



INVESTING IN COMMUNITIES

NOTICE OF REGULAR MEETING
**Sacramento Housing and Redevelopment
Commission**

Wednesday, February 5, 2014 – 6:00 pm
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Minutes – January 15, 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

BUSINESS ITEMS

4. Approval Of Bond Issuance And Home Investment Partnership Program (HOME) Loan Modification For The Arbor Creek Senior Apartments

INFORMATION ITEMS

5. Public Housing Authority Vacancy Turnaround report

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

January 15, 2014

Meeting noticed on January 10, 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, Gore, Griffin, Johnson, Le Duc, Morgan, Morton, Stivers

MEMBERS ABSENT: (two vacancies)

STAFF PRESENT: Vickie Smith, LaShelle Dozier, Tia Boatman Patterson, Celia Yniguez, Chris Pahule, MaryLiz Paulson

APPROVAL OF AGENDA Agenda approved as submitted.

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. The Synopsis for December 4, 2013 was approved.

CITIZENS COMMENTS

2. None

BUSINESS ITEMS

3. Approval of an Exclusive Negotiations and Predevelopment Services Agreement for the Marina Vista/Alder Grove Public Housing Sites

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

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

NOES: none

ABSENT: none

4. Approval of amended Sacramento Housing and Redevelopment Agency Commission Bylaws

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

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

NOES: none

ABSENT: none

ELECTION OF SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION OFFICERS FOR 2014

Commissioner Morton nominated Michael Alcalay to serve as Chair for 2014 and Jeanne LeDuc to serve as Vice-Chair. The nomination was seconded by Commissioner Griffin and was approved unanimously.

EXECUTIVE DIRECTOR REPORT

LaShelle Dozier announced the following:

- Next meeting would be February 5th.
- Updated group on status of County's affordable housing ordinance
- Thanked Chris Pahule for his service to SHRA.

COMMISSION CHAIR REPORT

Chair Alcalay presented a video of Louis Morton regarding his attendance and participation at the Martin Luther King march in 1964.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioners thanked Chris Pahule for his service to SHRA.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 6:45 p.m.

AGENCY CLERK



February 5, 2014

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT: Approval Of Bond Issuance And Home Investment Partnership Program
(HOME) Loan Modification For The Arbor Creek Senior Apartments

SUMMARY

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

RECOMMENDATION

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 25, 2014
Meeting Time 10 am

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

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Bond Issuance And Home Investment Partnership Program (HOME)
Loan Modification For The Arbor Creek Senior Apartments

Supervisory
District: Yee

Contact: Christine Weichert, Assistant Director, 440-1353
Steve Lierly, Housing Finance Analyst, Development Finance, 449-6236

Overview

This report recommends approval of up to \$8,000,000 in tax-exempt mortgage revenue bonds for the construction and permanent financing of the Arbor Creek Senior Apartments project ("Project"). It also recommends approval of a conditional Loan Commitment which will increase, amend, and convert an existing \$1,040,000 Home Investment Partnership Program Funds (HOME) funded land acquisition Bridge Loan into acquisition construction and permanent financing ("Amended Loan") for the Project. The Amended Loan will include \$5,750,000 in additional HOME funds for a total funding commitment of up to \$6,790,000 for the Project.

Recommendations

1. Conduct a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the Project.
2. Authorize the issuance by the Housing Authority of the County of not more than \$8,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Arbor Creek Senior Apartments project and authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds.
3. Authorize Sacramento Housing and Redevelopment Agency (SHRA) to amend and execute an existing Bridge Loan by increasing funding in the amount of \$5,750,000 for a total loan amount of \$6,790,000 including a restructuring of the terms and maturity date with an Amended Loan to the Project.

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

Measures/Evaluation

The development of Arbor Creek Senior Apartments will result in the construction of 60 additional units of senior affordable housing, contributing to the County of Sacramento's 2014-2021 Housing Element goals. Progress toward the housing element goals is reported annually to the State Department of Housing and Community Development.

Fiscal Impact

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

BACKGROUND

The Arbor Creek Apartment project is comprised of Arbor Creek Senior Apartments and Arbor Creek Family Apartments located along the west side of Elk Grove - Florin Road and approximately 600 feet north of Calvine Road within the Vineyard Community Plan Area. The development site is located on the western portion of a master development known as the Promenade at Arbor Creek. The County Board of Supervisors approved the Community Plan Amendment, Rezone, Design Review, Tentative Map and Affordable Housing Plan for Promenade at Arbor Creek on March 10, 2010. The Arbor Creek Family and Senior Apartments represented the residential portion of the plan. BZB Roseville and USA Properties Fund worked with the County Planning Department, Design Review staff, and area residents to ensure the project is suited for the site and surrounding community. A vicinity map and project elevations are provided as Attachment I and II.

