



NOTICE OF REGULAR MEETING

**Sacramento Housing and
Redevelopment Commission
Wednesday, July 17, 2019 – 6:00 pm
801 12th Street 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 – June 5, 2019

SPECIAL PRESENTATION

1. Resident Services Department Program Graduate Presentation

DISCUSSION/BUSINESS ITEMS

2. Approval of updates and enhancements to the Sacramento Housing and Redevelopment Agency (Agency) Section 3 Economic Opportunity Plan
3. Approval of Option Agreement and Loan Commitment for Rental Assistance Demonstration (RAD) Phase 1 Project – City Report
4. Rental Assistance Demonstration Project Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Approval of Loan Commitment – County Report
5. Sierra Sunrise Senior Apartments: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of Tax-Exempt Bonds
6. Arden Way Phase II Tax Equity and Fiscal Responsibility Act Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitment
7. Whispering Pines Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitment

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 June 5, 2019 Meeting noticed on May 31, 2019

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:01 p.m. by Chair Morgan.

MEMBERS PRESENT: Alcalay, Griffin, Macedo, Morgan, Nunley, Staajabu, Starks, Wedding

MEMBERS ABSENT: None (three vacancies)

STAFF PRESENT: La Shelle Dozier, David Levin, James Shields, Angela Jones, Lira Goff, Suzie Jackson, Latanna Jones, Angela Jones, Victoria Johnson, Julius Austin, Tyrone Williams, Vickie Smith, Cecette Hawkins, Christine Weichert

APPROVAL OF AGENDA – Items 1 and 2, and items 4 and 5 were presented together.

CITIZENS COMMENTS

Jeffrey Tardaguilla recommended that SHRA offer more advanced notice when activities occurred at their properties such as the displacement activities that occurred on Stockton Blvd.

Karen Wallace introduced Juanita Luna who graduated from the Family Self Sufficiency Program and is now working as a temporary employee for SHRA.

APPROVAL OF MINUTES – May 1, 2019 and May 15, 2019 minutes were approved as submitted.

BUSINESS ITEMS

1. Twin Rivers Transit Oriented Development and Light Rail Station – Project Update Report, Application for Multifamily Housing Program Loan for Blocks A and B, and Commitment of Choice Neighborhoods Funds to Twin Rivers Block B - City report

2. Twin Rivers Transit Oriented Development and Light Rail Station Project: Choice Neighborhoods Implementation Grant Update Report; Commitment Of Funds For Block B Housing Development – County report

Victoria Johnson presented the item.

Commissioner Griffin motioned to approve the items listed above. Commissioner Nunley seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Macedo, Morgan, Nunley, Staajabu, Starks, Wedding

NOES: None

ABSENT: None

ABSTAIN: None

3. Approval of Funding, Administrative Services Agreement and Related Actions for the Capitol Park Hotel Temporary Shelter Project

MaryLiz Paulson presented the item.

Jeffery Tardaguilla asked for clarification about the funding which staff provided.

Commissioner Griffin motioned to approve the items listed above. Commissioner Staajabu seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Macedo, Morgan, Nunley, Staajabu, Starks,

NOES: None

ABSENT: None

ABSTAIN: Wedding

4. Authorization to Submit a Section 18 Demolition and Disposition Application to the United States Department of Housing and Urban Development (HUD) for City Scattered Site Public Housing Units – County report
5. Authorization to Submit a Section 18 Demolition and Disposition Application to the United States Department of Housing and Urban Development (HUD) for City Scattered Site Public Housing Units – City report

Cecette Hawkins presented the item.

Chair Morgan asked for clarification on the term of the voucher which staff confirmed is one year.

Commissioner Griffin motioned to approve the items listed above. Commissioner Staajabu seconded the motion. The votes were as follows:

AYES: Alcalay, Griffin, Macedo, Morgan, Nunley, Staajabu, Starks, Wedding

NOES: None

ABSENT: None

ABSTAIN: None

EXECUTIVE DIRECTOR'S REPORT

La Shelle Dozier reviewed the following:

- Next meeting is on July 17, 2019. Meetings for June 19th and July 3rd are cancelled.
- County Board of Supervisors Reporting Relationship Item.

COMMISSION CHAIR REPORT

None

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

None.

ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 6:35 pm.

Clerk

July 17, 2019



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Approval of updates and enhancements to the Sacramento Housing and Redevelopment Agency (Agency) Section 3 Economic Opportunity Plan

RECOMMENDATION

Staff recommends adoption of the attached resolution which: 1) approves updates to the Section 3 Economic Opportunity Plan (Plan), 2) authorizes the Executive Director, or her designee, to apply Section 3 employment goals to all procurement contracts regardless of funding source, 3) authorizes the Executive Director, or her designee, to amend the Agency budget and to implement procedures to recover costs related to implementation of the Section 3 Plan.

CONTACT PERSONS

James Shields, Director of Administration, (916) 440-1308

SUMMARY

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (Act), as amended by Section 915 of the Housing and Community Development Act of 1992, is to ensure that employment and other economic opportunities generated by United States Department of Housing and Urban Development (HUD) funding shall, to the greatest extent feasible, be directed toward low- and very low-income persons particularly those who are recipients of government assistance for housing. Additionally funding shall also be directed to business concerns which provide economic opportunities to low- and very low-income persons.

Consistent with the requirements of the Act, the Agency adopted an initial Section 3 Plan/Strategy in 1997. This initial plan outlined Section 3 employment goals and the Agency's commitment that if federal funds were used in a project, job opportunities will first be offered to qualified low-income residents especially Housing Authority residents and recipients.

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The most recent update to the Plan was approved on October 16, 2013. Updates included taking additional steps to ensure that the Agency, all contractors, subcontractors and sub-recipients that are awarded a contract for services, construction, reconstruction, conversion or rehabilitation of housing, or other public construction which includes buildings or improvements (regardless of ownership) paid for using HUD funding shall take all necessary and reasonable steps to provide meaningful, full-time, permanent employment and training to Section 3 Residents/Businesses of Sacramento County. In addition, it stipulated that the Agency shall endeavor to expand the training and employment opportunities for Section 3 residents by undertaking positive, affirmative measures designed to recruit, hire, train and retain Section 3 residents.

To enhance economic opportunities for Section 3 eligible residents and businesses, staff is proposing additional amendments which will promote a more aggressive Section 3 program for the Agency. These updates and enhancements to the Agency's Section 3 Economic Opportunity Plan are designed to improve training and job opportunities for Housing Authority (HA) residents, Housing Choice Voucher (HCV) recipients, and other lower-income residents as outlined in the updated Plan which is included as Exhibit A.

Recommended changes to the plan include:

1. Awarding preference to Section 3 Business Concerns - Businesses eligible for Section 3 certification will be awarded a preference for all contracts in accordance with a sliding scale approved by HUD.
2. Direct contribution for businesses to a Section 3 Fund - Contractors that do not meet the Section 3 new hiring requirements will be required to pay up to five percent of the awarded contract amount to a Section 3 fund.
3. Implement a Job Order Contracting (JOC) program - A Job Order Contracting (JOC) Program will be implemented. The JOC program is a flexible, cost effective, unit pricing contracting method which effectively and efficiently accomplishes maintenance, repair, rehabilitation and other repetitive-type modernization projects. The goal of JOC is to provide specific contracting opportunities for qualified Section 3 Business Concerns through direct contracting with the Agency. Whenever possible, and in order to provide specific opportunities for Section 3 Business Concerns, the Agency will separate contracts into smaller scopes of work that are more feasible for Section 3 Business Concerns. Agency staff will work with Section 3 residents to provide outside resources to assist them with licensing, bonding, and other necessary qualifications for contract with the Agency.
4. Training, Outreach and Recruitment of Residents and Businesses - The Agency will engage in more targeted outreach to businesses, contractors and residents in an effort to increase Section 3 participation.

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FINANCIAL CONSIDERATIONS

Establishing the Section 3 Fund allows for recovery of some of the costs related to implementing the Section 3 unfunded mandate and supports the Agency's Section 3 goals.

POLICY CONSIDERATIONS

It is anticipated that these changes will enhance the effectiveness of the Agency in meeting the Federal regulations regarding Section 3.

ENVIRONMENTAL CONSIDERATIONS

California Environmental Quality Act (CEQA): The proposed actions are administrative in nature and therefore are not a project subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378.

National Environmental Policy Act (NEPA): The proposed actions are planning and administrative activities and are exempt under the National Environmental Policy Act (NEPA) pursuant to 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

- 1 – Resolution
- 2 – Exhibit A - Section 3 Plan update

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

July 17, 2019

WHEREAS, Federal regulations, 24 CFR Subtitle B Ch 1 (4-01-03 Edition) Subpart A – General Provisions, require that agencies receiving Federal funding have a Section 3 plan;

WHEREAS, the Sacramento Housing and Redevelopment Agency (Agency) last updated the Section 3 plan on October 16, 2013;

WHEREAS, the proposed activities are not a project subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378, and are exempt under the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(1) and (3).

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

Section 1. That the above recitals, including the environmental recitals, are found to be true and correct.

Section 2. The Section 3 Economic Opportunity Plan (Exhibit A) that accompanies this resolution is hereby approved.

Section 3. The Executive Director, or her designee, is hereby authorized to implement the Amended Section 3 plan for all future solicitations and contracts issued in the name of the Sacramento Housing and Redevelopment Agency or its constituent entities.

Section 4. The Executive Director, or her designee, is hereby authorized to implement a Job Order Contracting Program to provide specific contracting opportunities for Section 3 Business Concerns.

CHAIR

ATTEST:

CLERK

Attachments

Exhibit A – Section 3 Economic Opportunity Plan Update



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Subject: Section 3 Economic Opportunity Plan

Effective Date: July 18, 2019

Supersedes: October 16, 2013

Approved By: La Shelle Dozier, Executive Director

Resolution No.:

Last Reviewed: June 13, 2019

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I. Statement of Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (Act), as amended by Section 915 of the Housing and Community Development Act of 1992, is to ensure that employment and other economic opportunities generated by HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

The Sacramento Housing and Redevelopment Agency (Agency) hereby reaffirms its commitment of ensuring that the Agency, all contractors, subcontractors and sub-recipients that are awarded a contract for services, construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance by the Agency for work generated through the expenditure of HUD funding shall take all necessary and reasonable steps to provide meaningful, full-time, permanent employment and training to Section 3 Residents/Businesses of Sacramento County.

The Agency shall endeavor to expand the training and employment opportunities for Section 3 residents by undertaking positive, affirmative measures designed to recruit, hire, train and retain Section 3 residents.

The Agency's Section 3 policy is expressed in this statement, the goal statement, and the preferences. The procedures may be amended periodically by the Executive Director or his/her designee to ensure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of administering the program.

II. Definitions

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance or for work performed in connection with a Section 3 covered project.

Employment opportunities generated by Section 3 covered assistance means all employment opportunities generated by the expenditure of Section 3 covered public housing assistance (i.e., operating assistance, development assistance and modernization assistance, as described in 24 CFR §135.3(a) (1)). With respect to Section covered housing and community development assistance, this term means all employment opportunities arising in connection with Section 3 covered projects (as described in 24 CFR §135.3(a)(2)), including management and administrative jobs connected with the Section 3 covered project.

Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Prime Contractor means any entity (other than a person who is an employee of the contractor) who holds the main contract with the Agency and has the full responsibility for completion of the project or work generated by the expenditure of Section 3 covered assistance or Section 3 covered project and for management of any and all subcontractors who have been contracted to carry out specific parts of the contract.

Section 3 covered activities means any activity which is funded by Public and Indian Housing Assistance.

Section 3 covered assistance, with respect to public housing authorities, means HUD assistance to which the obligation to provide training, employment contracting and other economic opportunities under Section 3 apply, including: 1) Public and Indian housing development assistance provided pursuant to Section 5 of the 1937 Act; 2) Public and Indian Housing operating assistance provided pursuant to Section 9 of the 1937 Act; 3) Public and Indian housing operating assistance provided pursuant to Section 14 of the 1937 Act; and 4) any other HUD funding, regardless of the specific HUD program, utilized for the operation, modernization or rehabilitation of public housing properties or developments as defined under those statutes.

Section 3 covered contract means a contract or subcontract (including professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. Section 3 covered contracts do not include contracts for the purchase of supplies and materials, unless the contract calls for the installation of those materials.

Section 3 Resident means 1) a public housing resident, or 2) an individual who resides in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended, and who is a low-income person (defined to mean families, including single persons, whose income does not exceed 80 percent of the median income for the area as determined and adjusted by HUD), or a very low-income person (defined to mean families, including single persons, whose income does not exceed 50 percent of the median family income for the area as determined and adjusted by HUD).

Section 3 Business Concern means a business concern 1) that is 51 percent or more owned by Section 3 residents; or 2) whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or 3) that provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of Section 3 business concern.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or work arising in connection with a section 3 covered project.

YouthBuild Programs means programs that provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

III. Applicability of Section 3 to Public Housing Assistance

Section 3 applies to training, employment, contracting and other economic opportunities arising from all expenditures of the following public and Indian housing assistance:

- Development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 (1937 Act).
- Operating assistance provided pursuant to Section 9 of the 1937 Act.
- Modernization assistance provided pursuant to Section 14 of the 1937 Act.

The requirements of Section 3 apply to Section 3 covered-assistance provided to the Agency. The requirements of Section 3 apply to all contractors and subcontractors performing covered work in connection with projects and activities funded by public housing assistance regardless of the amount of the contract or subcontract.

IV. Applicability of Section 3 to Housing and Community Development Assistance

With respect to Section 3 covered housing and community development assistance, if the Agency receives more than \$200,000 of Housing and Community Development Assistance (HCD) annually from HUD, the requirements of Section 3 apply. Section 3 covers the expenditure of any portion of those funds for any activity that involves housing construction, demolition, rehabilitation or other public construction.

If the Agency receives more than \$200,000 in annual HCD assistance, the Section 3 requirements apply to contractors and subcontractors for contracts awarded in excess of \$100,000 for Section 3 covered projects/activities.

In distributing funds to units of local government, nonprofit organizations, or other subrecipients, the Agency must attempt to reach the minimum numerical goals set forth herein, regardless of the number of subrecipients that receive covered funding. The state or county must inform its subrecipients about the requirements of Section 3; assist them and their contractors with achieving compliance; and monitor their performance with respect to the objectives and requirements of Section 3. Section 3 covered HCD Funding includes, but is not limited to, the following:

- Mortgagors; Developers; Limited Dividend Sponsors; Builders; Property Owners; Community Housing Development Organizations
- Community Development Block Grants (CDBG)
- HOME
- Home Investment Partnership Assistance
- Housing Opportunities for Persons with Aids (HOPWA)
- Economic Development Initiative (EDI)
- Brownfield Economic Development Initiative (BEDI)
- Emergency Shelter Grants
- Homeless Assistance
- University Partnership Grants
- Neighborhood Stimulus Program (NSP)
- Certain Grants Awarded Under HUD Notices of Funding Availability (NOFAs)
- Section 202 Supportive Housing for the Elderly
- Section 811 Supportive Housing for the Disabled
- Project Based Section 8 Vouchers And Rental Assistance

V. Statement of Order of Preference and Numerical Goals

A. Providing Training and Employment Opportunities to Section 3 Residents

In accordance with Section 3, this plan requires that the Agency, all contractors and any second-tier subcontractors shall, to the greatest extent feasible, provide training and employment opportunities to Section 3 Residents to meet or exceed the numerical goal of 30% of all new hires in the following order of priority:

1. A resident of the housing site where the project is located.
2. A resident of any other Agency managed housing site.
3. Agency Housing Choice Voucher participants.
4. Participants in a HUD YouthBuild program in the Agency service area.
5. Other Section 3 residents in the Agency service area.

B. Summary of Goals

SECTION 3 EMPLOYMENT GOALS		
Who Must Comply	Area of Focus	Goal
Contractors	New Hires and Trainees	30% of workforce
Any Tier Subcontractors	New Hires and Trainees	30% of workforce

SECTION 3 CONTRACTING GOALS		
Who Must Comply	Area of Focus	Goal
Building trades work for maintenance, repair, modernization or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction	Subcontract Awards	At least 10% of the total dollar amount of all Section 3 covered contracts
Any Tier Subcontractors	Subcontract Awards	At least 10% of the total dollar amount of all Section 3 covered contracts
All other Section 3 covered contracts (non-construction)		At least 3% of the total dollar amount

C. Safe Harbor and Compliance Determinations

In the absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth above will be considered to have complied with the Section 3 preference requirements.

VI. Preference for Section 3 Business Concerns in Contracting Opportunities

A. Order of Providing Preference

The Agency, contractors and subcontractors may direct their efforts to award Section 3 covered contracts, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.

Public and Indian housing programs: In public and Indian housing programs, efforts may be directed to award contracts to Section 3 Business Concerns in the following order of priority:

1. Business concerns that are 51% or more owned by residents of the housing development for which the Section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30% of those residents as employees.
2. Business concerns that are 51% or more owned by residents of other housing developments managed by the Agency or whose full-time, permanent workforce includes 30% of those residents as employees.
3. Business concerns that are 51% or more owned by residents of Agency Housing Choice Voucher participants, or whose full-time, permanent workforce includes 30% of those participants as employees.
4. HUD YouthBuild programs being carried out in the Agency's service area.
5. Business concerns that are 51% or more owned by Section 3 Residents, or whose permanent, full-time workforce includes at least 30% Section 3 Residents, or that subcontract at least 25% of the total amount of subcontracts to business concerns listed in 1, 2 or 3 above.

Housing and community development programs: In housing and community development programs, priority consideration may be given, where feasible, to Section 3 Business Concerns that provide economic opportunities for Section 3 Residents, using the order of preferences listed in 1., 2., 3., and 5. above.

B. Qualifying for a Section 3 Preference

The Executive Director or his/her designee shall establish specific criteria for a company wishing to qualify as a Section 3 Business Concern.

At a minimum, the qualifications shall include that a Business Concern claiming Section 3 status based on ownership, workforce or subcontracting (as applicable) must meet that status at the time the bid or proposal is submitted to the Agency. Persons or entities asserting their status as a Section 3 Resident or Business Concern shall be required, as set forth in this procedure, to provide evidence of such status.

A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the Agency, recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards in 2 CFR 200.) This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance will be considered as part of this determination.

Additionally, the contract award shall be made only to the responsible bidders/offers demonstrating acceptable past performance, compliance with public policy as well as technical and business capabilities.

C. Other Preference

For small purchases, where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the Section 3 Business Concern with the lowest responsive quotation that is reasonable, falls within the budgeted amount for the project, is provided by a responsible business concern and is no more than 10% higher than the lowest responsive quotation from any qualified source.

The Agency may, for all contracts (service, professional and construction) that include a labor component, provide preference if the company has proposed to meet the goal to have thirty percent (30%) of all new hire work-hours in each trade performed by residents of the targeted area, in accordance with the sliding scale below:

<u>Contract Range</u>	<u>Preference Factor</u>
Up to \$100,000	Lower of 10% or \$9,000
Between \$100,000 and \$200,000	Lower of 9% or \$16,000
Between \$200,000 and \$300,000	Lower of 8% or \$21,000
Between \$300,000 and \$400,000	Lower of 7% or \$24,000
Between \$400,000 and \$500,000	Lower of 6% or \$25,000
Between \$501,000 and \$1,000,000	Lower of 5% or \$40,000
Between \$1,000,000 and \$2,000,000	Lower of 4% or \$60,000
Between \$2,000,000 and \$4,000,000	Lower of 3% or \$80,000
Between \$4,000,000 and \$7,000,000	Lower of 2% or \$105,000
Over \$7,000,000	1.5% of bid/contract

Request for Proposals (RFP) and Request for Qualifications (RFQ) preference points may be given for either having an existing work force or proposing an acceptable plan/strategy that includes target area residents. Preference points will be determined on a project by project basis in the range of 15 – 25% of the total number of points available. The preference points allotted will be detailed in the individual solicitations issued by the Agency and the contract arising from the RFP or RFQ will be awarded to the firm whose proposal is most advantageous to the Agency, considering price (as applicable) and all other factors specified in the solicitation.

D. Other Economic Opportunities Process

In the event a Prime Contractor has no demonstrated plan or need to hire and/or subcontract with or is unable to meet the hiring and/or subcontracting requirements in Section V. above, the Prime Contractor is required to provide other economic opportunities by completing form Section 00630. It should be noted that the inability to meet the hiring and/or subcontracting requirements must be documented completely on form Section 00630.

Other Economic Opportunities could include direct subcontracting with a Section 3 Business Concern (subcontracting for work not included in the scope of work), training programs, mentorship program participation, joint ventures or other results oriented economic opportunities directed towards Section 3 Residents and Business Concerns. Any Other Economic Opportunities must be proposed in detail in form Section 00630.

If the other forms of Other Economic Opportunities are not feasible, the Prime Contractor shall propose to make a direct contribution to the Section 3 Fund. Guidance on how to contribute to the Section 3 Fund is outlined below:

1. Hiring Requirements Contribution: If a Prime Contractor chooses to contribute to the Section 3 Fund in order to meet its Other Economic Opportunity because they are unable to meet the hiring requirement or because they cannot provide other economic opportunities, the Prime Contractor will pay 5% of the total dollar amount of the contract for building trade work or 1.5% for all other contracts to the Section 3 Fund. The amount paid shall not exceed \$100,000 for any one contract.
2. Contracting Requirements Contribution: If a Prime Contractor chooses to contribute to the Section 3 Fund as its Other Economic Opportunity because they cannot meet the full Section 3 Business Concerns subcontracting requirements and cannot provide other Economic Opportunities, the difference between the 10% of the covered contract for building and trade work or 3% for non-construction and the actual amount provided to Section 3 Business Concerns shall be paid to the Section 3 Fund. A Prime Contractor may also pay the entire 10% of the covered contract for building or trade work or 3% for construction contracts, if the Prime Contractor has documented the infeasibility of offering any Other Economic Opportunities. In either case, the amount paid shall not exceed \$500,000 for any one contract.

E. Job Order Contracting

A Job Order Contracting (JOC) Program is a flexible, cost effective, unit pricing contracting method to effectively and efficiently accomplish maintenance, repair and rehabilitation and other repetitive-type modernization projects. The goal of JOC is to provide specific contracting opportunities for qualified Section 3 Business Concerns through direct contracting with the Agency. Whenever possible and in order to provide specific opportunities for Section 3 Business Concerns, the Agency will separate contracts into smaller scopes of work that are more feasible for Section 3 Business Concerns. Agency staff will work with Section 3 residents to provide outside resources to

assist them with licensing, bonding, and other necessary qualifications for contract with the Agency.

VII. Greatest Extent Feasible Effort

Section 3 requires that Contractors and Subcontractors must make the diligent efforts to locate and employ qualified residents or contract with Section 3 Business Concerns in order to accomplish the Section 3 goals stated herein. Minimum diligent efforts include:

- Entering into hiring agreements with organizations representing Section 3 Residents;
- Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising;
- Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where public housing residents reside;
- Working closely and cooperatively with the Agency designee to locate and employ residents and subcontractors;
- Conducting job interviews at the housing development or developments where work is taking place;
- Making reasonable modifications to crew structures to facilitate employment of residents;
- Promptly contacting the Agency designee if difficulty in reaching the goal is anticipated or encountered;
- Using the Agency's Section 3 Registry or submitting form Section 00650 – Section 3 Job Order Form to the Agency;
- Maintaining a file on the job site of the names and addresses of each resident referred to the contractor from any source, and, for residents not hired, the reasons therefore; and
- Promptly notifying the Agency designee in writing if a union hiring hall with which the contractor may have a collective bargaining agreement fails to refer a resident requested by that contractor.

VIII. Training, Outreach and Recruitment of Residents and Businesses

To achieve the employment and contracting goals outlined in Section V. above, the Agency will establish on-going outreach and education efforts throughout its public housing properties and the Agency's service area. Activities will include, but not be limited to:

- A. Developing and distributing Section 3 information and education materials to residents and the community; maintaining Section 3 information on the Agency's website.
- B. Conducting trainings and hosting networking opportunities throughout the community

to provide education about Section 3 eligibility and requirements. In particular, training sessions will be held at Agency community sites, at the Agency and at Agency partner sites as appropriate.

- C. Conducting meetings with community partners, business organizations and contractors to promote Section 3 employment, training and contracting opportunities.
- D. Recruiting and certifying eligible persons as Section 3 Residents, and maintaining a list of all certified Section 3 Residents. All residents of the Agency's public housing developments and all of the Agency's HCV holders are eligible Section 3 Residents. Additionally, individuals residing in the Sacramento MSA who meet the annual HUD low income limits are eligible for Section 3 status; and
- E. Recruiting eligible Section 3 Business Concerns and maintaining a listing of all self-certified Section 3 Business Concerns.

IX. Applicability of Earned Income Disallowance

The Agency shall allow HUD's Earned Income Disregard (EID) for earnings from employment for public housing residents when calculating rent for the first year of employment. In the second year of employment, only half of earnings will be counted in figuring rental payments.

X. Certification as a Section 3 Business Concern

HUD allows for Businesses to self-certify their status as a Section 3 Business Concern. Businesses that have reviewed the definitions and qualifications of a Section 3 Business Concern (24 CFR 135.5) and meet the criteria for self-certification as a Section 3 Business Concern, are required to self-certify by completing form Section 0660 and submitting it to the Agency's Procurement Services department. The Section 3 Business Concern will be added to the Agency maintained Section 3 Business Concern Registry (Registry). The Agency reserves the right to audit or verify any or all compliance of Section 3 Business concerns.

A Prime Contractor or Subcontractor that desires to contract with a Section 3 Business Concern can conduct a search of the Section 3 Business Concerns listed in the Registry. Any Section 3 Business Concern included on the form Section 00630 must be self-certified in the Agency Registry prior to the start of the contract.

The Agency will conduct audits of the Registry as necessary. If the Agency has reason to believe that any Section 3 Business Concern has provided a false certification as a Section 3 Business Concern, the Agency shall promptly inform HUD of the alleged false certification. In the event HUD learns, from the Agency or any other source, that any Section 3 Business Concern on the Registry has falsely certified as a Section 3 Business Concern, HUD may initiate review of the self-certification and, if appropriate, take enforcement action against the false-certifier, including but not limited to debarment; once HUD notifies the Agency, the Agency will immediately cease doing business with the alleged false certifier until HUD has concluded its investigation and any enforcement proceedings.

XI. Noncompliance with Section 3 Program

Bidders/Proposers who fail to complete and submit required Section 3 documents or otherwise address Section 3 requirements in their proposals or bid documents may be deemed non-responsive which may result in not being considered for an award of a contract.

Arbitrary changes by the Prime Contractor of its commitment in the form Section 00630 are prohibited. Further, once entering into each approved Section 3 Business Concern sub-agreement, the Prime Contractor shall, thereafter, neither terminate the sub-agreement, nor reduce the scope of the work to be performed by the Section 3 Business Concern, nor decrease the price to the Section 3 Business Concern without, in each instance, receiving prior written approval of the Agency.

In some cases however, it may become necessary to substitute a new Section 3 Business Concern. In such cases, the Agency must be given reasons justifying the release of the prior specific Section 3 Business Concern commitments established in the Prime Contractor's proposal. The substitution procedures will be as follows:

- A. The Prime Contractor must notify the Agency's Procurement Services and the Contracting Officer immediately in writing of an apparent necessity to reduce or terminate a Section 3 Business Concern subcontract and to propose a substitute company for some phase of work, in order to sustain the fulfillment of the Section 3 Business Concern contracting requirements.
- B. The Prime Contractor's notification to the Agency should include the specific reasons for the proposed substitution. Stated reasons that would be acceptable include, but are not limited to, any of the following examples:
 1. A previously committed Section 3 Business Concern was found to be unable to perform, or unable to perform on time;
 2. A committed Section 3 Business Concern was found to be unable to produce acceptable work;
 3. A committed Section 3 Business Concern was later determined not to be bona fide;
 4. A Section 3 Business Concern previously committed to a given price later demands an arbitrary or unreasonable escalation of price;
 5. A Section 3 Business Concern fails or refuses to meet the bond requirements of the Prime Contractor;
 6. A Section 3 Business Concern fails or refuses to execute a written contract for the scope of work specified in their bid;
 7. A Section 3 Business Concern is not licensed to perform the scope of work.

XII. Section 3 Program Complaints Process

The Agency desires to offer to residents, business concerns, and other bidders a procedure whereby complaints alleging noncompliance with the Section 3 requirements can receive prompt and equitable hearing and resolution. Protests surrounding the Agency's Section 3 program may be submitted in writing to the Executive Director or his/her designee.

All complaints of non-conformance with the Section 3 program shall meet the following requirements:

- A. Complaints shall be filed in writing and shall contain the name, address, and phone number of the person filing the complaint, as well as a brief description of the alleged violation of the regulations;
- B. Complaints shall be filed within five calendar days following the bid/proposal opening or action causing the protest;
- C. An investigation, as may be appropriate, will follow the filing of a complaint. The investigation will be conducted by the Agency's Executive Director or designated individual. This investigation shall afford all interested persons and their representatives, if any, an opportunity to submit testimony and/or evidence as may be available and relevant to the complaint;
- D. Written documentation as to the validity of the complaint and a description of the findings or resolution, if any, will be issued by the Executive Director or designated individual no later than thirty (30) working days after the filing of a complaint; and
- E. The identity of complainants shall be kept confidential except to the extent necessary for the conduct of investigations, hearings or judicial proceedings.

In cases where concerned parties wish to have their complaint considered outside the Agency, a complaint may be filed with the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Washington, D.C. 20410.

The Agency shall not intimidate, threaten, coerce or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation relating to the Section 3 program requirements.

XIII. Implementation, Monitoring and Enforcement of Section 3

The Executive Director, or their designee, shall ensure that this Section 3 Economic Opportunity Plan is implemented and consistently applied in all Agency transactions. In the event that changes in law occur, the Executive Director has the authority to update this plan to reflect those changes. The Executive Director may also make changes to this plan to improve the effectiveness, efficiency and viability of the Agency's Section 3 efforts, including but not limited to, updated forms, processes and procedures.

For the Agency's Section 3 program to be successful, the Executive Director, or their designee, shall systematically monitor contractor's compliance with the requirements of Section 3.

The Executive Director, or their designee, may recommend the imposition of progressive sanctions up to debarment of a contractor or subcontractor who has failed to take recommended remedial action or to a contractor who willfully disregards the program requirements. Any level of sanctions imposed may be protested as outlined in Section XII.

A. Section 3 Recordkeeping

Four types of records must be kept for each Section 3 purchase order/contract. They are:

1. Documentation of efforts made to comply with Section 3. Examples include outreach, advertisements, sign-in lists from job fairs and other public meetings, flyers or brochures, direct mail, etc.
2. Documentation certifying Section 3 Resident and Business Concerns eligibility.
3. Documentation of actual Section 3 hiring and contracting activity such as contractor reports demonstrating compliance with Section 3 goals.
4. If goals are not met, documentation verifying impediments to attaining goals and potential solutions.

B. Internal Reporting on Section 3 Status and Accomplishments

The Executive Director may report Section 3 status and accomplishments as necessary to the Agency's governing boards.

C. Reporting to HUD on Section 3 Status and Accomplishments

Annually, the Agency is required to submit form HUD-60002 to HUD's Economic Opportunity Division in Washington, DC. Where the program providing Section 3 covered funding requires the submission of an annual performance report, form HUD-60002 shall be submitted at the time that the annual report is due.

If the recipient is not required to submit an annual performance report, the Section 3 report is due when other reports are submitted to HUD or at the end of each program, fiscal, or calendar year.

D. Note on HUD Form 2516 Contract and Subcontract Activity

In some instances, the goals relative to contracting with Section 3 business concerns and MBEs/WBEs may overlap. In these cases, the Agency may count participation towards multiple goals. The contractor must indicate that the subcontract is being counted towards goals by a notation on the report stating which subcontractors have been double counted towards which goals. For example, if a subcontract is let to a Section 3 Business Concern that also qualifies as a Minority Business Enterprise (MBE), then the contractor may count the subcontract towards both its Section 3 contracting goal and towards its MBE contracting goal.



July 12, 2019

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval of Option Agreement and Loan Commitment for the Rental Assistance
Demonstration (RAD) Phase 1 Project

SUMMARY

The attached report is presented for your review prior to review 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 HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Discussion Item
July 23, 2019

Chair and Members of the Housing Authority Board

Title: Approval of Option Agreement and Loan Commitment for Rental Assistance Demonstration (RAD) Phase 1 Project

Location/Council District: 4921 Folsom Boulevard and 1043 43rd Avenue/
Districts 3 and 5

Recommendation: Pass a Housing Authority Resolution: 1) approving an amendment to the Sacramento Housing and Redevelopment Agency (Agency) budget, 2) authorizing execution of an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements (Option Agreement) for RAD Phase 1, 3) authorizing execution of a Loan Commitment which includes a Seller Carryback Loan and Capital Fund loan for the acquisition and rehabilitation of RAD Phase 1 properties in the Oak Park Asset Management Property (AMP) (4921 Folsom Blvd.) and the Meadow Commons AMP (1043 43rd Avenue) under the RAD Phase 1 Project (Loan Commitment), 4) authorizing for the Executive Director, or designee, to execute the Option Agreement, Loan Commitment and related documents, 5) authorizing for the Executive Director, or designee, to perform other actions related to the Project, and 6) approving environmental and other findings.

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

Presenter: Christine Weichert, Assistant Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition (Section 18) Programs. Additionally, the Board authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties

under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition Programs. 86 units of County Public Housing were also submitted for approval for RAD conversion in the same application to HUD.

