



INVESTING IN COMMUNITIES

NOTICE OF MEETING

Sacramento Housing and Redevelopment Commission

Wednesday, March 7, 2012 - 6:00 p.m.

801 12th Street, Sacramento, Commission Room

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – February 15, 2012

CITIZENS COMMENTS

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

CONSENT

3. Housing Authority Participation in the Renwal of the Greater Broadway and Midtown Sacramento Property and Business Improvement Districts – City
4. Housing Authority Participation in the Renwal of the Greater Broadway and Midtown Sacramento Property and Business Improvement Districts - County

BUSINESS

5. Annual Report on Residential Hotels
6. Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios
7. Approval Of Home Investment Partnership Program (HOME) Loan For Willow Pointe Apartments

EXECUTIVE DIRECTORS REPORT

- Upcoming Commission Meeting Schedule

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.



SYNOPSIS

Sacramento Housing and Redevelopment Commission (SHRC) February 15, 2012

ROLL CALL

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

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

ABSENT: Alcalay, Stivers

STAFF PRESENT: Vickie Smith, Tia Patterson, LaShelle Dozier, Nick Chhotu, Chris Pahule, Karen Wallace, Christine Weichert, Brad Satterwhite, Patrick Bohner

APPROVAL OF AGENDA

Agenda approved as submitted.

1. APPROVAL OF ACTION SUMMARY SYNOPSIS

Action Summary Synopsis for January 18, 2012 **was** approved.

2. CITIZEN COMMENTS

Ron Emslie commented on the housing in Oak Park.

SPECIAL PRESENTATIONS

3. Commendation for Commissioner Gale Morgan for His Service as Chair During 2011

Incoming Chair Josh Rosa and Executive Director LaShelle Dozier thanked Commissioner Morgan for his service as Chair during 2011.

BUSINESS

4. Amendment of U.S. Department of Housing and Urban Development (HUD) Declaration of Trust (DOT) on Properties Located at 3700 Rio Linda Boulevard and 3725 Cypress Street

Brad Satterwhite, Housing Authority Analyst, presented the item.

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

AYES: Fowler, Gore, Johnson, Le Duc, Morgan, Morton, Rosa, Shah, Stivers

NOES: none

ABSENT: Alcalay, Chan

PRESENTATION

5. Public Housing Administration Update

Nick Chhotu, Housing Authority Director, presented an overview of the Housing Authority.

Ron Emslie commented on the housing in Oak Park.

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Updated the Commission on the new Commission meeting schedule. The Commission will now meet once each month (the 1st Wednesday). The second meeting of the month, typically held on the third Wednesday of the month, will only be held as needed. Staff will notify members at the first meeting of the month about the status of the second meeting each month.
- SHRA offices will be closed on Friday February 17th.
- Thank you to the Housing Authority staff in attendance for their hard work.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Chair Rosa mentioned that, if items are controversial, be mindful that “tabling” an item now that the Commission is meeting only once each month may cause an undesirable delay.

ADJOURNMENT

As there was no further business to be conducted, Chair Rosa adjourned the meeting at 6:40 p.m.

AGENCY CLERK



March 7, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Housing Authority participation in the Renewal of the Greater Broadway and Midtown
Sacramento Property and Business Improvements Districts

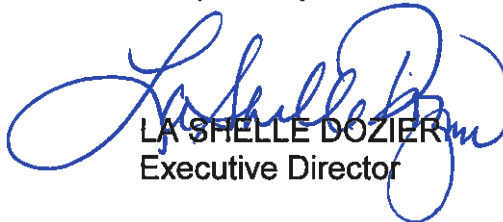
SUMMARY

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 HOUSING AUTHORITY
CITY OF SACRAMENTO**
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
March 27, 2012

Honorable Chair and Members of the Housing Authority Board

Title: Housing Authority Participation in the Renwal of the Greater Broadway and Midtown Sacramento Property and Business Improvement Districts

Location/Council District: Broadway between 5th Avenue and 29th Street and Midtown Sacramento, Council District 4

Recommendation: Adopt a **Housing Authority Resolution** a) delegating signatory authority to the Executive Director, or her designee, for Housing Authority properties included in the proposed Greater Broadway and Midtown Sacramento Property and Business Improvement Districts; b) authorizing the Executive Director, or her designee, to pay the annual assessment fees from Conventional Housing funds.

Contact: Nick Chhotu, Assistant Director, 440-1334; Chris Pahule, Assistant Director, 440-1350

Presenters: None

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Midtown Sacramento Property and Business Improvement District (PBID) and the Greater Broadway PBID were established in 2007 and will expire at the end of 2012. Since establishment, both organizations have accomplished much to support these vital commercial districts and propose to renew their PBIDs. The Greater Broadway PBID (GBPBID) is proposing an additional ten-year term and Midtown Sacramento PBID (MSPBID) an additional five-year term.

There are public housing communities located within both PBID boundaries. One parcel of the Alder Grove public housing community is in the proposed GBPBID. A total of six parcels are in the proposed MSPBID. These seven parcels are owned by the Housing Authority of the County because of a recording error at the time the property were transferred but have always been managed by the Housing Authority of the City. On February 1, 2012 the redevelopment agency was eliminated and the Housing Authority of the City of Sacramento was designated the Housing Successor Agency (HSA). By operation of law, all

Housing Authority Participation in the PBID Renewals

redevelopment housing assets and agreements were transferred to the HSA. One transferred asset is one of two parcels developed as Pensione K, a 137 unit affordable housing development. This parcel was purchased for residential purposes and was developed in 1994 along with the adjacent parcel through a Disposition and Development Agreement (DDA) and a 55-year ground lease. The DDA provided for low/moderate tax increment and housing trust fund financing. Pensione K's regulated units are monitored and inspected annually for compliance with the regulatory agreement.

This report recommends that the Housing Authority (and Housing Successor Agency), as a significant property owner, participate in renewing the PBIDs through signing petitions and voting during the formation process. Should the PBIDs be renewed, the report also recommends authorizing the Executive Director to pay the annual assessment fees from the Conventional Housing funds.

Policy Considerations: The proposed PBIDs are consistent with the Public Housing Authority's Annual Plan as they support the following Goals and Objectives: increase the availability of decent, safe, and affordable housing; and improve community quality of life and economic vitality.

Environmental Considerations:

California Environmental Quality Act (CEQA): Activities undertaken under the PBID associated with landscape and maintenance are exempt from CEQA pursuant to CEQA Guidelines Section 15301. The remaining activities have no possibility of having significant effect on the environment, and as such, are also exempt from CEQA pursuant to CEQA Guidelines Section 15061 (b) (3). All other actions proposed herein are considered administrative actions in furtherance of the Greater Broadway and Midtown Sacramento PBIDs, and are not considered a separate project; therefore, no further environmental review is required under CEQA.

Sustainability Considerations: There are no sustainability considerations applicable to the formation process and administration of a special district.

Other: There is no federal funding associated with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Housing Authority Participation in the PBID Renewals

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting of March 7, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rationale for Recommendation: In 2007, it was determined that the formation of a Property and Business Improvement District (PBID) could enhance the economic development of both commercial districts, and both efforts have been successful. The GBPBD services benefit approximately 395 properties and numerous businesses. The district includes approximately 40 blocks which is roughly bounded by Broadway to the south, X Street to the north, I-5 to the west and Franklin Boulevard to the east. The Midtown Sacramento Business Association boundaries include approximately 475 parcels within 60 blocks of the central urban core of Sacramento. The boundaries include 16th on the west to 29th Street on the east, J, K, and L Streets and portions of I Street, Capitol Avenue, N, O, P, and Q Streets. The proposed services for both districts include public maintenance, trash collection, graffiti abatement, additional public security, events, district marketing, and business advocacy. These services and activities will improve overall district cleanliness and safety, increase building occupancy and lease rates, and encourage new business development and services for property in the districts. Overall, they create safer and more economically vital business districts, which benefit Housing Authority residents. The proceedings to initiate the GBPBD renewal are scheduled for City Council on April 26, 2012 and for the MSPBD on May 22, 2012.

Financial Considerations: This report recommends authorizing the Housing Authority to allocate and utilize Conventional Housing funds to annually pay approximately \$12,500 for the GBPBD assessment and \$7,950 for the MSPBD assessment. The ground lease for the Pensione K development requires the lessee to pay the assessment, therefore funding is not required for payment. Upon approval of the attached resolution and renewal of the PBIDs, the Housing Authority will be participating as a property owner. Assessment rates may be subject to an increase of no more than five percent annually in the GBPBD and up to three percent in the MSPBD.

March 27, 2012

Housing Authority Participation in the PBID Renewals

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

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

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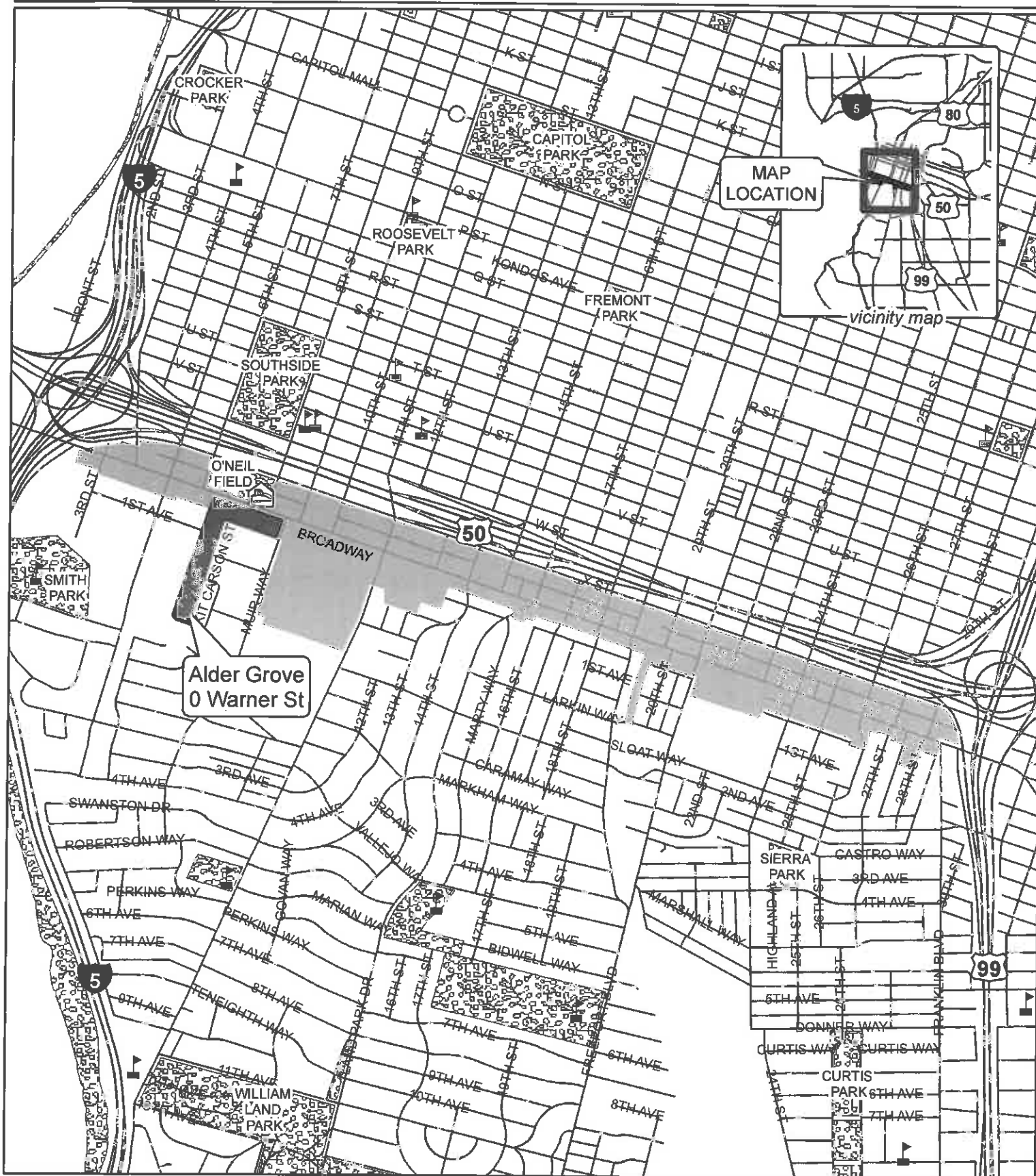
Report pg. 1

Attachments

- | | | |
|---|-------------------------------|-------|
| 1 | Map – Midtown Sacramento PBID | pg. 5 |
| 2 | Map – Greater Broadway PBID | pg. 6 |
| 3 | Resolution | pg. 7 |



Greater Broadway PBID Renewal



- Greater Broadway PBID Renewal Boundary
- Housing Authority Owned Parcel
- Park

- School
- Fire Station

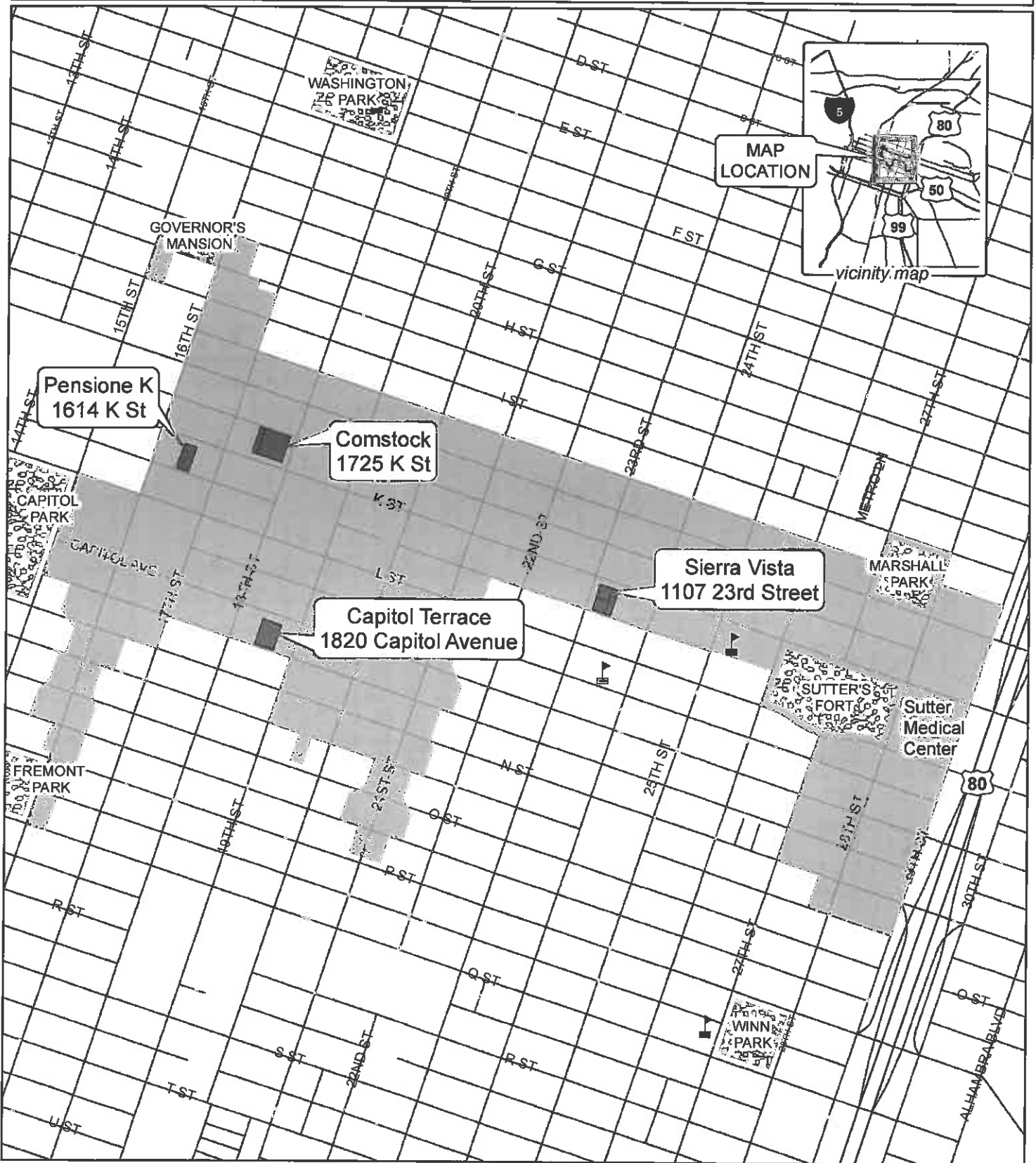
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SHRA GIS
February 29, 2012



