



INVESTING IN COMMUNITIES

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

Wednesday, September 5, 2012 - 6:00 p.m.
801 12th Street, Sacramento, Commission Room

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – August 1, 2012

CITIZENS COMMENTS

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

PUBLIC HEARING

3. Approval of Tax Exempt Bonds and Loan Assumption for New Seasons New Seasons Affordable Housing Project: Approval Of Tax Exempt Bonds, Home Investment Partnership Program (HOME) And Community Development Block Grant (CDBG) Funded Loan, And Corresponding 2012 One-Year Action Plan Amendment
4. 2013 Public Housing Agency Annual Plan for the Housing Authorities of the City and County of Sacramento

WORKSHOP

5. Sacramento Housing and Redevelopment Agency Budget

EXECUTIVE DIRECTORS REPORT

Activities Calendar

**ITEMS AND QUESTIONS OF
COMMISSION MEMBERS**

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org 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) August 1, 2012

ROLL CALL

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

PRESENT: Alcalay, Chan, Johnson, LeDuc, Morgan, Morton, Rosa, Shah, Stivers

ABSENT: Gore

STAFF PRESENT: Vickie Smith, Tia Patterson, LaShelle Dozier, Craig Locke, Don Cavier, Patrick Bohner, Jeree Glasser, Joel Riphagen, Mai Le

APPROVAL OF AGENDA

Approved as presented.

1. APPROVAL OF ACTION SUMMARY SYNOPSIS

Action Summary Synopsis for July 18, 2012 was approved as amended by Commissioner Morgan.

2. CITIZEN COMMENTS

Patrick Bohner recognized Yolanda Clarke for her completion of the Family Self Sufficiency project and presented her with a check for her efforts.

PUBLIC HEARING

3. Approval of interim lease agreement between the Housing Authority of the City of Sacramento (Acting as Successor Housing Agency) and the Fortune School of Education

Craig Locke presented the item.

Commissioner Chan asked if the school would be required to carry insurance. Staff indicated that this would be a requirement.

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

AYES: Alcalay, Chan, Johnson, LeDuc, Morgan, Morton, Rosa, Shah, Stivers

NOES: none

ABSENT: Gore

4. Declaration Of Surplus Property; Approval Of The Disposition Of Housing Authority Owned Real Property Located 3867 Bainbridge Drive, North Highlands, CA

Brian Lengyel presented the item.

Nilda Valmous, Citra Tee, and Daryl Woo spoke in support of the item.

Commissioner Morgan indicated that the RAB was in favor of the item.

Commissioners Alcalay and Shah thanked the group for their work.

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

AYES: Alcalay, Chan, Johnson, LeDuc, Morgan, Morton, Rosa, Shah, Stivers

NOES: none

ABSENT: Gore

BUSINESS

5. Approval of Tax Exempt Bonds and Loan Assumption for Taylor Terrace Apartments

Joel Riphagen presented the item.

Commissioner Shah asked for an explanation about the number of units that were affordable which staff provided.

Commissioner Chan asked about for information about the bond obligations which staff provided.

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

AYES: Alcalay, Chan, Johnson, LeDuc, Morgan, Morton, Rosa, Shah, Stivers

NOES: none

ABSENT: Gore

WORKSHOP

6. Sacramento Housing and Redevelopment Agency Budget – Revenue Overview

Don Cavier, Director of Finance, presented the item.

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- Activities calendar
- Next Commission meeting will be September 5th
- Introduced new commissioner Mel Griffin who will begin service on September 5th.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Shah encouraged members and staff to attend the upcoming event sponsored by the Sacramento Area Emergency Housing Center.

Commissioner Stivers asked if applications were being accepted for the 626 I Street property. Staff indicated that they are being accepted currently and encouraged those interested to apply.

Commissioner Chan asked if there was a bus tour planned for the commission. Staff indicated that no tour was currently planned but there would be a tour of the new 626 I Street building in the near future.

ADJOURNMENT

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

AGENCY CLERK



September 5, 2012

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT 2013 Public Housing Agency Annual Plan for the Housing Authorities of
the City and County of Sacramento

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to: 1) certify that the required public hearing has been held and comments received, 2) approve the 2013 Public Housing Agency (PHA) Annual Plan, 3) authorize submittal of the 2013 PHA Annual Plan to the U.S. Department of Housing and Urban Development (HUD), 4) certify that the plan is consistent with the Consolidated Plan pursuant to the Code of Federal Regulations (CFR) 24 CFR 903.15, and 5) execute all necessary documents for the submission and certification of compliance of the 2013 PHA Annual Plan as required by HUD and to comply with the Quality Housing and Work Responsibility Act of 1998.

CONTACT PERSONS

Nick Chhotu, Assistant Director of Housing – Public Housing, 916-440-1334
MaryLiz Paulson, Assistant Director of Housing – Housing Choice Voucher (HCV),
916-440-1397

SUMMARY

This report recommends the approval of the 2013 PHA Annual Plan (Plan) and its attachments for the Housing Authorities of the City and County of Sacramento (collectively "Housing Authority") and its consistency with the Five-Year Consolidated Plan (2008-2012). This Plan also includes the Capital Fund Program Five-Year Action Plan (2010-2014). The Plan consists of:

- the Housing Authority PHA Annual Plan and attachments;
- the Public Housing Admissions and Continued Occupancy Policy (ACOP); and
- the Administrative Plan for the Housing Choice Voucher program (Administrative Plan), Housing Authority of the County of Sacramento only.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Together, these documents provide a comprehensive guide to the Housing Authority's policies, programs, operations, and strategies for meeting local housing needs and goals consistent with the Housing Authority's overall goal to improve operating efficiencies and service to residents. A public hearing on the proposed plan was held on September 5, 2012 and comments from that hearing will be incorporated into the final document as necessary.

BACKGROUND

Applicable Federal Law and HUD regulations require that each Housing Authority develop and adopt a PHA Plan and update it on an annual basis. The PHA Plan provides details about Housing Authority programs, services, and general operations. In addition, the Plan focuses on implementation strategies designed to address residents' needs and issues, as well as outlining ways to improve operational efficiencies for the upcoming fiscal year. This planning mechanism requires that the Housing Authority examine its existing operational needs and design short and long-term strategies to address those needs. A copy of the complete PHA plan is on file with the Agency Clerk and is available upon request.

FINANCIAL CONSIDERATIONS

The recommended actions in this report require no funding.

POLICY CONSIDERATIONS

This Public Housing Authority complies with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

ENVIRONMENTAL REVIEW

The Capital Fund Program Five-Year Action Plan (2010-2014) was previously analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). All programs included in the Five-Year Action Plan were found to be Exempt under CEQA Guidelines and Exempt or Categorically Excluded under NEPA Guidelines (see Attachment 2). The actions proposed in this 2013 Annual Plan are in support of the Five-Year Action Plan and include only minor administrative changes to programs which do not constitute substantial changes with respect to the circumstances under which these programs will be undertaken. As such, the recommended actions do not require further environmental review pursuant to NEPA, or CEQA Guidelines Section 15162. Some programs contained in the action plan did not include specific projects or actions on specific properties because those projects and properties had not yet been defined. As projects and properties are

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Sacramento Housing and Redevelopment Commission

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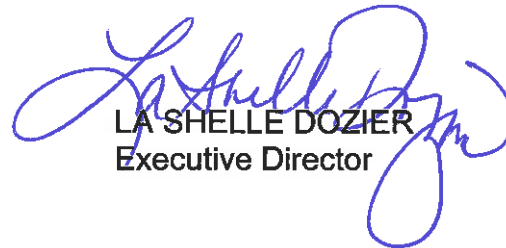
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identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action.