On November 30, 2018, HUD approved the Housing Authority's application to convert 124 public housing units to RAD and also allocated 124 RAD Program specific Project Based Vouchers (PBVs). These vouchers are new to Sacramento and will increase the total number of vouchers administered by the County Housing Authority. 38 PBV's were identified for the proposed Oak Park and Meadow Commons RAD Phase 1 units and 86 PBVs were identified for the County RAD Phase 1 units.

As part of the updated Asset Repositioning Plan, Guiding Principles were adopted as the policy direction for each reposition activity. The general parameters of those principles were to prevent loss of units for extremely low income households, facilitate a decrease in reliance on federal funds, incorporate smart growth principles into development opportunities, reinvest any sale proceeds into Housing Authority replacement units, foster partnerships with entities to position development efforts for success, and to pursue actions that would generate fees and other revenue for the Housing Authority. Conversion to RAD is a critical component of the Asset Repositioning plan as RAD allows public housing agencies (PHAs) to convert public housing units to long-term, Project-Based Voucher rental assistance developments. Converting the properties under RAD facilitates access to private debt and equity to address immediate and long-term capital needs.

The Housing Authority desires to partner with the Sacramento Housing Authority Repositioning Program, Inc., (SHARP) to implement the RAD Phase 1 project at the 4921 Folsom Blvd. and 1043 43rd Avenue sites in the City of Sacramento.

Staff is requesting approval to enter into an Option Agreement with SHARP for a Ground Lease and the Purchase and Sale of Improvements (Option Agreement) in an amount to be justified by a fair market value appraisal. A report is being submitted to the County Housing Authority for approval to partner with SHARP on the 86 County public housing properties.

This report is also recommending approval to allocate funding to SHARP for acquisition, rehabilitation and permanent financing for the two City RAD Phase 1 properties. This funding is proposed to be in the form of an \$860,000 seller carryback loan, and a \$1,641,219 Capital Funds loan. SHARP will be requesting similar funding from the Housing Authority of the County of Sacramento for the County properties. In addition, SHARP will be applying to the County of Sacramento for Mortgage Revenue Tax Exempt Bond financing for RAD Phase 1 for a total of six sites. Two of the sites (4921 Folsom Blvd and 1043 43rd Avenue) are located in the City of Sacramento, three sites are located in the unincorporated County of Sacramento and one site in the City of Elk Grove. Vicinity maps for Oak Park and Meadow Commons are included as Attachments 2 through 4, and pictures of all proposed RAD Phase 1 are included as Attachment 5.

Oak Park Site

The Oak Park site is located at 4921 Folsom Boulevard. There are three buildings on approximately 0.73 acres that provide 10 three-bedroom units and 12 on-site parking spaces. The scope of development is included in Attachment 12.

Meadow Commons Site

Meadow Commons is located at 1043 43rd Avenue. There are eight buildings on approximately 1.54 acres that provide 28 one-bedroom units, community room, barbecue area and 13 on-site parking spaces. The scope of development is included in Attachment 13.

Developer: The Sacramento Housing Authority Repositioning Program, Inc., (SHARP) is a nonprofit public benefit corporation created by the Housing Authority in 2009 to implement the Housing Authority's Asset Repositioning Plan. Activities undertaken by SHARP include acquiring, developing, financing, rehabilitating, owning and operating affordable housing to maintain and preserve these affordable units. SHARP partnered with BRIDGE Housing to rehabilitate a total of three Housing Authority properties, including Sutterview, Washington Plaza and Sierra Vista Apartments and has also partnered with the John Stewart Company to rehabilitate the Shasta Hotel.

Property Management: Housing Authority staff currently manages the Sutterview, Washington Plaza and Sierra Vista Apartments, along with over 3,000 other housing units throughout the City and County of Sacramento which includes the Oak Park and Meadow Commons properties. It is proposed that Housing Authority staff continue to manage the units after conversion to RAD.

Resident Services: Housing Authority staff will provide resident services. The preliminary resident services plan indicates that staff will first identify the needs of residents and offer services based on their input. Examples of services currently offered include the Family-Self Sufficiency Program for residents transitioning to work, and the Service Coordination Program for those who do not have a high school diploma, or who have health or financial literacy needs. Elderly and disabled residents will receive services from Life Skills Training and Educational Programs (LifeSTEPS). In addition, the Housing Authority plans to expand the Jobs Plus Program by partnering with the Section 3 Program to develop training and job opportunities for residents.

Security Plan: The security plan includes installation of upgraded exterior lighting.

Project Financing: The proposed financing of RAD Phase 1 includes four percent Low Income Housing Tax Credits (LIHTC), tax exempt bonds, a conventional loan, a Housing Authority seller carryback loan, a Capitol Fund loan, a deferred developer fee and RAD Program specific Project Based Vouchers (PBV).

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 of Area Median Income (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 Project Summary and Proforma are included as Attachments 6 and 7. A schedule of maximum income and rents are included as Attachment 8.

The anticipated funding sources and their affordability requirements are summarized in the table below for the development:

RAD Phase 1

Unit Type	Units	% of Units	Affordability Restriction (55 years)
LIHTC, Tax-exempt Bonds, Housing Authority Funds and RAD Program PBV	25	20%	Very Low Income 50% of Area Median Income (AMI)
LIHTC, Tax-exempt Bonds, Housing Authority Funds and RAD Program PBV	99	80%	Low Income 60% of AMI
Total	124	100%	

Policy Considerations: The recommended actions for the Project are consistent with: a) United States Department of Housing and Urban Development (HUD) guidelines to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration (RAD) Program; b) Housing Authority Asset Repositioning Plan; and c) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415); and is generally consistent with the approved Agency's Multifamily Lending and Mortgage Revenue Bond Policies (Policies).

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions of the Project will be specified in the bond regulatory agreement between the Developer and the Housing Authority for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

Economic Impacts: The RAD Phase 1 multifamily residential project is expected to create 73.36 total jobs (41.57 direct jobs and 31.79 jobs through indirect and induced activities) and create \$6,113,073 in total economic output (\$3,726,299 of direct output and another \$2,386,774 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 disposition and rehabilitation of the above properties under the RAD program have been found to be Categorical Exempt under CEQA pursuant to CEQA Guidelines Section 15301, "Existing Facilities". National Environmental Policy Act (NEPA): The disposition

and rehabilitation of the above properties, with the exception of the 4921 Folsom Blvd Site, under the RAD program have been found to be Categorically Excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12). The 4921 Folsom Blvd site requires additional environmental assessment and NEPA review for the 4921 Folsom Blvd site must be completed prior to making a commitment of funds or choice limiting action.

Sustainability Considerations: The proposed Project has 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 and providing long-term affordable and reliable energy.

Commission Action: At its meeting of July 17, 2019, it is anticipated that the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Housing Authority Board in the event this does not occur.

Rationale for Recommendation: The recommended actions enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with United States Department of Housing and Urban Development (HUD) guidelines related to the repositioning and conversion of City Public Housing Properties under the Rental Assistance Demonstration (RAD) Program, Housing Authority Asset Repositioning Plan, 2013-2021 Housing Element as part of Sacramento's 2035 General Plan, and is generally consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The Housing Authority of the City of Sacramento \$860,000 seller carryback loan and \$1,641,219 Capital Funds loan will each have an interest rate of three percent and a term of 32 years after closing escrow.

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

- 1-Description/Analysis and Background
- 2-Vicinity Map of Oak Park (4921 Folsom Boulevard)
- 3-Vicinity Map of Meadow Commons (1043 43rd Avenue)
- 4-Vicinity Map of RAD Phase 1 (all six sites)
- 5-Pictures of RAD Phase 1
- 6-Project Summary of RAD Phase 1
- 7-Cash Flow Proforma of RAD Phase 1
- 8-Maximum Income and Rent Limits of RAD Phase 1
- 9-Housing Authority Resolution - Option Agreement and Loan Commitment
- 10-Housing Authority Resolution - Exhibit A - Option Agreement for the Ground Lease and the Purchase and Sale of Improvements for Oak Park and Meadow Commons (Option Agreement)
- 11-Housing Authority Resolution - Exhibit B - Loan Commitment for Oak Park and Meadow Commons (Loan Commitment)
- 12-Scope of Development Oak Park
- 13-Scope of Development Meadow Commons



Rental Assistance Demonstration (RAD) Phase 1 (Oak Park - 4921 Folsom Boulevard)

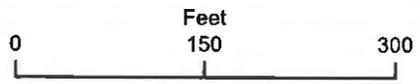


Map Location



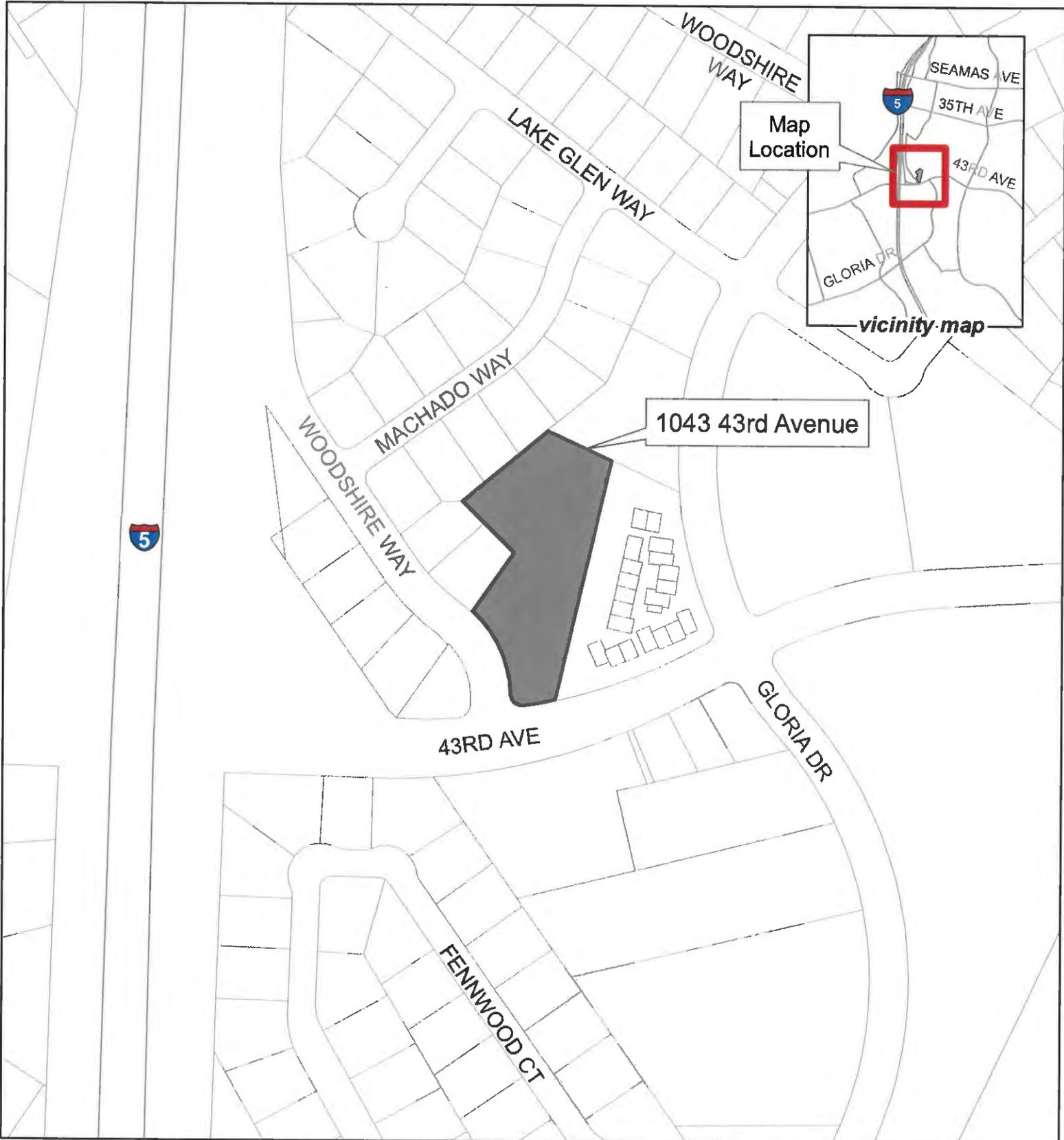
vicinity map

 4921 Folsom Boulevard





Rental Assistance Demonstration (RAD) Phase 1 (Meadow Commons - 1043 43rd Avenue)



1043 43rd Avenue

Map Location

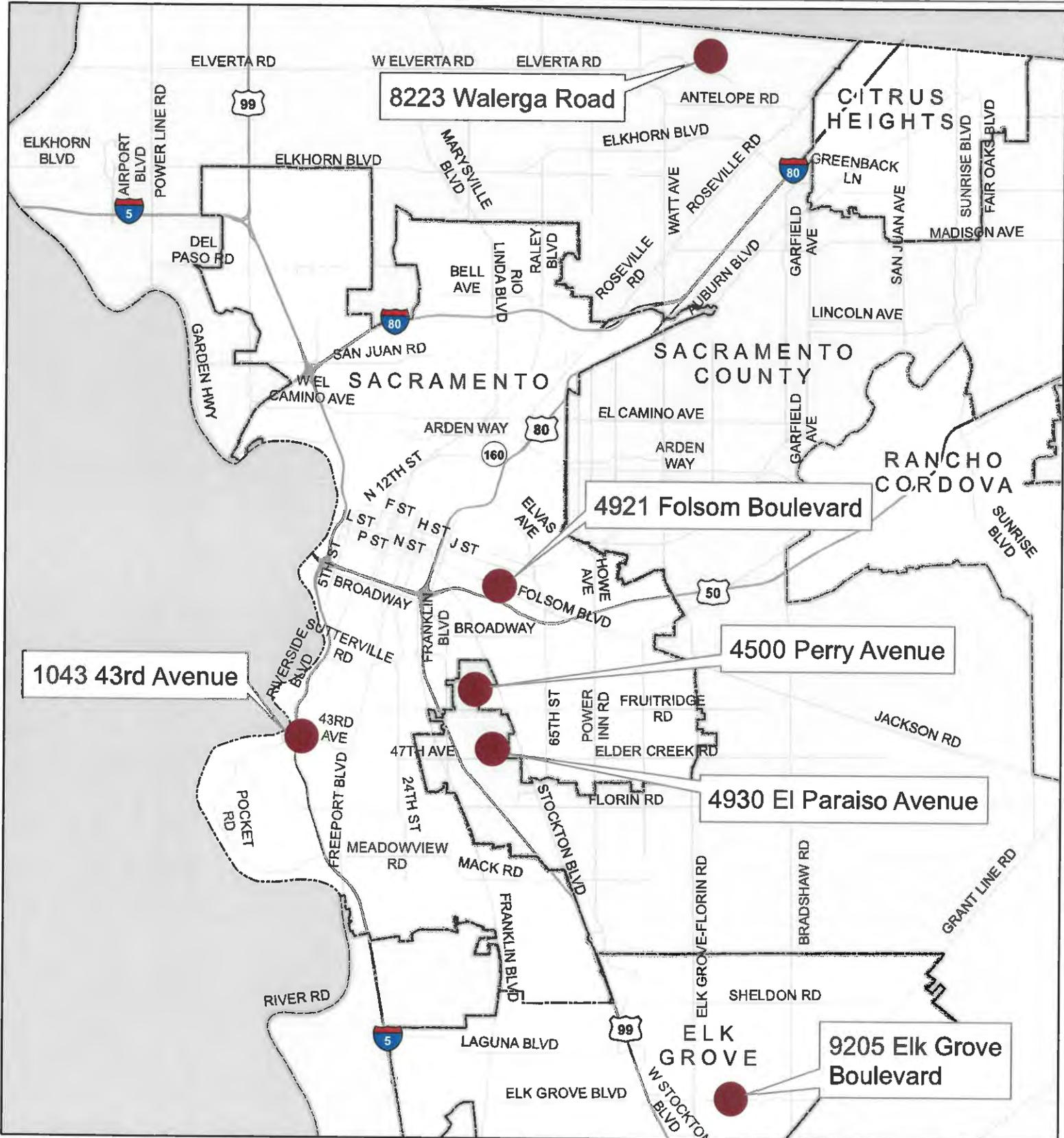
vicinity map

 1043 43rd Avenue

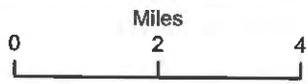




Rental Assistance Demonstration (RAD) Phase 1 (All Six Sites)



● RAD Phase 1 Site



Rental Assistance Demonstration (RAD) Phase 1
(six scattered sites)

Oak Park - 4921 Folsom Boulevard, Sacramento



Meadow Commons - 1043 43rd Avenue, Sacramento



RAD Phase 1
(continued)

Pointe Lagoon - 4500 Perry Avenue, Sacramento



Pointe Lagoon - 4930 El Paraiso Avenue, Sacramento



RAD Phase 1
(continued)

Pointe Lagoon - 9205 Elk Grove Boulevard, Elk Grove



Rio Garden - 8223 Walerga Road, Antelope



**Rental Assistance Demonstration (RAD) Phase 1
Residential Project Summary**

Addresses	Unincorporated County of Sacramento: 4500 Perry Ave, 4930 El Paraiso Ave and 8223 Walerga Rd. City of Elk Grove: 9205 Elk Grove Blvd. City of Sacramento: 1043 43rd Ave and 4921 Folsom Blvd.		
Number of Units	124		
Year Built	4500 Perry Ave (1986), 4930 El Paraiso Ave (1986), 8223 Walerga Rd (1976), 9205 Elk Grove Blvd (1983), 1043 43rd Ave (1972) and 4921 Folsom Blvd (1996).		
Acreage	8.5 acres (37,0260 sq. ft.)		
Unit Mix and Rents		<u>50% AMI</u>	<u>60% AMI</u>
	1 bedrooms (64)	13	51
	2 bedrooms (16)	3	13
	3 bedrooms (44)	9	35
	Total Units (124)	25	99
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
	1 bedroom	758	48,512
	2 bedrooms	758	12,128
	3 bedrooms	1100	48,400
	Community Space		2,614
	Total Gross		111,654
Resident Facilities	Rehabilitation of six scattered sites with garden walk-up style units. New HVAC systems, energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Parking area and drainage renovations will be done as needed. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.		
Permanent Sources (Combined)	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Tax Credit Equity	5,243,288	42,284.58	46.96
Permanent Loan	2,860,181	23,065.98	25.62
County Housing Authority Ground Lease	2,080,000	16,774	18.63
City Housing Authority Ground Lease	1,330,000	10,726	11.91
County Housing Authority Seller Carryback Loan	4,900,000	39,516	43.89
City Housing Authority Seller Carryback Loan	880,000	6,935	7.70
County Housing Authority Capital Funds Loan	1,104,146	8,904	9.89
City Housing Authority Capital Funds Loan	1,641,219	13,236	14.70
Deferred Developer Fee	518,977	4,185	4.65
TOTAL SOURCES	\$ 20,537,811	\$ 165,628	\$ 183.94
Permanent Uses (Combined)	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Acquisition	9,170,000	73,952	82.13
Construction Costs	6,113,073	49,299	54.75
Architecture & Engineering	690,726	5,570	6.19
Permits and Fees	268,117	2,162	2.40
Hard Cost Contingency	916,961	7,395	8.21
Soft Cost Contingency	71,387	576	0.64
Financing Cost	647,857	5,225	5.80
Operating Reserves	464,684	3,747	4.16
Legal Fees	100,000	806	0.90
Relocation	512,850	4,136	4.59
Developer Fee	1,422,147	11,469	12.74
Third Party Fees, Marketing, Other	160,009	1,290	1.43
TOTAL USES	\$ 20,537,811	\$ 165,628	\$ 183.94
Leverage	<u>HA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>
			SHRA : Other
	\$ 96,092	\$ 165,628	\$1.00 : \$0.72
Management / Operations	Sacramento Housing Authority Repositioning Program, Inc., (SHARP) Housing Authority		
Proposed Developer Property Management Company			
Operations Budget	\$	609,506	\$ 4,915
Property Management	\$	87,973	\$ 709
Resident Services	\$	5,863	\$ 47
Replacement Reserves	\$	37,200	\$ 300

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Contract Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
1 bedroom/1bath @ 50% AMI	13	758	9,854	\$ 551	\$ 62	\$ 489	\$ 0.65	\$ 6,357	\$ 76,284
1 bedroom/1bath @ 60% AMI	23	758	17,434	\$ 551	\$ 62	\$ 489	\$ 0.65	\$ 11,247	\$ 134,964
1 bedroom/1bath @ 60% AMI	28	758	21,224	\$ 611	\$ 62	\$ 549	\$ 0.72	\$ 15,372	\$ 184,484
2 bedroom/1bath @ 50% AMI	3	758	2,274	\$ 703	\$ 86	\$ 617	\$ 0.81	\$ 1,851	\$ 22,212
2 bedroom/1bath @ 60% AMI	13	758	9,854	\$ 703	\$ 86	\$ 617	\$ 0.81	\$ 8,021	\$ 96,252
3 bedroom/1bath @ 50% AMI	1	1,100	1,100	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 974	\$ 11,698
3 bedroom/1bath @ 60% AMI	2	1,100	2,200	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 1,980	\$ 23,520
3 bedroom/1.5 bath @ 50% AMI	6	1,100	6,600	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 5,844	\$ 70,128
3 bedroom/1.5 bath @ 60% AMI	24	1,100	26,400	\$ 1,049	\$ 100	\$ 949	\$ 0.86	\$ 22,776	\$ 273,312
3 bedroom/1.5 bath @ 60% AMI	1	1,100	1,100	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 980	\$ 11,760
3 bedroom/2 bath @ 50% AMI	2	1,100	2,200	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 1,960	\$ 23,520
3 bedroom/2 bath @ 60% AMI	3	1,100	3,300	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 2,922	\$ 35,064
3 bedroom/2 bath @ 60% AMI	5	1,100	5,500	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 4,900	\$ 58,800
Totals	124	12,590	63,940					\$ 85,164	\$ 1,021,968

	Annual Increase	Per Unit	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Income												
Potential Gross Income	2.50%		1,073,705	1,100,548	1,128,081	1,156,263	1,185,170	1,340,911	1,517,117	1,716,479	1,942,036	2,197,238
Rental Subsidy (6 PBV units)	2.50%		42,210	43,265	44,347	45,455	46,592	52,714	59,641	67,479	76,346	86,379
Other Income	2.50%		8,657	8,823	8,994	9,169	9,348	8,313	9,406	10,642	12,040	13,822
Less Vacancy	5.00%		(56,129)	(57,532)	(58,970)	(60,444)	(61,955)	(70,097)	(79,306)	(89,730)	(101,521)	(114,662)
Effective Gross Income			\$1,066,443	\$1,093,104	\$1,120,432	\$1,148,443	\$1,177,154	\$1,331,841	\$1,508,658	\$1,704,870	\$1,928,904	\$2,182,377
Operating Expenses												
Operating Expenses	3.50%	4,915	609,508	630,838	652,918	675,770	699,422	830,894	986,603	1,171,775	1,391,702	1,652,905
Property Management	3.50%	709	87,973	91,052	94,239	97,538	100,951	119,899	142,402	169,129	200,872	238,573
Resident Services	3.50%	47	5,683	6,088	6,280	6,500	6,728	7,990	9,490	11,271	13,387	15,899
Replacement Reserves	0.00%	300	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200
Taxes/Insurance	2.00%	330	40,899	41,717	42,551	43,403	44,271	48,876	53,966	59,582	65,784	72,631
Total Expenses		6,302	\$781,441	\$806,676	\$833,189	\$860,410	\$888,571	\$1,044,661	\$1,229,661	\$1,448,958	\$1,708,944	\$2,017,207
Net Operating Income			\$285,002	\$286,228	\$287,243	\$288,033	\$288,582	\$287,181	\$277,195	\$255,912	\$219,960	\$185,170

	Amount	Rate	Amort	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Debt Service													
Senior Loan	\$2,860,181	4.30%	35	158,207	158,207	158,207	158,207	158,207	158,207	158,207	0	0	0
HA Monitoring Fee	\$20,000,000	0.15%		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Debt Service Subtotal				\$188,207	\$188,207	\$188,207	\$188,207	\$188,207	\$188,207	\$188,207	\$30,000	\$30,000	\$30,000

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Priority Distributions												
Asset Management Fee (GP)	\$6,000	3.00%	8,000	8,240	8,487	8,742	9,004	10,438	12,101	0	0	0
Partnership Management Fee (LP)	\$6,000	3.00%	8,000	8,240	8,487	8,742	9,004	10,438	12,101	14,028	16,262	18,853
Priority Distributions Subtotal			16,000	16,486	16,974	17,484	18,008	20,876	24,201	14,028	16,262	18,853
Net Cash after Priority Distributions			\$80,795	\$81,541	\$82,062	\$82,342	\$82,367	\$78,097	\$84,787	\$211,884	\$173,697	\$116,317

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Deferred Developer Fee												
Principal Balance	\$535,623	4.00%	535,623	476,253	413,761	348,250	279,838	0	0	0	0	0
Interest for Period			21,425	19,050	16,550	13,930	11,194	0	0	0	0	0
Accumulated Interest			21,425	19,050	16,550	13,930	11,194	0	0	0	0	0
Payment			80,795	81,541	82,082	82,342	82,367	0	0	0	0	0
Balance			\$476,253	\$413,761	\$348,250	\$279,838	\$208,665	\$0	\$0	\$0	\$0	\$0
Net Cash after Deferred Developer Fee			\$0	\$0	\$0	\$0	\$0	\$78,097	\$84,787	\$211,884	\$173,697	\$116,317

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Housing Authority of the City of Sacramento Capital Funds Loan (50%)												
Principal Balance	\$1,841,219	3.00%	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,635,548
Interest for Period			49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,066
Accumulated Interest			49,237	98,473	147,710	196,948	246,183	442,713	504,899	427,289	178,565	49,066
Payment			0	0	0	0	0	39,049	32,393	105,942	86,649	58,159
Balance			\$1,890,456	\$1,738,692	\$1,788,929	\$1,838,165	\$1,887,402	\$2,044,863	\$2,113,724	\$1,982,588	\$1,732,935	\$1,626,456

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Housing Authority of the County of Sacramento Capital Funds Loan (50%)												
Principal Balance	\$1,104,148	3.00%	1,104,148	1,104,146	1,104,148	1,104,148	1,104,146	1,104,146	1,104,146	1,104,146	834,307	0
Interest for Period			33,124	33,124	33,124	33,124	33,124	33,124	33,124	33,124	25,029	0
Accumulated Interest			33,124	66,249	99,373	132,498	165,622	281,591	263,216	105,048	25,029	0
Payment			0	0	0	0	0	39,049	32,393	105,942	859,337	0
Balance			\$1,137,270	\$1,170,395	\$1,203,519	\$1,236,644	\$1,269,768	\$1,346,688	\$1,334,968	\$1,103,250	\$0	\$0

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Housing Authority of the County of Sacramento Seller Carryback Loan												
Principal Balance	\$4,900,000	3.00%	4,900,000	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219	1,641,219
Interest for Period			147,000	49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,237
Accumulated Interest			147,000	198,237	245,473	294,710	343,948	580,129	836,312	1,082,495	1,328,678	1,193,679
Payment			0	0	0	0	0	0	0	0	86,849	56,159
Balance			\$5,047,000	\$1,837,456	\$1,886,692	\$1,935,929	\$1,985,165	\$2,231,348	\$2,477,531	\$2,723,714	\$2,883,048	\$2,776,739

	Amount	Rate	Year 1 2021	Year 2 2022	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Housing Authority of the City of Sacramento Seller Carryback Loan												
Principal Balance	\$860,000	3.00%	860,000	885,800	938,174	1,018,693	1,104,146	1,104,146	1,104,146	1,104,146	1,104,146	1,104,146
Interest for Period			25,800	26,574	28,145	30,561	33,124	33,124	33,124	33,124	33,124	33,124
Accumulated Interest			25,800	52,374	80,519	111,080	144,204	309,828	475,448	641,070	808,892	972,314
Payment			0	0	0	0	0	0	0	0	0	0
Balance			\$885,800	\$938,174	\$1,018,693	\$1,129,773	\$1,248,350	\$1,413,972	\$1,579,594	\$1,745,216	\$1,910,838	\$2,076,480

Rental Assistance Demonstration (RAD) Phase 1 (six scattered sites)
Cash Flow Proforma

MAXIMUM GROSS INCOME AND RENT LIMITS 2019
 Rental Assistance Demonstration (RAD) Project Based Vouchers
 and Low Income Housing Tax Credits

RAD Phase 1 (Six Scattered Sites)

Maximum Gross Income Limits

<u>Household Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 29,300	\$ 35,160
2 person	\$ 33,450	\$ 40,140
3 person	\$ 37,650	\$ 45,180
4 person	\$ 41,800	\$ 50,160
5 person	\$ 45,150	\$ 54,180
6 person	\$ 48,500	\$ 58,200
7 person	\$ 51,850	\$ 62,220

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>RAD Rents</u>
1 Bedroom	\$ 551
1 Bedroom	\$ 611
2 Bedroom	\$ 703
3 Bedroom	\$ 1,049
3 Bedroom	\$ 1,074
3 Bedroom	\$ 1,080
3 Bedroom	\$ 1,738

RESOLUTION NO. 2019 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RENTAL ASSISTANCE DEMONSTRATION PHASE I REHABILITATION (“PROJECT”): APPROVAL TO AMEND THE HOUSING AUTHORITY BUDGET; OPTION AGREEMENT FOR THE GROUND LEASE AND THE PURCHASE AND SALE OF IMPROVEMENTS (OPTION AGREEMENT); \$860,000 SELLER CARRYBACK LOAN AND \$1,641,219 CAPITAL FUNDS LOAN (LOAN COMMITMENT); EXECUTION OF OPTION AGREEMENT, LOAN COMMITMENT AND RELATED DOCUMENTS WITH SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP), OR RELATED ENTITY; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved the updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition (Section 18) Programs. Additionally, the Board authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition Programs.
- B. On November 30, 2018, HUD approved the application to reposition and convert ten units to Rental Assistance Demonstration Project Based Vouchers (PBV) at Oak Park located at 4921 Folsom Boulevard and 28 units to Rental Assistance Demonstration PBV at Meadow Commons located at 1043 43rd Avenue in the City of Sacramento.
- C. The Housing Authority desires to partner and enter into an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by an updated fair market value appraisal, with the Sacramento Housing Authority Repositioning Program, Inc., (SHARP), an entity that can benefit from the use of low-income housing tax credits, to position acquisition and rehabilitation efforts for success, and to accomplish necessary renovations to Oak Park and Meadow Commons, under the Rental Assistance Demonstration (RAD) Program.
- D. SHARP has applied for rehabilitation and construction financing for Oak Park and Meadow Commons in the form of a seller carryback loan and a Capital Funds loan from the Housing Authority.

- E. The disposition and rehabilitation of the properties under the RAD program have been found to be Categorical Exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities".
- F. The disposition and rehabilitation of the Meadow Commons property has been found to be Categorical Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12). The Oak Park site requires additional environmental assessment and NEPA review for this site (4921 Folsom Blvd.) must be completed prior to making a commitment of funds or choice limiting action.

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.
- Section 2. The Executive Director is authorized to amend the Housing Authority budget to allocate \$1,641,219 Capital Funds and \$860,000 in the form of a seller carryback loan for the financing of the Oak Park (4921 Folsom Boulevard) and Meadow Commons (1043 43rd Avenue) RAD Phase 1 Projects.
- Section 3. The Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by fair market value appraisals (Option Agreement) between the Housing Authority of the City of Sacramento and the Sacramento Housing Authority Repositioning Program, Inc. (SHARP) for the rehabilitation of Oak Park and Meadow Commons under the RAD Phase 1 Project, included as Exhibit A, is approved.
- Section 4. The Housing Authority Loan Commitment, included as Exhibit B, for the financing of Oak Park and Meadow Commons under the RAD Phase 1 Project in the amount of a \$860,000 seller carryback loan and a \$1,641,219 Capital Funds loan from the Housing Authority (Loan Commitment) is approved.
- Section 5. The Executive Director, or designee, is authorized to execute the Option Agreement and Loan Commitment and related documents, as approved to form by Sacramento Housing and Redevelopment Agency (Agency) counsel, and transmit to SHARP, or related entity. The Housing Authority will return to the Board for approval of loan documents.
- Section 6. The Executive Director, or designee, is authorized to enter into and execute related agreements, as approved to form by Agency counsel, and perform other actions necessary to implement the activities and fulfill the intent of the Option Agreement and Loan Commitment to ensure proper

repayment of the Housing Authority funds, as approved above or to delegate those activities to the Agency.

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Exhibit A: RAD Phase 1 Option Agreement for Oak Park and Meadow Commons

Exhibit B: RAD Phase 1 Loan Commitment for Oak Park and Meadow Commons

OPTION AGREEMENT

Ground Lease of Land and Purchase of Improvements

**Rental Assistance Demonstration (RAD) Phase 1 - CITY
(Oak Park and Meadow Commons)**

THIS OPTION AGREEMENT (“the Agreement”) is made and entered into as of _____, 2019 (the “Agreement Date”), by and between the Housing Authority of the City of Sacramento (“Owner”) and Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation (“SHARP” and “Optionee”).

1. **OPTION.** Owner hereby grants to Optionee an exclusive option (the “Option”) to ground lease the land (defined in Section 2) and to purchase the improvements for the project known as RAD Phase 1 repositioning and conversion, and rehabilitation of 10 units to Rental Assistance Demonstration Program at Oak Park located at 4921 Folsom Boulevard and 28 units at Meadow Commons located at 1043 43rd Avenue in the City of Sacramento (the “Improvements”), subject to the terms and conditions contained in this Agreement.