Midtown Sacramento PBID Renewal



- Midtown PBID Renewal Boundary
- Housing Authority Owned Parcels
- Park
- School

0 500 1,000 Feet



SHRA GIS
February 29, 2012

RESOLUTION NO. 2012 -

Adopted by the Housing Authority of the City of Sacramento

On date of

AUTHORIZATION TO PARTICIPATE IN THE RENEWAL OF THE GREATER BROADWAY PARTNERSHIP AND MIDTOWN SACRAMENTO PROPERTY AND BUSINESS IMPROVEMENT DISTRICTS

BACKGROUND

- A. The Greater Broadway Partnership has proposed the renewal of the Greater Broadway Partnership (GBP) Property and Business Improvement District (PBID) to fund activities which provide 1) Clean, Safe and Physical Enhancements; and 2) Economic Enhancements and the boundaries of the PBID would encompass the Housing Authority's Property.
- B. The Midtown Business Association has proposed the renewal of the Midtown Sacramento Property and Business Improvement District (PBID) to fund activities which provide: 1) Clean and Safe Programs; 2) Parking Services; and 3) Marketing and the boundaries of the PBID would encompass the Housing Authority's Property.
- C. The property and business owners within the Broadway commercial corridor propose to renew the GBP PBID for a ten year term under the Property and Business Improvement District Law of 1994, which is required by part 7 (beginning with section 36600) of division 18 in the California Streets and Highways Code.
- D. The property and business owners within the Midtown Sacramento area propose to renew the Midtown Sacramento PBID for a five year term under the Property and Business Improvement District Law of 1994, which is required by part 7 (beginning with section 36600) of division 18 in the California Streets and Highways Code.
- E. On January 31, 2012 the City designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.

- F. The proposed action does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378 (b) (4), which exempts government financing mechanisms that do not involve a commitment to any specific project from environmental review.
- G. The Housing Authority owns and manages the following property within the Greater Broadway PBID: 009-0030-040-0000 – 0 Warner Street, Alder Grove.
- H. The Housing Authority owns and manages the following property within the Midtown Sacramento PBID:
 - 007-0142-024-0000 – 1820 Capitol Avenue, Capitol Terrace
 - 006-0125-014-0000 – 1725 K Street, Comstock
 - 006-0125-011-0000 – 1725 K Street, Comstock
 - 007-0096-002-0000 – 1107 23rd Street, Sierra Vista
 - 007-0096-020-0000 – 1107 23rd Street, Sierra Vista
 - 007-0096-021-0000 – 1107 23rd Street, Sierra Vista
- I. 1614 K Street (006-0124-011-0000) was purchased for residential purposes by the Redevelopment Agency. The property was developed in 1994 through a disposition and development agreement and a 55-year ground lease as a 134 unit affordable housing project with the adjacent parcel. The financing utilized low/moderate tax increment and housing trust funds. It is monitored and inspected annually for compliance with the regulatory agreement.
- J. The Housing Authority as the Successor Housing Agency to the Redevelopment Agency owns and leases the following within the Midtown Sacramento PBID: 006-0124-011-0000 – 1614 K Street, Pensione K .
- K. The public interest of Housing Authority residents will be served by having Housing Authority properties participate in the Greater Broadway and Midtown Sacramento PBIDs because there will be activities which enhance the safety, cleanliness, and economic vitality of the districts and housing authority owned property.

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

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

- Section 2. The Executive Director, or her designee, is authorized to sign petitions, an assessment ballot and other related documents to further the renewal of the Greater Broadway and Midtown Sacramento PBIDs on behalf of the Housing Authority.
- Section 3. The Executive Director, or her designee, is authorized to pay the annual PBID assessment utilizing Conventional Housing funds.



March 7, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Housing Authority participation in the Renewal of the Greater Broadway and Midtown
Sacramento Property and Business Improvements Districts

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:
March 27, 2012

To: Housing Authority of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Housing Authority Participation In The Renewal Of The Greater Broadway And
Midtown Sacramento Property And Business Improvement Districts

Supervisory
District: Serna

Contact: Nick Chhotu, Assistant Director, 440-1334
Chris Pahule, Assistant Director, 440-1350

Overview

This report recommends that the Housing Authority of the County of Sacramento, as a significant property owner, participate in renewing the Midtown Sacramento Property and Business Improvement District (MSPBID) and the Greater Broadway Property and Business Improvement District (GBPBID) located in the City of Sacramento through signing petitions and voting during the formation process. Should the PBIDs be renewed, the report also recommends authorizing the Executive Director to pay the annual assessment fees from Housing Authority Conventional Program Funds.

Recommendations

1. Delegates signatory authority to the Executive Director, or her designee, for the Housing Authority properties to be included in the proposed Midtown Sacramento Property and Business Improvement District (MSPBID) and the Greater Broadway Property and Business Improvement District (GBPBID).
2. Delegates authority to the Executive Director, or her designee, to pay the annual assessment with Conventional Housing funds.

Measures/Evaluation

The Property and Business Improvement Districts (PBID's) will provide programs and advocacy that will improve overall district cleanliness and safety, increase building occupancy and lease rates, encourage new business development and services for property in the districts.

Fiscal Impact

This report recommends authorizing the Housing Authority to utilize Conventional Housing Funds to pay the annual GBPBID and the MSPBID assessments.

BACKGROUND

The Midtown Sacramento PBID and the Greater Broadway PBID were established in 2007 and will expire at the end of 2012. Since establishment, both organizations have accomplished much to support these vital commercial districts and propose to renew their PBIDs. The GBPBD is proposing an additional ten-year term and MSPBD an additional five-year term.

There are public housing communities in both PBID boundaries. One parcel of the Alder Grove public housing community is in the proposed GBPBD. A total of six parcels are in the proposed MSPBD. These seven parcels are owned by the Housing Authority of the County because of a recording error at the time the properties were transferred, but have always been managed by the Housing Authority of the City. This report recommends that the Housing Authority, as a significant property owner, participate in renewing the PBIDs through signing petitions and voting during the formation process. Should the PBIDs be renewed, the report also recommends authorizing the Executive Director to pay the annual assessment fees from Housing Authority Conventional Program Funds.

GBPBD will provide the following services and activities: clean, safe, and physical enhancements and economic development Enhancements. The MSPBD will provide the following services: safety, streetscape and maintenance and advocacy, administration, and marketing. In 2007, it was determined that the formation of a Property and Business Improvement District (PBID) would enhance the economic development of both commercial districts and both efforts have been successful. The GBPBD services benefit approximately 395 properties and numerous businesses. The district includes approximately 40 blocks which is roughly bounded by Broadway to the south, X Street to the north, I-5 to the west and Franklin Boulevard to the east. The Midtown Sacramento Business Association boundaries include approximately 475 parcels within 60 blocks of the central urban core of Sacramento. The boundaries include 16th on the west to 29th Street on the east, J, K, and L Streets and portions of I Street, Capitol Avenue, N, O, P, and Q Streets.

DISCUSSION

The proposed services for both districts include public maintenance, trash collection, graffiti abatement, additional public security, events, district marketing, and business advocacy. These services and activities will improve overall district cleanliness and safety, increase building occupancy and lease rates, encourage new business development and services for property in the districts. Overall, they create safer and more economically vital business districts, which benefit Housing Authority residents. The proceedings to initiate the GBPBD renewal are scheduled for City Council on April 26, 2012 and for the MSPBD on May 22, 2012.

COMMISSION ACTION

At its meeting of March 7, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The GBPBD and the MSPBD will provide programs and advocacy that will improve the safety and security of the district and enhance the economic vitality of the business districts by improving safety, litter and debris removal, graffiti abatement, image enhancement and advocacy to promote business interests.

FINANCIAL ANALYSIS

This report recommends authorizing the Housing Authority utilize the Conventional Housing funds to pay approximately \$12,500 for the annual GBPBD assessment and the MSPBD assessment of approximately \$9,600 respectively. If the Resolution is approved and the proposed PBIDs are renewed, the Housing Authority will be participating as property owners. Assessment rates may be subject to an increase of no more than five percent annually in the GBPBD and up to three percent in the MSPBD.

POLICY CONSIDERATIONS

The proposed PBIDs are consistent with the Public Housing Authority's Annual Plan as they support the following Goals and Objectives: increase the availability of decent, safe, and affordable housing; and improve community quality of life and economic vitality.

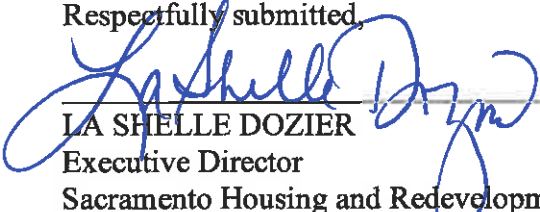
ENVIRONMENTAL REVIEW

Activities undertaken under the PBID associated with landscape and maintenance are exempt from CEQA pursuant to CEQA Guidelines Section 15301. The remaining activities have no possibility of having significant effect on the environment, and as such, are also exempt from CEQA pursuant to CEQA Guidelines Section 15061 (b) (3). All other actions proposed herein are considered administrative actions in furtherance of the Greater Broadway and Midtown Sacramento PBIDs, and are not considered a separate project; therefore, no further environmental review is required under CEQA.

M/WBE CONSIDERATIONS

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – Housing Authority of County of Sacramento Resolution
ATT I – Map: Greater Broadway PBID Renewal
ATT I – Map: Midtown Sacramento PBID Renewal

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

ON DATE OF

AUTHORIZATION TO PARTICIPATE IN THE RENEWAL OF THE GREATER BROADWAY PARTNERSHIP AND MIDTOWN SACRAMENTO PROPERTY AND BUSINESS IMPROVEMENT DISTRICTS

WHEREAS, the Greater Broadway Partnership has proposed the renewal of the Greater Broadway Partnership (GBP) Property and Business Improvement District (PBID) to fund activities which provide 1) Clean, Safe and Physical Enhancements; and 2) Economic Enhancements. The boundaries of the PBID would encompass the Housing Authority's Property.

WHEREAS, the Midtown Business Association has proposed the renewal of the Midtown Sacramento Property and Business Improvement District (PBID) to fund activities which provide 1) Clean and Safe Programs; 2) Parking Services; and 3) Marketing. The boundaries of the PBID would encompass the Housing Authority's Property.

WHEREAS, the property and business owners within the Broadway commercial corridor propose to renew the GBP PBID for a ten year term under the Property and Business Improvement District Law of 1994, which is required by part 7 (beginning with section 36600) of division 18 in the California Streets and Highways Code.

WHEREAS, the property and business owners within the Midtown Sacramento area propose to renew the Midtown Sacramento PBID for a five year term under the Property and Business Improvement District Law of 1994, which is required by part 7 (beginning with section 36600) of division 18 in the California Streets and Highways Code.

WHEREAS, the proposed action does not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378 (b) (4), which exempts government financing mechanisms that do not involve a commitment to any specific project from environmental review.

WHEREAS, the Housing Authority owns and manages the following property within the
Greater Broadway PBID: 009-0030-040-0000 – 0 Warner Street, Alder Grove

WHEREAS, the Housing Authority owns and manages the following property within the
Midtown Sacramento PBID:

007-0142-024-0000 – 1820 Capitol Avenue, Capitol Terrace

006-0125-014-0000 – 1725 K Street, Comstock

006-0125-011-0000 – 1725 K Street, Comstock

007-0096-002-0000 – 1107 23rd Street, Sierra Vista

007-0096-020-0000 – 1107 23rd Street, Sierra Vista

007-0096-021-0000 – 1107 23rd Street, Sierra Vista

WHEREAS, the public interest of Housing Authority residents will be served by having
Housing Authority properties participate in the Greater Broadway and Midtown Sacramento
PBIDs because there will be activities which enhance the safety, cleanliness, and economic
vitality of the districts and Housing Authority owned properties.

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

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

Section 2. The Executive Director, or her designee, is authorized to sign petitions, an
assessment ballot and related documents to further the renewal of the Greater Broadway and
Midtown Sacramento PBIDs on behalf of the Housing Authority.

Section 3. The Executive Director, or her designee, is authorized to pay the annual
assessment utilizing Conventional Housing funds.

