4) All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- 5) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A, as follows:
- 6) Equal Employment Opportunity-All contracts shall contain a provision requiring compliance with E.O. 11246, “Equal Employment Opportunity,” as amended by E.O. 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and as supplemented by regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
- 7) Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c)-All contracts and subgrants in excess of \$2000 for construction or repair awarded by recipients and subrecipients shall include a provision for compliance with the Copeland “Anti-Kickback” Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he is otherwise entitled. The recipient shall report all suspected or reported violations to HUD.
- 8) Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7)-When required by Federal program legislation, all construction contracts awarded by the recipients and subrecipients of more than \$2000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). Under this Act, contractors shall be required to pay wages to



February 14, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Joint Exercise of Powers Agreement creating the Sacramento Public
Financing Authority


SUMMARY

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

RECOMMENDATION

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



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

**Staff Report
February 25, 2014**

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

Title: Approval of a Joint Exercise of Powers Agreement creating the Sacramento Public Financing Authority

Location/Council District: Citywide

Recommendation: 1) Pass a **City Council** resolution a) approving an agreement that creates a joint-powers authority between the City and the Sacramento City Housing Authority, to be known as the Sacramento Public Financing Authority (SPFA), and b) authorizing specified City and Housing Authority officers to sign the agreement, and 2) a **Housing Authority Resolution** a) approving an agreement that creates a joint-powers authority between the City and the Sacramento City Housing Authority, to be known as the Sacramento Public Financing Authority (SPFA), and b) authorizing specified City and Housing Authority officers to sign the agreement.

Contact: Russ Fehr, City Treasurer, 808-8296 and Donald Cavier, SHRA Director of Finance, 440-1319

Presenters: Russ Fehr

Department: City of Sacramento Finance Department and Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: For years the City and the Redevelopment Agency of the City of Sacramento have been members of a joint-powers authority (JPA), the Sacramento City Financing Authority (SCFA), which was used to issue public debt. But as a result of Assembly Bill 1X26, the Redevelopment Agency was dissolved effective February 1, 2012. The City thus desires to form a new JPA between the City and Housing Authority, to be known as the Sacramento Public Financing Authority (SPFA) and used to facilitate the future issuance of public debt

Approval of JPA Agreement

Policy Considerations: Formation of the SPFA would provide another JPA in addition to SCFA for the purpose of acting as nominal lessor for new City financings. The formation of SPFA will not place any financial or other liabilities on the City or the Housing Authority and will not impede their independent operations.

Economic Impacts: Not applicable

Environmental Considerations:

California Environmental Quality Act (CEQA): Not applicable, as formation of SPFA is not a "project." (Cal. Code Regs., tit. 14, § 15378, subds. (b)(2), (b)4, (b)(5).)

Sustainability Considerations: Not applicable, administrative action

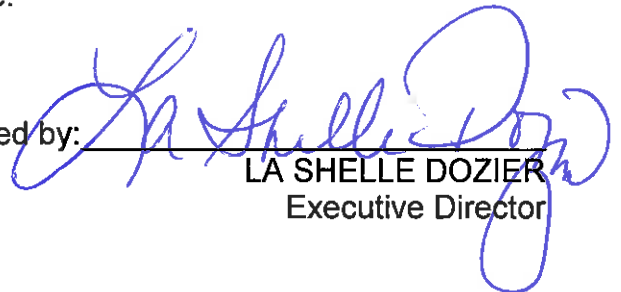
Commission Action: It is anticipated that, at its meeting of February 19, 2014, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: A JPA is necessary to facilitate the City's lease financings, particularly lease-revenue bonds and certificates of participation. Until recently, SCFA was the JPA used for these purposes. But with the dissolution of one member of SCFA, the Redevelopment Agency, it is desirable to establish a new JPA to serve as the nominal lessor for future debt financings. SCFA will remain in existence as long as SCFA's existing lease obligations remain outstanding (through 2037).

Financial Considerations: There are nominal costs associated with the formation of SPFA that will be funded by available revenues. As a component unit of the City, on-going administration of SPFA is integrated into existing city resources.

Local Business Enterprise (LBE):Not applicable.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

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RESOLUTION NO. 2014-XXXX

Adopted by the Sacramento City Council

February 25, 2014

APPROVING A JOINT EXERCISE OF POWERS AGREEMENT CREATING THE SACRAMENTO PUBLIC FINANCING AUTHORITY, AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

BACKGROUND:

- A. The Joint Exercise of Powers Act (Government Code section 6500 and following) (the "**Act**") authorizes two or more public agencies to enter into an agreement to jointly exercise any power common to them. The Act also authorizes the public agencies to provide in the agreement for the creation of a separate joint-powers authority that has the power to exercise any powers common to the agencies as specified in the agreement and to exercise the additional powers granted to the joint-powers authority by the Act or other applicable law.
- B. The City and the Housing Authority of the City of Sacramento are public agencies under the Act, and they desire to create a joint-powers authority, to be known as the Sacramento Public Financing Authority (the "**Financing Authority**"), for the purposes of assisting any member agency of the Financing Authority (each a "**Member**") with the following: acquiring, constructing, improving, rehabilitating, or financing capital improvements or other assets; financing working capital and addressing other cash flow needs; refinancing any outstanding obligations; and making loans to or otherwise assisting with financings for entities (public or private) that are not Members but are either controlled by a Member or determined by a Member to be of benefit to the Member.
- C. The City desires to enter into a joint-exercise-of-powers agreement that is substantially in the form on file with the City Clerk, a copy of which is attached to this resolution (the "**Agreement**"), for the purposes set forth in the Agreement and described above and to exercise the powers provided in the Agreement and under the Act and other applicable law. Among other things, the Agreement provides (1) that the Financing Authority will have the power to issue bonds under Government Code sections 6587 and 6588 (part of the Marks-Roos Local Bond Pooling Act of 1985), which authorize a joint-powers authority to issue bonds for one of the listed purposes even if that purpose is not a power held in common by the members of the authority; and (2) that the debts, liabilities, and obligations of the

Financing Authority will not constitute debts, liabilities, or obligations of the Members, individually or collectively.

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

- Section 1.** The statements in paragraphs A, B, and C of the Background are true.
- Section 2.** The proposed form of the Agreement on file with the City Clerk is hereby approved. The Mayor, Vice Mayor, the City Manager, and the City Treasurer, or the designee of any of them (each an **"Authorized Officer"**), are each hereby authorized and directed, on the City's behalf, to sign and deliver the Agreement, which must be substantially in the form on file with the City Clerk, with such changes as the signing Authorized Officer may require or approve with the concurrence of the City Attorney or his designee, such approval to be conclusively evidenced by the execution and delivery of the Agreement.
- Section 3.** The City Clerk or her designee is hereby authorized to attest the signature of the Authorized Officer who signs the Agreement.
- Section 4.** Each Authorized Officer acting alone is hereby authorized and directed to do any and all things and to sign and deliver any documents they deem necessary or desirable to implement the Agreement and otherwise carry out, give effect to, and comply with this resolution; and all such actions previously taken by an Authorized Officer are hereby ratified.
- Section 5.** This resolution takes effect when adopted.

RESOLUTION NO. 2014-XXXX

Adopted by the Housing Authority of the City of Sacramento

February 25, 2014

APPROVING A JOINT EXERCISE OF POWERS AGREEMENT CREATING THE SACRAMENTO PUBLIC FINANCING AUTHORITY, AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

BACKGROUND:

- A. The Joint Exercise of Powers Act (Government Code section 6500 and following) (the "**Act**") authorizes two or more public agencies to enter into an agreement to jointly exercise any power common to them. The Act also authorizes the public agencies to provide in the agreement for the creation of a separate joint-powers authority that has the power to exercise any powers common to the agencies as specified in the agreement and to exercise the additional powers granted to the joint-powers authority by the Act or other applicable law.
- B. The Housing Authority and the City of Sacramento are public agencies under the Act, and they desire to create a joint-powers authority, to be known as the Sacramento Public Financing Authority (the "**Financing Authority**"), for the purposes of assisting any member agency of the Financing Authority (each a "**Member**") with the following: acquiring, constructing, improving, rehabilitating, or financing capital improvements or other assets; financing working capital and addressing other cash flow needs; refinancing any outstanding obligations; and making loans to or otherwise assisting with financings for entities (public or private) that are not Members but are either controlled by a Member or determined by a Member to be of benefit to the Member.
- C. The Housing Authority desires to enter into a joint-powers agreement that is substantially in the form on file with the Clerk of the Sacramento Housing and Redevelopment Agency (the "**Clerk**"), a copy of which is attached to this resolution (the "**Agreement**"), for the purposes set forth in the Agreement and described above and to exercise the powers provided in the Agreement and under the Act and other applicable law. Among other things, the Agreement provides (1) that the Financing Authority will have the power to issue bonds under Government Code sections 6587 and 6588 (part of the Marks-Roos Local Bond Pooling Act of 1985), which authorize a joint-powers authority to issue bonds for one of the listed purposes even if that purpose is not a power held in common by the members of the authority; and (2) that the debts, liabilities, and obligations of the

Financing Authority will not constitute debts, liabilities, or obligations of the Members, individually or collectively.