2. **LAND.** The “Land” is that certain real property located under the Improvements at, 4921 Folsom Boulevard and 1043 43rd Avenue, Sacramento County, California, more particularly described in Exhibit “A” attached hereto. The Land and Improvements are referred to collectively as the “Property.”

3. **TERM OF OPTION.** The Option shall commence on the Agreement Date, and shall terminate at five o’clock p.m. (5:00 p.m.) on December 31, 2020 (the “Option Term”).

4. **OPTION PAYMENT.** In consideration for the grant of the Option, SHARP each have paid to Owner the sum of One Hundred Dollars (100.00) (“the Option Payment”), which amount shall be retained by Owner and is nonrefundable to Optionee.

5. **OPERATION OF THE PROPERTY DURING THE OPTION TERM.** Owner shall continue to operate and secure the Property according to its customary property management practices and in compliance with applicable HUD regulations, California Housing Authority Law, and Admissions and Continued Occupancy Policy (“ACOP”) until the close of escrow transferring the leasehold interest in the Land through a ground lease and a fee interest in the improvements through a purchase and sale agreement.

6. Owner agrees that it will not enter into any new lease of the Property without Optionee's prior written consent, and that Owner will not materially modify the Improvements without optionee's prior written consent; in each case such consent not to be unreasonably withheld, conditioned or delayed by Optionee.

7. EXERCISE OF OPTION. The Option shall be exercised by written notice delivered to Owner on or prior to expiration of the Option Term. Optionee's failure to timely deliver such notice shall be deemed Optionee's determination not to exercise the Option. Promptly following Optionee's exercise of the Option, the parties shall enter into the Ground Lease and the Purchase Agreement (defined below).

8. GROUND LEASE AND PURCHASE AGREEMENT. During the Option Term the parties shall negotiate in good faith a ground lease of the Land (the "Ground Lease") and a purchase and sale agreement for the Improvements (the "Purchase Agreement") which will outline the specific terms for Optionee's lease of the Land and purchase of the Improvements. The Ground Lease and Purchase Agreement shall include the following terms, together with such other terms as are mutually acceptable to the parties, provided that notwithstanding these terms, all terms are subject to any applicable requirements of the U.S. Department of Housing and Urban Development ("HUD"), including any applicable HUD approval requirement; and the following terms may be modified further, supplemented or replaced by agreement of the parties:

(a) Ground Lease.

(i) The Ground Lease will have a term of at least seventy-five (75) years, subject to the Owner's right to terminate the Ground Lease and repurchase the Improvements under Subsection (d) below the form of which shall be subject to HUD's approval.

(ii) The Ground Lease shall have an annual rental payment of its appraised fair market value determined at time of the execution of the Ground Lease.

(b) Purchase Agreement. The purchase price for the Improvements shall be at their fair market value as determined by an appraisal performed within six months of closing. Current appraisal values are as follows:

Property	Land Value	Improvements Value
4921 Folsom Boulevard Sacramento, CA 95819 APN 008-0341-044-0000	\$2,380,000.00	\$0
1043 43rd Avenue Sacramento, CA 95822 APN 029-0184-001-0000, 029-0184-002-0000 and 029-0184-017-0000	\$570,000.00	\$860,000.00
Total	\$2,950,000	\$860,000.00

(i) The Purchase Agreement shall require that the Optionee rehabilitate and modernize the improvements to a standard acceptable to the Owner within a negotiated and defined period of time.

(c) Evidence of Adequate Financing. The Ground Lease and Purchase Agreement shall each include a provision for a condition precedent to Owner's conveyance upon Optionee's submission of evidence of sufficient funds to meet all rehabilitation and modernization budget requirements.

(d) Payment. The purchase price will be paid through a take-back note from Optionee payable to the Owner.

(e) Repurchase Provisions. Owner shall have the right, but not the obligation, to terminate the Ground Lease and repurchase the Improvements at any time after the end of the 55th year of the Ground Lease term in exchange for Owner's assumption or forgiveness of all debt then secured by Optionee's interest in the Land and/or the Improvements, or at such earlier time as the parties agree upon.

(f) Reversion at End of Ground Lease Term. Upon the expiration of the Ground Lease Term, title to the Improvements shall automatically revert to Owner at no cost to Owner.

(g) Use Restrictions. Concurrently with the Ground Lease and the grant deed, Use Restrictions shall be recorded against the Property to ensure affordability use by residents with income less than eighty percent (80%) of the Area Median Income, as determined by HUD. The Use Restrictions shall have the same term as the Ground Lease.

9. OPTIONEE'S ACTIVITIES DURING THE OPTION TERM. From and after the Agreement Date, Owner shall provide Optionee, its agents and representatives access to the Property, and Optionee, its

agents and representatives shall be entitled to enter onto the Property to perform surveys, inspections, appraisals and tests of the Property (including invasive testing) and make any other investigations necessary to determine if the Property is suitable, in Optionee's sole discretion, for Optionee's intended use. After making such tests and inspections, Optionee agrees to promptly restore the Property to its condition prior to such tests and inspections. Optionee agrees to indemnify and hold harmless Owner from all loss, cost and expense (including reasonable attorneys' fees) incurred, suffered by, or claimed against the Owner by reason of any actual damage to the Property or injury to persons caused by Optionee and/or its agents, employees or contractors in exercising said inspection rights.

10. ASSIGNMENT. Optionee may assign its rights and/or obligations under this Agreement to an affiliated nonprofit public benefit corporation or to a limited partnership or limited liability company of which Optionee or an affiliated entity is the general partner or manager with the prior written consent of Owner. It is contemplated that Optionee will assign its rights and obligations under this Agreement to a limited partnership or limited liability in connection with tax credit syndication of the Property.

11. ENTIRE AGREEMENT. This Agreement and the attached exhibits constitute the entire Agreement between the Parties with respect to the lease of the Land (apart from the current lease) and the purchase and sale of the Improvements, and no other warranties, agreements or representations have been made or shall be binding upon either party unless expressly set forth therein.

12. NOTICES. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or electronic mail, shall be deemed received upon the earlier of (a) if personally delivered, the date of delivery to the address of the person to receive such notice, (b) if mailed, three (3) business days after the date of posting by the United States post office, (c) if given by electronic mail, when sent if before 5:00 p.m., otherwise on the next business day, or (d) if delivered by overnight delivery, one (1) business day after mailing. Any notice, request, demand, direction or other communication sent by electronic mail must be confirmed within by letter mailed or delivered within two business days in accordance with the foregoing.

Optionee: Sacramento Housing Authority Repositioning, Inc.
c/o 801 12th Street
Sacramento, CA 95814
Attn: President

To Owner:

Housing Authority of the City of Sacramento
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

13. MODIFICATION. No modification, variation or amendment of this Agreement shall be effective unless it is in writing and is signed by both parties to this Agreement.

14. CONSTRUCTION. This Agreement shall be construed according to the laws of the State of California.

15. ATTORNEY FEES. In the event that suit is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees. Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees.

16. AUTHORITY. Except as otherwise provided herein, each party has full power and authority to execute this Agreement and perform its respective obligations hereunder. On November 30, 2018, HUD approved the Rental Assistance Demonstration for the conversion of assistance of the Property to Project Based Vouchers (the "Award Letter"). Notwithstanding any other provision of this Agreement, the parties' actions under this Agreement are subject to compliance with the terms and conditions of the Award Letter and any other applicable HUD requirements, including HUD approval requirements. The exercise of this option is subject to HUD approval. Owner shall have no liability under this Agreement in connection with efforts to comply with HUD requirements, obtain HUD approvals or any action or inaction associated with HUD requirements or the HUD approval process.

17. COUNTERPARTS. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, Optionee and Owner have executed this Agreement as of the day and year first above written.

OPTIONEE:
Sacramento Housing Authority Relocation Program, Inc.
A California nonprofit public benefit corporation

By: _____
James Shields, President

OWNER:
Housing Authority of the City of Sacramento,
A public body, corporate and politic

Approved as to form:

By: _____
La Shelle Dozier, Executive Director

By: _____
General Counsel

Exhibit A

Legal Description of Oak Park - 4921 Folsom Boulevard, Sacramento, CA 95819

The land described herein is situated in the State of California, County of Sacramento, City of Sacramento, described as follows:

All that real property situate in the City of Sacramento, County of Sacramento, State of California, and being a portion of lot 5, as said lot is shown and so designated on that certain Map entitled "Portion of Tullar Homestead Tract Owned by Philip Wolf, Jr., Sacramento California", filed in the office of the recorder of Sacramento County on June 7, 1898, in Book "A" of Surveys, Map No. 57, and a portion of the land Southerly of and adjacent to the South line of said lot 5, more particularly described as follows:

Beginning at an iron pipe marking the Northwest corner of said lot 5, and the Southwest corner of lot 7, as said lot is shown and so designated on that certain Map entitled "Love Tract", filed in the office of the recorder of Sacramento County on June 24, 1947, in Book 26 of Maps, Map No. 22; thence from said point of beginning, Easterly along the North line of lot 5, South 70° 35' 00" East 119.33 feet to the West line of that certain parcel of land described in the Deed from Chester A. Moore, et ux, to Martine P. Cupich, et ux, filed in the office of the recorder of Sacramento County in Book 713 of Deeds, Page 522; thence, Southerly along said West line South 19° 53' 00" West 273.44 feet, more or less, to the South line of said lot 5 and the Northeasterly line of Folsom Boulevard, a public road; thence, Northwesterly along the Northeasterly line of Folsom Boulevard North 63° 00' 00" West 39.28 feet to a point on the East line of that certain parcel of land described in the Deed from Chester A. Moore, et ux, to W.L. Young, et ux, filed in the office of the recorder of Sacramento County in Book 56 of Official Records, Page 19, said point located South 63° 00' 00" East, along the Northeasterly line of Folsom Boulevard, 80.6 feet from the projected West line of lot 5; thence continuing along the Northeasterly line of Folsom Boulevard, North 63° 00' 00" West 80.60 feet to a point on the Southerly projection of said lot 5, located South 19° 35' 00" West 1.30 feet from the original Southwest corner of lot 5; thence, North 19° 35' 00" East 1.30 feet to the Southwest corner of said lot 5; thence, Northerly along the West line of lot 5 North 19° 45' 10" East 256.31 feet to the point of beginning and described on that certain Certificate of Compliance for Lot Merger executed by the Department of Public Works and recorded January 25, 1995 as Book 950125, Page 1097, Official Records.

APN: 008-0341-044-0000

Legal Description of Meadow Commons - 1043 43rd Avenue, Sacramento, CA 95819

Parcel No. 1:

All that portion of Lot B of South Land Park Hills Unit No. 31; according to the official plat thereof, filed in the office of the Recorder of Sacramento County, California, on July 12, 1961, in Book 66 of Maps, Map No. 5, described as follows:

BEGINNING at the Southwest corner of said Lot B, thence from said point of beginning along the Westerly boundary of said Lot B the following three (3) courses and distances: (1) North 36° 16' 50" East 118.48 feet, (2) North 44° 12' 10" West 115.09 feet and (3) North 51° 44' 50" East 165.17 feet; thence South 64° 06' 12" East 114.27 feet; thence South 13° 31' 16" West 305.00 feet to a point located on the Southerly boundary of said Lot B; thence along said Southerly boundary, Westerly, curving to the right on an arc of 390.19 feet radius, said arc being subtended by a chord bearing North 66° 20' 32" West 164.92 feet to the point of beginning.

Parcel No. 2:

All that portion of 43rd Avenue and Lot C, of South Land Park Hills Unit No. 31; according to the official plat thereof; filed in the office of the Recorder of Sacramento County, California, on July 12, 1961, in Book 66 of Maps, Map No. 5, described as follows:

BEGINNING at the most Southerly corner of Lot 16 as said Lot is shown on the official plat of said South Land Park Hills Unit No. 31; thence from said point of beginning along the Southerly boundary of Lot B as said Lot is shown and so designated on the official plat of said South Land Park Hills Unit No. 31, Southerly, curving to the left on an arc of 390.19 feet radius, said arc being subtended by a chord bearing South 66° 20' 32" East 164.92 feet; thence South 13° 31' 16" West 73.56 feet; thence Westerly, curving to the right on an arc of 900.00 feet radius, said arc being subtended by a chord bearing South 79° 10' 15" West 51.82 feet; thence curving to the right on an arc of 20.00 feet radius, said arc being subtended by a chord bearing 51° 51' 17" West 29.41 feet; thence curving to the left on an arc of 200.00 feet radius, said arc being subtended by a cord bearing 25° 17' 43" West 141.81 feet; thence North 36° 16' 50" East 1.30 feet to the point of beginning.

APN: 029-0184-017

Parcel No. 3:

Lots 16 and 17, as shown on the official plat of South Land Park Hills Unit No. 31, according to the official plat thereof, filed in the office of the Recorder of Sacramento County, California, on July 12, 1961, in Book 66 of Maps, Map No. 5.

APN: 029-0184-001 and 002



July 23, 2019

James Shields, President
Sacramento Housing Authority Repositioning Program, Inc., (SHARP)
801 12th Street
Sacramento, CA 95814

Re: Conditional Funding Commitment - Seller Carryback and Capital Funds Loans
Oak Park, 4921 Folsom Blvd, Sacramento, Ca 95819
Meadow Commons, 1043 43rd Avenue, Sacramento, Ca 95822

Dear Mr. Shields:

On behalf of the Housing Authority of the City of Sacramento ("Agency"), we are pleased to advise you of its commitment in the amount of \$860,000 in the form of a seller carry-back loan for the purpose of financing the acquisition of the improvements located at 4921 Folsom Boulevard and 1043 43rd Avenue in the City of Sacramento, California ("Improvements ") commonly known as Oak Park and Meadow Commons, representing two of the six sites in the proposed Rental Assistance Demonstration (RAD) Phase 1 Project. The commitment of the funding level is based upon the current appraisal of the fair market value of the Improvements. This amount may change based on the update of that appraisal which is to occur no later than August 15, 2019.

The Agency is also committing to fund \$1,641,219 in the form of a Capital Funds loan for the purpose of the rehabilitation and development of Oak Park and Meadow Commons (collectively, "Loan").

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 Improvements.

This commitment will expire **July 23, 2020** or extended upon mutual written agreement.

1. PROJECT DESCRIPTION:

Oak Park

The Oak Park site is located in the City of Sacramento at 4921 Folsom Boulevard. There are three buildings on approximately 0.73 acres that provide 10 three-bedroom units and 12 on-site parking spaces. The scope of development is included in Exhibit A.

Meadow Commons

The Meadow Commons site is located in the City of Sacramento at 1043 43rd Avenue. There are eight buildings on approximately 1.54 acres that provide 28 one-bedroom units, community room, barbecue area and 13 on-site parking spaces. The scope of development is included in Exhibit B.

2. BORROWER: The name of the Borrower for the Loan is Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity.
3. PURPOSE OF LOAN: The \$860,000 in the form of a seller carry-back loan is to be used by Borrower for financing the acquisition of the Improvements located underneath the improvements at 4921 Folsom Boulevard and 1043 43rd Avenue in Sacramento, California.

The \$1,641,219 in Capital Funds loan is to be used by Borrower solely to pay the costs of acquisition, construction, 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 total principal amount of the seller carry-back will be \$860,000, the appraised fair market value of the Improvements. The total principal amount of the Capital Funds loan will be the lesser of (a) \$1,641,219 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 32 years or 384 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 three percent (3%) 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 24 months. Beginning in month 25, installments for the loan are calculated to achieve an annual 1.2 debt coverage ratio. Annual payments will be made on a Residual Receipts, as defined below, basis until the maturity date. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.

"Residual Receipts" is defined as follows: After Month 24, annual installments (as described in Section [f] of this paragraph) are to begin on the first day of the first month (month 25) of the loan. Based on the annual audited financial statement from the preceding year, payments will be made upon a "Residual Cash Flow" basis meaning Net Operating Income (NOI) less: (a) debt service on the senior loan and monitoring fees of the County of Sacramento Housing Authority mortgage revenue bond issuance; (b) asset management fees up to \$8,000 annually as of the Loan's Effective Date escalating at 3% annually; (c) partnership management fee up to \$8,000 annually as of the Loan's Effective Date escalating at 3% annually; (d) deferred developer fee; (e) fifty percent (50%) of the available cash flow from NOI to the Housing Authority of the City of Sacramento Capital Funds Loan; (f) fifty percent (50%) of the available cash flow from NOI to the Housing Authority of the County of Sacramento Capital Funds Loan after Sections (a) through (e) of this paragraph are paid; and (g) the remaining to the Housing Authority of the County of Sacramento Seller Carryback Loan, followed by the Housing Authority of the City of Sacramento Seller Carryback Loan.

The Net Operating Income is defined as periodic "Revenue" less "Operating Expenses." "Revenue" means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

"Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes of for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses



associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.

8. SOURCE OF LOAN FUNDS: The Acquisition Loan will be financed with \$860,000 seller carryback financing and a \$1,641,219 Capital Funds loan for. The Loan is subject to all requirements related to the use of such funds, whether Agency requirements or otherwise. 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 Improvements and the Land; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Improvements 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 Initials)

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 Improvements except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by a promissory note secured by a deed of trust with assignment of rents against the fee interest in the Improvements, which shall be a subordinate lien upon the Improvements subject only to other items as the Agency may approve in writing. The Agency will subordinate said deeds of trust in order to accommodate completion of construction of the Improvements.
11. LEASE AND RENTAL SCHEDULE: All leases of the 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, as nonprofit general partner Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity, shall provide proof of equity for the Improvements in the amount of no less than \$5,243,000 in Low Income Housing Tax Credit Equity and no less than \$518,977 in deferred developer fee. If LIHTC equity decreases below \$5,243,000, 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 Improvements 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 Improvements 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 E-1527-13) 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 Land or Improvements or that any hazardous materials on the Land or in the Improvements 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 SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement) for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), 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. 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 Project to assure that the work was done before making a disbursement.



21. COST SAVINGS: At permanent loan conversion, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender. The 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 Lender, 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 Borrower shall seek Lender approval for Project-related use(s) of said aggregate savings. The Lender shall respond within 15 days to such request for approval. Upon receipt of such consent, the Borrower shall complete the Project-related use(s) in a 90 day period, with option to extend upon mutual agreement.
22. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
23. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
24. 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.
25. 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).
26. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with "Sacramento Housing and Redevelopment Agency and its constituent entities" 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.

27. 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 ALTA endorsement no. 101.1 and CLTA endorsement nos. 100, 116, and 102.5/102.7 and 124 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 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.
28. 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.
29. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Land and Improvements, as Agency may request.
30. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Land or Improvements by a third party which agreement is subject to Agency Approval.
31. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.



32. 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 Housing Authority staff will provide resident services. The preliminary resident services plan indicates staff will identify the needs of residents and offer services based on their need. For example, residents transitioning to work will be offered the Family Self-Sufficiency Program. Those who do not have high school diplomas, health or financial literacy needs will be offered the Service Coordination Program. The elderly and disabled residents will receive services from the Housing Authority's Life Steps Partners. The Housing Authority plans to expand the Jobs Plus Program by partnering with the Section 3 Program to develop training and job opportunities for the residents.
33. 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.
34. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings and no less than 50% of the residential units must be smoke free. All of the floors must be smoke free. Additionally, all indoor common areas must be smoke free.
35. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
36. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
37. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
38. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.



Sincerely,
Housing Authority of the City of Sacramento

La Shelle Dozier
Executive Director

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

Dated: July 23, 2019

BORROWER:

Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity

By: _____
James Shields, President

The Exhibits listed below are incorporated in this Loan Commitment by this reference for the financing of the Rental Assistance Demonstration (RAD) Phase 1 Project:

Exhibit A – Scope of Development - Oak Park - 4921 Folsom Boulevard

Exhibit B – Scope of Development - Meadow Commons - 1043 43rd Avenue



Loan Commitment - Exhibit A
Scope of Development: Meadow Commons, 1043 43rd Avenue, Sacramento (28 units)

Item	Description
1	Repair/replace exterior siding as needed
2	New hardware at all entry doors
3	Replace screen doors
4	Replace interior doors (wood hollow core)
5	Replace interior doors (sliding closet)
6	Replace windows (sliding glass prev. repl)
7	New interior and exterior paint
8	Install new vinyl plank flooring
9	Replace water heaters
10	Replace HVAC (packaged unit RTU, up to 2 ton)
11	Replace interior and exterior light fixtures
12	Replace kitchen ranges and hoods
13	Replace kitchen sinks (stainless steel)
14	Replace refrigerators (14-18 CF)
15	Replace plumbing fixtures
16	Replace shower surrounds
17	Toilet tank replacement
18	Sink replacement (vitreous china) bathroom
19	Reface all cabinets and replace countertops
20	Replace bathroom exhaust fans
21	Install new smoke/CO detectors (Battery operated)
22	GFCI replacement (56)
23	Remove nurse call pull cords and patch holes
24	ADA Visual Bell and Strobe
25	ADA Kitchen, Sink and Counter Full Reconfig/Renovate
26	Upgrade community room - ADA Kitchen/Bath
27	Community room flooring - LVP
28	Community room cabinet replacement
29	Community room exterior paint
30	Community Room - Exterior wall shingle replacement
31	Community Room - Double glazed aluminum windows (10)
32	Community Room - Store front window replacement (2) W/O DOOR
33	Community Room - exterior door w/swinging motor
34	Community Room - roof replacement (asphalt shingle)
35	Community Room - interior door replacement
36	Community Room - interior ceiling paint and prep
37	Community Room - toilet replacement
38	Community Room - sink replacement (vitreous china)
39	Community Room - service sink (porcelain enamel/cast iron)
40	Community Room - Drinking Fountain replacement
41	Community Room - water heater replacement (50 gal electric)
42	Community Room - Condensing unit/Heat Pump split unit 4 ton
43	Community Room - ceiling exhaust fan replacement 70-110 CFM
44	Community Room - Fan Coil Unit 3.5-5 ton
45	Community Room - Fire extinguisher replacement
46	Community Room - Lighting system upgrade (interior)
47	Community Room - Replace Range (Electric)
48	Community Room - Replace Range Hood
49	Community Room - Replace Refrigerator (14-18 cf)
50	Community Room - Replace countertop (plastic laminate)
51	Replace fencing as required
52	Repair concrete patios
53	Provide concrete path to extinguishers
54	Roof replacement
55	Pedestrian Gate - Wrought Iron replacement
56	Pipe and Fittings, Cast Iron 4", replacement
57	Metal Halide or LED Pole and Light Fixture 250 W (10)
58	Vehicle Control Gate w/Controller
59	Landscape - re-establish ground cover
60	Parking lot - pressure wash and restripe
61	Pedestrian pavement, sidewalk - concrete replacement (1000 SF)
62	Irrigation Valve Replacement
63	Exterior Pole Light Replacement 135-1000 W HID replace
64	Site drainage will be addressed as needed
65	Kitchen Cabinets will be replaced as needed
66	Window Coverings

Loan Commitment - Exhibit B**Scope of Development: Oak Park, 4921 Folsom Blvd, Sacramento (10 units)**

Item	Description
1	Seal and Stripe Parking Lots
2	Pedestrian pavement, sidewalk, concrete large 1,000 SF
3	Fence and gate refinish (wood) 500 SF
4	Property signage (monument/pylon)
5	Replace interior and exterior light fixtures
6	Replace water heaters
7	Replace HVAC systems
8	Replace furnace (26 to 40 MBH gas)
9	New Hardware at all entry doors
10	Replace plumbing fixtures
11	Replace countertops at kitchen and baths
12	Replace shower/tub enclosure
13	Replace bath vanity cabinet, wood/cult marble
14	Kitchen cabinet refacing
15	Replace sink (stainless steel)
16	New garbage disposal and dishwashers
17	Replace gas range
18	Replace range hood
19	Replace refrigerator 14-18 cf
20	Install new smoke detectors and CO (battery operated)
21	Load center 120/240 V 125 AMP single phase
22	New Interior and Exterior Paint
23	Replace windows (aluminum, dbl glazed)
24	Repoint Exterior Brick/Brick Veneer
25	Replace interior doors (hollow core)
26	Replace closet doors
27	Replace exterior door (steel)
28	Upgrade/beautify trash enclosure
29	New flooring to replace existing
30	New fire extinguishers
31	Correct ponding issues (allowance)
32	Convert large concrete pad to garden/bbq
33	Final clean
34	Demolition
35	Landscape: Convert concrete pad to gardening and barbecue area
36	Site drainage will be addressed as needed
37	Kitchen Cabinets will be replaced as needed
38	Window Coverings



July 12, 2019

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Rental Assistance Demonstration Project Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Approval of Loan Commitment

SUMMARY

The attached report is presented for your review prior to review by the County of Sacramento.

RECOMMENDATION

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

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
July 23, 2019
2:00 pm

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

Through: Navdeep S. Gill, County Executive

From: La Shelle Dozier, Executive Director, Sacramento Housing and Redevelopment Agency

Subject: Rental Assistance Demonstration Project Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Approval of Loan Commitment

District(s): Frost, Kennedy, Nottoli and Serna

RECOMMENDED ACTION

Adopt a Board of Supervisors Resolution which indicates that the required Tax Equity and Fiscal Responsibility Act (TEFRA) hearing has been conducted related to the proposed acquisition, construction and permanent financing of the Rental Assistance Demonstration (RAD) Phase 1 Project (Project). Adopt a Housing Authority Resolution authorizing the issuance of up to \$25,000,000 in tax-exempt mortgage revenue bonds for the Project, and authorizing submittal of an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds. Adopt a Housing Authority Resolution for RAD Phase 1 approving a budget amendment, Option Agreement for the Ground Lease and the Purchase and Sale of Improvements (Option Agreement), Loan Commitment of a seller carryback loan and Capital Funds loan for the acquisition and rehabilitation at Pointe Lagoon and Rio Garden under the RAD Phase 1 Project, authorization for the Executive Director to execute the Option Agreement, Loan Commitment and related documents.

The Clerk is requested to provide six certified copies of each resolution to the Sacramento Housing and Redevelopment Agency.

BACKGROUND

On October 30, 2018, the Board of the Housing Authority of the County of Sacramento (Board) adopted Resolution No. HA-2423 which approved updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition (Section 18) Programs. Additionally, the Board authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition Programs.

On November 30, 2018, HUD approved the Housing Authority's application to convert 124 public housing development units to RAD and also approved 124 RAD Program specific Project Based Vouchers. These vouchers are new to Sacramento and will increase the total number of vouchers administered by the Housing Authority. Included in the 124 RAD Program PBV allocation are 62 assisted units at Pointe Lagoon, 24 assisted units at Rio Garden all of which are in County of Sacramento, and 38 assisted at Oak Park and Meadow Commons which are in the City of Sacramento.

There will be a Use Agreement at the Project from HUD and a 99 year ground lease that has affordability requirements on the land beyond the 55 year tax credit affordability term. Given the Housing Authority maintains its ground lease and ownership interest in the land, affordability restrictions never go away. The RAD Program specific Project Based Vouchers have an initial term of 20 years that automatically renews. Subject to appropriations and compliance with the voucher program, the RAD vouchers will also remain at the Project as long as the Housing Authority has an ownership interest in the property. RAD conversion will not change the income targeting of the units.

As part of the initial Asset Repositioning Plan, Guiding Principles were adopted as the policy direction for each reposition activity. The general parameters of those principles were to prevent loss of units for extremely low income households, facilitate a decreased reliance on federal funds, incorporate smart growth principles into development opportunities, reinvest sale proceeds into Housing Authority replacement units, foster partnerships with entities to position development efforts for success, and to pursue actions that would generate fees and other revenue for the Housing Authority. Conversion to RAD is a critical component of the Asset Repositioning Plan as RAD allows public housing agencies (PHAs) to convert public housing units to long-term, Project-Based Voucher rental assistance

Rental Assistance Demonstration Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Loan Commitment
Page 3

developments. Converting the properties under RAD facilitates access to private debt and equity to address immediate and long-term capital needs.

The Housing Authority desires to partner with the Sacramento Housing Authority Repositioning Program, Inc., (SHARP) to implement the RAD Phase 1 Project for sites in both the City and County of Sacramento.

Staff is requesting approval to enter into an Option Agreement with SHARP for a Ground Lease and the Purchase and Sale of Improvements (Option Agreement) in an amount to be justified by a fair market value appraisal. A report is being submitted to the City Housing Authority requesting approval to partner with SHARP on the 38 City Public Housing Properties included in RAD Phase 1.

Staff is also recommending approval to allocate funds for the acquisition, rehabilitation and permanent financing of the County sites at Pointe Lagoon and Rio Garden in the form of a \$4,900,000 seller carryback loan, or an amount justified by an updated fair market value appraisal, and a \$1,104,146 Capital Fund loan. SHARP is requesting similar funding from the City Housing Authority for the sites located in the City of Sacramento.

Finally staff is also recommending approval for Mortgage Revenue Tax Exempt Bond financing for the RAD Phase 1 which includes six sites: Pointe Lagoon which has three scattered sites, two are located in the unincorporated County of Sacramento (County) and one site is located in the City of Elk Grove; Rio Garden which is located in the unincorporated County; and Oak Park and Meadow Commons which are located in the City of Sacramento.

Vicinity maps are included as Attachments 1 through 7, and pictures are included as Attachment 8.

Pointe Lagoon (Unincorporated County of Sacramento and the City of Elk Grove)

Pointe Lagoon is comprised of three scattered sites with a total of 62 units.

The first site proposed for RAD conversion is located in the unincorporated County of Sacramento at 4500 Perry Avenue. There are five buildings on approximately 0.54 acres that provide ten three-bedroom units, a laundry facility and 17 on-site parking spaces. The scope of development is included in Attachment 14.

The second site is located in the unincorporated County of Sacramento at 4930 El Paraiso Avenue. There are ten buildings on approximately 2.61 acres

that provide 36 one-bedroom units, a community room, laundry facility and 56 on-site parking spaces. The scope of development is included in Attachment 15.

The third site is located in the City of Elk Grove at 9205 Elk Grove Boulevard. There are six buildings on approximately 0.85 acres that provide 16 two-bedroom units and a laundry facility and 24 on-site parking spaces. The scope of development is included in Attachment 16.

Rio Garden (Unincorporated County of Sacramento)

The Rio Garden site is located in the unincorporated County of Sacramento at 8223 Walerga Road. There are four buildings on approximately 1.89 acres that provide 24 three-bedroom units, community room, laundry facility and 50 on-site parking spaces. The scope of development is included in Attachment 17.

Oak Park (City of Sacramento)

The Oak Park site is located at 4921 Folsom Boulevard. There are three buildings on approximately 0.73 acres that provide 10 three-bedroom units and 12 on-site parking spaces. The scope of development is included in Attachment 18.

Meadow Commons (City of Sacramento)

The Meadow Commons site is located at 1043 43rd Avenue. There are eight buildings on approximately 1.54 acres that provide 28 one-bedroom units, community room, barbecue area and 13 on-site parking spaces. The scope of development is included in Attachment 19.

Developer: The Sacramento Housing Authority Repositioning Program, Inc., (SHARP) is a nonprofit public benefit corporation created by the Housing Authority in 2009, to implement the Housing Authority's Asset Repositioning Strategy. Activities undertaken by SHARP include acquiring, developing, financing, rehabilitating, owning and operating affordable housing, to enable aging Housing Authority assets to maintain and preserve their affordable units. SHARP partnered with BRIDGE Housing developers to rehabilitate a total of three Housing Authority properties, including Sutterview, Washington Plaza and Sierra Vista Apartments. SHARP also partnered with the John Stewart Company to rehabilitate Shasta Hotel.

Property Management: Housing Authority staff currently manage the Sutterview, Washington Plaza and Sierra Vista Apartments, along with over 3,000 other housing units throughout the City and County of Sacramento which currently includes the RAD Phase 1 properties. It is proposed that

Rental Assistance Demonstration Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Loan Commitment
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Housing Authority staff will continue to manage the units after conversion to RAD.

Resident Services: Housing Authority staff will provide resident services. The preliminary resident services plan indicates that staff will first identify the needs of residents and then will offer services based on their input. Examples of services offered include the Family-Self Sufficiency Program for residents transitioning to work and the Service Coordination Program for those who do not have a high school diploma, or who have health or financial literacy needs. Elderly and disabled residents will receive services from Life Skills Training and Educational Programs (LifeSTEPS). In addition, the Housing Authority plans to expand the Jobs Plus Program by partnering with the Section 3 Program to develop training and job opportunities for residents.

Security Plan: The security plan includes installation of upgraded exterior lighting.

Project Financing: The proposed financing of RAD Phase 1 includes four percent Low Income Housing Tax Credit (LIHTC), tax exempt bonds, a conventional loan, a Housing Authority seller carryback loan and Capitol Funds loan, a deferred developer fee and RAD Program specific Project Based Vouchers (PBV).

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 of Area Median Income (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 Project Summary and Proforma are included as Attachments 15 and 16. A schedule of maximum income and rents are included as Attachment 17.

The anticipated funding sources and their affordability requirements are summarized in the table below for the development:

RAD Phase 1

Unit Type	Units	% of Units	Affordability Restriction (55 years)
LIHTC, Tax-exempt Bonds, Housing Authority Funds and RAD Program PBV	25	20%	Very Low Income 50% of Area Median Income (AMI)
LIHTC, Tax-exempt Bonds, Housing Authority Funds and RAD Program PBV	99	80%	Low Income 60% of AMI
Total	124	100%	

COMMISSION ACTION

At its meeting of July 17, 2019, it is anticipated that the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Housing Authority Board in the event this does not occur.

POLICY CONSIDERATIONS

The recommended actions are consistent with the United States Department of Housing and Urban Development (HUD) to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration (RAD) Program and the Housing Authority Asset Repositioning Plan. In addition, the Project is generally consistent with the approved Agency’s Multifamily Lending and Mortgage Revenue Bond Policies (Policies).

