



**NOTICE OF REGULAR MEETING**  
**Sacramento Housing and  
Redevelopment Commission**  
**Wednesday, October 3, 2018 – 6:00 pm**  
**801 12<sup>th</sup> Street, 2<sup>nd</sup> 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** – September 19, 2018

**DISCUSSION/BUSINESS**

1. Approval of Loan Commitment for the 1717 S Street Project

**INFORMATIONAL PRESENTATIONS**

2. Development Department Budget Overview

**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 12<sup>th</sup> Street, Sacramento CA 95814. Agendas and reports are also posted online at [www.shra.org](http://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 September 19, 2018  
Meeting noticed on September 14, 2018**

**ROLL CALL**

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

**MEMBERS PRESENT:** Creswell, Griffin, Johnson, Morgan, Nunley, Staajabu, Starks

**MEMBERS ABSENT:** Alcalay, Macedo, Wedding (one vacancy)

**STAFF PRESENT:** La Shelle Dozier, David Levin, Vickie Smith, Russ Robertson, Tyrone R. Williams, Sarah O 'Daniel, Susan Veazey, Jim Shields, Angela Jones, Cecette Hawkins, LaTanna Jones, Christine Weichert, MaryLiz Paulson, Bern Wikhammer, Mark Hamilton, Greg Potts

**APPROVAL OF AGENDA** – agenda approved as submitted.

**CITIZENS COMMENTS**

None

**APPROVAL OF MINUTES** – September 5, 2018 minutes were approved.

DISCUSSION/BUSINESS

1. 2019 Annual Plan for the Housing Authority of the City of Sacramento (HACS) and the Housing Authority of the County of Sacramento (HACOS): Submission of the 2019 Annual Plan to the U.S. Department of Housing and Urban Development (HUD)

MaryLiz Paulson 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: Creswell, Griffin, Johnson, Morgan, Nunley, Staajabu, Starks

NOES: None

ABSENT: Alcalay, Macedo, Wedding (one vacancy)

ABSTAIN: None

2. Updated Agency and Housing Authority Maintenance Schedule of Fees and Charges

Greg Potts 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: Creswell, Griffin, Johnson, Morgan, Nunley, Staajabu, Starks

NOES: None

ABSENT: Alcalay, Macedo, Wedding (one vacancy)

ABSTAIN: None

INFORMATIONAL PRESENTATIONS

3. Housing Authority Budget Overview

Latanna Jones and Sarah O'Daniel presented the item.

Commissioner Morgan requested a presentation at the Commission on FSS and ROSS.

Commissioner Creswell requested a report back on Jobs Plus.

### EXECUTIVE DIRECTOR REPORT

Executive Director La Shelle Dozier made the following announcements:

- 1) Next meeting will be October 3<sup>rd</sup>. Staff will hold a special workshop on the One-Year action plan at 5:30pm on October 3<sup>rd</sup> before the regular meeting.
- 2) October 24th event for Pensione K.
- 3) Reported out on the successful City Housing workshop held on September 18<sup>th</sup>.

### COMMISSION CHAIR REPORT

None

### ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Creswell requested electronic copies of the power point presentations and invited those interested to attend the Housing Alliance conference on October 15<sup>th</sup>.

Commissioner Griffin announced the Grant High School Alumni association is having a fundraiser on September 22<sup>nd</sup>.

### ADJOURNMENT

As there was no further business to be conducted, Vice-Chair Johnson adjourned the meeting at 7:30 pm.

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Clerk



September 28, 2018

Sacramento Housing and  
Redevelopment Commission  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:**

Approval of Loan Commitment for the 1717 S Street Project

**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 HOUSING AUTHORITY**  
**City of Sacramento**  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Business**  
**October 9, 2018**

**Honorable Mayor and Members of the City Council**

**Title:** Approval of Loan Commitment for the 1717 S Street Project

**Location/Council District:** 1717 S Street, District 4

**Recommendation:** Adopt a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) approve a \$3,300,000 loan commitment comprised of \$1,500,000 in City Housing Trust Funds and \$1,800,000 in City Mixed Income Housing Funds to the Project, b) execute a Conditional Loan Commitment Letter with CFY Development, Inc. or related entity, c) execute all necessary documents associated with the transaction, d) amend the Agency budget, and e) make related findings.