Affordable Housing Credit Purchase Program

The intent of Sacramento County's Affordable Housing Ordinance ("Ordinance"), adopted on December 8, 2004, was to "achieve a diverse and balanced community with housing available for households of all income levels" (Sacramento County Code Section 22.35.010(a)). In general, the Ordinance required that 15% percent of the units in a new residential development be set-aside for affordable housing. Depending on a development's size and density, a developer was given various options to meet the affordable housing obligation. These options included: construction on-site or off-site, land dedication, in-lieu and affordability fees, and the purchase of unit credits. The Unit Credit option was impacted by the downturn in the market because it was predicated on future development. As of May 2010 no developer had proposed to produce Unit Credits but numerous developers had expressed interest in purchasing unit credits if they were available.

On May 18, 2010, in order to create an available supply of Unit Credits and to address the disconnect between supply and demand of Unit Credits, the Agency proposed to act as a conduit or broker in order to assist developers in fulfilling their affordable housing obligation. The approach was for the Agency to purchase Affordable Unit Credits from the Arbor Creek Family Apartments and also to provide extremely low income Buy-Down funding. The Agency would

then sell the affordable Unit Credits to other developers which would allow them to meet their affordable housing obligations under the Ordinance. Affordable Housing Credit Purchase Guidelines were adopted by the Board of Supervisors along with the Arbor Creek Family Apartments financing and an acquisition loan for the Arbor Creek Senior site.

Financing for Arbor Creek Family Apartments was accomplished in part through a Unit Credit Purchase Agreement for 101 units in accordance with the Affordable Housing Ordinance of the County of Sacramento. USA received nine percent Low Income Housing Tax Credit (LIHTC) for the Arbor Creek Family Apartments and completed construction in the summer of 2013.

On July 16, 2013 the Board of Supervisors approved the Tentative Subdivision Map for Gardner Parke which included 379 single family lots and an Affordable Housing Plan which included the purchase of 56.85 Affordable Unit Credits originating from the Arbor Creek Family Apartments in the amount of \$2,463,000.

Project Financing

The land acquisition of Arbor Creek Senior Apartments was funded with a five year Bridge Loan of Home Investment Partnership Program (HOME) funds in the amount of \$1.040 million which was anticipated to be extended once additional financing for the project was secured. The Board of Supervisors approved a prior Loan Commitment to extend the existing land acquisition Bridge Loan for a term of 42 years in order for the Arbor Creek Senior project to be eligible for nine percent LIHTC funding.

The Project has failed to receive a nine percent Low Income Housing Tax Credit award after three successive applications, once in 2012 and twice in 2013. The project scores the maximum points on the TCAC application but has not been competitive in tie breaker scoring. The tie breaker score for the project is approximately 23% whereas winning scores in this senior housing category over the last two years have been above fifty percent and that threshold is expected to remain in 2014. The current request is to provide additional loan funds for construction and permanent financing making the project feasible as a Mortgage Revenue Bond and four percent Federal and State Tax Credit project.

The Department of Housing and Urban Development (HUD) published a Final Rule in the Federal Register on July 24, 2013 to amend the HOME Investment Partnerships (HOME) Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years. There are changes to the HOME program which substantially affect the use of HOME funds by SHRA. One requirement is that HOME projects funded after 2011 must be completed and fully funded within four years of commitment or they are returned to the U S Treasury. The bi-annual funding cycles for State Tax Credits requires the prompt approval of the requested financing to allow for completion of construction for Arbor Creek Senior Apartments in conformance with these new HUD requirements.

SHRA is requesting authority to execute a Conditional Loan Commitment which will provide additional funding in the amount of \$5,750,000 and to execute an Amended Loan Agreement in order to amend and extend the term of the existing Bridge Loan into acquisition, construction and permanent financing for a period of 55 years all in conformance with the new HOME regulations.

DISCUSSION

Description of Development: The 60-unit Arbor Creek Senior Apartments, the second phase of the residential project, will consist of 49 one-bedroom and 11 two-bedroom units in two and three-story elevator-assisted residential structures. There will be a 1,700 square foot community building with leasing offices, lodge/activity room, full kitchen, restrooms, fitness center, and mail room. Laundry facilities will be provided on each of the three floors. All structures will be wood framed, finished with painted stucco and will have concrete tile roofs. Each apartment unit will have central heat and air with dishwashers and energy efficient appliances.