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions of the Project will be specified in the bond regulatory agreement between the Developer and the Housing Authority for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The disposition and rehabilitation of the above properties under the RAD program have been found to be Categorically Exempt under CEQA pursuant to CEQA Guidelines Section 15301, “Existing Facilities.”

National Environmental Policy Act (NEPA): The disposition and rehabilitation of the above properties, with the exception of the 4921 Folsom Blvd Site, under the RAD program have been found to be Categorically Excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12). The 4921 Folsom Blvd site will require additional environmental assessment and NEPA review which must be completed prior to making a commitment of funds or choice limiting action.

M/WBE/SECTION 3 CONSIDERATIONS

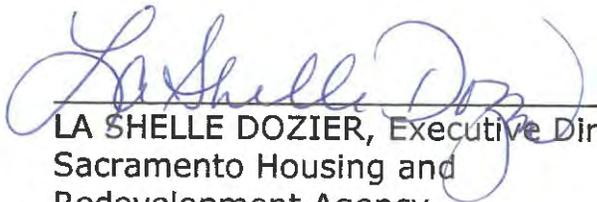
Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable.

FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the Project's owner, who will bear all costs associated with the issuance of the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond amount (approximately \$50,000), 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 (approximately \$30,000) for monitoring of the regulatory restrictions and administration of the bonds. The law firm Orrick, Herrington and Sutcliffe, LLP, is acting as bond counsel for the Housing Authority. The County Housing Authority \$4,900,000 seller carryback loan and \$1,104,146 Capital Funds loan will each have an interest rate of three percent and a term of 32 years after closing escrow.

Respectfully Submitted,

APPROVED
NAVDEEP S. GILL,
County Executive


LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
ROBERT B. LEONARD
Deputy County Executive

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Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option
Agreement And Loan Commitment
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Attachments:

- ATT 01 – Vicinity Map of Pointe Lagoon (4500 Perry Avenue)
- ATT 02 – Vicinity Map of Pointe Lagoon (4930 El Paraiso Avenue)
- ATT 03 – Vicinity Map of Pointe Lagoon (9205 Elk Grove Blvd)
- ATT 04 – Vicinity Map of Rio Garden (8223 Walerga Road)
- ATT 05 – Vicinity Map of Oak Park (4921 Folsom Boulevard)
- ATT 06 – Vicinity Map of Meadow Commons (1043 43rd Avenue)
- ATT 07 – Vicinity Map of RAD Phase 1 (all six sites)
- ATT 08 – Pictures of RAD Phase 1
- ATT 09 – Project Summary
- ATT 10 – Cash Flow Proforma
- ATT 11 – Maximum Income and Rent Limits
- ATT 12 – Option Agreement for the Ground Lease and the Purchase and Sale
of Improvements for Pointe Lagoon and Rio Garden
- ATT 13 – Loan Commitment for Pointe Lagoon and Rio Garden
- ATT 14 – Loan Commitment Exhibit A-Scope of Development of Pointe
Lagoon (4500 Perry Avenue)
- ATT 15 – Loan Commitment Exhibit B-Scope of Development Pointe Lagoon
(4930 El Paraiso Avenue)
- ATT 16 – Loan Commitment Exhibit C-Scope of Development Pointe Lagoon
(9205 Elk Grove Boulevard)
- ATT 17 – Loan Commitment Exhibit D-Scope of Development Rio Garden
(8223 Walerga Road)
- ATT 18 – Loan Commitment Exhibit E-Scope of Development Oak Park
(4921 Folsom Boulevard)
- ATT 19 – Loan Commitment Exhibit F-Scope of Development Meadow
Commons (1043 43rd Avenue)
- RES – Board of Supervisors Resolution-TEFRA
- RES – Housing Authority Resolution-Bond Inducement Authorization
- RES – Housing Authority Resolution-Option Agreement and Loan
Commitment



Rental Assistance Demonstration (RAD) Phase 1 (Pointe Lagoon - 4500 Perry Avenue)



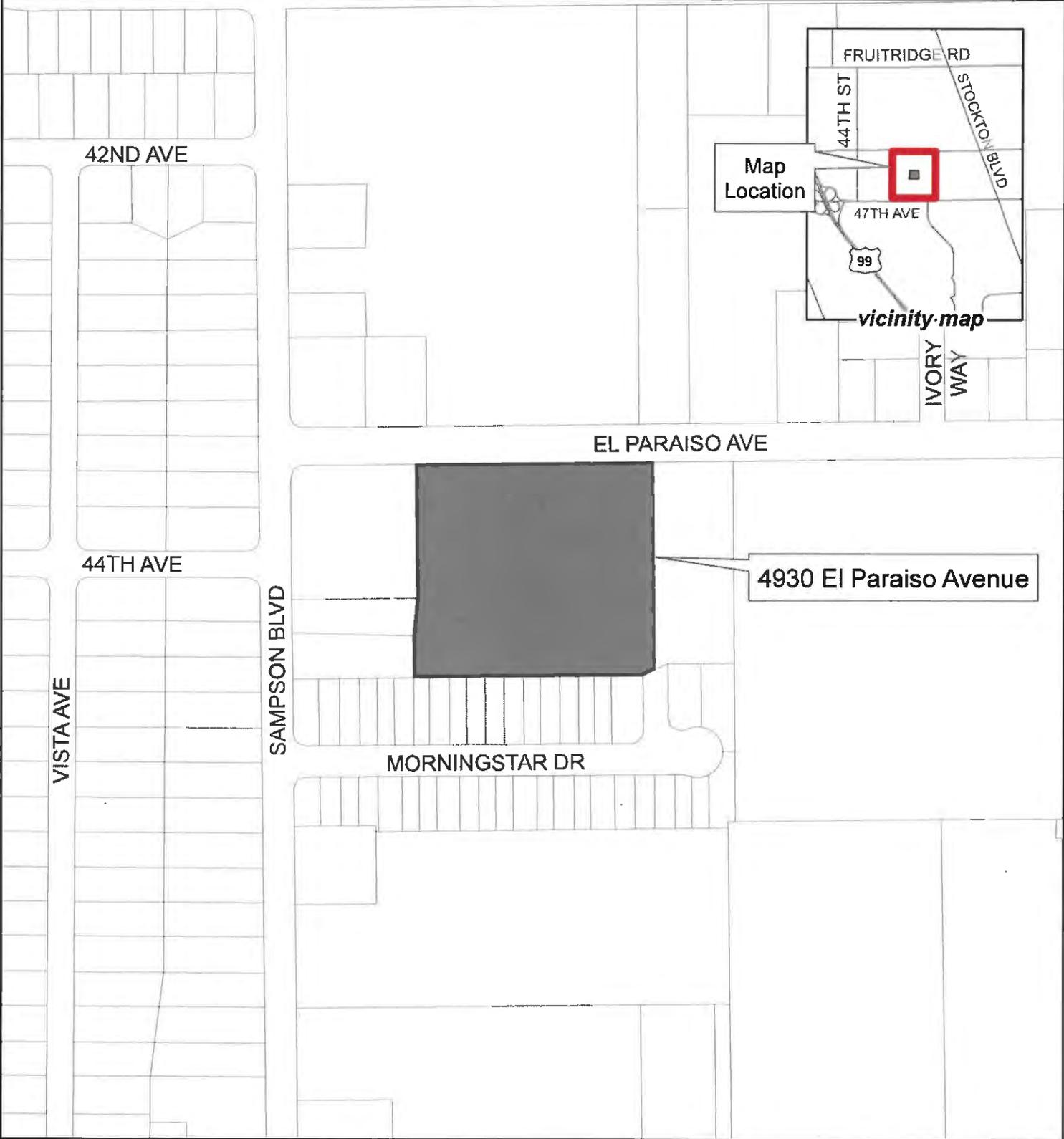
4500 Perry Avenue



SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (Pointe Lagoon - 4930 El Paraiso Avenue)



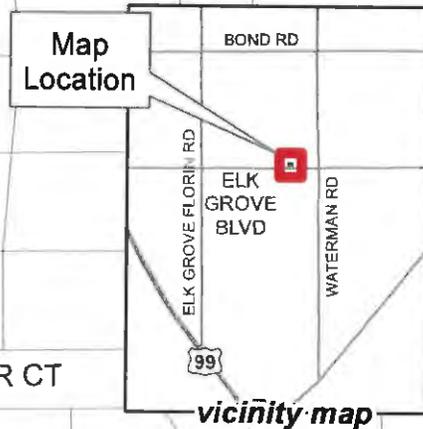
 4930 El Paraiso Avenue



SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (Pointe Lagoon - 9205 Elk Grove Boulevard)



9205 Elk Grove Boulevard

0

Feet
150

300



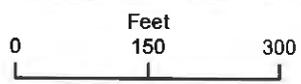
SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (Rio Garden - 8223 Walerga Road)



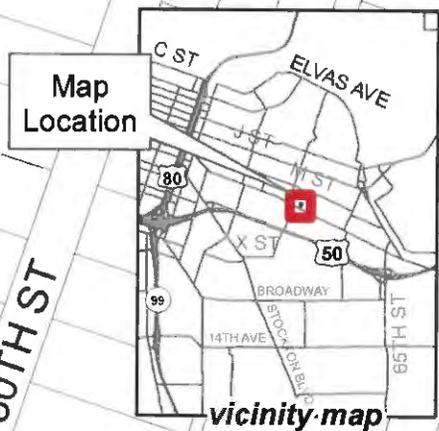
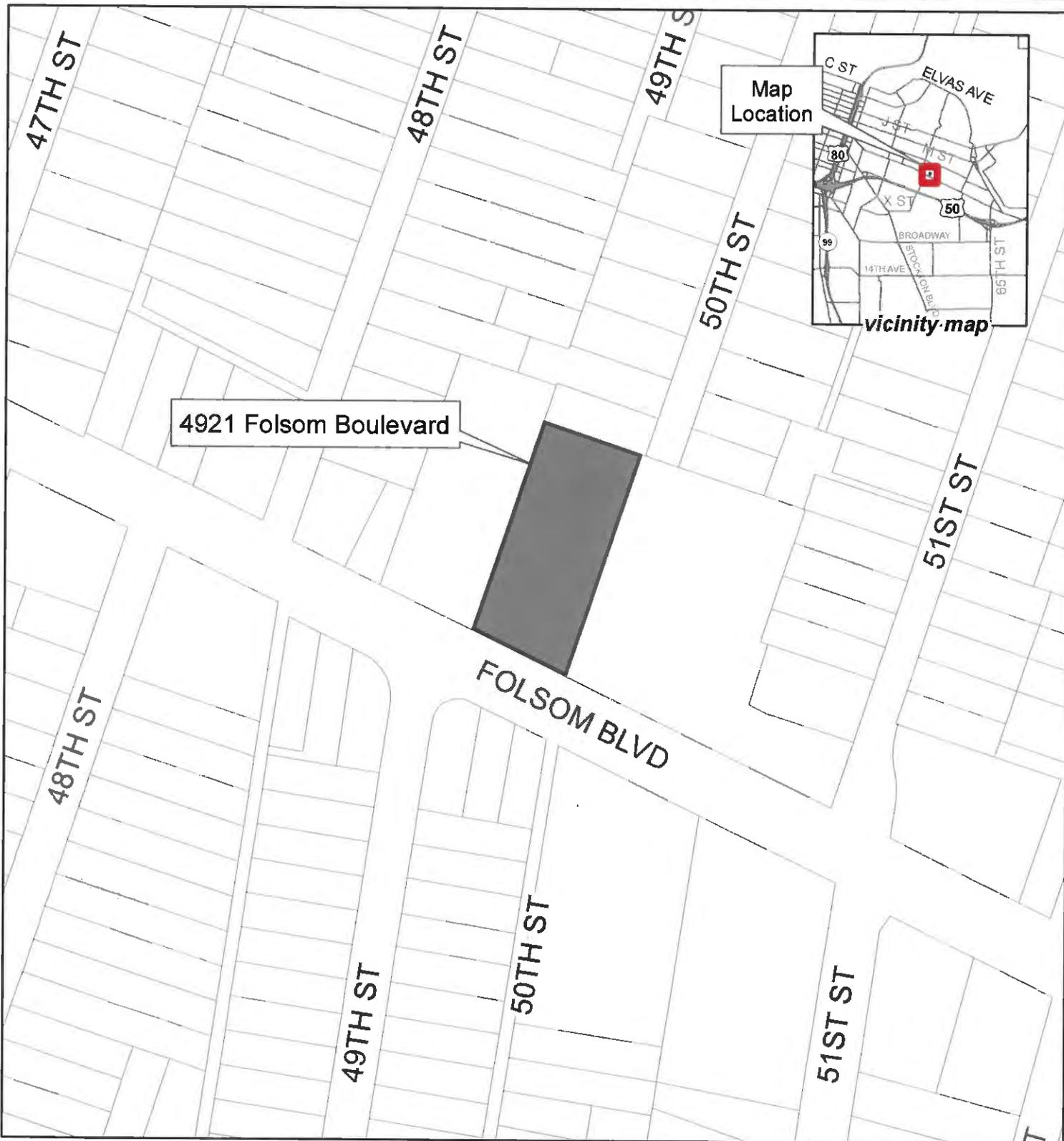
8223 Walerga Road



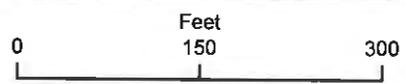
SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (Oak Park - 4921 Folsom Boulevard)



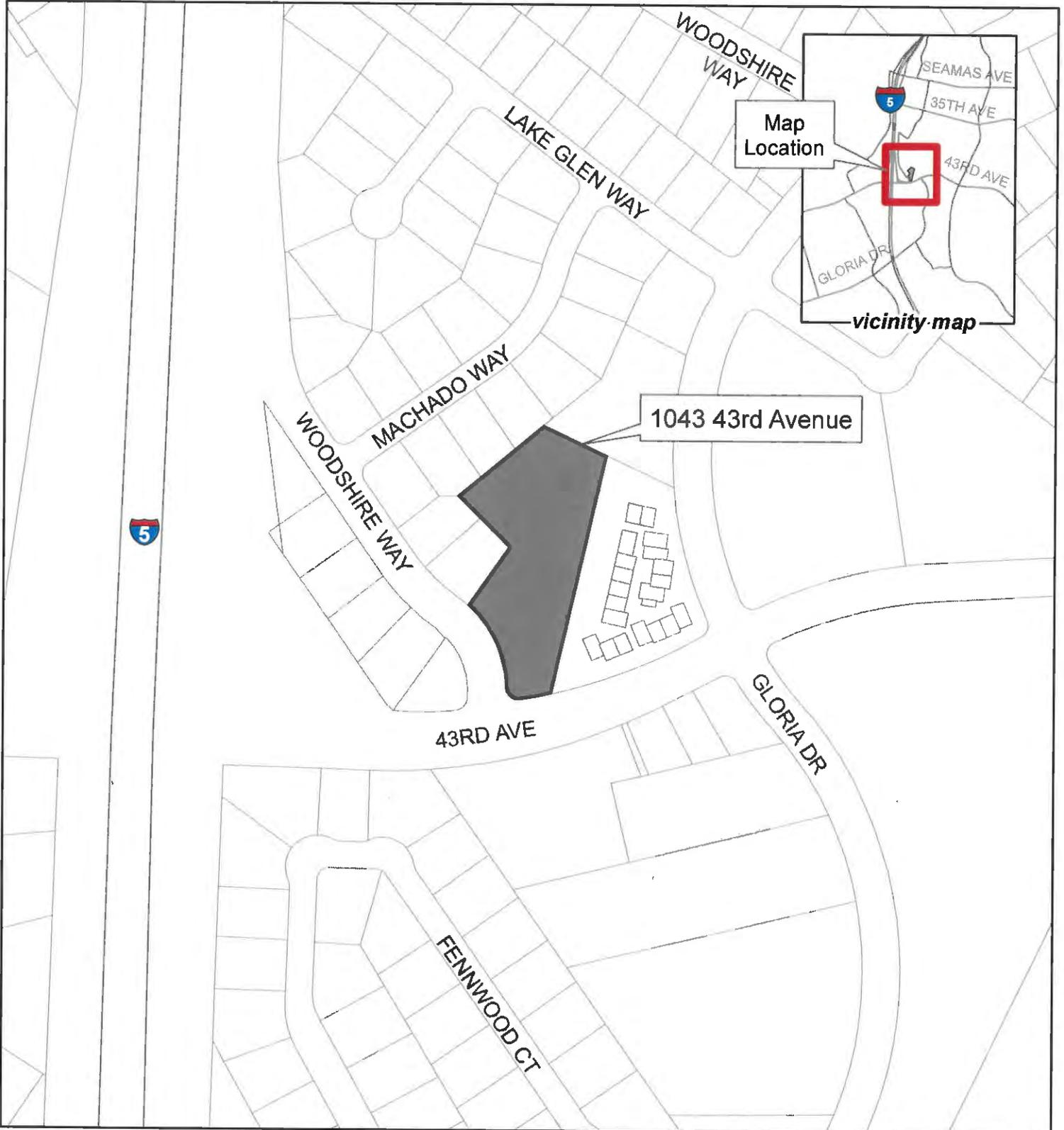
4921 Folsom Boulevard



SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (Meadow Commons - 1043 43rd Avenue)



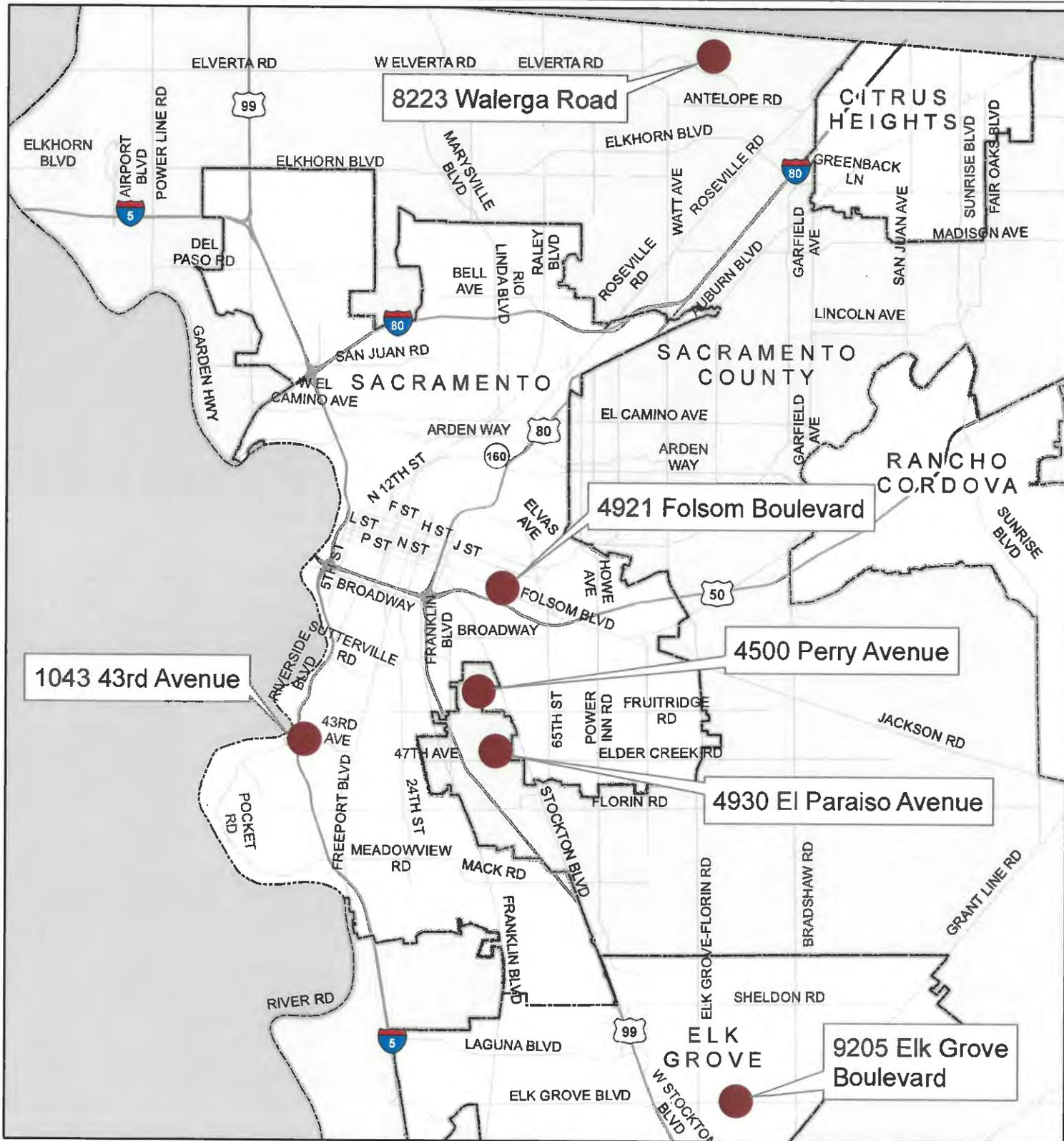
 1043 43rd Avenue



SHRA GIS
July 1, 2019



Rental Assistance Demonstration (RAD) Phase 1 (All Six Sites)



● RAD Phase 1 Site



SHRA GIS
July 1, 2019

Rental Assistance Demonstration (RAD) Phase 1
(six scattered sites)

Pointe Lagoon - 4500 Perry Avenue, Sacramento



Pointe Lagoon - 4930 El Paraiso Avenue, Sacramento



RAD Phase 1
(continued)

Pointe Lagoon - 9205 Elk Grove Boulevard, Elk Grove



Rio Garden - 8223 Walerga Road, Antelope



RAD Phase 1
(continued)

Oak Park - 4921 Folsom Boulevard, Sacramento



Meadow Commons - 1043 43rd Avenue, Sacramento



**Rental Assistance Demonstration (RAD) Phase 1
Residential Project Summary**

Addresses	Unincorporated County of Sacramento: 4500 Perry Ave, 4930 El Paraiso Ave and 8223 Walerga Rd. City of Elk Grove: 9205 Elk Grove Blvd. City of Sacramento: 1043 43rd Ave and 4921 Folsom Blvd.		
Number of Units	124		
Year Built	4500 Perry Ave (1986), 4930 El Paraiso Ave (1986), 8223 Walerga Rd (1976), 9205 Elk Grove Blvd (1983), 1043 43rd Ave (1972) and 4921 Folsom Blvd (1996).		
Acreage	8.5 acres (37,0260 sq. ft.)		
Unit Mix and Rents		<u>50% AMI</u>	<u>60% AMI</u>
	1 bedrooms (64)	13	51
	2 bedrooms (16)	3	13
	3 bedrooms (44)	9	35
	Total Units (124)	25	99
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
	1 bedroom	758	48,512
	2 bedrooms	758	12,128
	3 bedrooms	1100	48,400
	Community Space		2,614
	Total Gross		111,654
Resident Facilities	Rehabilitation of six scattered sites with garden walk-up style units. New HVAC systems, energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Parking area and drainage renovations will be done as needed. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.		
Permanent Sources (Combined)	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Tax Credit Equity	5,243,288	42,284.58	48.98
Permanent Loan	2,860,181	23,065.98	25.62
County Housing Authority Ground Lease	2,080,000	16,774	18.63
City Housing Authority Ground Lease	1,330,000	10,726	11.91
County Housing Authority Seller Carryback Loan	4,900,000	39,516	43.89
City Housing Authority Seller Carryback Loan	860,000	6,935	7.70
County Housing Authority Capital Funds Loan	1,104,146	8,904	9.89
City Housing Authority Capital Funds Loan	1,641,219	13,236	14.70
Deferred Developer Fee	518,977	4,185	4.65
TOTAL SOURCES	\$ 20,537,811	\$ 165,628	\$ 183.94
Permanent Uses (Combined)	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Acquisition	9,170,000	73,952	82.13
Construction Costs	6,113,073	49,299	54.75
Architecture & Engineering	690,726	5,570	6.19
Permits and Fees	268,117	2,162	2.40
Hard Cost Contingency	916,961	7,395	8.21
Soft Cost Contingency	71,387	576	0.64
Financing Cost	647,857	5,225	5.80
Operating Reserves	464,684	3,747	4.18
Legal Fees	100,000	806	0.90
Relocation	512,850	4,136	4.59
Developer Fee	1,422,147	11,469	12.74
Third Party Fees, Marketing, Other	160,009	1,290	1.43
TOTAL USES	\$ 20,537,811	\$ 165,628	\$ 183.94
Leverage	<u>HA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>
			<u>SHRA : Other</u>
	\$ 96,092	\$ 165,628	\$1.00 : \$0.72
Management / Operations	Sacramento Housing Authority Repositioning Program, Inc., (SHARP) Housing Authority		
Proposed Developer Property Management Company			
Operations Budget	\$	609,506	\$ 4,915
Property Management	\$	87,973	\$ 709
Resident Services	\$	5,863	\$ 47
Replacement Reserves	\$	37,200	\$ 300

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Contract Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
1 bedroom/1bath @ 50% AMI	13	758	9,854	\$ 551	\$ 62	\$ 489	\$ 0.65	\$ 6,357	\$ 76,284
1 bedroom/1bath @ 60% AMI	23	758	17,434	\$ 551	\$ 62	\$ 489	\$ 0.65	\$ 11,247	\$ 134,964
1 bedroom/1bath @ 60% AMI	28	758	21,224	\$ 611	\$ 62	\$ 549	\$ 0.72	\$ 15,372	\$ 184,464
2 bedroom/1bath @ 50% AMI	3	758	2,274	\$ 703	\$ 86	\$ 617	\$ 0.81	\$ 1,851	\$ 22,212
2 bedroom/1bath @ 60% AMI	13	758	9,854	\$ 703	\$ 86	\$ 617	\$ 0.81	\$ 8,021	\$ 96,252
3 bedroom/1 bath @ 50% AMI	1	1,100	1,100	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 974	\$ 11,688
3 bedroom/1 bath @ 60% AMI	2	1,100	2,200	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 1,960	\$ 23,520
3 bedroom/1.5 bath @ 50% AMI	6	1,100	6,600	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 5,844	\$ 70,128
3 bedroom/1.5 bath @ 60% AMI	24	1,100	26,400	\$ 1,049	\$ 100	\$ 949	\$ 0.86	\$ 22,776	\$ 273,312
3 bedroom/1.5 bath @ 60% AMI	1	1,100	1,100	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 980	\$ 11,760
3 bedroom/2 bath @ 50% AMI	2	1,100	2,200	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 1,960	\$ 23,520
3 bedroom/2 bath @ 60% AMI	3	1,100	3,300	\$ 1,074	\$ 100	\$ 974	\$ 0.89	\$ 2,922	\$ 35,064
3 bedroom/2 bath @ 60% AMI	5	1,100	5,500	\$ 1,080	\$ 100	\$ 980	\$ 0.89	\$ 4,900	\$ 58,800
Totals	124	12,590	63,940					\$ 65,164	\$ 1,021,968

<u>Income</u>	Annual Increase	Per Unit	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Potential Gross Income	2.50%		1,073,705	1,100,548	1,128,061	1,156,263	1,185,170	1,340,911	1,517,117	1,716,479	1,942,038	2,197,238
Rental Subsidy (6 PBV units)	2.50%		42,210	43,285	44,347	45,455	46,592	52,714	59,841	67,479	76,348	86,379
Other Income	2.50%		6,857	6,823	6,994	7,169	7,348	8,313	9,408	10,642	12,040	13,822
Less Vacancy	5.00%		(56,129)	(57,532)	(59,970)	(60,444)	(61,955)	(70,097)	(79,308)	(89,730)	(101,521)	(114,882)
Effective Gross Income			\$1,066,443	\$1,093,104	\$1,120,432	\$1,146,443	\$1,177,154	\$1,331,841	\$1,506,858	\$1,704,870	\$1,928,904	\$2,182,377
<u>Operating Expenses</u>												
Operating Expenses	3.50%	4,915	609,506	630,838	652,918	675,770	699,422	830,894	986,603	1,171,775	1,391,702	1,652,905
Property Management	3.50%	709	87,973	91,052	94,239	97,538	100,951	119,899	142,402	169,129	200,872	238,573
Resident Services	3.50%	47	5,863	6,066	6,280	6,500	6,728	7,990	9,490	11,271	13,387	15,699
Replacement Reserves	0.00%	300	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200
Taxes/Insurance	2.00%	330	40,899	41,717	42,551	43,403	44,271	48,878	53,966	59,582	65,764	72,631
Total Expenses		6,302	\$781,441	\$806,876	\$833,189	\$860,410	\$888,571	\$1,044,661	\$1,229,661	\$1,448,958	\$1,708,944	\$2,017,207
Net Operating Income			\$285,002	\$286,228	\$287,243	\$288,033	\$288,582	\$287,181	\$277,195	\$255,912	\$219,960	\$165,170
<u>Debt Service</u>												
Senior Loan		Amount	Rate	Amort								
HA Monitoring Fee		\$2,860,181	4.30%	35	158,207	158,207	158,207	158,207	158,207	158,207	0	0
Debt Service Subtotal		\$20,000,000	0.15%		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
					\$188,207	\$188,207	\$188,207	\$188,207	\$188,207	\$188,207	\$30,000	\$30,000
<u>Priority Distributions</u>												
Asset Management Fee (GP)		\$8,000	3.00%		8,000	8,240	8,487	8,742	9,004	10,438	12,101	0
Partnership Management Fee (LP)		\$8,000	3.00%		8,000	8,240	8,487	8,742	9,004	10,438	12,101	14,028
Priority Distributions Subtotal					16,000	16,480	16,974	17,484	18,008	20,876	24,201	14,028
											16,262	18,653
Net Cash after Priority Distributions					\$80,795	\$81,541	\$82,082	\$82,342	\$82,367	\$78,097	\$64,787	\$211,884
<u>Deferred Developer Fee</u>												
Principal Balance		\$535,623	4.00%		535,623	476,253	413,761	348,250	279,838	0	0	0
Interest for Period					21,425	18,050	16,550	13,930	11,194	0	0	0
Accumulated Interest					21,425	18,050	16,550	13,930	11,194	0	0	0
Payment					80,795	61,541	62,082	62,342	62,367	0	0	0
Balance					\$476,253	\$413,761	\$348,250	\$279,838	\$208,665	\$0	\$0	\$0
Net Cash after Deferred Developer Fee					\$0	\$0	\$0	\$0	\$0	\$78,097	\$64,787	\$211,884
<u>Housing Authority of the City of Sacramento Capital Funds Loan (50%)</u>												
Principal Balance		\$1,841,219	3.00%		1,841,219	1,641,219	1,641,219	1,841,219	1,841,219	1,641,219	1,641,219	1,635,548
Interest for Period					49,237	49,237	49,237	49,237	49,237	49,237	49,237	49,086
Accumulated Interest					49,237	98,473	147,710	196,946	246,183	442,713	504,899	49,086
Payment					0	0	0	0	39,049	32,393	105,942	86,849
Balance					\$1,690,456	\$1,739,692	\$1,788,929	\$1,838,165	\$1,887,402	\$2,044,883	\$2,113,724	\$1,962,566
<u>Housing Authority of the County of Sacramento Capital Funds Loan (50%)</u>												
Principal Balance		\$1,104,146	3.00%		1,104,146	1,104,146	1,104,146	1,104,146	1,104,146	1,104,146	1,104,146	834,307
Interest for Period					33,124	33,124	33,124	33,124	33,124	33,124	33,124	25,029
Accumulated Interest					33,124	66,249	99,373	132,498	165,622	281,591	263,216	25,029
Payment					0	0	0	0	39,049	32,393	105,942	86,849
Balance					\$1,137,270	\$1,170,395	\$1,203,519	\$1,238,844	\$1,269,768	\$1,346,686	\$1,334,968	\$0
<u>Housing Authority of the County of Sacramento Seller Carryback Loan</u>												
Principal Balance		\$4,900,000	3.00%		4,900,000	1,641,219	1,641,219	1,841,219	1,641,219	1,641,219	1,641,219	1,641,219
Interest for Period					147,000	49,237	49,237	49,237	49,237	49,237	49,237	49,237
Accumulated Interest					147,000	196,237	245,473	294,710	343,946	590,129	836,312	1,328,678
Payment					0	0	0	0	0	0	0	86,849
Balance					\$5,047,000	\$1,837,456	\$1,686,692	\$1,935,929	\$1,985,165	\$2,231,348	\$2,477,531	\$2,723,714
<u>Housing Authority of the City of Sacramento Seller Carryback Loan</u>												
Principal Balance		\$860,000	3.00%		860,000	885,900	938,174	1,018,693	1,104,146	1,104,146	1,104,146	1,104,146
Interest for Period					25,800	26,574	28,145	30,581	33,124	33,124	33,124	33,124
Accumulated Interest					25,800	52,374	80,519	111,080	144,204	309,828	475,448	641,070
Payment					0	0	0	0	0	0	0	86,849
Balance					\$865,800	\$938,174	\$1,018,693	\$1,129,773	\$1,248,350	\$1,413,972	\$1,579,594	\$1,745,216

Rental Assistance Demonstration (RAD) Phase 1 (six scattered sites)

Cash Flow Proforma

MAXIMUM GROSS INCOME AND RENT LIMITS 2019
 Rental Assistance Demonstration (RAD) Project Based Vouchers
 and Low Income Housing Tax Credits

RAD Phase 1 (Six Scattered Sites)

Maximum Gross Income Limits

<u>Household Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 29,300	\$ 35,160
2 person	\$ 33,450	\$ 40,140
3 person	\$ 37,650	\$ 45,180
4 person	\$ 41,800	\$ 50,160
5 person	\$ 45,150	\$ 54,180
6 person	\$ 48,500	\$ 58,200
7 person	\$ 51,850	\$ 62,220

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>RAD Rents</u>
1 Bedroom	\$ 551
1 Bedroom	\$ 611
2 Bedroom	\$ 703
3 Bedroom	\$ 1,049
3 Bedroom	\$ 1,074
3 Bedroom	\$ 1,080
3 Bedroom	\$ 1,738

OPTION AGREEMENT

Ground Lease of Land and Purchase of Improvements

Rental Assistance Demonstration (RAD) Phase 1 - COUNTY (Pointe Lagoon and Rio Garden)

THIS OPTION AGREEMENT (“the Agreement”) is made and entered into as of _____, 2019 (the “Agreement Date”), by and between the Housing Authority of the County of Sacramento (“Owner”) and Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation (“SHARP” and “Optionee”).