Housing Authority Participation In The Renewal Of The Greater Broadway And Midtown
Sacramento Property And Business Improvement Districts

Page 3

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 27th day of March, 2012, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

Chair of the Housing Authority
of Sacramento County, California

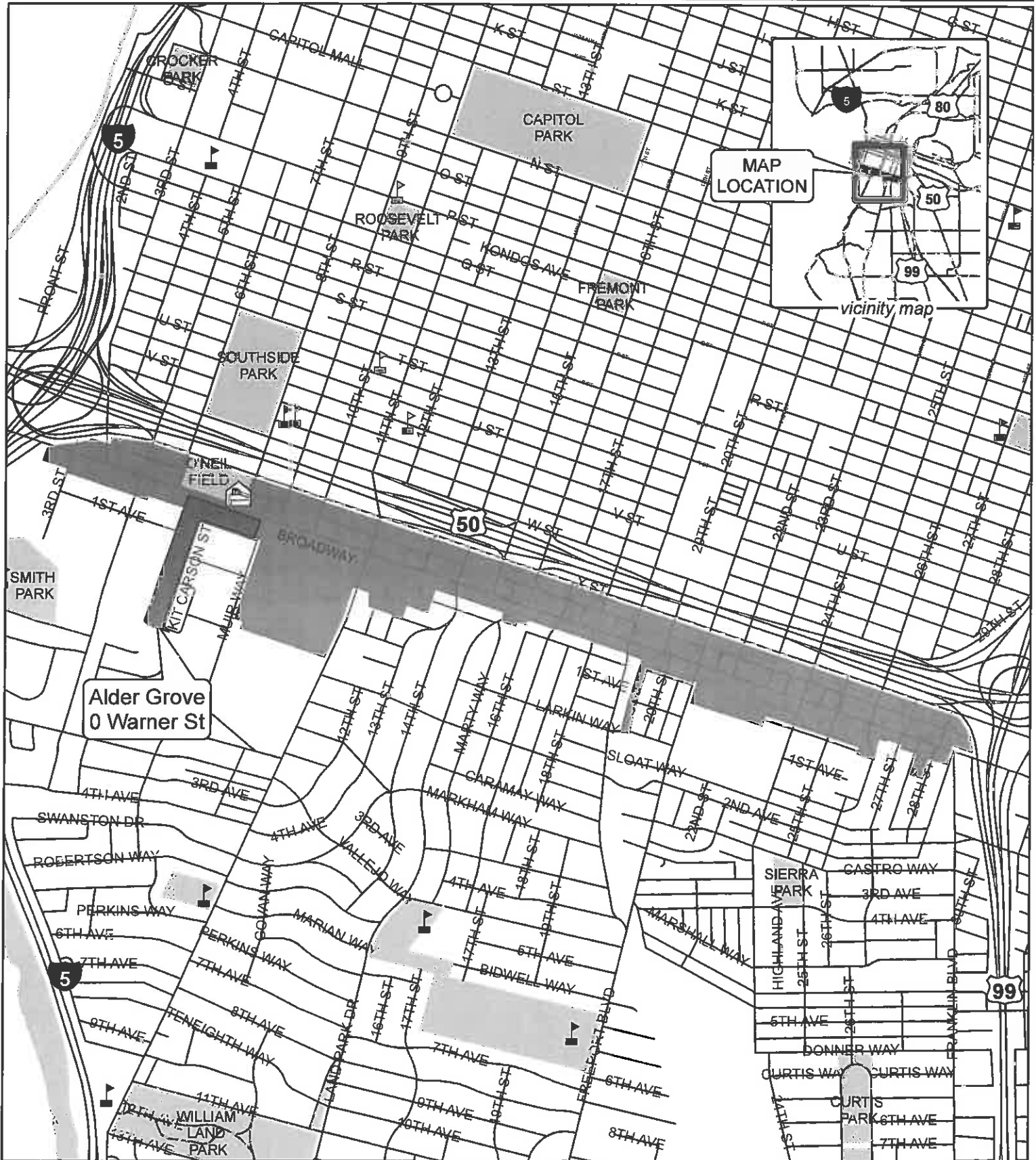
(SEAL)

ATTEST: _____

Clerk



Greater Broadway PBID Renewal



- Greater Broadway PBID Renewal Boundary
- Housing Authority Owned Parcel
- Park

- School
- Fire Station

0 900 1,800 Feet



SHRA GIS
February 14, 2012

SHRA GIS
February 14, 2012



March 4, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Annual Report on Residential Hotels

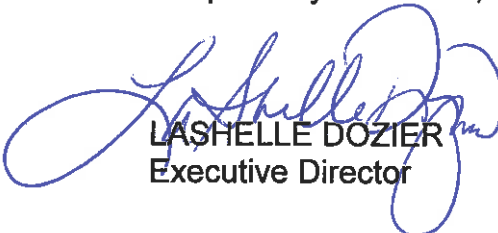
SUMMARY

The attached report is submitted to you for review.

RECOMMENDATION

No specific recommendation – for information only.

Respectfully submitted,



LASHELLE DOZIER
Executive Director

Attachment



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

Receive and File
March 20, 2012

Honorable Mayor and Members of the City Council

Title: Annual Report on Residential Hotels

Location/Council District: Citywide

Recommendation: Receive and File

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

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 (Ordinance) requires that 712 residential hotel or comparable units be maintained within the City of Sacramento.

The Sacramento Housing and Redevelopment Agency (SHRA) is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or withdrawals. The ordinance pertains to 10 residential housing developments located in downtown Sacramento (Location Map – Attachment 1).

In order to comply with the Ordinance reporting requirements, SHRA sent correspondence in December 2011 to the owners of residential hotels subject to the Ordinance. The package included a summary of the owner's obligations under the Ordinance and an annual certification on the status of the residential hotel.

Annual Report on Residential Hotels

Current Conditions

There are five residential hotels regulated by SHRA and subject to the Ordinance including the Studios at the Hotel Berry, the Ridgeway, the Sequoia, the Shasta and the YWCA. Additionally the 7th and H project is regulated and will serve as a replacement housing units pursuant to the Ordinance.

- The 32-unit YWCA was renovated in 2010.
- The 104-unit Studios at the Hotel Berry is under renovation with completion anticipated by June 2012.
- The 58-unit Ridgeway Hotel owner has submitted a funding and conversion application to renovate the hotel into 22 affordable SRO units.
- The 80-unit Shasta Hotel owner renovated in 1994.
- The 90-unit Sequoia Hotel owner renovated in 1985.
- The 150-unit 7th & H project's estimated completion date is December 2012.

In addition to the five SHRA regulated residential hotels, the Wendell Hotel received conversion approval to withdraw 19-units in 2009, and there are four non-regulated residential hotels subject to the Ordinance including the Capitol Park, the Congress, the Golden, and the Marshall.

Since last year's report, occupancy has increased or remained the same in nine hotels (regulated and non-regulated residential hotels) with only one hotel having a slightly higher number of vacant units.

Overall, the non-regulated hotels vacancy rate of 7% to 33% is much higher than the regulated hotels vacancy rate of 7% to 11%. This assessment does not factor in two vacant regulated residential hotels (one is under renovation and the other is in the process of obtaining funding for renovation).

Withdrawn / Replacement Housing

Since the last annual report, no SRO residential hotel units have been formally withdrawn. However, the owner of the Ridgeway Hotel has submitted a Conversion Certificate application to withdraw 36 units in order to renovate and reconfigure the hotel into 22 affordable studio units.

A separate SHRA staff report requesting authority to withdraw 36 units at the Ridgeway Hotel and to utilize the 7th and H project as the source of replacement housing units is being brought forward concurrent with this report.

The Marshall Hotel owner notified SHRA of their continued intention to apply for the withdrawal of 95 SRO units in order to proceed with the adaptive reuse of the hotel in the future.

The 7th & H SRO project has been identified as a site for the 131 replacement housing units resulting from the Conversion application by the Ridgeway Hotel and planned withdrawal of the Marshall Hotel.

Annual Report on Residential Hotels

Boulevard Court

Additionally, information on the 75-unit Boulevard Court project completed in 2011 is included in the Certification Summary – Attachment 3. Pursuant to the project's special permit and Council Resolution 2008-526, the annual report required for the project is to be included in this annual report.

A list of the residential hotels covered by the Ordinance with the results of the annual certification is included as Attachment 2.

Policy Considerations: This report complies with the requirement of City Code Section 18.20.60, which requires an annual report on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Environmental Considerations:

California Environmental Quality Act (CEQA): The specific actions herein consist of the filing of a report and are not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(5)].

Sustainability Considerations: Not Applicable

Other: Not Applicable

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* This report was reviewed by the Sacramento Housing and Redevelopment Commission as an information only item on March 7, 2012.

Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: _____

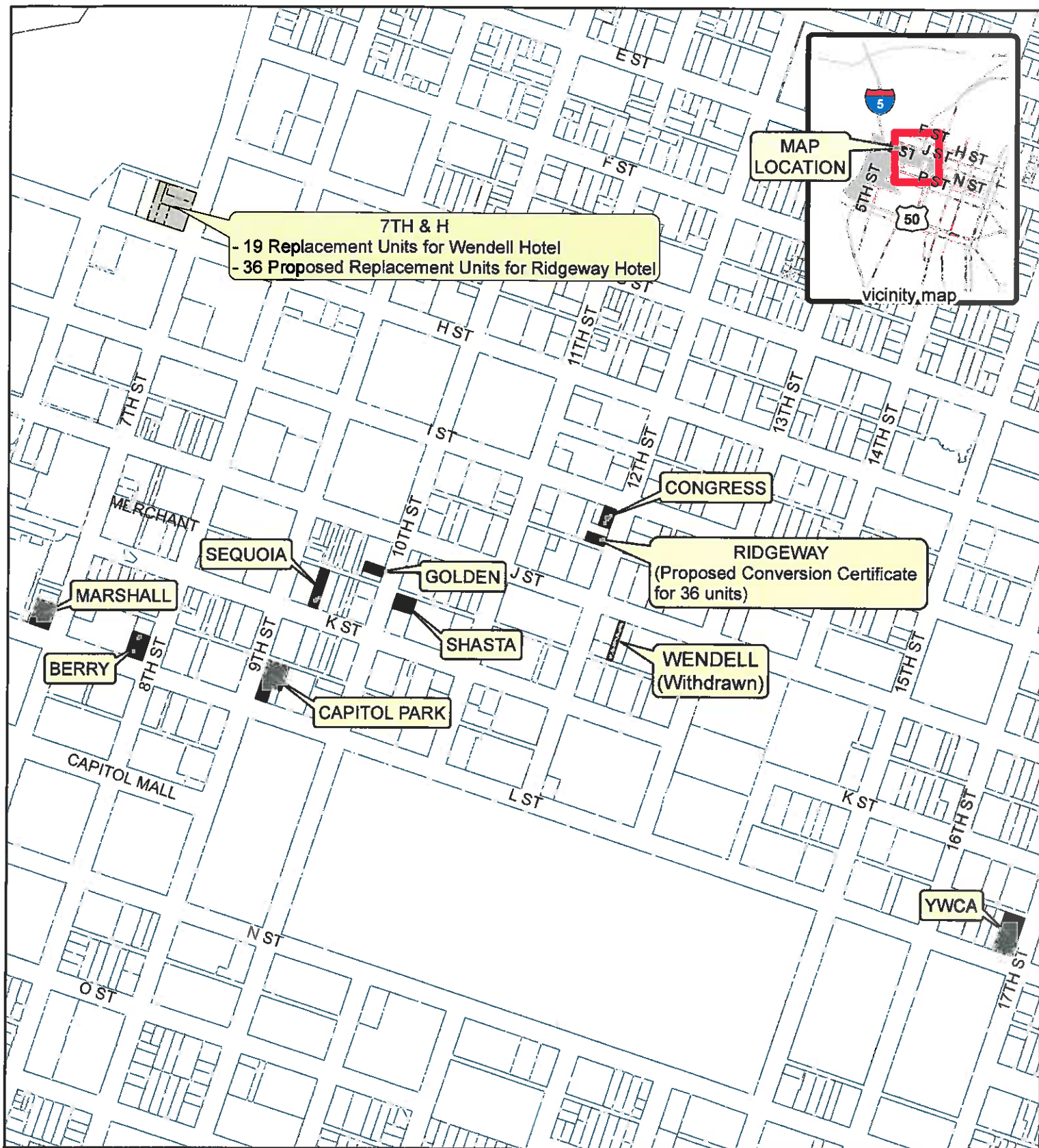

LA SHELLE DOZIER
Executive Director

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Residential Hotels Identified in City Code Chapter 18.20 Subject To, Withdrawn and /or Replacement Units



Withdrawn Unit
 Replacement Housing Site
 Residential Hotel Included In Ordinance

0 350 700 Feet



SHRA GIS
February 14, 2012

Residential Hotel Certification Summary 2012

March 20, 2012

Property	Address	Subject to Ordinance	Planned Change In Use	Total Number Units	Approved Withdrawn Units	Approved Replacement Units	Total Number Vacant Units	Mthly Rent w/ Bath	Mthly Rent w/o Bath	Resident Services	Agency Reg. Agmt.	Comments
Berry Hotel	729 L St.	Yes	No	105	0	0	105	\$399-\$599	N/A	Yes	Yes	Renovation completion anticipated by June 2012.
Capitol Park Hotel	1125 9th St.	Yes	No	180	0	0	60	\$515	\$495	*	No	
Congress Hotel	906 12th St.	Yes	No	27	0	0	9	\$525	\$500	*	No	
Golden Hotel	1010 10th St.	Yes	No	26	0	0	2	N/A	\$380	*	No	
Marshall Hotel	1122 7th St.	Yes	Yes	95	0	0	30	\$490	\$485	*	No	Owner notified SHRA of intention to withdraw 95 units for future adaptive reuse. 7th & H will provide the 95 replacement units.
Ridgeway Hotel	912 12th St.	Yes	Yes	58	0	0	58	N/A	N/A	N/A	Yes	Owner submitted Conversion Application for 36 units to renovate property into 22 studio units. 7th & H will provide the 36 replacement units.
Sequoia Hotel	911 K St.	Yes	No	90	0	0	10	\$410	\$385	*	Yes	
Shasta Hotel	1017 10th St.	Yes	No	80	0	0	6	N/A	\$406	*	Yes	
YWCA	1122 17th St.	Yes	No	32	0	0	0	\$588	\$298	*	Yes	
7th & H Project	625 H St.	Replacement Units	No	150	0	19	N/A	\$266-\$666	N/A	Yes	Yes	Under construction & anticipated completion by December 2012. 150 replacement units for the withdrawn Wendell (19), proposed withdrawal Ridgeway (36) & anticipated withdrawal Marshall (95).

Property	Address	Subject to Ordinance	Planned Change In Use	Total Number Units	Approved Withdrawn Units	Approved Replacement Units	Total Number Vacant Units	Mthly Rent w/ Bath	Mthly Rent w/o Bath	Resident Services	Agency Reg. Agmt.	Comments
Wendell Hotel	1208 J St.	No	N/A	N/A	19	0	N/A	N/A	N/A	N/A	No	Approved Conversion Certificate and Replacement Housing Plan for 19 units at 7th & H.

Total Units Subject To Ordinance & Replacement Units 824

Total Units Approved Withdrawn 19

Total Units Anticipated Withdrawn 131

Total Units 712

* **Downtown SRO Collaborative Services provided by TLCS**

Boulevard Court Certification Summary

March 20, 2012

Property	Address	Planned Change In Use	Total Number Units	Total Number Vacant Units	Mthly Rent w/ Bath	Resident Services	Agency Reg. Agmt.	Comments
Boulevard Court	5321 Stockton Blvd	No	75	0	\$266	Yes	Yes	Project completed in June 2011.



March 4, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios


SUMMARY

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

RECOMMENDATION

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

Respectfully submitted,



LASHELLE DOZIER
Executive Director

Attachment



**REPORT TO COUNCIL AND
HOUSING AUTHORITY AS
SUCCESSOR HOUSING AGENCY**

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

**Public Hearing
March 20, 2012**

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

**Title: Approval of Agency Financing, Conversion Certificate and Replacement
Housing Plan for Ridgeway Studios**

Location/Council District: 912-914 12th Street; Council District 1

Recommendation: 1) a **Council Resolution** a) approving funding for an Agency loan to the project of up to \$1,200,000 comprised of \$1,130,880 in City Home Investment Partnership (HOME) Funds and \$69,120 in proceeds from a relocation payment made by Ridgeway SRO Investors, L.P. to Sacramento Housing and Redevelopment Agency (Agency) pursuant to Residential Hotel Ordinance 2006-056, b) authorizing the Agency to execute a commitment letter with Ridgeway SRO Investors, L.P., or related entity; 2) a **Council Resolution** a) approving the Ridgeway Hotel Conversion Certificate; and b) approving the Replacement Housing Plan for the Ridgeway Hotel; and 3) a **Housing Authority (as Successor Housing Agency) Resolution** a) approving the assumption and restructuring of existing Low-Moderate Tax Increment loan in the amount of approximately \$300,000 plus accrued interest to Ridgeway SRO Investors, L.P.