**Contact:** Christine Weichert, Assistant Director, 440-1353  
Tyrone Roderick Williams, Director of Development, 440-1316

**Presenter:** Victoria Johnson, Program Manager, 440-1388

**Department:** Sacramento Housing and Redevelopment Agency (Agency)

**Description/Analysis**

**Issue Detail:** The proposed development at 1717 S Street (Project) is a new construction, mixed-used, mixed-income housing development. The development will be constructed on approximately 1.17 acres located at 17<sup>th</sup> and S Streets in Midtown Sacramento. The Project will have 159 units, consisting of 43 units for households at or below 50% Area Median Income (AMI), 21 units for households at or below 80% AMI, 15 units for households at or below 120% AMI, 79 market-rate units, and one unrestricted manager's unit.

CFY Development, Inc. (Developer) purchased the properties on the North 1700 Block of S Street on March 10, 2017. The Developer has applied to the Agency for a gap financing Agency loan of \$1,500,000 in City Housing Trust Funds (HTF) and \$1,800,000 in City Mixed Income Housing Funds (MIHF), for the construction and permanent financing of the Project.

The proposed development will consist of one six-story building with five levels of wood-framed construction above a concrete podium. The podium will contain a secure two-level parking facility with 126 parking spaces. The site will include outdoor space, a community center and a fitness facility. The Project will also have long-term secure parking for up to 128 bicycles and a bicycle maintenance station.

The Project will consist of studios, 1-bedroom, and 2-bedroom apartments. A number of the units will have private balconies. Kitchens will have designer cabinetry, quartz countertops, dishwashers and garbage disposals. Each unit will be equipped with a washer and dryer. The Project will include rooftop terrace, a community center, and a landscaped courtyard. There will be space for on-site management offices and resident storage units. In addition, there will be approximately 11,376 square feet of commercial retail space on the ground floor. A vicinity map and project rendering are included as Attachments 2 and 3.

Developer: CFY Development, Inc. (CFY) is an experienced owner and manager of affordable rental housing projects. CFY has more than 30 years of experience in affordable housing and has partnered with the Agency on a number of previous projects. CFY owns and operates 38 communities in 22 cities across California, consisting of approximately 3,300 units. It has extensive experience in financing projects with tax credits, tax-exempt bonds, and other public and private funding sources.

Capitol Area Development Authority (CADA) will serve as the Project's managing general partner. CADA, a joint powers public agency, has 40 years of experience in development activities that have resulted in the construction or rehabilitation of 1,153 residential units, 38 hotel units and over 27,000 square feet of commercial space.

Property Management: The Project will be managed by CFY Development, Inc., an experienced property management firm with over 30 years of experience operating affordable apartment communities. Agency staff have reviewed and approved the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures to ensure the company meets Agency requirements for property management.

Resident Services: A minimum of 15 hours per week of on-site resident services will be provided by a resident services coordinator. Resident services will be offered to all tenants and will include family, youth and adult services, including English as a Second Language (ESL) classes, nutrition and health classes, tutoring, employment skills and personal development. Prior to closing, the service provider and service provider plan must be approved by the Agency.

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

Project Financing: In addition to the Agency loan, the Project is anticipated to be financed with four percent Low Income Housing Tax Credits (LIHTCs), tax-exempt bond financing, a California Housing Finance Agency (CalHFA) loan, CADA loan, developer equity and a deferred developer fee.