1. **OPTION.** Owner hereby grants to Optionee an exclusive option (the “Option”) to ground lease the land (defined in Section 2) and to purchase the improvements for the project known as RAD Phase 1 repositioning and conversion, and rehabilitation of 62 units to Rental Assistance Demonstration Program at Pointe Lagoon located at 4500 Perry Avenue, 4930 El Paraiso Avenue and 9205 Elk Grove Boulevard, and 24 units at Rio Garden located at 8223 Walerga Road in the County of Sacramento (the “Improvements”), subject to the terms and conditions contained in this Agreement.

2. **LAND.** The “Land” is that certain real property located under the Improvements at, 4500 Perry Avenue, 4930 El Paraiso Avenue, 9205 Elk Grove Boulevard, and 8223 Walerga Road Sacramento County, California, more particularly described in Exhibit “A” attached hereto. The Land and Improvements are referred to collectively as the “Property.”

3. **TERM OF OPTION.** The Option shall commence on the Agreement Date, and shall terminate at five o’clock p.m. (5:00 p.m.) on December 31, 2020 (the “Option Term”).

4. **OPTION PAYMENT.** In consideration for the grant of the Option, SHARP each have paid to Owner the sum of One Hundred Dollars (100.00) (“the Option Payment”), which amount shall be retained by Owner and is nonrefundable to Optionee.

5. **OPERATION OF THE PROPERTY DURING THE OPTION TERM.** Owner shall continue to operate and secure the Property according to its customary property management practices and in compliance with applicable HUD regulations, California Housing Authority Law, and Admissions and Continued Occupancy Policy (“ACOP”) until the close of escrow transferring

the leasehold interest in the Land through a ground lease and a fee interest in the improvements through a purchase and sale agreement.

6. Owner agrees that it will not enter into any new lease of the Property without Optionee's prior written consent, and that Owner will not materially modify the Improvements without optionee's prior written consent; in each case such consent not to be unreasonably withheld, conditioned or delayed by Optionee.

7. EXERCISE OF OPTION. The Option shall be exercised by written notice delivered to Owner on or prior to expiration of the Option Term. Optionee's failure to timely deliver such notice shall be deemed Optionee's determination not to exercise the Option. Promptly following Optionee's exercise of the Option, the parties shall enter into the Ground Lease and the Purchase Agreement (defined below).

8. GROUND LEASE AND PURCHASE AGREEMENT. During the Option Term the parties shall negotiate in good faith a ground lease of the Land (the "Ground Lease") and a purchase and sale agreement for the Improvements (the "Purchase Agreement") which will outline the specific terms for Optionee's lease of the Land and purchase of the Improvements. The Ground Lease and Purchase Agreement shall include the following terms, together with such other terms as are mutually acceptable to the parties, provided that notwithstanding these terms, all terms are subject to any applicable requirements of the U.S. Department of Housing and Urban Development ("HUD"), including any applicable HUD approval requirement; and the following terms may be modified further, supplemented or replaced by agreement of the parties:

(a) Ground Lease.

(i) The Ground Lease will have a term of at least seventy-five (75) years, subject to the Owner's right to terminate the Ground Lease and repurchase the Improvements under Subsection (d) below the form of which shall be subject to HUD's approval.

(ii) The Ground Lease shall have an annual rental payment of its appraised fair market value determined at time of the execution of the Ground Lease.

(b) Purchase Agreement. The purchase price for the Improvements shall be at their fair market value as determined by an appraisal performed within six months of closing. Current appraisal values are as follows:

Property	Land Value	Improvements Value
4500 Perry Avenue Sacramento, CA 95820 APN 022-0052-011-0000	\$320,000.00	\$470,000.00
4930 El Paraiso Avenue Sacramento, CA 95824 APN 037-0224-047-0000	\$800,000.00	\$650,000.00
9205 Elk Grove Boulevard Elk Grove, CA 95624 APN 125-0270-051-0000	\$300,000.00	\$1,890,000.00
8223 Walerga Road Antelope, CA 95843 APN 203-0070-041-0000	\$660,000.00	\$1,890,000.00
Total	\$2,080,000.00	\$4,900,000.00

(i) The Purchase Agreement shall require that the Optionee rehabilitate and modernize the improvements to a standard acceptable to the Owner within a negotiated and defined period of time.

(c) Evidence of Adequate Financing. The Ground Lease and Purchase Agreement shall each include a provision for a condition precedent to Owner's conveyance upon Optionee's submission of evidence of sufficient funds to meet all rehabilitation and modernization budget requirements.

(d) Payment. The purchase price will be paid through a take-back note from Optionee payable to the Owner.

(e) Repurchase Provisions. Owner shall have the right, but not the obligation, to terminate the Ground Lease and repurchase the Improvements at any time after the end of the 55th year of the Ground Lease term in exchange for Owner's assumption or forgiveness of all debt then secured by Optionee's interest in the Land and/or the Improvements, or at such earlier time as the parties agree upon.

(f) Reversion at End of Ground Lease Term. Upon the expiration of the Ground Lease Term, title to the Improvements shall automatically revert to Owner at no cost to Owner.

(g) Use Restrictions. Concurrently with the Ground Lease and the grant deed, Use Restrictions shall be recorded against the Property to ensure affordability use by residents with income less than eighty percent (80%) of the Area Median Income, as determined by HUD. The Use Restrictions shall have the same term as the Ground Lease.

9. OPTIONEE'S ACTIVITIES DURING THE OPTION TERM. From and after the Agreement Date, Owner shall provide Optionee, its agents and representatives access to the Property, and Optionee, its agents and representatives shall be entitled to enter onto the Property to perform surveys, inspections, appraisals and tests of the Property (including invasive testing) and malce any other investigations necessary to determine if the Property is suitable, in Optionee's sole discretion, for Optionee's intended use. After making such tests and inspections, Optionee agrees to promptly restore the Property to its condition prior to such tests and inspections. Optionee agrees to indemnify and hold harmless Owner from all loss, cost and expense (including reasonable attorneys' fees) incurred, suffered by, or claimed against the Owner by reason of any actual damage to the Property or injury to persons caused by Optionee and/or its agents, employees or contractors in exercising said inspection rights.

10. ASSIGNMENT. Optionee may assign its rights and/or obligations under this Agreement to an affiliated nonprofit public benefit corporation or to a limited partnership or limited liability company of which Optionee or an affiliated entity is the general partner or manager with the prior written consent of Owner. It is contemplated that Optionee will assign its rights and obligations under this Agreement to a limited partnership or limited liability in connection with tax credit syndication of the Property.

11. ENTIRE AGREEMENT. This Agreement and the attached exhibits constitute the entire Agreement between the Parties with respect to the lease of the Land (apart from the current lease) and the purchase and sale of the Improvements, and no other warranties, agreements or representations have been made or shall be binding upon either party unless expressly set forth therein.

12. NOTICES. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or electronic mail, shall be deemed received upon the earlier of (a) if personally delivered, the date of delivery to the address of the person to receive such notice, (b) if mailed, three (3) business days after the date of posting by the United States post office, (c) if given by electronic mail, when sent if before 5:00 p.m., otherwise on the next business day, or (d) if delivered by overnight delivery, one (1) business day after mailing. Any notice, request, demand, direction or other communication sent by electronic mail must be confined within by letter mailed or delivered within two business days in accordance with the foregoing.

Optionee: Sacramento Housing Authority Repositioning, Inc.
c/o 801 12th Street
Sacramento, CA 95814
Attn: President

To Owner:

Housing Authority of the County of Sacramento
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

13. MODIFICATION. No modification, variation or amendment of this Agreement shall be effective unless it is in writing and is signed by both parties to this Agreement.

14. CONSTRUCTION. This Agreement shall be construed according to the laws of the State of California.

15. ATTORNEY FEES. In the event that suit is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees.

16. AUTHORITY. Except as otherwise provided herein, each party has full power and authority to execute this Agreement and perform its respective obligations hereunder. On November 30, 2018, HUD approved the Rental Assistance Demonstration for the conversion of assistance of the Property to Project Based Vouchers (the "Award Letter"). Notwithstanding any other provision of this Agreement, the parties' actions under this Agreement are subject to compliance with the terms and conditions of the Award Letter and any other applicable HUD requirements, including HUD approval requirements. The exercise of this option is subject to HUD approval. Owner shall have no liability under this Agreement in connection with efforts to comply with HUD requirements, obtain HUD approvals or any action or inaction associated with HUD requirements or the HUD approval process.

17. COUNTERPARTS. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, Optionee and Owner have executed this Agreement as of the day and year first above written.

OPTIONEE:
Sacramento Housing Authority Repositioning Program, Inc.
A California nonprofit public benefit corporation

By: _____
James Shields, President

OWNER:
Housing Authority of the County of Sacramento,
A public body, corporate and politic

Approved as to form:

By: _____
La Shelle Dozier, Executive Director

By: _____
General Counsel

Exhibit A

Legal Description of Pointe Lagoon - 4500 Perry Avenue, Sacramento, CA 95820

The land described herein is situated in the State of California, County of Sacramento, unincorporated area, described as follows:

The West 90 feet of Lot 10 as shown on the "Amended Plat of Hunger Tract No. 1", recorded in Book 15 of Maps, Map No. 8, records of said County.

APN: 022-0052-011-0000

Legal Description of Pointe Lagoon - 4930 El Paraiso Avenue, Sacramento, CA 95824

The land described herein is situated in the State of California, County of Sacramento, unincorporated area, described as follows:

Lot A, as shown on the "Revised Plat of Country Place" filed in the office of the recorder of Sacramento County, in Book 149 of Maps, Map No. 16.

Excepting therefrom, that portion of said land granted to the Redevelopment Agency of the County of Sacramento, in Grand Deed recorded August 24, 1984 as Book 840824, Page 370, Official Records, described as follows:

Beginning at the Northerly corner of Lot A that lies on the centerline of Sampson Boulevard as said Boulevard is shown on said Map; thence from said point of beginning along said centerline and the most Westerly line of said Lot A South 0° 00' 00" West, 52.50 feet; thence leaving said centerline along a portion of the Southerly boundary of said Lot A, South 88° 12' 00" East, 212.00 feet; thence leaving last said line, North 6° 50' 00" East, 59.71 feet to a point on the Northerly boundary of said Lot A; thence along last line South 89° 58' 00" West, 219.00 feet to the point of beginning and containing 12,054 square feet and being 0.28 acres of land more or less.

APN: 037-0224-047-0000

Legal Description of Pointe Lagoon - 9205 Elk Grove Boulevard, Elk Grove, CA 95624

The land described herein is situated in the State of California, County of Sacramento, City of Elk Grove, described as follows:

Parcel 1:

All that portion of the Southeast one-quarter of Section 31, Township 7 North, Range 6 East, described as follows:

Beginning at a point on the South line of said Section 31 bears West (measured along the South line of said Section 31) 1408.5 feet distant; thence from said point of beginning, North 231 feet; thence West 88.5 feet; thence South 231 feet to a point on the South line of said Section 31; thence along the South line of said Section 31, East 88.5 feet to the point of beginning.

Parcel 2:

All that portion of the Southeast one-quarter of Section 31, Township 7 North, Range 6 East, described as follows:

Beginning at a point on the South line of said Section 31, from which point the Southwest corner of the Southeast one-quarter of Section 31 bears West (measured along the South line of said Section 31) 1458.5 feet distant; thence, from said point of beginning, North 231 feet; thence West 50 feet; thence South 231 feet to a point on the South line of said Section 31; East 50 feet to the point of beginning.

Parcel 3:

All that portion of the Southeast one-quarter of Section 31, Township 7 North, Range 6 East, described as follows:

Beginning at a point on the South line of said Section 31, from which point the Southwest corner of the Southeast one-quarter of said Section 31 bears West (measured along the South line of said Section 31) 1508.5 feet distant; from said point of beginning, North 231 feet, thence West 50 feet; thence South 231 feet to a point on the South line of said Section 31; thence, along the South line of said Section 31, East 50 feet to the point of beginning.

APN: 125-0270-051-0000

Legal Description of Rio Garden - 8223 Walerga Road, Antelope, CA 95843

The land described herein is situated in the State of California, County of Sacramento, unincorporated area, described as follows:

Parcel A of that certain Parcel Map entitled " A portion of the Southwest one-quarter of section 18, Township 10 North, Range 6 East, M.D.B. & M.", filed June 24, 1976 in Book 26 of Parcel Maps, Page 48 in the office of the recorder, Sacramento County.

APN: 203-0070-041-0000



July 23, 2019

James Shields, President
Sacramento Housing Authority Repositioning Program, Inc., (SHARP)
801 12th Street
Sacramento, CA 95814

Re: Conditional Funding Commitment - Seller Carryback and Capital Funds Loans
Pointe Lagoon (Site 1 of 3), 4500 Perry Avenue, Sacramento, Ca 95820
Pointe Lagoon (Site 2 of 3), 4930 El Paraiso Avenue, Sacramento, Ca 95824
Pointe Lagoon (Site 3 of 3), 9205 Elk Grove Boulevard, Elk Grove, Ca 95624
Rio Garden, 8223 Walerga Road, Antelope, Ca 95843

Dear Mr. Shields:

On behalf of the Housing Authority of the County of Sacramento ("Agency"), we are pleased to advise you of its commitment in the amount of \$4,900,000 in the form of a seller carry-back loan for the purpose of financing the acquisition of the improvements located at 4500 Perry Avenue, 4930 El Paraiso Avenue and 8223 Walerga Road in the unincorporated County of Sacramento, 9205 Elk Grove Boulevard in the City of Elk Grove, California ("Improvements") commonly known as Pointe Lagoon and Rio Garden, representing four of the six sites in the proposed Rental Assistance Demonstration (RAD) Phase 1 Project. The commitment of the funding level is based upon the current appraisal of the fair market value of the Improvements. This amount may change based on the update of that appraisal which is to occur no later than August 15, 2019.

The Agency is also committing to fund \$1,104,146 in the form of a Capital Funds loan for the purpose of the rehabilitation and development of Pointe Lagoon and Rio Garden (collectively, "Loan").

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 Improvements.

This commitment will expire **July 23, 2020** or extended upon mutual written agreement.

1. PROJECT DESCRIPTION:

Pointe Lagoon

Pointe Lagoon is comprised of three scattered sites. The first site is located at 4500 Perry Avenue in the unincorporated County of Sacramento. There are five buildings on approximately 0.54 acres that provide ten three-bedroom units, a laundry facility and 17 on-site parking spaces. The scope of development is included as Exhibit A.

The second site is located at 4930 El Paraiso Avenue in the unincorporated County of Sacramento. There are ten buildings on approximately 2.61 acres that provide 36 one-bedroom units, a community room, laundry facility and 56 on-site parking spaces. The scope of development is included as Exhibit B.

The third site is located at 9205 Elk Grove Boulevard in the City of Elk Grove. There are six buildings on approximately 0.85 acres that provide 16 two-bedroom units and a laundry facility and 24 on-site parking spaces. The scope of development is included as Exhibit C.

Rio Garden

Rio Garden is located at 8223 Walerga Road in the unincorporated County of Sacramento. There are four buildings on approximately 1.89 acres that provide 24 three-bedroom units, community room, laundry facility and 50 on-site parking spaces. The scope of development is included as Exhibit D.

Given the tax exempt bond financing of RAD Phase I includes two additional sites located in the City of Sacramento, the scope of development for Oak Park and Meadow Commons are included as Exhibits E and F for informational purposes. A separate loan commitment will be made for these two sites from the Housing Authority of City of Sacramento.

2. BORROWER: The name of the Borrower for the Loan is Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity.



3. PURPOSE OF LOAN: The \$4,900,000 in the form of a seller carry-back loan is to be used by Borrower for financing the acquisition of the Improvements located at 4500 Perry Avenue and 4930 El Paraiso Avenue in Sacramento, 9205 Elk Grove Boulevard in Elk Grove, and 8223 Walerga Road in Antelope, California.

The \$1,104,146 in Capital Funds loan is to be used by Borrower solely to pay the costs of acquisition, construction, 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 total principal amount of the seller carry-back will be \$4,900,000, the current appraised fair market value of the Improvements. The total principal amount of the Capital Funds loan will be the lesser of (a) \$1,104,146 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 32 years or 384 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 three percent (3%) 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 24 months. Beginning in month 25, installments for the loan are calculated to achieve an annual 1.2 debt coverage ratio. Annual payments will be made on a Residual Receipts, as defined below, basis until the maturity date. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.

“Residual Receipts” is defined as follows: After Month 24, annual installments (as described in Section [f] of this paragraph) are to begin on the first day of the first month (month 25) of the loan. Based on the annual audited financial statement from the preceding year, payments will be made upon a “Residual Cash Flow” basis meaning Net Operating Income (NOI) less: (a) debt service on the senior loan and monitoring fees of the County of Sacramento Housing Authority mortgage revenue bond issuance; (b) asset management fees up to \$8,000 annually as of the Loan's Effective Date escalating at 3% annually; (c) partnership management fee up to \$8,000 annually as of the Loan's Effective Date escalating at 3% annually; (d) deferred developer fee; (e) fifty percent (50%) of the available cash flow from NOI to the Housing Authority of the City of Sacramento Capital Funds Loan; (f) fifty percent (50%) of the available cash flow from NOI to the Housing Authority of the County of Sacramento Capital Funds Loan after Sections (a) through (e) of this paragraph are paid; and (g) the remaining to the Housing Authority of the County of Sacramento Seller Carryback Loan, followed by the Housing Authority of the City of Sacramento Seller Carryback Loan.



The Net Operating Income is defined as periodic “Revenue” less “Operating Expenses.” “Revenue” means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants’ security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

“Operating Expenses” shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes of for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.

8. **SOURCE OF LOAN FUNDS:** The Acquisition Loan will be financed with \$4,900,000 seller carryback financing and a \$1,104,146 Capital Funds loan from the Agency. The Loan is subject to all requirements related to the use of such funds, whether Agency requirements or otherwise. 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 Improvements and the Land; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency’s making of the Loan, the Improvements 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 Initials)



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 Improvements except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by a promissory note secured by a deed of trust with assignment of rents against the fee interest in the Improvements, which shall be a subordinate lien upon the Improvements subject only to other items as the Agency may approve in writing. The Agency will subordinate said deeds of trust in order to accommodate completion of construction of the Improvements.
11. LEASE AND RENTAL SCHEDULE: All leases of the 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, as nonprofit general partner Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity, shall provide proof of equity for the Improvements in the amount of no less than \$5,243,000 in Low Income Housing Tax Credit Equity and no less than \$518,977 in deferred developer fee. If LIHTC equity decreases below \$5,243,000, 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 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 Improvements 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 E-1527-13) 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 Land or Improvements or that any hazardous materials on the Land or in the Improvements 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 SPECIFICATIONS: Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement) for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), 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. 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 Project to assure that the work was done before making a disbursement.

21. COST SAVINGS: At permanent loan conversion, Borrower shall submit to Lender a cost certification prepared by a qualified, independent auditor acceptable to Lender. The 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 Lender, 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 Borrower shall seek Lender approval for Project-related use(s) of said aggregate savings. The Lender shall respond within 15 days to such request for approval. Upon receipt of such consent, the Borrower shall complete the Project-related use(s) in a 90 day period, with option to extend upon mutual agreement.
22. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
23. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
24. 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.

25. 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).
26. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with "Sacramento Housing and Redevelopment Agency and its constituent entities" 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.
27. 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 ALTA endorsement no. 101.1 and CLTA endorsement nos. 100, 116, and 102.5/102.7 and 124 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 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.
28. 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.

29. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Land and Improvements, as Agency may request.
30. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Land or Improvements by a third party which agreement is subject to Agency Approval.
31. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.
32. 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 Housing Authority staff will provide resident services. The preliminary resident services plan indicates staff will identify the needs of residents and offer services based on their need. For example, residents transitioning to work will be offered the Family Self-Sufficiency Program. Those who do not have high school diplomas, health or financial literacy needs will be offered the Service Coordination Program. The elderly and disabled residents will receive services from the Housing Authority's Life Steps Partners. The Housing Authority plans to expand the Jobs Plus Program by partnering with the Section 3 Program to develop training and job opportunities for the residents.
33. 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.
34. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings and no less than 50% of the residential units must be smoke free. All of the floors must be smoke free. Additionally, all indoor common areas must be smoke free.
35. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects.



Borrower must promptly deliver to Agency any further documentation that may be required by Agency.

36. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
37. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
38. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.



Sincerely,
Housing Authority of the County of Sacramento

La Shelle Dozier
Executive Director

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

Dated: July 23, 2019

BORROWER:

Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit, public benefit corporation, or related entity

By: _____
James Shields, President

The Exhibits listed below are incorporated in this Loan Commitment by this reference for the financing of the Rental Assistance Demonstration (RAD) Phase 1 Project:

- Exhibit A – Scope of Development - Point Lagoon - 4500 Perry Avenue
- Exhibit B – Scope of Development - Point Lagoon - 4930 El Paraiso Avenue
- Exhibit C – Scope of Development - Point Lagoon - 9205 Elk Grove Boulevard
- Exhibit D – Scope of Development - Rio Garden - 8223 Walerga Road
- Exhibit E – Scope of Development - Oak Park - 4921 Folsom Boulevard
- Exhibit F – Scope of Development - Meadow Commons - 1043 43rd Avenue



Loan Commitment - Exhibit A
Scope of Development: Pointe Lagoon, 4500 Perry Avenue, Sacramento (10 units)

Item	Description
1	Parking/Striping
2	Landscaping
3	Replacement of Plywood Sheeting (Stucco)
4	Drywall Repairs
5	Final Clean
6	Interior Paint (Units)
7	Exterior Paint (Units)
8	Kitchen Cabinet (Refacing)
9	Kitchen and Bath Countertop Replacement - Upgraded
10	Window Replacement
11	Roof Replacement
12	Exterior Door Replacement
13	Interior Door Replacement
14	Interior Door Replacement (sliding closet doors)
15	HVAC
16	Flooring (w/Luxury Vinyl Plank)
17	Load center 120/240 , 125 AMP replacement in units
18	Interior Lights
19	Exterior Lights (CFL Ballast)
20	Exterior Lights (Light Poles)
21	Replace Kitchen Ranges and Hoods
22	Replace Refrigerators
23	Plumbing Fixtures
24	Shower Surrounds
25	Toilet Tank Replacement
26	Kitchen and Bathroom Sink Replacement
27	Replace bathroom vanity cabinet and cultured sink top
28	Water Heater Replacement
29	New Smoke/CO Detectors (battery operated)
30	ADA Kitchen Modification (1 unit)
31	ADA Hearing/Visual Impairment modification (1 unit)
32	ADA Bathroom full reconfiguration
33	New Laundry Room Flooring
34	Convert Laundry Room to DVR Room
35	Laundry Room Exterior Door
36	Laundry Room (large) Interior Paint and Prep
37	Laundry Room (small) Interior Paint and Prep
38	Laundry Room Water Heater replacement
39	Laundry Room Load Center (120/240 V, 125 AMP to 225)
40	Laundry Room Lighting Upgrade
41	Laundry Room ADA Doorway Modification
42	Laundry Room ADA Miscellaneous Budgetary Allowance
43	Landscaping - drought tolerant and address drainage issues
44	Sidewalk repair/replacement as needed
45	Site drainage will be addressed as needed
46	Kitchen Cabinets will be replaced as needed
47	Window Coverings

Loan Commitment - Exhibit B**Scope of Development: Pointe Lagoon, 4930 El Paraiso Ave, Sacramento (36 units)**

Item	Description
1	Patch asphalt seal and stripe parking lot
2	Parking lots Mill and Overlay
3	Pedestrian gate - wrought iron
4	Metal Halide Lighting Fixture, pulse start 150 W
5	Vehicle control gate w/controller replacement
6	Fence and gate perimeter - woodboard refinish 3,918 SF
7	Fence and gates - metal tube 6' high 540 LF
8	Landscaping Sod at eroded areas 10,000 SF
9	Furnace, electric, 26 to 40 MBH replacement
10	New Interior and Exterior Paint
11	New hardware at Entry door
12	Replace windows and sliders
13	Replace screen doors
14	Replace water heaters
15	Repair and possibly refinish Fencing (allowance)
16	Replace interior and exterior lights (incl light poles)
17	Replace kitchen ranges and range hoods
18	Replace refrigerators 14-18 CF (36)
19	Replace plumbing fixtures
20	Toilet/flush tank replacement
21	Replace shower surrounds and mixing valves
22	Bathroom exhaust fan replacement
23	Bathroom vanity cabinet (wood) with cultured marble top 24-30" (Reface)
24	Microwave shelf in kitchen
25	Garbage disposals
26	Replace kitchen sinks
27	New smoke and CO detectors (battery operated)
28	Remove nurse call stations and patch holes
29	Plywood siding with cementitious siding
30	Replace siding with stucco
31	Replace flooring with LVP
32	ADA bathroom renovation
33	Replace laundry flooring and countertops, install folding table
34	Community Room improvements (floors, cabinets)
35	Comm. Room (ADA, paint, water heater (com + laundry room), HVAC)
36	Final Clean
37	Demolition
38	Drywall
39	Landscaping: sod to be addressed
40	Sidewalk repair/replacement as needed
41	Site drainage will be addressed as needed
42	Kitchen - all cabinets will be replaced
43	Kitchen countertops will be replaced with solid surface
44	Window Coverings
45	Bathroom tubs will be replaced as needed

Loan Commitment - Exhibit C**Scope of Development: Pointe Lagoon, 9205 Elk Grove Blvd, Elk Grove (16 units)**

Item	Description
1	Patch asphalt and seal and stripe parking lot
2	Correct site drainage issues at back of property
3	Replace roof (asphalt shingle)
4	Replace windows (SMUD Rebate)
5	Replace HVAC systems (SMUD Rebate)
6	Furnace, electric 26 to 40 MBH replacement
7	New hardware at all entry doors
8	Load Center 120/240 V 125 AMP replacement
9	Interior Door (Hollow core) replacement
10	Replace all flooring with LVP
11	New interior and exterior paint
12	Replace laundry area doors
13	Replace interior and exterior light fixtures
14	Replace kitchen ranges and hoods (SMUD Rebate)
15	Kitchen sink replacement (stainless steel)
16	Microwave brackets in kitchen
17	Replace shower surrounds and mixing valves
18	Replace plumbing fixtures (toilets, shower heads, faucets)
19	Replace countertops in kitchen and baths
20	Reface cabinetry in kitchen and baths
21	Install new smoke/CO detectors (Battery op-4@\$68 each)
22	Replace fencing as required (allowance)
23	Replace laundry bldg water heater (SMUD Rebate)
24	Replace laundry room flooring
25	Replace laundry room folding table
26	Laundry Room exterior paint 1250 sq ft
27	Laundry Room exterior door
28	Laundry Room replace sink (vitreous china)
29	Laundry Room roof (asphalt shingle)
30	Laundry Room interior wall finish - plastic fiberglass panel 2000 sq ft
31	Final clean
32	Drywall
33	ADA unit - visual bell and strobe, hearing impaired
34	Demolition
35	Sidewalk repair/replacement as needed
36	Site drainage will be addressed as needed
37	Kitchen Cabinets replace as needed
38	Window Coverings
39	Bathroom tubs will be replaced as needed

Loan Commitment - Exhibit D
Scope of Development: Rio Garden, 8223 Walerga Road, Antelope (24 units)

Item	Description
1	Interior and Exterior Light Fixtures
2	Light pole upgrade 135 to 1000 W
3	Load center 120/240 V, 50 AMP to 100
4	Kitchen ranges and hoods
5	Refrigerator replacement (14-18CF)
6	Replace water heaters (30 to 50 gallon)
7	Replace condensate pans on HVAC
8	Condensing unit/heat pump replace
9	Replace plumbing fixtures
10	Replace shower surrounds
11	Replace countertops in kitchen/bathroom
12	Full cabinet refacing
13	New Interior/Exterior Paint
14	New flooring (LVP)
15	Install new smoke/CO detectors (battery operated)
16	New shower door (upper floor bathrooms) (just shower curtains& splash guard)
17	Toilet tank replacement
18	Sink replacement
19	Bathroom vanity replacement (cultured marbled 24-30)
20	Replace exterior doors (steel)
21	Replace interior doors (sliding hollow core)
22	Replace interior doors (hollow core bedrm)
23	Ceiling lights in all bedrooms
24	Garbage disposals/dishwashers
25	Roof replacement
26	Sprinkler head (per sq ft @ 37800 sq. ft)
27	Fire alarm control panel (addressable) bldg 11 and 12
28	Fire extinguisher replacement
29	Parking lot (asphalt pavement, seal and stripe)
30	Parking lot (Mill and Overlay)
31	Pedestrian pvmnt/sidewalk concrete repl. 15000 SF
32	Fences and Gates - wrought iron 4" high (100 LF)
33	Dumpster accessories - Enclosure 8" high (20 LF)
34	Final clean
35	Demolition
36	Drywall misc repair
37	ADA Kitchen Postformed replace kitchen sink, counter, full reconfigure
38	ADA Restroom full reconfiguration
39	Site drainage will be addressed as needed
40	Kitchen Cabinets will be replaced as needed
41	Window Coverings
42	Bathroom tubs will be replaced as needed

Loan Commitment - Exhibit E
Scope of Development: Oak Park, 4921 Folsom Blvd, Sacramento (10 units)

Item	Description
1	Seal and Stripe Parking Lots
2	Pedestrian pavement, sidewalk, concrete large 1,000 SF
3	Fence and gate refinish (wood) 500 SF
4	Property signage (monument/pylon)
5	Replace interior and exterior light fixtures
6	Replace water heaters
7	Replace HVAC systems
8	Replace furnace (26 to 40 MBH gas)
9	New Hardware at all entry doors
10	Replace plumbing fixtures
11	Replace countertops at kitchen and baths
12	Replace shower/tub enclosure
13	Replace bath vanity cabinet, wood/cult marble
14	Kitchen cabinet refacing
15	Replace sink (stainless steel)
16	New garbage disposal and dishwashers
17	Replace gas range
18	Replace range hood
19	Replace refrigerator 14-18 cf
20	Install new smoke detectors and CO (battery operated)
21	Load center 120/240 V 125 AMP single phase
22	New Interior and Exterior Paint
23	Replace windows (aluminum, dbl glazed)
24	Repoint Exterior Brick/Brick Veneer
25	Replace interior doors (hollow core)
26	Replace closet doors
27	Replace exterior door (steel)
28	Upgrade/beautify trash enclosure
29	New flooring to replace existing
30	New fire extinguishers
31	Correct ponding issues (allowance)
32	Convert large concrete pad to garden/bbq
33	Final clean
34	Demolition
35	Landscape: Convert concrete pad to gardening and barbecue area
36	Site drainage will be addressed as needed
37	Kitchen Cabinets will be replaced as needed
38	Window Coverings

Loan Commitment - Exhibit F
Scope of Development: Meadow Commons, 1043 43rd Avenue, Sacramento (28 units)

Item	Description
1	Repair/replace exterior siding as needed
2	New hardware at all entry doors
3	Replace screen doors
4	Replace interior doors (wood hollow core)
5	Replace interior doors (sliding closet)
6	Replace windows (sliding glass prev. repl)
7	New interior and exterior paint
8	Install new vinyl plank flooring
9	Replace water heaters
10	Replace HVAC (packaged unit RTU, up to 2 ton)
11	Replace interior and exterior light fixtures
12	Replace kitchen ranges and hoods
13	Replace kitchen sinks (stainless steel)
14	Replace refrigerators (14-18 CF)
15	Replace plumbing fixtures
16	Replace shower surrounds
17	Toilet tank replacement
18	Sink replacement (vitreous china) bathroom
19	Reface all cabinets and replace countertops
20	Replace bathroom exhaust fans
21	Install new smoke/CO detectors (Battery operated)
22	GFCI replacement (56)
23	Remove nurse call pull cords and patch holes
24	ADA Visual Bell and Strobe
25	ADA Kitchen, Sink and Counter Full Reconfig/Renovate
26	Upgrade community room - ADA Kitchen/Bath
27	Community room flooring - LVP
28	Community room cabinet replacement
29	Community room exterior paint
30	Community Room - Exterior wall shingle replacement
31	Community Room - Double glazed aluminum windows (10)
32	Community Room - Store front window replacement (2) W/O DOOR
33	Community Room - exterior door w/swinging motor
34	Community Room - roof replacement (asphalt shingle)
35	Community Room - interior door replacement
36	Community Room - interior ceiling paint and prep
37	Community Room - toilet replacement
38	Community Room - sink replacement (vitreous china)
39	Community Room - service sink (porcelain enamel/cast iron)
40	Community Room - Drinking Fountain replacement
41	Community Room - water heater replacement (50 gal electric)
42	Community Room - Condensing unit/Heat Pump split unit 4 ton
43	Community Room - ceiling exhaust fan replacement 70-110 CFM
44	Community Room - Fan Coil Unit 3.5-5 ton
45	Community Room - Fire extinguisher replacement
46	Community Room - Lighting system upgrade (interior)
47	Community Room - Replace Range (Electric)
48	Community Room - Replace Range Hood
49	Community Room - Replace Refrigerator (14-18 cf)
50	Community Room - Replace countertop (plastic laminate)
51	Replace fencing as required
52	Repair concrete patios
53	Provide concrete path to extinguishers
54	Roof replacement
55	Pedestrian Gate - Wrought Iron replacement
56	Pipe and Fittings, Cast Iron 4", replacement
57	Metal Halide or LED Pole and Light Fixture 250 W (10)
58	Vehicle Control Gate w/Controller
59	Landscape - re-establish ground cover
60	Parking lot - pressure wash and restripe
61	Pedestrian pavement, sidewalk - concrete replacement (1000 SF)
62	Irrigation Valve Replacement
63	Exterior Pole Light Replacement 135-1000 W HID replace
64	Site drainage will be addressed as needed
65	Kitchen Cabinets will be replaced as needed
66	Window Coverings

RESOLUTION NO. _____

**RENTAL ASSISTANCE DEMONSTRATION PHASE I
REHABILITATION: APPROVING THE ISSUANCE OF
OBLIGATIONS BY THE HOUSING AUTHORITY OF THE
COUNTY OF SACRAMENTO ON BEHALF OF THE
SACRAMENTO HOUSING AUTHORITY REPOSITIONING
PROGRAM, INC. (SHARP)**

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$25,000,000 (the "Obligations") and to lend the proceeds thereof to Sacramento Housing Authority Repositioning Program, Inc. (SHARP) or related entities, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) 1043 43rd Avenue, Sacramento, California, consisting of 28 units, (2) 4921 Folsom Boulevard, Sacramento, California, consisting of 10 units, (3) 4930 El Paraiso Avenue, Sacramento, California, consisting of 36 units, (4) 4500 Perry Avenue, Sacramento, California, consisting of 10 units, (5) 8223 Walerga Road, Antelope, California, consisting of 24 units, and (6) 9205 Elk Grove Boulevard, Elk Grove, California, consisting of 16 units.

