



NOTICE OF REGULAR MEETING
**Sacramento Housing and
Redevelopment Commission**
Wednesday, June 6, 2018 – 6:00 pm
801 12th Street, 2nd Floor Commission Room
Sacramento CA

ROLL CALL

APPROVAL OF AGENDA

CITIZENS COMMENTS

While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes, so that everyone may be heard. If you wish to speak under Citizens Comments or on a posted agenda item, please fill out a speaker card and present it to the Agency Clerk. SHRA provides opportunities for the public to address the Commission at this time in order to listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment periods on the agenda are not intended to be "question and answer" periods or conversations with Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Commission attendees are requested to silence any electronic devices that they have in their possession during the meeting.

APPROVAL OF MINUTES – May 16, 2018

CONSENT

1. 2018 Mid-Year Revision to the Annual Plan for the Housing Authority of the County of Sacramento and the Housing Choice Voucher Administrative Plan

SPECIAL PRESENTATION

2. Panhandle Mixed Income Housing Strategy

DISCUSSION/BUSINESS

3. Approval of Family Unification Program (FUP) Grant Application and Execution of Three-Party Memorandum of Understanding with Sacramento County Department of Child, Family and Adult Services and Sacramento Steps Forward to Secure Housing Choice Vouchers
4. 700 Block of K Street Project Tax Equity Fiscal Responsibility (TEFRA) Hearing and Approval of Tax Exempt Bonds
5. Victory Townhomes, Dixieanne Apartments and Norwood Annex Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitments
6. Imperial Tower Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing and Approval of Tax Exempt Bonds

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT

REPORTS: Copies of documents relating to agenda items are available for review in the Agency Clerk's office located at 801 12th Street, Sacramento CA 95814. Agendas and reports are also posted online at www.shra.org. Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the Agency Clerk's office during normal business hours and will also be available at the meeting.

AMERICANS WITH DISABILITIES ACT: Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



MINUTES

Sacramento Housing and Redevelopment Commission (SHRC) Meeting of May 16, 2018

Meeting noticed on May 11, 2018

ROLL CALL

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

MEMBERS PRESENT: Alcalay, Griffin, Johnson, Macedo, Morgan, Simas, Staajabu, Starks, Wedding

MEMBERS ABSENT: Creswell (one vacancy)

STAFF PRESENT: La Shelle Dozier, David Levin, Vickie Smith, Tyrone R. Williams, Sarah O 'Daniel, Christine Weichert, Bern Wikhammer, Terren Wing, Anne Nicholls

APPROVAL OF AGENDA – Chair Macedo announced that item # 4 was going to be moved to the beginning of the business calendar.

CITIZENS COMMENTS

APPROVAL OF MINUTES – May 2, 2018 minutes were approved as amended.

PUBLIC HEARING

1. 2018 Mid-Year Revision to the Annual Plan for the Housing Authority of the County of Sacramento and the Housing Choice Voucher Administrative Plan – Public Hearing

Mary Liz Paulson presented the item. Chair Macedo opened the public hearing.

Holly Wunder-Stiles from Mutual Housing spoke in support of the item.

Chair Macedo closed the public hearing.

DISCUSSION/BUSINESS

2. Twin Rivers Transit Oriented Development and Light Rail Project: Approve Submittal of a Section 108 Loan Application for Financing Infrastructure Construction, Amendment of the 2013-2019 Consolidated Plan and 2018 One-Year Action Plan, Submittal of a California Climate Investments Urban Green Program Grant Application, and Amendment of the Choice Neighborhoods Implementation Grant Budget to Include Funds for Predevelopment

Tyrone Williams presented the item.

Commissioner Morgan motioned to approve the staff recommendation in the reports. Commissioner Griffin seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Johnson, Macedo, Morgan, Simas, Staajabu, Starks, Wedding

NOES: None

ABSENT: Creswell (one vacancy)

ABSTAIN: None

3. Approval of Amended Funding Commitments for the Shasta Hotel

Christine Weichert presented the item.

Commissioner Griffin motioned to approve the staff recommendation in the reports. Commissioner Morgan seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Johnson, Macedo, Morgan, Simas, Staajabu, Starks, Wedding

NOES: None

ABSENT: Creswell (one vacancy)

ABSTAIN: None

4. Authorization to Terminate and Release Inclusionary Housing Regulatory Agreement for the Patterson Subdivision Project

Anne Nicholls presented the item

Commissioner Griffin motioned to approve the staff recommendation in the reports. Commissioner Morgan seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Johnson, Macedo, Morgan, Simas, Staajabu, Starks, Wedding

NOES: None

ABSENT: Creswell (one vacancy)

ABSTAIN: None

EXECUTIVE DIRECTOR'S REPORT

La Shelle Dozier reviewed the following:

- Next meeting is on June 6, 2018
- Commission meetings for June 20th and July 4th will be cancelled.
- SB2 information was removed from the City and County affordable housing reports and will be presented separately.
- Reviewed the new drone patrol occurring at Marina Vista and Alder Grove.

COMMISSION CHAIR REPORT

Chair Macedo announced that the May Executive Committee Meeting was cancelled and would be held on June 4th, 2018.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Staajabu asked for an update on the relocations at Twin Rivers.

Commissioner Alcalay recommended putting information about the drone at Marina Vista on the website and that it is well publicized to both the residents and to the community.

ADJOURNMENT

As there was no further business to be conducted, Chair Macedo adjourned the meeting at 7:04 pm.

Clerk



June 6, 2018

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT **2018 Mid-Year Revision to the Annual Plan for the Housing Authority of the County of Sacramento and the Housing Choice Voucher Administrative Plan – Public Hearing**

RECOMMENDATION

Staff recommends adoption of the attached resolution which: 1) certifies that the required public hearing has been held and comments have been received and considered, 2) approves the *2018 Mid-Year Revision to the Public Housing Agency (PHA) Annual Plan (Plan)* and the *Administrative Plan* for the Housing Choice Voucher (HCV) program for the Housing Authority of the County of Sacramento (HACOS), 3) authorizes the Executive Director or her designee to make non-substantive changes to the *Plan* and the *Administrative Plan* based on additional public comments, 4) authorizes the Executive Director or her designee to make changes to the *PHA Plan* and *Administrative Plan* as directed by the United States Department of Housing and Urban Development (HUD) or as required for compliance with the Quality Housing and Work Responsibility Act of 1998, 5) certifies that the *Plan* is consistent with the *Consolidated Plan* per 24 Code of Federal Regulations (CFR) §903.15, and 6) authorizes the Executive Director or her designee to execute and submit all required documents for the submission and certification of the *2018 Mid-Year Revision to the PHA Annual Plan* to HUD.

CONTACT PERSONS

Sarah O'Daniel, Assistant Director, Housing Choice Voucher Program, 916-449-6346
MaryLiz Paulson, Management Analyst, Housing Choice Voucher Program, 916-449-6201

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SUMMARY

This report recommends approval of the *2018 Mid-Year Revision to the PHA Annual Plan (Plan)* (Attachment 1) and the *Administrative Plan for the Housing Choice Voucher program* (Attachment 2) for the Housing Authority of the County of Sacramento.

BACKGROUND

Applicable federal law and HUD regulations require that each Housing Authority develop and adopt a Five-Year PHA *Plan* and update it on an annual basis. The *PHA Annual Plan* provides detail about Housing Authority programs, services, and general policies. Applicable federal law and HUD regulations allow Housing Authorities to amend or modify their PHA Plans after submitting their *Annual Plans* to HUD by submitting a Mid-Year revision.

In March of 2017, a Mid-Year revision to the 2017 *Plan* was approved related to the goal of housing 1,755 homeless individuals and families. The Mid-Year revision to the 2018 Annual Plan and Administrative Plan proposed in this report further refines the continued effort to house homeless families. The primary update proposed at this time is a revision to the process of referring homeless families to sites with project-based vouchers. The proposed change will allow the award of project-based vouchers to homeless families to be more efficient through the use of referrals received from agencies directly serving homeless families.

Staff is also recommending additional changes that relate to *H.R. 3700 Housing Opportunities through Modernization Act of 2016 (HOTMA)* and changes to the Plan required by updated regulations approved by the United States Department of Housing and Urban Development (HUD).

HUD regulations require a public outreach process including a 45-day public comment period when there are significant changes made to the *Plan* or the *Administrative Plan*. Notices were published in local English language and non-English language newspapers providing the location of the draft documents available for review. In addition, notices and documents were posted on the Agency's website at www.shra.org for review. In addition, these proposed changes were presented to the Sacramento Resident Advisory Board (SRAB) on April 27, 2018 to solicit their review and input. They did not submit any written comments.

Legal Services of Northern California (LSNC) submitted comments during the public comment period (Attachment 3). The PHA responded to the comments (Attachment 4).

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After the public comment review period and upon approval by the Commission, the final changes to these documents will be submitted to HUD for review and approval, anticipated to be in June, 2018. HUD will then have 75 days to issue a notification of approval or denial of the revised *Plan*. If the *Plan* is approved, staff can begin implementing changes immediately.

Staff updated the programs' *Administrative Plan* to include 10 significant changes which are detailed below, including:

- Three significant changes in support of utilizing vouchers to house homeless families;
- Four significant changes in response to changes in HUD regulations;
- Two significant changes to improve customer service and program efficiency; and
- One significant change to preserve assisted housing.

Overview of Significant changes

The *2018 Mid-Year Revision to the Administrative Plan* includes three significant changes which will allow the vouchers to better serve homeless families. They include changes that:

- 1) Designate sites where project based vouchers will be utilized and recommends a new process for how vacant units will be filled. When sites are specifically designated as housing for homeless families, these sites will be able to directly receive referrals of homeless families instead of receiving names from a wait list to fill units.
- 2) Allocate preference points to applications received from homeless youth referred to the Performance Partnership Pilots for Disconnected Youth (P3) program; and
- 3) Allow master leasing for the P3 program.

The *2018 Mid-Year Revision to the Administrative Plan* includes four significant changes made in response to changes in HUD regulations. They include:

- 1) Updated procedures related to the prevention of, and response to, elevated blood lead levels in children under the age of 6 years following exposure to lead-based paint;
- 2) Changes to the calculation of payment standards. HUD directed HACOS (and Public Housing Authorities {PHAs} in 23 other jurisdictions nationally) to utilize newly published Fair Market Rents based on the zip code instead of the metropolitan-wide Fair Market Rents to calculate payment standards. The amount of subsidy a family could receive is now based, in part, on the location of the rental;
- 3) Changes to the amount of subsidy calculated for a manufactured home, making it similar to other types of housing; and

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- 4) Changes that will allow the PHA to add units to an existing Project Based Voucher Housing Assistance Payment (PBV HAP) contract without engaging in a competitive process. This provision is in compliance with *H.R. 3700 Housing Opportunities Through Modernization Act of 2016 (HOTMA)* in order to preserve affordable housing.

The *2018 Mid-Year Revision to the Administrative Plan* includes two significant changes to improve customer service and program efficiency. They include:

- 1) Changes to the way families update information on their housing applications while they are on the wait list. Although families can still report their updated information in writing, they can now update these changes online at www.sacwaitlist.com. Online changes are updated immediately and are very secure.
- 2) Changes to the method of paying participating landlords. The PHA is now issuing Housing Assistance Payments (HAPs) via direct deposit. This system is secure and prompt.

Finally, the *2018 Mid-Year Revision to the Administrative Plan* includes a change related to the disposition of a unit of public housing and the addition of a project-based voucher to an agency-owned unit to preserve the total number of assisted housing units.

Information on all significant changes can be found in the attached *Significant Changes to the 2018 Mid-Year Significant Changes to the Housing Choice Voucher Administrative Plan* (Attachment 5).

FINANCIAL CONSIDERATIONS

The recommended action before the Commission requires no additional funding consideration.

POLICY CONSIDERATIONS

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

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The recommended actions are considered administrative and therefore determined not to be a project subject to provisions of CEQA per 14 California Code of Regulations (CCR) §15378(b)

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National Environmental Policy Act (NEPA): The recommended actions are considered administrative and planning activities and therefore determined to be Exempt from NEPA per 24 CFR §58.34(a)(1) and (3).

M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachments

Attachment 1 - 2018 Mid-Year Revision to the PHA Annual Plan--County of Sacramento
Attachment 2 - Administrative Plan for the Housing Choice Voucher program
Attachment 3 – Comments Received from Legal Services of Northern California (LSNC)
Attachment 4 – PHA Response to LSNC's Comments
Attachment 5 - 2018 Mid-Year Significant Changes to the Housing Choice Voucher
Administrative Plan

*Attachments 1-2 and 5 are on file with the Agency Clerk.
Attachments 1-2 and 5 are also available at www.shra.org*

LEGAL SERVICES
— of —
NORTHERN CALIFORNIA

May 30, 2018

Sacramento Housing and Redevelopment Commission
630 I Street
Sacramento, CA 95814
Submitted via e-mail to vsmith@shra.org

Re: Comments on 2018 Mid-Year Revisions to Administrative Plan for the Housing Authority of the City and County of Sacramento

Dear Honorable Members in Session:

Legal Services of Northern California provides legal assistance to low-income families throughout Sacramento County. We respectfully submit the following comments in response to the request for public comment issued by the Agency regarding the mid-year revisions to the 2018 Housing Choice Voucher (HCV) Administrative Plan (Administrative Plan).

During the comment period, we met with Agency staff to discuss the revisions. We are thankful for the opportunity to have our questions answered and to discuss our concerns.

The brief comments below address two issues we wish to highlight for the Agency and the Commission as it proceeds forward.

Administrative Plan

Chapter 11: OWNER RENTS, RENT REASONABLENESS, AND PAYMENT STANDARDS

In the fourth significant revision at page 11-4 under subsection D, the Agency added the following sentence:

"Any changes must be completed no later than 90 days following HUD's publication of the new amounts."

This sentence should be revised to make clear that the Agency has the ability to make changes to its payment standards at any time. As written, the sentence implies that any changes must be made within 90 days of when HUD publishes new FMRs and may only be made at this time.

However, 24 CFR Part 982.503(b) states, in part, "The PHA must revise the payment standard amount no later than 3 months following the effective date of the published FMR if a change is necessary to stay within the basic range [90-110%]. Accordingly, although a PHA must revise the payment standard within this time period, that is not the *only* time the PHA may revise the payment standard.

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A Legal Services Corporation Program



This is important because as the Agency implements the Small Area FMRs, it must retain agility, so that it may adjust payments standards in order to ensure implementation actually achieves the intended fair housing purposes of allowing families to move to areas identified as having higher opportunity *and* protect families who move to areas where the Small Area FMRs decreased.

We recommend that the Agency change this sentence to read:

"Any changes needed to keep the payment standard within the basic range of 90-110% must be completed no later than 90 days following HUD's publication of the new amounts. However, SHRA may adjust the payment standards at any other time it deems necessary."

CHAPTER 21: PROJECT BASED HOUSING CHOICE VOUCHER PROGRAM

With these mid-year revisions, the Agency proposes to fundamentally change the way waitlists are managed and filled for project based voucher units in order to better serve homeless families. It has likewise been our experience that homeless families have difficulty accessing and remaining on the waitlists under the previous system.

Because the Agency will be relinquishing some control over the waitlists to service providers, however, it is important that thoughtful measures be put into place that evaluate and guide the referral process and make sure the pool of applicants on the waitlist appropriately reflects the community. This is necessary to ensure that referrals are made in a fair and equitable manner and in keeping with both federal and state fair housing laws and regulations. We do not doubt the good intentions or competence of service providers or that they will make every effort to do so. But, without a system in place to evaluate the new system of referrals, the Agency may not appropriately identify issues with the new system that have a disproportionate impact on a protected class or that otherwise hinder furthering fair housing.

Thank you for considering our comments. If you have any further questions or need any additional information, I may be reached at sropelato@lsnc.net or (916) 551-2150.

Sincerely,



Sarah R. Ropelato
Managing Attorney



May 31, 2017

Sarah Ropelato
Legal Services of Northern California
515 12th Street
Sacramento CA 95814

RE: Response to Comments on 2018 Mid-Year Revisions to the Administrative Plan

Dear Ms. Ropelato:

Thank you for submitting comments in response to the public comment period for the proposed mid-year changes to the 2018 Annual Plan, including the Housing Choice Voucher (HCV) Administrative Plan (Admin Plan). We appreciate the time you and your staff spent reviewing the documents and giving us feedback and offer the following responses:

County of Sacramento Administrative Plan

1. The Housing Authority added language in Chapter 11 to clarify that it can change the payment standard at any time during the year.
2. The PHA appreciates the concerns raised about tracking referrals to the project-based voucher sites to ensure that there is not a disproportionate impact on any protected class as vacant units will be filled through a referral system instead of via a publicly accessible wait list. The PHA will consider methods to monitor occupancy at the affected sites over time so this can be evaluated.

Again, thank you for reviewing the documents and providing feedback.

Sincerely,


LaShelle Dozier
Executive Director

2018 Mid-Year Significant Changes to the Housing Choice Voucher Administrative Plan

The changes appear below in red with an explanation following in italics.

1. Chapter 3: Applying for Admission, page 3-2

C. PRE-APPLICANT STATUS WHILE ON THE WAIT LIST (24 CFR §982.204)

Pre-applicants are required to inform the PHA of any changes in family composition, income, address, or preference status ~~in writing~~ within 30 days of the change by going to www.sacwaitlist.com and using their update code to update the information submitted on the pre-application. Changes submitted in writing are still accepted however families on the wait list are encouraged to submit their changes on-line for faster, secure updates.

Families on the wait list can now update their information by going to www.sacwaitlist.com and using an update code to access their application and update their household members, income, address, phone number and email. This process is more efficient as documents aren't sent by mail, it is secure (as the family updates their information themselves), and the process can be completed on any device with internet access.

2. Chapter 10: Housing Quality Standards and Inspections, page 10-8

L. LEAD SAFE HOUSING RULE (LSHR) (24 CFR Part 35, PIH 2017-13):

When a child under six (6) is identified with an EBLL (Elevated Blood Lead Level), the PHA working in concerted effort with the owner must take certain steps:

- Verify EBLL with medical provider or health department
- Notify health department within 3 days
- Notify HUD within 3 days
- Lead Risk Assessor must perform environmental investigation within 15 days
- Notify family of investigation results within 15 days
- If lead-based paint hazards are found, engage a certified renovation firm to “control” the hazard in other units in a multi-family property; and notify residents of the complex
- If lead-based paint hazards are found in other units, engage a certified renovation firm and notify residents of the results
- Relocate residents as necessary
- Complete lead hazard control of all affected units within 30 days
- Ensure all units pass clearance as determined by a certified risk assessor
- Notify all residents that lead hazard control was completed in a multi-family complex.

<u>Activity</u>	<u>Responsible Party - THE PHA</u>	<u>Responsible Party - Landlord</u>
<u>Initial Notification of confirmed case to HUD</u>	<u>*</u> <u>—</u>	<u>*</u> <u>—</u>
<u>Verification, when necessary</u>	<u>*</u> <u>—</u>	
<u>Initial notification of confirmed case to public health department, when necessary</u>	<u>*</u> <u>—</u>	<u>**</u> <u>—</u>
<u>Environmental Investigation</u>	<u>*</u> <u>—</u>	
<u>Lead Hazard Control</u>		<u>*</u> <u>—</u>
<u>Lead Hazard Control Enforcement</u>	<u>*</u> <u>—</u>	
<u>Clearance after work is completed</u>	<u>*</u> <u>—</u>	<u>**</u> <u>—</u>
<u>Notification to other residents</u>		<u>*</u> <u>—</u>
<u>Ongoing LBP Maintenance</u>		<u>*</u> <u>—</u>
<u>Monitoring of owner's compliance with LSHR and HQS</u>	<u>*</u> <u>—</u>	

- Notify HUD -of completion within 10 business days.

Legend: ** identifies where the landlord must work in concerted effort with the PHA.

The PHA is the designated party responsible for ensuring compliance with all the regulations.

This language was added to be compliant with the United States Department of Housing and Urban Development's (HUD's) Public and Indian Health (PIH) Notice 2017-13.

3. Chapter 11: Owner rents, Rent Reasonableness, and Payment Standards, page 11-1

B. MAKING PAYMENTS TO OWNERS (24 CFR §982.451)

Once the HAP contract is executed, the PHA begins processing payments to the owner. The PHA issues payments to landlords via direct deposit.- As a requirement, all landlords must agree to Electronic Funds Transfer (EFT) as the sole method of payment. A HAP Register will be used as a basis for monitoring the accuracy and timeliness of payments. Changes are made to the HAP Register for the following month. Payments are disbursed by the PHA's Finance Division to the owner each month. Payments may not be picked up by owner at the PHA. Exceptions may be made with the approval of a sSupervisor in cases of hardship. Payments that are not received will not be replaced until a request has been received from the payee and a stop payment has been placed on the payment.- A request for stop payment will be processed no sooner than ten (10) days after the payment issuance date.

This is a policy change and provides landlords with faster more secure payment.

4. Chapter 11, page 11-5

D. PAYMENT STANDARDS FOR THE VOUCHER PROGRAM (24 CFR §982.503)

The Payment Standard is used to calculate the housing assistance payment for a family. In accordance with HUD regulations, and at the PHA's discretion, the Payment Standard amount is set by the PHA between 90% and 110% of the HUD-published Fair Market Rent (FMR) by bedroom size. This is considered the basic range. The PHA reviews the appropriateness of the Payment Standard annually when the FMR is published. In determining whether a change is needed, the PHA will ensure that the Payment Standard is always within the range of 90% to 110% of the new FMR, unless an exception payment standard has been approved by HUD. Any changes must be completed no later than 90 days following HUD's publication of the new amounts.

When determining the amount to be established for the payment standard, the PHA will consider:

- 1) The success rate of families with vouchers leasing units;
- 2) The trending of contract rent amounts in the market;
- 3) The rent burden of participating families;
- 4) The budget available; and
- 5) The lease-up rate.

The PHA may approve a higher payment standard within the basic range, ~~if required~~ as a reasonable accommodation for a family that includes a person with disabilities. However, the payment standard cannot be approved for an amount over 120% of the ~~Fair Market Rent~~ FMR.

Small Area FMR

Beginning in 2018, HUD published Small Area FMRs (SAFMRs) determined by zip code as well as the metropolitan-wide FMRs. All the rules that apply to the FMRs also apply to SAFMRs and any references to FMRs are intended to include SAFMRs also.

The SAFMRs will be implemented effective April 1, 2018.

Where the payment standard is decreasing due to the new SAFMRs, the PHA will hold the families harmless as long as they continue to live in the same assisted unit with a current HAP contract after April 1, 2018.

Where the payment standard is increasing due to the new SAFMRs, the PHA will implement the change at the next annual recertification.

Only the HCV tenant-based voucher program utilizes SAFMRs. Programs that will continue to use the metropolitan FMRs include but are not limited to:

- Continuum of Care programs (Shelter Plus Care);
- Moderate Rehabilitation; and

- Project-based vouchers (unless both the owner and the PHA agree to the change. See Chapter 21 for more information).