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

Section 1. The Housing Authority finds that the statements in paragraphs A, B, and C of the Background are true.

Section 2. The proposed form of the Agreement on file with the Clerk is hereby approved. The Chairperson and the Executive Director of the Housing Authority, or the designee of either of them (each an "**Authorized Officer**"), are each hereby authorized and directed, on the Housing Authority's behalf, to sign and deliver the Agreement, which must be substantially in the form on file with the Clerk, with such changes as the signing Authorized Officer may require or approve with the concurrence of legal counsel to the Housing Authority, such approval to be conclusively evidenced by the execution and delivery of the Agreement.

Section 3. The Clerk or the Clerk's designee is hereby authorized to attest the signature of the Authorized Officer who signs the Agreement.

Section 4. Each Authorized Officer acting alone is hereby authorized and directed to do any and all things and to sign and deliver any documents he or she may deem necessary or desirable to implement the Agreement and otherwise carry out, give effect to, and comply with this resolution; and all such actions previously taken by an Authorized Officer are hereby ratified.

Section 5. This resolution takes effect when adopted.

JOINT EXERCISE OF POWERS AGREEMENT
between the
CITY OF SACRAMENTO
and the
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
creating the
SACRAMENTO PUBLIC FINANCING AUTHORITY

JOINT EXERCISE OF POWERS AGREEMENT

This Joint Exercise of Powers Agreement is between the CITY OF SACRAMENTO, a California municipal corporation (the “City”), and the HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, a public corporation organized and existing under California law (the “Housing Authority”). The City, the Housing Authority, and any other public agency added to this Agreement under Section 17 are individually referred to as a “Member” and are collectively referred to as the “Members.” Capitalized terms used in this agreement have the meanings given them in Section 2 unless otherwise defined.

Background

Under the Act, two or more public agencies may by agreement jointly exercise any power common to them. Each Member is a “public agency” as that term is defined in section 6500 of the Act, and each is empowered by law to issue debt and to acquire and dispose of real property.

The Act authorizes the Members to create a joint-powers authority with the authority to exercise any powers common to the Members and to exercise the additional powers granted to it by the Act or other applicable law. By this Agreement, each Member desires to create and establish the Sacramento Public Financing Authority for the purposes set forth below and to exercise the powers provided below.

With these background facts in mind, the Members agree as follows:

1. **Purpose.** This Agreement is made pursuant to the Act relating to the joint exercise of powers common to public agencies. Each Member possesses the common power referred to in the Background above. This Agreement is entered into by each Member in order to provide for the exercise by the Authority of such common powers and to provide for the exercise of all additional powers given to a joint-powers authority under the Act, the Marks-Roos Act, or any other applicable law for purposes of assisting any Member in acquiring, constructing, improving, rehabilitating, or financing capital improvements or other assets; financing working capital and addressing other cash-flow needs; refinancing any outstanding obligations; and making loans to or otherwise assisting with financings for entities (public or private) that are not Members but are either controlled by a Member or determined by a Member to be of benefit to the Member.
2. **Definitions.**
 - (a) **“Act”** means the Joint Exercise of Powers Act (California Government Code section 6500 and following), as amended from time to time.
 - (b) **“Agreement”** means this Joint Exercise of Powers Agreement as it may, from time to time, be amended.

- (c) **“Authority”** means the Sacramento Public Financing Authority created by this Agreement.
 - (d) **“Board”** means the board of directors that serves as the governing body of the Authority.
 - (e) **“Bonds”** has the meaning given to such term in the Marks-Roos Act.
 - (f) **“Effective Date”** means the date identified in Section 21 below.
 - (g) **“Marks-Roos Act”** means the Marks-Roos Local Bond Pooling Act of 1985 (California Government Code section 6584 and following), as amended from time to time.
3. **Term.** This Agreement is effective as of the Effective Date and will continue in full force and effect for 50 years after the Effective Date or until it is terminated in writing by all the Members, subject to the following: in no event will this Agreement terminate while any Bonds or other obligations of the Authority remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease, or other instrument by which the Bonds are issued or other obligations are incurred. The Authority shall cause all records regarding its formation, existence, any Bonds issued by it, obligations incurred by it, and proceedings pertaining to its termination to be retained for at least six years following termination of the Authority or final payment of any Bonds issued by the Authority, whichever is later.
4. **Authority**
- (a) **Creation of Authority.** As authorized by the Act, there is hereby created an agency and public entity to be known as the Sacramento Public Financing Authority, which is a public entity separate and apart from the Members. The debts, liabilities, and obligations of the Authority will not constitute debts, liabilities, or obligations of the Members, individually or collectively.
 - (1) Within 30 days after the Effective Date or the date of any amendment to this Agreement, the Authority shall cause a notice of this Agreement or amendment to be prepared and filed with the office of the California Secretary of State in the manner set forth in section 6503.5 of the Act.
 - (2) Within 70 days after the Effective Date, and within 10 days after any change of facts required by section 53051(b) of the California Government Code to be stated, the Authority shall cause a notice to be prepared and filed with the office of the California Secretary of State and with the County Clerk of each county in which the Authority maintains an office, in the manner set forth in section 53051 of the California Government Code.
 - (b) **Board.** The Authority will be administered by the board of directors consisting of the members of the Sacramento City Council. The term of office of a director is

equivalent to the director’s term of office on the Sacramento City Council. Directors are not entitled to any compensation for serving on the Board but are entitled to reimbursement for any expenses actually incurred in connection with that service if the Board approves reimbursement and unencumbered funds are appropriated for that purpose.

(c) **Meetings of the Board**

- (1) *Legal Notice.* The Board shall call, notice, hold, and conduct its meetings subject to the Ralph M. Brown Act (California Government Code sections 54950 through 54962) or any successor legislation (the “**Brown Act**”).
- (2) *Regular Meetings.* The Board shall hold its regular meetings concurrently with the regular meetings of the Sacramento City Council unless the Board provides by resolution for the holding of regular meetings upon a different schedule. To the extent permitted by the Brown Act, the Board’s regular meetings may be held by teleconference.
- (3) *Special Meetings.* The Board may call special meetings as authorized by section 54956 of the California Government Code. To the extent permitted by the Brown Act, the Board’s special meetings may be held by teleconference.
- (4) *Minutes.* The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall cause a copy of the minutes to be forwarded to each member of the Board and to the Members as soon as possible after each meeting.
- (5) *Quorum.* A majority of the members of the Board constitutes a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.
- (6) *Bylaws.* The Board may adopt such bylaws, rules, and regulations as are necessary for the purposes of this Agreement.

(d) **Officers and their Duties**

- (1) The following City officers will serve ex officio as the officers of the Authority:

City Officer	Ex Officio Authority Officer
Mayor	Chair
Vice Mayor	Vice Chair
City Clerk	Secretary
City Treasurer	Treasurer
Director of Finance	Controller

- (2) Subject to the applicable provisions of any indenture, trust agreement, or resolution providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Authority, the Treasurer is hereby designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and has the powers, duties, and responsibilities of the treasurer of the Authority specified in sections 6505.5 and 6509.5 of the Act. The Treasurer shall draw checks to pay demands against the Authority when the demands have been approved by the Board.
- (3) Subject to the applicable provisions of any indenture, trust agreement, or resolution providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Authority, the Controller is designated as the auditor and controller of the Authority and has the powers, duties, and responsibilities of the auditor or controller of the Authority specified in sections 6505 and 6505.5 of the Act.
- (4) The Board shall determine the charges to be made against the Authority for the services of the Treasurer and the Controller.
- (5) The Treasurer is hereby designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and the Treasurer shall file an official bond in the amount of \$25,000 as required by section 6505.1 of the Act, except as follows: a bond is not required if the Authority does not possess or own property or funds with an aggregate value of greater than \$500 (excluding amounts held by a trustee or other fiduciary in connection with any Bonds).
- (6) The Controller is hereby authorized and directed to prepare or cause to be prepared a special audit as required by section 6505 of the Act every year during the term of this Agreement unless the Board elects otherwise in accordance with the Act. The Controller is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members. The report must describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provides regular reports covering such amounts).
- (7) The Sacramento City Attorney shall serve as Legal Counsel to the Authority.
- (8) The Board is authorized to appoint such other officers and employees as it deems necessary and to retain special counsel, consultants, administrators, and accountants.