Developer: USA Properties Fund, Inc. (the "Developer"), a privately owned real estate and development organization based in Roseville, have been in operation since 1981 and will develop the Arbor Creek Senior Apartments project. The Developer has constructed or rehabilitated over 70 multi-family projects totaling over 10,000 units. Recent projects completed by the Developer in the Sacramento region include Arbor Creek Family Apartments (102 units), Forestwood at Folsom Apartments (55 units), Copperstone Village 1 Apartments (103 units), Terracina Meadows Apartments (156 units), Terracina Park Meadows (144 units) and Vintage Willow Creek Senior Apartments (184 units). USA Properties has demonstrated knowledge and experience in the delivery of high quality projects.

Property Management: USA Properties Fund, Inc. retains ownership of its developments with the management undertaken by its subsidiary USA Multi-Family Management who will manage both phases of the development. USA Multi-Family Management currently manages all of the properties owned by USA Properties Fund, Inc. SHRA staff has thoroughly reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets all requirements for property management.

Resident Services: USA Properties Fund will partner with the non-profit Riverside Charitable Corporation (RCC). Resident service-enriched programs are provided by the LifeSTEPS program that will provide services for both phases of the development. LifeSTEPS is the social services arm of RCC and its 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. As a condition of the Arbor Creek Senior Apartments financing, LifeSTEPS has submitted a complete resident services plan for SHRA approval detailing the scope and schedule of services providing at a minimum 15 hours per week of onsite services.

Construction and Permanent Financing: The construction of the Arbor Creek Senior Apartments will be financed with a combination of mortgage revenue bonds and four percent Federal and State tax credits, a conventional construction loan, a developer equity contribution, a deferred developer fee and fee waivers. The existing SHRA Bridge Loan, which was used for property acquisition, is proposed to be restructured for a term of 55 years in order to reduce the permanent mortgage payment to a level supportable by the affordable rent structure. Staff recommends approval to increase the current loan amount by \$5.75 million for a total Amended Loan amount of \$6.79 million and extending the term to a period of 55 years as contained in the Loan Commitment Letter included as Attachment VI. A project summary, including a proposed sources and uses of funds, is included as Attachment III. A cash flow proforma is included as Attachments IV.

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

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

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartment units be set-aside for targeted income groups. In order to achieve maximum scoring for the competitive State Low Income Housing Tax Credits the project income limits are limited to 45% and 50% of area median incomes (AMI). Maximum rent and income limits can be found in Attachment V. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The "volume cap" is limited and is allocated by CDLAC through a competitive state-wide process. In this instance the application process is noncompetitive because the Housing Authority received a Carry-forward Allocation on December 11, 2013 in the amount of \$50 million. The Housing Authority has agreed to utilize this allocation and is prohibited from using the Allocation for any other purpose or transferring the Allocation to any governmental unit of the State other than CDLAC.

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

COMMISSION ACTION

At its meeting of February 5, 2014 the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The County’s Housing Element set affordable housing goals for the period of 2014-2021. A very low-income unit is defined as being affordable to a household with income up to 50 percent of Area Median Income (AMI), while a low-income unit is defined as being affordable to a household with income of 50 to 80 percent of AMI. The project when completed will allow the County to add a net of 59 very low-income units to their affordable housing goals as represented in the following table:

Affordability	Area Median Income (AMI)	Proposed No. of Units
Very Low Income	50% AMI	38
Very Low Income	45% AMI	21
Manager		1
Total		60

FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project’s owner, who will bear all costs associated with the issuance of the bonds. SHRA

will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing. SHRA will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds.

The Amended Loan of \$6.79 million in County HOME funds for the financing of Project will bear interest at 4 percent and carry a term of 55 years after completion of construction. All principal and accrued interest will be due and payable at the maturity of the loan.

POLICY CONSIDERATIONS

The recommended actions are generally consistent with SHRA's previously approved multifamily lending and mortgage revenue bond policies. The permanent loan term will be extended to 55 years to be consistent with the tax credit financing structure.

Regulatory restrictions on the HOME fund units will be specified in a regulatory agreement between the Developer and SHRA for a period of 20 years. Compliance with the regulatory agreement will be monitored by SHRA on a regular basis.