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,



LA SHELLE DOZIER
Executive Director

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

2013 PUBLIC HOUSING AGENCY ANNUAL PLAN FOR THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO AND HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

WHEREAS, The Capital Fund Program Five-Year Action Plan (2010-2014) was previously analyzed in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). All programs included in the Five-Year Action Plan were found to be Exempt under CEQA Guidelines and Exempt or Categorically Excluded under NEPA Guidelines (see Attachment 2 for the specific environmental determination made for each program). The actions proposed in this 2013 Annual Plan are in support of the Five-Year Action Plan and include only minor administrative changes to programs which do not constitute substantial changes with respect to the circumstances under which these programs will be undertaken. As such, the recommended actions do not require further environmental review pursuant to NEPA, or CEQA Guidelines Section 15162. Some of the programs contained in the action plan did not include specific projects or actions on specific properties as that those projects and properties had not yet been defined. As projects and properties are identified, additional environmental review under CEQA and/or NEPA will be required prior to any discretionary action or choice limiting action.

WHEREAS, starting with the 2001 fiscal year and reauthorized each subsequent year in the resolutions approving the Housing Authority of the City and Housing Authority of the County of Sacramento (collectively "Housing Authority") budgets, the Sacramento Housing and Redevelopment Agency and its Executive Director are delegated authority by the governing boards of the Housing Authority to conduct a public hearing on behalf of the Housing Authority to discuss the Public Housing Agency Annual Plan (PHA Plan) as applicable and invite public comment on the plans; and

WHEREAS, the proposed PHA Plan changes were presented to the Resident Committees and the Resident Advisory Board, and made available to the public; and

WHEREAS, a public hearing, duly noticed for a 45 day period, was held on September 5, 2012 on the 2013 PHA Plan on behalf of the Housing Authority and comments received were considered by the Commission; and

WHEREAS, the 2013 PHA Plan is consistent with the 2008-2012 Consolidated Plan approved by the City and County of Sacramento, the Consolidated Plan is a planning document that identifies the City and County of Sacramento's overall housing and community development needs, and outlines a strategy to address those needs.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated above are approved.

Section 2. The 2013 Public Housing Agency Annual Plan (PHA Plan) consisting of the Public Housing Admissions and Continued Occupancy Policy (ACOP) for both the Housing Authority of the City of Sacramento and the Housing Authority of the County of Sacramento and the Administrative Plan for the Housing Choice Voucher program (Administrative Plan), for the Housing Authority of the County of Sacramento only, is hereby approved.

Section 3. The Executive Director or her designee is authorized to make non-substantive changes to the Plan based on any additional public comments received.

Section 4. The Executive Director or her designee is authorized to make changes to the PHA Plan as directed by the Department of Housing and Urban Development or required to comply with the Quality Housing and Work Responsibility Act of 1998.

Section 5. The Executive Director or her designee is authorized to execute and submit all required documents for the submission and certification of compliance of the 2013 PHA Annual to the Department of Housing and Urban Development or to comply with the Quality Housing and Work Responsibility Act of 1998.

CHAIR

ATTEST:

CLERK

2013 ACOP PROPOSED CHANGES

Chapter 2 – Eligibility

DISCLOSURE OF CRIMINAL RECORDS TO FAMILY (CFR 24: 960.204(4)(c))

2:21 *Added*

Before the PHA takes any adverse action based on a criminal conviction record, ~~upon request, the PHA will provide the subject of the record and the applicant will be provided~~ with a copy of the criminal record ~~and an opportunity to dispute the record.~~ *upon providing picture ID to insure that we are maintaining the security of the personal information of the subject of record. SHRA will not mail criminal records to any address as it is a security risk. The applicant will be provided an opportunity to dispute the accuracy and relevance of that record.*

SUPERVISORY REVIEW AND HEARINGS

2:21-22 *Added*

If information is revealed that would cause the PHA to deny admission to the household and the person disputes the information he or she shall be given an opportunity for an informal hearing according to the PHA's hearing procedures outlined in Chapter 13 – Complaints, Grievances and Appeals. The applicant must request the informal review no later than ten (10) days after receipt of the notification.

Difficult cases will be referred to the Eligibility Supervisor for further review and determination.

If after pulling a family from the waitlist, the preference verification indicates that the applicant does not qualify for the preference, the applicant will be returned to the waiting list without the local preference and will be notified in writing of the determination.

Chapter 3 – Applying for Admission

C. Final Determination and Notification of Eligibility

3:6 ~~Deleted~~

If a family has applied for a reasonable accommodation prior to being housed and the accommodation can not be met within the waitlist applied for, the housing authority will move that applicant to another waitlist where the accommodation can be met. The applicant will be placed in the same date and time position they held on the previous list.

Chapter 4 – Resident Selection and Assignment Plan

DESIGNATED HOUSING PLAN

4:3 *Added / Deleted*

~~Until such time as HUD approves a Current developments as that are designated elderly / near-elderly only housing will continue to fill vacancies with the next eligible applicant on the waiting list who accepts a unit offer, regardless of age. If there are no elderly only families on the elderly only waiting list the PHA may make unit offers to near elderly only applicants.~~

Chapter 7 – Verification Procedures

Added / Deleted

E. INCOME FROM ASSETS

The PHA will utilize the current balance for savings accounts and the average ~~six~~ *three-* month balance for checking accounts for checking and savings accounts that do not require third-party verification *during the initial applicant eligibility determination process. For annual recertifications, the PHA will utilize the current balance for savings accounts and the average six-month balance for checking accounts for checking and savings accounts that do not require third-party verification.* Statements must be provided at the initial and annual recertification appointment.

Chapter 8 – Transfer Policy

B. Voluntary Transfers

8:2-3 Added

- To live within fifteen (15) miles of the school or job training program that at least one adult member of the family is attending *on a full time basis*, after proof of registration is received

TRANSFER VACATE CHARGES

8:5 Added

Residents with approved transfers are allowed three days of overlap between the unit transferred from and the unit transferred to. The resident is responsible for the prorated rent for each unit during the transition to the new unit.

Keys to the vacated unit must be returned to the vacating management office not later than the third (3rd) day from the new lease date. If the resident fails to return keys by the end of the third (3rd) day the PHA may levy a per day storage fee equivalent to the prorated daily *unit* rent or *unit deposit* of the vacated unit, *whichever is greater*. After the third (3rd) day if the resident has not returned keys to the unit from which they are transferring, the PHA may *either charge the prorated storage rent stated above or contract to have the resident's belongings placed in a secure storage facility at the expense of the resident.*

Chapter 9 – Lease

ANNUAL INSPECTIONS9- 14/15 *Added*

- Residents who repeatedly "fail" the inspection or cause excessive damage to the unit are in violation of their lease and may be scheduled for a lease violation conference. *Continued violation may lead to lease termination.*

Bed Bug Policy9-18/19 *Added*

Residents must **immediately** notify the PHA if they have bed bugs in their unit. If bed bugs are found in a unit, a treatment plan will be formulated. *Residents must cooperate and not hinder the treatment plan. Residents will not be charged to cover the costs of bedbug treatment.*

The resident may be required, *under the supervision of the licensed pest control professional*, to discard, or permanently remove from the building, personal property such as bedding, clothing, bed, furniture, furnishings, books, magazines, newspaper, open food, personal supplies, plants, and stuffed animals. *Residents shall not be permitted to remove any belongings from their units until the bedbug treatment is finalized as determined by the licensed pet control professional.* The PHA will make good faith efforts to minimize the impact on the resident for any loss of personal property.