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

Presenters: Katherine Klein McFadden, Management Analyst, Development Finance

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Ridgeway Hotel, built in 1912, is a four-story single room occupancy (SRO) residential hotel located at 912-914 12th Street. The property's residential units have been vacant and boarded since 2007. The building was rehabilitated 25 years ago and needs substantial renovation. The proposed project will rehabilitate and convert 58 existing SRO rooms with shared baths into 22 affordable studio units with a full kitchen and bathroom. Proposed residential

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

amenities include community space, laundry room, and secure parking for bicycles/scooters. A location map and site map are provided as Attachments 1 and 2 respectively.

The project is proposed to be funded with nine percent Low Income Housing Tax Credit (LIHTC) equity, a new Agency loan, an assumption of existing Agency and State of California Housing and Community Development (HCD) debt, and a deferred developer fee during the construction period. The 22 units will be affordable to individuals earning 30 to 60 percent or less of the Area Median Income (AMI). The LIHTC and Agency loan affordability restrictions would continue in effect for the remainder of their 55-year term.

Staff is recommending approval of a \$1,200,000 Agency loan and assignment and restructure of existing \$300,000 Agency debt plus accrued interest for the rehabilitation and permanent financing of the Ridgeway Studios.

The Ridgeway Hotel is subject to a Residential Hotel Ordinance which includes a No Net Loss Policy to maintain 712 units. The Ordinance requires owners to notify the Agency if they plan to withdraw, convert or demolish units. The City Council has the authority to approve and issue a Conversion Certificate if they deem the applicant has complied with the requirements of the Ordinance and comparable replacement units have been located.

The Ridgeway Hotel Owner has submitted a Conversion Certificate application to Agency staff for the 36 units requested to be withdrawn from service. Staff is recommending approval of the Conversion Certificate and the Replacement Housing Plan allowing the 150-unit 7th and H project to serve as the source of the replacement units.

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: This report recommends the approval of a Conversion Certificate and Replacement Housing Plan consistent with the City's Residential Hotel Ordinance.

The recommended lending actions are consistent with the Agency's previously approved multifamily lending and mortgage revenue bond policies with one exception regarding one of the management partners. Staff recommends the development entity include Ali Youssefi, as Co-General Partner. Although he does not meet the ownership qualification and experience requirements outlined in the Agency's policies, the Egis Group, Inc. the other Co-General Partner does meet the requirement.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on a regular basis.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged. The proposed action is also categorically exempt under CEQA, Section 15331, which exempts Historical Restoration/Rehabilitation actions.

Sustainability Considerations: The Ridgeway Studios 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; and (3) Goal number five – Public Health and Nutrition, specifically by maximizing the number of amenities that are located within ½ mile of all residents.

Other: The specific actions herein are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a)(2) and (3), which exempt information and financial services, and administrative and management activities respectively. In accordance with 24 CFR Part 58 Subpart E, environmental review for the Ridgeway Studios Project is currently underway, and will be completed prior to any choice limiting action.

Committee/Commission Action: At its meeting on March 7, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this project. The votes were as follows:

AYES:

NOES:

ABSENT:

March 20, 2012

**Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios**

Rationale for Recommendation: The recommendations in this report will allow the reconfiguration and modernization of the Ridgeway Hotel into 22 affordable SRO studio units with improved residential amenities, upgrades to the building's major systems for increased energy efficiency and safety, and will contribute to the continued revitalization of downtown Sacramento. Additionally, the approval of this project furthers the Agency's mission to provide a range of affordable housing opportunities in the City.

Financial Considerations: This report recommends Agency financing of a \$1,200,000 loan comprised of \$1,130,880 in City HOME funds and \$69,120 of proceeds from the Residential Hotel Ordinance Relocation Assistance Fund for rehabilitation and permanent financing of the Ridgeway Studios. The Agency will receive an annual payment for monitoring the regulatory restrictions and administration of the loan in the amount of 0.15 percent of the loan amount for the term of the set-aside requirements. A loan commitment letter is included as Exhibit A of Attachment 7.

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

Respectfully Submitted by:

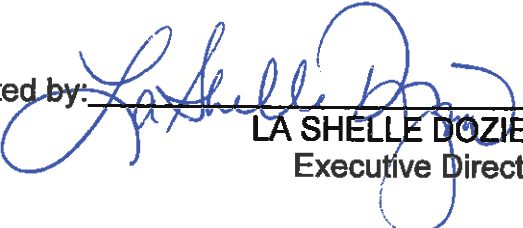

LA SHELLE DOZIER
Executive Director

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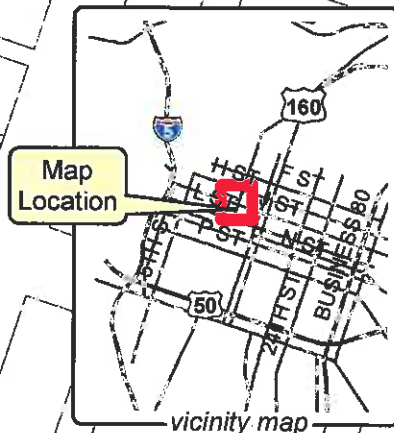
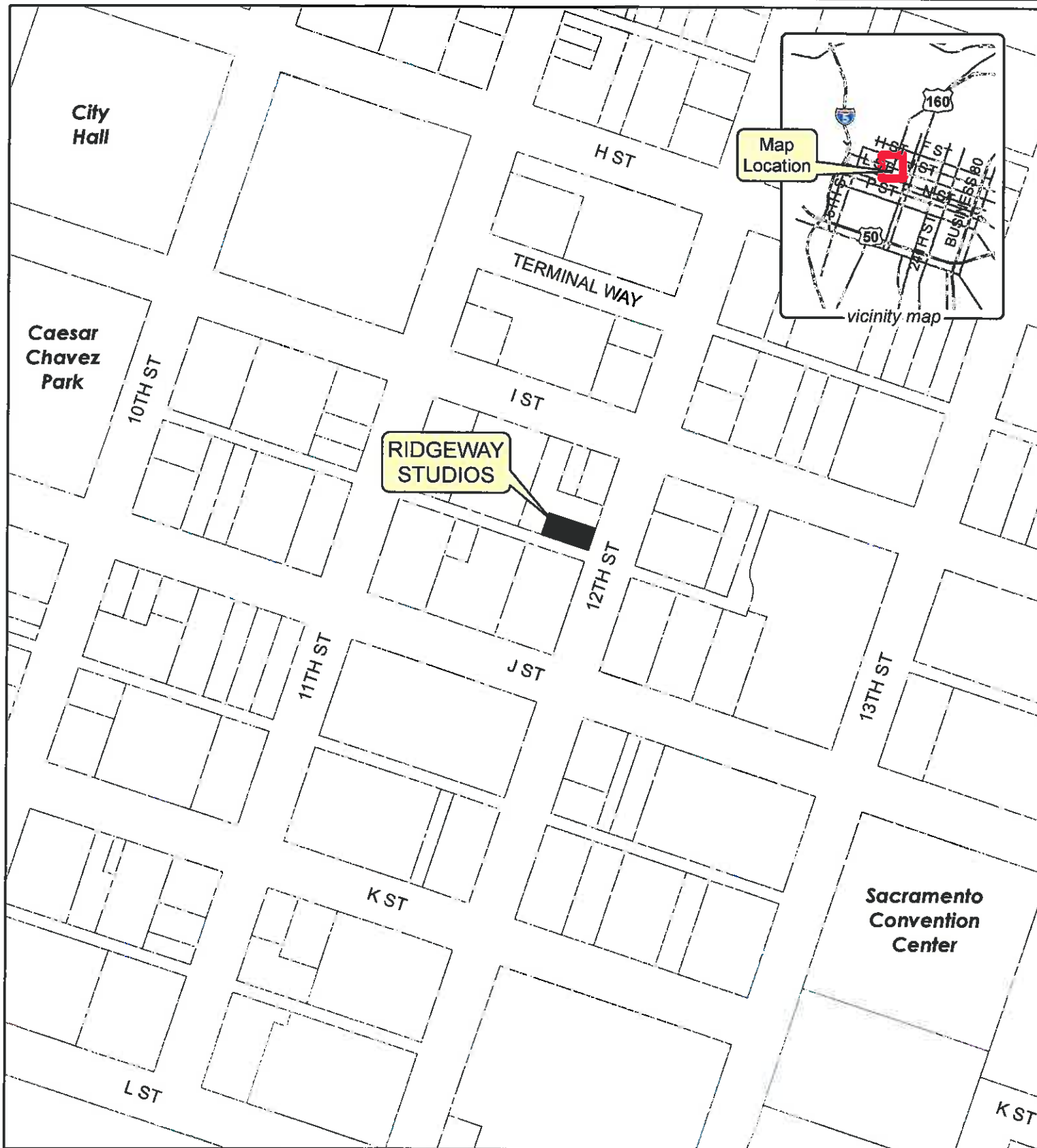
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5	Project Cash Flow Pro Forma	pg. 12
6	Schedule of Maximum Rents and Incomes	pg. 13

**Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios**

7	City Council Resolution	pg. 14
	Exhibit A: Commitment Letter	pg. 16
8	City Council Resolution	pg. 26
	Exhibit A: Replacement Housing Plan	pg. 27
9	Housing Authority as Successor Housing Agency Resolution	pg. 30



Ridgeway Studios



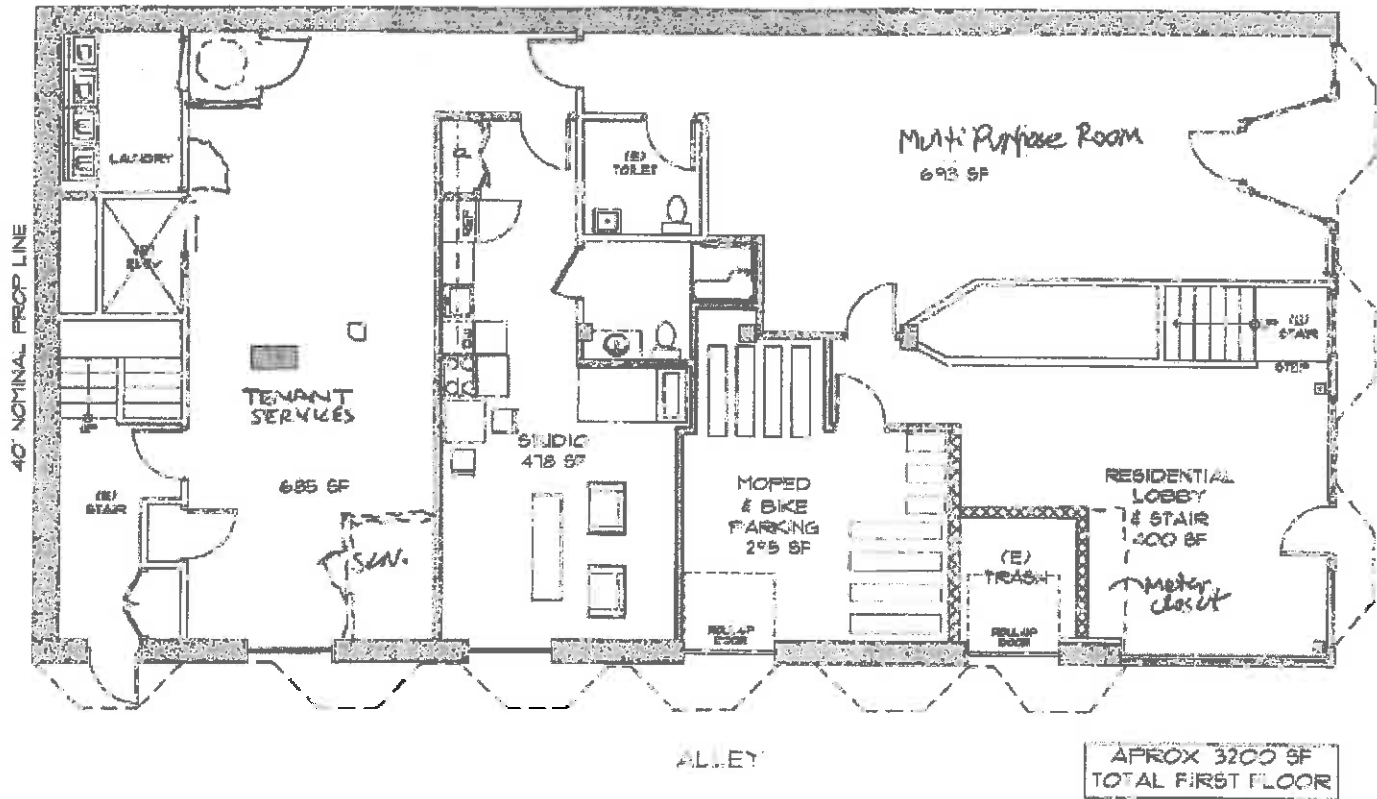
Ridgeway Studios Parcel

0 100 200 400 Feet



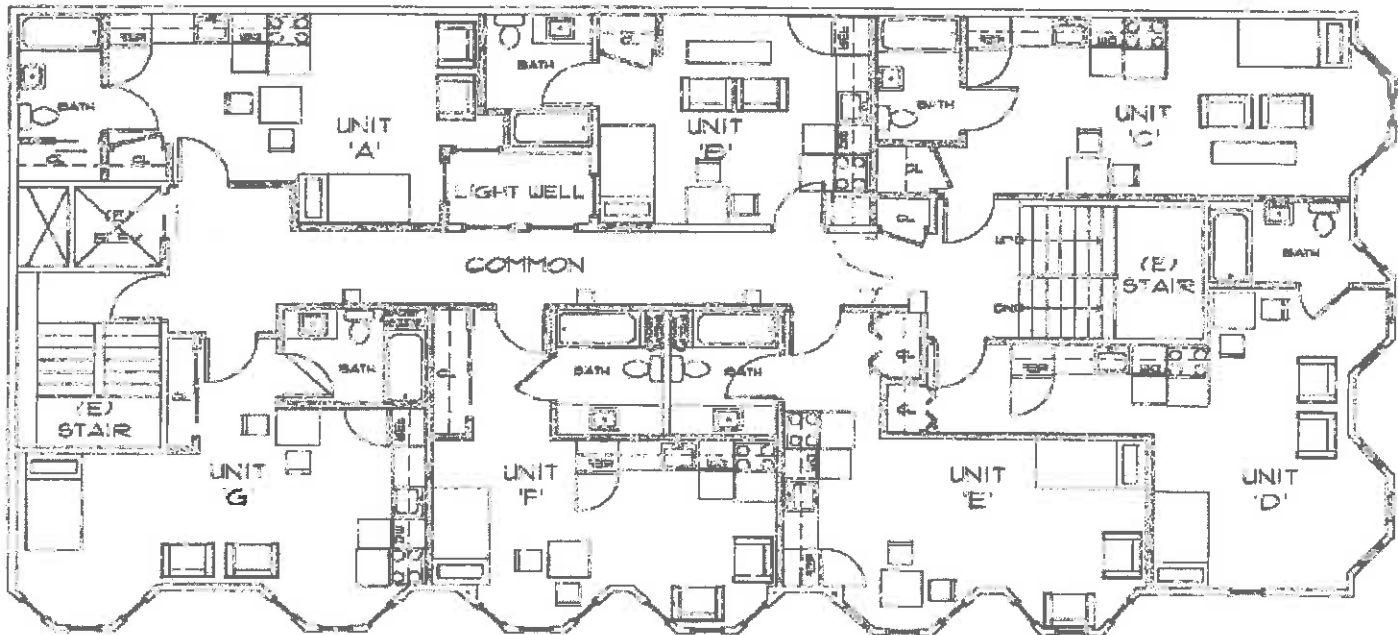
SHRA GIS
February 16, 2012

80' NOMINAL PROP LINE



PROPOSED FIRST FLOOR PLAN

SCALE: 1/4" = 1'-0" 1/8" = 1'-0" on 11x17"



PROPOSED SECOND FLOOR PLAN

SCALE: 1/4" = 1'-0" 1/8" = 1'-0" on 11x17"

Ridgeway Studios Background Information

Description of Development: The Ridgeway Hotel is a 4-story single room occupancy (SRO) residential hotel located at 912-914 12th Street, Sacramento CA. The building was constructed in 1912 and needs substantial renovation since it was rehabilitated 25 years ago in 1987. The property has been vacant and boarded since 2007 with the exception of one ground floor commercial tenant. The proposed project will convert 58 SRO rooms into 22 affordable studio units and is subject to the City's SRO preservation ordinance. Amenities will include community space, laundry room, secure parking for bicycles/scooters, tenant storage and resident services. The property is adjacent to light rail, bus lines and within walking distance of many amenities including restaurants, services, shops and parks.