ENVIRONMENTAL REVIEW

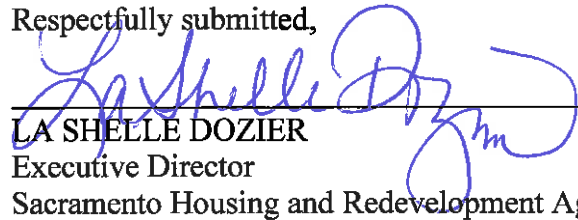
The Arbor Creek Apartments Project was previously analyzed in accordance with the California Environmental Quality Act (CEQA) as a part of the larger "Promenade at Arbor Creek: Community Plan Amendment, Rezone, Tentative Subdivision Map, Special Development Permit, Affordable Housing Plan and Design Review," (Promenade at Arbor Creek Project) and a Mitigated Negative Declaration (MND) was prepared. The project was approved and the MND was adopted by the County of Sacramento, as lead agency, on March 10, 2009 and was approved and adopted by this Board as a responsible party on June 1, 2010. Because there is neither any new information of substantial importance nor any substantial change with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, their recommended actions do not require further review under CEQA Guidelines §§ 15162 and 14163.

A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on July 1, 2010 and the Authority to Use Grant Funds was signed by HUD on August 2, 2010. After review, it has been determined under 24 CFR 58 Part E 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.

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,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – County BOS (TEFRA)
RES – HACOS Bond Reimbursement
RES – County BOS HOME Loan
ATT I- Vicinity Map
ATT II- Elevations
ATT III-Project Summary
ATT IV-Cashflow Proforma
ATT V –Maximum Rents and Income
ATT VI – Loan Commitment Letter

RESOLUTION NO. _____

ON DATE OF

**ARBOR CREEK SENIOR APARTMENTS: APPROVING THE
ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF
THE COUNTY OF SACRAMENTO ON BEHALF OF USA MULTI-
FAMILY DEVELOPMENT, INC.**

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$8,000,000 and to lend the proceeds thereof to Arbor Creek Senior Apartments, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by USA Multi-Family Development, Inc. (the "Developer") to be used to provide funds for the acquisition, construction and development of a 60-unit multifamily housing senior residential facility to be located at 8350 Elk Grove Florin Road in the County of Sacramento, California, to be owned and operated by the Developer;

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

WHEREAS, a public hearing was held by the Board on the 25th day of February, 2014, following duly published notice thereof, and all persons desiring to be heard have been heard;

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

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$8,000,000 for the purposes described above is hereby approved.

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

On a motion by Supervisor _____, seconded by Supervisor _____,
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of
Sacramento, State of California this 25TH day of February, 2014, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST:

Clerk, Board of Supervisors

RESOLUTION NO. _____

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

ON DATE OF

**ARBOR CREEK SENIOR APARTMENTS: HOUSING AUTHORITY DECLARING
INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to execute and deliver tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Arbor Creek Senior Apartments, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by USA Multi-Family Development, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 60-unit multifamily housing senior residential facility to be located on 8350 Elk Grove Florin Road in the County of Sacramento, California (the "Project"); and

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

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

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

Section 1: The Authority intends to execute and deliver the Obligations for the purpose of paying the costs of financing the acquisition, construction and development of the Arbor Creek Senior Apartments Project.

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Arbor Creek Senior Apartments Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$8,000,000.

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

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

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

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to execution and delivery the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Arbor Creek Senior Apartments Project.

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

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 25th day of February, 2014, by the following vote, to wit:

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

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST:

Clerk

RESOLUTION NO. _____

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

ON DATE OF

**ARBOR CREEK SENIOR APARTMENTS, EXECUTION OF LOAN COMMITMENT,
EXECUTION OF AMENDED LOAN AGREEMENT AND RELATED DOCUMENTS
WITH ARBOR CREEK SENIOR APARTMENTS, LP, OR RELATED ENTITY; AND
RELATED BUDGET AMENDMENT**

WHEREAS, Arbor Creek Senior Apartments, LP has applied for an allocation of up to Five Million Five Hundred Thousand Dollars (\$5,750,000) in additional Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the Arbor Creek Senior Apartments project;

WHEREAS, the Arbor Creek Senior Apartments project qualifies for Home funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the Project currently has a HOME Bridge Loan, dated September 15, 2010, in the original amount of One Million Forty Thousand Dollars (\$1,040,000) which matures on September 15, 2015. (This loan was approved by Resolution No 2010-0450, adopted on June 1, 2010;

WHEREAS, USA Properties Fund, Incorporated is applying for a Tax Credit reservation from the California Tax Credit Allocation Committee (CTAC) and a Qualified Private Activity Bond allocation from the California Credit Limit Allocation Committee (CDLAC) on or about March 21, 2014 subject to approval by the Housing Authority of the County of Sacramento;