The Housing Authority provides residents with a unit free from pests, rodents, or other types of bug infestations. Once a bed bug infestation is discovered the Housing Authority will act quickly to keep the infestation from spreading and may temporarily provide the resident with lodging that is infestation free. The Housing Authority will investigate the infestation in order to determine the likely source of the infestation.

HUD regulations and the PHA require the resident's cooperation; residents may be in violation of the Lease Agreement if they fail to fully cooperate and comply with their roles and responsibilities as it relates to the bed bug policy.

If a resident misses a scheduled appointment with the licensed pest control professional, does not allow infested items to be removed from the unit or otherwise fails to cooperate with the treatment plan, the resident may be held responsible for the additional re—treatment costs associated with resident's action and the resident's lease may be terminated at the PHA's discretion.

Chapter 12 – Terminations**B. TERMINATION BY PHA**12-4 B *Added*

- *Failure to comply with community service requirements*

- *Failure to comply with PHA's housekeeping standards*

Chapter 13 Complaints, Grievances and Appeals

B. INFORMAL REVIEW PROCEDURES FOR APPLICANTS

Added

ASSISTANCE DENIALS

When the PHA determines that an applicant is ineligible for the program, the family must be notified of their ineligibility in writing. The notice must contain:

- The reason(s) they are ineligible
- The procedure for requesting a review if the applicant does not agree with the decision
- The time limit for requesting a review
- *The family's right to request that Informal Review be audio-recorded. The cost of transcribing the informal review is born by the requestor*
- *The family's right to request a translator, at the PHA's expense*

PROCEDURE FOR REVIEW

ADDED

The applicant will be given the option of presenting oral or written objections to the decision. *Upon request, the PHA will provide a translator to assist with the informal review.* Both the PHA and the family may present evidence and witnesses. The family may use an attorney or other representative to assist them at their own expense.

The review may be conducted by mail and/or telephone if acceptable to both parties. A notice of the review findings will be provided in writing to the applicant within fifteen (15) days after the review. It shall include the decision of the reviewer and an explanation of the reasons for the decision.

The Informal Review may be audio-recorded at the family's request. The cost of transcribing the informal review is born by the requestor.

C. INFORMAL SETTLEMENT OF GRIEVANCE FOR RESIDENTS

13-3 Added

When a resident has a grievance it shall be personally presented, either orally or in writing, to the PHA office within the time frame established by the notice or *within 10 days of the notice of action disputed.*

The PHA's Formal Hearing Procedures

13-7 Added

The PHA shall send a letter to the participant if it determines the PHA is not bound by the hearing officer's determination within ten (10) days. The letter shall include the PHA's reasons for the decision *and that the action will proceed to an unlawful detainer action where the tenant retains all rights to defend the action in court.*

Chapter 16 – Family Self Sufficiency Program

Full-time employment is defined as:

16:4 *Added*

For hourly or salaried employees: at least 32 hours per week *at minimum wage and consecutively for the past 6 months upon completion date of the contract. If client was not able to secure work full time for the past 6 months due to hardships, (as defined in the contract extension policy), an extension may be granted after thorough review of client's participation and work history throughout the entire time of program in order to secure successful completion.*

For self-employment: net earnings (after business expense deductions) of at least 32 hours per week at minimum wage *consecutively for the past 6 months upon completion date of the contract. If client was not able to secure work full time for the past 6 months due to hardships, (as defined in the contract extension policy), an extension may be granted after thorough review of client's participation and work history throughout the entire time of program in order to secure successful completion.*

16:7 *Added*

FSS REENROLLMENT POLICY AND PROCEDURES:

The goal of the PHA is to make this program accessible and available for those participants who have not had the opportunity to enroll and for those who are porting in from another jurisdiction that need the assistance and resources upon their arrival to sustain self economic growth. An FSS participant who had successfully completed the program with an escrow amount will not be eligible for reenrollment.

The PHA will allow the following circumstances for reenrollment:

- *Any person who participated previously in the FSS Program at SHRA and was terminated for cause may not be eligible for future FSS Participation*
- *An FSS graduate from another PHA porting into SHRA- provided that the program has available slots*
- *Any person whose contract was terminated due to Contract of Participation expiring, no goals were achieved, and no escrow was established, will be eligible for re-enrollment after 2 years since the last COP expired.*
- *Any person who was terminated from the FSS for any program violations and the decision was overturned at an informal hearing, will be eligible for re-enrollment into the FSS program*

Any person who had to terminate from the FSS program due to hardships (defined in the contract extension policy but not limited to), or if resources and services were not available at the time of their contract of participation, will be eligible for reenrollment provided that services are now available to meet their goals outlined in the Individual Training and Service Plan.

ADDENDUMS ADDED

- ***ACOP Addendum - Parking Policy***
- ***ACOP and Admin Plan Addendum - Reasonable Accommodation Policy and Procedures***

**PUBLIC AND SACRAMENTO RESIDENT ADVISORY BOARD COMMENTS
ON 2013 PHA PLAN AND STAFF'S COMMENTS**

PUBLIC COMMENTS WITH STAFF RESPONSE

No comments received from the public.

**SACRAMENTO RESIDENT ADVISORY BOARD (RAB) COMMENTS WITH
STAFF RESPONSE**

**Comment #1: Pet should be pest on page Attachment 1-3 under Chapter 9 – Lease,
Bed Bug Policy.**

Response: This will be changed.

**Comment #2: RAB suggests that the word elderly implies that one is 80+ and could
be replaced with the word senior see:**

- **[http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing equal_opp/seniors](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/seniors) and**
- **[http://en.m.wikipedia.org/wiki/Senior citizen#](http://en.m.wikipedia.org/wiki/Senior_citizen#)**

Response: PHA and ACOP policy follows HUD policy on this matter and will not be changed.

**Comment #3: Chapter 16:7 FSS RE
ENROLLMENT POLICY AND PROCEDURES:**

The PHA will allow the following circumstances for re-enrollment:

- **Any person who participated previously in the FSS Program at SHRA and was terminated for cause may not be eligible for future FSS Participation**

This seems counter intuitive. Perhaps it is out of place in this list. Placing it outside of the bulleted list would add clarity.

Response: This correction was made.

Comment #4:

Chapter 16 - Last paragraph:

- **Any person who had to terminate from the FSS program due to hardships (defined in the contract extension policy but not limited to), or if resources and services were not available at the time of their contract of participation, will be eligible for re-enrollment provided that services are now available to meet their goals outlined in the Individual Training and**

... and what?

We lack sufficient data to support this paragraph.

Response: This correction was made. It now says Individual Training and Service Plan.

**COMMENTS AND STAFF RESPONSE FOR LEGAL SERVICES OF
NORTHERN CALIFORNIA AND DISABILITY ADVISORY COMMITTEE**

No comments received from Legal Services.

nENVIRONMENTAL DETERMINATION

Operation and Maintenance of Public Housing (no physical impact) - NEPA per 24 CFR Section 58.35 (b)(3) and CEQA per Guidelines Section 15301:

- Public Housing in inventory

Leasing Pursuant to Housing Choice Voucher Program – NEPA per 24 CFR 58.35(b)(1) and CEQA per Guidelines Section 15301.