The proposed rehabilitation budget of approximately \$6.9 million will facilitate necessary repairs to bring the property up to market standards while preserving the unique historical nature of the building. The improvements will increase accessibility and life safety standards. All unit interiors will be renovated and upgraded with new fixtures and finishes including a full bathroom and kitchen facility. Exterior improvements include stucco repair, new paint, energy efficient windows, new roof, security cameras, and improved lighting.

Ridgeway SRO Investors, L.P. (Developer) is requesting a \$1.2 million Agency loan to help finance the project. The Developer is also requesting a Residential Hotel Conversion Certificate for the 36 units that are proposed to be withdrawn from operation.

History of the Residential Hotel Ordinance

Over 25 years ago the City adopted an ordinance providing relocation benefits to tenants of residential hotels or SROs displaced by the conversion or demolition of an SRO (City Code 18.20). In May 2005 the City Council approved a resolution calling for rehabilitation of existing residential hotels in the downtown and a strategy for creation of new units for very low income tenants. In March 2006 the City Council adopted a resolution to create a SRO preservation ordinance by modifying Municipal Code Section 18.20. The ordinance requires noticing, relocation payments, and a Conversion Certificate application evidencing that the requirements have been met. The Agency's role in the conversion process is to ensure that the ordinance is adhered to and aid in the provision of replacement housing if units are lost, but the Agency has no authority to stop a conversion from taking place.

The Ridgeway owner submitted a Notice for Withdrawal in February 2011 and a Conversion Certificate application in February 2012. It has been determined the owner is subject to a Relocation Assistance Fund Payment required under the ordinance for the 36 units proposed to be withdrawn. The Agency has developed a Replacement Housing Plan for the 36 withdrawn units.

Developer: The project will be developed by Ridgeway SRO Investors, L.P. is a joint venture partnership formed between Egis Group, Inc, and Ali Youssefi Co-Developers and Co-General Partners). The combined experience of the Developer is more than 26 affordable housing developments throughout California including acquisition rehabilitation and new construction and mixed-use properties. John Cicerone, the President and Owner of the Egis Group, Inc., has been developing affordable housing for over ten years with two LIHTC tax projects currently under construction totaling 210 units. Ali Youssefi is a Principal with CFY Development, Inc. (CFY) with direct experience developing 10 affordable housing developments. Currently, Mr. Youssefi in his capacity of Principal of CFY is working on the development of the 700 K Street Block project.

Property Management: CFY Development, Inc currently has a management portfolio with over 25 projects throughout over 20 municipalities in California. CFY is also active in Sacramento and manages two projects in Sacramento including Auburn Senior Apartments (78 units) and Globe Mills (143 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.

Residential Services Plan: Resident services are to be provided by Life Skills Training and Educational Programs, Inc. (LifeSTEPS) whose mission is to strengthen families and communities through programs with a focus on life skills training, education and supportive services that meet the needs of the residents. LifeSTEPS is an experienced social service provider since 1996 and is already working at several affordable projects in Sacramento. LifeSTEPS has submitted a resident services plan for Agency approval detailing the scope and schedule of services to be provided. A minimum of 10 hours per week of resident services will be provided on-site to the residents at no charge.

Project Financing: The project is proposed to be funded with approximately \$3,927,000 in nine percent Low Income Housing Tax Credit (LIHTC) equity, a \$1,200,000 new Sacramento Housing and Redevelopment Agency (Agency) loan, an assumption of \$300,000 existing Agency debt plus accrued interest and existing \$1,332,000 State of California Housing and Community Development (HCD) loan, and a deferred developer fee during the construction period.

Additionally, this report recommends restructuring the existing Agency loan on the project to ensure the continued financial viability of the development. The Low/Moderate Tax Increment loan was originated in 1987 and an outstanding balance of \$300,000 plus accrued interest which can never be repaid from project cash flow because of the restricted rents on the project. Staff recommends this loan be due at maturity, and the maturity date extended to match the maturity date of the Agency's new \$1,200,000 loan.

Redevelopment Successor

As of February 1, 2012, all Redevelopment Agencies (RDAs) were dissolved and their assets, properties, contracts, leases, and ongoing functions were transferred to successor agencies. The City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA. The assumption and restructuring of the original Ridgeway debt requires PHA approval because its original funding source was Low/Moderate Tax Increment.

Low-income Set-aside Requirements: The tax credits, Agency loan, and assumed Agency debt together will require the 22 units to be affordable to individuals earning 30 to 60 percent or less of the Area Median Income (AMI). 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
LIHTC, Existing Agency and HCD Loans	Extremely Low-Income (30% AMI)	3	55 years
LIHTC, Existing Agency and HCD Loans, New Agency Loan	Very Low-Income (40% AMI)	18	55 years
LIHTC	Low-Income (60% AMI)	1	55 Years

Ridgeway Studios Project Summary

<u>Address</u>	912-914 12th Street		
<u>Number of Units</u>	22		
<u>Year Built</u>	1912		
<u>Acreage</u>	.073 acres		
<u>Affordability</u>	3 units at or below 30% of Area Median Income (AMI) 18 units at or below 40% of AMI 1 Manager's Units at or below 60% AMI		
<u>Unit Mix and Rents</u>	(30% AMI)	(40% AMI)	(60% AMI)
SRO Studio	3	18	1
<u>Square Footage</u>	<u>Residential & Building</u>	<u>Common Area</u>	<u>Total</u>
Total	10,373	2907	13,280
<u>Resident Facilities</u>	The Ridgeway Hotel is a 4-story SRO residential hotel built in 1912. The project will rehabilitate and convert 58 SRO rooms with a shared bath into 22 affordable studio units with a kitchen and full bath. Amenities will include community space, laundry room, secure parking for bicycles/scooters and resident services.		
<u>Estimated Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per SF</u>
Tax Credit Equity	\$ 3,927,000	\$ 178,500	\$ 296
Existing HCD Loan	\$ 1,332,000	\$ 60,545	\$ 100
Existing SHRA Loan	\$ 518,150	\$ 23,552	\$ 39
New SHRA Loan	\$ 1,200,000	\$ 54,545	\$ 90
TOTAL SOURCES	\$ 6,977,150	\$ 317,143	\$ 525
<u>Estimated Uses</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per SF</u>
Acquisition	2,234,150	\$ 101,552	\$ 168
Construction	2,126,702	\$ 96,668	\$ 160
Building Permits	150,000	\$ 6,818	\$ 11
Architecture, Engineering, Survey	218,000	\$ 9,909	\$ 16
Construction Contingency	176,026	\$ 8,001	\$ 13
Financing Costs	149,000	\$ 6,773	\$ 11
Operating Reserve	675,000	\$ 30,682	\$ 51
Developer Fee	524,973	\$ 23,862	\$ 40
Third Party Reports, Marketing, Other	723,298	\$ 32,877	\$ 54
TOTAL USES	\$ 6,977,150	\$ 317,143	\$ 525
<u>Management / Operations</u>	CFY Development Inc.		
Property Management Company:			
Operations Budget:	\$118,970 per year	\$5,408 per unit	
Replacement Reserves:	\$6,600 per year	\$300 per unit	

Ridgeway Studios
Project Cash Flow Proforma

Unit Type	Number	Apprx Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
Studio @ 30% AMI	3	385	1,155	\$ 399	\$ 56	\$ 343	\$ 0.89	\$ 1,029	\$ 12,348
Studio @ 40% AMI	18	385	6,930	\$ 533	\$ 56	\$ 477	\$ 1.24	\$ 8,586	\$ 103,032
Studio Manager's Unit @ 60% AMI	1	385	385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	22		8,470					\$ 9,615	\$ 115,380

	annual rate	annual increase	per unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 10	Year 15
Income											
Potential Gross Income		2.50%		115,380	118,265	121,221	124,252	127,358	130,542	144,094	163,029
Other Income		2.50%		1,584	1,624	1,664	1,706	1,748	1,792	1,978	2,238
Less Vacancy	10.00%			11,538	11,826	12,122	12,425	12,736	13,054	14,409	16,303
Effective Gross Income				\$105,426	\$108,062	\$110,763	\$113,532	\$116,371	\$119,280	\$131,663	\$148,964
Operating Expenses											
Operating Expenses		3.50%	4,091	90,000	93,150	96,410	99,785	103,277	106,892	122,661	145,683
Assessments		2.00%	106	2,330	2,377	2,424	2,473	2,522	2,573	2,785	3,074
Property Management		3.50%	420	9,240	9,563	9,898	10,245	10,603	10,974	12,593	14,957
Social Services		3.00%	791	17,400	17,922	18,460	19,013	19,584	20,171	22,703	26,319
Replacement Reserves			300	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
Total Expenses			5,708	\$125,570	\$129,612	\$133,792	\$138,115	\$142,586	\$147,210	\$167,342	\$196,633
Net Operating Income				(\$20,144)	(\$21,550)	(\$23,029)	(\$24,583)	(\$26,216)	(\$27,930)	(\$35,679)	(\$47,669)
Debt Service											
HCD Senior Loan	\$1,332,000	3.00%	30	0	0	0	0	0	0	0	0
Other Operating Expenses											
SHRA Annual Monitoring Fee	\$1,200,000	0.15%		1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Other Operating Expenses Subtotal				1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Priority Distributions											
Asset Management Fee (GP)		2.00%		6,600	6,732	6,867	7,004	7,144	7,287	7,888	8,709
Partnership Management Fee (LP)		3.00%		5,000	5,150	5,305	5,464	5,628	5,796	6,524	7,563
Priority Distributions Subtotal				11,600	11,882	12,171	12,468	12,772	13,083	14,411	16,272
SHRA New Loan											
Principal Balance	\$1,200,000	1.00%		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Interest for Period				12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Accumulated Interest				12,000	24,000	36,000	48,000	60,000	72,000	120,000	180,000
Payment				0	0	0	0	0	0	0	0
Balance				\$1,212,000	\$1,224,000	\$1,236,000	\$1,248,000	\$1,260,000	\$1,272,000	\$1,320,000	\$1,380,000
Net Operating Loss				(\$33,544)	(\$35,232)	(\$37,000)	(\$38,851)	(\$40,787)	(\$42,813)	(\$51,890)	(\$65,740)
Capitalized Operating Reserve											
Balance Operating Deficit Reserve	\$675,000	0.8800%		675,000	647,396	617,861	586,298	552,607	516,682	348,399	73,224
Interest Earned				5,940	5,697	5,437	5,159	4,863	4,547	3,066	644
Withdrawal from Operating Deficit Reserve				(33,544)	(35,232)	(37,000)	(38,851)	(40,787)	(42,813)	(51,890)	(65,740)
Accumulated Balance of Reserve				647,396	617,861	586,298	552,607	516,682	478,416	299,574	8,128

MAXIMUM RENT AND INCOME LEVELS 2012
(Rents @ 30%, 40%, and 60% of AMI where applicable)

Maximum Income Limits:			
Family Size	30% AMI Max Income	40% AMI Max Income	60% AMI Max Income
1 person	\$15,990	\$21,320	\$31,980
2 person	\$18,270	\$24,360	\$36,540
Maximum Rent Limits:			
9% Low-Income Housing Tax Credit Program and HOME Program			
Unit Size	Gross Rent 30% AMI	Gross Rent 40% AMI	Gross Rent 60% AMI
Studio/SRO	\$399	\$533	\$799

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

RESOLUTION NO. 2012 –

Adopted by the Sacramento City Council

on the date of

**RIDGEWAY STUDIOS: APPROVAL OF UP TO \$1,200,000 AGENCY LOAN
COMMITMENT; EXECUTION OF LOAN COMMITMENT AND RELATED
DOCUMENTS WITH RIDGEWAY SRO INVESTORS, L.P. OR RELATED ENTITY;
AND RELATED BUDGET AMENDMENT**

BACKGROUND

- A. Ridgeway SRO Investors, L.P. ("Developer") has applied for an allocation of One Million Two Hundred Thousand Four Hundred Dollars (\$1,400,000) Agency Loan comprised of \$1,130,880 in City Home Investment Partnership Program Funds (HOME) and \$69,120 in Residential Hotel Relocation Assistance Payment Funds to assist in funding the construction and permanent financing of the 22-unit Ridgeway Studios Project.
- B. The Ridgeway Studios Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines.
- C. The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged. The proposed action is also categorically exempt under CEQA, Section 15331, which exempts Historical Restoration/Rehabilitation actions
- D. The specific actions herein are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a)(2) and (3), which exempt information and financial services, and administrative and management activities respectively. In accordance with 24 CFR Part 58 Subpart E, environmental review for the Ridgeway Studios Project is currently underway, and will be completed prior to any choice limiting action.

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

- Section 1. The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Sections 15301

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

and 15331. NEPA is currently underway, and will be completed prior to any choice limiting action.

Section 2. The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Ridgeway Studios Project ("Loan Commitment") is approved and the Sacramento Housing and Redevelopment Agency ("SHRA") is authorized to execute the Loan Commitment and related documents and transmit to Ridgeway SRO Investors, L.P. or related entity. SHRA will return to the City Council for approval of loan documents.

Section 3. SHRA is authorized to amend the Agency budget to transfer One Million One Hundred Thirty Thousand Eight Hundred Eighty Dollars (\$1,130,880) from City Home Investment Partnership Program (HOME) funds and Sixty Nine Thousand One Hundred Twenty Dollars (\$69,120) of Residential Hotel Relocation Assistance Payment Funds to the Ridgeway Studios Project.