The Sacramento Housing and Redevelopment Agency’s Multifamily Lending and Mortgage Revenue Bond Policies, approved by the City Council and the City Housing Authority on March 17, 2009, state the Agency, in limited situations, will allow another issuer if there is an overall cost effectiveness of the financing proposal. The Agency is proposing to allow CalHFA to act as the bond issuer for this project as they are providing a \$3.28 million gap financing loan which is contingent upon CalHFA also acting as bond issuer and permanent lender. Without the CalHFA gap loan the project cannot proceed.

A project summary, including all proposed sources and uses of funds, and a project cash flow pro forma are included as Attachments 4 and 5.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that units be set aside for targeted income groups. Income restrictions from LIHTC financing require that 20 percent of the units have rents that are affordable to households with income up to 50 percent of AMI. Project affordability restrictions will be specified in regulatory agreements with the Developer. These anticipated 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 and Agency loan	27.1%	Extremely Low (50% AMI)	43	55 years
CalHFA loan	13.2%	Moderate Low (80% AMI)	21	40 years
CADA loan	9.4%	Moderate (120% AMI)	15	30 years
Unrestricted	50.3%	None	80*	None
Total	100%		159	

\*Includes one manager’s unit

A schedule of maximum income and rents is included as Attachment 6.

**Policy Considerations:** The recommended actions are consistent with a) the Housing Trust Fund Ordinance and its adopted rules and regulations for its administration (Ordinance No. 89-013); b) the Agency’s previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 4. Rehabilitation and New Production (Resolution No. 2009-148); c) 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); d) 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 e) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by 2025 (Resolution No. 2015-282).



A 15 percent reduction in the California Tax Credit Allocation Committee's (TCAC) minimum operating expenses was used for underwriting purposes. This reduction was tentatively approved by TCAC on August 31, 2018.

**Economic Impacts:**

This residential new construction project is expected to create 482.23 total jobs (270.72 direct jobs and 211.50 jobs through indirect and induced activities) and create \$42,300,450 in total economic output (\$25,996,081 of direct output and another \$16,304,369 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 proposed project is exempt under CEQA pursuant to CEQA Guidelines Section 15332, and meets the requirements listed at §15332(a) through (e). Potential effects related to the project were assessed in the Master Environmental Impact Report (EIR) for the 2035 General Plan, as well as the EIR for the Central City Specific Plan (formerly Downtown Specific Plan). In addition, a subsequent Noise Study determined that there are no impacts related to noise.

All applicable Central City Specific Plan Mitigation Measures shall be incorporated into this approval.

**National Environmental Policy Act (NEPA):** There are no federal funds or approvals associated with this project, and therefore no NEPA review is required.

**Sustainability Considerations:** The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, 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 the 2035 General Plan: a) Housing Element – Strategies and Policies for Conserving Energy Resources – Climate Action Plan, subsection 7.2: Title 24 of the California Code of Regulations contains California's building standards for energy efficiency; and b) Environmental Resources - Air Quality and Climate Change sub-section 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.


**Commission Action:** It is anticipated that, at its meeting on October 3, 2018, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

**Rationale for Recommendation:** The actions recommended in this report 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 previously approved 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 Agency will receive an annual payment for monitoring the regulatory restrictions and administration of the loan, in the amount of 0.15 percent of the loan amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the transaction. The Agency loan of \$3,300,000 is comprised of \$1,500,000 in HTF and \$1,800,000 in MIHF.

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

Respectfully Submitted by:

  
LA SHELLE DOZIER  
Executive Director

**Attachments**

- 01 Description/Analysis and Background
- 02 Vicinity Map
- 03 Project Rendering
- 04 Project Summary
- 05 Cash Flow
- 06 Maximum Income and Rent Levels
- 07 City Resolution-Loan Commitment
- 08 Exhibit A: Conditional Loan Commitment