WHEREAS, The Arbor Creek Apartments Project was previously analyzed in accordance with the California Environmental Quality Act (CEQA) as a part of the larger "Promenade at Arbor Creek: Community Plan Amendment, Rezone, Tentative Subdivision Map, Special Development Permit, Affordable Housing Plan and Design Review," (Promenade at Arbor Creek Project) and a Mitigated Negative Declaration (MND) was prepared. The project was approved and the MND was adopted by the County of Sacramento, as lead agency, on March 10, 2009 and was approved and adopted by this Board as a responsible party on June 1, 2010. Because there is neither any new information of substantial importance nor any substantial change]with respect t o the circumstances under which the project will be undertaken that would

require preparation of supplemental environmental documentation, their recommended actions do not require further review under CEQA Guidelines §§ 15162 and 14163; and

WHEREAS, A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on July 1, 2010 and the Authority to Use Grant Funds was signed by HUD on August 2, 2010. 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.

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

Section 1: All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2: The Loan Commitment attached to and incorporated in this resolution by this reference for the financing for the Arbor Creek Senior Apartments is approved in the amount of Five Million Seven Hundred Fifty Thousand Dollars (\$5,750,000) of additional HOME funds together with the restructuring of the existing HOME Bridge Loan is approved and the Sacramento Housing and Redevelopment Agency ("SHRA") is authorized to execute the Loan Commitment and related documents and transmit to Arbor Creek Senior Apartments, LP or related entity.

Section 3: SHRA is authorized to amend the Agency budget to allocate Five Million Seven Hundred Fifty Thousand Dollars (\$5,750,000) of additional County HOME funds to the Arbor Creek Senior Apartments project.

Section 4: SHRA is authorized to amend and convert the existing HOME Bridge Loan into a construction and permanent loan ("Amended Loan Agreement"). Additional or amended terms are:

- a) the term of the loan is extended by 55 years to be consistent with low income housing tax credit financing with accrued interest carried over into new loan;

- b) increase the existing loan amount by Five Million Seven Hundred Fifty Thousand Dollars (\$5,750,000) to a total loan amount of Six Million Seven Hundred Ninety Thousand Dollars (\$6,790,000);
- c) insert standard adopted SHRA construction and permanent financing terms into the loan;
- d) condition the first disbursement of funds upon a sufficient Tax Credit reservation from CTAC and a sufficient Private Activity Bond allocation by CDLAC;
- e) further condition the first disbursement of funds concurrent with or subsequent to the closing of all Project construction financing;
- f) require start of construction by July 31, 2014; and
- g) all other terms and conditions of the existing loan agreement are to remain in full force and effect.

Section 5: The Sacramento Housing and Redevelopment Agency is authorized to execute the modifications of the Amended Loan Agreement, Deed of Trust, Promissory Note, and Regulatory Agreement for the Project (collectively, "Loan Documents"), with Arbor Creek Senior Apartments, LP or related entity that are incorporated in this resolution by this reference, and to enter into other agreements, subordinations, execute other documents, and perform other actions necessary in relation to the Loan Documents to provide said funding assistance to the Project, consistent with the Loan Documents as may be necessary to ensure proper repayment of agency funds in accordance with the Loan Documents, all as approved by Agency Counsel.

Approval Of Bond Documents And Home Investment Partnership Program Loan Modification
For The Arbor Creek Senior Apartments
Page 4

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 25th day of February, 2014, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