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Exhibit A - Commitment Letter

March 20, 2012

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

EXHIBIT A

March 7, 2012

Mr. John Cicerone, Egis Group, Inc.
Mr. Ali Youssefi
c/o Ridgeway SRO Investors, L.P.
1006 Fourth Street, Suite 701
Sacramento, CA 95814

RE: Conditional Funding Commitment, Ridgeway Studios

Dear Mr. Cicerone and Mr. Youssefi,

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 \$1,200,000 comprised of \$1,130,880 in City Home Investment Partnership Program ("HOME") funds and \$69,120 in proceeds from a relocation payment made by the Developer to SHRA pursuant to Residential Hotel Ordinance 2006-056; and to assign the existing Agency debt in the amount of \$300,000 plus accrued interest of \$218,150 (Assigned Loan) for the purpose of financing the development of that certain real property located at 912-914 12th Street in Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No 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 March 20, 2012. 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.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

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 December 31, 2012.

1. PROJECT DESCRIPTION: The project is the acquisition, rehabilitation, and reconfiguration of existing property at 912-914 12th Street in Sacramento County. At least 3 units will be affordable to individuals earning less than 30 percent of the area median income (AMI), at least 18 units will be affordable to individuals earning less than 40 percent of AMI, with the exception of one manager unit which will be affordable to individuals earning less than 60 percent of the AMI.
2. BORROWER: The name of the Borrower for the Loan is Ridgeway SRO Investors, L.P. or 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) One Million Two Hundred Thousand Dollars (\$1,200,000), 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: The Loan shall mature 42 years from the date of the first disbursement.
6. INTEREST RATE: The Loan shall bear simple interest at One Percent (1%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
8. LOAN REPAYMENT: All outstanding principal and interest is due and payable on the maturity date.
9. SOURCE OF LOAN FUNDS: Agency is making the Loan of \$1,200,000 comprised of \$1,130,880 in City HOME funds and \$69,120 in Residential Hotel Relocation Assistance Payment 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 11 or fewer 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

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

of more units assisted with HOME funds shall not apply. The HOME units at the project shall float. 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)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a 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.
13. 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;

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.

14. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$3,927,000 in Low Income Housing Tax Credit Equity and no less than \$1,332,000 in State of California Housing and Community Development (HCD) Loan.
15. 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.
16. 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.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgment of the Agency, to pay for the remainder of the

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement for construction related expenses, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. 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.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

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 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.
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. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
26. **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).
27. **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

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

- 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.
28. 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.
29. 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.
30. ACQUISITION OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's acquisition of the Property.
31. 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.
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.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

33. 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.
34. 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.
35. RESIDENT SERVICES PLAN: Borrower shall provide Agency with a detailed resident services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing resident 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 10 hours per week, including adult educational activities and service coordination; 3) a description of the programs to be offered, and; 4) a proforma resident services budget.
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. ASSIGNMENT OF EXISTING DEBT: The Agency will assign the existing \$518,150 (principal and accrued interest) of Agency debt to the Developer. The Agency has the right to extend the term of this loan to be consistent with the 42 year term of the new \$1,200,000 Agency Loan.
40. QUALIFIED CENSUS TRACT: In the event TCAC determines the project is not in a Qualified Census Tract (QCT) in the March 2012 funding round, the Agency will support, subject to City Council approval an increase in the loan amount to cover the funding gap created by the loss of the QCT designation.

March 20, 2012

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

41. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2012, the Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later April 30, 2014. If such an extension is granted, the Agency has the sole discretion to limit its commitment to a project receiving credit only from the SRO set-aside
42. 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.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

Dated:

March 20, 2012

**Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios**

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

BORROWER:

Ridgeway SRO Investors, L.P.

By: _____
John Cicerone, Egis Group, Inc.
Co-General Partner

Dated:

By: _____
Ali Youssefi
Co-General Partner

Dated:

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

RESOLUTION NO. 2012 -

Adopted by the Sacramento City Council

On date of

**APPROVAL OF RIDGEWAY HOTEL CONVERSION CERTIFICATE AND
REPLACEMENT HOUSING PLAN**

BACKGROUND

- A. The Ridgeway Hotel located at 912-914 12th Street has been vacant since 2007 and in need of substantial renovation.
- B. The owners of the Ridgeway Hotel have submitted an application for residential hotel conversion to Agency staff to convert 36 of the 58 residential hotel units.
- C. Payment to the Residential Hotel Ordinance Relocation Assistance Fund will apply for the 36 converted units.
- D. The Ridgeway Hotel conversion will result in the loss of thirty six (36) Single Room Occupancy (SRO) residential hotel units from the downtown housing stock.
- E. 22 units at the Ridgeway Hotel will remain subject to City Ordinance 2006-056.
- F. The proposed Ridgeway Studios project requires an award of nine percent Low Income Housing Tax Credits in order to proceed with the proposed renovation and reconfiguration of the hotel from 58 SRO rooms to 22 affordable studio units.

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

- Section 1. The City Council approves of the Conversion Certificate for the Ridgeway Hotel, located at 912-914 12th Street.
- Section 2. The Conversion Certificate and Payment to Relocation Assistance Fund is conditioned upon the Project receiving an award of nine percent Low Income Housing Tax Credits.
- Section 3. The City Council approves of the Replacement Housing Plan which will create replacement housing at 7th and H for the units lost as a result of the conversion of 36-units at the Ridgeway Hotel.

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Exhibit A – Replacement Housing Plan

Approval of Agency Financing, Conversion Certificate and Replacement Housing
Plan for Ridgeway Studios

EXHIBIT A

**REPLACEMENT HOUSING PLAN FOR
LOW-INCOME DWELLING UNITS**

**RIDGEWAY HOTEL
912-914 12th STREET**

Description of Property

The subject property is located at 912-914 12th Street in City Council District 1 on the west side 12th Street between I Street and J Street. This property consists of residential hotel single room occupancy (SRO) units located above ground floor retail space. The owner of the Ridgeway proposes to rehabilitate the existing 58 SRO room hotel into 22 affordable SRO studio units with a full kitchen and bath. Please refer to Attachment 1 for a map of the project site.

Based on an analysis of replacement housing requirements as outlined in Municipal Code 18.20.160, discussed more fully below, the Agency is required to replace housing units that are used as long term housing. The Agency is currently working on development and financing of the 7th and H property, which will serve as the replacement housing for the Ridgeway units which will be lost due to conversion.

Project Status

The Ridgeway Hotel is currently vacant and units are not being leased. The owner has requested a conversion certificate for 36 units which will allow the reconfigured from 58 SRO rooms to 22 affordable SRO studios which will remain subject to the Residential Hotel Ordinance.

Replacement Housing Needs

City Ordinance

The Ridgeway Hotel is subject to Municipal Code 18.20 governing downtown residential hotels, which requires a replacement housing plan under section 18.20.160. According to the code, residential hotel SRO units may be replaced within three (3) years of the date of the approval of the conversion certificate by the construction of new housing, rehabilitation of non-regulated property, or acquisition or purchase of covenants of existing non-regulated housing. Replacement units must have average rents not to exceed forty percent (40%) of the Sacramento metropolitan area median income (AMI). If an entire project

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

consists of comparable units, all units whose rents are regulated at or below fifty percent (50%) AMI may count as replacement units so long as the average rents of those units do not exceed 40% AMI. Furthermore, the replacement units must be located in close proximity to transportation and services and have an affordability covenant of no less than fifty-five (55) years.

The Sacramento Housing and Redevelopment Agency has identified the following units at the subject properties that must be replaced within the required three-year time period: thirty-six (36) SRO units which will be restricted to 40% AMI and have rents not to exceed 40% AMI.

Replacement Dwelling Units

The Agency will replace the required units at the 7th and H property.

The property will include between 150 mixed one-bedroom and studio units, with one-third to one-half of the units for special needs households that will require case management. These Permanent Supportive Housing (PSH) units would serve a range of formerly homeless and at-risk populations. The project would be developed in accordance with the City's Single Room Occupancy (SRO) Strategy, and thus the target population is primarily single individuals working in low wage jobs (up to 50% AMI) in the central city, and people living on social security and disability income.

The building will feature a variety of amenities, including community gathering rooms on each floor, two separate third floor roof gardens, retail space on the ground floor, a clinic on the second floor, and structured parking on the first and second floors.

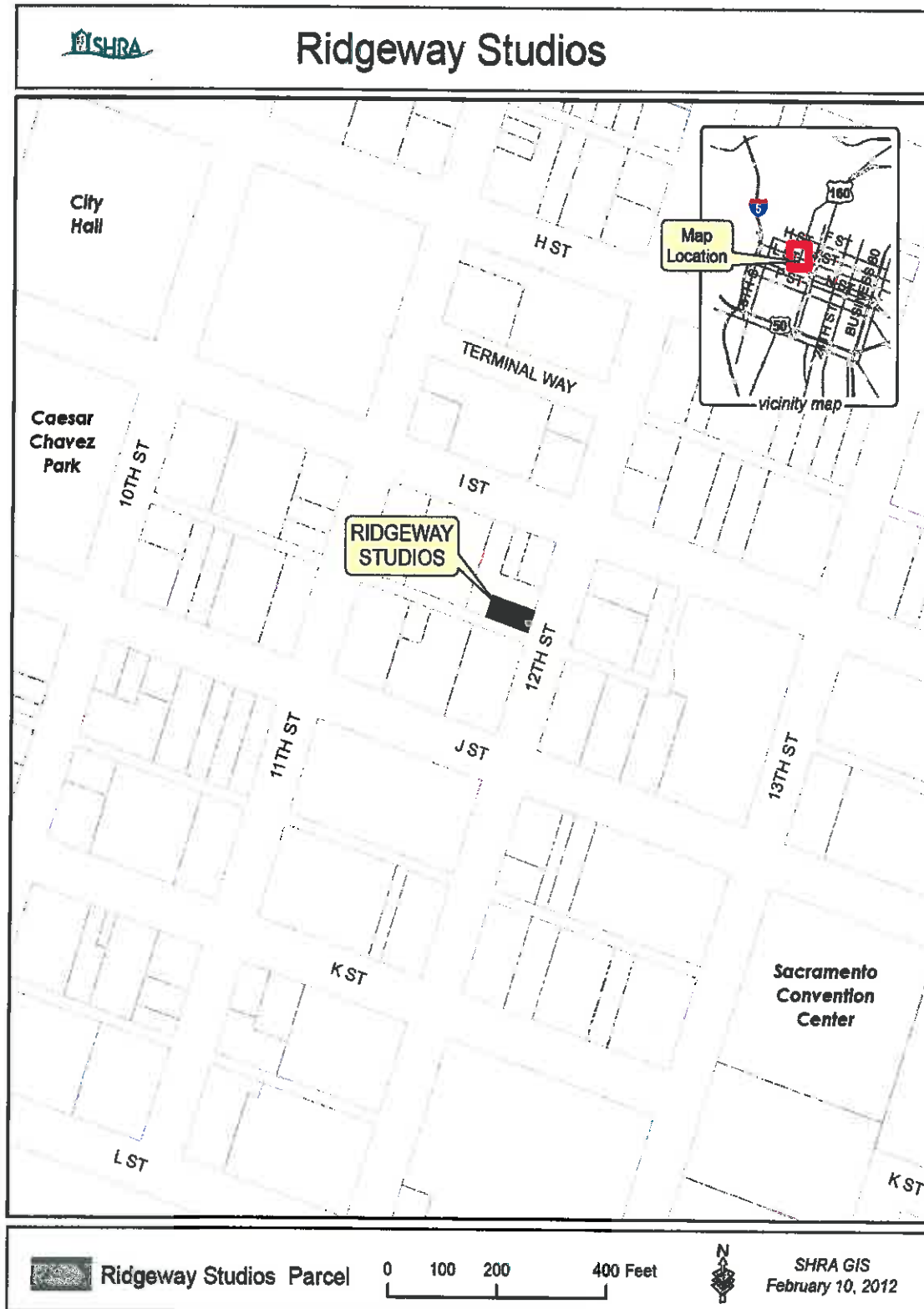
The Agency will replace the 36 SRO units lost at 912-914 12th Street with units at the 7th & H property with thirty six (36) SRO units at 40% AMI (low income).

Article XXXIV

The City of Sacramento is currently in compliance with its requirements under the California Constitution, Article XXXIV. The project being used as replacement housing for the units located at 912-914 12th Street in Sacramento, CA is within the current allocation and does not require a vote of the public.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

ATTACHMENT 1



Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan
for Ridgeway Studios

RESOLUTION NO. 2012 –

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

on date of

**RIDGEWAY STUDIOS: APPROVAL OF THE RESTRUCTURING OF OUTSTANDING
LOAN AND ASSUMPTION OF OBLIGATIONS BY RIDGEWAY SRO INVESTORS,
L.P. OR RELATED ENTITY, OR RELATED ENTITY;**

BACKGROUND

- A. Ridgeway SRO Investors, L.P. ("Developer") has applied for an allocation of One Million Two Hundred Thousand Four Hundred Dollars (\$1,200,000) comprised of \$1,330,880 in City Home Investment Partnership Program Funds (HOME) and \$69,120 in proceeds from a relocation payment made by the Developer to SHRA pursuant to Residential Hotel Ordinance 2006-056 to assist in funding the construction and permanent financing of the 22-unit Ridgeway Studios Project.
- B. The Project currently has a Low/Moderate Tax Increment Agency loan outstanding. The principle balance of the loan is \$300,000 plus \$218,150 of accrued interest.
- C. The original Agency signatory for the outstanding Agency loan was the Redevelopment Agency of the City of Sacramento.
- D. In 2011 the California Legislature enacted AB 1X 26 which law, coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012, and the transfer of all assets, properties, contracts and leases of the former redevelopment agencies to successor agencies, and requiring successor agencies to carry out the winding down of the redevelopment agencies.
- E. The City of Sacramento previously established the Redevelopment Agency of the City of Sacramento, a body corporate and politic ("Redevelopment Agency" or RDA) in order to carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the City.
- F. On January 31, 2012, the City designated the Housing Authority of the City of Sacramento (PHA) as the local authority to retain the housing assets and functions previously performed by the RDA.

Approval of Agency Financing, Conversion Certificate and Replacement Housing Plan for Ridgeway Studios

- G. On January 31, 2010 the PHA affirmatively elected pursuant to Health and Safety Code Section 34173 that it will serve as the "Successor Housing Agency" to the former Redevelopment Agency of City of Sacramento (RDA) and authorizes the Executive Director to take actions necessary to comply with the designation in a manner that is consistent with federal and state law.
- H. The existing project loan due to its Low/Moderate fund origin is a housing asset
- I. The specific actions herein are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a)(2) and (3), which exempt information and financial services, and administrative and management activities respectively. In accordance with 24 CFR Part 58 Subpart E, environmental review for the Ridgeway Studios Project is currently underway, and will be completed prior to any choice limiting action.

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

- Section 1. The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301 and NEPA is currently underway, and will be completed prior to any choice limiting action.
- Section 2. The restructuring of outstanding Agency loan and related documents in the amount of \$300,000 principal, plus \$218,150 of accrued interest to extend the maturity date and allow the assumption of the obligation by, Ridgeway SRO Investors, L.P., in order to ensure the continued viability of the development is approved. The loan may be subordinated if such subordination is required to obtain primary financing.

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

RIDGEWAY STUDIOS PROJECT: APPROVAL OF \$1,200,000 AGENCY LOAN; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH RIDGEWAY SRO INVESTORS, L.P., OR RELATED ENTITY

WHEREAS, Ridgeway SRO Investors, L.P. (Developer) has applied for an allocation of up to One Million Four Hundred Thousand Dollars (\$1,200,000) Agency Loan comprised of \$1,130,880 in City Home Investment Partnership Program Funds (HOME) and \$69,120 in Residential Hotel Relocation Assistance Payment Funds to assist in funding the construction and permanent financing of the Ridgeway Studios Project.