This change was made to comply with HUD Public and Indian Housing Notice (PIH) 2018-1. The Sacramento PHA was one of 24 regions in the country mandated to utilize SAFMRs. Language was added to the Glossary making the use of FMR and SAFMR interchangeable throughout this document.

5. Chapter 19: Special Housing Types, page 19-6

The rent of the manufactured home space (including other eligible housing expenses) is the total of:

- (a) the rent charged for the manufactured home space;
- (b) the owner, maintenance and management charges for the space;
- (c) the monthly payments made by the family to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes; and
- (d) the applicable allowances for tenant-paid utilities.

The PHA must not approve a lease for a manufactured home space until the PHA determines that the initial rent to owner for the space is reasonable rent, and the rent to owner for the space must not exceed a reasonable rent during the assisted tenancy. In addition, the PHA must re-determine that the current rent to owner is a reasonable rent at least annually during the assisted tenancy. (See 24 CFR §982.622(b)(2)).

Debt service for setup charges incurred by a family may be included in the monthly amortization payments made by the family, but not increased debt service due to refinancing. Set-up charges incurred before the family became an assisted family may be included in the amortization cost if monthly payments are still being made to amortize the charges.

This change was made in compliance with PIH Notice 2017-18.

6. Chapter 21: Project Based Housing Choice Voucher Program, page 21-3

Non-Competitive Process

A PHA may provide Project Based Voucher (PBV) assistance to improve, develop, or replace a public housing property or property that it controls or has an ownership interest in without using a competitive process in compliance with HOTMA (H.R. 3700 Housing Opportunities Through Modernization Act of 2016, Section 106).

Additionally, the PHA may add units to an existing PBV Housing Assistance Payment (HAP) Contract without engaging in a competitive process in order to preserve funding or provide additional resources to serve homeless families.

This language is added in compliance with new legislation (H.R. 3700 Housing Opportunities Through Modernization Act of 2016, Section 106) allowing this option.

7. Chapter 21: Project Based Housing Choice Voucher Program, page 21-3

Non-Competitive Process

The PHA is disposing of one public housing property that it owns and is under a public housing Annual Contributions Contract). Per HUD regulations, the disposed unit must be replaced on a one-for-one basis in the community. The PHA intends to apply a project-based voucher to a unit of housing owned by the PHA, but not receiving HUD assistance without using a competitive process (per PIH 2017-21, page 48). Specifically, the unit at 3380 Taylor Street, Sacramento will receive a project based voucher contract without following a competition so that the unit at 3867 Bainbridge Drive, North Highlands, a unit under a public housing Annual Contributions Contract, can undergo disposition.

Per HUD guidelines, this new paragraph specifically mentions the address in public housing that the PHA plans to remove from the public housing inventory and lists the alternative unit to be given a project-based voucher so that there is not a net decrease in the number of affordable units in this jurisdiction.

8. Chapter 21: Project Based Housing Choice Voucher Program, page 21-14 to 21-18

G. ESTABLISHING PREFERENCES AND MAINTAINING THE WAIT LIST/TENANT SELECTION

Types Of Wait Lists

The PHA will establish separate wait lists for:

1) Tenant-Based Vouchers

Tenant-based assistance is attached to the family allowing the participant to relocate from one unit or PHA to another. Preferences are found in Chapter 4 of ~~the this~~ Administrative ~~Plan~~ Plan.

2) Project-Based Vouchers

The owner must promptly notify the PHA of any vacancy or expected vacancy in a contract unit. After receiving the owner notice, the PHA will make every reasonable effort to promptly refer a sufficient number of families to the owner in order to fill such vacancies. Vacant units will be filled by families on the current ~~Project-BasedPBV~~ wait list, in order of preference, and then by date and time the pre-application was received where preferences are the same.

The PHA may choose to use an existing list to serve another site using the same preferences or it may choose to create a new site-based wait as the need arises. The PHA may also receive

referrals from homeless service providers to be added to the wait list, whether the wait list is open or closed, in order to house homeless families.

Wait lists may be site-based or the waitlists for different sites may be consolidated if the preferences and/or eligible population are the same. Information about which wait lists serve which sites, and how to access different sites with project-based vouchers, will be posted online at www.sacwaitlist.com.

Applicants who will occupy PBV units must be selected by the PHA from a wait list that is maintained by the PHA. They may either apply when the wait list is open or they will be referred to the wait list by an agency serving homeless families.

When a site-based PBV wait list has been exhausted, the PHA will fill vacant units with families referred to the wait list by the site's owner/manager.

Funding-Based Preferences

The following funding-based preferences will apply to all sites with project based vouchers, unless there are other restrictions in place that affect who can live at the site. Additionally, each site has local preferences that apply specifically to that site.

- 1) Displaced by government action preference for families who have been terminated from housing as a result of insufficient funding. These families will be added to the HCV Program wait list even if the wait list is closed and will be given 30 preference points. Displaced families must submit any changes to their address in writing to ensure they receive notices from the PHA. When funding is available, these families will be selected from the wait list first. Families will be selected to be re-admitted to the HCV Program based on their original admission date. Families with the earliest admission dates will be the first to be re-admitted. The PHA will verify income eligibility and conduct a criminal background check for all adult household members, but will not re-verify preferences for families who have been displaced due to insufficient funding. (30 points)
- 2) Canceled voucher preference for applicant families whose vouchers were recalled due to insufficient funding. These families will be returned to the wait list and will be awarded preference points based on their status. Families must submit any address changes to the PHA in writing to ensure they receive notices from the PHA. When funding becomes available the PHA will select families based on the effective date of their original voucher. Families with the earliest voucher effective date will be the first to be selected.— The PHA will re-verify eligibility and background checks only—not preferences. (29 points)

Sites with Public Wait Lists

- 1) Units for Elderly Families
 - Washington Plaza,
 - Sutterview, and
 - Sierra Vista.

The PHA currently maintains one wait list for project-based vouchers for sites serving elderly-only residents.- This wait list may be used to serve additional sites serving the same population or the PHA may choose to separate wait lists to serve a specific site. This wait list will be subject to the following weighted preferences:

Local Preferences

- Family who is eligible to be a qualified family and residing in unit at the time of conversion to project-based voucher will be given an absolute preference;
 - Elderly only (16 points)
 - For elderly only housing, near elderly (aged 50-61 years of age) (8 points)
 - Sacramento County Residency (4 points)
 - Veteran (2 points);
 - Rent burden and/or homeless (1 point)
- (See "Definition of Preferences" for more detail.)

2) Phoenix Park

The Housing Authority may maintain one wait list for project-based vouchers where supportive services are not provided or the PHA may choose to maintain separate wait lists for different sites. Currently, this wait list serves this site only, but the Housing Authority may choose to use this list for other sites using the same preferences or choose to create a new site-based wait as necessary. This wait list will be subject to the following local preferences:

Local Preferences

- Family who is eligible to be a qualified family and residing in unit at the time of conversion to project-based voucher will be given an absolute preference;
- Sacramento County Residency (5 points);
- Veteran (3 points);
- Disability (2 points); and
- Rent burden and/or homeless (1 point).

(See "Definition of Preferences" for more detail.)

3) Saybrook Apartments / Serna Village

The Housing Authority may maintain one wait list for project-based vouchers where supportive services are provided or the PHA may choose to maintain separate wait lists for different sites. Currently, this wait list serves Saybrook Apartments and Serna Village, however the PHA may choose to use this list for additional sites using the same preferences or choose to separate this list to create new separate site-based wait lists to serve a specific site. This wait list will continue to exist until all the families are pulled.

NOTE: Saybrook will also receive referrals from the Continuum of Care as described in a later section.

The wait list will be organized based on the following local preferences:

Local Preferences

- Family who is eligible to be a qualified family and based on supportive services and who is residing in unit at the time of conversion to project-based voucher property will be given an absolute preference;
- Homeless (5 points);
- Have a disabled family member (5 points).
- Sacramento County Residency (3 points);
- Veteran (1 point).

Sites with Wait Lists Filled Via Referrals

Sites serving homeless families with services

- 7th & H,
- Martin Luther King Village,
- Shasta Hotel,
- Victory Townhomes,
- Courtyard Inn

The PHA has issued, and expects to periodically issue Requests for Proposals (RFPs) for project-based vouchers to serve homeless families where services are provided at or /in close proximity to the site to support the families in their efforts to find stable housingbecome stably housed. Because homeless families/individuals are not easily served with a wait list, the site awarded PBV for this purpose can request that families filling vacant units come via referral from a partnering service agency. Wait lists for these properties are not open to the public but are open to receiving referrals from partnering service agencies, as shown at www.sacwaitlist.com.

When considering the utilization of this methodology to fill vacant units, the PBV Site Owner/Developer will submit to the PHA:

- A. A letter on letterhead
 1. requesting to fill vacant units via referrals from the service provider to the wait list;
 2. committing to notify the PHA when/if there is a new service provider;
- B. A copy of the contract between the service provider and the site owner/developer;
- C. A certification from the service provider that they will not deny services to member of any federally protected class under fair housing laws; (e.g. i.e., race, color, religion, national origin, sex, disability, or familial status).
- D. Signed copy of SHRA's Personally Identifiable Information (PII) document.

The wait list will be open for these sites to receive referrals of homeless individuals/families from the service providers to the wait lists only.

Local Preferences:

- Referred by Service Provider (100 points)

For families with the same preferences, families will be pulled from the wait list based on date and time of the pre-application.

Sites Without Wait Lists (VASH)

The PHA will establish wait lists to fill vacancies in sites receiving project-based vouchers, EXCEPT for project-based VASH (Veteran Affairs Supportive Housing) (VASH) Vouchers. Per HUD and VASH guidelines, the Department of Veteran's Affairs will provide referrals for families to VASH PBV projectssites. The owner or property management company for the PBV complex must promptly notify the PHA of any vacancy or expected vacancy in a contract unit. After receiving the owner's notice, the PHA will make every reasonable effort to promptly refer a sufficient number of families to the owner in order to fill such vacancies.

Sites Serving Homeless Families in Partnership with the Continuum of Care (Saybrook)

Coordinated entry, managed by Sacramento Steps Forward, will annually refer families to fill up to 15 vacancies at Saybrook Apartments. (PIH Notice 2013-15) The remainder of the vacant units will be filled from the site-based wait list managed by the PHA.

Local Preferences:

- Referred by Coordinated Entry (100 points)

This section was re-written to add more detail about each site utilizing project based vouchers.

Additionally, the PHA is changing its process to serve homeless families from using a public wait list to serve homeless families to taking referrals from agencies serving homeless families and working in partnership with Coordinated Entry for Saybrook (which receives Continuum of Care funds). It is believed that this will be a more effective and efficient process to serve families currently experiencing homelessness and is consistent with PIH Notice 2013-15.

9. Chapter 23: Performance Partnership Pilots Program (P3) for Disconnected Youth ~~(P3)~~, page 23-1

FAMILY ELIGIBILITY AND SELECTION

The PHA will receive referrals from an approved third party provider(s). Written documentation of these referrals must be maintained in the tenant file at the PHA.

Local Preferences:

- Referred by Service Provider (100 points)

Referrals will be added to the wait list with sufficient preference points to come to the top. They will be immediately pulled from the wait list until 100 youth are housed.

10. Chapter 23: Performance Partnership Pilots for Disconnected Youth (P3), page 23-1

MASTER LEASING

Master leasing is an option that exists within the P3 program.

The PHA may procure a third party to manage the rental of several rental units, either at one site or at scattered sites. An owner/developer with project based vouchers may also choose to master lease some or all of the units at the site. The role of the master leasing agency is to:

- Issue leases with tenants
- Collect rent monthly
- Maintain and operate the property on behalf of the owner and/or property manager;
- Ensure that vacant units are leased timely by referring families/individuals to the wait list in sufficient number to cover vacancies for 6 months
- Work with the PHA to ensure eligibility of families referred for housing
- Screen and select tenants
- Provide intervention and supportive services to residents to meet their needs

There will be a contract between the master leasing organization and the property owner and an additional contract between the master leasing organization and the Housing Authority.

The P3 grant allows for master leasing but the regulations governing the HCV program do not include any language allowing for this option. The language above was added to allow for this option to provide housing for homeless youth.

MEMORANDUM

Date: May 22, 2018
To: Sacramento Housing and Redevelopment Commission
SUBJECT: Panhandle Mixed Income Housing Strategy

Summary: The Panhandle Planned Unit Development (Panhandle) is a mixed-use community located at the easterly edge of the North Natomas Community Plan. This plan is comprised of 1,662 single family residential units, 18 acres of parks, 36 acres of parkways and open space and an elementary/middle/high school sites.

The Panhandle project exceeds 100 gross acres in size, and therefore is required to develop a Mixed Income Housing Strategy per the City's Mixed Income Housing Ordinance (17.712.030 of Sacramento City Code). Per the ordinance, the City's Planning Director shall review the proposed Mixed Income Housing Strategy in consultation with the Executive Director of Sacramento Housing and Redevelopment Agency (SHRA). Over the past year Community Development and SHRA staff have worked with the project applicant to develop the attached Mixed Income Housing Strategy. The Mixed Income Housing Strategy is required to be approved by the City Council. The Planning and Design Commission and City Council will be considering the Panhandle Project on June 14 and July 3 respectively.

Recommendation: Review and comment on the Panhandle Mixed Income Housing Strategy.

Respectfully submitted,

City of Sacramento – Community Development

Panhandle Mixed Income Housing Strategy

The Panhandle Planned Unit Development (Panhandle) is a mixed use community located at the easterly edge of the North Natomas Community Plan. This plan is comprised of 1,662 single family residential units, 18 acres of parks, 36 acres of parkways and open space and an elementary school site. The Panhandle will be incorporated into the North Natomas Community Plan area.

The City of Sacramento Mixed Income Housing Program requires projects of more than 100 gross acres to “demonstrate how the project will provide housing for a variety of incomes and family types consistent with the housing element.”

The Panhandle PUD will address the mixed income housing ordinance through a combination of payment of housing impact fees (approximately \$7.7 million) and the construction of 16 regulated affordable homes as described below.

A total of 16 regulated affordable homes will be constructed within Villages 4, 5, 10 and 11 (Villages) of Panhandle. These regulated affordable homes shall be the same or similar to other market rate homes (i.e., comparable design, size and materials) in each of the Villages. Building permits may not be issued for more than 75 percent of the market rate homes within each Village prior to the issuance of building permits for 100 percent of the regulated affordable homes. The location of the regulated affordable home will not be adjacent to or across from another regulated affordable home, but otherwise may be located anywhere in each Village. Each subdivision located within Villages 4, 5, 10 and 11 will be responsible for its portion, and not less than four regulated affordable homes will be constructed within each respective Village.

By providing these 16 regulated affordable homes, Panhandle will receive a housing impact fee credit totaling approximately \$1.6 million and SHRA will waive its 30-year monitoring fee. A 30-year regulatory agreement for each of the 16 regulated affordable homes will be recorded at the sale of each home. Panhandle will pay a housing impact fee for the non-regulated, estate and traditional homes, located in Villages 1, 2, 3, 6, 7, 8, 9, 12, 13 and 14.

City of Sacramento Mixed Income Housing Ordinance

In subsections 17.712.030(B) and 17.712.030(B)(1) of the Mixed Income Housing Ordinance, the affordable housing requirements indicate:

If the residential project exceeds 100 gross acres in size, the owner shall pay a housing impact fee on all newly constructed market rate dwelling units pursuant to section 17.712.050, and obtain city council approval of a mixed income housing strategy that demonstrates how the project provides housing for a variety of incomes and family

types consistent with the housing element policy. The planning director shall review the proposed mixed income housing strategy in consultation with the executive director of SHRA. The planning director shall recommend approval, modification, or denial of the proposed mixed income housing strategy in conjunction with the development project's earliest planning approvals, consistent with the provisions of section 17.808.260. The city council and planning and design commission shall consider the amount of regulated affordable housing in the vicinity. The mixed income housing strategy may provide for fee credits for land dedication to SHRA, construction of affordable dwelling units, or other mechanisms that lead to the provision of affordable housing.

North Natomas Community Plan

The North Natomas Community Plan calls for "Neighborhoods (that) will provide a balance of different housing densities with a variety of housing types, lot sizes, and affordability to serve a broad spectrum of residents." The Panhandle will meet the City's Mixed Income Housing Program by providing a diversity of housing and will be implementing the housing principles espoused by the North Natomas Community Plan.

Panhandle PUD

The stated housing goals of the Panhandle are:

- Provide a variety of housing opportunities that will complement the existing North Natomas Community Plan Community.
- Provide diversity and "move-up" housing opportunities which incorporate high-quality design materials that will retain property values over time.
- Create a community that makes efficient use of land while offering residential housing densities that transition from suburban densities of the existing North Natomas Community to the west to the existing large-lot and rural densities to the east.
- Provide large suburban home sites adjacent to Sorento Road to transition from the existing suburban densities west of the Plan Area to the existing rural densities to the east of the Plan Area. The Panhandle Planned Unit Development (PUD) Schematic Plan is consistent with the City's General Plan and in accordance with the Sacramento City Code.

The PUD Schematic Plan is comprised of predominantly single-family residential development to be implemented through provision of various single-family lot sizes and product types to accommodate various income levels and lifestyle options within the Plan Area. (General Plan designation Suburban Neighborhood Low Density SNLD; Zoning designation R-1 and R-1A). The PUD further defines the development intentions by establishing specific land use designations in the Plan Area that allow specific

residential density ranges and lot sizes (SNLD-E “Estate Lots”, SNLD-T “Traditional Lots”, and SNLD-V “Village Lots”).

The Panhandle project plans three categories of lot sizes:

- Estate lots (6000 – 14,500 sq. ft.),
- Traditional lots (4500 – 7500 sq. ft.)
- Village lots (3000 – 6000 sq. ft.).

House sizes will generally be in the following range:

- Estate (2500 sq. ft. – 3500 sq. ft.)
- Traditional (1800 – 2500 sq. ft.)
- Village (1200 – 1600 sq. ft.).

General range of home prices (2018 estimate):

- Estate lot homes (\$500k – \$750k);
- Traditional lot homes (\$400k - \$550k);
- Village lot homes (\$350k - \$450k).

Based on the most current data available the North Natomas Community Plan has approximately 200 acres of land available for multi-family housing which equates to about 4,000 multi-family apartment units. There is also substantial land available for affordable housing immediately adjacent or very close to the Panhandle.

Currently there is considerable diversity of housing in the North Natomas area but very little “move up” housing which can be generally defined as larger homes on larger lots. Data provided by local real estate sources indicate there is a significant demand for these larger homes. These homes would typically be four and five bedrooms with larger backyards. Currently there is a limited amount of these size homes and lots in the North Natomas area. There is also a significant demand for the less expensive smaller homes on smaller lots, particularly in light of the project’s location close to downtown and major freeways. The Panhandle PUD addresses this need for diversity by providing a significant variety of lot sizes, house sizes and home prices.

By providing this housing diversity as well as contributing significant funds to support affordable housing the Panhandle implements the goals for the Panhandle PUD, the North Natomas Community Plan and the City of Housing Mixed Income Housing ordinance.

Attachments:

- 1 - 2035 General Plan Housing Element Policies
- 2 - Panhandle PUD Schematic Map

Panhandle - Housing Element

The Panhandle Mixed Income Housing Strategy (MIHS) implements the City's Housing Element in a variety of ways. The overall approach of the Panhandle is to provide a wide variety of housing types, payment of housing impact fees (approximately \$7.7 million) and construction of affordable units. This will implement the following provisions of the City Housing Element:

1. Diversity of housing types and construction of more affordable units:

- Goal H-1.2: Housing Diversity. Provide a variety of quality housing types to encourage neighborhood stability. This goal is specifically advanced via adherence to the following policies:
 - Policy H-1.2.1: Variety of Housing. The City shall encourage the development and revitalization of neighborhoods that include a variety of housing tenure, size and types, such as second units, carriage homes, lofts, live-work spaces, cottages, and manufactured / modular housing.
 - Policy H-1.2.2: Compatibility with Single Family Neighborhoods. The City shall encourage a variety of housing types and sizes to diversify, yet maintain compatibility with, single family neighborhoods.
 - Policy H-1.2.4: Mix of Uses. The City shall actively support and encourage mixed use retail, employment, and residential development around existing and future transit stations, centers and corridors.
- Goal H-1.3: Balanced Communities. Promote racial, economic, and demographic integration in new and existing neighborhoods. This goal is specifically advanced via adherence to the following policies:
 - Policy H-1.3.1: Social Equity. The City shall encourage economic and racial integration, fair housing opportunity and the elimination of discrimination.
 - Policy H-1.3.2: Economic Integration. The City shall consider the economic integration of neighborhoods when financing new multifamily affordable housing projects.
 - Policy H-1.3.4: A Range of Housing Opportunities. The City shall encourage a range of housing opportunities for all segments of the community.
 - Policy H-1.3.5: Housing Type Distribution. The City shall promote an equitable distribution of housing types for all income groups throughout the city and promote mixed income neighborhoods rather than creating concentrations of below market rate housing in certain areas.

- Goal H-2.2: Development. Assist in creating housing to meet current and future needs. The project shall utilize financial tools made available by the city pursuant to the following policies:

- Policy H-2.2.3: Offsetting Development Costs for Affordable Housing. The city shall defer fees to Certificate of Occupancy to help offset development costs for affordable housing and will offer other financial incentives including, but not limited to, water development fee waivers and sewer credits.
- Policy H-2.2.4: Funding for Affordable Housing. The City shall pursue and maximize the use of all appropriate state, federal, local and private funding for the development, preservation, and rehabilitation of housing affordable for extremely low, very low, low, and moderate income households, while maintaining economic competitiveness in the region.
- Policy H-2.2.5: Review and Reduce Fees for Affordable Housing. The City shall work with affordable housing developers as well as other agencies and districts to review and reduce applicable processing and development impact fees for very low and low income housing units.

2. **Moderate Income Workforce Housing:** Moderate income housing is facilitated by Panhandle's design elements including the wide variety of lot sizes, home product types, and a walkable and bikable environment. The development of moderate income housing is supportive of the following City of Sacramento Housing Element Goals and Policies:

- Goal H-1.2: Housing Diversity. Provide a variety of quality housing types to encourage neighborhood stability. This goal is specifically advanced via adherence to the following policies:
 - Policy H-1.2.1: Variety of Housing. The City shall encourage the development and revitalization of neighborhoods that include a variety of housing tenure, size and types, such as second units, carriage homes, lofts, live-work spaces, cottages, and manufactured / modular housing.
 - Policy H-1.2.2: Compatibility with Single Family Neighborhoods. The City shall encourage a variety of housing types and sizes to diversity, yet maintain compatibility with, single family neighborhoods.
 - Policy H-1.2.4: Mix of Uses. The City shall actively support and encourage mixed use retail, employment, and residential development around existing and future transit stations, centers and corridors.
- Goal H-1.3: Balanced Communities. Promote racial, economic, and demographic integration in new and existing neighborhoods. This goal is specifically advanced via adherence to the following policies:

- Policy H-1.3.1: Social Equity. The City shall encourage economic and racial integration, fair housing opportunity, and the elimination of discrimination.
- Policy H-1.3.2: Economic Integration. The City shall consider the economic integration of neighborhoods when financing new multifamily affordable housing projects.
- Policy H-1.3.4: A Range of Housing Opportunities. The City shall encourage a range of housing opportunities for all segments of the community.
- Policy H-1.3.5: Housing Type Distribution. The City shall promote an equitable distribution of housing types for all income groups throughout the city and promote mixed income neighborhoods rather than creating concentrations of low market rate housing in certain areas.