WHEREAS, Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the Board of Supervisors of the County (the "Board"), as the elected representative of the County of Sacramento and the host jurisdiction of the subject multifamily housing

Rental Assistance Demonstration Project Phase 1 Tax Equity And Fiscal Responsibility Act Hearing, And Approval Of Tax-Exempt Bonds, Option Agreement And Approval of Loan Commitment
Page 2

residential facility, after a public hearing has been held following reasonable and proper notice.

WHEREAS, a public hearing was held by the Board on July 23, 2019, following duly published notice thereof, and all persons desiring to be heard have been heard.

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

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$25,000,000 for the purposes described above is hereby approved.

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

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 23rd day of July, 2019, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,
(PER POLITICAL REFORM ACT (§ 18702.5.)

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST:

Clerk

RESOLUTION NO. _____

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

ON THE DATE OF

**RENTAL ASSISTANCE DEMONSTRATION PHASE I REHABILITATION:
A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY
OF SACRAMENTO DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Sacramento Housing Authority Repositioning Program, Inc. (SHARP) (the "Developer"), or a limited partnership or a limited liability company related to or formed by the Developer, the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) 1043 43rd Avenue, Sacramento, California, consisting of 28 units, (2) 4921 Folsom Boulevard, Sacramento, California, consisting of 10 units, (3) 4930 El Paraiso Avenue, Sacramento, California, consisting of 36 units, (4) 4500 Perry Avenue, Sacramento, California, consisting of 10 units, (5) 8223 Walerga Road, Antelope, California, consisting of 24 units, and (6) 9205 Elk Grove Boulevard, Elk Grove, California, consisting of 16 units (the "Project").

WHEREAS, 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.

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

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

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

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$25,000,000.

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

the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, 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 6. 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 the 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 Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

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

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Board of the Housing Authority of the County of Sacramento this 23 day of July, 2019, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

APPROVED:

Chair of the Housing Authority
of Sacramento County, California

ATTEST:

Clerk

RESOLUTION NO. _____

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

ON THE DATE OF

**RENTAL ASSISTANCE DEMONSTRATION PHASE I REHABILITATION:
A RESOLUTION OF THE HOUSING AUTHORITY OF THE COUNTY
OF SACRAMENTO DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Sacramento Housing Authority Repositioning Program, Inc. (SHARP) (the "Developer"), or a limited partnership or a limited liability company related to or formed by the Developer, the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) 1043 43rd Avenue, Sacramento, California, consisting of 28 units, (2) 4921 Folsom Boulevard, Sacramento, California, consisting of 10 units, (3) 4930 El Paraiso Avenue, Sacramento, California, consisting of 36 units, (4) 4500 Perry Avenue, Sacramento, California, consisting of 10 units, (5) 8223 Walerga Road, Antelope, California, consisting of 24 units, and (6) 9205 Elk Grove Boulevard, Elk Grove, California, consisting of 16 units (the "Project").

WHEREAS, 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.

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

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

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

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$25,000,000.

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

the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, 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 6. 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 the 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 Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

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

On a motion by Member _____, seconded by Member _____, the foregoing Resolution was passed and adopted by the Board of the Housing Authority of the County of Sacramento this 23 day of July, 2019, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

APPROVED:

Chair of the Housing Authority
of Sacramento County, California

ATTEST:

Clerk

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

RENTAL ASSISTANCE DEMONSTRATION PHASE I REHABILITATION - POINTE LAGOON AND RIO GARDEN ("PROJECT"): APPROVAL TO AMEND THE HOUSING AUTHORITY BUDGET; OPTION AGREEMENT FOR THE GROUND LEASE AND THE PURCHASE AND SALE OF IMPROVEMENTS (OPTION AGREEMENT); \$4,900,000 SELLER CARRYBACK LOAN AND \$958,129 CAPITAL FUNDS LOAN (LOAN COMMITMENT); EXECUTION OF OPTION AGREEMENT, LOAN COMMITMENT AND RELATED DOCUMENTS WITH SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP), OR RELATED ENTITY; AND ENVIRONMENTAL FINDINGS

WHEREAS, on October 30, 2018, the Board of the Housing Authority of the County of Sacramento (Board) adopted Resolution No. HA-2423, which approved the updates to the Housing Authority Asset Repositioning Plan allowing for conversion of the public housing portfolio under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition (Section 18) Programs. Additionally, the Board authorized the Housing Authority to submit an application to United States Department of Housing and Urban Development (HUD) to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration (RAD) and Section 18 Demolition and Disposition Programs.

WHEREAS, on November 30, 2018, HUD approved an application to reposition and convert 62 units at Pointe Lagoon (4500 Perry Avenue and 4930 El Paraiso Avenue in the unincorporated County of Sacramento and 9205 Elk Grove Boulevard in the City of Elk Grove) and to reposition and convert 24 units at Rio Garden (8223 Walerga Road) to Rental Assistance Demonstration Project Based Vouchers (PBV).

WHEREAS, the Housing Authority desires to partner and enter into an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by an updated fair market value appraisal, with the Sacramento Housing Authority Repositioning Program,

Inc., (SHARP), an entity that can benefit from the use of low-income housing tax credits, to position acquisition and rehabilitation efforts for success, and to accomplish necessary renovations to Pointe Lagoon and Rio Garden, under the Rental Assistance Demonstration (RAD) Program.

WHEREAS, SHARP has applied for rehabilitation and construction financing for the Pointe Lagoon and Rio Garden sites in the form of a seller carryback loan and a Capital Funds loan from the Housing Authority.

WHEREAS, the disposition and rehabilitation of the above properties under the RAD program have been found to be Categorically Exempt under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301, "Existing Facilities".

WHEREAS, the disposition and rehabilitation of the above properties, with the exception of the 4921 Folsom Blvd Site, under the RAD program have been found to be Categorically Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12). The 4921 Folsom Blvd site will require additional environmental assessment and NEPA review must be completed prior to making a commitment of funds or choice limiting action.

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

Section 1: The above recitals, including the environmental recitals, are determined to be true and correct.

Section 2. The Executive Director is authorized to amend the Housing Authority budget to allocate \$958,129 in Capital Funds and \$4,900,000 in the form of a seller carryback loan for the financing of the Pointe Lagoon (4500 Perry Avenue, 4930 El Paraiso Avenue both in the unincorporated

County, and 9205 Elk Grove Boulevard in the City of Elk Grove) and Rio Garden (8223 Walerga Road) RAD Phase 1 Projects.

Section 3: The Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by a fair market value appraisals (Option Agreement) between the Housing Authority of the County of Sacramento and the Sacramento Housing And Repositioning Program, Inc. (SHARP) for the rehabilitation of the of Pointe Lagoon and Rio Garden under the RAD Phase 1 Project is approved.

Section 4. The Housing Authority Loan Commitment for the financing of Pointe Lagoon and Rio Garden under the RAD Phase 1 Project in the amount of a \$4,900,000 seller carryback loan, or an amount justified by updated fair market value appraisals, and a \$958,129 Capital Funds loan from the Housing Authority (Loan Commitment) is approved.

Section 5. The Executive Director, or designee, is authorized to execute the Option Agreement and Loan Commitment and related documents, as approved to form by Sacramento Housing and Redevelopment Agency (Agency) counsel, and transmit to SHARP, or related entity. The Housing Authority will return to the Board for approval of loan documents.

Section 6. The Executive Director, or designee, is authorized to enter into and execute related agreements, as approved to form by Agency counsel, and perform other actions necessary to implement the activities and fulfill the intent of the Option Agreement and Loan Commitment to ensure proper repayment of the Housing Authority funds, as approved above or to delegate those activities to the Agency.

On a motion by Supervisor _____, seconded by Supervisor
_____, the foregoing Resolution was passed and adopted by the
Board of the Housing Authority of the County of Sacramento this 23rd day of
July, 2019, 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 Board of the Housing Authority
of Sacramento County, California

(SEAL)

RAD Phase 1 Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, And
Approval Of Tax-Exempt Bonds, Option Agreement And Loan Commitment
Page 5

ATTEST: _____
Clerk



July 12, 2019

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Sierra Sunrise Senior Apartments: Tax Equity And Fiscal Responsibility Act (TEFRA)
Hearing and Approval of Tax-Exempt Bonds

SUMMARY

The attached report is presented for your review prior to review by the County of
Sacramento.

RECOMMENDATION

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
July 23, 2019

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

Through: Navdeep S. Gill, County Executive

From: La Shelle Dozier, Executive Director, Sacramento Housing
and Redevelopment Agency

Subject: Sierra Sunrise Senior Apartments: Tax Equity And Fiscal
Responsibility Act (TEFRA) Hearing And Approval Of Tax-
Exempt Bonds

District(s): Peters

RECOMMENDED ACTION

This report recommends approval of the attached Board of Supervisors Resolution for the Sierra Sunrise Senior Apartments which indicates that the required Tax Credit Equity and Fiscal Responsibility Act (TEFRA) public hearing has been conducted related to the proposed construction and permanent financing of the Sierra Sunrise Senior Project (Project) and approval of a Housing Authority Resolution authorizing the issuance of up to \$23,000,000 in tax-exempt mortgage revenue bonds for the Project and authorizing submittal of an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds, and authorizing the Executive Director to execute all necessary documents associated with the transaction.

The Clerk is requested to provide six certified copies of each resolution to the Sacramento Housing and Redevelopment Agency (Agency).

BACKGROUND

USA Properties Fund, Inc. (Developer) has applied to the Agency for the issuance of up to \$23,000,000 in tax-exempt mortgage revenue bonds for the acquisition, rehabilitation and permanent financing of Sierra Sunrise Senior Apartments (Project). The 4.82 acre property is located in the County of Sacramento at 4525 Manzanita Avenue. A vicinity map and project photo are provided as Attachments 1 and 2.

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of
Tax-Exempt Bonds For The Sierra Sunrise Senior Apartments
Page 2

Upon approval of the staff recommendation, an application for tax-exempt Mortgage Revenue bonds to the California Debt Limit Allocation Committee (CDLAC) and a four percent Low Income Housing Tax Credit (LIHTC) application to the California Tax Credit Allocation Committee (CTCAC) will be submitted no later than August 16, 2019.

Sierra Sunrise Senior Apartments is an existing 119-unit affordable housing multifamily development. Built in 1978, the project consists of 65 studios and 54 one-bedroom units located within a single two-story building. The development includes 88 parking spaces.

The Developer plans a significant rehabilitation of the project. All units will be upgraded. All kitchens and bathrooms will have solid-surface counters, sinks and finishes. All units will have luxury vinyl plank flooring in entry, hall, new entry doors and new patio doors. All mismatched and damaged cabinets will be replaced. All other cabinets will be refaced. New energy efficient kitchen appliances, lighting, smoke and carbon dioxide detectors, central heating, ventilation and air conditioning systems will be installed in all units. Units will be painted as needed and upon unit turnover.

The corridors will have new handrails, carpet, paint, LED light fixtures and ceilings replaced. Common areas will be upgraded and the leasing office will be rebuilt and expanded. The commercial kitchen will be remodeled and new appliances will be installed. The laundry facilities will receive new flooring, fixtures, plumbing, electrical and paint. Additional washers and dryers will be added.

The building will have new, retro-fitted windows and new solar panels will be installed. A landscaping plan which will minimize turf area and include drought tolerant plants and new irrigation drop systems will be submitted to the Agency prior to closing of the financing. A fenced in pet area with artificial turf will be added and the existing gardening area will be expanded. The north and south fencing will be replaced with a new, solid fence. All site light fixtures will be replaced with LED. The parking lot asphalt will be repaired/replaced as needed where cracked.

Agency construction staff will conduct inspections during the construction phase and will work closely with the Developer and the General Contractor to ensure construction quality. A scope of development is provided as Attachment 3.

DEVELOPER

USA Properties Fund, Inc. (Developer) is dedicated to providing quality affordable housing to low-income persons in California. The Developer has 38 years of experience in residential real estate, including 90 affordable developments consisting of more than 12,000 units and a portfolio of over \$1 billion across California and Nevada. In addition to Sierra Sunrise Senior, the Developer has developed many projects in the Sacramento region.

TEMPORARY RELOCATION PLAN

USA Properties Fund, Inc. (USA) will provide temporary relocation services to the residents of the Sierra Sunrise Senior Apartments.

PROPERTY MANAGEMENT

Sierra Sunrise Senior Apartments will be managed by USA Multifamily Management, Inc. (USA Management). Currently, USA Management manages 85 properties in California and Nevada. Agency staff has reviewed USA Management's qualifications, and has found that the proposed management company meets Agency requirements. Final management plan is subject to approval by Agency staff.

RESIDENT SERVICES

Resident services will be provided by LifeSTEPS, Inc. (LifeSTEPS), which currently provides resident services to 250 affordable housing communities and more than 80,000 residents in California. LifeSTEPS will be required to provide at least 15 hours of services per week. Services will be provided by an on-site services coordinator and will include enrichment programs, case management, educational classes and senior activities. Final resident services plan is subject to approval by Agency staff.

PROJECT FINANCING

Sierra Sunrise Senior Apartments will be financed using a combination of four percent Low Income Housing Tax Credits, tax-exempt bond financing, deferred developer fee and net operating income during construction. Funding sources and uses are provided in the Project Summary as Attachment 4. A Cash Flow Proforma is provided as Attachment 5.

BOND FINANCING

The Housing Authority may issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multifamily housing projects. Interest paid on the bonds is exempt from federal and state income tax; therefore, bondholders will accept a below-

market yield from the bonds. These savings are, in turn, passed on to the Project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates. The bonds for the Project are intended to be privately-placed. The law firm of Orrick, Herrington and Sutcliffe, LLP, will serve as bond counsel to the Housing Authority.

LOW-INCOME SET-ASIDE REQUIREMENTS

As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that apartments be set-aside for targeted income groups. Income restrictions from LIHTC financing require that no households have income higher than 60 percent of Area Median Income (AMI). See Attachment 6 for maximum income and rent levels. The Project affordability restrictions will be specified in regulatory agreements with the Developer.

COMMISSION ACTION

It is anticipated that the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item at its meeting on July 17, 2019. Staff will notify the Board in the event this does not occur.

POLICY CONSIDERATIONS

The recommended actions are generally consistent with the Agency's approved Multifamily Lending and Mortgage Revenue Bond Policies. The limited partner/general partner asset management fees exceed the combined maximum total of \$25,000.

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.

The Project contributes to the County's 2013-2021 Housing Element goals by preserving and renovating 117 existing regulated affordable housing units. A very-low income unit is defined as being affordable to a household with income up to 50 percent of AMI, while a low income unit is defined as being affordable to a household with income up to 60 percent of AMI. The Project will preserve 24 very-low and 93 low income units to meet the County's affordable housing goals as represented in the following table:

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of
 Tax-Exempt Bonds For The Sierra Sunrise Senior Apartments
 Page 5

Unit Type	% of Units	Affordability Restrictions for 55 years	No. of Units
Tax-exempt Bonds, and LIHTC	20%	Very-Low (50% AMI)	24
Tax-exempt Bonds, and LIHTC	78%	Low-Income (60% AMI)	93
Management Unit	2%	Unrestricted	2
Total	100%		119

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The is project is exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) Section 15301.

M/WBE/SECTION 3 CONSIDERATIONS

Minority and Women’s Business Enterprise requirements, Section 3 requirements and Local Business Enterprise requirements do not apply to this report.

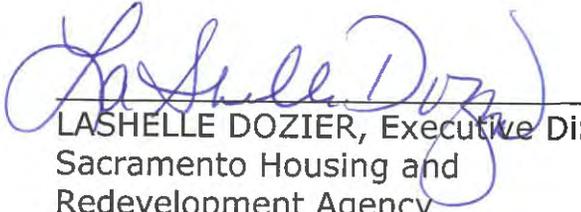
FINANCIAL ANALYSIS

The proposed bond issuance will not be an obligation of the County, the Housing Authority or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the Project 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 (approximately \$55,750), 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 (approximately \$33,450) for monitoring of the regulatory restrictions and administration of the bonds. The law firm Orrick, Herrington and Sutcliffe, LLP, is acting as bond counsel for the Housing Authority. Any change to the Agency’s Multifamily Lending and Mortgage Revenue Bond Policies relating to bond fees adopted prior to closing of the Project loan, will be applied.

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of
Tax-Exempt Bonds For The Sierra Sunrise Senior Apartments
Page 6

Respectfully submitted,

APPROVED
NAVDEEP S. GILL
County Executive


LASHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
ROBERT B. LEONARD
Deputy County Executive

Attachments:

- RES - Board of Supervisors TEFRA
- RES - Housing Authority Bond Inducement Authorization
- ATT 1 - Vicinity Map
- ATT 2 - Project Photo
- ATT 3 - Scope of Development
- ATT 4 - Project Summary
- ATT 5 - Project Cashflow Proforma
- ATT 6 - Maximum Income and Rent Limits

RESOLUTION NO.

**SIERRA SUNRISE APARTMENTS: APPROVING THE
ISSUANCE OF OBLIGATIONS BY THE HOUSING
AUTHORITY OF THE COUNTY OF SACRAMENTO ON BEHALF
OF USA PROPERTIES FUND, INC.**

WHEREAS, the Housing Authority of the County of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$23,000,000 (the "Obligations") and to lend the proceeds thereof to Carmichael 683, L.P. or a partnership of which USA Properties Fund, Inc. (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of a 119-unit multifamily housing senior residential facility to be located at 4525 Manzanita Way, Carmichael, in the County of Sacramento, California.

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

WHEREAS, a public hearing was held by the Board on July 23, 2019, following duly published notice thereof, and all persons desiring to be heard have been heard.

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

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

Section 1. The Board of Supervisors of the County of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$23,000,000 for the purposes described above is hereby approved.

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

Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing And Approval Of
Tax-Exempt Bonds For The Sierra Sunrise Senior Apartments

Page 3

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 23 day of July, 2018, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,
(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST:

Clerk, Board of Supervisors

RESOLUTION NO. _____

HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO

ON THE DATE OF

**SIERRA SUNRISE SENIOR APARTMENTS: A RESOLUTION OF THE
HOUSING AUTHORITY OF THE COUNTY
OF SACRAMENTO DECLARING INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the County of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to Carmichael 683, L.P., or a limited partnership or a limited liability company related to or formed by USA Properties Fund, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 119-unit multifamily housing senior residential facility to be located at 4525 Manzanita Way, Carmichael, in the County of Sacramento, California (the "Project").

WHEREAS, 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.

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

**NOW, THEREFORE, BE IT RESOLVED that the Housing Authority
of the County of Sacramento:**

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

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

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$23,000,000.

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

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, 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 6. 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 the 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 Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the County of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

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

On a motion by Member _____, seconded by Membe
_____, the foregoing Resolution was passed and adopted by the
Board of the Housing Authority of the County of Sacramento this 23rd day of
July, 2019, by the following vote, to wit:

AYES: Members,

NOES: Members,

ABSENT: Members,

ABSTAIN: Members,

RECUSAL: Members,
(PER POLITICAL REFORM ACT (§ 18702.5.))

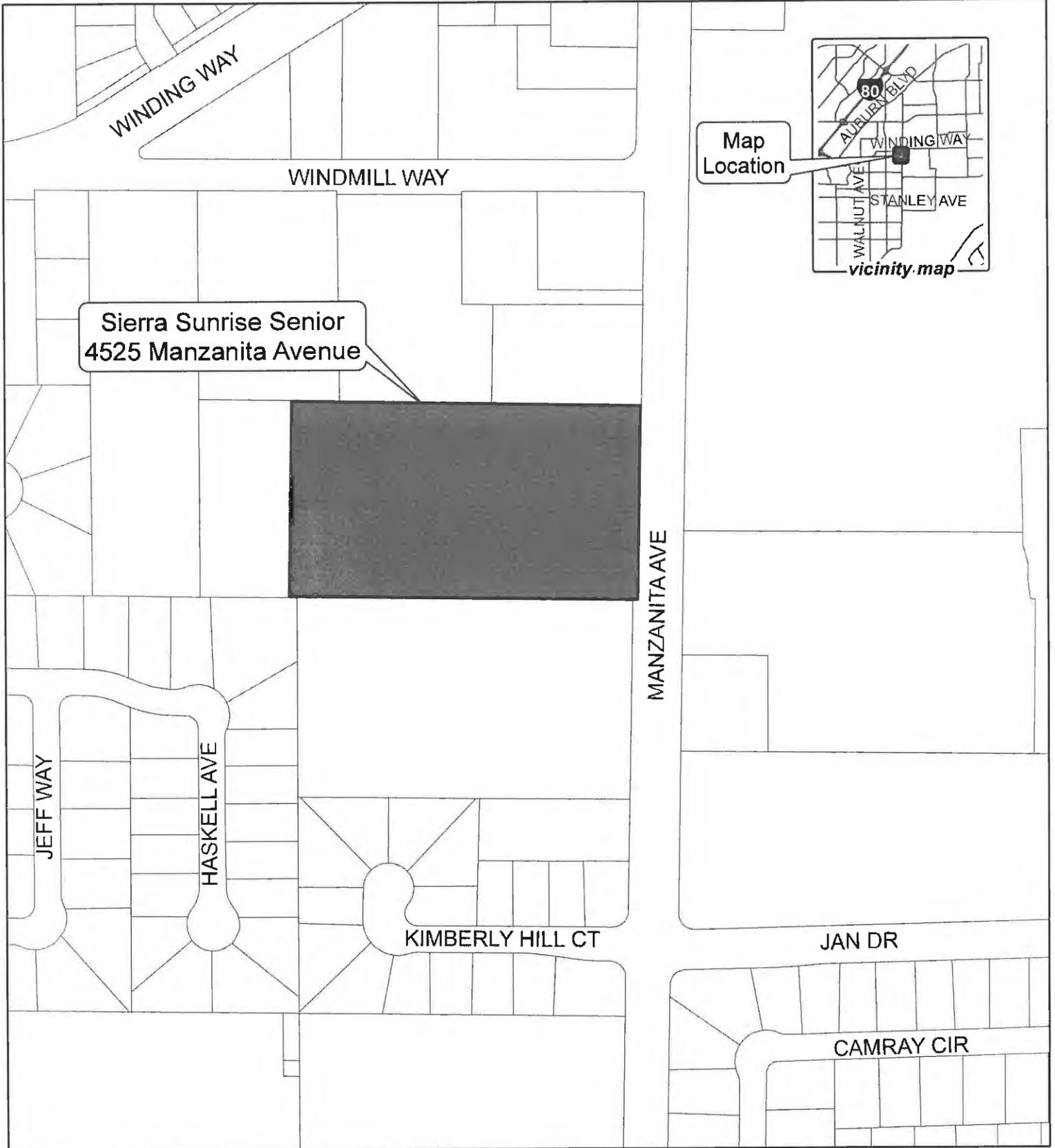
Chair of the Board of the Housing Authority
of Sacramento County, California

(SEAL)

ATTEST: _____
Clerk



Sierra Sunrise Senior Apartments



Sierra Sunrise Senior



SHRA GIS
May 20, 2019



SIERRA SUNRISE SENIOR APARTMENTS

SCOPE OF DEVELOPMENT

Unit Interiors

1. Carpentry:
 - a. All entry doors and hardware will be replaced with weather stripping and thresholds.
 - b. Approximately 20 interior unit doors will be replaced.
 - c. All unit interior door hardware will be replaced.
2. T-Bar Ceilings:
 - a. T-bar ceiling in units will be repaired or replaced on an as needed basis.
3. Drywall:
 - a. Damaged drywall will be repaired.
 - b. No removal work will be done on the unit popcorn ceilings. Additional spray on popcorn may be applied for patching.
4. Fire Sprinklers:
 - a. All escutcheons will be reviewed and appropriately repaired or replaced. Repairs may include removal of paint, adjustment to fit flush with ceiling, etc.
5. Flooring:
 - a. Entry, kitchen, hallway, and bathroom flooring will be replaced with LVP flooring.
 - b. Carpet will remain and will be replaced upon unit turnover.
6. Interior Painting:
 - a. Entire walls will be repainted where damage is identified and where proposed work is to be done.
 - b. Touch up paint will be applied as needed.
 - c. Upon turnover, units will be repainted.
7. Bathroom Accessories:
 - a. All bathroom mirrors will be replaced.
 - b. All bathroom hardware will be replaced.
8. Appliances:
 - a. All existing appliances will be replaced with new similar Energy Star products.
 - b. New countertop microwave/convection oven appliances will be installed in every unit.
9. Window Covering:
 - a. Existing window coverings will be replaced with new.
10. Cabinets:
 - a. All mismatched and damaged kitchen cabinetry will be removed and replaced in approximately 41 units.
 - b. All bathroom vanity cabinets will be replaced.
11. Countertops:
 - a. All new solid surface countertops will be installed in kitchens and bathrooms.
12. Plumbing:
 - a. All kitchen and bathroom sinks will be removed and replaced.
 - b. All faucets, angle stops and supply lines for the kitchen sink, bathroom sink and toilet will be replaced. All new faucets will comply with current water-efficiency standards.
 - c. All toilets will be replaced to meet current efficiency standards.
 - d. All shower/tub trim, mixing valves, and shower heads will be replaced. New shower heads will be low flow.

13. Tub/Shower Enclosures:
 - a. All tubs that are stained and/or cracked will be resurfaced to a clean new look in approximately 47 units.
14. HERS Testing:
 - a. All HVAC systems will be replaced throughout the project.
15. Electrical:
 - a. All unit fixtures will be replaced with LED fixtures.
 - b. All bathroom exhaust fans will be replaced with humidistat style fans which turn on high when moisture is detected. All bathroom heat lamps will be removed.
 - c. All smoke- and CO-detectors will be replaced.
 - d. All GFCI outlets will be replaced. All unit light switches will be replaced with dimmable switches per T24 requirements.
16. HVAC:
 - a. All air handlers will be replaced with new equipment and thermostats.

Building Exteriors

1. Building Light Fixtures:
 - a. All existing light fixtures will be removed and replaced with new LED fixtures.
 - b. New LED light fixtures will be added in areas around building to meet one candle foot minimum.
2. Roofing:
 - a. Existing gutters and downspouts will be rerouted and redirected to eliminate flooding around the building.
 - b. Roofing around proposed solar panel installation will be patched.
3. Windows and Screens:
 - a. All unit windows will be replaced with retrofit windows. New windows will meet current energy codes.
 - b. All unit window screens will be replaced.
4. Exterior Painting:
 - a. The entire elevation will be repainted to ensure paint patches are not seen.

Site Improvements

1. Rough Cleaning:
 - a. Debris around the buildings will be cleaned up during and after the proposed work.
2. Concrete Flatwork:
 - a. All trip hazards will be repaired.
 - b. Current walkway to the bus stop will be widened allowing for two wheel chairs to pass. Two pullout areas to give wheelchairs the ability to pullout and pass each other will be included.
 - c. Concrete walking path will be installed in areas around building to create a walking path around the entire building.
3. Trash Enclosures:
 - a. Existing trash enclosure gates and posts will be repaired or replaced as needed.
4. Site Lighting Fixtures:
 - a. New light fixtures will be added at the proposed new location of the mailbox pedestals.
 - b. All site light fixtures will be removed and replaced with LEDs. Poles will remain. No new light fixtures are assumed.

5. Asphalt and Slurry Seal:
 - a. Major cracking will be removed and replaced with new asphalt.
 - b. All pavement cracks not removed will be filled and the entire parking lot will be slurry sealed and re-stripped.
6. Gates, Fencing and Walls:
 - a. The existing chain-link fences along the Northern and Southern property lines will be removed and replaced with concrete pre-cast wall.
7. Landscaping:
 - a. The entire landscape area will be reworked to reduce the turf area and replaced with drought tolerant plants. New irrigation drip systems will be installed throughout the property.
 - b. All irrigation valves and timers will be updated.
 - c. The existing gardening area will be expanded.
 - d. A fenced in pet area with waste bag dispenser and seating will be added.
 - e. Trees throughout the property will be trimmed or removed to reduce the risk of damage to the building and safety to residence.

Common Area

1. Signage:
 - a. Worn or damaged signage will be repaired or replaced as needed.
2. Mailboxes:
 - a. Existing mailboxes will be removed and new pedestal mailboxes will be installed outside near the entrance to the leasing office.
3. Spa Room:
 - a. The existing spa room to be repurposed into a fitness room.
4. Laundry Rooms:
 - a. The existing laundry rooms will be remodeled. All flooring, fixtures, plumbing, electrical will be replaced and the rooms repainted.
 - b. The laundry room washer/dryers will be increased to eight washers/dryers in order to meet TCAC's minimum standards for senior projects.
5. Corridors and Utility Rooms:
 - a. All smoke/fire door hardware will be replaced. Doors will be repainted.
 - b. Exterior patio doors will be replaced.
 - c. All exterior doors will be retrofitted for access control equipment.
 - d. All emergency lighting will be replaced.
 - e. All handrails will be replaced.
 - f. Door trim will be repaired or replaced as needed.
 - g. The carpet in the corridor will be removed and replaced with vinyl plank flooring.
 - h. All common area bathrooms remaining will be updated to meet ADA requirements.
 - i. The common area rooms, library, salon and empty spaces will be updated and/or repurposed to fit the needs of the community.
 - j. Elevator interior cosmetics will be updated.
 - k. All light fixtures in corridor and common area rooms will be replaced with LED fixtures.
 - l. Drywall repairs will be made around all proposed work.
 - m. All common area interior air handling systems will be replaced.
 - n. All T-bar ceilings will be removed and replaced with new.
 - o. All corridors will be painted.

6. Craft Room:
 - a. Additional cabinetry and an additional range/oven will be added.
7. Electrical Room:
 - a. A mechanical AC unit will be installed to cool the electrical room.
8. Leasing Office Remodel:
 - a. The current leasing office will be demolished. The space will be expanded to build back offices and seating area.
 - b. Work includes, demolition, framing, drywall, electrical, low voltage, flooring, painting, cabinetry, fire sprinklers, countertops, HVAC, windows and window coverings.
9. Building Systems:
 - a. The backup generator will be repaired or replaced as needed.
 - b. Maintenance and tune-up will be performed on the chiller equipment.
 - c. Water shutoff valves will be added throughout the building.
10. Commercial Kitchen:
 - a. Existing kitchen equipment will be removed and replaced by new equipment. This will include refrigeration, warming drawers, and other necessary equipment to allow for meal deliveries and meal preparation.
 - b. The existing commercial kitchen will be reconfigured/remodeled in order to eliminate wasted space.
11. Community Room:
 - a. The community room will be programmed with distinct areas delineated by furniture and flooring to serve as a multifunctional space- a dining area as well as a social space for residents.
 - b. The dining room will include tables and functional chairs, with credenzas for food/beverage hospitality service,
 - c. The flooring in the dining section will be vinyl plank.
 - d. The remainder of the room will be furnished with soft furnishings, such as chairs, sofas or settees that would allow a comfortable space for residents to meet and socialize. A television will be provided in this area and the flooring will transition to carpet.
 - e. The community room will be fully painted.
 - f. New light fixtures and ceiling fans will be installed.
12. Site Security:
 - a. A camera system and a security hub will be added in the leasing office to monitor the property.
13. Solar PV and Thermal:
 - a. A photovoltaic system will be installed to offset electricity usage.
 - b. A solar thermal system will be installed to offset hot water use.
14. Furniture, Fixtures and Equipment:
 - a. New furniture, artwork, and equipment will be installed at leasing office, lobby, community room, fitness room, game/TV room, library/computer room and craft room.
 - b. New outdoor furniture and tables will be installed.
 - c. Small tables and wing chairs will be added to alcove seating areas on first and second floors.