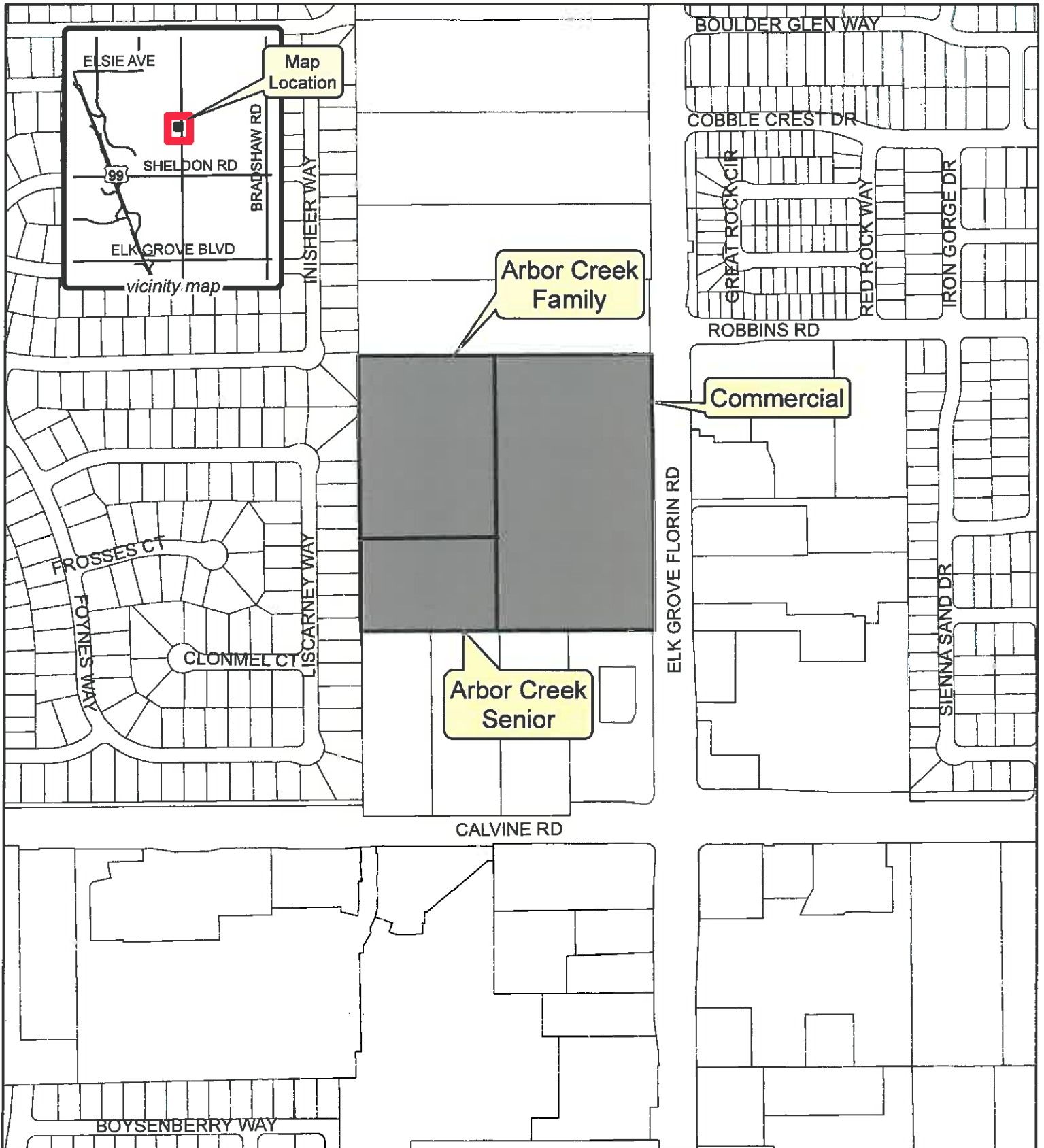
Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



Arbor Creek Apartments



Arbor Creek Apartments Parcel

0

300

600 Feet



SHRA GIS
May 17, 2012



SOUTH ELEVATION



EAST ELEVATION



NORTH ELEVATION



Arbor Creek Apartments - Seniors

Sacramento County, California

ELEVATIONS

Arbor Creek Senior Apartments

Project Summary

<u>Address</u>	8350 Elk Grove Florin Road, Sacramento, CA		
<u>Number of Units</u>	60		
<u>Acreage</u>	4.04 acres		
<u>Affordability</u>	21 units (36%) at or below 45% of median income 38 units (64%) at or below 50% of medium income 1 manager units		
<u>Unit Mix and Rents</u>	(45% AMI)	(50% AMI)	Manager Unit
1 Bedroom	20	28	
2 Bedroom	1	10	1
Total	21	38	1
<u>Unit Square Footage</u>	<u>Per Unit</u>	<u>Total</u>	
1 Bedroom/1 Bath	593	28,464	square feet
2 Bedroom/1 Bath	750	9,000	square feet
Total		37,464	square feet
<u>Resident Facilities</u>	Community room with a full kitchen and laundry room.		
<u>Permanent Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Tax Exempt Bonds	\$ 325,000	\$ 5,417	\$ 8.67
Tax Credit Equity	\$ 4,697,876	\$ 78,298	\$ 125.40
Developer Contribution	\$ 700,000	\$ 11,667	\$ 18.68
New SHRA Loan	\$ 5,750,000	\$ 95,833	\$ 153.48
Existing Bridge Loan	\$ 1,040,000	\$ 17,333	\$ 27.76
Fee Waivers	\$ 1,011,104	\$ 16,852	\$ 26.99
Deferred Developer Fee	\$ 253,915	\$ 4,232	\$ 6.78
TOTAL SOURCES	\$ 13,777,895	\$ 229,632	\$ 367.76
<u>Permanent Uses</u>			
Acquisition	\$ 1,015,680	\$ 16,928	27.11
Construction Costs	\$ 7,956,576	\$ 132,610	212.38
Impact Fees	\$ 1,135,795	\$ 18,930	30.32
Permits	\$ 117,534	\$ 1,959	3.14
Architecture, Engineering, Survey	\$ 531,340	\$ 8,856	14.18
Contingency	\$ 497,829	\$ 8,297	13.29
Financing Costs	\$ 558,038	\$ 9,301	14.90
Reserves	\$ 95,199	\$ 1,587	2.54
Legal Fees	\$ 172,500	\$ 2,875	4.60
Developer Fee	\$ 1,400,000	\$ 23,333	37.37
Third Party Fees, Marketing, Other	\$ 297,404	\$ 4,957	7.94
TOTAL USES	\$ 13,777,895	\$ 229,632	\$ 367.76
<u>Management / Operations</u>			
Proposed Developer:	USA Properties Fund, Inc.		
Property Management Company:	USA Multifamily Management, Inc.		
Operations Budget:	\$255,000	\$4,250 per unit	
Replacement Reserves:	\$18,000	\$300 per unit	