- (9) All of the privileges and immunities from liability; all exemptions from laws, ordinances, and rules; and all pension, relief, disability, workers' compensation, and other benefits that apply to the activities of officers, agents, or employees of the Members when performing their functions within the territorial limits of the respective Members will apply to them to the same degree and extent while they are performing any of their functions and duties extraterritorially under this Agreement.
- (10) A person directly employed by the Authority will not be deemed because of that employment to be employed by any Member or to be subject to any requirements of any Member.
- (11) The Members hereby confirm that, as provided in the Act and in Section 4(a) of this Agreement, the debts, liabilities, and obligations of the Authority will not constitute debts, liabilities, or obligations of the Members, and the Members do not intend by paragraphs (A), (B), and (C) of this section to impair this provision.
 - (A) The Members are jointly and severally liable upon any liability imposed for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, as provided in section 895.2 of the California Government Code.
 - (B) The Members may agree to provide for contribution or indemnification by any of the Members upon any liability arising out of the performance of this Agreement.
 - (C) Unless the Members agree otherwise, each party has a right to contribution, as provided in section 895.6 of the California Government Code, from any of the other Members.

5. Authority Powers.

- (a) The Authority has the power, in its own name, to exercise the common powers of the Members described above in Section 1 and to exercise all additional powers given to a joint-powers authority by the Act, the Marks-Roos Act, or any other applicable law for any purpose authorized under this Agreement. Without limiting the generality of the preceding sentence, the Authority has the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain, or operate any building, works, or improvements; to acquire, hold, or dispose of property; to incur debts, liabilities, or obligations; and to sue and be sued in its own name.
- (b) The Authority is authorized, in its own name, to do all acts necessary for the exercise of its powers for its authorized purposes.

- (c) The Authority's exercise of its powers is subject only to the restrictions upon the manner of exercising those powers that are imposed upon the City in the exercise of its similar powers, as provided in section 6509 of the Act, except that nothing in this Agreement limits the powers of the Authority under the Marks-Roos Act or other applicable law.
 - (d) Notwithstanding the foregoing, the Authority has any additional powers conferred under the Act, the Marks-Roos Act, or other applicable law insofar as the additional powers may be necessary to accomplish the purposes set forth above in Section 1.
6. **Termination of Powers.** The Authority will continue to exercise the powers conferred upon it until this Agreement is terminated under Section 3 above.
 7. **Fiscal Year.** Unless changed by resolution of the Board, the fiscal year of the Authority is the period from July 1 of each year to and including the following June 30, except for the first fiscal year, which is the period from the Effective Date to the following June 30.
 8. **Disposition of Assets.** After termination of this Agreement, any surplus money in possession of the Authority or on deposit in any fund or account of the Authority must be returned in proportion to any contributions made, as required by section 6512 of the Act, and all property of the Authority, both real and personal, is to be divided among the Members in the manner determined by the Board. The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority.
 9. **Contributions and Advances.** The Members may contribute or advance public funds and personnel, equipment, and property to the Authority for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such purposes. Any advance must be made subject to repayment, and must be repaid, in the manner agreed upon by the contributing Member and the Authority at the time of the advance. No Member is obligated to make contributions or advances to the Authority for the costs and expenses of administration of the Authority, even though any Member may do so. The Members may allow the use of personnel, equipment, or other items in lieu of other contributions or advances to the Authority.
 10. **Agreement Not Exclusive.** This Agreement is not exclusive and does not amend or alter the terms of other agreements between the Members, except as follows: if a conflict exists between this Agreement and any other agreement between the Members, then this Agreement will control.
 11. **Accounts and Reports.** The Authority shall establish and maintain funds and accounts as required by good accounting practice and shall strictly account for all funds and reports of all receipts and disbursements. The books and records of the Authority will be open to inspection at all reasonable times by the Members and their representatives.

12. **Conflict of Interest Code.** The Authority shall adopt a Conflict of Interest Code as required by law.
13. **Breach.** If a Member defaults on any covenant in this Agreement, then the default will not excuse the Member from fulfilling its obligations under this Agreement, and the Members will continue to be liable for the performance of all conditions in this Agreement. The Members hereby declare that this Agreement is entered into for the benefit of the Authority created hereby, and the Members hereby grant to the Authority the right to enforce, by whatever lawful means the Board deems appropriate, all of the obligations of each of the Members under this Agreement. Each of the remedies given to the Authority by this Agreement or by any law in effect on or after the Effective Date are cumulative, and the exercise of one right or remedy will not impair the right of the Authority to any other remedies. This Agreement does not create any indebtedness of any Member, and neither the tax revenues nor the faith and credit of any Member are pledged or encumbered by this Agreement.
14. **Successors and Assignment.** This Agreement binds and inures to the benefit of the successors of the Members. Except to the extent expressly provided herein, a Member may not assign any right or obligation under this Agreement without the consent of the other Members
15. **Amendments.** This Agreement may be amended only by another written agreement executed by the Members, subject to the following: the Members may terminate this Agreement only in accordance with Section 3 above.
16. **Form of Approvals.** Unless the context specifies otherwise, if this Agreement requires an approval, then, in the case of a Member, approval must be given by a resolution duly and regularly adopted by the governing body of the Member, and, in the case of the Authority, approval must be given by a resolution duly and regularly adopted by the Board. Whenever in this Agreement any consent or approval is required, the consent or approval may not be unreasonably withheld or conditioned.
17. **Withdrawal and Addition of Members.** A Member may withdraw from this Agreement by giving written notice to the Board, but a withdrawal will not result in dissolution of the Authority while any Bonds or other obligations of the Authority remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease, or other instrument by which the Bonds are issued or other obligations are incurred. Any withdrawal will be effective only when the Board receives written notice of the withdrawal, and the Board shall acknowledge receipt of the notice in writing and file the notice as an amendment to this Agreement effective upon filing with the California Secretary of State in accordance with Section 4 above. Additional public agencies may be added to this Agreement and become Members, subject to the terms and conditions imposed by the then-existing Members, upon both of the following: the filing by the public agency of an executed counterpart of this Agreement, together with a certified copy of the resolution of the public agency's governing body approving this Agreement

and the execution and delivery of it; and the adoption of a resolution of the Board approving the addition of the public agency as a Member. Upon satisfaction of these conditions, the Board shall file the executed counterpart as an amendment to this Agreement, effective upon filing with the office of the California Secretary of State in accordance with Section 4 above.

18. **Waiver of Personal Liability.** No member, officer, or employee of the Authority or of any Member will be individually or personally liable for any claims, losses, damages, costs, injury, and liability of any kind, nature, and description arising from the actions of the Authority or the actions undertaken under this Agreement. To the full extent permitted by law, the Board shall provide for indemnification by the Authority of any person who is or was a director on the Board or an officer, employee, or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a director on the Board or an officer, employee, or other agent of the Authority, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding, if the person acted in good faith and in the course and scope of his or her office, employment, or agency. In the case of a criminal proceeding, the Board may provide for indemnification and defense of a director on the Board or an officer, employee, or other agent of the Authority to the extent permitted by law.
19. **Section Headings.** All section headings are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.
20. **Counterparts.** The Members may execute this Agreement in any number of counterparts, each of which will be considered an original, but all of which will together constitute the same Agreement.
21. **Effective Date.** This Agreement becomes effective on the day immediately before the day on which the notice of this Agreement is filed with the California Secretary of State.
22. **Severability.** If any court determines that any part, term, or provision of this Agreement is illegal or in conflict with any law of the State of California, or if any part, term or provision of this Agreement is otherwise rendered unenforceable or ineffectual, then the validity of the remaining parts, terms or provisions of this Agreement will not be affected.
23. **Entire Agreement.** This Agreement sets forth the Members' entire understanding regarding the matters set forth above and is intended to be their final, complete, and exclusive expression of those matters.