3. **Product type variation and innovation:** The diversity and flexibility of the Panhandle design (see PUD guidelines) encourage product type variation supportive of the following City of Sacramento Housing Element Goals and Policies:

- Goal H-1.2: Housing Diversity. Provide a variety of quality housing types to encourage neighborhood stability. This goal is specifically advanced via adherence to the following policies:
 - Policy H-1.2.1: Variety of Housing. The City shall encourage the development and revitalization of neighborhoods that include a variety of housing tenure, size and types, such as second units, carriage homes, lofts, live-work spaces, cottages, and manufactured / modular housing.
 - Policy H-1.2.2: Compatibility with Single Family Neighborhoods. The City shall encourage a variety of housing types and sizes to diversify, yet maintain compatibility with, single family neighborhoods.
 - Policy H-1.2.4: Mix of Uses. The City shall actively support and encourage mixed use retail, employment, and residential development around existing and future transit stations, centers and corridors.
- Goal H-1.3: Balanced Communities. Promote racial, economic, and demographic integration in new and existing neighborhoods. This goal is specifically advanced via adherence to the following policies:
 - Policy H-1.3.4: A Range of Housing Opportunities. The City shall encourage a range of housing opportunities for all segments of the community.
 - Policy H-1.3.5: Housing Type Distribution. The City shall promote an equitable distribution of housing types for all income groups throughout the city and promote mixed income neighborhoods rather than creating concentrations of below market rate housing in certain areas.

4. Workforce ownership

Due to the high cost of construction, in order to meet housing demand for households approaching the region's median household income, additional considerations are necessary. This housing segment benefits the middle class and this middle income stratum of the market has been the underserved. Construction of housing that is attainable for households at or near the median income is consistent with a variety of goals and policies spelled out in the City of Sacramento Housing Element.

- Goal H-6: Homeownership. Provide ownership opportunities and preserve housing for Sacramento's modest income workers

In order to accommodate this need, the Panhandle will provide the following benefits to reduce the cost for workforce housing:

- A significant portion of the project will be comprised of smaller and more affordable units with designs that can reduce the individual unit cost of development providing an opportunity for affordable alternatives to the more traditional suburban development.
- Access to amenities: Close proximity to parks and other recreational opportunities as well as schools located within the project area (high school, middle school and elementary school) reduce transportation and related housing costs which contribute to the desirability of the community.

5. Sustainability

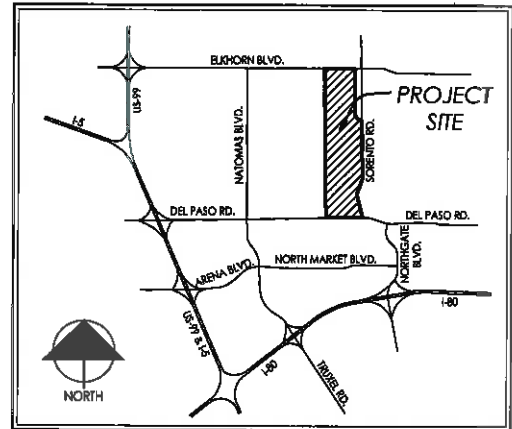
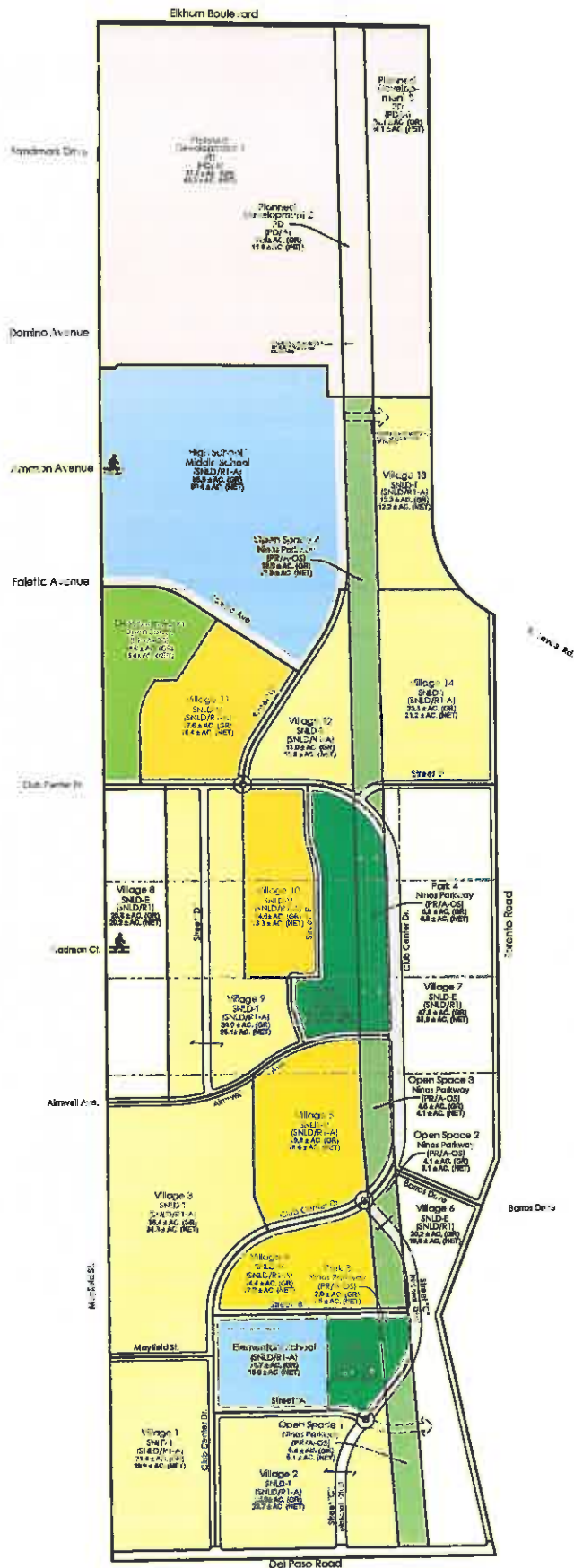
Sustainability and green development is listed as a theme and priority program of the City Housing Element, listed as Goal H-1.1 in the City Housing Element. It is also applicable to the Panhandle's vision. The project's location in proximity to downtown and major employment centers provides the opportunity to create a community with reduced impacts on the environment compared to other similarly sized communities. The project has a more sustainable land plan design as well as encouraging energy efficient construction techniques. The Panhandle encourages walking and biking through its two on-site trails as well as two large parks located within the project. The plan design will reduce reliance on cars, reduce energy consumption and contribute to a healthier lifestyle.

- Goal H-1.1: Sustainable Communities. Develop and rehabilitate housing and neighborhoods to be environmentally sustainable. This goal is advanced via adherence to the following policy:
 - Policy H-1.1.1: Sustainable Housing Practices. The City shall promote sustainable housing practices that incorporate a "whole system" approach to siting, designing and constructing housing that is integrated into the building site, consume less energy, water and other resources, and are healthier, safer, more comfortable, and durable.

The Panhandle development includes the following features:

- A design that encourages walking and biking which can reduce transportation costs, reduce greenhouse gas emissions and improve the efficiency and livability of the environment. The Panhandle projects has two separate bike/pedestrian trails and two large parks located within the community that provide opportunity for a healthier lifestyle. In addition, these bike and pedestrian trails directly connect to adjacent trails providing greater connectivity to adjoining neighborhoods and retail centers which will reduce reliance on auto travel.
- Amenities in close proximity, including parks, trails, schools, and opportunities for social and community interaction.

The features above result in a potentially significant reduction in greenhouse gas emissions compared to comparable sized developments. Affordability is improved by reductions in transportation costs and improvements in energy efficiency. Additional financial benefits achieved include reduced health care costs, higher property values and greater productivity.



Parkland Dedication Summary Table						
PANHANDLE Planned Unit Development Plan						
land use	total acres	net acres	avg. net density	total units	2013 parkland dedication formula	2013 parkland dedication req.
SNLD-E	57	73.7	4.5	340	0.0135	4.59
SNLD-T	57	147.2	6.0	667	0.0135	11.70
SNLD-V	57	60.5	7.3	493	0.0135	6.11
TOTAL				1,642		22.40
available parkland						
parkland provided						
available parkland						
TOTAL						
park requirement						
3.6ac/1000 school parkland						
1.4/1000 in-flow fee						

LAND USE SUMMARY					
PUD Land Use*	General Plan	Zoning	Acres (G)	Acres (N)	Units
SNLD-E	SNLD (2-6 du/ac)	R-1	88.26	75.72	340
SNLD-T	SNLD (3-6 du/ac)	R-1A	143.25	147.72	667
SNLD-V	SNLD (3-6 du/ac)	R-1A	44.46	60.56	493
Elementary School	SNLD (3-6 du/ac)	R-1A	11.72	10.08	
High School / Middle School	SNLD (3-6 du/ac)	R-1A	66.56	60.46	
Park - Nimitz	PS	A-OS	18.01	16.56	
Park - Nimitz Parkway	PR	A-OS	8.99	8.03	
Open Space - Nimitz Parkway	PR	A-OS	27.12	24.62	
Deflection Park - Open Space	PR	A-OS	13.46	13.46	
Planned Dr. - Nimitz Parkway	PD	A	125.02	119.02	
Major Roadway (Del Paso Rd & Elkhorn Blvd)	varies	varies	6.08	8.02	
Collector and Residential Streets	varies	varies	0.02	49.42	
TOTALS			589.42	589.42	1,642 DU

* SNLD = Suburban Neighborhood Low Density (Detached Single-Family Residential)
 G = Estate (4.5 du/ac) - average net density
 T = Traditional (7.0 du/ac) - average net density
 V = Village (7.5 du/ac) - average net density
 PS = Pedestrian Connection Only



NORTH

0 200 400 800
 SCALE: 1"=400'

PUD SCHEMATIC PLAN PANHANDLE

City of Sacramento

Mackay & Somp
 ENGINEERS PLANNERS SURVEYORS

January 30, 2018



June 6, 2018

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Approval of Family Unification Program (FUP) Grant Application and Execution of Three-Party Memorandum of Understanding with Sacramento County Department of Child, Family and Adult Services and Sacramento Steps Forward to Secure Housing Choice Vouchers

RECOMMENDATION

Staff recommends that the Sacramento Housing and Redevelopment Commission (Commission) approve the proposed recommendation to the Housing Authority of the County of Sacramento (HACOS) which will: 1) authorize the Executive Director or her designee to execute a Memorandum of Understanding with the Sacramento County Department of Child, Family and Adult Services and Sacramento Steps Forward regarding the FUP grant and to submit the FUP application to the United States Department of Housing and Urban Development (HUD), 2) authorize the Executive Director or her designee to amend, terminate or assign the Memorandum of Understanding, and/or to extend the term of the MOU as needed, 3) authorize the Executive Director or her designee to execute a contract with HUD should grant funds be awarded, and 4) make related findings.

CONTACT PERSONS

Sarah O'Daniel, Assistant Director, Housing Choice Voucher Program, 916-449-6346
MaryLiz Paulson, Management Analyst, Housing Choice Voucher Program, 916-449-6201

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
Redevelopment Commission

June 6, 2018

Page 2

SUMMARY

This report recommends that the Commission approve the proposed recommendation to the Housing Authority of the County authorizing the Housing Authority's Executive Director to execute a Memorandum of Understanding (MOU) between three parties: the Housing Authority of the County of Sacramento (HACOS), the Sacramento County Department of Child, Family and Adult Services and Sacramento Steps Forward. This MOU is required as part of the Housing Authority's grant application for additional vouchers through the Family Reunification Program (FUP). Receiving additional vouchers to assist FUP eligible households is consistent with the Housing Authority's mission and federal regulations.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) is making \$30,000,000 available for the Family Unification Program (FUP) to eligible Housing Authorities nationwide. As prescribed by the Notice of Funding Availability (NOFA), the number of housing choice vouchers (HCVs) available to any Housing Authority is determined by the Housing Authority's size. Sacramento is eligible to apply for up to 100 Family Reunification Program vouchers.

HUD expects to award to approximately 60 Housing Authorities. The FUP targets:

- 1) Families whose lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care, or families whose children are in out-of-home care and their return to the family is delayed due to a lack of adequate housing; and
- 2) Youth aged 18-24 years of age who are no longer in foster care, or who will leave foster care within 90 days and are homeless or at risk of becoming homeless. For youth in this category, the voucher can provide housing assistance for 36 months only.

The grant application is due on July 24, 2018 and requires that an executed MOU between the HACOS, the Public Child Welfare Agency (PCWA) and the Continuum of Care (CoC) organization be submitted with the grant application. Since the timeline to prepare the NoFA submission is short, the MOU to be submitted to HUD is not finalized at this time. The MOU template recommended by HUD is included as Attachment 1 for your review.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
Redevelopment Commission

June 6, 2018

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Responsibilities of the Housing Authority as listed in the HUD recommended MOU template include, but are not limited to:

- a) Accepting families and youths certified by the Child Welfare Agency as FUP-eligible and processing their application for a voucher.
- b) Amending the HCV Administrative Plan as necessary.
- c) Administering the vouchers in accordance with program regulations and requirements.
- d) Training the Child Welfare Agency staff on Housing Authority procedures.
- e) Conducting regular meetings with the Child Welfare Agency and the Continuum of Care.

Since the NOFA announcement, all three agencies are coordinating efforts to develop the MOU and present it to their respective governing bodies before the grant deadline.

FINANCIAL CONSIDERATIONS

The recommended action before the Commission requires no additional funding consideration.

POLICY CONSIDERATIONS

Services provided through the Family Unification Program are consistent with federal regulations and local policies as described in the HCV Administrative Plan.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b).

National Environmental Policy Act (NEPA): The grant application and entering into the MOU are considered administrative actions and are therefore exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) §58.34(a)(3), and the responsibilities of the Housing Authority under the MOU are administrative and therefore exempt under 24 CFR §58.34(a)(3), with the exception of training staff, which is also exempt under 24 CFR §58.34(a)(9).

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
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M/WBE AND SECTION 3 CONSIDERATIONS

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

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachments

1. HUD recommended Memorandum of Understanding template as published in the Notice of Funding Availability on April 25, 2018 for the Family Unification Program.

SAMPLE MEMORANDUM OF UNDERSTANDING - FAMILY UNIFICATION PROGRAM

This sample document recommended by the U.S. Department of Housing and Urban Development (HUD) demonstrates the Memorandum of Understanding requirements listed in the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018.

This Memorandum of Understanding (MOU) has been created and entered into on [** Insert execution date, which must be between the date the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018 is published and the application deadline date. **] by and between the following parties in relation to their application.

[PHA Name and Address]

[PCWA Name and Address]

[CoC Name and Address]

I. Introduction and Goals (*the following elements, listed in a. – d., are threshold requirements*):

- a. PHA and PCWA's commitment to administering the program.
- b. CoC's commitment to cooperate with and assist the PHA and PCWA.
- c. PHA and PCWA's goals and standards of success in administering the program.
- d. Identification of staff position at the PHA, PCWA, and CoC who will serve as the lead FUP liaisons. [**** Include the staff position at the PCWA contractor organization if the PCWA has contracted out its functions under applicable state law. ****]
- e. Responsibilities of the FUP liaison in this section. (optional)

Lead FUP Liaison:

Name and title of PHA staff position:

Name and title of PCWA staff position:

Name and title of CoC staff position:

II. Statement of cooperation (threshold requirement):

The PHA and PCWA agree to cooperate with HUD, provide requested data to HUD or HUD-approved contractor delegated the responsibility of program evaluation, and follow all evaluation protocols established by HUD or HUD-approved contractor, including possible random assignment procedures.

III. Define the two populations (families and youth) eligible for FUP assistance (threshold requirement):

- **FUP-Eligible Family** is defined as a family that the Public Child Welfare Agency (PCWA) has certified as a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child, or children, in/out-of-home care, or in the delay of discharge of a child, or children, to the family from out-of-home care, and that the PHA has determined is eligible for a Housing Choice Voucher (HCV).
- **FUP-Eligible Youth** is defined as a youth that the PCWA has certified to be at least 18 years old, and not more than 24 years of age, and who has left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act, and is homeless or is at risk of becoming homeless at age 16 or older.

IV. Housing Search Assistance (threshold requirement):

Include a detailed description of the assistance that will be provided to FUP families and youths in locating housing units and working with landlords to secure appropriate eligible units. List the organization(s) responsible for providing this assistance.

V. Services to be provided to FUP-eligible youths (the following elements, listed in a. – e., are threshold requirements) [**** FUP-eligible youth cannot be excluded from the FUP program.**]

****]:**

List the services to be provided to FUP-eligible youth by the PCWA or another agency/organization under agreement/contract with the PCWA and list the organizations to provide the services and resources. This list must include all the following services:

- a. Basic life skills information/counseling on money management, use of credit, housekeeping, proper nutrition/meal preparation, and access to health care (e.g., doctors, medication, and mental and behavioral health services).
- b. Counseling on compliance with rental lease requirements and with HCV program participant requirements, including assistance/referrals for assistance on security deposits, utility hook-up fees, and utility deposits.
- c. Providing such assurances to owners of rental property as are reasonable and necessary to assist a FUP-eligible youth to rent a unit with a FUP voucher.
- d. Job preparation and attainment counseling (where to look/how to apply, dress, grooming, relationships with supervisory personnel, etc.).
- e. Educational and career advancement counseling regarding attainment of general equivalency diploma (GED); attendance/financing of education at a technical school, trade school or college; including successful work ethic and attitude models.

The MOU **must** include a statement that all the above services will be provided for a period of at least 18 months to FUP-eligible youth receiving rental assistance through the use of a FUP voucher, regardless of age. For example, a FUP-eligible youth enters the program at age 24 and 10 months, the PCWA or another agency/organization under agreement/contract with the PCWA must still provide 18 months of service, even though after two months the youth no longer meets the initial age of eligibility for FUP youth.

*[** The MOU may include additional services beyond those listed above (a – e). **]*

VI. PHA Responsibilities (*the following elements, listed in a. – h., are threshold requirements*):

Address how the PHA will fulfill each of the following responsibilities:

- a. Accept families and youths certified by the PCWA as eligible for the FUP. The PHA, upon receipt of the PCWA list of families and youths currently in the PCWA caseload, must compare the names with those of families and youths already on the PHA's HCV waiting list. Any family or youth on the PHA's HCV waiting list that matches with the PCWA's list must be assisted in order of their position on the waiting list in accordance with PHA admission policies. Any family or youth certified by the PCWA as eligible and not on the HCV waiting list must be placed on the waiting list. If the PHA has a closed HCV waiting list, it must reopen the waiting list to accept a FUP applicant family or youth who is not currently on the PHA's HCV waiting list. (The PHA may reopen the waiting list to accept a FUP applicant family or youth without opening the waiting list for other applicants.)
- b. Determine if any families with children, or youths age 18 through 24 on its HCV waiting list are living in temporary shelters or on the street and may qualify for the FUP, and refer such applicants to the PCWA.
- c. Determine if families with children, or youths age 18 through 24 referred by the PCWA are eligible for HCV assistance and place eligible families/youths on the HCV waiting list.
- d. Amend the administrative plan in accordance with applicable program regulations and requirements, if needed.
- e. Administer the vouchers in accordance with applicable program regulations and requirements.

- f. Comply with the provisions of this MOU.
- g. Upon notification that vouchers have been awarded, train PCWA staff on the PHA's HCV procedures.
- h. Conduct regular meetings (at least quarterly) with the PCWA and CoC.

VII. PCWA Responsibilities (*the following elements, listed in a. – h., are threshold requirements*)

Address how the PCWA will fulfill each of the following responsibilities:

- a. Establish and implement a system to identify FUP-eligible families and FUP-eligible youths within the agency's caseload, and to review referrals from the PHA and CoC. For families, the statement should state the system used for prioritizing families with an open case, along with a substantiated report of child abuse and neglect, and whose children are already in out-of-home care, at high risk for experiencing additional negative child welfare outcomes (e.g., long-term open cases, reentry to the child welfare system in the form of re-reports of abuse or neglect, and repeat open cases), and where housing assistance could help the parent(s) to stabilize and participate in any other services necessary for subsequent reunification. The MOU should clarify that referrals should be made for priority families as soon as they are identified and not only upon successful completion of other aspects of families' case management plans.
- b. Establish and implement a system to identify FUP-eligible youth not currently within the agency's caseload in cooperation with the CoC.
- c. Provide written certification to the PHA that a family qualifies as a FUP-eligible family, or that a youth qualifies as a FUP-eligible youth, based upon the criteria established in Section 8(x) of the United States Housing Act of 1937, and the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018.

- d. Commit sufficient staff resources to ensure that eligible families and youths are identified and determined eligible in a timely manner. This commitment must include a process to ensure that the PCWA's active caseload is reviewed at least once a month (when the PHA has FUP vouchers available) to identify FUP-eligible families and FUP-eligible youths, and refer them to the PHA. Additionally, the PCWA must be prepared to provide referrals to the PHA within 30 working days of receiving notification from the PHA about voucher availability.
- e. Commit sufficient staff resources to provide follow-up supportive services after the youth leases a unit, documenting the source for funding for these services (PCWA's are encouraged to leverage non-Federal funds, including State, local, philanthropic, and faith-based organizations).
- f. Comply with the provisions of this MOU.
- g. Upon notification that vouchers have been awarded, train PHA staff on the PCWA's referral procedures.
- h. Conduct regular meetings (at least quarterly) with the PHA and CoC.

VIII. CoC Responsibilities (*the following elements, listed in a. – d., are threshold requirements*)

Address how the CoC will fulfill each of the following responsibilities:

- a. Integrate the prioritization and referral process for FUP-eligible youth into the CoC's coordinated entry process.
- b. Identify services to be provided using CoC program funds to families and youth who qualify for CoC program assistance.
- c. Participate in regular meetings conducted by the PHA and PCWA (at least quarterly).
- d. Comply with the provisions of the MOU.