Sierra Sunrise Senior Apartments Residential Project Summary

Address	Manzanita Way, Carmichael, CA 95608		
Number of Units	119		
Year Built	1978		
Acreage	4.82 acres (209,959 sq. ft.)		
Unit Mix and Rents	<u>VLI 50% AMI</u>	<u>LI 60% AMI</u>	<u>Total</u>
0 Bedroom / 1 Bath	15	50	65
1 Bedroom / 1 Bath	9	43	52
Management Units (1 Bedroom exempt)	0	0	2
Total	24	93	119
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
0 Bedroom / 1 Bath	339	22,035 sq.ft.	
1 Bedroom/ 1 Bath	559	29,068 sq.ft.	
1 Bedroom/ 1 Bath (managers units)	720	1,440 sq.ft.	
Community Area		6,600 sq.ft.	
Total		59,143 sq.ft.	
Resident Facilities	Community room with dining space, laundry rooms, library, computer/business center, game and card room, arts and crafts room and nurse call pendants.		
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Permanent Loan	\$ 22,300,000	\$ 187,395	\$ 377.05
Tax Credit Equity	\$ 11,581,298	\$ 97,322	\$ 195.82
Seller Carryback	\$ 5,352,740	\$ 44,981	\$ 90.51
Deferred Developer Fee	\$ 2,225,000	\$ 18,697	\$ 37.62
TOTAL SOURCES	\$ 41,459,038	\$ 348,395	\$ 701.00
Permanent Uses			
Acquisition	\$ 28,780,000	\$ 241,849	\$ 486.62
Construction Costs	\$ 5,113,446	\$ 42,970	\$ 86.46
Architecture & Engineering	\$ 50,000	\$ 420	\$ 0.85
Permits	\$ 11,900	\$ 100	\$ 0.20
Hard Cost Contingency	\$ 541,685	\$ 4,552	\$ 9.16
Soft Cost Contingency	\$ 121,350	\$ 1,020	\$ 2.05
Financing Cost	\$ 763,717	\$ 6,418	\$ 12.91
Operating Reserves	\$ 539,584	\$ 4,534	\$ 9.12
Legal Fees	\$ 75,000	\$ 630	\$ 1.27
Relocation	\$ 153,650	\$ 1,291	\$ 2.60
Developer Fee	\$ 4,893,137	\$ 41,119	\$ 82.73
Third Party Fees, Marketing, Other	\$ 415,569	\$ 3,492	\$ 7.03
TOTAL USES	\$ 41,459,038	\$ 348,395	\$ 701.00
Management / Operations			
Developer	USA Properties Fund, Inc.		
Property Management Company	USA Multifamily Management, Inc.		
Operations Budget	660,179	5,548	
Property Management	83,885	705	
Resident Services	25,622	215	
Replacement Reserves	35,700	300	

Sierra Sunrise	Number	Square Feet	Total Sq Feet	Max Gross Rent	Utility Allowance	Max Net Rent	Rent per Sq Foot	Total Mo. Rent	Current Annual Rent
0 Bedroom/1 Bath (50% AMI)	15	339	5,085	\$ 732	\$ -	\$ 732	\$ 2.16	\$ 10,980	\$ 131,760
0 Bedroom/1 Bath (60% AMI)	50	339	16,950	\$ 879	\$ -	\$ 879	\$ 2.59	\$ 43,950	\$ 527,400
1 Bedroom/1 Bath (50% AMI)	9	559	5,031	\$ 784	\$ -	\$ 784	\$ 1.40	\$ 7,056	\$ 84,672
1 Bedroom/1 Bath (60% AMI)	43	559	24,037	\$ 941	\$ -	\$ 941	\$ 1.68	\$ 40,463	\$ 485,556
Manager	2	720	1,440	\$ 941	\$ -	\$ 941	\$ 1.31	\$ 1,882	\$ 22,584
Totals	119		52,543					\$ 104,331	\$ 1,251,972

	annual increase	per unit	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5	2026 Year 6	2034 Year 14	2035 Year 15	2040 Year 20	2045 Year 25	2050 Year 30
Income													
Potential Gross Income	2.50%		1,283,271	1,315,353	1,348,237	1,381,943	1,416,491	1,451,904	1,769,004	1,813,229	2,051,502	2,321,086	2,626,096
Rental Subsidy	2.50%		1,286,260	1,318,417	1,351,377	1,385,162	1,419,791	1,455,285	1,773,124	1,817,452	2,056,280	2,326,482	2,632,212
Other Income	2.00%		39,779	40,575	41,386	42,214	43,058	43,919	51,458	52,488	57,950	63,982	70,641
Less Vacancy	5.00%		128,477	131,688	134,981	138,355	141,814	145,359	177,106	181,534	205,389	232,379	262,915
Effective Gross Income			\$2,480,834	\$2,542,656	\$2,606,019	\$2,670,963	\$2,737,526	\$2,805,749	\$3,416,480	\$3,501,634	\$3,960,343	\$4,479,181	\$5,066,034
Operating Expenses													
Operating Expenses	3.50%	5,548	660,179	683,285	707,200	731,952	757,570	784,085	1,032,491	1,068,628	1,269,195	1,507,405	1,790,325
Property Management	3.50%	705	83,885	86,821	89,859	93,004	96,260	99,629	131,192	135,784	161,268	191,536	227,485
Residential Services	3.50%	215	25,622	26,519	27,447	28,408	29,402	30,431	40,072	41,475	49,259	58,504	69,485
Real Estate Taxes	2.00%	110	13,040	13,300	13,566	13,838	14,115	14,397	16,868	17,206	18,996	20,974	23,156
Replacement Reserves		300	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700	35,700
Total Expenses		6,578	\$818,426	\$845,626	\$873,773	\$902,902	\$933,047	\$964,242	\$1,256,323	\$1,298,792	\$1,534,419	\$1,814,120	\$2,146,151

Net Operating Income			\$1,662,408	\$1,697,030	\$1,732,246	\$1,768,060	\$1,804,479	\$1,841,506	\$2,160,156	\$2,202,842	\$2,425,925	\$2,665,062	\$2,919,883
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Debt Service	amount	rate	amort	2021	2022	2023	2024	2025	2026	2034	2035	2040	2045	2050
Senior Loan	\$22,300,000	4.55%	35	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734	1,274,734
Housing Authority Monitoring Fee	\$22,300,000	0.15%		33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450	33,450
Debt Service Subtotal				\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184	\$1,308,184

Priority Distributions	annual increase	2021	2022	2023	2024	2025	2026	2034	2035	2040	2045	2050
Asset Management Fee (GP)	3.00%	25,000	25,750	26,523	27,318	28,138	28,982	36,713	37,815	43,838	50,820	58,914
Partnership Management Fee (LP)	3.00%	7,500	7,725	7,957	8,195	8,441	8,695	11,014	11,344	13,151	15,246	17,674
Managing General Partner Fee	0.00%	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Subordinated Property Management Fee	3.00%	76,940	79,248	81,626	84,074	86,597	89,195	112,989	116,379	134,915	156,403	181,314
Priority Distributions Subtotal		\$113,940	\$117,223	\$120,605	\$124,088	\$127,676	\$131,371	\$165,216	\$170,038	\$196,404	\$226,969	\$262,403

Net Cash after Priority Distributions			\$240,284	\$271,623	\$303,457	\$335,789	\$368,619	\$401,952	\$686,756	\$724,620	\$921,337	\$1,129,909	\$1,349,297
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Developer Cash Flow	49% Net Cash to Developer	2021	2022	2023	2024	2025	2026	2034	2035	2040	2045	2050
49% Net Cash to Developer		\$117,739	\$133,095	\$148,694	\$164,536	\$180,623	\$196,956	\$336,510	\$355,064	\$451,455	\$553,655	\$661,155

Net Cash after Developer Cash Flow			\$122,545	\$138,528	\$154,763	\$171,252	\$187,996	\$204,995	\$350,246	\$369,556	\$469,882	\$576,254	\$688,141
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Deferred Developer Fee	Principal Balance	rate	2021	2022	2023	2024	2025	2026	2034	2035	2040	2045	2050
Deferred Developer Fee	\$2,225,000	4.00%	2,225,000	2,191,455	2,140,585	2,071,446	1,983,051	1,874,377	137,378	0	0	0	0
Interest for Period			89,000	87,658	85,623	82,858	79,322	74,975	5,495	0	0	0	0
Accumulated Interest			89,000	87,658	85,623	82,858	79,322	74,975	5,495	0	0	0	0
Payment			122,545	138,528	154,763	171,252	187,996	204,995	142,873	0	0	0	0
Balance			\$2,191,455	\$2,140,585	\$2,071,446	\$1,983,051	\$1,874,377	\$1,744,357	\$0	\$0	\$0	\$0	\$0

Seller Carryback	Principal Balance	rate	2021	2022	2023	2024	2025	2026	2034	2035	2040	2045	2050
Seller Carryback	\$5,352,740	8.00%	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740	5,352,740
Interest for Period			428,219	428,219	428,219	428,219	428,219	428,219	428,219	428,219	428,219	428,219	428,219
Accumulated Interest			428,219	856,438	1,284,658	1,712,877	2,141,096	2,569,315	5,995,069	6,215,915	6,311,069	5,892,346	4,930,462
Payment			0	0	0	0	0	0	207,373	369,556	469,882	576,254	688,141
Balance			\$5,780,959	\$6,209,178	\$6,637,398	\$7,065,617	\$7,493,836	\$7,922,055	\$11,140,436	\$11,199,099	\$11,193,928	\$10,668,832	\$9,595,060

Sierra Sunrise Cashflow Proforma

Attachment 5

MAXIMUM GROSS INCOME AND RENT LIMITS 2019

Low Income Housing Tax Credits

Sierra Sunrise Senior**Maximum Gross Income Limits**

<u>Family Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 29,300	\$ 35,160
2 person	\$ 33,450	\$ 40,140
3 person	\$ 37,650	\$ 45,180
4 person	\$ 41,800	\$ 50,160
5 person	\$ 45,150	\$ 54,180
6 person	\$ 48,500	\$ 58,200
7 person	\$ 51,850	\$ 62,220

Rent Limits:

<u>Unit Size</u>	<u>50% AMI</u>	<u>60% AMI</u>
Studio	\$ 732	\$ 879
1 Bedroom	\$ 784	\$ 941



July 12, 2019

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Arden Way Phase II: Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing and Approval of Tax-Exempt Bonds and Approval of Loan Commitment

SUMMARY

The attached report is presented for your review prior to review 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
July 23, 2019**

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

**Title: Arden Way Phase II Tax Equity and Fiscal Responsibility Act Hearing,
Approval Of Tax-Exempt Bonds And Approval of Loan Commitment**

Location/Council District: 880, 924 and 936 Arden Way/District 2

Recommendation: Conduct a Tax Equity And Fiscal Responsibility Act public hearing and upon conclusion, pass: 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 construction of Arden Way Phase II (Project); 2) a **Housing Authority Resolution** which a) indicates the intention of the Housing Authority of the City of Sacramento to issue up to \$30,000,000 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; and 3) a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (Agency) to: a) amend the Agency budget, b) approve a loan commitment of \$4,000,000 comprised of \$2,400,000 in Home Investment Partnerships Program (HOME) funds, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing funds to the Project (Loan Commitment), c) execute a Loan Commitment and all necessary documents associated with this transaction with Community HousingWorks or related entity, and d) make related findings.

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

Presenter: Anne Nicholls, Housing Finance Analyst II, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: Community HousingWorks (Developer) has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a \$4,000,000 loan to finance the acquisition and construction of a new workforce housing development known as Arden Way Phase II (Project). The proposed Project is part of a two-phase project designed to take advantage of new Low Income Housing Tax Credit rules allowing the combination of both non-competitive and competitive programs for a single development. As currently proposed, Arden Way Phase I (Phase I) workforce housing development does not have a financing gap; therefore, no Agency financing has been requested from the Developer for that phase. Information on Phase I is being included in this report as the projects will be constructed together and the Agency financing proposed for Phase II is leveraging funding provided by Phase I. The proposed developments are located at 880, 924 and 936 Arden Way on 2.69 acres. A vicinity map is included as Attachment 2, a site plan is included as Attachment 3, and building renderings are included as Attachment 4.

Arden Way Phase I will be new construction of a four-story wood frame, slab-on-grade building on 0.72 of the 2.69 acre site, which will provide 53 units consisting of 52 workforce affordable housing units and one unrestricted management unit. There will be four studio, 37 one-bedroom and 12 two-bedroom units. Inclusive of the 52 affordable workforce housing units, there will be five units with Americans with Disability Act (ADA) accessibility and two units with communication features (e.g, wiring for audio and visual devices). The common areas and amenities include a laundry facility, bicycle parking, vehicle parking, exercise path, fencing and security cameras. All residents in Phases I and II have access to all of the common areas on the property.

Arden Way Phase II will be new construction of a four-story wood frame, slab-on-grade building on 1.97 of the 2.69 acre site, which will provide 67 units consisting of 66 affordable workforce housing units and one unrestricted management unit. There will be four studio, six one-bedroom, 24 two-bedroom and 33 three-bedroom units. There will be seven units with ADA accessibility and three units with communication features. The common areas and amenities include a community room with full kitchen, computer lab, two conference rooms, mail, laundry facility, bicycle parking, vehicle parking, courtyard, barbeques, play area, swimming pool, exercise path, resident organic garden, fencing and security cameras. Further details of the Project are included in the Scope of Development attached to the City Council Loan Commitment Resolution as Attachment 14 - Exhibit A.

Developer: Community HousingWorks (CHW) is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income persons in California. CHW has developed 40 rental communities with over 3,300 affordable homes in Contra Costa, Santa Clara, Fresno, Los Angeles and San Diego Counties. Arden Way Phases I and II will be their first affordable housing development in Sacramento.

Property Management: Arden Way Phases I and II will be managed by ConAM Management Corporation (ConAM). ConAM manages 365 properties nationally, comprised of more than 52,786 affordable and market rate housing units. In California, ConAM manages nine affordable housing developments, comprised of more than 4,100

units including Willow Glenn Apartments in the City of Sacramento and two sites in the unincorporated County of Sacramento. Agency staff has reviewed ConAM's qualifications and its management plan, and has found that the proposed management company meets Agency requirements.

Property Management: Arden Way Phases I and II will be managed by ConAM Management Corporation (ConAM). ConAM manages 365 properties nationally, comprised of more than 52,786 affordable and market rate housing units. In California, ConAM manages 273 affordable housing developments, comprised of more than 31,400 units. In Northern California region, ConAM manages nine affordable housing developments, comprised of more than 1,207 units including Willow Glenn Apartments in the City of Sacramento and two sites in the unincorporated County of Sacramento. Agency staff has reviewed ConAM's qualifications and its management plan, and has found that the proposed management company meets Agency requirements.

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

Project Financing: CHW applied to the Agency for gap financing in the first competitive funding round of 2019. The results of that Agency funding round are included as Attachment 5.

The financing structure of Arden Way Phases I and II is part of a four percent and nine percent Low Income Housing Tax Credit (LIHTC) hybrid structure that allows affordable housing developers with the flexibility to leverage funding to build new or rehabilitate affordable housing developments. As proposed Arden Way Phase I includes nine percent LIHTC, conventional loan, general partnership equity and development impact fee waivers. Arden Way Phase II includes four percent LIHTC, tax-exempt bonds, conventional loan, Agency loan comprised of HOME, Housing Trust Funds (HTF) and Mixed Income Housing Funds (MIHF), HCD MHP loan, general partnership equity, accrued interest on soft debt, deferred developer fee and development impact fee waivers. 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 of Area Median Income (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 Project Summary and Proforma for each phase of the development are included as Attachments 6 through 9. A schedule of maximum income and rents are included as Attachment 10.

The anticipated funding sources and their affordability requirements are summarized in the tables below for each phase of the development:

Arden Way Phase I

Unit Type	Units	% of Units	Affordability Restriction (55 years)
9% LIHTC	11	21%	Extremely Low Income 30% of Area Median Income (AMI)
9% LIHTC	21	40%	Very Low Income 50% of AMI
9% LIHTC	20	38%	Low Income 60% of AMI
Not applicable	1	1%	Exempt Management Unit
Total	53	100%	

Arden Way Phase II

Unit Type	Units	% of Units	Affordability Restriction (55 years)
4% LIHTC, Tax-exempt Bonds, MHP, HOME, HTF & MIHF	14	21%	Extremely Low Income 30% of Area Median Income (AMI)
4% LIHTC, Tax-exempt Bonds, MHP, HOME, HTF & MIHF	27	40%	Very Low Income 50% of AMI
4% LIHTC, Tax-exempt Bonds, MHP, HOME, HTF & MIHF	25	37%	Low Income 60% of AMI
Not applicable	1	2%	Exempt Management Unit
Total	67	100%	

Policy Considerations: The recommended actions for both phases of the development are consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority four, New Production (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.3.2 Economic integration of new multifamily affordable housing projects; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415).

In addition, the recommended actions for both phases of the development are: a) consistent 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 b) located in

an Opportunity Zone that provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains and forgiveness of tax on new capital gains (enacted into federal law through the Tax Cuts and Jobs Act of 2017).

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions on each of the properties will be specified in regulatory agreements between the Developer and the Agency for a period of 20 years on the eleven HOME-assisted units, 30 years on the two Mixed Income Housing Fund-assisted units and 55 years on the seven Housing Trust Fund-assisted units. 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 Arden Way Phase I multifamily residential project is expected to create 126.11 total jobs (70.8 direct jobs and 55.31 jobs through indirect and induced activities) and create \$11,061,995 in total economic output (\$6,798,238 of direct output and another \$4,263,757 of output through indirect and induced activities).

The Arden Way Phase II multifamily residential project is expected to create 253.54 total jobs (142.34 direct jobs and 111.20 jobs through indirect and induced activities) and create \$22,240,445 in total economic output (\$13,668,044 of direct output and another \$8,572,401 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 reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA review pursuant to two statutory provisions: Government Code section 65457 (project consistent with a specific plan) and Public Resources Code section 21155.4 (specific plan, transit priority area, consistency with regional planning). **National Environmental Policy Act (NEPA):** An Environmental Assessment (EA) was completed pursuant to the National Environmental Policy Act (NEPA), and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment.

Sustainability Considerations: The proposed Project has 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 and providing long-term affordable and reliable energy.

Commission Action: At its meeting of July 17, 2019, it is anticipated that the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council and the Housing Authority Board 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 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 as part of Sacramento's 2035 General Plan, Promise Zone Plans and Goals, and the Opportunity Zone Program.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The \$4,000,000 Agency loan for Arden Way Phase II is comprised of \$2,400,000 in HOME, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing Funds, with an interest rate of three percent and a term of 57 years after closing escrow.

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:

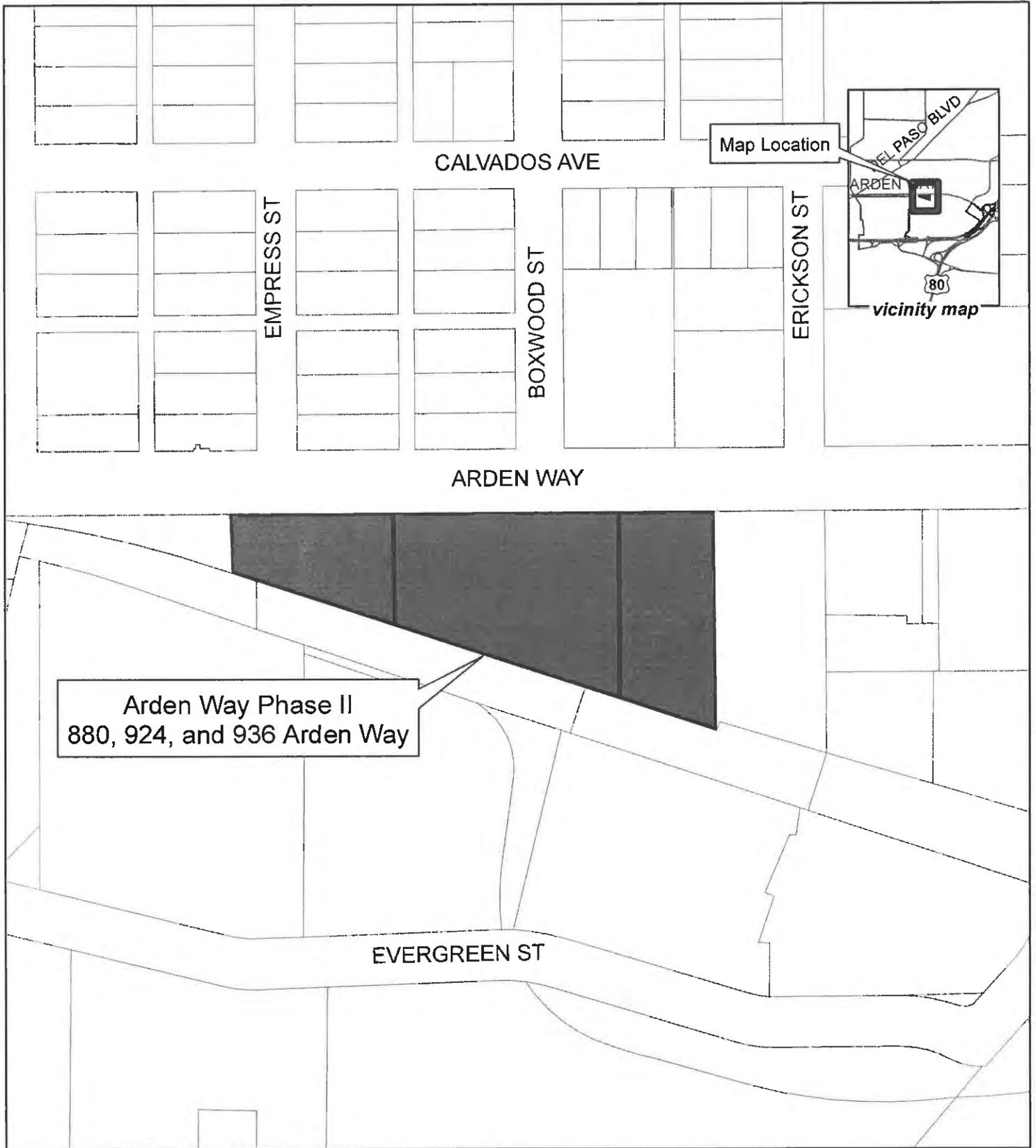

LA SHELL DOZIER
Executive Director

Attachments

- 1-Description/Analysis and Background
- 2-Vicinity Map
- 3-Site Plan
- 4-Building Renderings
- 5- January 2019 Pre-Application Results
- 6-Project Summary - Arden Way Phase I
- 7-Project Summary - Arden Way Phase II
- 8-Cash Flow Proforma - Arden Way Phase I
- 9-Cash Flow Proforma - Arden Way Phase II
- 10-Maximum Income and Rent Limits
- 11-City Council TEFRA Resolution
- 12-Housing Authority Bond Inducement Authorization Resolution
- 13-City Council Loan Commitment Resolution
- 14-Exhibit A to Resolution: Loan Commitment and Scope of Development



Arden Way Phase II



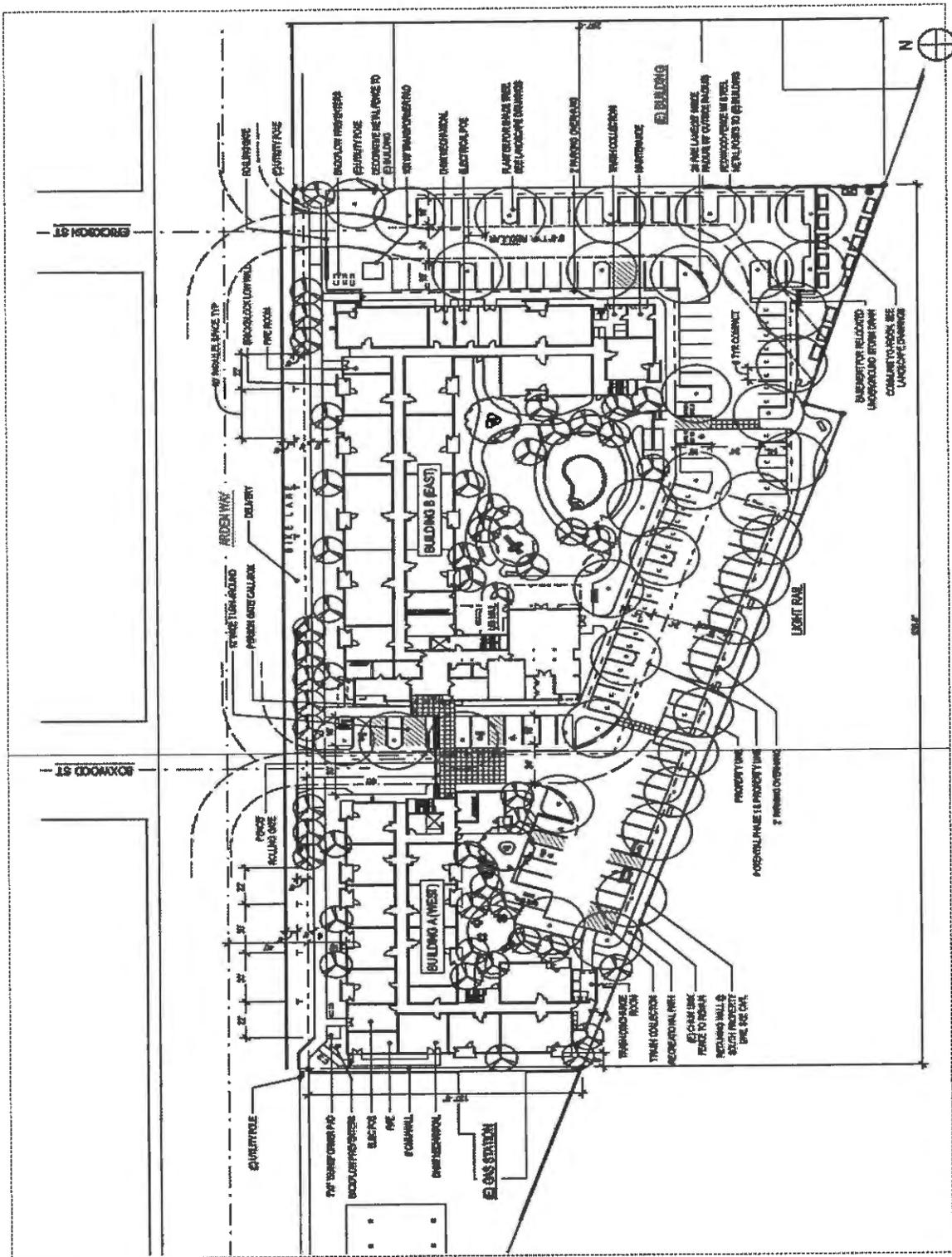
Arden Way Phase II
880, 924, and 936 Arden Way

 Parcel



SHRA GIS
July 1, 2019

Arden Way Site Plan



Legend:
 Green border (---) = Arden Way Phase II (67 units)
 Blue border (---) = Arden Way Phase I (53 units)

Arden Way Rendering



Arden Way Phase I Rendering



BUILDING B - WEST ELEVATION - SCALE 1" = 20'

Arden Way Phase II Rendering



BUILDING B - NORTH ELEVATION - SCALE 1" = 20'

2019 Pre-Application Results					
Project Name	Applicant Name	Project Type	Priority*	Funds Requested	Result
<i>January Round</i>					
City Projects					
Whispering Pines	Visionary Home Builders	Recapitalization	2	\$2,000,000	Invited Full Application
Arden Way	Community Housing Works	New Production	4	\$3,500,000	Invited Full Application
Twin Rivers B/E	MBS	Preservation	1	\$1,200,000	Declined - Insufficient Readiness
Capitol Park Hotel	Mercy Housing	Rehabilitation	4	\$7,900,000	Declined - Insufficient Funding
Coral Gables/Villa Jardin <i>(SHRA-owned land)</i>	John Stewart	New and Recap	2, 4	\$8,000,000	Declined - Insufficient Funding
Related Scattered Sites <i>(SHRA-owned land)</i>	Related	New Production	4	\$4,250,000	Declined - Insufficient Funding
*As specified in SHRA's Multifamily Lending and Mortgage Revenue Bond Policies (Sect. 1.1).					

**Arden Way Phase I
Residential Project Summary**

Address	880-924 Arden Way, Sacramento 95815			
Number of Units	53			
Year Built	New Construction			
Acreage	0.72 (31,363.2 sq. ft.)			
Unit Mix and Rents	ELI (30% AMI)	VLI (50% AMI)	LI (60% AMI)	Mgt Exempt
Studio/1 bath (4)	1	2	1	
1 bedroom/1 bath (37)	8	15	14	
2 bedrooms/1 bath (12)	2	4	5	1
Total (53)	11	21	20	1
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
Studio/1 Bath	461	1,844	sq. ft.	
1 bedroom/1 bath	544	20,128	sq. ft.	
2 bedrooms/1 bath	795	9,540	sq. ft.	
Total Gross		31,512	sq. ft.	
Resident Facilities	New construction of four-story wood frame, slab on grade building, with private balconies and patios, one elevator and trash/recycling chutes. Amenities include a management office, community room with kitchen, computer room, conference rooms, central laundry, courtyard with barbeques, swimming pool, play area resident garden area, bike storage and approximately 107 parking spaces.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Tax Credit Equity	15,288,629	288,465	485.17	
Permanent Loan	1,430,000	26,981	45.38	
General Partnership Equity	1,118,606	21,106	35.50	
Fee Waivers	457,995	8,641	14.53	
TOTAL SOURCES	\$ 18,295,230	\$ 345,193	\$ 580.58	
Permanent Uses				
Acquisition	582,377	10,988	18.48	
Construction Costs	11,061,995	208,717	351.04	
Architecture & Engineering	794,678	14,994	25.22	
Permits and Fees	902,007	17,019	28.62	
Hard Cost Contingency	553,100	10,436	17.55	
Soft Cost Contingency	152,023	2,868	4.82	
Financing Cost	1,765,780	33,317	56.04	
Operating Reserves	115,429	2,178	3.66	
Legal Fees	44,877	847	1.42	
Developer Fee	2,098,606	39,596	66.60	
Third Party Fees, Marketing, Other	224,358	4,233	7.12	
TOTAL USES	\$ 18,295,230	\$ 345,193	\$ 580.58	
Management / Operations				
Proposed Developer	Community HousingWorks			
Property Management Company	ConAM Management			
Operations Budget	192,202	3,626		
Property Management	44,284	836		
Resident Services	21,425	404		
Replacement Reserves	26,500	500		

**Arden Way Phase II
Residential Project Summary**

Address	880, 924 and 936 Arden Way, Sacramento 95815			
Number of Units	67			
Year Built	New Construction			
Acreage	1.97 (85,813.2 sq. ft.)			
Unit Mix and Rents	ELI (30% AMI)	VLI (50% AMI)	LI (60% AMI)	Mgt Exempt
Studio/1 bath (4)	1	3		
1 bedroom/1 bath (6)	2	4		
2 bedrooms/1 bath (24)	4	10	9	1
3 bedrooms/2 bath (33)	7	10	16	
Total Units (67)	14	27	25	1
Square Footage	<i>Unit Size (sq. ft.)</i>	<i>Total</i>		
Studio/1 Bath	461	1,844	sq. ft.	
1 bedroom/1 bath	544	3,264	sq. ft.	
2 bedrooms/1 bath	795	19,080	sq. ft.	
3 bedrooms/2 bath	1036	34,188	sq. ft.	
Office & Community Area		4,000	sq. ft.	
Total Gross		62,376	sq. ft.	
Resident Facilities	New construction of four-story wood frame, slab on grade building, with private balconies and patios, one elevator and trash/recycling chutes. Amenities include a management office, community room with kitchen, computer room, conference rooms, central laundry, courtyard with barbeques, swimming pool, play area resident garden area, bike storage and approximately 107 parking spaces.			
Permanent Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Tax Credit Equity	13,388,577	199,830	214.64	
Permanent Loan	2,160,000	32,239	34.63	
SHRA Loan	4,000,000	59,701	64.13	
HCD Loan	11,000,000	164,179	176.35	
Deferred Developer Fee	400,000	5,970	6.41	
Accrued Interest on Soft Debt	675,000	10,075	10.82	
General Partnership Equity	2,410,638	35,980	38.65	
Fee Waivers	686,115	10,241	11.00	
TOTAL SOURCES	\$ 34,720,330	\$ 518,214	\$ 556.63	
Permanent Uses				
Acquisition	736,175	10,988	11.80	
Construction Costs	22,240,445	331,947	356.55	
Architecture & Engineering	1,004,458	14,992	16.10	
Permits and Fees	1,172,229	17,496	18.79	
Hard Cost Contingency	1,112,022	16,597	17.83	
Soft Cost Contingency	276,428	4,126	4.43	
Financing Cost	3,053,890	45,580	48.96	
Operating Reserves	518,526	7,739	8.31	
Legal Fees	105,124	1,569	1.69	
Developer Fee	4,210,638	62,845	67.50	
Third Party Fees, Marketing, Other	290,395	4,334	4.66	
TOTAL USES	\$ 34,720,330	\$ 518,214	\$ 556.63	
Leverage	<i>SHRA \$ per Unit</i>	<i>Per Unit Cost</i>	<i>Leverage</i>	
	59,701	\$ 518,214	SHRA : Other \$1.00 : \$7.68	
Management / Operations				
Proposed Developer		Community HousingWorks		
Property Management Company		ConAM Management		
Operations Budget		297,556	4,441	
Property Management		28,436	424	
Resident Services		42,849	640	
Replacement Reserves		33,500	500	