MAXIMUM RENT AND INCOME LEVELS 2014

Income and rent levels are combined to
reflect the most restrictive funding

**Maximum Income Levels: Low Income
Housing Tax Credits**

Family Size	45% AMI	50% AMI
1 person	\$21,645	\$24,050
2 person	\$24,750	\$27,500
3 person	\$27,855	\$30,950

**Maximum Rent Levels: Low Income
Housing Tax Credits**

Unit Size	45% AMI	50% AMI
1 Bedroom	\$580	\$696
2 Bedroom	\$644	\$773

Attachment VI
Conditional Funding Commitment

Date: February 25, 2014

Geoff Brown and Kenneth Robertson
Arbor Creek Senior Apartments, L.P.
3200 Douglas Blvd., Suite 200
Roseville, CA 95661

RE: Conditional Funding Commitment, Arbor Creek Senior Apartments

Dear Mr. Brown and Mr. Robertson:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of additional construction and permanent loan funds of \$5,750,000 comprised of County Home Investment Partnership Program ("HOME") funds for the purpose of financing the development of that certain real property located at 8350 Elk Grove Florin Road in the County of Sacramento, California ("Property"). The Property has an existing Bridge Loan of \$1,040,000 in HOME funds from the Agency ("Existing Debt"). The Agency will amend and refinance the current Bridge Loan to include the additional funds for a total Loan amount of \$6,790,000. The Amended Loan will contain the terms and conditions as contained herein. 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 loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

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

This commitment will expire on April 31, 2014.

1. PROJECT DESCRIPTION: The project is new construction of a 60 unit senior affordable multifamily housing project proposed to be financed with tax exempt bonds together with State and Federal four percent low income housing tax credits (LIHTC's). At least 21 units will be affordable to individuals earning no more than 45 percent of the area median income (AMI), at least 38 units will be affordable to individuals earning no more than 50 percent of AMI, and one manager's unit will be unregulated.
2. BORROWER: The name of the Borrower for the Loan is Arbor Creek Senior Apartments, L.P., or related entity.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, 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. EXISTING DEBT: Of the \$1,040,000 principal balance, \$988,000 has already been disbursed to purchase the property. The remaining Loan proceeds will be held as retention until completion and used by Borrower solely to pay the costs of residential construction and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
5. PRINCIPAL AMOUNT: The principal amount of the Amended Loan is Six Million Seven Hundred Ninety Thousand Dollars (\$6,790,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value as determined by the Agency.
6. TERM OF LOAN: The Amended Loan shall mature 57 years or 684 months from the effective date at which point any and all unpaid principal and interest on the loan will be due and payable.
7. INTEREST RATE: The Loan balance will bear simple interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed. Please note that interest accrual on the Existing Debt will be calculated on the amount of disbursed funds from September 15, 2010, the origination date of the Bridge Loan.
8. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: County Home Partnership Investment Program (HOME) funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding

sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

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

_____ (Borrower Initial)

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 secured by a deed of trust with assignment of rents against the fee interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to the first mortgage and such other items as the Agency may approve in writing. The Loan(s) shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate the permanent financing of the Property.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate

from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.

12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of \$ 4,600,000, to be evidenced by a fully executed firm commitment with a tax credit equity investor.
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. Commitments for permanent financing sufficient to remove all liens and for a term of not less than 15 years including an amortized payment for no less than 30 years.
 - (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 Agency Loan or other Agency 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 absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a soils report prepared by a licensed soils engineer and a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice

for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.