- Tenant Based rental assistance

Administrative Functions (staff costs) - NEPA per 24 CFR Section 58.34 (a)(3), and 58.35 (b)(3) and CEQA per Guidelines Section 15378 (b)(2):

- Public Housing Program
- Housing Choice Voucher Program

Public Services (no physical impact) - NEPA per 24 CFR Section 58.34 (a)(4) and 58.35(b)(2) and CEQA per Guidelines Section 15378 (a):

- Economic and Social self-sufficiency programs
- Safety and Crime Prevention Programs

Modernization of Existing Structures - NEPA per 24 CFR 58.35 (a)(3), and CEQA per Guidelines Section 15301:

- Public Housing Capitalization Fund*

Rehabilitation of Existing Structures (health and safety standards) - NEPA per 24 CFR 58.34 (a)(10) and CEQA per Guidelines Section 15301(d):

- Public Housing Capitalization Fund

Disposition of Public Housing Assets. NEPA per 24 CFR 58.35(a)(5) and CEQA per Guidelines Section 15301.

- 45 Section 32 and Project-based Section 8 homes to the Redevelopment Agency (RA)*
- 3671 5th Avenue*
- 0 N Bannon Street*
- 7312 Franklin Blvd #1, 4052 Weymouth Ln, 4225 Weymouth Ln *
- Single Family Scattered Sites 616 South Ave*
- 1820 Capitol Avenue*
- 1725 K Street*

- 1107 23rd Street*
- Walnut Grove*
- 2830 Stockton Boulevard*
- Single Family Scattered Sites 3917 Temple Avenue – 4024 MLK Jr Boulevard*
- Single Family Scattered Sites 4114 3rd Avenue – 1044 Westward Way*
- Single Family Scattered Sites 7244 Washburn Way – 3513 May Street*
- Single Family Scattered Sites 5001 33rd Avenue – 6141-6145 Terrell Drive*
- 3867 Bainbridge Drive*

Demolition of Public Housing Assets. NEPA per 24 CFR 58.35(a)(4) and CEQA per Guidelines Section 15301(l).

- 7045-7047 24th Street*
- 4137 Rio Linda Boulevard and 716 Acacia Avenue*

Supplemental Assistance to Pre-existing Projects (no change in scope) - NEPA per 24 CFR 58.35 (b)(7) and CEQA per Guidelines Sections 15162 and 15301(c):

- None at this time

* The programs and projects with an (*) are subject to environmental review under CEQA and/or NEPA prior to funding commitment to confirm that the project is exempt, categorically excluded, or that there will be no significant adverse environmental impacts.



August 30, 2012

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

New Seasons Affordable Housing Project: Approval of Tax Exempt Bonds, Home Investment Partnership Program (HOME) and Community Development Block Grant (CDBG) Fund Loan and Corresponding 2012 One-Year Action Plan Amendment

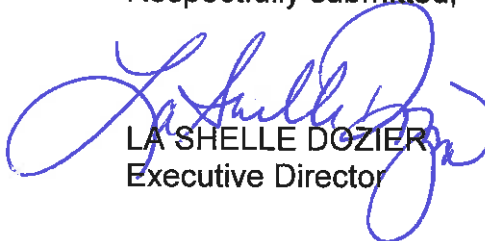
SUMMARY

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:
September 25, 2012
10:15 a.m.

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

From: Sacramento Housing and Redevelopment Agency (SHRA)

Subject: New Seasons Affordable Housing Project: Approval Of Tax Exempt Bonds, Home Investment Partnership Program (HOME) And Community Development Block Grant (CDBG) Funded Loan, And Corresponding 2012 One-Year Action Plan Amendment

Supervisory
District: Yee

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

Overview

This report recommends approval of a Loan Commitment of \$4.1 million in Home Investment Partnership (HOME) and Community Development Block Grant (CDBG) funds and approval of tax exempt bonds for the acquisition, rehabilitation, and permanent financing of New Seasons Apartments.

Recommendations

Staff recommends adoption of the attached resolutions for New Seasons Apartments in which:

1. Board of Supervisors approves and authorizes the Sacramento Housing and Redevelopment Agency (SHRA) to execute a loan commitment and related documents for a loan of up to \$4.1 million of HOME and CDBG funds to DAVCO Communities, LLC or related entity; and
2. Board of Supervisors authorizes an amendment to the Agency budget to:
 - Allocate \$3,087,000 of HOME funds from Multifamily Rehabilitation to the New Seasons Apartments project (Project);
3. Board of Supervisors authorizes an amendment to the 2012 One-Year Action Plan and Agency budget to:
 - Defund \$320,000 of CDBG funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the Project;
 - Defund \$380,000 of CDBG funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the Project;
 - Defund \$46,000 of HOME funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the Project;
 - Defund \$267,000 of HOME funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the Project;
4. Housing Authority indicates its intent to issue up to \$10,000,000 in tax-exempt mortgage revenue bonds to provide construction financing for New Seasons Apartments, declares

its intent to be reimbursed for certain costs from bond proceeds, authorizes an application to the California Debt Limit Allocation Committee (CDLAC) for authority to issue the bonds, and authorizes the Executive Director or her designee to execute all necessary documents associated with the transaction; and

5. Board of Supervisors indicates it has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed disposition and approves the issuance of a tax-exempt obligation.

Measures/Evaluation

This development will include 120 rehabilitated units of affordable housing, contributing to the County's 2008-2013 Housing Element goals. Progress toward the housing element goals is reported annually to the State Department of Housing and Community Development.

Fiscal Impact

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

Additional project financing is recommended in the form of a \$4,100,000 SHRA loan comprised of \$3,400,000 in Home Investment Partnership (HOME) and \$700,000 in Community Development Block Grant (CDBG) funds. The SHRA loan will be repaid at the loan term.

BACKGROUND

In 2008 DAVCO Communities, LLC (Developer) proposed to acquire and renovate Greystone Apartments (to be renamed New Seasons) located at 3545 41st Avenue utilizing a tax-exempt bond and 4 percent Low Income Housing Tax Credit (LIHTC) combined with a \$4.17 million Agency loan. Due to the instability in the financial markets at the time, the Developer could not obtain the 4 percent LIHTC equity necessary to facilitate the transaction.

The Developer responded by restructuring the project's financial structure from tax-exempt bonds and 4 percent LIHTC to 9 percent LIHTC and increased the SHRA loan to \$4.9 million. On June 2, 2009, the Board of Supervisors and the Redevelopment Agency approved the revised financial structure. The Developer applied for 9 percent LIHTCs, but was unsuccessful due to the highly competitive nature of these tax credits.

Now, the financial markets have recovered to the point where a 4 percent LIHTC structure is feasible. The project's financing has again been restructured to be similar to the original structure, with up to \$10 million in tax exempt mortgage revenue bonds, 4 percent LIHTCs, and a proposed \$4.1 million SHRA loan.

DISCUSSION

Description of Development: Greystone Apartments was built in 1964 and will be renamed New Seasons Apartments. The project is located in the former Franklin Boulevard Redevelopment Area near public transit, parks, shopping, and schools. Adjacent uses include single family homes, automotive uses on Franklin Boulevard, public housing across 41st Avenue, and St. Rose Catholic Church to the north. The property currently consists of 120 two-bedroom units of approximately 765 square feet, in 30 two-story buildings. The project includes extensive renovation of the existing site, buildings, and units. A new community building will be constructed, containing a community room, office, laundry room, and manager's unit (bringing the total units on the property to 121). Site improvements include the addition of a tot lot, improved fencing and lighting, a security camera system, and landscaping. Unit improvements include new flooring, insulation, cabinets, bathtubs, appliances, water heaters, HVAC, and lighting. A Vicinity Map is included as Attachment I and a Site Map as Attachment II.