(Signature Page Follows)

City of Sacramento

Housing Authority of the City of Sacramento

By: _____
[Name]
[Title]
Date: _____, 2014

By: _____
[Name]
[Title]
Date: _____, 2014

Attest
Sacramento City Clerk

By: _____
[Name]

Approved as to Form
Sacramento City Attorney

By: _____
Joseph P. Cerullo
Senior Deputy City Attorney



February 14, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Increased Agency Loan for Curtis Park Court Apartments

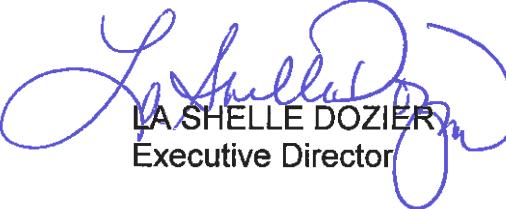
SUMMARY

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,



LA SHELLE DOZIER
Executive Director

Attachment



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

Review
February 18, 2014

Honorable Mayor and Members of the City Council

Title: Approval of Increased Agency Loan for the Curtis Park Court Apartments

Location/Council District: Intersection of 24th Street and 10th Avenue, Curtis Park Village, Council District 5

Issue: This report recommends an increase to an Agency loan to provide construction and permanent financing for the Curtis Park Court Apartments

Recommendation: Review report: a) authorizing an additional \$2,200,000 City Home Investment Partnership (HOME) to the existing Sacramento Housing and Redevelopment Agency (Agency) loan commitment for the Curtis Park Court (Project) increasing the total loan commitment amount to \$4,000,000, b) authorizing the Agency to execute a conditional commitment letter and loan documents with Domus Development, LLC, or related entity for \$4,000,000, c) making the related budget amendments, and d) continuing the item to February 25, 2014 for approval.

Contact: Christine Weichert, Assistant Director, Development Finance 440-1353
Jeree Glasser-Hedrick, Analyst, Development Finance, 449-6247

Presenters: Jeree Glasser-Hedrick

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The City of Sacramento received Proposition 1C Transit-Oriented Development (TOD) funds in June of 2009 for the Curtis Park Village project. The grant provided funds to build infrastructure in exchange for the development of affordable housing. Petrovich Development Company, under its affiliate Calvine & Elk Grove Florin, LLC (Master Developer), has entered into an agreement with Domus Development, LLC (Developer) to ensure the affordable housing is developed. The Developer proposed to finance and construct the 91-unit Curtis Park Court Apartment project (Project) to satisfy the TOD requirement.

Approval of Increased Agency Loan for Curtis Park Court Apartments

On June 11, 2013, the City of Sacramento authorized the Agency to provide a \$1,800,000 loan commitment to the Project utilizing City HOME funds. In July of 2013, the Developer submitted a competitive nine percent low income housing tax credit (LIHTC) application to the California Tax Credit Allocation Committee (TCAC) for the Project. Unfortunately, the Developer was not successful in receiving a credit allocation.

Since the Developer's TCAC submittal in June, a number of economic changes have affected the project's financial feasibility. In the last nine months interest rates have increased more than a percentage point. Additionally, TCAC approved rents have decreased and the Agency's utility allowances have increased. Together these issues have decreased the permanent loan amount by \$450,000. Lastly, construction costs have increased by \$2,500,000 million due to federal prevailing wages now being required. To address these increases, the developer has deferred an additional \$75,000 of developer fee and is utilizing sewer fee credits from the City of Sacramento. To fill the remaining gap, the Developer is requesting additional tax credit equity and \$2,200,000 in Agency funds. Staff is seeking Council approval for an additional \$2,200,000 in HOME funds to be added to the approved Agency loan commitment for a total loan amount of \$4,000,000. The Developer will resubmit a nine percent tax credit application in March. If the tax credits are awarded, construction will begin in the fall.

In addition to the proposed Agency loan, the Project is anticipated to be funded with nine percent Low Income Housing Tax Credits (LIHTC's), a bank loan, sewer waivers, and a deferred developer fee. The Low Income Housing Tax Credits and Agency loan together will require that 11 units be affordable to seniors earning 30 percent or less of area median income (AMI), 19 units to seniors earning 40 percent or less of AMI, 37 units to seniors earning 50 percent or less of AMI and 23 units to seniors earning 60 percent or less of AMI.

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 actions are generally consistent with the Agency's previously approved multifamily lending and mortgage revenue bond guidelines. Loan amount requirements have been adjusted to make the project more competitive for the nine percent tax credit financing.

Economic Impacts: This multifamily residential project is expected to create 185.8 total jobs (104.3 direct jobs and 81.5 jobs through indirect and induced activities) and create \$25,762,639 in total economic output (\$15,832,636 of direct output and another \$9,930,003 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a*

Approval of Increased Agency Loan for Curtis Park Court Apartments

hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA): The recommended actions in this staff report increase the dollar amount of a previously approved loan. There is no change in the scope of the project as analyzed in the Environmental Impact Report as certified by the City of Sacramento on September 28, 2010 for Curtis Park Village Project, and reviewed, approved and adopted by the Agency on May 29, 2013. 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.

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.

Approval of Increased Agency Loan for Curtis Park Court Apartments

Other: A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on June 27, 2013 and the Authority to Use Grant Funds was signed by HUD on July 19, 2013. This staff report contemplates additional HOME funds to be provided to the project but there are no changes in the scope of the project. After review, it has been determined under 24 CFR 58 Part E that that the original environmental findings in the environmental

assessment are still valid and that there has been no change in the data or the conditions underlying those findings, as there are no substantial changes in the nature, magnitude or extent of the project and no new activities that were not anticipated in the original scope of the project have been added to the project and furthermore, there are no new circumstances and environmental conditions which may affect the project or have a bearing on its impact.

Commission Action: It is anticipated that, at its meeting of February 19, 2014, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Rationale for Recommendation: The recommended actions are necessary for the project's feasibility expected to satisfy the affordability requirements of the City of Sacramento's Proposition 1C Transit-Oriented Development (TOD) Infrastructure grant for Curtis Park Village and are consistent with the Agency's previously approved multifamily lending policy. Regulatory restrictions on the property are specified in a Regulatory Agreement between the Developer and the Agency. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

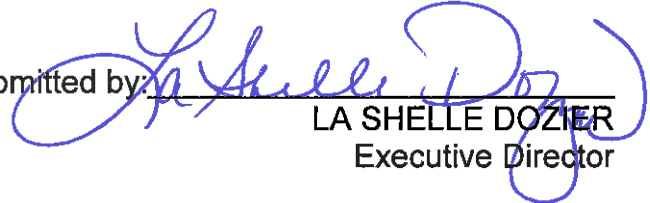
Financial Considerations: Staff recommends providing an additional \$2,200,000 of City HOME funds increasing the Agency Loan from \$1,800,000 to \$4,000,000. A loan commitment letter is included as Exhibit A of the attached Resolution.