IX. Rating Factors (optional) *The following is not a comprehensive list of the rating factors as it only includes elements pertinent to the MOU.*

In addition to meeting all the threshold requirements of the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018, applicants can receive points that will be used to rank each applicant for funding. Additional information on the requirements of each rating factor are included in section V.A.1. of the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018.

- a. **PCWA's commitment to FUP-eligible youth** – The MOU must describe the process for identifying and referring FUP-eligible youth in the community to the PHA, who are no longer part of the PCWA's active case load.
- b. **Housing search assistance in low-poverty census tracts** – The MOU must describe the housing search assistance being funded, provided, or otherwise being made available to all FUP eligible families and FUP-eligible youth; and list who is providing the assistance.
- c. **Cash assistance** – The MOU must identify financial assistance resources that may be leveraged to assist families and youth successfully lease-up with a FUP voucher. Financial assistance may include, but is not limited to, moving cost assistance, security deposit assistance, utility startup (including utility arrears). The MOU must identify the source of this assistance.
- d. **Post-move counseling** – The MOU must list the post move counseling the PHA, PCWA, and/or CoC will provide, fund, or otherwise make available to FUP-eligible families and FUP-eligible youth or, in the case of CoC Program assistance, to FUP-eligible families and youth who are also CoC Program-eligible.
- e. **Case management to FUP families** – The MOU must describe the case management provided, funded, or otherwise made available by the PCWA, including a list of organizations to which the PCWA routinely refers families for service, and the length of time case management will be made available.

Signed By:

Executive Director, PHA	Date
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Executive Director, PCWA	Date
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Executive Director, PCWA Contractor organization (if applicable)	Date
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CoC Board Chair	Date
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CoC Collaborative Applicant Authorized Representative	Date
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*[** The execution date must be between the publication date and the application deadline date of the Family Unification Program Notice of Funding Availability for Fiscal Years 2017 and 2018.*
**]

RESOLUTION NO. _____

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

ON DATE OF

**AUTHORITY TO ENTER INTO A THREE-WAY ZERO-DOLLAR MEMORANDUM
OF UNDERSTANDING WITH THE COUNTY OF SACRAMENTO CHILD, FAMILY
AND ADULT SERVICES DEPARTMENT, SACRAMENTO STEPS FORWARD AND
THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO IN RESPONSE
TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT NOTICE
OF FUNDING AVAILABILITY TO SECURE HOUSING CHOICE VOUCHERS FOR
CHILD WELFARE INVOLVED FAMILIES AND YOUTH THROUGH ITS FAMILY
UNIFICATION PROGRAM; ENVIRONMENTAL FINDINGS**

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) issued a Notice of Funding Availability (NOFA) on April 24, 2018 making \$30,000,000 available through the Family Unification Program (FUP) to serve families and youth. The FUP targets families whose lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care, or families whose children are in out-of-home care and their return to the family is delayed due to a lack of adequate housing, and youth aged 18-24 years of age who are no longer in foster care, or who will leave foster care within 90 days and are homeless or at risk of becoming homeless.

WHEREAS, the Housing Authority of the County of Sacramento is committed to housing children, youth and families utilizing vouchers available through the Housing Choice Voucher program and is eligible to compete for a maximum of 100 vouchers through this NOFA.

WHEREAS, the grant application is due July 24, 2018 and requires an executed Memorandum of Understanding (MOU) from the Housing Authority of the County, the Public Child Welfare Agency (Sacramento County Department of Child, Family and Adult Services) and the Continuum of Care organization (Sacramento Steps Forward).

WHEREAS, the NOFA includes a sample MOU outlining the responsibilities of the three agencies that are party to the MOU. Responsibilities of the Housing Authority of the County include, but are not limited to: a) accepting families and youth certified by the Child Welfare Agency as FUP-eligible and processing their application for a voucher; b) amending the Housing Choice Voucher Administrative Plan as necessary; c) administering the vouchers in accordance with program regulations and requirements; d) upon notification that the vouchers have been awarded, training the Child Welfare Agency staff on the Housing Authority's

procedures; and e) conducting regular meetings with the Child Welfare Agency and the Continuum of Care.

WHEREAS, the Sacramento County's Child Welfare Agency will be seeking approval to sign the above-mentioned MOU from the Sacramento County's Board of Supervisors at the July 17, 2018 meeting.

WHEREAS, the proposed actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b).

WHEREAS, the grant application and entering into the MOU are considered administrative actions and are therefore exempt under the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) §58.34(a)(3), and the responsibilities of the Housing Authority under the MOU are administrative and therefore exempt under 24 CFR §58.34(a)(3), with the exception of training staff, which is also exempt under 24 CFR §58.34(a)(9).

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

Section 1. After due consideration of the facts presented in this resolution, the recitals above, including the environmental recitals, are found to be true and correct and are hereby adopted.

Section 2. The Executive Director or her designee is authorized to enter into a three-way zero dollar Memorandum of Understanding (MOU) with the Public Child Welfare Agency (Sacramento County Department of Child, Family and Adult Services) and the Continuum of Care organization (Sacramento Steps Forward) covering the period from October 24, 2018 to October 23, 2019 (or one year from start of HUD funding for the FUP program) which is renewable annually and to submit the MOU with an application for the Family Unification grant program. The Executive Director is further authorized to amend this MOU for non-monetary changes, terminate or assign the MOU, and to extend the term as needed.

Section 3. If the grant application is awarded, the Executive Director or her designee is authorized to execute the contract with the U.S. Department of Housing and Urban Development to receive the additional vouchers and establish the Family Unification Program in Sacramento.

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 17th day of July, 2018, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

RECUSAL: Members,

(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk



May 31, 2018

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

700 Block of K Street Project Tax Equity and Fiscal Responsibility Hearing and
Approval of Tax Exempt Bonds

SUMMARY

The attached report is presented for your review prior to review and approval by the City
of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendation outlined in the attached report.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



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

**Public Hearing
June 26, 2018**

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

**Title: 700 Block of K Street Project Tax Equity Fiscal Responsibility (TEFRA)
Hearing and Approval of Tax Exempt Bonds**

Location/Council District: 700-730 K Street, Council District 4

Recommendation: Conduct a public hearing and upon conclusion pass 1) a **City Council Resolution** approving the issuance of obligations by the Housing Authority in the amount not to exceed \$25,000,000 of tax exempt bonds to refinance the acquisition, construction and development of 700 Block of K Street (Project); and 2) a **Housing Authority Resolution** a) indicating the intention of the Housing Authority to issue up to \$25,000,000 of tax exempt bonds for reimbursement of expenditures for the acquisition, construction and development of the Project; b) indicating the forgoing declaration is consistent with the budgetary and financial circumstances of the Housing Authority in that there are no funds (other than proceeds of the obligations) that are reasonably expected to be reserved, allocated or otherwise set aside, on a long-term basis, by or on behalf of the Housing Authority, for the expenditures for the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the issuance of the tax-exempt obligations; c) indicating the Developer is responsible for all fees; d) approving authorization to submit an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds; e) indicating the Housing Authority or the City of Sacramento does not have any obligations other than to issue tax exempt obligations; f) approving authorization to receive and accept delinquent bond administrative fees; and g) authorizing the Executive Director, or designee, to execute the necessary documents associated with the transaction.

Contact: Christine Weichert, Assistant Director, (916) 440-1353; Tyrone Roderick Williams, Director of Development, (916) 440-1316

Presenters: Christine Weichert, Assistant Director, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency (Agency)

Description/Analysis

Issue Detail: CFY Development, Inc. and D&S Development Inc. (Developer) are currently working on a mixed-use development on the south side of K Street between 7th and 8th Streets. Improvements include the restoration of the historic storefronts along K Street, rehabilitation of the commercial spaces, and construction of a new 6-story residential building over two levels of parking. A total of 63,000 sq. ft of commercial space will be provided when the Project is complete. A Vicinity Map is included as Attachment 2.

Given the Project's financing originally included tax-exempt bonds, the Project is eligible for a four percent low income housing tax credit allocation (Tax Credits) as long as the tax exempt bond proceeds finance more than 50 percent of the eligible low-income housing project costs. Due to construction delays, the Project was not able to meet the 50 percent requirement by the December 31, 2017 deadline. This means the Project can only claim tax credits on the portion of the project financed by tax-exempt bonds and the remaining translates into a forfeiture of four percent tax credits.

The Developer reports the construction delays were due to several factors, including, 1) demolition was halted for approximately three months due to instability at the 712 and 718 K Street commercial buildings which could not accommodate heavy equipment; 2) unforeseen soil consistency which resulted in micro-piles on the east side of the project that needed to be strengthened, resulting in a four month delay; 3) delays of 6 months due to weather conditions in 2015, 2016 and 2017; and 4) a delay of approximately three months due to issues related to obsolete underground utilities that were undetected at the start of construction. Letters from the Developer are included as Attachment 3.

Between 2014 and today, total development costs increased by \$5,089,133. Increased permanent loan, tax credit equity and deferred developer fee will be utilized to repay the additional \$722,570 in construction costs, \$2,696,612 in increased developer fee, \$600,000 in architect and engineering costs, and \$1,069,951 associated with the financing, legal and other re-issuance of the bonds. A project summary, including the sources and uses of funds, is included as Attachment 4 and a schedule of maximum rents are included as Attachment 5.

To avoid approximately \$8.9 million in tax credit forfeiture, on May 29, 2018, the Housing Authority Board approved modifications to the terms of the existing mortgage revenue bonds. This allowed for the payment of interest on the taxable portion, extensions of the completion/conversion dates, and release of the remaining mortgage revenue bond funds. The residential construction loan, then in default, was extended to November 1, 2018. The action in this report allows for the issuance new tax exempt bonds to refinance the acquisition, construction and development of the Project. The existing bonds will be retired with the proceeds of the new bonds, thereby allowing the project to remain financially feasible.

The Project received temporary certificates of occupancy on May 4, 2018 for the leasing office and on May 30, 2018 for all but five of the residential units. The Developer reports the residential units will receive its certificate of occupancy no later than June 2018, and all 84 affordable units and 13 of the 53 market rate units have been leased.

Background:

In July of 2010, the Redevelopment Agency of the City of Sacramento selected 700 Block Investors, LP, a partnership between CFY Development and D&S Development (Developer), to redevelop the south side of the 700 Block of K Street as a mixed-use project and entered into disposition and funding agreements in 2011.

On December 19, 2014, the Project closed refinancing on both residential and commercial escrows. The following information includes further detail regarding the project:

Residential Project Description: To address the goal for additional housing units downtown, the Project includes 137 residential units: 15 over the commercial uses along K Street and 122 units in the new structure along the alley. Units will range in size from studios to two-bedrooms. 70 of the units are restricted at 60 percent of area median income (AMI), with 14 units at 50 percent of AMI and the remaining 53 units are unrestricted and rented at market rate. Resident amenities will include a community room, fitness room, and laundry room, as well as a private rooftop garden and on-site parking.

Developer: The Developer, 700 Block Investors, LP, is led by CFY Development, Inc, and D&S Development Inc. CFY has more than 20 years of experience in affordable housing and D&S Development, Inc. has been developing and providing management services to residential, commercial and office properties in the Sacramento area for many years.

Managing General Partner: The managing General Partner for the Project is Community Revitalization and Development Corporation (CRDC). CRDC has served as the managing general partner for multifamily projects totaling over 4,000 units throughout California, including Northpointe Park Apartments in Sacramento and Waterman Square Apartments in Elk Grove.

Property Management: Property management will be provided by CFY Development Inc. The property manager has submitted and the Agency approved a property management plan.

Resident Services: The Developer is required to provide a minimum of 15 hours per week of resident services comprised of four hours of service coordination, eight hours of after school and/or adult educational classes and three hours of additional services. Resident services will be provided by LifeSTEPS, an experienced resident service provider and is already working at several affordable projects in Sacramento.

Security: The Developer is providing a security camera system and lighting adequate to properly illuminate all common spaces. In addition, Developer has included funding for security patrol.

Project Financing: The residential portion was funded with Low-Income Housing Tax Credit (LIHTC) equity from four-percent Federal tax credits, tax-exempt mortgage revenue bonds, a Housing Authority loan of \$6.28 million and a Housing Authority Grant to Downtown Sacramento Revitalization Corporation (DSRC) of \$3.8 million, City funds, a developer loan, and a deferred developer fee. A project summary, including the sources and uses of funds, is included as Attachment 4.

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 law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority.

State and Local Approval Process: Subject to approval of the TEFRA hearing and Inducement by the City Council and Housing Authority Board, the Housing Authority will apply by July 20, 2018, for 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 state-wide process. The anticipated CDLAC allocation meeting is on September 19, 2018.

Project Inducement: CDLAC requires that an “inducement” resolution be adopted by the entity proposing to issue the bonds. The Inducement for this Project was completed in 2013 and expired in December 2017. The Agency is requesting the Housing Authority to provide approval of an “inducement” resolution that will allow the developer to be reimbursed from bond issue proceeds for expenses that have already been incurred and will be incurred in the future.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the units be set-aside for targeted income groups. Regulatory restrictions on the units will last for 55 years. Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment 5. The Project’s affordability restrictions will be specified in regulatory agreements with the Developer. The following chart summarizes the combined proposed affordability restrictions:

Funding	% of Units	Affordability Restrictions	No. Units	Regulatory Requirements
Tax-Exempt Bonds Tax Credits (LIHTC) Housing Authority Loan	10%	Very Low Income (50% AMI)	14	55 years
	51%	Low Income (60% AMI)	70	55 years
Unrestricted	39%	Not applicable	53	None
Total	100%		137	

Policy Considerations: The recommended actions are consistent with: a) the Agency's Multifamily Lending and Mortgage Revenue Bond Policies priority 4. Rehabilitation and new production (Resolution No. 2009-148); b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and d) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by year 2025 (Resolution No. 2015-282).

Economic Impacts: Not applicable.

Environmental Considerations: California Environmental Quality Act (CEQA): An Environmental Impact Report (EIR) was prepared by the City of Sacramento for the Project and the City Planning Commission approved the project and adopted the EIR and mitigation measures on May 12, 2011 and subsequently filed a Notice of Determination (NOD) with the County Clerk Recorder. The Agency, as a Responsible Agency pursuant to Public Resources Code §21069, considered the EIR prepared by the City as Lead Agency and made findings pursuant to California Code of Regulations (CCR) §15096. On June 21, 2011, the Agency adopted the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093. The actions do not require further environmental review per CEQA Guidelines §§ 15162 or 15163.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. The Project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from 2035 General Plan: Housing Element – Strategies and Policies for Conserving Energy Resources – Climate Action Plan, subsection 7.2: The Sacramento Climate Action Plan (CAP) outlines measures to improve energy efficiency in existing buildings.

Commission Action: At its meeting on June 6, 2018, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rationale for Recommendation: The actions recommended in this report are necessary to issue new tax exempt mortgage revenue bonds to refinance the acquisition, construction, and development of the 700 Block of K mixed-income housing development. The existing bonds will be retired with the proceeds of the new bonds, allowing the development to remain financially feasible. These actions recommended also enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and are consistent with the Agency's Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, Promise Zone plans and goals, and the Downtown Housing Initiative and Initiation of the Downtown Specific Plan.

Financial Considerations: The Housing Authority will receive the following at Bond closing, scheduled to be no later than December 2018: a) a one-time issuance fee of 0.25 percent of the bond amount; b) two years of delinquent bond administrative fees; and c) annual payments for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. The mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento.

LBE - M/WBE and Section 3 requirements: The activities recommended in this report do not involve federal funding therefore; there are no M/WBE or Section 3 requirements. Local Business Enterprise does not apply to this report.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachments

- 01-Description/Analysis and Background
- 02-Vicinity Map
- 03-Developer's Letters
- 04-Project Summary
- 05-Maximum Income and Rent Levels
- 06-City Resolution – TEFRA Hearing
- 07-Housing Authority Resolution – Inducement

700 Block of K Street



 700 Block of K Street

0 75 150 Feet



SHRA GIS
April 17, 2018

700 Block Investors, LP

1724 10th Street, Suite 120
Phone: (916) 446-4040

Sacramento, CA 95811
Fax: (916) 446-4044

Christine Welchert
Anne Nicholls
Sacramento Housing & Redevelopment Agency
801 12th Street
Sacramento, CA 95814

April 19, 2018
Emailed & Mailed

RE: Construction delays – 700 K Residential

Dear Christine and Anne,

The placement in service of our project has been delayed for about a year due to the following reasons:

1. Demolition delays for 10-11 weeks. During the demolition period, because utilization of heavy equipment, it was noticed that commercial buildings 712 and 718 had become unstable creating a dangerous working place. The shoring plan and its implementation took about 10-11 weeks.
2. Due to unforeseen soil inconsistency the design for micro-piles on the east side of the project had to be modified. The protocol calls for a new design, installation of test piles and cure period. This process delayed us for over four months.
3. We lost over five and a half months due to having to work during three rainy seasons (2015, 2016 and 2017). Particularly 2016-2017 season was very difficult. Please see the attached calendar indicating the rainy days just for December 2016, January and February 2017.
4. Finally, we have lost another 4-6 weeks due to existing under ground utilities' that were undetected and obsolete in Kayac Alley.

These causes have delayed completion of our project by a little over one year.

Respectfully,



Cyrus Youssefi
General Partner

700 Block Investors, LP

1724 10th Street, Suite 120
Phone: (916) 446-4040

Sacramento, CA 95811
Fax: (916) 446-4044

Housing Authority of the City of Sacramento
801 12th Street – 4th Floor
Sacramento, CA 95814

May 10, 2018

Attn: Christine Weichert

Re: 700 Block Project (14-309) Request for new bond volume cap

Dear Ms. Weichert:

Pursuant to your earlier discussion with Patrick Sabelhaus on behalf of 700 Block Investors, L.P., a California limited partnership (the "Partnership") we are requesting via the Housing Authority of the City of Sacramento that CDLAC approve a new allocation of private activity bond volume cap in the amount of \$22,186,052 for the 700 Block Project (the "Project").

The Project is structured as a 4% Low Income Housing Tax Credit transaction and anticipates qualifying for 4% Tax Credits because 50% or more of the basis of the Project will be financed with the proceeds of tax-exempt private activity bonds (the "50% Test"). The Project is financed, in part, with the proceeds of Tax Exempt Multifamily Housing Revenue Bonds ("Bonds") issued by the Housing Authority of the City of Sacramento (the "Issuer") pursuant to an allocation of private activity bond volume cap allocated to the Issuer by CDLAC in 2014. The Bonds were issued in December, 2014 and concurrently purchased by JPMorgan Chase Bank, N.A. (the "Bondholder") who continues to hold the Bonds.

The Bonds are structured as draw-down bonds which provide that Bond proceeds are drawn from the Bondholder and disbursed over time. Pursuant to Internal Revenue Service Notice 2011-63, draw-down bonds must be fully disbursed by the end of the year in which the third anniversary of the bond issuance occurred. We have been informed by bond counsel for this transaction that any amount of bonds drawn after this three year period are deemed not issued pursuant to the volume cap obtained in connection with the Bonds and are thus likely not considered tax exempt private activity bonds for 50% Test purposes.

This Project suffered major delays during construction due to inclement weather, redesigning and replacement of certain pilings and delays with the installation of the elevators. As a result of these delays, only about \$14.5 million of the Bonds were drawn prior to December 31, 2017 which resulted in the termination of the tax exemption on the balance of the Bonds of approximately \$7.7 million. The ultimate result of the termination of the tax exemption of the remaining bond balance of \$7.7 million is that the Project cannot meet the 50% Test which would preclude the Project from receiving 4% Tax Credit for the 84 affordable housing units in this project. If the loss of the 4% Tax Credits is not remedied, the Project would forfeit \$8,900,000 in tax credit investor equity, collapse financially and cause the loss of the 84 affordable housing units.

Because the Project did not satisfy the 50% Test on or before December 31, 2017, the Partnership must issue new tax exempt private activity bonds in 2018 (the "New Bonds") pursuant to a new allocation of

private activity bond volume cap from CDLAC to satisfy the 50% Test. An issuance of the New Bonds pursuant to a new allocation of volume cap occurring in 2018 will allow the Partnership to satisfy the 50% Test, receive 4% Tax Credits and remain financially viable as a mixed income housing development. The Partnership proposes to issue the New Bonds on or about October, 2018 and use the proceeds of the New Bonds to reimburse the Partnership for costs incurred in the development of the Project and thus satisfy the 50% Test. The old Bonds will be retired with the proceeds of the New Bonds, the full amount of which shall remain outstanding through early 2019 to satisfy applicable tax credit requirements.

This Project has suffered cost overruns of about \$1,700,000 in hard and soft costs, all of which are covered by a proposed increase of \$1,759,583 to the permanent loan amount that was shown in the Project's original request for allocation of bond volume cap, such that the permanent loan is expected to total \$14,485,900. In addition, the Developer estimates additional costs of \$500,000 plus for origination fee on the new construction bond, lender attorney fees, bond issuance costs, SHRA administration fees, interest carry costs for the period of April through December, 2018, and other unknown costs. Such additional costs will be covered by additional deferred development fee and/or equity contribution from the general partners. All of the above will be reflected in the new bond cap request showing that the project's sources and uses balance and that the project complies with all CDLAC requirements.

The Project received its Temporary Certificate of Occupancy on May 4, 2018. All 84 affordable units have been leased as have 13 of the 53 market rate units. It is anticipated that the Project will attain 100% occupancy within 60 to 90 days. While the Project is fully constructed and meeting its obligations under the existing Bond and SHRA Regulatory Agreements, if the New Bonds are not issued as soon as possible (and in all events by the fourth quarter of 2018), the Project risks being called in default by the Bond Holder and tax credit equity investor.

Thank you for considering our request for new bond cap and please call if you have questions.

Sincerely,



Cyrus Youssefi, Member
700 Block, LLC, General Partner

CC: Anne Nicholls

Enclosure: Temporary Certificate of Occupancy for 700 Block

**60 DAY TEMPORARY
Certificate of Occupancy**

Building Address:	700 K ST	Permit Number:	COM-1410141
Site Location:			
Project Name:	700 K Street - RESIDENTIAL		
Building Use:	Apts 5+	Construction Type:	Type IIIA
Sprinklered?	Yes	Area:	183821 (sq ft)
Tenant Space 1:	R-2 Residential, multi family S-2 Storage, low hazard M Mercantile	Design Occupant Load 1:	
Tenant Space 2:	N/A	Design Occupant Load 2:	N/A
Tenant Space 3:	N/A	Design Occupant Load 3:	N/A

Building Owner: CITY OF SACRAMENTO REDEVELOPMENT AGE SUCCESSOR AGE
915 I ST 5 FL
SACRAMENTO, CA 95816

Portion of Building Occupied: Sales Office

Specific purpose for temporary occupancy and/or conditions/limitations of temporary occupancy:
Sales Office Only

05/04/2018

Date

Winfred DeLeon, PE, CBO

Chief Building Official

Steven Gorman

(Sign)

CBC 111.3 TEMPORARY CERTIFICATE

The building official is authorized to issue a temporary certificate of occupancy before the completion of the entire work covered by the permit, provided that such portion or portions shall be occupied safely.