Before arriving at the above defined project, the Developer, along with SHRA, investigated different development concepts for this site. Though the structures are structurally sound, one option would be to demolish the buildings at New Seasons and reconstruct the project. On average, the cost of constructing new affordable units in the County is approximately \$200,000 per unit. This figure does not include the additional costs of demolition and relocation which would be necessary at New Seasons and would add significant additional expense. When the new construction figures alone were compared with the \$130,000 per unit budget to renovate, the additional per unit costs added approximately \$8.5 million to the project budget.

Similarly, SHRA evaluated reconfiguring the units to convert many of the two-bedroom units to one- and three-bedroom units and determined the reconfiguration would add significant cost. In addition, the market study reveals significant demand for affordable two-bedroom units in the area. Further, the area already contains a wide mix of unit sizes.

In summary, the currently proposed project represents the most economically feasible option for the improvement of this property.

Developer: The Developer will be a limited partnership formed by DAVCO Communities, LLC and Hunt Capital Partners, LLC. DAVCO staff has participated in the acquisition and development of more than 2,500 affordable units in California. Hunt Capital Partners, LLC is a division of The Hunt Companies, a nationwide developer, manager, and investor in affordable and market-rate housing. Hunt has developed 89,000 multifamily units throughout the country.

Social Services: Services will be provided to the residents by LifeSTEPS, an experienced social services provider based in Sacramento County and serving over 200 affordable housing communities throughout California. LifeSTEPS will be required to provide at least 20 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include after-school programs, computer training, English as a Second Language classes and coordinating social activities for the residents.

Property Management: The project will be managed by FPI Management, Inc., an experienced manager of market-rate and affordable apartment communities nationwide. The company currently manages a portfolio of approximately 60,000 apartment units, including many affordable units financed with tax-exempt bonds, LIHTCs, and HOME funds. In addition to New Seasons, FPI manages several affordable complexes in Sacramento County and City, including Antelope Ranch, Ashford Park and Saybrook Apartments. SHRA staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets SHRA's requirements for property management.

Project Financing: The Developer has proposed to finance the project through issuance of up to a \$10 million tax-exempt mortgage revenue bond, 4 percent LIHTCs, an SHRA loan of \$4.1 million of County HOME and CDBG funds, and a deferred developer fee. The Developer will also apply for a grant of \$450,000 from the Federal Home Loan Bank's Affordable Housing Program (AHP), but receipt of this funding is not guaranteed and is not assumed in this report. If the Developer is successful in securing AHP funds, staff will present revised financing numbers to the Housing Authority Board when requesting final approval of bond documents for this project. A project summary, including a proposed sources and uses of funds, is included as Attachment III, a cash flow proforma is included as Attachment IV, and a schedule of rent and income limits is included as Attachment V. The project's affordability restrictions will be specified in regulatory agreements with the Developer. The Loan Commitment Letter is included as Attachment VI.

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

The bonds for the project will be privately placed with Hunt Capital Partners. SHRA will report back on the actual bond amounts with the request for final approval of the bond documents. The law firm of Orrick, Herrington & Sutcliffe will serve as bond counsel.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. The following chart summarizes the proposed affordability restrictions for the project.

Funding	% of Units	Affordability Restrictions	No. Units	Regulatory Requirements
Tax-Exempt Bonds	20%	Very Low Income (50% AMI)	24	55 years
Low Income Housing Tax Credits				
SHRA Loan	79%	Low Income (60% AMI)	96	55 years
Manager's Unit	1%	Unrestricted	1	
Total	100%		121	

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

Future Approval Processes: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The "volume cap" is limited and is allocated by CDLAC through a competitive state-wide process.

The Developer will also submit an application to the Federal Home Loan Bank for an AHP grant. AHP funding is competitive, and receipt of this grant is not guaranteed. Because of this uncertainty, the proforma budget included with this report does not assume receipt of these funds. If the Developer is successful in acquiring AHP funds, the project budget will be revised in a future report to the Board of Supervisors.

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

COMMISSION ACTION

At its meeting of September 5, 2012, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

MEASURES/EVALUATIONS

The County's Housing Element has set affordable housing creation goals for the period of 2008-2013. This project would create 24 very low-income and 96 low-income units, bringing the County closer to meeting its stated affordable housing goals. Affordability restrictions will be in place and monitored by SHRA for 55 years

FINANCIAL ANALYSIS

Adoption of the attached bond resolutions will not result in any direct financial obligation to the County of Sacramento, the Housing Authority, or SHRA for repayment of the bond funds. SHRA will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond amount, which is payable at bond closing, and an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount (15 basis points) for the term of the Regulatory Agreement. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. The law firm of Orrick, Herrington & Sutcliffe is acting as bond counsel for SHRA.

Additional project financing is recommended in the form of a \$4,100,000 SHRA loan comprised of \$3,400,000 in Home Investment Partnership (HOME) and \$700,000 in Community Development Block Grant (CDBG) funds. The SHRA loan will be repaid at the loan term.

The 2012 One-Year Action Plan and the Agency budget will be amended to defund \$320,000 of CDBG funds from the Single Family Rehabilitation Revolving Loan Fund, \$380,000 of CDBG funds from the First-Time Homebuyer Revolving Loan Fund, \$46,000 of HOME funds from the Single Family Rehabilitation Revolving Loan fund, \$267,000 of HOME funds from the First-Time Homebuyer Revolving Loan Fund, and reallocate these funds to the New Seasons Apartments Project. SHRA has received a \$1 million CalHome grant from the State Department of Housing and Community Development which allows for first-time homebuyer and owner-occupied rehabilitation activities. Additionally the Agency budget will be amended to allocate \$3,087,000 of HOME funds from Multifamily Rehabilitation to the New Seasons Apartment Project.

POLICY CONSIDERATIONS

The proposed actions are consistent with SHRA's Multifamily Lending and Mortgage Revenue Bond Policies. Additionally, the actions will further SHRA's goals of:

- promoting private sector investment and the rehabilitation of affordable housing in the former Franklin Boulevard Redevelopment Area; and
- furthering SHRA's goal of stabilizing this depressed area of the County by rehabilitating a multifamily complex and providing quality property management.

Regulatory restrictions on the property will be specified in a Regulatory Agreement between the Developer and SHRA. Compliance with the Regulatory Agreement will be monitored by SHRA on a regular basis. As an affordable housing project, the Project is exempt from the Art in Public Places requirement.

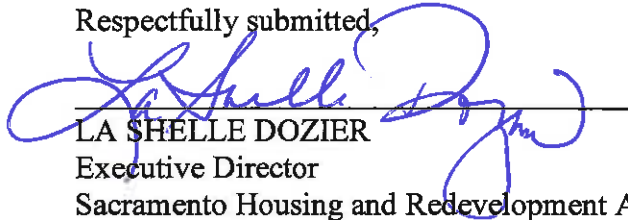
ENVIRONMENTAL REVIEW

The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged. The project consists of the rehabilitation of a multi-family residential complex in which the unit density will not be changed and the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation. Therefore, the proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3).