February 18, 2014

Approval of Increased Agency Loan for Curtis Park Court Apartments

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

Respectfully Submitted by:



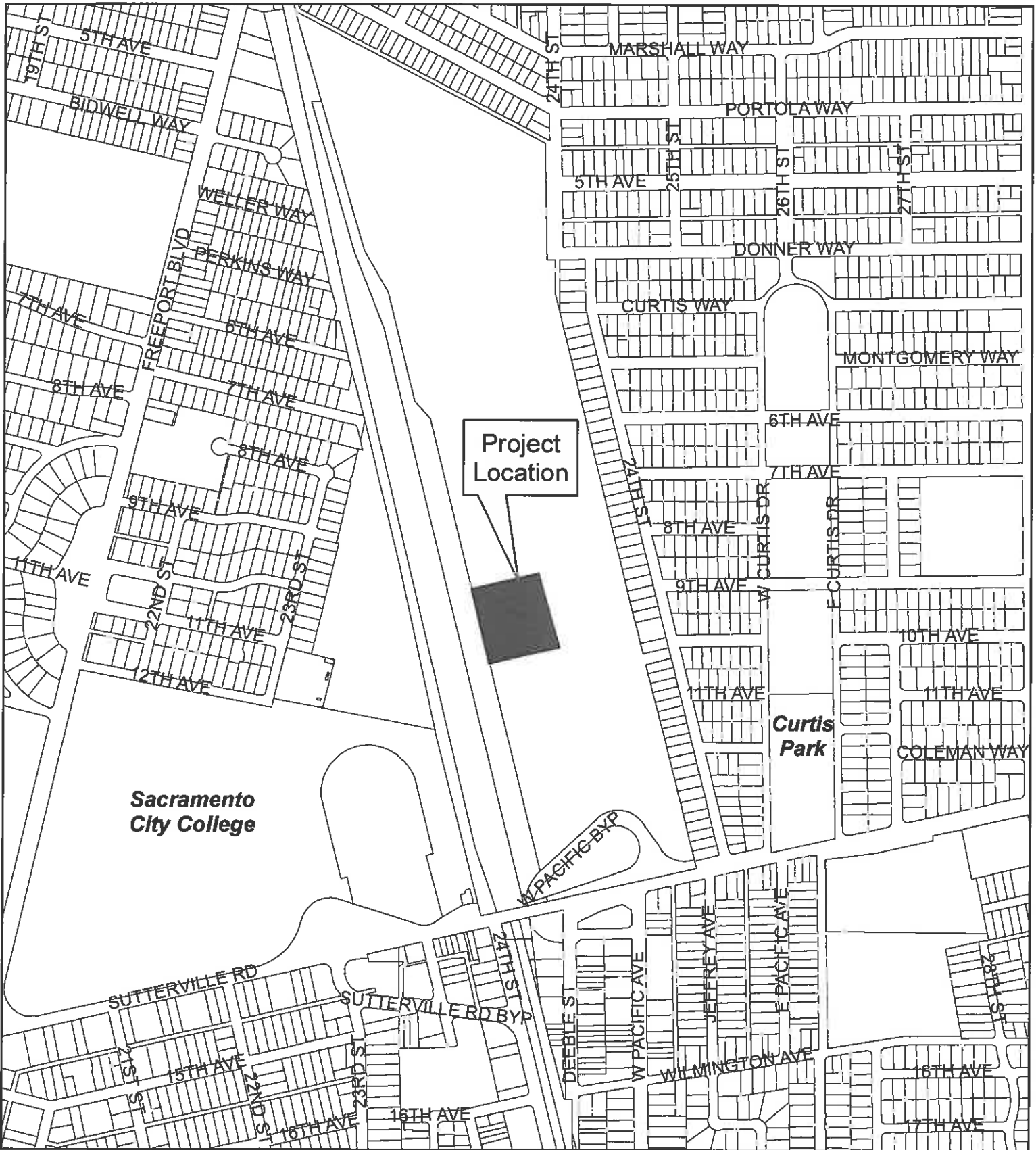
LA SHELLE DOZIER
Executive Director

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Curtis Park Court



Curtis Park Court



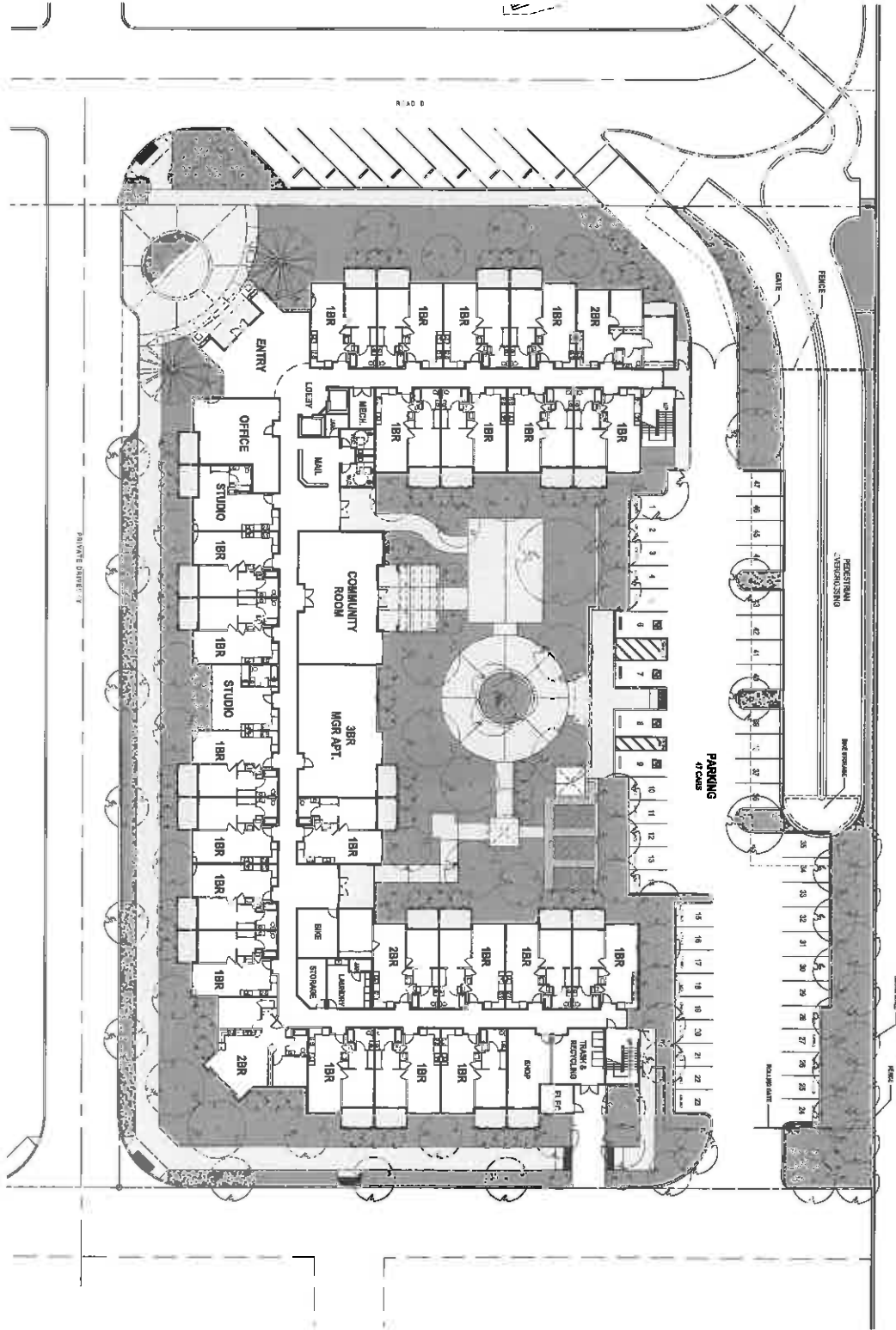
SHRA GIS
May 13, 2013



Curtis Park Court

San Jose, California

GROUND FLOOR PLAN & SITE PLAN



Curtis Park Court Apartments Background Information

History: On June 11, 2013 City of Sacramento approved the Curtis Park Court project and a \$1,800,000 loan from the Sacramento Housing and Redevelopment Agency. The project was submitted to the California Tax Credit Allocation Committee (TCAC) for nine percent Low Income Housing Tax Credits (LIHTC) funding in July of 2013 but was unsuccessful. In the last nine months a number of economic factors have changed. Interest rates have increased more than a percentage point. Additionally, TCAC approved rents have decreased and the Agency's utility allowances have increased. Together these issues have decreased the permanent loan amount by \$450,000. Lastly, construction costs have increased by \$2,500,000 million due to federal prevailing wages now being required. To address these increases, the developer has deferred an additional \$75,000 of developer fee and is utilizing sewer fee credits from the City of Sacramento. To fill the remaining gap, the Developer is requesting additional tax credit equity and \$2,200,000 in Agency funds. The Developer will resubmit a nine percent funding application in March. If tax credits are awarded, construction will begin this fall.