1717 S Street  
Project Rendering



**1717 S**  
**Residential Project Financial Summary**

<b>Address</b>	1717 S Street, Sacramento CA 95814				
<b>Number of Units</b>	159				
<b>Construction Type</b>	New Construction				
<b>Acreage</b>	1.15				
<b>Affordability</b>	43 units at or below 50% of AMI 21 units at or below 80% of AMI 15 units at or below 120% of AMI 79 units at market rate				
<b>Unit Mix and Rents</b>	(50% AMI)	(80% AMI)	(120% AMI)	Market	Manager's Unit
Studio	14	1	1	0	
1 Bedroom / 1 Bath	24	20	9	65	1
2 Bedroom / 2 Bath	5	0	5	14	
<b>TOTAL</b>	<b>43</b>	<b>21</b>	<b>15</b>	<b>79</b>	<b>1</b>
<b>Square Footage</b>	<i>Per Unit</i>		<i>Total</i>		
Studio	501		8,016 square feet		
1 Bedroom / 1 Bath	701		83,419 square feet		
2 Bedroom / 2 Bath	802		19,248 square feet		
Outdoor Areas (Deck/Terrace/Roof)			64,157 square feet		
Commercial			11,376 square feet		
Parking			50,893 square feet		
<b>TOTAL</b>			<b>237,109 square feet</b>		
<b>Resident Facilities</b>	The project will include rooftop terraces, secure parking garage, central bike locker, community center, and on-site property				
<b>Permanent Sources</b>	<i>Current Total</i>		<i>Per Unit</i>		<i>Per Sq Ft</i>
Conventional Loan	\$ 38,261,449		\$ 240,638		\$ 161.37
Tax Credit Equity	\$ 8,988,947		\$ 56,534		\$ 37.91
SHRA Loan	\$ 3,300,000		\$ 20,755		\$ 13.92
Sewer Credits	\$ 150,000		\$ 943		\$ 0.63
CalHFA Loan	\$ 3,280,000		\$ 20,629		\$ 13.83
CADA Loan	\$ 3,300,000		\$ 20,755		\$ 13.92
SMUD MOU	\$ 250,000		\$ 1,572		\$ 1.05
Groundwater Cleanup (paid by Trust)	\$ 600,000		\$ 3,774		\$ 2.53
Owner Equity	\$ 1,500,000		\$ 9,434		\$ 6.33
Deferred Developer Fee	\$ 4,682,207		\$ 29,448		\$ 19.75
<b>TOTAL SOURCES</b>	<b>\$ 64,312,603</b>		<b>\$ 404,482</b>		<b>\$ 271.24</b>
<b>Permanent Uses</b>					
Acquisition	\$ 3,900,000		\$ 24,528		\$ 16.45
Construction	\$ 42,873,486		\$ 269,645		\$ 180.82
SMUD Underground Utilities	\$ 250,000		\$ 1,572		\$ 1.05
Groundwater Cleanup	\$ 600,000		\$ 3,774		\$ 2.53
Environmental	\$ 851,150		\$ 5,353		\$ 3.59
Permits and Fees	\$ 2,250,000		\$ 14,151		\$ 9.49
Architecture and Engineering	\$ 1,400,000		\$ 8,805		\$ 5.90
Hard Cost Contingency	\$ 1,865,000		\$ 11,730		\$ 7.87
Soft Cost Contingency	\$ 200,000		\$ 1,258		\$ 0.84
Financing Costs	\$ 2,981,897		\$ 18,754		\$ 12.58
Capitalized Rent Reserve	\$ 300,000		\$ 1,887		\$ 1.27
Operating Reserves	\$ 844,044		\$ 5,308		\$ 3.56
Legal Fees	\$ 345,000		\$ 2,170		\$ 1.46
Developer Fee	\$ 5,102,027		\$ 32,088		\$ 21.52
Insurance, Third Party, Marketing, Other	\$ 549,999		\$ 3,459		\$ 2.32
<b>TOTAL USES</b>	<b>\$ 64,312,603</b>		<b>\$ 404,482</b>		<b>\$ 271.24</b>
<b>Operating Expenses</b>			CFY Development, Inc.		
Proposed Developer:			CFY Development, Inc.		
Property Management Company:					
Operations Budget:	\$ 450,000		\$ 2,830		
Assessments:	\$ 350,000		\$ 2,201		
Property Management	\$ 66,780		\$ 420		
Replacement Reserves:	\$ 63,600		\$ 400		