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,



LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED



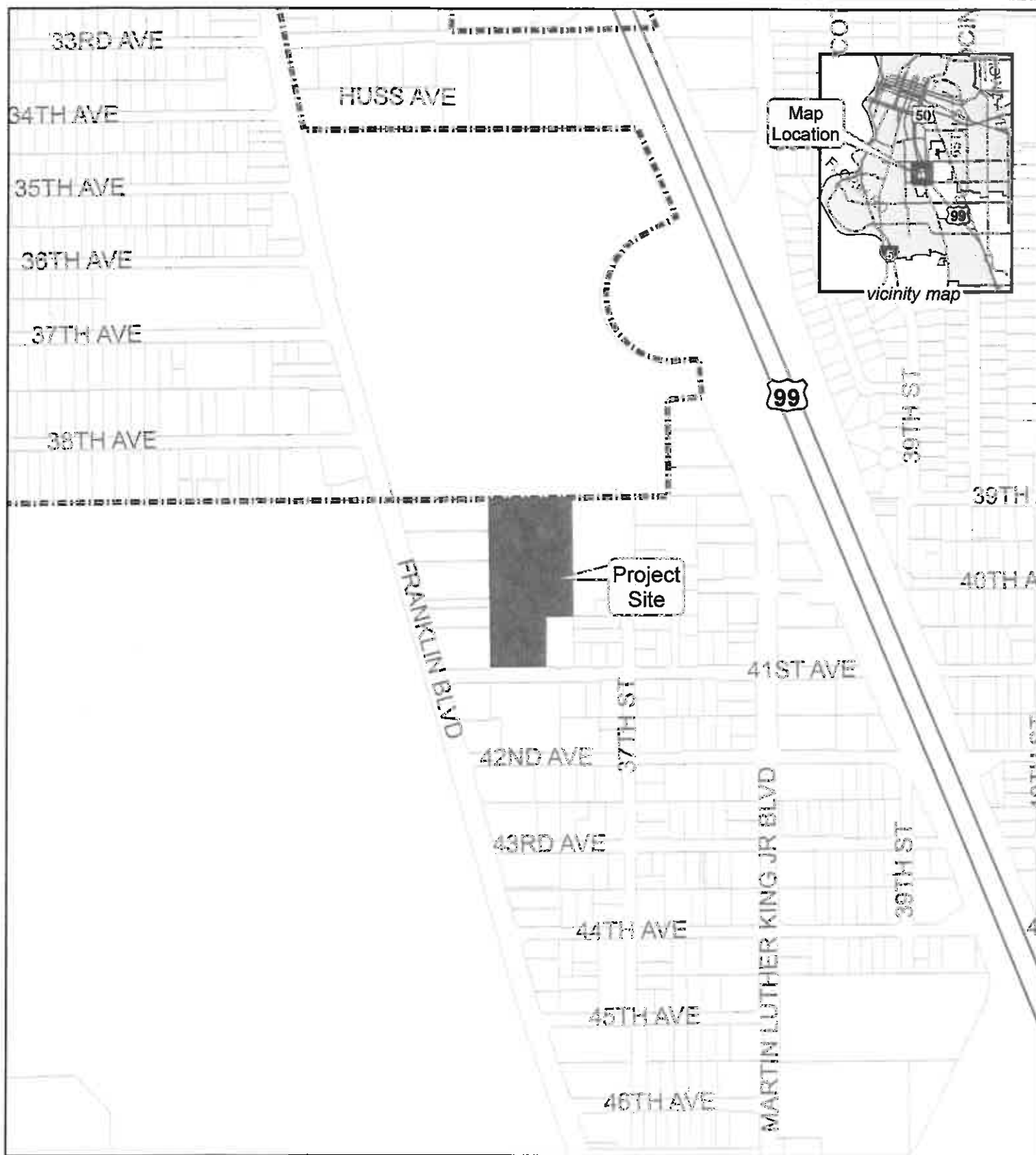
BRADLEY J. HUDSON
County Executive

Attachments:

RES –BOS Loan
RES – BOS TEFRA
RES – HACOS Reimbursement
ATT I – Vicinity Map
ATT II – Site Map
ATT III – Project Summary
ATT IV – Cash Flow Proforma
ATT V – Maximum Rents and Incomes
ATT VI – Commitment Letter



New Seasons Apartments



New Seasons Apartments

Sacramento City Limit

0 450 900 Feet



SHRA GIS
August 6, 2012



New Seasons Project Summary

<u>Address</u>	3545 41st Street		
<u>Number of Units</u>	121		
<u>Year Built</u>	1964		
<u>Acreage</u>	4.15 Acres		
<u>Affordability</u>	24 units (20%) at or below 50% of Area Median Income (AMI) 96 units (79%) at or below 60% of AMI 1 Manager's Unit		
<u>Unit Mix and Rents</u>	(50% AMI)	(60% AMI)	Manager
2 Bedroom / 1 Bath	24	96	1
<u>Square Footage</u>	<i>Per Unit</i>	<i>Total</i>	
2 BR / 1 BA	762	91,440	square feet
Community Bldg, inc. Manager's Unit	2350	2,350	square feet
Total		93,790	square feet
<u>Resident Facilities</u>	The complex will include a tot-lot, gated entry, a new community center, and laundry facilities.		
<u>Permanent Sources</u>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Senior MRB	\$ 5,400,000	\$ 44,628	\$ 57.58
Tax Credit Equity	\$ 5,187,808	\$ 42,874	\$ 55.31
Agency Loan	\$ 4,100,000	\$ 33,884	\$ 43.71
Deferred Developer Fee Note	\$ 1,129,108	\$ 9,331	\$ 12.04
TOTAL SOURCES	\$ 15,816,916	\$ 130,718	\$ 168.64
<u>Permanent Uses</u>			
Acquisition Costs	\$ 5,780,000	\$ 47,769	\$ 61.63
Development Impact Fees/ Permits	\$ 48,400	\$ 400	\$ 0.52
Construction Costs	\$ 5,747,000	\$ 47,496	\$ 61.28
Architecture, Engineering & Survey	\$ 44,200	\$ 365	\$ 0.47
Contingency	\$ 683,169	\$ 5,646	\$ 7.28
Financing Costs & Issuance	\$ 809,607	\$ 6,691	\$ 8.63
Reserves	\$ 282,306	\$ 2,333	\$ 3.01
Legal Fees	\$ 150,000	\$ 1,240	\$ 1.60
Developer Fee	\$ 1,618,845	\$ 13,379	\$ 17.26
Relocation	\$ 245,595	\$ 2,030	\$ 2.62
Insurance, Third Party Reports, Other	\$ 407,794	\$ 3,370	\$ 4.35
TOTAL USES	\$ 15,816,916	\$ 130,718	\$ 168.64
<u>Management / Operations</u>			
Proposed Developer:	DAVCO Communities, LLC and The Hunt Companies		
Property Management Company:	FPI Management, Inc.		
Operations Budget:	\$508,930	\$4,206	
Resident Services:	\$36,300	\$300	
Replacement Reserves:	\$36,300	\$300	