Description of Development: The Curtis Park Court project consists of the new construction of a three-story building totaling approximately 96,030 square feet on approximately 2 acres of undeveloped land near the future intersection of 24th Street and 10th Avenue in the Curtis Park Village subdivision in Sacramento. The property will include on-site parking, management office, and community space for resident services and activities. The building will include 91 studio, one- and two-bedroom residential units for seniors and one three-bedroom manager's unit. Twelve (12) percent of the units will be affordable to residents with incomes at or below 30% of the area median income, twenty one (21) percent of the units will be affordable to residents with incomes at or below 40% of the area median income, forty (40) percent of the units will be affordable to residents with incomes at or below 50% of the area median income, and twenty-seven (27) percent of the units will be affordable to residents with incomes at or below 60% of the area median income.

Each unit will contain a full kitchen including dishwashers, full bathroom, living/dining area, centralized high-efficient heating and cooling air systems, and energy efficient appliances. Flooring will include carpet and vinyl flooring. Most units will have a private patio or balcony. All units have been designed to be fully accessible or adaptable, thereby allowing for aging in place. There will be a minimum of 5 units which will be accessible for persons with mobility impairments. There will be a minimum of 2 additional units which will be adaptable for persons with sensory impairments. All common areas will be accessible in accordance with the Americans with Disabilities Act (ADA).

The project includes a community area of approximately 1,300 square feet on the ground floor for hosting resident services and events. A common laundry area will be located on each floor with additional lounge areas provided on both the second and third floors. An elevator will service all three levels of the project in order to assure easy

access for all residents and guests. The site will be well landscaped and incorporate accessible pathways around the building to aid access. A total of 48 surface parking spaces will be provided including three ADA accessible and one van accessible.

This building will be the first development within the Curtis Park Village transit oriented development. The property is a significant infill development located near a variety of amenities, including a Sacramento Regional Transit light rail station, Sacramento City College, Curtis Park, and Land Park. The building is designed to be appropriate in scale and style with the surrounding neighborhood while also marking an area of new development and investment. Following the development of this key building, the Curtis Park Village subdivision will also include a park, single family homes, and neighborhood-serving retail with a grocery anchor tenant.

Proposition 1C TOD Infrastructure Grant: On June 30, 2009, the City was awarded a TOD grant by HCD in the amount of \$9,085,000 for the Curtis Park Village project. The amount of the grant award was based on a number of factors, including the number of affordable housing units, the planned bridge to the City College light rail station, and the total number of market rate housing units.

On March 26, 2013 the City Council approved a Standard Agreement and a Disbursement Agreement with HCD. The HCD grant agreements allow the City to provide the Proposition 1C grant funds to the Master Developer as the grant sub recipient for the infrastructure work, which includes grading, streets and utilities, and the planned neighborhood park. The City Council also approved an Assignment and Assumption Agreement with the Master Developer who assumed all of the City's obligations under the TOD grant.

The Standard Agreement currently approved by HCD requires 83 one-bedroom units affordable at 40 % AMI and 7 two-bedroom units affordable at 35% of AMI. The new Curtis Park Court project's unit counts and affordability ranges meet the HCD Program Guidelines dated February 4, 2009 ("Guidelines"), and HCD has indicated they are willing to approve the changes and amend the Standard Agreement if the project is successful in securing a 9 percent tax credit allocation.

Developer: The project is to be owned and developed by Domus Development, L.L.C. (Domus) or a related entity. Domus has extensive experience in the development, renovation, and operation of multifamily housing in Northern California. Domus was formed in 2003 and has ten completed projects including the La Valentina Apartments which provided 81 affordable units adjacent to the La Valentina/Alkali Flat light rail station and the recently completed Kelsey Village on Stockton Boulevard.

Property Management: Curtis Park Court Apartments is to be managed by Domus Management Company, an affiliate of the developer. Domus Management has broad experience managing tax credit projects and currently has ten affordable projects under management including 636 units. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Resident Services: Resident services are to be provided by LifeSTEPS, a division of Riverside Charitable Corporation. LifeSTEPS’ mission is to strengthen families and communities through programs with a focus on life skills training, education and supportive services for children, families and seniors. LifeSTEPS is an experienced social service provider and is already working at several affordable projects in Sacramento. LifeSTEPS has submitted a complete resident services plan for Agency approval detailing the scope and schedule of services to be provided. A minimum of 15 hours per week of resident services will be provided.

Project Financing: Curtis Park Court Apartments is proposed to be financed primarily with nine percent LIHTC. Construction and permanent financing will be provided by a bank loan and the remainder of the financing will be provided by the Agency HOME loan of \$4,000,000 (\$1,800,000 was approved in June of 2013 and the additional \$2,200,000 is currently being requested) and a deferred developer fee.

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.

Funding	Affordability Restrictions	No. Units Covered	Regulatory Term
Prop 1C, Low Income Housing Tax Credits	Extremely Low-Income (30% AMI)	11	55 years
	Very Low-Income (40% AMI)	19	55 years
Prop 1C, Low Income Housing Tax Credits, Agency HOME Loan	Very Low-Income (50% AMI)	37	55 years
	Low-Income (60% AMI)	23	55 years
Manager Unit	Unrestricted	1	

Mixed Income Housing Ordinance: The Curtis Park Village project is included in the City’s Mixed Income Housing Ordinance, which requires that a minimum of 10% of the residential units to be affordable to very low income households and 5% of the residential units be to affordable to low income households.

Curtis Park Court Apartments
Residential Project Financial Summary

Address	24th Street and 10th Avenue				
Number of Units	91				
Year Built	New Construction				
Acreage	2.0 acres				
Affordability	11 units (12%) at or below 30% of AMI 19 units (21%) at or below 40% of AMI 37 units (40%) at or below 50% of AMI 23 units (27%) at or below 60% of AMI 1 Manager Unit				
Unit Mix and Rents	(30% AMI)	(40% AMI)	(50% AMI)	(60% AMI)	Manager
Studio	1	1	2		
1 Bedroom / 1 Bath	8	15	30	21	
2 Bedroom / 1 Bath	2	3	5	2	
3 Bedroom / 2 Bath					1
Total	11	19	37	23	1
Square Footage	<i>Per Unit</i>	<i>Total</i>			
Studio	580	2,320			square feet
1 BR / 1 BA	648	47,952			square feet
2 BR / 1 BA	855	10,260			square feet
Manager's 3 BR / 2 BA	1100	1,100			square feet
Total		61,632			square feet
Resident Facilities	The project will include a community garden, gazebos, and a clubhouse. The clubhouse will include a full kitchen.				
Permanent Sources	<i>Current Total</i>	<i>Per Unit</i>	<i>Per Sq Ft</i>		
Conventional Loan	\$ 1,110,000	\$ 12,198	\$ 18.01		
Tax Credit Equity	\$ 16,806,309	\$ 184,685	\$ 272.69		
Existng Agency Loan	\$ 1,800,000	\$ 19,780	\$ 29.21		
New Agency Loan	\$ 2,200,000	\$ 24,176			
Sewer Fee Credits	\$ 100,532	\$ 1,105	\$ 1.63		
Off-Site Costs	\$ 692,100	\$ 7,605	\$ 11.23		
Land Donation	\$ 4,000,000	\$ 43,956	\$ 64.90		
Deferred Developer Fee	\$ 348,588	\$ 3,831	\$ 5.66		
TOTAL SOURCES	\$ 27,057,529	\$ 297,335	\$ 403		
Permanent Uses					
Site Acquisition	\$ 4,692,100	\$ 51,562	\$ 76.13		
Construction	\$ 13,472,430	\$ 148,049	\$ 218.59		
Site Improvements	\$ 1,347,540	\$ 14,808	\$ 21.86		
Development Impact Fees/Permits	\$ 847,128	\$ 9,309	\$ 13.74		
Architecture, Engineering, Survey	\$ 733,699	\$ 8,063	\$ 11.90		
Contingency	\$ 1,718,783	\$ 18,888	\$ 27.89		
Financing Costs	\$ 1,173,819	\$ 12,899	\$ 19.05		
Reserves	\$ 285,031	\$ 3,132	\$ 4.62		
Legal Fees	\$ 60,000	\$ 659	\$ 0.97		
Developer Fee	\$ 2,000,000	\$ 21,978	\$ 32.45		
Insurance, Third Party, Marketing, Other	\$ 726,999	\$ 7,989	\$ 11.80		
TOTAL USES	\$ 27,057,529	\$ 297,335	\$ 439		
Management / Operations					
Proposed Developer:	Domus, LLC				
Property Management Company:	Domus Property Management Company				
Operations Budget:	\$462,289	\$5,080			
Replacement Reserves:	\$27,300	\$300			