16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the un-disbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
17. PLANS AND SPECIFICATION: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
18. 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.
19. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention on the additional loan funds together with the \$52,000 currently retained on the prior Bridge Loan which funds are to be released at project cost certification.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required

by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. PREVAILING WAGE: This funding commitment is being made pursuant to the Developer's payment of prevailing wages as determined by the California Department of Industrial Relations ("DIR") and Davis Bacon Wages as determined by the U.S. Department of Labor.
23. COST SAVINGS: At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
24. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than 60 days following the close of construction financing.
25. 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.
26. 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.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their

construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).

28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a first or second lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation,

Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.

31. FINANCIAL INFORMATION: Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
32. 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.
33. 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.
34. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
35. 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.
36. 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.
37. 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.

38. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Sincerely,

LaShelle Dozier
Executive Director

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

Dated:

BORROWER:

Arbor Creek Senior Apartments, L.P.
A California limited partnership

By: USA Arbor Creek Senior, Inc.,
A California Corporation

Its: Administrative General Partner

By: _____

Name: _____

Title: _____

By: Riverside Charitable Corporation
A California Corporation

Its: Managing General Partner

By: _____

Name: _____

Title: _____

RESOLUTION NO. SHRC-_____

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

ON DATE OF

February 5, 2014

ARBOR CREEK SENIOR APARTMENTS, EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH ARBOR CREEK SENIOR APARTMENTS, LP, OR RELATED ENTITY; AND RELATED BUDGET AMENDMENT

BACKGROUND

- A. Arbor Creek Senior Apartments, LP has applied for an allocation of up to Five Million Five Hundred Thousand Dollars (\$5,750,000) in additional Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the Arbor Creek Senior Apartments project; and
- B. Arbor Creek Senior Apartments project qualifies for Home funding under the Sacramento Housing and Redevelopment Agency guidelines;; and
- C. The Developer has requested that an existing HOME Bridge Loan in the original amount of One Million Forty Thousand Dollars (\$1,040,000) which matures on September 15, 2015 be restructured; and
- D. The Arbor Creek Apartments Project was previously analyzed in accordance with the California Environmental Quality Act (CEQA) as a part of the larger "Promenade at Arbor Creek: Community Plan Amendment, Rezone, Tentative Subdivision Map, Special Development Permit, Affordable Housing Plan and Design Review," (Promenade at Arbor Creek Project) and a Mitigated Negative Declaration (MND) was prepared. The project was approved and the MND was adopted by the County of Sacramento, as lead agency, on March 10, 2009 and was approved and adopted by SHRC as a responsible party on June 1, 2010. Because there is neither any new information of substantial importance nor any substantial change [with respect t o the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further review under CEQA Guidelines §§ 15162 and 14163; and

- E. A request for Release of Funds and Certification was submitted to the United States Department of Housing and Urban Development (HUD) on July 1, 2010 and the Authority to Use Grant Funds was signed by HUD on August 2, 2010. After review, it has been determined under 24 CFR 58 Part E 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 COMMISSION RESOLVES AS FOLLOWS:

- Section 1. The above recitals, including the environmental recitals, are found to be true and correct.
- Section 2. The Executive Director or her designee is authorized to amend the Agency budget to allocate an additional Five Million Seven Hundred Fifty Thousand Dollars (\$5,750,000) of County HOME funds to the Arbor Creek Senior Apartments project.
- Section 3. The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Arbor Creek Senior Apartments project ("Loan Commitment") is approved and the Executive Director or her designee is authorized to execute the Loan Commitment and related documents and transmit to Arbor Creek Senior Apartments, LP or related entity.
- Section 4. The Executive Director is authorized to amend and restructure the outstanding HOME Bridge Loan and related documents in the original amount of One Million Forty Thousand Dollars (\$1,040,000) of County HOME funds for Arbor Creek Senior Apartments to a construction and permanent loan in the amount of Six Million Seven Hundred Ninety Thousand Dollars (\$6,790,000), to extend the maturity dates and adjust their payment schedules as may be required to obtain primary financing.
- Section 5. The Executive Director, or her designee, is authorized to execute standard Agency loan documents in a form approved by Agency Counsel and in accordance with the Loan Commitment and the staff report accompanying this resolution, and in accordance with all applicable laws, regulations, and policies regarding the making of the Loan and the use of the allocated funds for the Project. The Loan may be subordinated if such subordination is required to obtain primary financing.

Section 6. It is found that an economically feasible alternative to financing is not reasonably available on comparable terms and conditions without subordination of the existing loans. Authorization is therefore granted to subordinate the existing loans.

CHAIR

ATTEST:

CLERK