New Seasons Apartments - Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Actual Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent					
2 BD / 1 BA @ 50% AMI	24	765	18,360	\$ 856	\$ 74	\$ 782	\$ 700	\$ 0.92	\$ 16,800	\$ 201,600					
2 BD / 1 BA @ 60% AMI	96	765	73,440	\$ 1,027	\$ 74	\$ 953	\$ 725	\$ 0.95	\$ 69,600	\$ 835,200					
Manager's Units	1	1000	1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Total / Average for Restricted Units	121	767	92,800	\$ 993	\$ 74	\$ 919	\$ 720	\$ 0.93	\$ 86,400	\$ 1,036,800					
	rate	annual increase	per unit	2012	2013	2014	2015	2016	2021	2026	2031	2036	2041	2046	2051
Income		2.50%	8,640	1,036,800	1,062,720	1,089,288	1,116,520	1,144,433	1,294,821	1,464,971	1,657,481	1,875,287	2,121,715	2,400,526	2,715,975
Potential Gross Income		2.50%	182	21,780	22,325	22,883	23,455	24,041	27,200	30,775	34,819	39,384	44,571	50,428	57,054
Other Income				52,929	54,252	55,609	56,999	58,424	66,101	74,787	84,615	95,734	108,314	122,548	138,651
Less Vacancy	5.00%			\$1,005,651	\$1,030,792	\$1,056,562	\$1,082,976	\$1,110,051	\$1,255,920	\$1,420,959	\$1,607,684	\$1,818,947	\$2,057,972	\$2,328,406	\$2,634,378
Effective Gross Income															
Operating Expenses															
Property Management Fee		3.50%	3,780	457,380	473,388	489,957	507,105	524,854	623,362	740,359	879,314	1,044,349	1,240,359	1,473,157	1,749,649
Social Services		3.50%	420	50,820	52,599	54,440	56,345	58,317	69,262	82,262	97,702	116,039	137,818	163,684	194,405
Taxes/Assessments/Mello Roos		3.50%	300	36,300	37,571	38,885	40,246	41,655	49,473	58,759	69,787	82,885	98,441	116,917	138,861
Replacement Reserves		2.00%	6	730	745	759	775	790	872	963	1,063	1,174	1,296	1,431	1,580
Replacements		2.50%	300	36,300	37,208	38,138	39,091	40,068	45,334	51,291	58,031	65,657	74,285	84,046	95,091
Total Expenses			4,806	\$581,530	\$601,510	\$622,179	\$643,563	\$665,685	\$788,304	\$933,633	\$1,105,896	\$1,310,103	\$1,552,199	\$1,839,236	\$2,179,586
Net Operating Income				\$424,121	\$429,283	\$434,383	\$439,413	\$444,366	\$467,617	\$487,325	\$501,788	\$508,844	\$505,773	\$489,170	\$454,792
Debt Service	amount	rate	term												
Senior Loan	\$5,400,000	5.200%	30	355,824	355,824	355,824	355,824	355,824	355,824	355,824	355,824	355,824	355,824	355,824	355,824
SHRA Monitoring Fee	\$8,522,335	0.150%		12,784	12,784	12,784	12,784	12,784	12,784	12,784	12,784	12,784	12,784	12,784	12,784
Debt Service Subtotal				\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607	\$368,607
DCR on Senior Bonds				1.15	1.16	1.18	1.19	1.21	1.27	1.32	1.36	1.38	1.37	38.27	35.58
Priority Distributions															
Managing General Partner Fee		3.00%		7,500	7,725	7,957	8,195	8,441	9,786	11,344	13,151	15,246	17,674	20,489	23,753
Investor Asset Management Fee		3.00%		7,500	7,725	7,957	8,195	8,441	9,786	11,344	13,151	15,246	17,674	20,489	23,753
Net Cash after Priority Distributions				\$40,514	\$45,225	\$49,862	\$54,415	\$58,876	\$79,438	\$96,029	\$106,878	\$109,745	\$101,817	\$435,408	\$394,503
Deferred Developer Fee															
Principal Balance	\$1,129,108	0.00%		1,129,108	1,088,594	1,043,369	993,507	939,092	602,305	170,022					
Interest for Period				0	0	0	0	0	0	0					
Accumulated Interest				0	0	0	0	0	0	0					
Payment				40,514	45,225	49,862	54,415	58,876	79,438	96,029					
Balance				\$1,088,594	\$1,043,369	\$993,507	\$939,092	\$880,216	\$522,867	\$73,993					
SHRA Loan															
Principal Balance	\$4,100,000	4.00%		4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Interest for Period				164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
Accumulated Interest				164,000	328,000	492,000	656,000	820,000	1,640,000	2,460,000	3,144,139	3,701,749	4,245,824	3,400,688	2,296,960
Payment				0	0	0	0	0	0	0	49,549	55,429	52,870	394,858	366,210
Balance				\$4,264,000	\$4,428,000	\$4,592,000	\$4,756,000	\$4,920,000	\$5,740,000	\$6,560,000	\$7,194,590	\$7,746,320	\$8,292,954	\$7,105,830	\$6,030,750
Net Cash after SHRA Payment				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57,329	\$54,315	\$48,947	\$40,550	\$28,293
Combined Debt Coverage Ratio				1.15	1.16	1.18	1.19	1.21	1.27	1.32	1.20	1.20	1.20	1.20	1.20

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

Maximum Income Limits:		
Family Size	Max Income 50% AMI	Max Income 60% AMI
1 person	\$26,650	\$31,980
2 person	\$30,450	\$36,540
3 person	\$34,250	\$41,100

Maximum Rent Limits: HOME, Mortgage Revenue Bond (MRB), Low Income Housing Tax Credit (LIHTC)		
Unit Size	Gross Rent 50% AMI	Gross Rent 60% AMI
2 Bedroom	\$856.00	\$1,027.00

Date: September 25, 2012

Attachment VI

Tom Davis
DAVCO Communities, LLC
1713 Tulare Street, Suite 118
Fresno, CA 93721

RE: Conditional funding commitment, New Seasons Apartments

Dear Mr. Davis:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of construction and permanent loan funds ("Loan") from County HOME and CDBG funds for the purpose of financing the acquisition and rehabilitation of that certain real property located at 3545 41st Avenue, Sacramento California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

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

This commitment will expire September 30, 2013.

1. PROJECT DESCRIPTION: The project is the acquisition and rehabilitation of a 120-unit multifamily housing project.
2. BORROWER: The name of the Borrower for the Loan is DAVCO Communities, LLC or related entity.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition and rehabilitation and for such other purposes as Agency expressly agrees to

in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.

4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Four Million, One Hundred Thousand Dollars (\$4,100,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value as determined by the Agency.
5. TERM OF LOAN: The unpaid balance of the Loan will be all due and payable 504 months or 42 years from the making of the loan.
6. INTEREST RATE: The Loan will bear interest at Four Percent (4%) simple interest per annum. Interest shall be calculated on the basis of a 360-day year and actual days elapsed.
7. AMORTIZATION: Loan shall amortize as permitted by monthly payments.
8. MONTHLY PAYMENT: Monthly principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, monthly installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Monthly payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
9. SOURCE OF LOAN FUNDS: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: County Home Investment Partnership Program (HOME) funds and County Community Development Block Grant (CDBG) funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

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

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation

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

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a second lien upon the Property and Improvements subject only to the first mortgage and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of \$6,200,000, to be evidenced by a fully executed deferred developer fee note and a fully executed Partnership Agreement with a tax credit equity investor. Agency may, at its sole discretion, accept proof of a smaller amount of equity if Borrower provides proof that other funding sources have been committed to the project in an amount sufficient to compensate for the reduction in equity below the amount stated in this paragraph.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

Construction Financing from a private lender(s) in an amount(s) sufficient to complete rehabilitation of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

Commitments for permanent financing sufficient to remove all liens and for a term of not less than 18 years and amortized over 30 years.

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

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

15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower must submit to Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the 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 judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

18. PLANS AND SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. CONSTRUCTION CONTRACT: The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency shall require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. ENVIRONMENTAL REVIEW: The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds. Environmental review pursuant to NEPA will be completed for the project prior to any choice limiting action.
23. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specifications and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation

supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

24. COST SAVINGS. At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
25. 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 January 1, 2014.
26. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than December 31, 2015.
27. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
28. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
29. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office ("ISO") policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and

\$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

30. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a first or second lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
31. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
32. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
33. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information,

and operating statements with respect to the Property and Improvements, as Agency may request.

34. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
35. RESIDENT SERVICES PLAN: Borrower shall submit for approval a detailed resident services plan including but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) the services will be provided for a minimum of 20 hours per week; 3) confirmation services will be provided according to the Agency's minimum requirements as specified in the Multifamily Lending and Mortgage Revenue Bond Policies; 4) a description of the programs to be offered, and; 5) a Proforma social services budget.
36. LOW INCOME HOUSING TAX CREDITS("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
37. FEDERAL HOME LOAN BANK AFFORDABLE HOUSING GRANT: Borrower represents that as a condition of closing this Loan it is applying for a grant under the Affordable Housing Program and will diligently pursue the award in connection with this Property as indicated in the financial information provided in Borrower's application.
38. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
39. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
40. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.

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

Sincerely,

LaShelle Dozier
Executive Director

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

Dated:

BORROWER:
DAVCO Communities, LLC
A California limited liability company

By: _____
Tom Davis, President

RESOLUTION NO. _____

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

ON DATE OF

**NEW SEASONS AFFORDABLE HOUSING PROJECT: APPROVAL OF A LOAN
COMMITMENT OF UP TO \$4,100,000 OF COUNTY HOME INVESTMENT
PARTNERSHIP PROGRAM (HOME) AND COMMUNITY DEVELOPMENT BLOCK
GRANT (CDBG) FUNDS; EXECUTION OF COMMITMENT AND RELATED
DOCUMENTS WITH DAVCO COMMUNITIES, LLC OR RELATED ENTITY; AND
RELATED 2012 ONE-YEAR ACTION PLAN AND BUDGET AMENDMENTS**

WHEREAS, DAVCO Communities, LLC (Developer) has applied for an allocation of up to Four Million, One Hundred Thousand Dollars (\$4,100,000) in County Home Investment Partnership Program (HOME) and Community Development Block Grant (CDBG) funds to assist in funding the acquisition, construction, and permanent financing of the New Seasons Apartments project;

WHEREAS, the New Seasons Apartments project qualifies for HOME and CDBG funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, a duly noticed public hearing soliciting comments on an amendment to the 2012 One-Year Action Plan was held by the Board of Supervisors of the County of Sacramento on September 25, 2012;

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 New Seasons Apartments project (“Loan Commitment”) is approved and the Sacramento Housing and Redevelopment Agency (“Agency”) is authorized to execute the Loan Commitment and related documents and transmit to DAVCO Communities, LLC or related entity. The Agency will return to the Board for approval of loan documents.

Section 3: The Agency is authorized to amend the County 2012 One-Year Action Plan and the Agency budget as follows:

- Defund \$320,000 of CDBG funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$380,000 of CDBG funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$46,000 of HOME funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$267,000 of HOME funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Allocate \$3,087,000 of HOME funds from Multifamily Rehabilitation to the New Seasons Apartments project.

New Seasons Affordable Housing Project: Approval Of Tax Exempt Bonds And A Home
Investment Partnership Program (HOME) And Community Development Block Grant (CDBG)
Loan For New Seasons Apartments, And A Corresponding 2012 One-Year Action Plan
Amendment
Page 3

On a motion by Supervisor _____, seconded by Supervisor _____,
the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of
Sacramento, State of California this 25th day of September 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

RESOLUTION NO. _____

ON DATE OF

NEW SEASONS AFFORDABLE HOUSING PROJECT: APPROVING THE ISSUANCE OF BONDS BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF OF NEW SEASONS SACRAMENTO, L.P.

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes to issue multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$10,000,000 and to lend the proceeds thereof to New Seasons Sacramento, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by DAVCO Communities, LLC (the "Developer"), to be used to provide funds for the acquisition, rehabilitation and development of a 120-unit multifamily housing residential facility located at 3545 41st Avenue, in the County of Sacramento, California, to be known as New Seasons Apartments and owned and operated by the Developer;

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

WHEREAS, a public hearing was held by the Board on the 25th day of September, 2012, following duly published notice thereof, and all persons desiring to be heard have been heard;

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

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$10,000,000 for the purposes described above is hereby approved.

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

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 25th day of September, 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

RESOLUTION NO. _____

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

ON DATE OF

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

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to New Seasons Sacramento, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by DAVCO Communities, LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 120-unit multifamily housing residential facility located at 3545 41st Avenue, in the County of Sacramento, California (the "Project"); and

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

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

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

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

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$10,000,000.

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

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

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

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

New Seasons Affordable Housing Project: Approval Of Tax Exempt Bonds And A Home Investment Partnership Program (HOME) And Community Development Block Grant (CDBG) Loan For New Seasons Apartments, And A Corresponding 2012 One-Year Action Plan Amendment
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for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

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

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Housing Authority of the County of Sacramento, State of California this 25th day of September, 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

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

September 5, 2012

NEW SEASONS AFFORDABLE HOUSING PROJECT: APPROVAL OF A LOAN COMMITMENT OF UP TO \$4,100,000 OF COUNTY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) AND COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH DAVCO COMMUNITIES, LLC OR RELATED ENTITY; AND RELATED 2012 ONE-YEAR ACTION PLAN AND BUDGET AMENDMENTS

WHEREAS, DAVCO Communities, LLC (Developer) has applied for an allocation of up to Four Million, One Hundred Thousand Dollars (\$4,100,000) in County Home Investment Partnership Program (HOME) and Community Development Block Grant (CDBG) funds to assist in funding acquisition, construction, and permanent financing of the New Seasons Apartments project;

WHEREAS, the New Seasons Apartments project qualifies for HOME and CDBG funding under the Sacramento Housing and Redevelopment Agency guidelines;

WHEREAS, on October 23, 2007, the County of Sacramento Board of Supervisors approved the 2008-2012 Consolidated Plan by Resolution 2007-1289;

WHEREAS, on November 1, 2011, the County of Sacramento Board of Supervisors approved the 2012 One-Year Action Plan by Resolution 2011- 0800;

WHEREAS, a duly noticed public hearing soliciting comments on an amendment to the 2012 One-Year Action Plan will be held by the Board of Supervisors of the County of Sacramento on September 25, 2012;

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: The Executive Director, or her designee, is authorized to amend the Agency budget to allocate funding for programs and projects in accordance with the amended 2012 One-Year Action Plan.

Section 3: The Loan Commitment attached to and incorporated in this resolution by this reference for the financing of the New Seasons Apartments project ("Loan Commitment") is approved and the Executive Director is authorized to execute the Loan Commitment and related documents and transmit to DAVCO Communities, LLC, or related entity.

Section 4: The Executive Director is authorized to amend the County 2012 One-Year Action Plan and the Agency budget as follows:

- Defund \$320,000 of CDBG funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$380,000 of CDBG funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$46,000 of HOME funds from the County Single Family Rehabilitation Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Defund \$267,000 of HOME funds from the County First-Time Homebuyer Revolving Loan Fund and reallocate to the New Seasons Apartments project;
- Allocate \$3,087,000 of HOME funds from Multifamily Rehabilitation to the New Seasons Apartments project.

Section 5: The Executive Director is authorized to execute the Loan Agreement consistent with the Loan Commitment, 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 in a form as approved by Agency counsel.

CHAIR

ATTEST:

CLERK