**MAXIMUM LIHTC INCOME AND RENT LEVELS 2018**  
*Rents at 50%, 80% and 120% of Area Median Income (AMI)*

**Maximum Income Limits:**

Family Size	50% AMI	80% AMI	120% AMI
1 person	\$ 28,050	\$ 44,880	\$ 67,350
2 person	\$ 32,050	\$ 51,280	\$ 76,950
3 person	\$ 36,050	\$ 57,680	\$ 86,550
4 person	\$ 40,050	\$ 64,080	\$ 96,100

**Maximum Rent Limits:**  
 Low Income Housing Tax Credits (LIHTCs)

Gross Rents

Unit Size	50% AMI	80% AMI	120% AMI
Studio	\$ 701	\$ 1,122	\$ 1,683
1 Bedroom	\$ 751	\$ 1,202	\$ 1,803
2 Bedroom	\$ 901	\$ 1,442	\$ 2,163

# **RESOLUTION NO. 2018 -**

**Adopted by the Sacramento City Council**

On date of

## **1717 S STREET: APPROVAL OF A \$3,300,000 CONSTRUCTION AND PERMANENT LOAN COMPRISED OF \$1,500,000 IN CITY HOUSING TRUST FUNDS AND \$1,800,000 IN CITY MIXED INCOME HOUSING FUNDS; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH CFY DEVELOPMENT, INC. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS**

### **BACKGROUND**

- A. The proposed project is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332, and meets the requirements listed at §15332(a) through (e). Potential effects related to the project were assessed in the Master Environmental Impact Report (EIR) for the 2035 General Plan, as well as the EIR for the Central City Specific Plan (formerly Downtown Specific Plan). In addition, a subsequent Noise Study determined that there are no impacts related to noise. All applicable Central City Specific Plan Mitigation Measures shall be incorporated into this approval.
- B. CFY Development, Inc. (Developer) has applied for an allocation of \$3,300,000 comprised of \$1,500,000 in City Housing Trust Funds (HTF) and \$1,800,000 in City Mixed Income Housing Funds (MIHF) from the Sacramento Housing and Redevelopment Agency (Agency) to assist in funding the acquisition, rehabilitation and permanent financing of the 1717 S Street Project, which will be new construction of a mixed-use, mixed-income development located in Midtown Sacramento.
- C. The recommended actions are consistent with a) the Housing Trust Fund (HTF) Ordinance and its adopted rules and regulations for its administration (Ordinance No. 89-013); b) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 4. Rehabilitation and New Production (Resolution No. 2009-148); c) 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); d) 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 e) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by 2025 (Resolution No. 2015-282).

**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 findings, are found to be true and correct.
- Section 2. The Loan Commitment, attached as Exhibit A, for financing the Project with a \$3,300,000 loan comprised of \$1,500,000 in City Housing Trust Funds (HTF) and \$1,800,000 in City Mixed Income Housing Funds (MIHF) is approved, and the Agency is authorized to execute and transmit the Loan Commitment to CFY Development, Inc. or related entity.
- Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by agency counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of Agency funds including without limitation, subordination, extensions consistent with Agency adopted policy and with this resolution.
- Section 4. The Agency is authorized to amend its budget to receive up to \$1,500,000 in HTF and \$1,800,000 in MIHF for the 1717 S Street Project.
- Section 5. The Agency is authorized to allow the California Housing Finance Agency (CalHFA) to act as the bond issuer for this project per section 9.4.8 of the Sacramento Housing and Redevelopment Agency Multifamily Lending and Mortgage Revenue Bond Policies, approved by the City Council on March 17, 2009, as they are providing a \$3.28 million gap financing loan which is contingent upon CalHFA acting as bond issuer and permanent lender.