WHEREAS, the Ridgeway Studios Project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines.

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged. The proposed action is also categorically exempt under CEQA, Section 15331, which exempts Historical Restoration/Rehabilitation actions

WHEREAS, the specific actions herein are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a)(2) and (3), which exempt information and financial services, and administrative and management activities respectively. In accordance with 24 CFR Part 58 Subpart E, environmental review for the Ridgeway Studios Project is currently underway, and will be completed prior to any choice limiting action.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Sections 15301 and 15331. NEPA is currently underway, and will be completed prior to any choice limiting action.

Section 2. Subject to approval by the Sacramento City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Ridgeway Studios Project ("Loan Commitment") is approved and the Sacramento Housing and Redevelopment Agency ("SHRA") is authorized to execute the Loan Commitment and related documents and transmit to Ridgeway SRO Investors, L.P. or related entity. SHRA will return to the City Council for approval of loan documents.

Section 3. SHRA is authorized to amend the Agency budget to transfer One Million Two Hundred Thousand Dollars (\$1,200,000) comprised of \$1,130,880 in City Home Investment Partnership Program (HOME) funds and \$69,120 in Residential Hotel Relocation Assistance Payment Funds to the Ridgeway Studios Project.

CHAIR

ATTEST:

CLERK



March 7, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Home Investment Partnership Program (HOME) Loan for Willow Pointe
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:
March 13, 2012
10:00a.m.

To: Board of Supervisors of Sacramento County

From: Sacramento Housing and Redevelopment Agency

Subject: Approval Of Home Investment Partnership Program (HOME) Loan For Willow
Pointe Apartments

Supervisory
District: Yee

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

Overview

This report recommends approval of a loan of up to \$1,815,000 in HOME funds for the rehabilitation and permanent financing of Willow Pointe Apartments.

Recommendations

Staff recommends adoption of the attached resolution for Willow Pointe Apartments (Project) which approves and authorizes the Sacramento Housing and Redevelopment Agency (Agency) to amend the Agency budget and execute a commitment letter and related documents for an Agency loan of up to \$1,815,000 with Sunnyslope Associates, L.P. (Developer).

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

Measures/Evaluation

This project will rehabilitate and reinvigorate an apartment complex that has fallen into a state of disrepair. Additionally, the project will reconfigure the existing 210 one- and two-bedroom apartments into 195 one-, two-, and three-bedroom units and deepen the affordability of some of the units.

This newly renovated 195 units of affordable housing, will contribute to the County's 2008-2013 Housing Element goals. Progress toward housing element goals is reported annually to the State Department of Housing and Community Development.

Affordability restrictions placed on Willow Pointe Apartments will be monitored by the Agency for 55 years.

Fiscal Impact

The Agency will receive an annual payment for monitoring the regulatory restrictions and administration of the loan in the amount of 0.15 percent of the loan amount for the term of the set-aside requirements.

Additional project financing is recommended in the form of an Agency loan comprised of \$1,815,000 in County Home Investment Partnership (HOME) funds.

Due to the deep affordability of the project and the resulting reduction in rental income, there will be insufficient cash flow to service the Agency loan, therefore all principal and accrued interest will be due and payable at maturity of the loan.

BACKGROUND

Willow Pointe Apartments is a 210-unit family project developed in 1971 and renovated in 1999. Unfortunately, the Project has fallen into a state of disrepair, and management of the Project has become increasingly difficult over the last several years. The high vacancy rates and resident turnover precipitated insufficient cash flow to meet the existing debt on the property, and the current owner went into default on their existing loan with US Bank. Sunnyslope Associates, L.P. (Developer) negotiated to acquire the note from US Bank in February 2012 at a significant discount and will subsequently assume ownership of the property through either a deed in lieu of foreclosure or the foreclosure process. While these transitions are taking place the property has and will continue to operate at a deficit. This will continue until the Developer secures sufficient funding to properly rehabilitate and manage the Project.

In addition to fiscal instability, the resulting financial difficulties have resulted in insufficient funds for proper property maintenance and capital improvements. The property has fallen into a severe state of disrepair with many of the units now vacant and uninhabitable. The Developer has requested a \$1,815,000 loan of County HOME funds for the rehabilitation and permanent financing of the Project. These funds will leverage over \$15 million in Low Income Housing Tax Credit equity and over \$3 million in other private loans to fund the rehabilitation, unit reconfiguration, management, security, and resident services required to transform the property into a safe and well-maintained apartment complex.

DISCUSSION

Description of Development: Willow Pointe Apartments is located on 7.34 acres at 6601 and 6701 Sunnyslope Drive. A vicinity map is included as Attachment I and a site map is included as Attachment II. The project is located near transit, shopping, and schools. It consists of 30 one-bedroom and 180 two-bedroom units ranging in size from approximately 595 to 840 square feet in 15 two-story buildings. Two of the two-bedroom units are manager's units. Amenities include a pool, playground, community room, laundry facilities, and a rental office. The buildings are wood-frame construction on concrete slab with stucco exteriors. Heating and cooling are provided by a combination of through-wall air conditioning units, roof-mounted split system

units with electric furnaces, and gas-fired wall heaters. Units have individual electric water heaters. The Project will renovate and rename Willow Pointe Apartments and reconfigure the complex from 210 units into 195 units by combining existing one- and two-bedroom units into 65 new three-bedroom units ranging in size from 1,024 to 1,194 square feet, including 15 townhouse units. The property is in poor condition and needs major rehabilitation. The condition of many of the apartments is such that they are uninhabitable due to structural deterioration and mold growth. In all, at least 70 units are now vacant, many in a severe state of disrepair. Rehabilitation will initially require abatement and/or removal of mold and asbestos in affected units. All apartment interiors will then be renovated and upgraded as needed with replacement of floor and window coverings, cabinets, countertops, sinks, fixtures, and older appliances. Notably, the aging air-conditioning units and heaters in each apartment will be replaced with new central heating and air-conditioning systems. Water heaters will be replaced with more energy-efficient models. Exterior work will include roof replacement, along with a new parapet roof line, new gutters and downspouts, replacement of the stucco siding, complete exterior painting, and replacement of stairways. Site work will include installation of security cameras and additional lighting in common areas, installation of a new children's play area on the site of a former swimming pool, repairs to the remaining swimming pool, replacement or repair of the asphalt parking lot and concrete pathways, and construction of new trash enclosures. The existing community room will be renovated and expanded with an additional 900 square feet of space.

Developer: The project is to be owned and developed by Sunnyslope Associates, L.P., an entity related to Domus Development, L.L.C. (Domus). Domus has extensive experience in the development, renovation, and operation of multifamily housing in Northern California. Domus was formed in 2003 and has eight completed projects including Northland Village, Oak Ridge, Citrus Commons, and Southcrest in Sacramento. The company has four projects under construction including the La Valentina apartments which will provide 81 affordable units adjacent to the La Valentina/Alkali Flat light rail station in Sacramento. Domus will partner with Affordable Housing CDC, Inc.(AHCDC), a non-profit housing developer for the Willow Pointe Apartments project. AHCDC is an experienced developer and manager of affordable apartments, having participated in 28 projects with more than 1,200 units financed with tax credits and/or United States Housing and Urban Development (HUD), Multi-Family Housing Program (MHP), or Housing Opportunities for Persons with AIDS (HOPWA) funds.

Property Management: Willow Pointe 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 eight affordable projects under management including 535 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 20 hours per week of resident services will be provided.

Project Financing: Willow Pointe Apartments is proposed to be financed primarily with nine percent Low Income Housing Tax Credits (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 \$1,815,000 and deferred developer fee. A project summary, including a proposed sources and uses of funds, is included as Attachment III. A preliminary construction budget and a cash flow proforma are included as Attachments IV and V, respectively. A table of maximum rent and income limits is presented in Attachment VI.

COMMISSION ACTION

At its meeting of March 7, 2012, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. Staff will notify the Board on March 13th in the event the Commission does not approve the staff recommendation.

MEASURES/EVALUATIONS

The County's Housing Element set affordable housing goals for the period of 2008-2013. 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 will reconfigure the affordability of the units as presented in the following table.

Affordability	Area Median Income (AMI)	Proposed No. of Units
Low Income	60% AMI	56
Very Low Income	50% AMI	78
	40% AMI	39
Extremely Low Income	30% AMI	20
Manager		2
Total		195

Reconfiguring the project results in a reduction in the number of low income units but deepens the affordability of the project and extends the affordability out for a new 55 year period. Current restrictions on the property would expire in 2029.

FINANCIAL ANALYSIS

This report recommends Agency amend the budget to appropriate and expend \$1,815,000 in County HOME funds for the rehabilitation and permanent financing of Willow Pointe Apartments. The Agency will receive an annual payment for administration of the loan in the amount of 0.15 percent of the loan amount. 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 the Agency's previously approved multifamily lending and mortgage revenue bond policies. The loan term will be extended to 55 years to be consistent with the tax credit compliance period and the HOME restricted units will be placed on the reconfigured three bedroom units.

Regulatory restrictions on the property will be specified in a regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on a regular basis.

ENVIRONMENTAL REVIEW

The proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

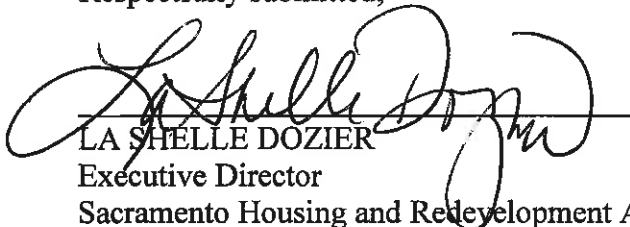
The proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) because the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation.

M/WBE CONSIDERATIONS

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

Respectfully submitted,

APPROVED


LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

BRADLEY J. HUDSON
County Executive

Attachments:

RES – County BOS Resolution
ATT I – Vicinity Map
ATT II – Site Map
ATT III – Project Summary
ATT IV – Cash Flow Proforma
ATT V – Maximum Rents and Incomes

RESOLUTION NO. _____

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

ON DATE OF

**WILLOW POINTE APARTMENTS: APPROVAL OF UP TO \$1,815,000 COUNTY
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**

WHEREAS, Domus Development, LLC (Developer) has applied for an allocation of up to One Million Eight Hundred Fifteen Thousand Dollars (\$1,815,000) in County Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the Willow Pointe Apartments project;

WHEREAS, the Willow Pointe Apartments project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged; and

WHEREAS, the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

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

Section 1: The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

Section 2: The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Willow Pointe Apartments project ("Loan Commitment") is approved and the Sacramento Housing and Redevelopment Agency ("SHRA") is authorized to

execute the Loan Commitment and related documents and transmit to Domus Development, LLC or related entity. SHRA will return to the Board for approval of loan documents.

Section 3: SHRA is authorized to amend the Agency budget to transfer One Million Eight Hundred Fifteen Thousand Dollars (\$1,815,000) from County Home Investment Partnership Program (HOME) funds to the Willow Pointe Apartments project.

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 13th day of March, 2012, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



INVESTING IN COMMUNITIES

A Joint Powers Agency

MEMBERS

City of Sacramento

County of Sacramento

Redevelopment Agency of
the City of Sacramento

Redevelopment Agency of
the County of Sacramento

Housing Authority of the
City of Sacramento

Housing Authority of the
County of Sacramento

March 7, 2012

Meea Kang
Sunnyslope Associates, L.P.
9 Cushing, Suite 200
Irvine, CA 92618

RE: Conditional Funding Commitment, Willow Pointe 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 \$1,815,000 in County Home Investment Partnership Program ("HOME") funds for the purpose of financing the development of that certain real property located at 6601 and 6701 Sunnyslope Drive in Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No 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 March 13, 2012. 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 December 31, 2012, unless extended as outlined in Section 38.

1. PROJECT DESCRIPTION: The project is the acquisition, rehabilitation, and reconfiguration of an existing property located at 6601 and 6701 Sunnyslope Drive in Sacramento County. At least 20 units will be affordable to families earning less than 30 percent of the area median income (AMI), at least 39 units will be affordable to families earning less than 40 percent of AMI, at least 78 units will be affordable to families earning less than 50 percent of AMI, and all of the remaining units, with the exception of two unrestricted managers' units, will be affordable to families earning less than 60 percent of the AMI.
2. BORROWER: The name of the Borrower for the Loan is Sunnyslope Associates, L.P., a California limited partnership.
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) One Million Eight Hundred Fifteen Thousand Dollars (\$1,815,000), 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: The Loan shall mature 57 years, (or 684 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: All outstanding principal and interest is due and payable on the maturity date.
8. SOURCE OF LOAN FUNDS: Agency is making the Loan of \$1,815,000 of County HOME funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise. County HOME funds shall assist 11 or fewer 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 not apply. The HOME units at the project shall be "fixed" three-bedroom units. 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 \$14,900,000 in Low Income Housing Tax Credit Equity and no less than \$640,000 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 disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.

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. 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.
33. RESIDENT SERVICES PLAN: Borrower shall provide Agency with a detailed resident services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing resident services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of

20 hours per week, including a minimum of 8 hours per week of after school activities; 3) a description of the programs to be offered, and; 4) a proforma resident services budget.

34. 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.
35. 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.
36. 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.
37. 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.
38. EXTENSION OF COMMITMENT TERM: In the event the project is not successful in receiving an allocation of 9% LIHTCs in the first round of 2012, the Agency has sole discretion to modify and or extend the expiration of the commitment letter to a date no later April 30, 2014.

Yours truly,

Sacramento Housing and Redevelopment Agency

La Shelle Dozier, Executive Director

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 _____

WILLOW POINTE APARTMENTS: APPROVAL OF UP TO \$1,815,000 COUNTY 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

WHEREAS, Domus Development, LLC (Developer) has applied for an allocation of up to One Million Eight Hundred Fifteen Thousand Dollars (\$1,815,000) in County Home Investment Partnership Program Funds (HOME) to assist in funding the construction and permanent financing of the Willow Pointe Apartments project;

WHEREAS, the Willow Pointe Apartments project qualifies for HOME funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, the proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged; and

WHEREAS, the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation; therefore, the proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: The above recitals are found to be true and correct and the proposed Project is categorically exempt under CEQA Guidelines Section 15301, and categorically excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii).

Section 2: Subject to approval by the Board of Supervisors, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the Willow Pointe 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 3: The Executive Director is authorized to amend the Agency budget to transfer One Million Eight Hundred Fifteen Thousand Dollars (\$1,815,000) from County Home Investment Partnership Program (HOME) funds to the Willow Pointe Apartments project.

Section 4: The Executive Director is authorized to execute the Loan Agreement, execute other documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency counsel.