POST IN A CONSPICUOUS PLACE

**700 Block of K Street
Residential Project Summary**

<u>Address</u> <u>Number of Units</u> <u>Year Built</u> <u>Acreage</u>	700, 704, 708, 710, 712, 716, 718, 722, 724, 726 and 730 K Street, 1111 and 1113 7th Street, 1110 8th Street and 1114 8th Street 137 Various, partially new construction 1.175 acres			
<u>Affordability</u>	14 units (10%) at or below 50% of Area Median Income (AMI), 70 units (51%) at or below 60% of AMI and 53 units (39%) unregulated/market rate.			
<u>Unit Mix and Rents</u>	50% AMI	60% AMI	Unregulated	Total
Studio	4	21	17	42
1 BR / 1 BA (83, includes 1 Mgt exempt unit)	8	46	29	83
2 BR / 1 BA	2	3	7	12
Total	14	70	53	137
<u>Square Footage</u>	<u>Per Unit</u>		<u>Total</u>	
Studio	533		22,386	square feet
1 BR / 1 BA	685		56,865	square feet
2 BR / 1 BA	1,175		14,096	square feet
Total Residential			93,347	square feet
Total Parking			28,834	square feet
Total Other (common spaces, etc.)			51,239	square feet
TOTAL SQUARE FOOTAGE			173,420	square feet
<u>Resident Facilities</u>	The project will include onsite parking, a community area with kitchen, computer center, and activity area; a laundry room, fitness room and a private rooftop garden.			
<u>Permanent Sources</u>	<u>Total</u> <u>2014</u>	<u>Total</u> <u>2018</u>	<u>Per Unit</u> <u>2018</u>	<u>Per Square Foot</u> <u>2018</u>
Mortgage Revenue Bond	\$ 12,726,317	\$ 14,385,900	\$ 105,006.57	\$ 82.95
Tax Credit Equity	\$ 8,799,498	\$ 9,757,361	\$ 71,221.61	\$ 56.26
SHRA Loan	\$ 6,280,262	\$ 6,280,262	\$ 45,841.33	\$ 36.21
SHRA Grant to DSRC	\$ 3,819,738	\$ 3,819,738	\$ 27,881.30	\$ 22.03
City Loan to DSRC	\$ 1,600,000	\$ 1,600,000	\$ 11,678.83	\$ 9.23
City Grant to DSRC	\$ 240,000	\$ 240,000	\$ 1,751.82	\$ 1.38
DSRC Loan	\$ 160,000	\$ 160,000	\$ 1,167.88	\$ 0.92
Deferred Developer Fee	\$ 1,250,000	\$ 3,721,687	\$ 27,165.60	\$ 21.46
Developer Loan	\$ 1,500,000	\$ 1,500,000	\$ 10,948.91	\$ 8.65
TOTAL SOURCES	\$ 36,375,815	\$ 41,464,948	\$ 302,663.85	\$ 239.10
<u>Permanent Uses</u>				
Acquisition Costs	\$ -	\$ -	\$ -	\$ -
Construction Costs	\$ 26,967,448	\$ 27,521,164	\$ 200,884.41	\$ 158.70
Contingency	\$ 1,078,689	\$ 1,247,543	\$ 9,106.15	\$ 7.19
Financing Costs	\$ 1,566,332	\$ 2,193,832	\$ 16,013.37	\$ 12.65
Reserves	\$ 519,609	\$ 521,171	\$ 3,804.17	\$ 3.01
Legal Fees	\$ 360,000	\$ 575,000	\$ 4,197.08	\$ 3.32
Permits	\$ 1,900,000	\$ 1,900,000	\$ 13,868.61	\$ 10.96
Architecture and Engineering	\$ 956,542	\$ 1,556,542	\$ 11,361.62	\$ 8.98
Developer Fee	\$ 2,500,000	\$ 5,196,612	\$ 37,931.47	\$ 29.97
Other	\$ 527,195	\$ 753,084	\$ 5,496.96	\$ 4.34
TOTAL USES	\$ 36,375,815	\$ 41,464,948	\$ 302,663.85	\$ 239.10
<u>Management / Operations</u>	2018			
Developer	CFY Development, Inc. and D&S Development, Inc.			
Property Management Company	CFY Development, Inc.			
Operations Budget	\$520,710		\$3,801	
Property Management	\$90,420		\$660	
Resident Services	\$29,500		\$215	
Assessments	\$185,000		\$1,350	
Replacement Reserves	\$34,250		\$250	

MAXIMUM INCOME AND RENT LEVELS 2018

Low Income Housing Tax Credit (LIHTC), Housing Trust Fund (HTF),
Mortgage Revenue Bonds (MRB) and Tax Increment (TI) Funds

Maximum Income Limits:		
Household Size	<i>50% AMI</i>	<i>60% AMI</i>
1 person	\$28,050	\$33,660
2 person	\$32,050	\$38,460
3 person	\$36,050	\$43,260
4 person	\$40,050	\$48,060
5 person	\$43,300	\$51,960
Maximum Gross Rent Limits:		
Unit Size	<i>50% AMI</i>	<i>60% AMI</i>
Studio	\$701	\$841
1 Bedroom	\$751	\$901
2 Bedroom	\$901	\$1,081

RESOLUTION NO. 2018-_____

Adopted by the Sacramento City Council

700 BLOCK OF K APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF 700 BLOCK INVESTORS, L.P., A CALIFORNIA LIMITED PARTNERSHIP AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing for the issuance of multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$25,000,000 and to lend the proceeds thereof to 700 Block Investors, L.P., a California limited partnership, (the "Borrower"), to be used to provide funds to finance or refinance the acquisition, construction and development of a 137-unit multifamily housing residential facility to be located at 700-730 K Street, Sacramento, California, to be owned by the Borrower and operated by CFY Development, Inc.; and
- B. Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice; and
- C. A public hearing was held by the City Council on June 26, 2018, following duly published notice thereof, and all persons desiring to be heard have been heard; and
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations; and
- E. Pursuant to the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared by the City of Sacramento for the Project and the City Planning Commission approved the project and adopted the EIR and mitigation measures on May 12, 2011 and subsequently filed a Notice of Determination (NOD) with the County Clerk Recorder. The Authority, as a Responsible Agency pursuant to Public Resources Code §21069, considered the EIR prepared by the City as Lead Agency and made findings pursuant to California Code of Regulations (CCR) §15096. On June 21, 2011, the Agency adopted the Findings of Fact and Statement of Overriding Considerations

prepared in accordance with CEQA Guidelines §§ 15091 and 15093. The proposed actions do not require further environmental review per CEQA Guidelines §§ 15162 or 15163.

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

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct and are hereby adopted.
- Section 2. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$25,000,000 for the purposes described above is hereby approved.
- Section 3. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2018-_____

Adopted by the Housing Authority of the City of Sacramento

700 BLOCK OF K APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS; DIRECTING CERTAIN ACTIONS; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to 700 Block Investors, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by CFY Development, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance or refinance the acquisition, construction and development of a 137-unit multifamily housing residential facility to be located at 700-730 K Street, Sacramento, California (the "Project"); and
- B. United States Income Tax Regulations section 1.150-2 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
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein; and
- D. Pursuant to the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared by the City of Sacramento for the Project and the City Planning Commission approved the project and adopted the EIR and mitigation measures on May 12, 2011 and subsequently filed a Notice of Determination (NOD) with the County Clerk Recorder. The Authority, as a Responsible Agency pursuant to Public Resources Code §21069, considered the EIR prepared by the City as Lead Agency and made findings pursuant to California Code of Regulations (CCR) §15096. On June 21, 2011, the Agency adopted the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093. The proposed actions do not require further environmental review per CEQA Guidelines §§ 15162 or 15163.

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

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct and are hereby adopted.

- Section 2. The Authority intends to issue the Obligations for the purpose of paying the costs of financing or refinancing the acquisition, construction and development of the Project.
- Section 3. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 4. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$25,000,000.
- Section 5. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 6. 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, any fees required by the California Debt Limit Allocation Committee ("CDLAC") 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 7. The appropriate officers or the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC for an allocation of private activity bonds for the financing of the Project.
- Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Project.
- Section 9. The Authority hereby approves the delinquent bond administrative fees are to be paid by the Developer to the Authority upon issuance of the Bonds.
- Section 10. This resolution shall take effect immediately upon its adoption.



May 31, 2018

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Victory Townhomes, Dixieanne Apartments and Norwood Annex Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitments

SUMMARY

The attached report is presented for your review prior to review and approval by the City of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendation outlined in the attached report.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



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

**Public Hearing
June 26, 2018**

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

Title: Victory Townhomes, Dixieanne Apartments and Norwood Annex Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitments

Location/Council District: 1048 Dixieanne Avenue, 1075 Dixieanne Avenue, and 3301 Norwood Avenue, Council District 2.

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a **City Council Resolution** indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition and rehabilitation of Victory Townhomes, Dixieanne and Norwood Annex (Project); 2) a **Housing Authority Resolution** which a) indicates the intention of the Housing Authority of the City of Sacramento to issue up to \$11,000,000 in tax-exempt mortgage revenue bonds to provide acquisition and construction financing for the project, b) authorizes an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds, and c) authorizes the Executive Director, or designee, to execute the necessary documents associated with the transaction; 3) a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) approve a loan commitment of \$2,430,000 in Home Investment Partnership Program (HOME) funds to Victory Townhomes and Dixieanne and \$1,100,000 in HOME funds to Norwood Annex, b) execute Loan Commitment Letters with Mutual Housing California or related entity, c) execute all necessary documents associated with this transaction, d) amend the Agency budget, and e) make related findings; 4) **City Council Resolution** which authorizes the Sacramento Housing and Redevelopment Agency to a) restructure and/or extend the existing debt of Victory Townhomes, Dixieanne and Norwood Annex, b) execute Loan Commitment Letters and related documents with Mutual Housing California or related entity, c) release recorded restrictions associated with original loan, and d) consent to the assumptions of obligations with Mutual Housing California or related entity; 5) **Housing Authority Resolution** which authorizes the Executive Director, or designee, to: a) restructure and/or extend the existing debt of Dixieanne, b) execute Loan Commitment Letter and related documents with Mutual Housing California or related entity, c) release recorded restrictions associated with original loan, and d) consent to the assumptions of obligations with Mutual Housing California or related entity.

Contact: Christine Weichert, Assistant Director, Sacramento Housing and Redevelopment Agency, 916-440-1353; Tyrone Roderick Williams, Director of Development, Sacramento Housing and Redevelopment Agency, 916-440-1316

Presenters: Nicole Brown, Housing Finance Analyst, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: Mutual Housing California (Developer) has applied for Agency financing of \$3,530,000 for three properties: Victory Townhomes, Dixieanne Apartments and the Norwood Annex. The refinancing will provide for critical renovation and result in adequate cash flows to support the management and operating expenses at all projects.

Victory Townhomes and Dixieanne Apartments

Victory Townhomes is located at 1075 Dixieanne Avenue and Dixieanne Apartments (Dixieanne) is located at 1048 Dixieanne Avenue in North Sacramento. Victory Townhomes and Dixieanne are operated and managed together. Victory Townhomes was built in 2002 on a two-acre site and consists of 21 three-bedroom and four-bedroom units in 11 separate two-story buildings. Dixieanne, formerly known as Evergreen Estates, was built in 1963 on a two-acre site and has 55 studio, two-bedroom, three-bedroom, and four-bedroom units within 14 separate two-story buildings. Victory Townhomes and Dixieanne have combined amenities for residents, including a community room with a kitchen, computer room, and two playgrounds. A vicinity map is included as Attachment 2 and photos of the properties are included as Attachment 3.

The Developer has applied for a gap financing loan of \$2,430,000 for the rehabilitation of Victory Townhomes and Dixieanne. Additional project financing includes tax credit equity, deferred developer fee, existing operating and replacement reserves, net operating income during construction, a seller carryback loan and the restructuring of existing Housing Trust Fund (HTF), HOME and Community Development Block Grant (CDBG) loans. Upon completion, units will be regulated at 40, 50 and 60 percent of Area Median Income (AMI).

An extensive renovation of the 16-year old Victory Townhomes development is proposed. Interior unit improvements will include new counters, flooring, window coverings and screens, sinks, bathtubs, toilets, vanity mirrors, exhaust fans, LED lighting, water heaters, paint, and energy efficient appliances. Damaged interior doors will be replaced. Two of the units will be brought into compliance with the requirements of the Americans with Disabilities Act (ADA). The community building will receive new flooring, counter tops, kitchen appliances and paint.

Exterior improvements will include new roofs, site lighting, metal awnings, and paint. Site improvements will include new landscaping, irrigation, drainage, parking lot striping, gates and fencing.

An extensive renovation of the 55-year old Dixieanne development is also proposed. Interior unit improvements will include new counters, flooring, window coverings and screens, sinks, bathtubs, toilets, vanity mirrors, hardware, exhaust fans, LED lighting, water heaters, paint, and energy efficient appliances. Damaged interior doors and hardware will be replaced. Six of the units in Dixieanne will be brought into compliance with ADA requirements.

Exterior improvements will include site lighting, paint, new plywood and waterproofing for decks, exterior stair risers, handrails, guard rails, exterior doors and site signage. Site improvements will include new landscaping, irrigation, drainage, parking lot v-gutter, and entry gate operator. All concrete walkways will be replaced and new ramps and handrails to units will be installed to meet ADA requirements. A new playground and picnic area will be installed.

Norwood Annex

Norwood Annex is located at 3301 Norwood Avenue in Strawberry Manor. The property is managed and operated with neighboring properties, Norwood Estates and Norwood Avenue Apartments, which are owned by the Developer. Norwood Annex was built in 2001 on a 0.7 acre site and consists of 15 one-bedroom and three-bedroom units in four separate two story buildings. Norwood Annex shares a laundry room, community room and child care facility with the neighboring Norwood properties. A vicinity map of the property is included as Attachment 4 and a photo is included as Attachment 5.

The Developer has applied to the Agency for a gap financing loan of \$1,100,000 for the rehabilitation of Norwood Annex. Additional project financing includes tax credit equity, deferred developer fee, seller carryback loan and restructuring of an existing HOME loan. Units will be regulated at 40, 50 and 60 percent of AMI.

An extensive renovation of the 17-year old Norwood Annex is proposed. Interior unit improvements will include new counters, flooring, window coverings and screens, sinks, bathtubs, toilets, vanity mirrors, hardware, exhaust fans, LED lighting, water heaters, paint, and energy efficient appliances. Damaged units doors and hardware will be replaced. Two units will be brought into compliance with ADA requirements.

Exterior improvements will include new roof, exterior doors, signage and paint. Site improvements will include new landscaping at side and back yards, irrigation, site lighting, fencing, gates and paint.

Project Details

Developer: Mutual Housing California (MHC) is a nonprofit public benefit corporation dedicated to developing affordable housing. MHC has developed 18 affordable properties in California, including 12 properties in Sacramento County.

Temporary Relocation Plan: Laurin Associates, a Division of Raney Planning and Management, Inc., will provide temporary relocation services to the residents of Dixieanne, Victory Townhomes and Norwood Annex. Staff have reviewed Laurin Associates' qualifications and temporary relocation plan, and have found that the proposed consultant and relocation plan meet Agency requirements.

Property Management: Mutual Housing Management (MHM) is the current property manager and will continue in this role for Dixieanne, Victory Townhomes and Norwood Annex. MHM manages 18 properties in California. Agency staff has reviewed MHM's qualifications and management plan, and has found that it meets Agency requirements.

Resident Services: MHM is the current resident service provider for all of the subject properties. MHM will be required to provide a minimum of 20 hours of on-site resident services per week at Dixieanne and Victory Townhomes. A minimum of 4 hours of on-site resident services per week will also be provided for residents at Norwood Annex in addition to the resident services currently being provided for all of the Norwood properties. The on-site services coordinator will provide services including after school programing, enrichment activities and education.

Security Plan: Agency staff has reviewed and approved the security plan which includes security cameras, installation of exterior lighting, and security patrols.

Project Financing: The Project anticipates receiving financing from four percent Low Income Housing Tax Credits (LIHTCs), tax-exempt bond financing, two Agency loans totaling \$3,530,000 in HOME funds, deferred developer fee, and net operating income during construction. The law firm Orrick, Herrington and Sutcliffe LLP, will serve as Bond Counsel for the Housing Authority.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits, federal law requires that rental units be set aside for targeted-income groups. Income restrictions from LIHTC financing require that no households have income above 60 percent AMI.

The Agency further requires that 20 percent of the units be restricted to households with incomes no greater than 50 percent AMI. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer. The anticipated funding sources and their affordability requirements are summarized in the tables below for each development:

Dixieanne Apartments

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	36%	40% AMI	20	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	53%	50% AMI	29	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	9%	60% AMI	5	55 years
Management Unit	2%	Unrestricted	1	
Total	100%		55	

Victory Townhomes

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	47.6%	40% AMI	10	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	47.6%	50% AMI	10	55 years
Management Unit	4.8%	Unrestricted	1	
Total	100%		21	

Norwood Annex

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	46.7%	40% AMI	7	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	46.7%	50% AMI	7	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	6.6%	60% AMI	1	55 years
Total	100%		15	

A combined project summary for all three properties, including proposed sources and uses of funds, is included as Attachment 6. A project summary for Victory Townhomes and Dixieanne is included as Attachment 7 and a project summary for Norwood Annex is included as Attachment 8. A project cash flow proforma and a schedule of maximum income and rents for the three properties are included as Attachments 9 and 10.

Policy Considerations: The recommended actions for the three developments are consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority level two, Recapitalization (Resolution No. 2009-148); b) the 2013-2021 Housing Element, which encourages the preservation and rehabilitation of existing housing to ensure neighborhood livability and promote housing affordability (Resolution No. 2013-415); and c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263). Regulatory restrictions on the property will be specified in the bond regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

Economic Impacts: The Victory Townhomes and Dixieanne Apartments are expected to create 60.46 total jobs (34.26 direct jobs and 26.20 jobs through indirect and induced activities) and create \$7,963,009 in total economic output (\$4,893,731 of direct output and another \$3,069,278 of output through indirect and induced activities).

The Norwood Annex development is expected to create 11 total jobs (6.33 direct jobs and 4.84 jobs through indirect and induced activities) and create \$1,470,128 in total economic output (\$903,479 of direct output and another \$566,649 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: California Environmental Quality Act (CEQA): The project has been determined to be categorically exempt under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15301 “Existing Facilities”.

National Environmental Policy Act (NEPA): The project has been determined to be categorically excluded under NEPA per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt, per 24 CFR §58.34(a)(12), because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.

Sustainability Considerations: These projects have been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, these projects will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long-term affordable and reliable energy.

Commission Action: At its meeting of June 6, 2018, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:


Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, and Promise Zone Plans and Goals.

Financial Considerations: The \$2,430,000 Agency loan for Victory Townhomes and Dixieanne is comprised of HOME funds with an interest rate of two percent. The existing Housing Trust Fund, HOME, and CDBG loans are proposed to be restructured and/or extended 55 years.

The Agency loan for Norwood Annex consists of \$1,100,000 in HOME funds with an interest rate of two percent. The existing HOME loan is proposed to be restructured and/or extended 55 years.

LBE - M/WBE and Section 3 requirements: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable. Local Business Enterprise requirements do not apply to this report.

Respectfully Submitted by:

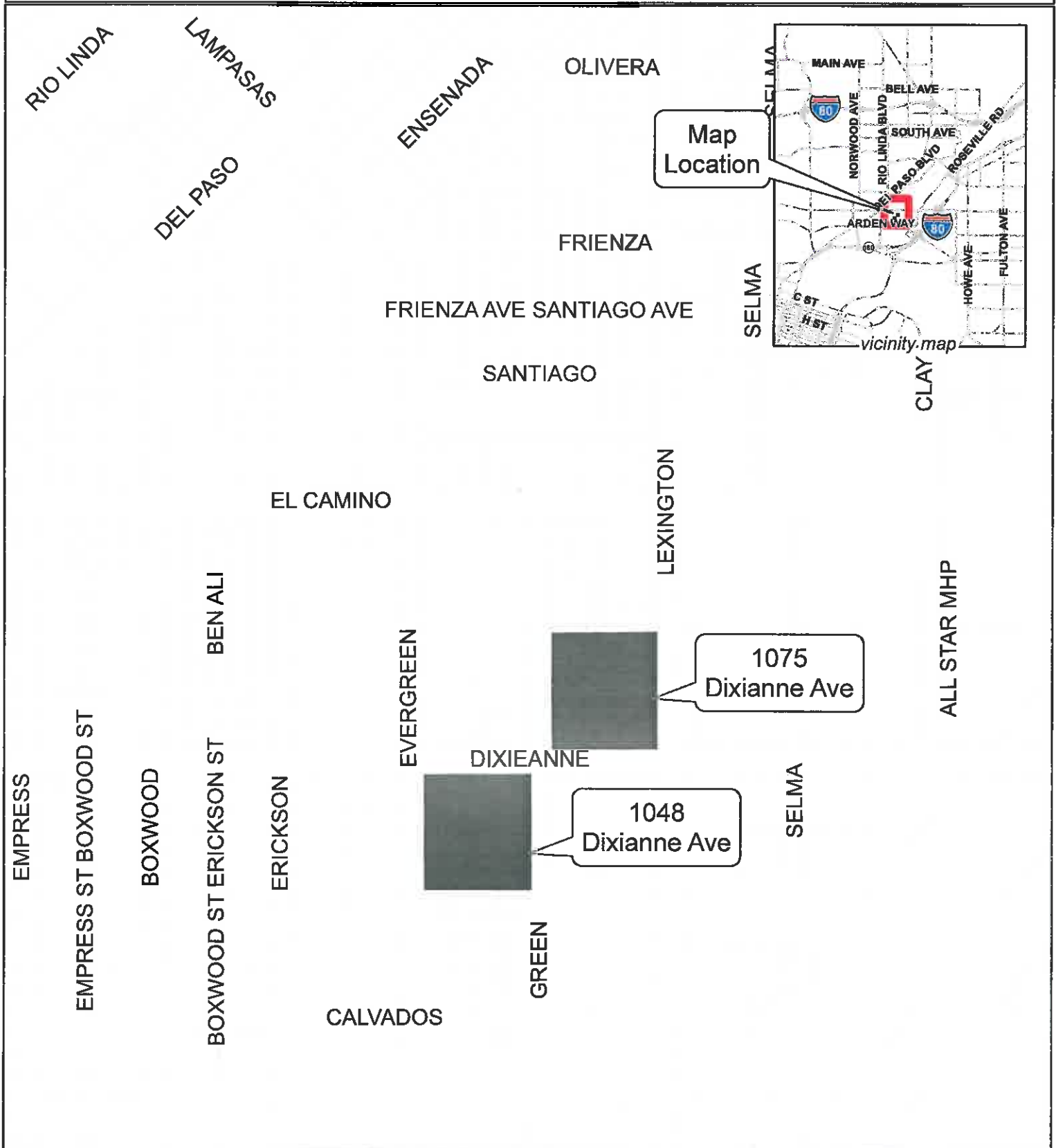

LA SHELLE DOZIER
Executive Director

Attachments

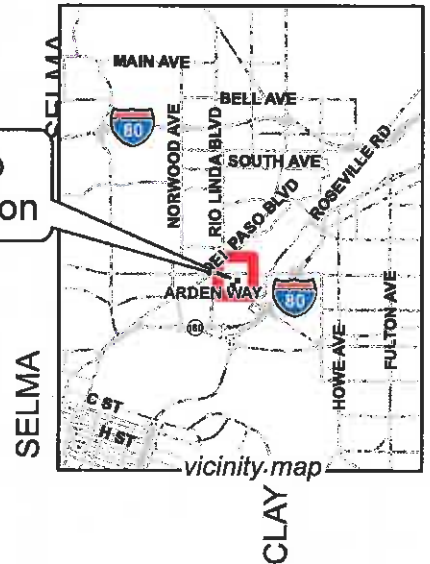
- 01- Description/Analysis and Background
- 02- Vicinity Map Victory Townhomes & Dixieanne
- 03- Victory Townhomes & Dixieanne Project Photos
- 04- Vicinity Map Norwood Annex
- 05- Norwood Annex Project Photo
- 06- Victory Townhomes, Dixieanne & Norwood Annex Project Summary
- 07- Victory Townhomes & Dixieanne Project Summary
- 08- Norwood Annex Project Summary
- 09- Cash Flow Proforma
- 10- Maximum Income and Rent Limits
- 11- City Council TEFRA
- 12- Housing Authority Bond Inducement Authorization
- 13- City Council Loan Commitment Resolution
- 14 - Exhibit A Victory Townhomes and Dixieanne Loan Commitment
- 15- Exhibit B Norwood Annex Loan Commitment
- 16- City Council Victory Townhomes, Dixieanne, Norwood Existing Loans Resolution
- 17-Exhibit A Victory Townhomes and Dixieanne Loan Commitment
- 18-Exhibit B Norwood Annex Loan Commitment
- 19- HACS Dixieanne Existing Loans Resolution
- 20-Exhibit A Victory Townhomes and Dixieanne Loan Commitment