**Table of Contents:**

Exhibit A: Loan Commitment Letter





Date: October 9, 2018

CFY Development, Inc.  
C/O Cyrus Youssefi  
1724 10<sup>th</sup> Street, Ste. 120  
Sacramento, CA 95811

RE: Conditional Funding Commitment for 1717 S Street Apartments

Dear Mr. Youssefi:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of \$3,300,000 in permanent loan funds (Loan) comprised of \$1,500,000 in City Housing Trust Fund (HTF) and \$1,800,000 in Mixed Income Housing Funds (MIHF) for the purpose of financing the acquisition and development of that certain real property known as 1717 S Street Apartments located at 1717 S Street, 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 October 9, 2019.

1. **PROJECT DESCRIPTION:** The proposed 1717 S Street project is a new construction, mixed-used, mixed-income housing development. The proposed development will have 159 units, consisting of 43 units restricted at 50% of Area Median Income (AMI), 21 units at 80% AMI, 15 units at 120% AMI, 79 market rate units and one manager's unit. The project will also include rooftop terraces, a secure parking garage with 126 parking spaces, central bike

locker with maintenance station, a community center, and landscaped courtyard. The Project will consist of studios, one-bedroom, and two-bedroom units. All units will be equipped with washer/dryer and garbage disposal. A number of the units will have private balconies. Unit kitchens will have designer cabinetry, dishwashers, quartz countertops, and high end appliances. There will be space for on-site management, and resident storage units. There will be approximately 11,376 square feet of commercial retail space on the ground floor.

2. BORROWER: The name of the Borrower for the Loan is CFY Development, Inc. or related entity.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, 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) Three Million and Three Hundred Thousand Dollars (\$3,300,000), 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 42 years or 504 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 four percent (4%) 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 Housing Trust Funds and Mixed Income Housing 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 the California Housing Finance Agency 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 construction 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 \$8,988,947 in Low Income Housing Tax Credit Equity and no less than \$4,682,207 in deferred developer fee. If LIHTC equity goes below \$8,988,947 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%), 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 and close of the Loan, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement. The agreement, services, and service provider are all subject to Agency Approval. The agreement must include a minimum of fifteen (15) hours per week 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: October 9, 2018

BORROWER:

CFY Development, Inc.

By: \_\_\_\_\_  
Cyrus Youssefi

## 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 OCTOBER 3, 2018

**1717 S STREET: AUTHORIZING A LOAN COMMITMENT OF \$3,300,000 CONSISTING OF \$1,500,000 IN CITY HOUSING TRUST FUNDS AND \$1,800,000 IN CITY MIXED INCOME HOUSING FUNDS; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH CFY DEVELOPMENT, INC. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS**

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: The proposed project is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15332, and meets the requirements listed at §15332(a) through (e). Potential effects related to the project were assessed in the Master Environmental Impact Report (EIR) for the 2035 General Plan, as well as the EIR for the Central City Specific Plan (formerly Downtown Specific Plan). In addition, a subsequent Noise Study determined that there are no impacts related to noise. All applicable Central City Specific Plan Mitigation Measures shall be incorporated into this approval.

Section 2: Subject to approval by the City Council, the Loan Commitment Letter attached to and incorporated in this resolution by this reference for the financing of the 1717 S Street project (Loan Commitment) is approved and the Executive Director, or her designee, is authorized to execute the Loan Commitment and related documents and transmit to CFY Development, Inc. or related entity.

Section 3: The Executive Director, or her designee, is authorized to amend the Sacramento Housing and Redevelopment Agency (Agency) budget to transfer \$1,500,000 in City Housing Trust Funds and \$1,800,000 in City Mixed Income Housing Funds to 1717 S Street Investors, LP.

Section 4: Subject to approval by the City Council, the Executive Director, or her designee, is authorized to execute the Loan Commitment and related documents with 1717 S Street Investors, LP, 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.

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CHAIR

ATTEST:

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CLERK