CHAIR

ATTEST:

CLERK

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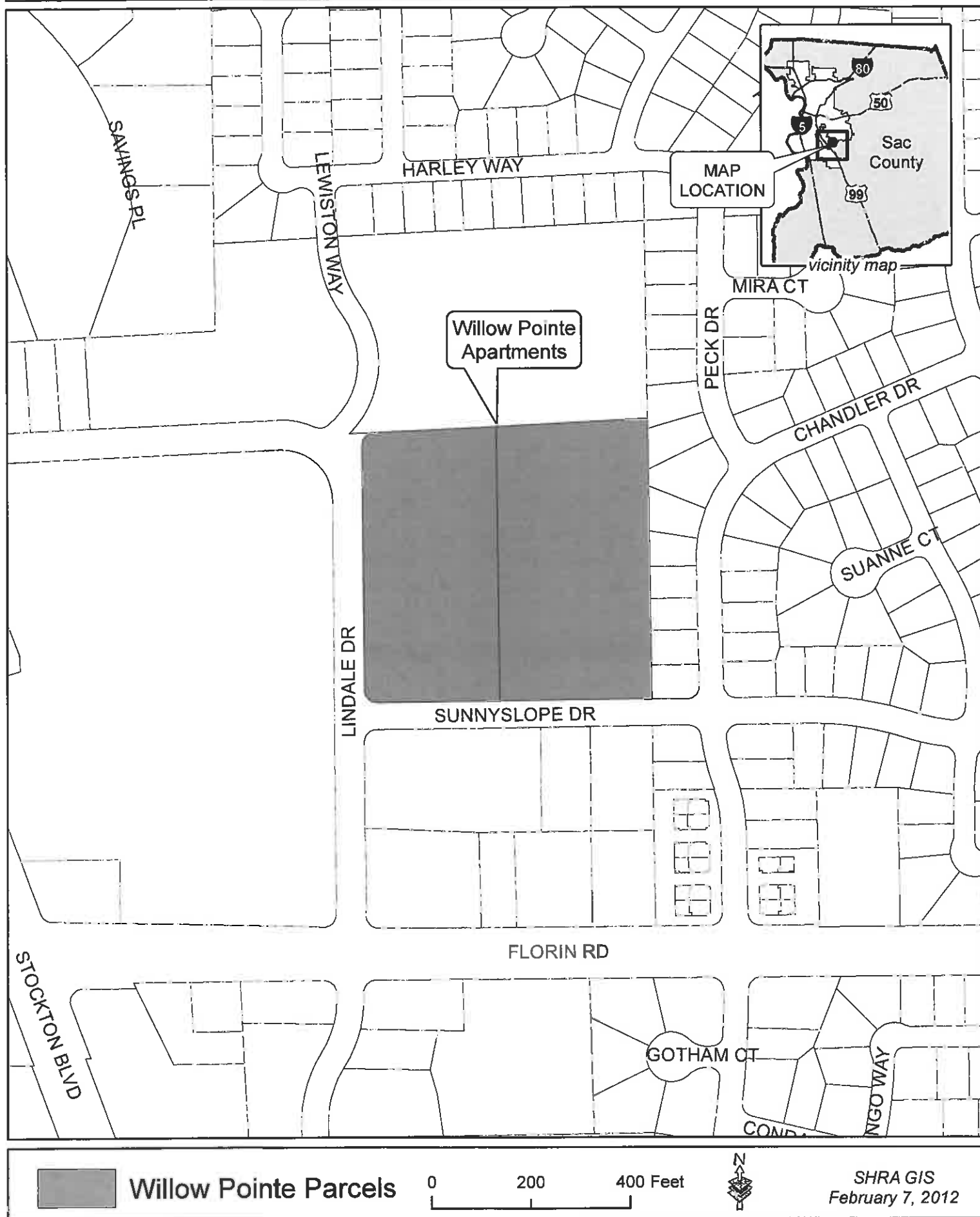
CHAIR

ATTEST:

CLERK



Willow Pointe Apartments



ATTACHMENT II

SITE MAP



Project Summary

<u>Address</u>	6601 and 6701 Sunnyslope Drive			
<u>Number of Units</u>	195			
<u>Year Built</u>	1971			
<u>Acreage</u>	7.34			
<u>Affordability</u>	20 units (10%) at or below 30% of median income 39 units (20%) at or below 40% of medium 78 units (40%) at or below 50% of median income 56 units (29%) at or below 60% of medium 2 unrestricted managers units			
<u>Unit Mix and Rents</u>	1 Bedroom	2 Bedroom	3 Bedroom	Total
30% AMI	5	8	7	20
40% Ami	10	16	13	39
50% AMI	20	32	26	78
60% AMI	15	23	18	56
Unrestricted	0	0	2	2
Total	35	56	46	195
<u>Unit Square Footage</u>	1 Bedroom		595 sq. ft. per unit	
	2 Bedroom		792 sq. ft. per unit	
	3 Bedroom		1000 sq. ft. per unit	
Community Space			1,925 sq. ft. total	
Total			113,102 sq. ft. total	
<u>Resident Facilities</u>	Amenities include a pool, playground, community room, laundry facilities, and a rental office.			
<u>Permanent Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Bank Loan	\$ 3,000,000	\$ 15,385	\$ 26.52	
Tax Credit Equity	\$ 15,202,000	\$ 77,959	\$ 134.41	
SHRA Loan	\$ 1,815,000	\$ 9,308	\$ 16.05	
Deferred Developer Fee	\$ 649,000	\$ 3,328	\$ 5.74	
TOTAL SOURCES	\$ 20,666,000	\$ 105,979	\$ 182.72	
<u>Permanent Uses</u>				
Acquisition Costs (Rehab only)	\$ 1,500,000	\$ 7,692	\$ 13.26	
Construction Costs	\$ 12,415,000	\$ 63,667	\$ 109.77	
Development Impact Fees	\$ 200,000	\$ 1,026	\$ 1.77	
Architecture, Engineering, Survey	\$ 230,000	\$ 1,179	\$ 2.03	
Contingency	\$ 1,704,000	\$ 8,738	\$ 15.07	
Financing Costs	\$ 970,500	\$ 4,977	\$ 8.58	
Reserves	\$ 660,000	\$ 3,385	\$ 5.84	
Legal Fees	\$ 194,500	\$ 997	\$ 1.72	
Relocation (Rehab only)	\$ 68,000	\$ 349	\$ 0.60	
Developer Fee	\$ 2,060,000	\$ 10,564	\$ 18.21	
Third Party Fees, Marketing, Other	\$ 664,000	\$ 3,405	\$ 5.87	
TOTAL USES	\$ 20,666,000	\$ 105,979	\$ 182.72	
<u>Management / Operations</u>				
Developer:	Domus Development, LLC			
Property Management Company:	Domus Management Company			
Operations Budget:	\$1,014,322	\$5,202 per unit		
Replacement Reserves:	\$58,500	\$300 per unit		

CASH FLOW PROFORMA

Unit Type	Number	Square Feet	Total Sq Feet	Gross TCAC Rent	Utility Allowance	Net TCAC Rent	Proposed Rent	Actual Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent	TCAC Maximum	
1 BD 1 BA @ 30% AMI	5	595	2,975	\$ 428	\$ 72	\$ 356	\$ 550	\$ 356	\$ 0.60	\$ 1,780	\$ 21,360	\$ 21,360	
1 BD 1 BA @ 40% AMI	10	595	5,950	\$ 570	\$ 72	\$ 498	\$ 550	\$ 498	\$ 0.84	\$ 4,980	\$ 59,760	\$ 59,760	
1 BD 1 BA @ 50% AMI	20	595	11,900	\$ 713	\$ 72	\$ 641	\$ 550	\$ 550	\$ 0.92	\$ 11,000	\$ 132,000	\$ 153,840	
1 BD 1 BA @ 60% AMI	15	595	8,925	\$ 856	\$ 72	\$ 784	\$ 550	\$ 550	\$ 0.92	\$ 8,250	\$ 99,000	\$ 141,120	
2 BD 1 BA @ 30% AMI	8	792	6,336	\$ 513	\$ 90	\$ 423	\$ 625	\$ 423	\$ 0.53	\$ 3,384	\$ 40,608	\$ 40,608	
2 BD 1 BA @ 40% AMI	16	792	12,672	\$ 684	\$ 90	\$ 594	\$ 625	\$ 594	\$ 0.75	\$ 9,504	\$ 114,048	\$ 114,048	
2 BD 1 BA @ 50% AMI	32	792	25,344	\$ 856	\$ 90	\$ 766	\$ 625	\$ 625	\$ 0.79	\$ 20,000	\$ 240,000	\$ 294,144	
2 BD 1 BA @ 60% AMI	23	792	18,216	\$ 1,027	\$ 90	\$ 937	\$ 625	\$ 625	\$ 0.79	\$ 14,375	\$ 172,500	\$ 258,612	
3 BD 2 BA @ 30% AMI	7	1,000	7,000	\$ 593	\$ 107	\$ 486	\$ 800	\$ 486	\$ 0.49	\$ 3,402	\$ 40,824	\$ 40,824	
3 BD 2 BA @ 40% AMI	13	1,000	13,000	\$ 791	\$ 107	\$ 684	\$ 800	\$ 684	\$ 0.68	\$ 8,892	\$ 106,704	\$ 106,704	
3 BD 2 BA @ 50% AMI	26	1,000	26,000	\$ 989	\$ 107	\$ 882	\$ 800	\$ 800	\$ 0.80	\$ 20,800	\$ 249,600	\$ 275,184	
3 BD 2 BA @ 60% AMI	18	1,000	18,000	\$ 1,187	\$ 107	\$ 1,080	\$ 800	\$ 800	\$ 0.80	\$ 14,400	\$ 172,800	\$ 233,280	
Manager's Units (3 BD/2 BD)	2	1,000	2,000	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals	195		158,318							\$ 73,273	\$ 1,449,204	\$ 1,739,484	
Income	rate	annual increase	per unit	2014	2015	2016	2017	2018	2023	2033	2043	2056	2061
Potential Gross Income		2.50%		1,449,204	1,485,434	1,522,570	1,560,634	1,599,650	1,809,857	2,316,770	2,965,662	3,796,298	5,252,469
Other Income		2.50%	120	23,400	23,985	24,585	25,199	25,829	29,223	37,408	47,886	61,298	78,467
Less Vacancy	7.00%			(103,082)	(105,659)	(108,301)	(111,008)	(113,784)	(128,736)	(117,709)	(150,677)	(192,880)	(266,547)
Effective Gross Income				\$1,369,522	\$1,403,760	\$1,438,854	\$1,474,825	\$1,511,696	\$1,710,345	\$2,236,470	\$2,862,870	\$3,664,716	\$5,064,389
Operating Expenses													
Operating Expenses		3.50%	3,715	724,347	749,699	775,939	803,096	831,205	987,211	1,392,558	1,964,341	2,770,897	3,908,623
Assessments		2.00%	61	11,800	12,036	12,277	12,522	12,773	14,102	17,190	20,955	25,544	31,138
Property Management		3.50%	480	93,600	96,876	100,267	103,776	107,408	127,567	179,946	253,832	358,055	505,072
Social Services		2.00%	197	38,325	39,092	39,873	40,671	41,484	45,802	55,832	68,059	82,964	101,132
Security Patrol		3.50%	750	146,250	149,175	152,159	155,202	158,306	174,782	213,059	259,717	316,594	385,926
Replacement Reserves		0.00%	300	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500
Total Expenses			5,502	\$1,072,822	\$1,105,378	\$1,139,014	\$1,173,767	\$1,209,676	\$1,407,964	\$1,917,085	\$2,625,404	\$3,612,553	\$4,990,392
Net Operating Income				296,699.72	298,382.12	299,839.93	301,057.92	302,020.12	302,380.86	319,384.25	237,466.37	52,162.99	80,955.39

Debt Service	amount	rate	amount	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2023 Year 10	2033 Year 20	2043 Year 30	2056 Year 40	2061 Year 55
Senior Loan	\$3,100,000	5.75%	30	217,089	217,089	217,089	217,089	217,089	217,089	217,089	217,089	217,089	217,089
Monitoring Fee	\$1,815,000	0.15%		2,723	2,723	2,723	2,723	2,723	2,723	2,723	2,723	2,723	2,723
Debt Service Subtotal				\$219,812	\$219,812	\$219,812	\$219,812	\$219,812	\$219,812	\$219,812	\$219,812	\$219,812	\$219,812
DCR on Senior Bonds				1.35	1.36	1.36	1.37	1.37	1.38	1.45	1.08	19.16	29.74
Proceeds from Operations				\$76,888	\$78,571	\$80,028	\$81,246	\$82,209	\$82,569	\$99,573	\$17,655	\$49,440	\$78,233
Priority Distributions													
Asset Management Fee (GP)		2.00%		5,000	5,100	5,202	5,306	5,412	5,975	7,284	8,879	10,824	14,567
Partnership Management Fee (LP)		2.00%		0	0	0	0	0	0	21,852	8,000	9,752	13,125
Priority Distributions Subtotal				5,000	5,100	5,202	5,306	5,412	5,975	29,136	16,879	20,576	27,692
Net Cash after Debt Service				\$76,888	\$73,471	\$74,826	\$75,940	\$76,796	\$76,594	\$70,436	\$776	\$28,865	\$50,541
Deferred Developer Fee													
Principal Balance	\$750,000	4.00%		750,000	703,112	657,766	609,250	557,680	259,571	0	0	0	0
Interest for Period				30,000	28,124	26,311	24,370	22,307	10,383	0	0	0	0
Accumulated Interest				30,000	28,124	26,311	24,370	22,307	10,383	0	0	0	0
Payment				76,888	73,471	74,826	75,940	76,796	76,594	0	0	0	0
Balance				\$703,112	\$657,766	\$609,250	\$557,680	\$503,191	\$193,361	\$0	\$0	\$0	\$0
Net Cash after Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$0	\$70,436	\$776	\$28,865	\$50,541
SHRA HOME loan													
Principal Balance	\$1,815,000	4.00%		1,815,000	1,815,000	1,815,000	1,815,000	1,815,000	1,815,000	1,815,000	1,815,000	1,815,000	1,815,000
Interest for Period				72,600	72,600	72,600	72,600	72,600	72,600	72,600	72,600	72,600	72,600
Accumulated Interest				72,600	145,200	217,800	290,400	363,000	726,000	1,395,875	2,121,875	2,261,188	3,690,225
Payment				0	0	0	0	0	0	0	0	0	0
Balance				\$1,887,600	\$1,960,200	\$2,032,800	\$2,105,400	\$2,178,000	\$2,541,000	\$3,210,875	\$3,936,875	\$4,076,188	\$5,505,225
Net Cash After Agency Loan Repayment				\$0	\$0	\$0	\$0	\$0	\$0	\$70,436	\$776	\$28,865	\$50,541

MAXIMUM RENT AND INCOME LEVELS 2012
Tax Credit Allocation Committee

Maximum Income Limits				
Family Size	30% AMI	40% AMI	50% AMI	60% AMI
1 person	\$15,990	\$21,320	\$26,650	\$31,980
2 person	\$18,270	\$24,360	\$30,450	\$36,540
3 person	\$20,550	\$27,400	\$34,250	\$41,100
4 person	\$22,830	\$30,440	\$38,050	\$45,660
5 person	\$24,660	\$32,880	\$41,100	\$49,320

Maximum Rent Limits				
Unit Size	30% AMI	40% AMI	50% AMI	60% AMI
1 Bedroom	\$428	\$571	\$713	\$856
2 Bedroom	\$513	\$685	\$856	\$1,027
3 Bedroom	\$593	\$791	\$989	\$1,187