Unit Type	Number	Square Feet	Total Sq Feet	2016		2017		2018		2019		2020		2025		2030		2035		2040		2045	
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30										
Studio / 1 BA @ 30% AMI	1	575	575	\$ 360	\$ 40	\$ 320	\$ 0.56	\$ 320	\$ 3,840														
Studio / 1 BA @ 40% AMI	1	575	575	\$ 481	\$ 40	\$ 441	\$ 0.77	\$ 441	\$ 5,292														
Studio / 1 BA @ 50% AMI	2	575	1,150	\$ 601	\$ 40	\$ 561	\$ 0.98	\$ 561	\$ 13,464														
1 BD / 1 BA @ 30% AMI	8	650	5,200	\$ 386	\$ 52	\$ 334	\$ 0.51	\$ 334	\$ 32,064														
1 BD / 1 BA @ 40% AMI	15	650	9,750	\$ 515	\$ 52	\$ 463	\$ 0.71	\$ 463	\$ 83,340														
1 BD / 1 BA @ 50% AMI	30	650	19,500	\$ 644	\$ 52	\$ 592	\$ 0.91	\$ 592	\$ 213,120														
1 BD / 1 BA @ 60% AMI	21	650	13,650	\$ 773	\$ 52	\$ 721	\$ 1.11	\$ 721	\$ 181,692														
2 BD / 1 BA @ 30% AMI	2	820	1,640	\$ 464	\$ 63	\$ 401	\$ 0.49	\$ 401	\$ 9,824														
2 BD / 1 BA @ 40% AMI	3	820	2,460	\$ 619	\$ 63	\$ 556	\$ 0.68	\$ 556	\$ 20,016														
2 BD / 1 BA @ 50% AMI	5	820	4,100	\$ 773	\$ 63	\$ 710	\$ 0.87	\$ 710	\$ 42,600														
2 BD / 1 BA @ 60% AMI	2	820	1,640	\$ 928	\$ 63	\$ 865	\$ 1.05	\$ 865	\$ 20,760														
Manager's Units	1	1200	1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -														
Totals/Averages	91	675	61,440	\$ 625	\$ 53	\$ 632	\$ 0.85	\$ 632	\$ 625,812														
Income	annual increase		per unit																				
Potential Gross Income	2.50%		625,812	641,457	657,494	673,931	690,779	781,553	884,256	1,000,454	1,113,922	1,280,666											
Other Income	2.50%		9,106	9,334	9,567	9,806	10,051	11,372	12,867	14,557	16,470	18,635											
Less Vacancy	5.00%		31,746	32,540	33,353	34,187	35,042	39,646	44,856	50,751	57,420	64,965											
Effective Gross Income			\$603,172	\$618,251	\$633,708	\$649,550	\$665,789	\$753,279	\$852,266	\$964,261	\$1,090,973	\$1,234,336											
Operating Expenses			462,289																				
Operating Expenses	3.50%		314,039	325,030	336,406	348,181	360,367	428,003	508,333	603,740	717,054	851,635											
Taxes/Insurance	2.00%		38,750	39,525	40,316	41,122	41,944	46,310	51,130	56,451	62,327	68,814											
Social Services	2.00%		54,900	55,998	57,118	58,260	59,426	72,439	79,979	88,303	97,494												
Property Management	3.00%		54,600	56,238	57,925	59,663	61,453	71,241	82,587	95,741	110,991	128,668											
Replacement Reserves			27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300											
Total Expenses			\$489,589	\$504,091	\$519,065	\$534,526	\$550,490	\$638,464	\$741,790	\$863,212	\$1,005,975	\$1,173,912											
Net Operating Income			\$113,583	\$114,160	\$114,643	\$115,025	\$115,300	\$114,815	\$110,477	\$101,049	\$84,998	\$60,424											
Debt Service																							
Senior Loan	amount		75,354	75,354	75,354	75,354	75,354	75,354	75,354	75,354	75,354	75,354											
SHRA Monitoring Fee	rate		6.01%	6.01%	6.01%	6.01%	6.01%	6.01%	6.01%	6.01%	6.01%	6.01%											
Debt Service Subtotal	amort		35	35	35	35	35	35	35	35	35	35											
DCR on Senior Loan			\$81,354	\$81,354	\$81,354	\$81,354	\$81,354	\$81,354	\$81,354	\$81,354	\$81,354	\$81,354											
			1.40	1.40	1.41	1.41	1.42	1.41	1.36	1.24	1.04	0.74											
Net Cash after Priority Distributions			\$32,229	\$32,806	\$33,289	\$33,671	\$33,946	\$33,462	\$29,123	\$19,695	\$3,644	(\$20,930)											
Deferred Developer Fee																							
Principal Balance			\$348,588																				
Interest for Period	4.00%		13,944	13,212	12,428	11,594	10,711	5,661	0	0	0	0											
Accumulated Interest			32,229	32,806	33,289	33,671	33,946	33,462	0	0	0	0											
Payment			\$330,302	\$310,708	\$289,847	\$267,770	\$244,535	\$113,720	\$0	\$0	\$0	\$0											
Balance			\$0	\$0	\$0	\$0	\$0	\$0	\$29,123	\$19,695	\$3,644	(\$20,930)											
Net Cash after Deferred Developer Fee			\$2,177,200	\$2,257,200	\$2,337,200	\$2,417,200	\$2,497,200	\$3,284,589	\$3,652,675	\$4,062,009	\$4,452,009	\$4,842,009											
SHRA loan																							
Principal Balance			\$2,000,000																				
Interest for Period	4.00%		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000											
Accumulated Interest			177,200	257,200	337,200	417,200	497,200	897,200	1,295,299	1,655,529	2,052,009	2,452,009											
Payment	\$97,200		0	0	0	0	0	0	0	0	0	0											
Balance			\$2,177,200	\$2,257,200	\$2,337,200	\$2,417,200	\$2,497,200	\$3,284,589	\$3,652,675	\$4,062,009	\$4,452,009	\$4,842,009											

MAXIMUM RENT AND INCOME LEVELS 2014
(Rents @ 30%, 40%, 50%, and 60% of AMI where applicable)

Maximum Income Limits:				
Family Size	Max Income 30% AMI	Max Income 40% AMI	Max Income 50% AMI	Max Income 60% AMI
1 person	\$14,430	\$19,240	\$24,050	\$28,860
2 person	\$16,500	\$22,000	\$27,500	\$33,000
3 person	\$18,570	\$24,760	\$30,950	\$37,140

Maximum Rent Limits:				
Low Income Housing Tax Credits (LIHTC's)				
Unit Size	Gross Rent 30% AMI	Gross Rent 40% AMI	Gross Rent 50% AMI	Gross Rent 60% AMI
0 Bedroom	\$360.00	\$481.00	\$601.00	\$721.00
1 Bedroom	\$386.00	\$515.00	\$644.00	\$773.00
2 Bedroom	\$464.00	\$619.00	\$773.00	\$928.00

RESOLUTION NO. 2014 –

Adopted by the Sacramento City Council

on the date of

CURTIS PARK COURT APARTMENTS PROJECT: AUTHORIZING AN ADDITIONAL \$ 2,200,000 (CITY HOME INVESTMENT PARTNERSHIP FUNDS) TO CURTIS PARK COURT APARTMENT PROJECT, INCREASING THE LOAN COMMITMENT TO \$4,000,000; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH DOMUS DEVELOPMENT, LLC OR RELATED ENTITY; RELATED BUDGET AMENDMENT

BACKGROUND

- A. On June 11, 2013, the City of Sacramento approved a One Million Eight Hundred Thousand Dollar (\$1,800,000) City Home Investment Partnership Program Funds (HOME) loan commitment to Domus Development, LLC (“Developer”) to assist in funding the construction and permanent financing of the 91-unit Curtis Park Court Apartment Project.
- B. In July of 2013 the Developer submitted an application for 9 percent funding to the California Tax Credit Allocation Committee (CTCAC). Unfortunately, the project did not receive funding.
- C. Since the time of application, a number of economic factors have prompted the need for additional resources in order for the project to remain feasible.
- D. The Developers is requesting an additional Two Million Two Hundred Thousand Dollars (\$2,200,000) in City Home Investment Partnership Program Funds (HOME)
- E. The Curtis Park Court Apartment Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines.
- F. The City of Sacramento certified the Environmental Impact Report on September 28, 2010 for the Curtis Park Village Project. The actions authorized herein amend the Agency budget and increase project funding. There is no change to scope of the project and 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 pursuant to California Environmental Quality Act (CEQA) Guidelines §§ 15162 or 15163.