Victory Townhomes & Dixieanne Apartments



Map Location



 Project Sites

0 200 400 Feet




SHRA GIS
April 25, 2018

Victory Townhomes



Dixieanne





Norwood Annex

SILVER EAGLE

Map
Location



FORD

GRAVES

3301 Norwood Ave

NORWOOD

BOZEMAN

TIERRA NUEVO

PASEO NUEVO

VISTA NUEVO

CARROLL

NAREB

FAIRBANKS

OLMSTEAD



Project

0 135 270 Feet



SHRA GIS
May 01, 2018

Norwood Annex



**Victory Townhomes, Dixieanne Apartments & Norwood Annex
Residential Project Summary**

Address	1048, 1075 Dixieanne Avenue and 3301 Norwood Avenue				
Number of Units	91				
Year Built	1963, 2001, 2002				
Acreage	4.7 acres				
Affordability	89 units at 40%, 50% & 60% AMI				
Unit Mix and Rents	<u>(40% AMI)</u>	<u>(50% AMI)</u>	<u>(60% AMI)</u>	<u>Exempt Mgmt Unit</u>	<u>Total</u>
Studio	1	0	0		1
1 Bedroom	5	2	0		7
2 Bedroom	17	28	5		50
3 Bedroom	11	13	1		25
4 Bedroom	3	3	0		6
Management Unit				2	2
					91
Square Footage	<u>Unit Size (sq.ft.)</u>		<u>Total</u>		
Studio	403		403 sq.ft.		
1 Bedroom	797		5,579 sq.ft.		
2 Bedroom	805		40,250 sq.ft.		
3 Bedroom	1,368		34,188 sq.ft.		
4 Bedroom	1,625		9,747 sq.ft.		
Community Area	4,764		4,764 sq.ft.		
Total			94,931 sq.ft.		
Resident Facilities	Community room with kitchen, computer room, management office, two laundry facilities, & security cameras.				
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>		
Permanent Loan	\$ 553,000	\$ 6,077	\$ 6		
Tax Credit Equity	\$ 6,245,471	\$ 68,632	\$ 66		
Deferred Developer Fee	\$ 330,000	\$ 3,626	\$ 3		
Norwood Annex Existing Agency Loan	\$ 878,497	\$ 9,654	\$ 9		
Victory & Dixieanne Existing Agency Loans	\$ 2,474,190	\$ 27,189	\$ 26		
Dixieanne Existing Agency Loans	\$ 627,500	\$ 6,896	\$ 7		
Existing AHP Loan	\$ 160,000	\$ 1,758	\$ 2		
New Agency Loan	\$ 3,530,000	\$ 38,791	\$ 37		
Seller Carryback	\$ 2,912,585	\$ 32,006	\$ 31		
Operating Reserves	\$ 182,000	\$ 2,000	\$ 2		
Replacement Reserves	\$ 185,350	\$ 2,037	\$ 2		
NOI during Construction (18 months)	\$ 98,962	\$ 1,087	\$ 1		
TOTAL SOURCES	\$ 18,177,555	\$ 199,753	\$ 191.48		
Permanent Uses					
Acquisition	\$ 7,403,000	\$ 81,352	\$ 78		
Construction Costs	\$ 5,969,059	\$ 65,594	\$ 63		
Architecture & Engineering	\$ 250,000	\$ 2,747	\$ 3		
Permits	\$ 50,000	\$ 549	\$ 1		
Hard Cost Contingency	\$ 596,906	\$ 6,559	\$ 6		
Soft Cost Contingency	\$ 58,061	\$ 638	\$ 1		
Financing Cost	\$ 561,200	\$ 6,167	\$ 6		
Operating Reserves	\$ 197,791	\$ 2,174	\$ 2		
Legal Fees	\$ 172,500	\$ 1,896	\$ 2		
Relocation	\$ 559,900	\$ 6,153	\$ 6		
Developer Fee	\$ 2,237,155	\$ 24,584	\$ 24		
Third Party Fees, Marketing, Other	\$ 121,983	\$ 1,340	\$ 1		
TOTAL USES	\$ 18,177,555	\$ 199,753	\$ 191.48		
Management / Operations					
Proposed Developer	Mutual Housing				
Property Management Company	Mutual Housing Management				
Operations Budget	561,210		6,167		
Property Management Company	62,729		689		
Resident Services	55,217		607		
Assessments	13,595		149		
Replacement Reserves	54,600		600		

Dixieanne & Victory Townhomes Residential Project Summary

Address	1048 & 1075 Dixieanne Avenue				
Number of Units	76				
Year Built	1963 & 2002				
Acreage	4 acres				
Affordability	74 units at 40%, 50% & 60% AMI				
Unit Mix and Rents	<u>(40% AMI)</u>	<u>(50% AMI)</u>	<u>(60% AMI)</u>	<u>Exempt Mgmt Unit</u>	<u>Total</u>
Studio	1	0	0		1
2 Bedrooms	17	28	5		50
3 Bedrooms	9	8	0		17
4 Bedrooms	3	3	0		6
Managers Unit				2	2
					76
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>			
Studio	450	450 sq.ft.			
2 Bedrooms	842	42,942 sq.ft.			
3 Bedrooms	960	960 sq.ft.			
3 Bedrooms	1,368	23,256 sq.ft.			
4 Bedrooms	1,610	3,220 sq.ft.			
4 Bedrooms	1,625	6,500 sq.ft.			
Community Area	4,764	4,764 sq.ft.			
Total		81,642 sq.ft.			
Resident Facilities	Community room with kitchen, management office, two laundry facilities, & security cameras.				
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>		
Permanent Loan	\$ 553,000	\$ 7,276	\$ 7		
Tax Credit Equity	\$ 5,639,816	\$ 74,208	\$ 69		
Deferred Developer Fee	\$ 309,590	\$ 4,074	\$ 4		
Existing Agency Loans	\$ 3,101,690	\$ 40,812	\$ 38		
Existing AHP Loan	\$ 160,000	\$ 2,105	\$ 2		
New Agency Loan	\$ 2,430,000	\$ 31,974	\$ 30		
Seller Carryback	\$ 2,693,082	\$ 35,435	\$ 33		
Operating Reserves	\$ 182,000	\$ 2,395	\$ 2		
Replacement Reserves	\$ 185,350	\$ 2,439	\$ 2		
NOI during Construction (18 months)	\$ 98,962	\$ 1,302	\$ 1		
TOTAL SOURCES	\$ 15,353,490	\$ 202,020	\$ 188.06		
Permanent Uses					
Acquisition	\$ 6,291,813	\$ 82,787	\$ 77		
Construction Costs	\$ 5,038,798	\$ 66,300	\$ 62		
Architecture & Engineering	\$ 208,791	\$ 2,747	\$ 3		
Permits	\$ 41,758	\$ 549	\$ 1		
Hard Cost Contingency	\$ 503,880	\$ 6,630	\$ 6		
Soft Cost Contingency	\$ 48,028	\$ 632	\$ 1		
Financing Cost	\$ 471,741	\$ 6,207	\$ 6		
Operating Reserves	\$ 165,188	\$ 2,174	\$ 2		
Legal Fees	\$ 144,066	\$ 1,896	\$ 2		
Relocation	\$ 474,967	\$ 6,250	\$ 6		
Developer Fee	\$ 1,868,393	\$ 24,584	\$ 23		
Third Party Fees, Marketing, Other	\$ 96,067	\$ 1,264	\$ 1		
TOTAL USES	\$ 15,353,490	\$ 202,020	\$ 188.06		
Management / Operations					
Proposed Developer	Mutual Housing				
Property Management Company	Mutual Housing Management				
Operations Budget	459,107 6,041				
Property Management Company	51,648 680				
Resident Services	45,629 600				
Assessments	10,920 144				
Replacement Reserves	45,600 600				

Norwood Annex Residential Project Summary

<u>Address</u>	3301 Norwood Avenue			
<u>Number of Units</u>	15			
<u>Year Built</u>	2001			
<u>Acreage</u>	0.7 acres			
<u>Affordability</u>	15 units at 40%, 50% & 60% AMI			
<u>Unit Mix and Rents</u>	(40% AMI)	(50% AMI)	(60% AMI)	<u>Total</u>
1 Bedroom	5	2	0	7
3 Bedroom	2	5	1	8
				15
<u>Square Footage</u>	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
1 Bedroom	797	5,579 sq.ft.		
3 Bedroom	1,147	9,176 sq.ft.		
Total		14,755 sq.ft.		
<u>Resident Facilities</u>	One laundry facility			
<u>Permanent Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Tax Credit Equity	\$ 605,655	\$ 40,377	\$ 41	
Deferred Developer Fee	\$ 20,410	\$ 1,361	\$ 1	
Existing Agency Loan	\$ 878,497	\$ 58,566	\$ 60	
New Agency Loan	\$ 1,100,000	\$ 73,333	\$ 75	
Seller Carryback	\$ 219,503	\$ 14,634	\$ 15	
TOTAL SOURCES	\$ 2,824,065	\$ 188,271	\$ 191.40	
<u>Permanent Uses</u>				
Acquisition	\$ 1,111,187	\$ 74,079	\$ 75	
Construction Costs	\$ 930,261	\$ 62,017	\$ 63	
Architecture & Engineering	\$ 41,209	\$ 2,747	\$ 3	
Permits	\$ 8,242	\$ 549	\$ 1	
Hard Cost Contingency	\$ 93,026	\$ 6,202	\$ 6	
Soft Cost Contingency	\$ 10,036	\$ 669	\$ 1	
Financing Cost	\$ 89,456	\$ 5,964	\$ 6	
Operating Reserves	\$ 32,603	\$ 2,174	\$ 2	
Legal Fees	\$ 28,434	\$ 1,896	\$ 2	
Relocation	\$ 84,933	\$ 5,662	\$ 6	
Developer Fee	\$ 368,762	\$ 24,584	\$ 25	
Third Party Fees, Marketing, Other	\$ 25,916	\$ 1,728	\$ 2	
TOTAL USES	\$ 2,824,065	\$ 188,271	\$ 191.40	
<u>Management / Operations</u>				
Proposed Developer	Mutual Housing			
Property Management Company	Mutual Housing Management			
Operations Budget	83,126 5,542			
Property Management Company	8,959 597			
Resident Services	7,721 515			
Assessments	2,215 148			
Replacement Reserves	9,000 600			

Unit Type	Number	Square Feet	Total Sq Feet	Max Gross Rent	Utility Allowance	Max Net Rent	Rent per Sq Foot	Total Mo. Rent	Current Annual Rent
DIXIEANNE									
STUDIO (40% AMI)	1	450	450	\$ 561	\$ 65	\$ 496	\$ 1.10	\$ 496	\$ 5,952
2 BD (40% AMI)	12	842	10,104	\$ 721	\$ 90	\$ 631	\$ 0.75	\$ 7,572	\$ 90,864
2 BD (50% AMI)	22	842	18,524	\$ 901	\$ 90	\$ 811	\$ 0.96	\$ 17,842	\$ 214,104
2 BD (50% AMI)	2	842	1,684	\$ 880	\$ 90	\$ 790	\$ 0.94	\$ 1,580	\$ 18,960
2 BD (50% AMI)	1	842	842	\$ 810	\$ 90	\$ 720	\$ 0.86	\$ 720	\$ 8,640
2 BD PBVs (40% AMI)	5	842	4,210	\$ 1,194	\$ 90	\$ 1,104	\$ 1.31	\$ 5,520	\$ 66,240
2 BD PBVs (50% AMI)	3	842	2,526	\$ 1,194	\$ 90	\$ 1,104	\$ 1.31	\$ 3,312	\$ 39,744
2 BD (60% AMI)	1	842	842	\$ 1,081	\$ 90	\$ 991	\$ 1.18	\$ 991	\$ 11,892
2 BD (60% AMI)	2	842	1,684	\$ 1,070	\$ 90	\$ 980	\$ 1.16	\$ 1,960	\$ 23,520
2 BD (60% AMI)	1	842	842	\$ 1,005	\$ 90	\$ 915	\$ 1.09	\$ 915	\$ 10,980
2 BD (60% AMI)	1	842	842	\$ 980	\$ 90	\$ 890	\$ 1.06	\$ 890	\$ 10,680
3 BD (40% AMI)	1	960	14,198	\$ 833	\$ 109	\$ 724	\$ 0.75	\$ 724	\$ 8,688
4 BD (40% AMI)	1	1610	4,860	\$ 913	\$ 127	\$ 786	\$ 0.49	\$ 786	\$ 9,432
4 BD (50% AMI)	1	1610	4,860	\$ 1,138	\$ 127	\$ 1,011	\$ 0.63	\$ 1,011	\$ 12,132
2 BD Managers Unit (exempt)	1	842	842	\$ 991		\$ 991	\$ 1.18	\$ 991	\$ 11,892
Totals	55		67,310					\$ 45,310	\$ 543,720
VICTORY TOWNHOMES									
3 BD (40% AMI)	8	1368	10,944	\$ 833	\$ 109	\$ 724	\$ 0.53	\$ 5,792	\$ 69,504
3 BD (50% AMI)	7	1368	9,576	\$ 1,041	\$ 109	\$ 932	\$ 0.68	\$ 6,524	\$ 78,288
3 BD (50% AMI)	1	1368	1,368	\$ 1,027	\$ 109	\$ 918	\$ 0.67	\$ 918	\$ 11,016
4 BD (40% AMI)	2	1625	3,250	\$ 913	\$ 127	\$ 786	\$ 0.48	\$ 1,572	\$ 18,864
4 BD (50% AMI)	1	1625	1,625	\$ 1,012	\$ 127	\$ 885	\$ 0.54	\$ 885	\$ 10,620
4 BD (50% AMI)	1	1625	1,625	\$ 1,138	\$ 127	\$ 1,011	\$ 0.62	\$ 1,011	\$ 12,132
4 BD Managers Unit (exempt)	1	1625	1,625	\$ 1,079		\$ 1,079	\$ 0.66	\$ 1,079	\$ 12,948
Totals	21		30,013					\$ 17,781	\$ 213,372
NORWOOD ANNEX									
1 BD (40% AMI)	5	797	3,985	\$ 601	\$ 73	\$ 528	\$ 0.66	\$ 2,640	\$ 31,680
1 BD (50% AMI)	2	797	1,594	\$ 751	\$ 73	\$ 678	\$ 0.85	\$ 1,356	\$ 16,272
3 BD (40% AMI)	2	1147	14,198	\$ 833	\$ 109	\$ 724	\$ 0.63	\$ 1,448	\$ 17,376
3 BD (50% AMI)	5	1147	16,679	\$ 1,041	\$ 109	\$ 932	\$ 0.81	\$ 4,660	\$ 55,920
3 BD (60% AMI)	1	1147	1,147	\$ 1,085	\$ 109	\$ 976	\$ 0.85	\$ 976	\$ 11,712
Totals	15		37,603					\$ 11,080	\$ 132,960
Combined Totals	91		134,926					\$ 74,171	\$ 890,052

[illegible]

MAXIMUM GROSS INCOME AND RENT LIMITS 2018
Low Income Housing Tax Credits (LIHTC)

Victory Townhomes, Dixieanne and Norwood Annex Apartments Income Limits:

<u>Family Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 28,050	\$ 33,660
2 person	\$ 32,050	\$ 38,460
3 person	\$ 36,050	\$ 43,260
4 person	\$ 40,050	\$ 48,060
5 person	\$ 43,300	\$ 51,960
6 person	\$ 46,500	\$ 55,800
7 person	\$ 49,700	\$ 59,640
8 person	\$ 52,900	\$ 63,480

Southwind Court Apartments Rent Limits:

<u>Unit Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
Studio	\$ 701	\$ 841
1 Bedroom	\$ 751	\$ 901
2 Bedroom	\$ 901	\$ 1,081
3 Bedroom	\$ 1,041	\$ 1,250
4 Bedroom	\$ 1,162	\$ 1,395

RESOLUTION NO. 2018-

Adopted by the Sacramento City Council

On date of

VICTORY TOWNHOMES, DIXIEANNE APARTMENTS AND NORWOOD ANNEX: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF MUTUAL HOUSING CALIFORNIA

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority), a public housing agency (PHA) organized and existing under the laws of the State of California, proposes a plan of financing for the issuance of multifamily housing revenue obligations (Obligations) in an amount not to exceed \$11,000,000 and to lend the proceeds thereof to a limited partnership formed by Mutual Housing California (Borrower), to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of the following multifamily housing residential facilities located in the City of Sacramento: 1) Dixieanne, located at 1048 Dixieanne Avenue, consisting of 55 units; 2) Victory Townhomes, located at 1075 Dixieanne Avenue, consisting of 21 units, and 3) Norwood Annex, located at 3301 Norwood Avenue, consisting of 15 units, all to be owned by Borrower and managed by Mutual Housing Management (MHM);
- B. Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of Obligations to be approved by the City Council (Council), as the elected representative body of the City of Sacramento (City) and the host jurisdiction of the subject multifamily housing residential developments, after a public hearing has been held following reasonable and proper notice;
- C. A public hearing was held by the Council on June 26, 2018, following duly published notice thereof, and all persons desiring to be heard have been heard;
- D. It is in the public interest and for the public benefit that the Council, as the elected representative of the City and the host jurisdiction of the subject multifamily housing residential facilities, approve the execution and delivery by the Housing Authority of the Obligations;

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$11,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2018-

Adopted by the Housing Authority of the City of Sacramento

On date of

VICTORY TOWNHOMES, DIXIEANNE APARTMENTS AND NORWOOD ANNEX: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING ITS INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority) intends to issue tax-exempt obligations (Obligations) for the purpose of, among other things, making a loan to a limited partnership formed by Mutual Housing California (Borrower), the proceeds of which shall be used by the Borrower to finance the acquisition, rehabilitation and development of the following multifamily housing residential facilities located in the City of Sacramento: 1) Dixieanne, located at 1048 Dixieanne Avenue, consisting of 55 units; 2) Victory Townhomes, located at 1075 Dixieanne Avenue, consisting of 21 units, and 3) Norwood Annex, located at 3301 Norwood Avenue, consisting of 15 units (Project).
- B. United States Income Tax Regulations section 1.150-2 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, including the requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declare its intent to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Authority declares its official intent to reimburse the expenditures referenced herein.

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

- 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 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 \$11,000,000.

- 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 Borrower 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, any fees required by the California Debt Limit Allocation Committee (CDLAC) 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 Borrower. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6. The appropriate officers or Authority staff are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC 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 Borrower for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.
- Section 8. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2018 -

Adopted by the Sacramento City Council

On date of

**VICTORY TOWNHOMES, DIXIEANNE APARTMENTS, AND NORWOOD ANNEX :
APPROVAL OF \$2,430,000 AND \$1,100,000 IN CITY HOME INVESTMENT
PARTNERSHIPS PROGRAM (HOME) FUNDS; EXECUTION OF TWO LOAN
COMMITMENTS AND RELATED DOCUMENTS WITH MUTUAL HOUSING
CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENT; RELATED
FINDINGS; AND ENVIRONMENTAL FINDINGS**

BACKGROUND

- A. Mutual Housing California (Developer) has applied to the Sacramento Housing and Redevelopment Agency (Agency) for an allocation of \$3,530,000 in Home Investment Partnership Program (HOME) funds to assist in the acquisition, rehabilitation and permanent financing of the 21-unit Victory Townhomes, 55-unit Dixieanne Apartments (Dixieanne) and 15- unit Norwood Annex (Project).
- B. The Project is consistent with a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 4. Rehabilitation and new production (Resolution No. 2009-148); b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263).
- C. The project has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) Section §15301 "Existing Facilities".
- D. The project has been determined to be categorically excluded under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt per 24 CFR §58.34(a)(12), because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.

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

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings as stated above, are found to be true and correct.
- Section 2. The Loan Commitment, attached as Exhibit A, for financing Victory Townhomes and Dixieanne Apartments with \$2,430,000 in City HOME funds is approved and the Agency is delegated authority to execute and transmit the Loan Commitments to Mutual Housing California or related entity.
- Section 3. The Loan Commitment, attached as Exhibit B, for financing Norwood Annex with \$1,100,000 in City HOME funds is approved and the Agency is delegated authority to execute and transmit the Loan Commitments to Mutual Housing California or related entity.
- Section 4. The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and to perform other actions necessary to fulfill the intent of the Loan Commitments that accompanies this resolution, in accordance with their terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extension consistent with Agency adopted policy and with this resolution.
- Section 4. The Agency is authorized to amend its budget and allocate up to \$3,530,000 in HOME funds to Victory Townhomes, Dixieanne Apartments, and Norwood Annex.

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Exhibit A: Victory Townhomes & Dixieanne Loan Commitment Letter

Exhibit B: Norwood Annex Loan Commitment Letter



Date: June 6, 2018

Mutual Housing California
C/O Roberto Jimenez, Chief Executive Officer
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Victory Townhomes and Dixieanne Apartments

Dear Mr. Jimenez:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$2,430,000 in City Home Investment Partnership Program (HOME) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Victory Townhomes, and Dixieanne Apartments located at 1075 & 1048 Dixieanne Avenue, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the 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. Loan terms not in this funding commitment and the attached loan document forms shall not 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 (60) days prior to close of escrow for the Property.

This commitment will expire June 6, 2019.

1. **PROJECT DESCRIPTION:** Victory Townhomes and Dixieanne Apartments are two existing affordable housing developments with 76 units combined located in the Old North Sacramento area of Sacramento. Victory Townhomes was built in 2002 including 21 units that consist of 16 three bedroom units and 5 four bedroom units in 11 separate two story buildings on a two acre site. The development includes a community room with a computer room and kitchen, two playgrounds and 34 parking spaces. Dixieanne was built in 1963 including 55 units that consist of 1 studio, 51 two bedroom units, 1 3-bedroom units and 2 fourbedroom units in 14 separate two story buildings on a 2 acre site.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California, a California nonprofit public benefit corporation or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development 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) Two Million Four Hundred and Thirty Thousand Dollars (\$2,430,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at two percent (2%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **SOURCE OF LOAN FUNDS:**
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

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

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from BBVA Compass, or other approved lender, 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.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and 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; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$5,639,816 in Low Income Housing Tax Credit Equity and no less than \$309,591 in deferred developer fee. If LIHTC equity goes below \$5,639,816 the equity must be offset by an increase in deferred developer fee.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

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



- (b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency’s requirements. Borrower’s evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the 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 E1527-13) 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 will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor 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.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, 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 may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. 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, after adjusting for any decrease in any funding source including any

loss of any equity investment due to an adjustment in the allowable tax credits, 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.

23. 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 sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII , which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability

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

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. 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.

33. 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.
34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of twenty (20) hours of on-site resident services.
35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. 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.
39. 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.
40. 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,

La Shelle Dozier
Executive Director

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

Dated: June 6, 2018

BORROWER:

Mutual Housing California, a California nonprofit benefit corporation, a member

By: _____
Roberto Jimenez, Chief Executive Officer





Date: June 6, 2018

Mutual Housing California
C/O Roberto Jimenez, Chief Executive Officer
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Norwood Annex

Dear Mr. Jimenez:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$1,100,000 in City Home Investment Partnership Program (HOME) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Norwood Annex located at 3301 Norwood Avenue, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the 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. Loan terms not in this funding commitment and the attached loan document forms shall not 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 (60) days prior to close of escrow for the Property.

This commitment will expire June 6, 2019.

1. **PROJECT DESCRIPTION:** Norwood Annex is an existing affordable housing development with 15 units located in the Strawberry Manor area of Sacramento. Norwood Annex was built in 2001 and consists of 7 one bedrooms and 8 three bedroom units in 4 separate two story buildings on a 0.7 acre site. The development includes a laundry room and 24 parking spaces.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California, a California nonprofit public benefit corporation or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development 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) One Million One Hundred Thousand Dollars (\$1,100,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at two percent (2%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **SOURCE OF LOAN FUNDS:**
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions



run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from BBVA Compass, or other approved lender, 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.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and 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; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$605,655 in Low Income Housing Tax Credit Equity and no less than \$20,410 in deferred developer fee. If LIHTC equity goes below \$605,655 the equity must be offset by an increase in deferred developer fee.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.



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

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

14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the 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 E1527-13) 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 will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor 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.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

18. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, 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 may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. 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, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, 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.

23. 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 sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII , which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each



occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. 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.
33. 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.

34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of four (4) hours of on-site resident services.
35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. 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.
39. 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.
40. 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,

La Shelle Dozier
Executive Director

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

Dated: June 6, 2018

BORROWER:

Mutual Housing California, a California nonprofit benefit corporation, a member

By: _____
Roberto Jimenez, Chief Executive Officer



RESOLUTION NO. 2018 -

Adopted by the Sacramento City Council

On date of

VICTORY TOWNHOMES, DIXIEANNE APARTMENTS AND NORWOOD ANNEX: APPROVAL OF RESTRUCTURING AND/OR EXTENSION OF EXISTING DEBT AND ASSIGNMENT TO MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; AND ENVIORNMENTAL FINDINGS

BACKGROUND

- A. Mutual Housing California or related entity (Developer) has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a loan of \$3,530,000 to assist in funding the acquisition and rehabilitation of Victory Townhomes, Dixieanne Apartments (Dixieanne) and Norwood Annex.
- B. Victory Townhomes and Dixieanne, formerly known as Evergreen Estates, currently have three existing Agency loans. The first is a Housing Trust Fund (HTF) loan with a total outstanding balance of approximately \$878,497 with accrued interest projected to closing. This loan will mature in 2031. The second is a Home Investment Partnership Program (HOME) loan at 5.31% compounding interest, with a total outstanding balance of approximately \$532,876 with accrued interest projected to closing. This loan will mature in 2031. The third loan is also a HOME loan at 4.79% compounding interest, with a total outstanding balance of approximately \$1,117,181 with accrued interest projected to closing. This loan will mature in 2035. Developer has requested that the existing debt be restructured and/or extended and assigned to a new limited partnership formed by Mutual Housing California. Any restructuring of the loans and associated documents includes extending their maturity dates 57 years from the date of closing using an interest rate not to exceed the current Applicable Federal Rate (AFR).
- C. Norwood Annex currently has an existing Agency HOME loan with 4% simple interest, with a total outstanding balance of approximately \$872,264 with accrued interest projected to closing. The loan will mature in 2031. Any restructuring of the loans and associated documents includes extending the maturity dates 57 years from the date of closing using an interest rate not to exceed the AFR.
- D. The project has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) Section §15301 "Existing Facilities".

- E. The project has been determined to be categorically excluded under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt per 24 CFR §58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.

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

- Section 1. All of the evidence having been duly considered, the facts as presented and stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Agency is authorized to restructure and/or extend the existing debt and assign it to a new limited partnership formed by Mutual Housing California or related entity, extending the four existing loans' maturity to a date 57 years from the date of closing using a rate not to exceed the current AFR.
- Section 3. The Agency is authorized to execute the Loan Commitment Letters and related documents with Mutual Housing California or related entity.
- Section 4. The Agency is authorized to release outdated recorded restrictions associated with the original loans as these restrictions have been superseded by more comprehensive, longer-term restrictions and covenants.
- Section 5. The Agency is authorized to consent to the assumption of the obligations by Mutual Housing California or related entity, in order to ensure the continued viability of the developments.

Table of Contents

Exhibit A: Victory Townhomes & Dixieanne Loan Commitment Letter

Exhibit B: Norwood Annex Loan Commitment Letter



Date: June 6, 2018

Mutual Housing California
C/O Roberto Jimenez, Chief Executive Officer
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Victory Townhomes and Dixieanne Apartments

Dear Mr. Jimenez:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$2,430,000 in City Home Investment Partnership Program (HOME) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Victory Townhomes, and Dixieanne Apartments located at 1075 & 1048 Dixieanne Avenue, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the 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. Loan terms not in this funding commitment and the attached loan document forms shall not 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 (60) days prior to close of escrow for the Property.

This commitment will expire June 6, 2019.

1. **PROJECT DESCRIPTION:** Victory Townhomes and Dixieanne Apartments are two existing affordable housing developments with 76 units combined located in the Old North Sacramento area of Sacramento. Victory Townhomes was built in 2002 including 21 units that consist of 16 three bedroom units and 5 four bedroom units in 11 separate two story buildings on a two acre site. The development includes a community room with a computer room and kitchen, two playgrounds and 34 parking spaces. Dixieanne was built in 1963 including 55 units that consist of 1 studio, 51 two bedroom units, 1 3-bedroom units and 2 fourbedroom units in 14 separate two story buildings on a 2 acre site.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California, a California nonprofit public benefit corporation or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development 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) Two Million Four Hundred and Thirty Thousand Dollars (\$2,430,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at two percent (2%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **SOURCE OF LOAN FUNDS:**
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

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

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from BBVA Compass, or other approved lender, 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.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and 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; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$5,639,816 in Low Income Housing Tax Credit Equity and no less than \$309,591 in deferred developer fee. If LIHTC equity goes below \$5,639,816 the equity must be offset by an increase in deferred developer fee.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

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

- (b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the 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 E1527-13) 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 will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor 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.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, 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 may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
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21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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loss of any equity investment due to an adjustment in the allowable tax credits, 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.

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Sincerely,

La Shelle Dozier
Executive Director

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

Dated: June 6, 2018

BORROWER:

Mutual Housing California, a California nonprofit benefit corporation, a member

By: _____
Roberto Jimenez, Chief Executive Officer





Date: June 6, 2018

Mutual Housing California
C/O Roberto Jimenez, Chief Executive Officer
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Norwood Annex

Dear Mr. Jimenez:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$1,100,000 in City Home Investment Partnership Program (HOME) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Norwood Annex located at 3301 Norwood Avenue, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the 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. Loan terms not in this funding commitment and the attached loan document forms shall not 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 (60) days prior to close of escrow for the Property.

This commitment will expire June 6, 2019.

1. **PROJECT DESCRIPTION:** Norwood Annex is an existing affordable housing development with 15 units located in the Strawberry Manor area of Sacramento. Norwood Annex was built in 2001 and consists of 7 one bedrooms and 8 three bedroom units in 4 separate two story buildings on a 0.7 acre site. The development includes a laundry room and 24 parking spaces.
2. **BORROWER:** The name of the Borrower for the Loan is Mutual Housing California, a California nonprofit public benefit corporation or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development 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) One Million One Hundred Thousand Dollars (\$1,100,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at two percent (2%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. **SOURCE OF LOAN FUNDS:**
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions



run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from BBVA Compass, or other approved lender, 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.
11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and 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; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$605,655 in Low Income Housing Tax Credit Equity and no less than \$20,410 in deferred developer fee. If LIHTC equity goes below \$605,655 the equity must be offset by an increase in deferred developer fee.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.

- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the 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 E1527-13) 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 will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor 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.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.



18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, 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 may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. 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, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, 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.

23. 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 sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII , which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each



occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.

29. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. **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.
33. **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.

34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of four (4) hours of on-site resident services.
35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. 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.
39. 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.
40. 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,

La Shelle Dozier
Executive Director

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

Dated: June 6, 2018

BORROWER:

Mutual Housing California, a California nonprofit benefit corporation, a member

By: _____
Roberto Jimenez, Chief Executive Officer



RESOLUTION NO. 2018 -

Adopted by the Housing Authority of the City of Sacramento

on date of

DIXIEANNE APARTMENTS: APPROVAL OF RESTRUCTURING AND/OR EXTENSION OF EXISTING DEBT AND ASSIGNMENT TO MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; AND ENVIORNMENTAL FINDINGS

BACKGROUND

- A. Mutual Housing California or related entity (Developer) has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a loan of \$2,430,000 in Home Investment Partnership Program (HOME) funds to assist in funding the acquisition and rehabilitation of Victory Townhomes and Dixieanne Apartments (Dixieanne).
- B. Dixieanne, formerly known as Evergreen Estates, currently has two existing Housing Authority of the City of Sacramento (Housing Authority) loans. These two loans are Community Development Block Grant (CDBG) loans at 0% interest. The first loan has a total outstanding balance of \$527,500 and the second loan has a total outstanding balance of \$100,000. Both loans will mature in 2031. Any restructuring of the loans and associated documents includes extending the maturity dates 57 years from the date of closing using an interest rate not to exceed the current Applicable Federal Rate (AFR).
- C. The existing loans and related regulatory agreements are housing assets under California Health and Safety Code §34176.
- D. On April 1, 2013, the California Department of Finance (DOF) issued its final determination related to the Housing Asset Transfer assets. This final determination included these existing tax increment loans.
- E. An economically feasible alternative method of financing, refinancing, or assisting the units on substantially comparable terms and conditions but without subordination is not reasonably available.
- F. In 2011 the California Legislature enacted AB 1X26, which, coupled with a subsequent decision of the California Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.
- G. The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.
- H. The Housing Authority of the City of Sacramento, by Resolution Number 2012-

001 (adopted on January 31, 2012), accepted the housing assets and housing functions previously performed by the Redevelopment Agency of the City of Sacramento.

- I. The Redevelopment Agency of the City of Sacramento, by Resolution Number 2012-001 (adopted on January 31, 2012) transferred its housing assets and housing functions to the Housing Authority of the City of Sacramento.
- J. The project has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) Section §15301 "Existing Facilities".
- K. The project has been determined to be categorically excluded under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt per 24 CFR §58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.

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

- Section 1. The facts as presented and stated in the Background above, including the environmental facts are found to be true and correct.
- Section 2. The Executive Director, or designee, is authorized to restructure and/or extend the existing debt and assign it to a new limited partnership formed by Mutual Housing California, extending the two existing loans' maturity to a date 57 years from the date of closing using a rate not to exceed the current AFR.
- Section 3. The Executive Director, or designee, is authorized to execute the Loan Commitment Letter and related documents with Mutual Housing California or a related entity.
- Section 4. The Executive Director, or designee, is authorized to release outdated recorded restrictions associated with the original loan as these restrictions have been superseded by more comprehensive, longer-term restrictions and covenants.
- Section 5. The Executive Director, or designee, is authorized to consent to the assumption of the obligations by Mutual Housing California or a related entity, in order to ensure the continued viability of the development.



Date: June 6, 2018

Mutual Housing California
C/O Roberto Jimenez, Chief Executive Officer
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Victory Townhomes and Dixieanne Apartments

Dear Mr. Jimenez:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$2,430,000 in City Home Investment Partnership Program (HOME) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Victory Townhomes, and Dixieanne Apartments located at 1075 & 1048 Dixieanne Avenue, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan is subject to the 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. Loan terms not in this funding commitment and the attached loan document forms shall not 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 (60) days prior to close of escrow for the Property.

This commitment will expire June 6, 2019.

1. PROJECT DESCRIPTION: Victory Townhomes and Dixieanne Apartments are two existing affordable housing developments with 76 units combined located in the Old North Sacramento area of Sacramento. Victory Townhomes was built in 2002 including 21 units that consist of 16 three bedroom units and 5 four bedroom units in 11 separate two story buildings on a two acre site. The development includes a community room with a computer room and kitchen, two playgrounds and 34 parking spaces. Dixieanne was built in 1963 including 55 units that consist of 1 studio, 51 two bedroom units, 1 3-bedroom units and 2 fourbedroom units in 14 separate two story buildings on a 2 acre site.
2. BORROWER: The name of the Borrower for the Loan is Mutual Housing California, a California nonprofit public benefit corporation or related entity.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation, development 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) Two Million Four Hundred and Thirty Thousand Dollars (\$2,430,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. TERM OF LOAN: The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. INTEREST RATE: The Loan will bear simple interest at two percent (2%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. ANNUAL REPAYMENT: Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. SOURCE OF LOAN FUNDS:
Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

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

_____ **(Borrower Initial)**

9. **ACCELERATION:** Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. **SECURITY:** The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from BBVA Compass, or other approved lender, 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.
11. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency's review and 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; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
12. **PROOF OF EQUITY:** Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$5,639,816 in Low Income Housing Tax Credit Equity and no less than \$309,591 in deferred developer fee. If LIHTC equity goes below \$5,639,816 the equity must be offset by an increase in deferred developer fee.
13. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

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



- (b) Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
- (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency’s requirements. Borrower’s evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower has submitted to the 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 E1527-13) 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 will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor 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.
17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency’s final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency’s prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.



18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, 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 may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. 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, after adjusting for any decrease in any funding source including any

loss of any equity investment due to an adjustment in the allowable tax credits, 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.

23. 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 sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII , which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability



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

29. TITLE INSURANCE: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. 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.

33. 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.
34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of twenty (20) hours of on-site resident services.
35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
38. 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.
39. 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.
40. 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,

La Shelle Dozier
Executive Director

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

Dated: June 6, 2018

BORROWER:

Mutual Housing California, a California nonprofit benefit corporation, a member

By: _____
Roberto Jimenez, Chief Executive Officer



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

June 6, 2018

**VICTORY TOWNHOMES, DIXIEANNE APARTMENTS AND NORWOOD ANNEX:
AUTHORIZING TWO LOAN COMMITMENTS OF \$2,430,000 AND \$1,100,000 OF
CITY HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS;
EXECUTION OF LOAN COMMITMENTS AND RELATED DOCUMENTS WITH
MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; RELATED BUDGET
AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS**

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

- Section 1. The project has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) Section §15301 “Existing Facilities”.
- Section 2. The project has been determined to be categorically excluded under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt per 24 CFR §58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.
- Section 3. Subject to approval by the City Council, the Loan Commitment letters attached to and incorporated in this resolution by this reference for the financing of Victory Townhomes, Dixieanne Apartments, and Norwood Annex (Loan Commitments) are approved and the Sacramento Housing and Redevelopment Agency (SHRA) is authorized to execute the Loan Commitments and related documents and transmit to Mutual Housing California or related entity.
- Section 4. SHRA is authorized to amend the Agency Budget to transfer Three Million Five Hundred Thirty Thousand Dollars (\$3,530,000) of City Home Investment Partnership Program (HOME funds, consisting of Two Million Four Hundred and Thirty Thousand Dollars (\$2,430,000) to Victory Townhomes and Dixieanne Apartments and One Million One Hundred Thousand Dollars (\$1,100,000) to Norwood Annex.

Section 5. Subject to the approval by the Housing Authority of the City of Sacramento, the Executive Director, or her designee, is authorized to execute the Loan Agreements and related documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restricting of payments, all as approved by agency counsel.

CHAIR

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

June 6, 2018

VICTORY TOWNHOMES, DIXIEANNE APARTMENTS AND NORWOOD ANNEX: APPROVAL OF RESTRUCTURING AND/OR EXTENSION OF EXISTING DEBT AND ASSIGNMENT TO MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; AND ENVIRONMENTAL FINDINGS

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

- Section 1.** The project has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) Section §15301 “Existing Facilities”.
- Section 2.** The project has been determined to be categorically excluded under the National Environmental Policy Act (NEPA) per 24 Code of Federal Regulations (CFR) §58.35(a)(3)(i), and converts to exempt per 24 CFR §58.34(a)(12) because there are no circumstances which require compliance with any of the federal laws and authorities cited at 24 CFR §58.5.
- Section 3.** The Executive Director, or her designee, is authorized restructure and/or extend the existing debt for Victory Townhomes and Dixieanne Apartments, formerly known as Evergreen Estates, which currently has three existing Sacramento Housing and Redevelopment Agency (Agency) loans. The first is a Housing Trust Fund (HTF) loan with a total outstanding balance of approximately \$878,497 with accrued interest projected to closing. This loan will mature in 2031. The second is a Home Investment Partnership Program (HOME) loan at 5.31% compounding interest, with a total outstanding balance of approximately \$532,876 with accrued interest projected to closing. This loan will mature in 2031. The third loan is also a HOME loan at 4.79% compounding interest, with a total outstanding balance of approximately \$1,117,181 with accrued interest project to closing. This loan will mature in 2035. Developer has requested that the existing debt be restructured and/or extended and assigned to a new limited partnership formed by Mutual Housing California. Any restructuring of the loans and associated documents includes extending their maturity dates 57 years from the date of closing using an interest rate not to exceed the current Applicable Federal Rate (AFR).

Section 4. The Executive Director, or her designee, is authorized restructure and/or extend the existing debt for Norwood Annex which currently has an existing Agency HOME loan with 4% simple interest, with a total outstanding balance of approximately \$872,264 with accrued interest projected to closing. The loan will mature in 2031. Any restructuring of the loans and associated documents includes extending the maturity dates 57 years from the date of closing using an interest rate not to exceed the AFR.

Section 5. Subject to the approval by the Housing Authority of the City of Sacramento, the Executive Director, or her designee, is authorized to consent to the assumption of the obligations by Mutual Housing California or a related entity, in order to ensure the continued viability of the development.

Section 6. Subject to the approval by the Housing Authority of the City of Sacramento, the Executive Director, or her designee, is authorized to execute the Loan Agreements and related documents, and perform other actions necessary to fulfill the intent of repayment of funds, including without limitation, subordination, extensions and restricting of payments, all as approved by agency counsel.

CHAIR

ATTEST:

CLERK



May 31, 2018

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Imperial Tower Tax Equity and Fiscal Responsibility Hearing and Approval of Tax
Exempt Bonds

SUMMARY

The attached report is presented for your review prior to review and approval by the City
of Sacramento.

RECOMMENDATION

Staff recommends approval of the recommendation outlined in the attached report.

Respectfully submitted,


LASHELLE DOZIER
Executive Director

Attachment



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

**Public Hearing
June 26, 2018**

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

**Title: Imperial Tower Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing
and Approval of Tax Exempt Bonds**

Location/Council District: 331 J Street, Council District 4

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a **City Council Resolution** indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition and rehabilitation of Imperial Tower (Project); 2) a **Housing Authority Resolution** which a) indicates the intent of the Housing Authority of the City of Sacramento (Housing Authority) to issue up to \$35,000,000 in tax-exempt mortgage revenue bonds to provide acquisition and construction financing for the project, b) authorizes an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds, and c) authorizes the Executive Director, or designee, to execute the necessary documents associated with the transaction.

Contact: Christine Weichert, Assistant Director, Sacramento Housing and Redevelopment Agency, 916-440-1353; Tyrone Roderick Williams, Director of Development, Sacramento Housing and Redevelopment Agency, 916-440-1316

Presenters: Nicole Brown, Housing Finance Analyst, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency (Agency)

Description/Analysis

Issue Detail: Imperial Tower, formerly known as the Wong Center, is an existing senior affordable housing development with 187 residential units. Built in 1973, the Project consists of 106 studio units and 81 one-bedroom units in addition to 17,000 square feet of commercial space within one 12-story structure. The property is located at 331 J Street in Downtown Sacramento on approximately 0.47 acres and includes a community room with kitchen, two laundry facilities, resident game room, and an on-site

salon. A vicinity map is included as Attachment 2 and a photo of the building is included as Attachment 3.

The developer has applied to the Agency for the issuance of up to \$35,000,000 in tax exempt mortgage revenue bonds. Additional project financing will include tax credit equity and deferred developer fee. All 187 units are regulated by an existing United States Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) contract. A new 20 year HAP contract will be executed prior to the rehabilitation. Residents pay 30 percent of their income toward their monthly rent under the HAP contract. With the proposed tax credit and bond financing units will be regulated at 50 and 60 percent of Area Median Income (AMI) for 55 years.