- G. A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on June 27, 2013 and the Authority to Use Grant Funds was signed by HUD on July 19, 2013. This staff report contemplates additional HOME funds to be provided to the project but does not contemplate an changes in scope. After review, it has been determined under 24 CFR 58 Part E that that the original environmental finding in the environmental assessment are still valid and that there has been no change in the data or the conditions underlying those findings, as there are no substantial changes in the nature, magnitude or extent of the project and no new activities, that were not anticipated in the original scope of the project, have been added to the project and furthermore, there are no new circumstances and environmental conditions which may affect the project or have a bearing on its impact.

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 Agency is authorized to amend the Agency budget and allocate an additional Two Million Two Hundred Thousand Dollars (\$2,200,000) in City HOME funds to the Curtis Park Court Apartment Project, increasing the total amount allocated to project to Four Million Dollars (\$4,000,000)

Section 3. The Loan Commitment, attached as Exhibit A, for financing the Project with \$4,000,000 in City HOME funds is approved, and the Sacramento Housing and Redevelopment Agency (Agency) is delegated authority to execute and transmit the Loan Commitment to the Developer.

Section 4 : Sacramento Housing and Redevelopment Agency is authorized to make a loan to Domus Development, LLC or related entity for the financing of the Curtis Park Court Apartments ("Loan"), in accordance with the business terms and conditions as outlined in the Loan Commitment, and on standard Agency document forms as approved by Agency counsel.

Section 5. 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.

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Exhibit –A- Commitment Letter

February 19, 2014

Meea Kang
Domus Development, LLC
9 Cushing, Suite 200
Irvine, CA 92618

RE: Conditional Funding Commitment, Curtis Park Court Apartments

Dear Ms. Kang,

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") of \$4,000,000 in City Home Investment Partnership Program ("HOME") funds for the purpose of financing the development of that certain real property located at the future intersection of 24th Street and 10th Avenue in Sacramento, California ("Property"). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of 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 material loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval with the exception of changes the Agency is authorized to make in accordance with the City Council resolution approved on February 25, 2014. 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 on August 31, 2015, unless extended as outlined in Section 38.

1. **PROJECT DESCRIPTION:** The project is the acquisition and new construction of a 91 unit three-story apartment complex located in the proposed Curtis Park Villages at the future intersection of 24th Street and 10th Avenue in Sacramento, California. At least 11 units will be affordable to families earning less than 30 percent of the area median income (AMI), at least 19 units will be affordable to families earning less than 40 percent of AMI, at least 37 units will be affordable to families earning less than 50 percent of AMI, and at least 23 units will be affordable to families earning less than 60 percent of AMI, with one unrestricted managers' unit.
2. **BORROWER:** The name of the Borrower for the Loan is Domus Development, LLC, or a related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing, or 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 Dollars (\$4,000,000), 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.
5. **TERM OF LOAN TERM:** The Loan shall mature 42 years, (or 504 months), from the effective date of the loan.
6. **INTEREST RATE:** The Loan shall 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. **LOAN REPAYMENT:** Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the completed payment of the deferred developer fee. Structured monthly installments shall be made according to the payment schedule contained in the final Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan of \$4,000,000 of City HOME funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise. City HOME funds shall assist 12 or more units, and therefore the provisions of the Davis-Bacon Act (40 U.S.C. 276a-5) requiring the payment of not less than the wages prevailing in the locality for projects including 12 or more units assisted with HOME funds shall apply. 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. 327-332). (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)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a first lien upon the Property and Improvements subject only to other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction of the Property.
11. LEASE AND RENTAL SCHEDULE: Upon request, Agency shall have the right to review all leases of the Property and Improvements prior to execution. Borrower shall not deviate from the rental schedule presented in the staff report accompanying approval of this Loan Commitment Letter for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$16,806,309 in Low Income Housing Tax Credit Equity and no less than \$348,588 in deferred developer fee.

13. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
- (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its reasonable discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders 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.
16. **PLANS AND SPECIFICATIONS:** 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.

17. 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.
18. 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.
19. 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.
20. 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.

21. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, 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, the projected final sources of funding, and the original approved budget for the project.

22. **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 60 days following the close of construction financing.
23. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
24. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
25. **PUBLIC LIABILITY AND OTHER INSURANCE:** Borrower must procure and maintain commercial general 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.
26. **TITLE INSURANCE:** Borrower must procure and deliver to Agency a 2006 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no

exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

27. 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.
28. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
29. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
30. 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.
31. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
32. AGENCY LOAN ADMINISTRATION FEE: Borrower agrees to pay an Annual Administration Fee (Fee) to Agency as compensation for monitoring compliance with regulatory restrictions and the administration of the loans. Owner shall pay annually a Fee equal to 15 basis points (0.15%) of the original loan amount of \$4,000,000 in equal semi-annual installments on January 1 and July 1 each year.
33. SECURITY AND LIGHTING: Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces. In addition, project will include security patrol if necessary.

34. 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 15 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.
35. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
36. 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.
37. 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.
38. 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.
39. 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.
40. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2014, the Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later March 31, 2016.
41. CURTIS PARK VILLAGE PROPOSITION 1C GRANT: This funding commitment is conditioned on the affordability levels and unit mix as contained in Section 1 herein satisfying the Program Guidelines dated February 4, 2009 ("Guidelines"), issued by the State of California, Department of Housing and Community Development ("Department"), and being incorporated into their Standard Agreement for the Transit-Oriented Development (TOD) Housing Program Infrastructure Grant.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

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

BORROWER:
Domus Development, LLC

By: _____
Meea Kang, Member

Dated:

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

CURTIS PARK COURT APARTMENTS: APPROVAL TO INCREASE THE CITY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDING ALREADY ALLOCATED TO CURTIS PARK COURT APARTMENTS BY AN ADDITIONAL \$2,200,000 OF CITY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME), APPROVAL OF UP TO \$4,000,000 CITY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) LOAN COMMITMENT; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH DOMUS DEVELOPMENT, LLC OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT

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 September 28, 2010 for the Curtis Park Village Project EIR, and following review and consideration of the environmental impacts of the project in accordance with California Environmental Quality Act (CEQA) Guidelines § 15096(f) approved and adopted the Findings of Fact and Statement of Overriding Considerations (CEQA Guidelines §§ 15091 and 15093) on May 29, 2013. The actions authorized herein amend the Agency budget and increase project funding. There is no change to scope of the project and 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 pursuant to CEQA Guidelines §§ 15162 or 15163.

Section 2: A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on June 27, 2013 and the Authority to Use Grant Funds was signed by HUD on July 19, 2013. This resolution authorizes additional HOME funds to be provided to the project but does not approve any changes in scope. After review, it has been determined under 24 CFR 58 Part E that that the original environmental finding in the environmental assessment are still valid and that there has been no change in the data or the conditions underlying those findings, as there are no substantial changes in the nature, magnitude or extent of the project and no new activities that were not anticipated in the original scope of the project have been added to the project and furthermore, there are no new circumstances and environmental conditions which may affect the project or have a bearing on its impact.

Section 3: Subject to approval by the City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Curtis Park Court Apartments project (“Loan Commitment”) is approved and the Executive Director is authorized to execute the Loan Commitment and related documents and transmit to Domus Development, LLC or related entity.

Section 4: Subject to approval by the City Council, the Executive Director is authorized to make a loan to Domus Development, LLC or related entity for the financing of the Curtis Park Court Apartments (“Loan”), in accordance with the business terms and conditions as outlined in the Loan Commitment, and on standard Agency document forms as approved by Agency counsel.

Section 5: The Executive Director is authorized to amend the Agency budget to transfer an additional Two Million Two Hundred Thousand Dollars (\$2,200,000) from City Home Investment Partnership Program (HOME) funds to the Curtis Park Court Apartments project. This is to be added to the One Million Eight Hundred Thousands Dollars (\$1,800,000) Home Investment Partnership Program (HOME) funds that has already been allocated to the project for a total of Four Million Dollars (\$4,000,000)

Section 6. 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