The proposed Project is a rehabilitation of the 45-year old property. Interior unit improvements will include new cabinets, countertops, flooring, energy efficient appliances, kitchen sinks, window blinds, heating, toilets, lighting and paint in kitchens and bathrooms. Replacing hardware and drywall repairs will be done as needed. Ten units will be brought into compliance with Americans with Disability Act (ADA) requirements and applicable state accessibility standards. Common area improvements will include new flooring, handrails in hallways, hallway lighting and elevator cab upgrades. Exterior improvements will include new roofing, concrete repairs, paint and site signage. Additional improvements may be completed if there are cost savings and/or remaining construction contingency, as permitted by the permanent loan.

Developer: Standard Property Company, Inc (Standard) is a for-profit company with experience in acquisition, rehabilitation and preservation of affordable housing. Standard's portfolio includes over 40 communities and 10,000 apartments nationwide. Standard has rehabilitated 11 affordable properties in California within the last five years. Imperial Tower is their first project in Sacramento. Standard has created the partnership Vallejo Imperial Venture LP for this project.

Temporary Relocation Plan: Standard and property management staff will provide relocation assistance to residents. Agency staff has reviewed the qualifications and temporary relocation plan, and has found that the proposed relocation plan meets Agency requirements. The relocation budget accounts for on-site relocation with access to building amenities. All costs related to relocation expenses are the sole responsibility of the developer.

Property Management: Apartment Management Consultants, LLC. (AMC) with Windsor Compliance (Windsor) will continue to manage Imperial Tower. AMC manages over 90,000 units nationwide, including 10,000 units in Northern California. Windsor provides services to 1,400 properties and over 125,000 units nationally. Agency staff has reviewed qualifications for AMC and Windsor, as well as their management plan, and has found that the management company meets Agency requirements.

Resident Services: Resident services will be provided by Housing on Merit (HOM) which is a nonprofit organization that currently provides resident services to 5,500 residents of affordable housing communities in California. HOM will be required to provide a minimum of 20 hours of on-site resident services per week. These services will include

supportive services and enrichment programs for seniors. This will be the first time that HOM has provided resident services in Sacramento.

Security Plan: Agency staff has reviewed and approved the security plan, which includes security cameras and a security patrol.

Project Financing: The Project anticipates receiving financing from four percent Low Income Housing Tax Credits (LIHTCs), tax-exempt bond financing, and a deferred developer fee. The law firm Orrick, Herrington and Sutcliffe LLP, will serve as Bond Counsel for the Housing Authority. The developer will use a HUD Federal Housing Administration (FHA) 223(f) loan to refinance this existing multifamily property. The HUD FHA 223(f) loan limits the rehabilitation costs of the project to approximately \$40,000 per unit.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits, federal law requires that rental units be set aside for targeted-income groups. Income restrictions from LIHTC financing require that no households have incomes above 60 percent AMI.

The Agency further requires that 20 percent of the units be restricted to households with incomes no greater than 50 percent AMI. The affordability restrictions will be specified in the regulatory agreement between the Agency and the Developer. Anticipated funding sources and their affordability requirements are summarized in the following table:

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Low Income Housing Tax Credits, Tax-exempt Bonds & HAP Contract	20%	Very Low Income 50% AMI	38	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds & HAP Contract	80%	Low Income 60% AMI	149	55 years
Total	100%		187	

A project summary, including proposed sources and uses of funds, is included as Attachment 4. A project cash flow proforma and a schedule of maximum income and rents are included as Attachments 5 and 6.

Policy Considerations: The recommended actions are consistent: a) with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 2. Recapitalization (Resolution No. 2009-148) with the exception of meeting the Minimum Construction Standard, specifically interior painting, replacing interior doors, and completing community room upgrades; b) with the 2013-2021 Housing Element, which encourages the preservation and rehabilitation of existing housing to ensure

neighborhood livability and promote housing affordability (Resolution No. 2013-415); c) with the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and d) with the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, whose goal is to bring 10,000 places to live to Downtown Sacramento by 2025 (Resolution No. 2015-282).

Regulatory restrictions on the property will be specified in the bond regulatory agreement between the Developer and the Agency for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis. All units will be regulated for a period of 55 years by the CTCAC as a LIHTC funding requirement.

Economic Impacts: The Imperial Tower senior residential project is expected to create 83.47 total jobs (47.3 direct jobs and 36.17 jobs through indirect and induced activities) and create \$611,205,131 in total economic output (\$6,830,225 of direct output and another \$4,374,905 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: California Environmental Quality Act (CEQA): The project has been determined to be categorically exempt under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15301, "Existing Facilities". National Environmental Policy Act (NEPA): There are no proposed federal actions, therefore NEPA review is not required.

Sustainability Considerations: The project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goal, policy and target of goal number one – Energy Independence, specifically by reducing the use of fossil fuels, improving energy efficiency, and providing long-term affordable and reliable energy.

Commission Action: At its meeting of June 6, 2018, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, Promise Zone Plans and Goals, the Downtown Housing Initiative, and the Initiation of the Downtown Specific Plan.

Financial Considerations: The proposed bond issuance will not be an obligation of the City, the Housing Authority or the Agency. The bonds will be the obligation solely of the owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond amount (maximum of \$87,500), which is payable at bond closing. The Agency will collect an annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent (15 basis points) of the bond amount (maximum of \$52,500).

LBE - M/WBE and Section 3 requirements: Minority and Women's Business Enterprise requirements, Section 3 requirements and Local Business Enterprise requirements do not apply to this report.

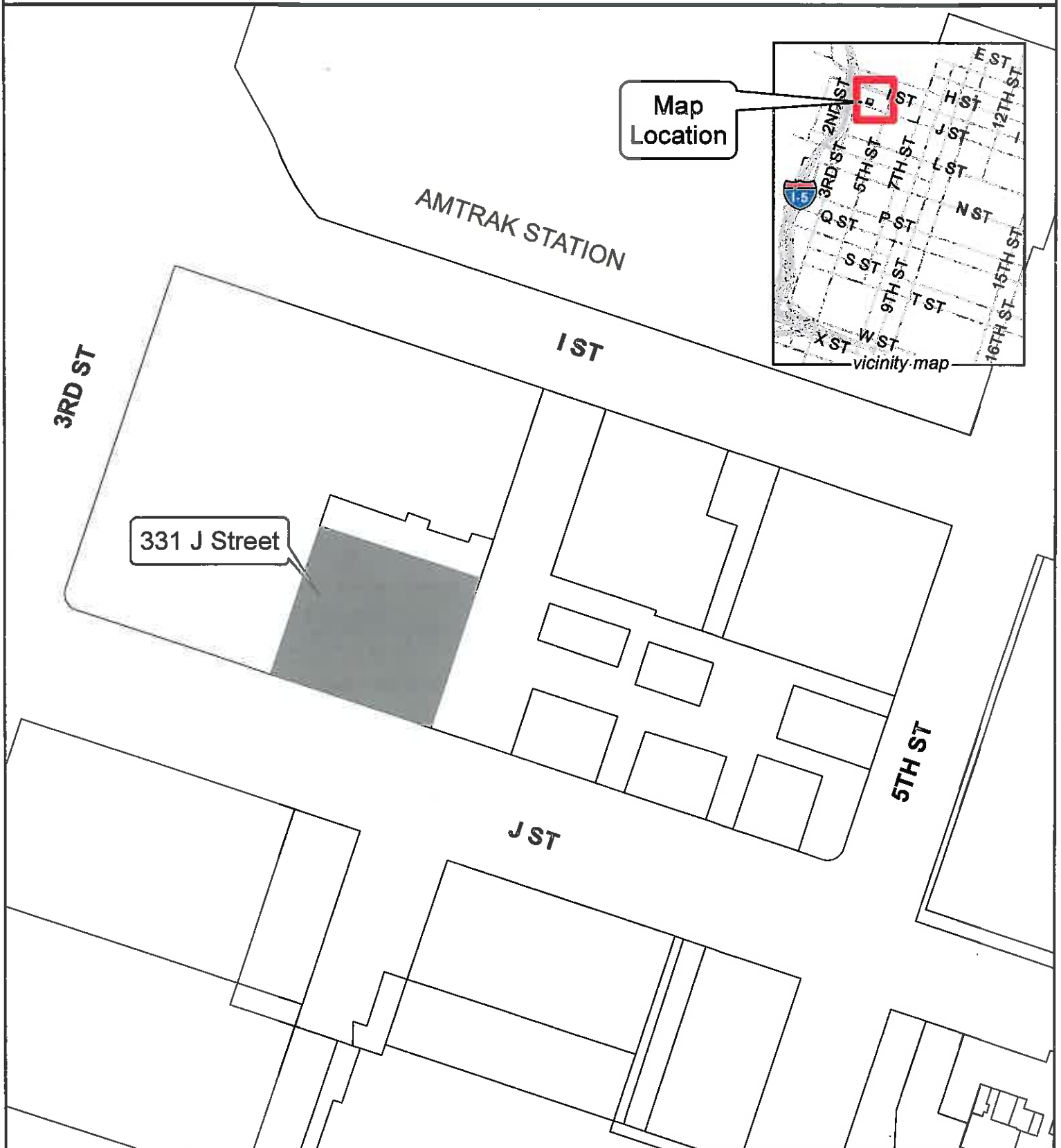
Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachments

- 1- Description/Analysis and Background
- 2- Vicinity Map
- 3- Project Photo
- 4- Project Summary
- 5- Cash Flow Proforma
- 6- Maximum Income and Rent Limits
- 7- Narrative Scope of Development
- 8- City Council TEFRA Resolution
- 9- Housing Authority Bond Inducement Authorization Resolution

Imperial Tower



 Imperial Tower

0 65 130 Feet




SHRA GIS
May 22, 2018

Imperial Tower Photos



Imperial Tower Residential Project Summary

<u>Address</u>	331 J Street, Sacramento, CA 95814			
<u>Number of Units</u>	187			
<u>Year Built</u>	1973			
<u>Acreage</u>	0.47 (20,473.2 sq. ft.)			
<u>Affordability</u>	187 units at 50% & 60% AMI			
<u>Unit Mix and Rents</u>	<u>50% AMI</u>	<u>60% AMI</u>	<u>Total</u>	
Studio	22	84	106	
1 Bedroom / 1 Bath	7	27	34	
1 Bedroom / Corner	9	34	43	
1 Bedroom/ 12th Floor		4	4	
Total			187	
<u>Square Footage</u>	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
Studio	403	42,718 sq.ft.		
1 Bedroom / 1 Bath	577	19,618 sq.ft.		
1 Bedroom / Corner	670	28,810 sq.ft.		
1 Bedroom/ 12th Floor	729	2,916 sq.ft.		
Community Area	2,350	2,350 sq.ft.		
Commerical	17,000	17,000 sq.ft.		
Total		113,412 sq.ft.		
<u>Resident Facilities</u>	Community room with kitchen, management office, two laundry facilities, and security cameras.			
<u>Permanent Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Permanent Loan	\$ 38,833,900	\$ 207,668	\$ 342	
Tax Credit Equity	\$ 17,092,043	\$ 91,401	\$ 151	
Deferred Developer Fee	\$ 6,530,081	\$ 34,920	\$ 58	
TOTAL SOURCES	\$ 62,456,024	\$ 333,989	\$ 550.70	
<u>Permanent Uses</u>				
Acquisition	\$ 44,385,906	\$ 237,358	\$ 391	
Construction Costs	\$ 6,955,423	\$ 37,195	\$ 61	
Architecture & Engineering	\$ 498,398	\$ 2,665	\$ 4	
Permits	\$ 68,210	\$ 365	\$ 1	
Hard Cost Contingency	\$ 695,542	\$ 3,719	\$ 6	
Soft Cost Contingency	\$ 49,340	\$ 264	\$ 0	
Financing Cost	\$ 873,998	\$ 4,674	\$ 8	
Operating Reserves	\$ 1,247,102	\$ 6,669	\$ 11	
Legal Fees	\$ 222,500	\$ 1,190	\$ 2	
Relocation	\$ 48,315	\$ 258	\$ 0	
Developer Fee	\$ 7,231,384	\$ 38,671	\$ 64	
Third Party Fees, Marketing, Other	\$ 179,905	\$ 962	\$ 2	
TOTAL USES	\$ 62,456,024	\$ 333,989	\$ 550.70	
<u>Management / Operations</u>				
Proposed Developer	Standard Property Company			
Property Management Company	Apartment Management Consultants with Windsor Compliance			
Operations Budget	1,034,241	5,531		
Property Management Company	118,808	635		
Resident Services	31,050	166		
Assessments	199,066	1,065		
Replacement Reserves	46,750	250		

Attachment 5

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MAXIMUM GROSS INCOME AND RENT LIMITS 2018
 Low Income Housing Tax Credits (LIHTC)

Imperial Tower Income Limits:

<u>Family Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 28,050	\$ 33,660
2 person	\$ 32,050	\$ 38,460
3 person	\$ 36,050	\$ 43,260
4 person	\$ 40,050	\$ 48,060
5 person	\$ 43,300	\$ 51,960
6 person	\$ 46,500	\$ 55,800
7 person	\$ 49,700	\$ 59,640
8 person	\$ 52,900	\$ 63,480

Southwind Court Apartments Rent Limits:

<u>Unit Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
Studio	\$ 701	\$ 841
1 Bedroom	\$ 751	\$ 901

Imperial Tower Scope of Development

I. Project Description

Imperial Tower (Project), is located in Sacramento, California at 331 J Street. The Project was constructed circa 1973 and is a 12-story, 153,288-gross square foot (94,062-net rentable square foot) mixed-use office/residential building consisting of 187 residential units and 10 commercial spaces, located on a 0.47-acre lot. The Project has a rectangular-shaped parcel with approximately 150 feet of frontage along J Street and is 150 feet in depth.

The Project is recognizable by its distinct “pagoda-shaped” roof, and has a total of 17,390-net rentable square feet of commercial office space on the first and second floors. The third floor is the first residential floor and contains the large community room and restrooms. Residential units are arranged around common corridors surrounding the building core. The interior spaces are finished with materials and quality typical of multi-family residential properties. The standard residential unit layouts are studio or one-bedroom floor plans and include a kitchen, living room/dining room.

Previous work at the Project in the last ten years included replacement or refurbishment of the building window system, extensive seismic retrofit and minor tenant improvements to the first and second floor commercial storefronts, and some miscellaneous systems upgrades. The proposed rehabilitation work will update all unit and residential common area interiors, as well as convert 5% of the units into ‘accessible’ units. The following lists the specific scope of the proposed rehabilitation work items.

II. Site Work

1. **Flatwork:** Repair and improve flatwork at ‘Plaza’ level as required.

III. Building Exterior Improvements

1. Concrete:

- a. Concrete repair to elevated slab edges will include removal of all carpet on decks.
- b. Concrete restoration will be performed to remedy any spalling or damage at railings mounts and edges.
- c. Concrete repairs for post tensioning tendons if required. Waterproofing scope to be executed at plugs.

2. Roof:

- a. 60 mil TPO membrane cool roof to be installed at low slope roof areas.
- b. Selective and limited replacement of roof tile will be performed as needed to remedy damage and/or coordinate with project installations.

3. **Windows:** Windows at floors 1 and 2 were not replaced as the residential level windows were at floors above; sealants will be applied at window wall systems and damaged gaskets replaced as needed to these windows to restore waterproofing.
4. **Paint:** Exterior surfaces and metals (excluding windows and storefronts) will be painted using latex or standard finish, elastomeric paint will be used at balcony edges.

IV. Unit Interiors

1. **Cabinets:** In kitchens and baths, new hardwood face frame cabinets and vanities will be provided and installed. Lower, open or demountable base cabinets will be provided and installed in accessible units as required.
2. **Bathroom:**
 - a. Bathroom mirrors and medicine cabinets to be replaced.
 - b. Dispensers, towel bars etc. to be replaced.
3. **Countertops:** New plastic laminate countertops will be provided and installed.
4. **Appliances:** New appliance package including refrigerator, range and hood in each unit.
5. **Drywall Repairs:** Limited drywall patching and repairs will be made in each unit as part of paint preparation.
6. **Flooring:** All flooring in units will be replaced with vinyl plank (VCT), utilizing waterproof installation on bathrooms and kitchens.
7. **Paint:** All kitchens and baths to be fully painted including painting any repaired drywall areas to match existing in other rooms.
8. **Audio & Visual:** 4% of units to be provided with audio/visual doorbell and alarm notifiers.
9. **ADA:** 5% of units to be made fully accessible per detailed requirements of CBC 11B. Architectural modifications for clearances, entry and interior door hardware, fixtures and appliances replacement will be made for compliance. Walls, closets and fixtures to be relocated and openings expanded, as needed for compliance.
10. **Plumbing:** Unit level plumbing to include replacing P-traps, shower valves, angle stops and adding shut offs.

V. Mechanical, Electrical and Plumbing (MEP)

1. **Lighting:**
 - a. Interior light fixtures in all units will be replaced with LED type. Wall sconces to have less than 4" projection or be mounted over 80" above floor.
 - b. 2x4 grid lights in corridors and common areas will be replaced with new LED.

- c. 1x4 surface mount lights in corridors and common areas will be replaced with new LED.
- d. Recessed ceiling lights in common areas to be replaced with new LED.
- e. Restroom, stairwell and other common area lights to be replaced.

2. Smoke Detectors:

- a. Existing 110v smoke detectors will be replaced with new combined detectors in unit areas outside bedrooms. Standard units.
- b. 10 year lithium battery type smoke detectors will be replaced or added in each bedroom or sleeping area. Standard units.
- c. Existing 110v smoke detectors to be replaced with new strobe equipped combined detectors in unit areas outside bedrooms. Accessible and communications units, interconnect within unit.
- d. 110v type strobe equipped smoke detectors to be installed in each bedroom or sleeping area. Accessible and communications units, interconnect within unit.

3. Outlets:

- a. New convenience outlets in kitchens at countertop areas will be added per code.
- b. Cover plates and GFI outlets will be replaced as required.

4. Load Center/ Panelboards & Arc Fault: All load center/panelboards will be replaced in all units and relocated in accessible units as required. Arc fault breakers will be added per code. Grounds in wiring to be checked for successful arc fault installation.

5. Life Safety System: Upgrade existing life safety system, add A/V notifiers in Audio & Visual Units/ADA units. Deferred submittal.

6. Doorbells: Flashing doorbells to be added to communications units.

VI. Common Areas

1. Flooring:

- a. New vinyl plank flooring to be installed in elevator lobby areas along with new vinyl base.
- b. New carpet tile will be installed in common area corridors and substantial “attic stock” provided.

2. Ceiling: Ceiling grid to be painted; acoustic tiles will be removed and re-installed to accommodate. Ceiling grid will be repaired to remedy observed deformed grid elements along walls and near mechanical vents.

3. **Signage:** CBC and ADA conforming signage will be placed in all rooms and common areas including stairwells and elevators.
4. **Hardware:**
 - a. All non-conforming door hardware will be replaced with conforming hardware.
 - b. Hardware and dispensers in the 1st level restrooms will be replaced for conformance. Flush levers changed to open side, confirming grab bars installed and alcove walls will be altered.
5. **ADA:**
 - a. Accessibility remodeling will be performed to alter all common areas and amenities for access. Universal access symbols, doors, clearances, fixtures, hardware and furnishings to be reconfigured as required for access including entry, lease office, corridor, restrooms.
 - b. 3rd level accessibility remodeling will include altering all common areas and amenities for access. Universal access symbols, doors, clearances, fixtures, hardware and furnishings to be reconfigured as required for access including community room, meeting areas, alcoves, corridor, rest rooms.
 - c. 3rd level restrooms will require demolition and reconstruction to achieve accessible design. Both 3rd level restrooms will be reconstructed.
 - d. Accessibility remodeling for all residential levels will include altering all common areas and amenities for access. Universal access symbols, doors, clearances, fixtures, hardware and furnishings to be reconfigured as required for access including laundry rooms, meeting rooms, restrooms.
6. **Elevators:** Elevator cab interiors to be remodeled.

VII. Additional Work:

- a. If there are construction cost savings and/or remaining contingency additional work will be performed:
 - i. Painting the interiors of units, replacing all interior doors, and completing additional community room upgrades.
 - ii. This additional work will be completed as permitted by the FHA 223(f) permanent loan.

RESOLUTION NO. 2018-_____

Adopted by the Sacramento City Council

June 26, 2018

IMPERIAL TOWER APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF VALLEJO IMPERIAL VENTURE LP

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority), a public housing agency organized and existing under the laws of the State of California, proposes a plan of financing for the issuance of multifamily housing revenue obligations (Obligations) in an amount not to exceed \$35,000,000, and to lend the proceeds thereof to Vallejo Imperial Venture LP, (Borrower), to provide funds to finance or refinance the acquisition, rehabilitation and development of a 187-unit multifamily housing senior residential facility located at 331 J Street in Sacramento. The development will be owned by the Borrower and operated by Apartment Management Consultants L.L.C. (AMC) and Windsor Compliance Services, Inc. (Windsor).
- B. Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of the Obligations to be approved by the City Council (Council), as the elected representative of the City of Sacramento (City) and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice.
- C. A public hearing was held by the Council on June 26, 2018, following duly published notice thereof, and all persons desiring to be heard have been heard.
- D. It is in the public interest and for the public benefit that the Council, as the elected representative of the City and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Housing Authority of the Obligations.

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

- Section 1. The City Council hereby finds, determines and declares that issuance by the Housing Authority of the Obligations in the maximum principal amount of \$35,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2018-_____

Adopted by the Housing Authority of the City of Sacramento

June 6, 2018

IMPERIAL TOWER APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority) intends to issue tax-exempt obligations (Obligations) for the purpose of, among other things, making a loan to Vallejo Imperial Venture LP (Borrower), a California limited partnership, the proceeds of which shall be used by the Borrower to finance the acquisition, rehabilitation and development of a 187-unit multifamily housing residential facility located at 331 J Street in Sacramento (Project).
- B. United States Income Tax Regulations section 1.150-2 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, including the requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare its intent to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Housing Authority declare its official intent to reimburse the expenditures referenced herein.

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

- Section 1. The Housing 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 Housing 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 \$35,000,000.

- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Housing 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 Housing Authority, or any public entity controlled by the Housing 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 Borrower 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 Housing Authority in anticipation of the issuance of the Obligations, any fees required by the California Debt Limit Allocation Committee (CDLAC) the cost of printing any official statement, rating agency costs, bond counsel fees, and expenses, underwriting discount and costs, trustee fees and expenses, 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 Borrower. The Obligations shall not constitute a debt or obligation of the Housing Authority.
- Section 6. The appropriate officers or Housing Authority staff are hereby authorized, for and in the name of and on behalf of the Housing Authority, to make an application to CDLAC 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 Housing Authority to provide financing to the Borrower for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Housing Authority, or any of its departments or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.
- Section 8. This resolution shall take effect immediately upon its adoption.