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Contract Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
Studio /1 Bath @ 30% AMI	1	461	461	\$ 439	\$ 72	\$ 367	\$ 0.80	\$ 367	\$ 4,404
Studio /1 Bath @ 50% AMI	2	461	922	\$ 732	\$ 72	\$ 660	\$ 1.43	\$ 1,320	\$ 15,840
Studio /1 Bath @ 60% AMI	1	461	461	\$ 879	\$ 72	\$ 807	\$ 1.75	\$ 807	\$ 9,684
1 bedroom/1bath @ 30% AMI	8	544	4,352	\$ 470	\$ 82	\$ 388	\$ 0.71	\$ 3,104	\$ 37,248
1 bedroom/1bath @ 50% AMI	15	544	8,160	\$ 784	\$ 82	\$ 702	\$ 1.29	\$ 10,530	\$ 126,360
1 bedroom/1bath @ 60% AMI	14	544	7,616	\$ 941	\$ 82	\$ 859	\$ 1.58	\$ 12,026	\$ 144,312
2 bedroom/1bath @ 30% AMI	2	795	1,590	\$ 564	\$ 103	\$ 461	\$ 0.58	\$ 922	\$ 11,064
2 bedroom/1bath @ 50% AMI	4	795	3,180	\$ 941	\$ 103	\$ 838	\$ 1.05	\$ 3,352	\$ 40,224
2 bedroom/1bath @ 60% AMI	5	795	3,975	\$ 1,129	\$ 103	\$ 1,026	\$ 1.29	\$ 5,130	\$ 61,560
2 bedroom/1bath - Exempt Management Unit	1	795	795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	53	6,195	31,512					\$ 37,558	\$ 450,696

<u>Income</u>	Annual Increase	Per Unit	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Potential Gross Income	2.50%		473,512	485,350	497,484	509,921	522,669	591,352	669,061	756,981	856,454	968,999
Other Income	2.50%		5,245	5,376	5,510	5,648	5,789	6,550	7,411	8,384	9,486	10,733
Less Vacancy	5.00%		(23,938)	(24,536)	(25,150)	(25,778)	(26,423)	(29,895)	(33,824)	(38,268)	(43,297)	(48,987)
Effective Gross Income			\$454,819	\$466,190	\$477,845	\$489,791	\$502,035	\$568,007	\$642,648	\$727,097	\$822,644	\$930,746
<u>Operating Expenses</u>												
Operating Expenses	3.50%	3,626	192,202	198,929	205,892	213,098	220,557	261,952	311,117	369,509	438,861	521,229
Property Management	3.50%	836	44,284	45,834	47,439	49,099	50,817	60,355	71,683	85,137	101,116	120,094
Resident Services	3.50%	404	21,425	22,174	22,950	23,754	24,585	29,199	34,680	41,189	48,919	58,101
Replacement Reserves	0.00%	500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Taxes/Insurance	2.00%	740	39,210	39,994	40,794	41,609	42,442	46,859	51,736	57,121	63,066	69,630
Total Expenses		6,106	\$323,621	\$333,432	\$343,575	\$354,060	\$364,901	\$424,866	\$495,716	\$579,456	\$679,462	\$795,554
Net Operating Income			\$131,198	\$132,758	\$134,270	\$135,730	\$137,135	\$143,141	\$146,932	\$147,641	\$144,181	\$135,191

<u>Debt Service</u>	Amount	Rate	Amort	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Senior Loan	\$1,430,000	6.41%	35	102,614	102,614	102,614	102,614	102,614	102,614	102,614	0	0	0
Debt Service Subtotal				\$102,614	\$102,614	\$102,614	\$102,614	\$102,614	\$102,614	\$102,614	\$0	\$0	\$0
<u>Priority Distributions</u>													
Asset Management Fee (GP)	\$12,500	3.00%		12,500	12,875	13,261	13,659	14,069	16,310	18,907	21,919	25,410	29,457
Partnership Management Fee (LP)	\$7,500	3.00%		7,500	7,725	7,957	8,195	8,441	9,786	11,344	13,151	15,246	17,674
Priority Distributions Subtotal				20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	40,656	47,131
Net Cash after Priority Distributions				\$8,584	\$9,544	\$10,438	\$11,262	\$12,010	\$14,432	\$14,066	\$112,571	\$103,525	\$88,060

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Contract Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
Studio /1 Bath @ 30% AMI	1	461	461	\$ 439	\$ 72	\$ 367	\$ 0.80	\$ 367	\$ 4,404
Studio /1 Bath @ 50% AMI	3	461	1,383	\$ 732	\$ 72	\$ 660	\$ 1.43	\$ 1,980	\$ 23,760
1 bedroom/1bath @ 30% AMI	2	544	1,088	\$ 470	\$ 82	\$ 388	\$ 0.71	\$ 776	\$ 9,312
1 bedroom/1bath @ 50% AMI	4	544	2,176	\$ 784	\$ 82	\$ 702	\$ 1.29	\$ 2,808	\$ 33,696
2 bedroom/1bath @ 30% AMI	4	795	3,180	\$ 564	\$ 103	\$ 461	\$ 0.58	\$ 1,844	\$ 22,128
2 bedroom/1bath @ 50% AMI	10	795	7,950	\$ 941	\$ 103	\$ 838	\$ 1.05	\$ 8,380	\$ 100,560
2 bedroom/1bath @ 60% AMI	9	795	7,155	\$ 1,129	\$ 103	\$ 1,026	\$ 1.29	\$ 9,234	\$ 110,808
3 bedroom/1bath @ 30% AMI	7	1,036	7,252	\$ 652	\$ 124	\$ 528	\$ 0.51	\$ 3,696	\$ 44,352
3 bedroom/1bath @ 50% AMI	10	1,036	10,360	\$ 1,086	\$ 124	\$ 962	\$ 0.93	\$ 9,620	\$ 115,440
3 bedroom/1bath @ 60% AMI	16	1,036	16,576	\$ 1,304	\$ 124	\$ 1,180	\$ 1.14	\$ 18,880	\$ 226,560
2 bedroom/1bath - Exempt Management Unit	1	795	795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	67	8,298	58,376					\$ 57,585	\$ 691,020

<u>Income</u>	Annual Increase	Per Unit	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Potential Gross Income	2.50%		726,003	744,153	762,757	781,826	801,371	906,678	1,025,823	1,160,625	1,313,140	1,485,898
Other Income	2.50%		6,657	6,823	6,994	7,169	7,348	8,313	9,406	10,642	12,040	13,622
Less Vacancy	5.00%		(36,633)	(37,549)	(38,488)	(39,450)	(40,436)	(45,750)	(51,761)	(58,563)	(66,259)	(74,966)
Effective Gross Income			\$696,027	\$713,427	\$731,263	\$749,545	\$768,283	\$869,242	\$983,467	\$1,112,703	\$1,258,921	\$1,424,354

<u>Operating Expenses</u>	Annual Increase	Per Unit	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Operating Expenses	3.50%	4,441	297,556	307,971	318,750	329,906	341,453	405,539	481,653	572,052	679,419	806,936
Property Management	3.50%	424	28,436	29,431	30,461	31,527	32,631	38,755	46,029	54,668	64,928	77,114
Resident Services	3.50%	640	42,849	44,349	45,901	47,507	49,170	58,399	69,359	82,377	97,838	116,201
Replacement Reserves	0.00%	500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500
Taxes/Insurance	2.00%	624	41,778	42,614	43,466	44,335	45,222	49,929	55,126	60,863	67,198	74,192
Total Expenses		6,629	\$444,119	\$457,864	\$472,078	\$486,776	\$501,976	\$586,121	\$685,666	\$803,460	\$942,883	\$1,107,944

Net Operating Income			\$251,907	\$255,563	\$259,185	\$262,769	\$266,308	\$283,121	\$297,801	\$309,243	\$316,039	\$316,411
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<u>Debt Service</u>	Amount	Rate	Amort	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Senior Loan	\$2,160,000	5.64%	35	141,581	141,581	141,581	141,581	141,581	141,581	141,581	0	0	0
HCD Monitoring Fee	\$11,000,000	0.42%		46,200	46,200	46,200	46,200	46,200	46,200	46,200	46,200	46,200	46,200
SHRA Monitoring Fee	\$20,000,000	0.15%		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Debt Service Subtotal				\$217,781	\$76,200	\$76,200	\$76,200						

<u>Priority Distributions</u>	Amount	Rate	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Asset Management Fee (GP)	\$12,500	3.00%	12,500	12,875	13,261	13,659	14,069	16,310	18,907	0	0	0
Partnership Management Fee (LP)	\$7,500	3.00%	7,500	7,725	7,957	8,195	8,441	9,786	11,344	13,151	15,246	17,674
Priority Distributions Subtotal			20,000	20,600	21,218	21,855	22,510	26,095	30,252	13,151	15,246	17,674

Net Cash after Priority Distributions			\$14,127	\$17,182	\$20,188	\$23,133	\$26,017	\$39,244	\$49,768	\$219,891	\$224,593	\$222,536
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<u>Deferred Developer Fee</u>	Principal Balance	Rate	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Principal Balance	\$400,000	2.00%	400,000	393,873	384,569	372,073	356,382	230,190	27,107	0	0	0
Interest for Period			8,000	7,877	7,691	7,441	7,128	4,604	542	0	0	0
Accumulated Interest			8,000	7,877	7,691	7,441	7,128	4,604	542	0	0	0
Payment			14,127	17,182	20,188	23,133	26,017	39,244	27,649	0	0	0
Balance			\$393,873	\$384,569	\$372,073	\$356,382	\$337,493	\$195,549	\$0	\$0	\$0	\$0

<u>Investor Cash Flow</u>	Residential NOI after Debt Service, Priority Distributions & Deferred Developer Fee	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
		\$0	\$0	\$0	\$0	\$0	\$0	\$22,119	\$219,891	\$224,593	\$222,536

<u>HCD-MHP Loan (73% of 50% Investor Cash Flow)</u>	Principal Balance	Rate	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Principal Balance	\$11,000,000	3.00%	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Interest for Period			330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Accumulated Interest			330,000	660,000	990,000	1,320,000	1,650,000	3,300,000	4,950,000	6,370,315	7,611,961	8,849,636
Payment			0	0	0	0	0	0	0	80,810	82,538	81,782
Balance			\$11,330,000	\$11,660,000	\$11,990,000	\$12,320,000	\$12,650,000	\$14,300,000	\$15,950,000	\$17,289,505	\$18,529,423	\$19,767,853

<u>SHRA Loan (27% of 50% Investor Cash Flow)</u>	Principal Balance	Rate	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 10 2031	Year 15 2036	Year 20 2041	Year 25 2046	Year 30 2051
Principal Balance	\$4,000,000	3.00%	4,000,000	4,120,000	4,363,600	4,738,108	5,254,759	10,692,061	11,000,000	11,000,000	11,000,000	11,000,000
Interest for Period			120,000	123,600	130,908	142,143	157,643	320,762	330,000	330,000	330,000	330,000
Accumulated Interest			120,000	243,600	374,508	516,651	674,294	1,885,294	3,535,294	5,102,483	6,605,253	8,106,592
Payment			0	0	0	0	0	0	0	29,136	29,759	29,486
Balance			\$4,120,000	\$4,363,600	\$4,738,108	\$5,254,759	\$5,929,053	\$12,577,355	\$14,535,294	\$16,073,347	\$17,575,495	\$19,077,106

Net Cash after Debt Service, Priority Distributions, Deferred Developer Fee & Loan Repayments			\$0	\$0	\$0	\$0	\$0	\$0	\$22,119	\$109,946	\$112,296	\$111,268
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Arden Way Phase II
Cash Flow Proforma

Attachment 9

MAXIMUM GROSS INCOME AND RENT LIMITS 2019

Low Income Housing Tax Credits

Arden Way Phases I and II**Maximum Gross Income Limits**

<u>Household Size</u>	<u>30% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>
1 person	\$ 17,580	\$ 29,300	\$ 35,160
2 person	\$ 20,070	\$ 33,450	\$ 40,140
3 person	\$ 22,590	\$ 37,650	\$ 45,180
4 person	\$ 25,080	\$ 41,800	\$ 50,160
5 person	\$ 27,090	\$ 45,150	\$ 54,180
6 person	\$ 29,100	\$ 48,500	\$ 58,200
7 person	\$ 31,110	\$ 51,850	\$ 62,220

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>30% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>
Studio	\$ 439	\$ 732	\$ 879
1 Bedroom	\$ 470	\$ 784	\$ 941
2 Bedroom	\$ 564	\$ 941	\$ 1,129
3 Bedroom	\$ 652	\$ 1,086	\$ 1,304



Date: July 23, 2019

Susan M. Reynolds
President and Chief Executive Officer
Community HousingWorks
3111 Camino del Rio North, Suite 800
San Diego, CA 92108

RE: Conditional Funding Commitment for Arden Way Phase II

Dear Ms. Reynolds:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of a \$4,000,000 permanent loan funds (Loan) comprised of \$2,400,000 in City HOME Investment Partnership Program (HOME), \$1,600,000 in City Housing Trust Fund (HTF) and \$300,000 in Mixed Income Housing Funds for the purpose of financing the acquisition, construction and development of that certain real property known as Arden Way Phase II (Project) located at 880, 924 and 936 Arden Way, 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 **December 31, 2021** or extended upon mutual written agreement.



1. PROJECT DESCRIPTION: Arden Way Apartments Phase II is a new construction development on approximately 1.97 acres located in the Erikson Industrial Park area of the City of Sacramento (Project). The development consists of 67 units comprised of four (4) studio with one-bathroom, six (6) one-bedroom with one-bathroom, 24 two-bedroom with one-bathroom, and 33 three-bedroom with two-bathroom units. Inclusive of this unit mix, one two-bedroom unit will be exempt for management staff. The common areas and amenities include a community room with full kitchen, computer lab, two (2) conference rooms, central laundry facility, 34 long-term and seven (7) short-term bicycle parking, on-site parking, courtyard, barbeques, play area, swimming pool, exercise path, resident organic garden, and security cameras.

Further details are described in the Scope of Development (Attachment 1).

2. BORROWER: The name of the Borrower for the Loan is Arden Way Housing Associates, L.P., a California limited partnership (Community HousingWorks or related entity).
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, 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) Four Million Dollars (\$4,000,000), 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 three percent (3%) 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, installments for the loan are calculated to achieve an annual 1.15 debt coverage ratio. Annual payments will be made on a Residual Receipts, as defined below, basis until the maturity date. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.

“Residual Receipts” is defined as follows: After Month 204, annual installments (as described in Section [f] of this paragraph) are to begin on the first day of the first month (month 205) of the loan. Based on the annual audited financial statement from the preceding year, payments will be made upon a “Residual Cash Flow” basis meaning Net Operating Income (NOI) less: (a) debt service on the senior loan, and monitoring fees of the State of California Housing Community Development (HCD) loan and the City of Sacramento Housing Authority mortgage revenue bond issuance; (b) asset management fees up to \$12,500 annually as of the Loan's Effective Date escalating at 3% annually; (c) partnership management fee up to \$7,500 annually as of the Loan's Effective Date escalating at 3% annually; (d) deferred developer fee; (e) fifty percent (50%) of the available cash flow from NOI to Borrower after Sections (a) through (d) of this paragraph are paid; (f) thirty-seven percent (37%), or the proportional share of HCD's public assistance, of the available cash flow from NOI towards loan repayment to HCD after Sections (a) through (e) of this paragraph are paid; and (g) the remaining thirteen percent (13%), or the proportional share of the Agency's public assistance, of the available cash flow from NOI towards loan repayment to the Agency after Sections (a) through (f) of this paragraph are paid.

The Net Operating Income is defined as periodic “Revenue” less “Operating Expenses.” “Revenue” means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

“Operating Expenses” shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes of for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.



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 Investment Partnership Program funds, 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 Initials)

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 commercial bank senior lender, HCD, 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 the acquisition, construction and development 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 (TCAC).
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$13,300,000 in Low Income Housing Tax Credit Equity, no less than \$400,000 in deferred developer fee, and no less than \$2,400,000 in general partnership equity. If LIHTC equity decreases below \$13,300,000, the equity must be offset by an increase in deferred developer fee, general partnership equity and/or other non-SHRA gap financing source. The estimated cash developer fee paid from the project funding sources shall be \$1,400,000 but may be allowed up to the maximum cash developer fee permitted by HCD and/or TCAC.



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 (ASTM) International, 2010, Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions (Designation E-2600-10) and ASTM, 2013, Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process (Designation E-1527-13) 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 disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. 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%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
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 permanent loan conversion, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency. The 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 Borrower shall seek Agency approval for Project-related use(s) of said aggregate savings. The Agency shall respond within 15 days to such request for approval. Upon receipt of such consent, the Borrower shall complete the Project-related use(s) in a 90 day period, with option to extend upon mutual agreement.
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 TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00).

28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with “Sacramento Housing and Redevelopment Agency and its constituent entities” 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 ALTA endorsement no. 101.1 and CLTA endorsement nos. 100, 116, and 102.5/102.7 and 124 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. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.
35. RESIDENT SERVICES AGREEMENTS: Prior to execution, Borrower must submit to Agency any agreements providing for the resident services by Community HousingWorks Achieve Resident Services, or related entity, and qualified third party service providers, which agreements and third party service providers are subject to Agency Approval. The agreement for Phase II must include a minimum of seventeen (17) hours per week of on-site resident services and staffing capacity to ensure on-site resident services continue without interruption due to short- and long-term absences (e.g., unplanned absences, paid time off, vacation time, resignation and/or termination of employment). Additional resident services hours will be provided for Phase I with a total number of resident services hours at or above twenty (20) for both phases of Arden Way, collectively.
36. 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.
37. SMOKE-FREE ENVIRONMENT: All of the buildings and units must be smoke free. All indoor and outdoor common areas must be smoke-free.
38. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
39. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.



40. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.



Sincerely,

La Shelle Dozier
Executive Director

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

Dated: July 23, 2019

BORROWER:

Arden Way Housing Associates, L.P., a California limited partnership

By: Boxwood Street Housing LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Mary Jane Jagodzinski
Senior Vice President

**The Exhibit listed below is incorporated in this Loan Commitment by this reference for the financing of the Arden Way Phase II:
Exhibit 1 - Scope of Development**



Exhibit 1: Scope of Development

Arden Way Apartments Phase II is a new construction development on approximately 1.97 acres located in the Erikson Industrial Park area of the City of Sacramento (Project). The development consists of 67 units comprised of four (4) studio with one-bathroom, six (6) one-bedroom with one-bathroom, 24 two-bedroom with one-bathroom, and 33 three-bedroom with two-bathroom units. Inclusive of this unit mix, one two-bedroom unit will be exempt for management staff. The common areas and amenities include a community room with full kitchen, computer lab, two (2) conference rooms, mail, central laundry facility, 34 long-term and seven (7) short-term bicycle parking, on-site parking, courtyard, barbeques, play area, swimming pool, exercise path, resident organic garden, perimeter fencing and security cameras.

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. When there are differences, the stricter shall prevail. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer must indicate these funding requirements in the Project's plans/scope of work.

The Scope of Development is continued on the following page.



I. Mitigation Measures:

Law, Authority, or Factor	Mitigation Measure
<p>Noise Abatement and Control Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978; 24 CFR Part 51 Subpart B</p>	<p>The project site is predicted to be exposed to future exterior noise levels within the normally unacceptable 65-75 dBA DNL range for HUD projects. A noise assessment concluded that in order to reduce interior noise levels to below federal thresholds, certain design elements should be incorporated into the project. The specific design elements only apply to the units along the north side of buildings 1 and 2. The following noise control measures shall be incorporated into designs to the satisfaction of SHRA before construction begins on all units along the north side of building 1 and 2:</p> <ul style="list-style-type: none"> • Building facades shall include use of exterior stucco with RC channels and 5/8" interior gypsum board; • STC 35 rated windows shall be used; • STC 31 rated exterior doors. • Mechanical ventilation penetrations for exhaust fans should not face toward Arden Way. Where feasible, these vents should be routed towards the opposite side of the building to minimize sound intrusion to sensitive areas of the buildings. • Where vents must face toward Arden Way, it is recommended that the duct work be increased in length and make as many "S" turns as feasible prior to exiting the dwelling. This separates the openings between the noise source and the living space with a long circuitous route. Each time the sound turns a corner, it is reduced slightly. Flexible duct work is preferred ducting for this noise mitigation. Where the vent exits the building, a spring-loaded flap with a gasket should be installed to reduce sound entering the duct work when the vent is not in use. • Mechanical ventilation shall be provided to allow occupants to keep doors and windows closed for acoustic isolation. • In lieu of these measures, an interior noise control report may be prepared by a qualified acoustic engineer demonstrating that the proposed building construction would achieve the HUD interior noise reduction requirement of 25 dBA.
<p>TCR-1a: Conduct Cultural Resources and Tribal Cultural</p>	<p>The City shall require the applicant/contractor to provide a cultural resources and tribal cultural resources</p>



Resources Sensitivity and Awareness Training Program Prior to Ground-Disturbing Activities

sensitivity and awareness training program (Worker Environmental Awareness Program [WEAP]) for all personnel involved in project construction, including field consultants and construction workers. The WEAP will be developed in coordination with an archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for Archeology, as well as culturally affiliated Native American tribes. The City may invite Native American representatives from interested culturally affiliated Native American tribes to participate. The WEAP shall be conducted before any project-related construction activities begin at the project site. The WEAP will include relevant information regarding sensitive cultural resources and tribal cultural resources, including applicable regulations, protocols for avoidance, and consequences of violating State laws and regulations.

The WEAP will also describe appropriate avoidance and impact minimization measures for cultural resources and tribal cultural resources that could be located at the project site and will outline what to do and who to contact if any potential cultural resources or tribal cultural resources are encountered. The WEAP will emphasize the requirement for confidentiality and culturally appropriate treatment of any discovery of significance to Native Americans and will discuss appropriate behaviors and responsive actions, consistent with Native American tribal values.

TCR-1b: In the Event that Cultural Resources or Tribal Cultural Resources Are Discovered During Construction, Implement Avoidance and Minimization Measures to Avoid Significant Impacts and Procedures to Evaluate Resources.

If cultural resources or tribal cultural resources (such as structural features, unusual amounts of bone or shell, artifacts, or human remains) are encountered at the project site during construction, work shall be suspended within 100 feet of the find (based on the apparent distribution of cultural materials), and the construction contractor shall immediately notify the project's City representative. Avoidance and preservation in place is the preferred manner of mitigating impacts to cultural resources and tribal cultural resources. This will be accomplished, if feasible, by several alternative means, including:

- Planning construction to avoid tribal cultural resources, archaeological sites and/or other cultural resources; incorporating cultural resources within parks, green-space or other open space; covering archaeological resources; deeding a cultural resource to a permanent conservation easement; or other preservation and protection methods agreeable to consulting parties and



regulatory authorities with jurisdiction over the activity.

- Recommendations for avoidance of cultural resources and tribal cultural resources will be reviewed by the City representative, interested culturally affiliated Native American tribes and other appropriate agencies, in light of factors such as costs, logistics, feasibility, design, technology and social, cultural and environmental considerations, and the extent to which avoidance is consistent with project objectives. Avoidance and design alternatives may include realignment within the project site to avoid cultural resources or tribal cultural resources, modification of the design to eliminate or reduce impacts to cultural resources or tribal cultural resources or modification or realignment to avoid highly significant features within a cultural resource or tribal cultural resource.
- Native American representatives from interested culturally affiliated Native American tribes will be invited to review and comment on these analyses and shall have the opportunity to meet with the City representative and its representatives who have technical expertise to identify and recommend feasible avoidance and design alternatives, so that appropriate and feasible avoidance and design alternatives can be identified.
- If the discovered cultural resource or tribal cultural resource can be avoided, the construction contractor(s), will install protective fencing outside the site boundary, including a 100-foot buffer area, before construction restarts. The boundary of a cultural resource or a tribal cultural resource will be determined in consultation with interested culturally affiliated Native American tribes and tribes will be invited to monitor the installation of fencing. Use of temporary and permanent forms of protective fencing will be determined in consultation with Native American representatives from interested culturally affiliated Native American tribes.
- The construction contractor(s) will maintain the protective fencing throughout construction to avoid the site during all remaining phases of construction. The area will be demarcated as an “Environmentally Sensitive Area”.

If a cultural resource or a tribal cultural resource cannot be avoided, the following performance standard shall be met prior to continuance of construction and associated activities that may result in damage to or destruction of cultural resources or tribal cultural resources:

- Each resource will be evaluated for California Register of Historical Resources- (CRHR) eligibility through application of established eligibility criteria



(California Code of Regulations 15064.636), in consultation with consulting Native American Tribes, as applicable.

If a cultural resource or a tribal cultural resource is determined to be eligible for listing in the CRHR, the City will avoid damaging effects to the resource in accordance with California PRC Section 21084.3, if feasible. The City shall coordinate the investigation of the find with a qualified archaeologist (meeting the Secretary of the Interior's Professional Qualifications Standards for Archeology) approved by the City and with interested culturally affiliated Native American tribes that respond to the City's invitation. As part of the site investigation and resource assessment, the City and the archaeologist shall consult with interested culturally affiliated Native American tribes to assess the significance of the find, make recommendations for further evaluation and treatment as necessary and provide proper management recommendations should potential impacts to the resources be determined by the City to be significant. A written report detailing the site assessment, coordination activities, and management recommendations shall be provided to the City representative by the qualified archaeologist. These recommendations will be documented in the project record. For any recommendations made by interested culturally affiliated Native American tribes that are not implemented, a justification for why the recommendation was not followed will be provided in the project record.

Native American representatives from interested culturally affiliated Native American Tribes and the City representative will also consult to develop measures for long-term management of any discovered tribal cultural resources. Consultation will be limited to actions consistent with the jurisdiction of the City and taking into account ownership of the subject property. To the extent that the City has jurisdiction, routine operation and maintenance within tribal cultural resources retaining tribal cultural integrity shall be consistent with the avoidance and minimization standards identified in this mitigation measure.

If the City determines that the project may cause a significant impact to a tribal cultural resource, and measures are not otherwise identified in the consultation process, the following are examples of mitigation



capable of avoiding or substantially lessening potential significant impacts to a tribal cultural resource or alternatives that would avoid significant impacts to the resource. These measures may be considered to avoid or minimize significant adverse impacts and constitute the standard by which an impact conclusion of less-than significant may be reached:

- Avoid and preserve resources in place, including, but not limited to, planning construction to avoid the resources and protect the cultural and natural context, or planning greenspace, parks, or other open space, to incorporate the resources with culturally appropriate protection and management criteria.
- Treat the resource with culturally appropriate dignity taking into account the Tribal cultural values and meaning of the resource, including, but not limited to, the following:
 - Protect the cultural character and integrity of the resource.
 - Protect the traditional use of the resource.
 - Protect the confidentiality of the resource.
 - Establish permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or using the resources or places.
 - Protect the resource.

TCR-1c: Implement Procedures in the Event of the Inadvertent Discovery of Human Remains.

If an inadvertent discovery of human remains is made at any time during project-related construction activities or project planning, the City the following performance standards shall be met prior to implementing or continuing actions such as construction, which may result in damage to or destruction of human remains. In accordance with the California Health and Safety Code (HSC), if human remains are encountered during ground-disturbing activities, the City shall immediately halt potentially damaging excavation in the area of the remains and notify the Sacramento County Coroner and a professional archaeologist to determine the nature of the remains. The Coroner is required to examine all discoveries of human remains within 48 hours of receiving notice of a discovery on private or State lands (HSC Section 7050.5[b]).

If the human remains are of historic age and are determined to be not of Native American origin, the City will follow the provisions of the HSC Section 7000 (et seq.) regarding the disinterment and removal of non-



Native American human remains.

If the Coroner determines that the remains are those of a Native American, he or she must contact the Native American Heritage Commission (NAHC) by phone within 24 hours of making that determination (HSC Section 7050[c]). After the Coroner's findings have been made, the archaeologist and the NAHC-designated Most Likely Descendant (MLD), in consultation with the landowner, shall determine the ultimate treatment and disposition of the remains. The responsibilities of the City for acting upon notification of a discovery of Native American human remains are identified in California PRC Section 5097.9 et seq.

III. Building Exteriors:

1. **Asphalt Pavements:** The development will include approximately 72 onsite in Phase II, uncovered surface parking spaces (Borrower will inform the Lender of the final parking count after the lot line adjustment is complete and prior to close of construction financing). There will be four (4) ADA parking spaces. The parking lot and drive aisles will include three pedestrian crosswalks using enhanced paving technique.
2. **Balconies and Patios:** All ground floor apartments will have patios and all upper floor apartments will have balconies.
3. **Site Lighting:** The site will be lit with Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
4. **Non-Smoking:** The Project is 100% non-smoking.
5. **Landscaping and Courtyard:** Landscaping is designed with drought tolerant plants and trees. Trees will be planted throughout the parking lot to meet City shading requirements. The U-shaped building has a center open-air landscaped courtyard with picnic area, swimming pool, children's play area, community garden, exercise path and mailboxes. The open area of the courtyard surrounding the play area and adjacent to the swimming pool will be comprised of synthetic turf. Borrower's Landscape Plan dated February 28, 2019 was approved by the Lender (Landscape Plan). Any modifications to the Lender-approved Landscape Plan require Lender's written approval prior to implementation of changes.
6. **Picnic Area:** Barbeque and seating areas will be provided.
7. **Swimming Pool:** The swimming pool will extend to four feet deep and the pool area will be fenced with a self-closing gate. Borrower will ensure the pool and surroundings meet all applicable current codes and standards.
8. **Play Area:** The play area will have one (1) school age and one (1) toddler-appropriate play structures.
9. **Community Garden:** The southeast corner of the site will have a resident organic garden, gated with raised planter beds.
10. **Exercise Path:** An exercise path, comprised of decomposed granite, will follow the south property line.
11. **Mailboxes:** New mailboxes will be installed in a centralized location in the courtyard area.



12. **Site Fencing:** The sliding auto entry gate for the site is on Arden Way through the main entry drive across from Boxwood Street. The site will be gated and remain closed at all times. Residents and employees of the complex will have remote access to open the gate and park inside. There is a 12 foot wide turn around space outside the west drive gate as a pull in lane for rideshare and other drop-offs. Exit only will be allowed at the east drive gate across from Erickson Street. Pedestrian access to the site is through a person-gate and call box along the sidewalk on the east side of the main entry drive. The call box and gate are located just outside the manager's office and resident community space. Once inside the site fence, visitors can be buzzed in at the ground floor of the building. Perimeter site fencing is a combination of CMU, tubular steel, and chain link.
13. **Stormwater:** The development will meet storm water requirements through use of on-site storm water planters and/or bioswales along the project perimeter. An existing City-owned drainage facility located on the eastern portion of the property will be relocated further to the east, within a newly defined drainage easement.
14. **Roof:** Buildings are planned with flat roofs and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment. Buildings include cool roofs, planned to passively counteract the warm conditions of Sacramento County. The material on the roof will be Thermoplastic Polyolefin (TPO).
15. **Siding:** The building skin will be painted stucco.
16. **Offsite Improvements:** Public offsite improvements consist of street frontage improvements along Arden Way, including new sidewalks, curbs, gutters, landscaping, and lighting. Additionally, eight new parallel parking spaces will be created along Arden Way as well as replacement of the bike lane.

IV. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** There will be seven (7) units, 10% of the units, accessible with mobility features, and an additional three (3) units, 4% of the units, will include communications features for persons with hearing or vision impairment.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units, offices and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination, electric stove and range, dishwasher and garbage disposal.
5. **Bathtubs and Toilets:** All apartments will have a bathtub or shower. Restrooms will have water efficient toilet and fixtures, and bath accessories.
6. **Doors (Interior, Exterior and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Counters and Sinks:** All apartment kitchens will have modular all plywood construction cabinets, solid surface countertops, and stainless steel sink. Microwave shelving will be provided (except in ADA units) either above the counter, or on the pantry shelving with electrical outlet for microwave, All apartment bathrooms will have all wood vanity, and solid surface cultured marble vanity top with integral sink. All cabinetry face frames, doors and drawer faces will be solid hardwood.



8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. The Borrower is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows and sliding glass doors.
11. **Electrical and Lighting:** All apartments will have high efficiency lighting, ceiling fans, exhaust fans vented to the exterior and bathroom humidistat fans. Central air conditioning and forced air heat will be provided. Any exterior mounted electrical, mechanical and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls, attic spaces, and/or crawl spaces. Conduits are not allowed to be mounted on the exterior of the buildings.
12. **Flooring:** Apartment interiors will have luxury vinyl plank (LVP) flooring throughout, except in bathrooms where they will have vinyl sheet flooring.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.

V. Community Amenities

1. **Management Office and Lobby:** The furnished management office and lobby will have stained concrete flooring, energy efficient lighting and HVAC systems.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** The two community restrooms on the first floor will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, and bathroom accessories. Bathroom walls will have glazed wall tile to 48 inches high.
4. **Community Room located on the 1st Floor:** The community room, computer room, and conference rooms will have stained concrete flooring energy efficient lighting, all furnishings and HVAC systems. The community room will be 1,312 square feet, computer room 430 square feet, and conference rooms 387 square feet. These spaces will be ADA compliant.
5. **Community Room Kitchen:** The community room kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, solid surface countertop, and stained concrete New Energy Star rated appliances (refrigerator, electric stove, electric oven, microwave, garbage disposal and dishwasher), energy efficient lighting, HVAC system and water efficient plumbing fixtures will be installed.
6. **Elevator:** One hydraulic elevator will be installed. The elevator floor surface area will be a minimum of 28 square feet.
7. **Hallways and Stairs (open corridor style):** Residential hallways and stairs will be of durable flooring made of concrete flooring type. Stairs will be located near the elevator to encourage use for those that can forgo the elevator. Stairs will have non-slip concrete treads, landings and closed risers. All hallway floorings will be exterior finish due to open corridor design. The first floor hallways will be stained concrete. The 2nd, 3rd, and 4th floor hallways will be a sealed concrete topping slab.
8. **HVAC & Plumbing Systems:** Each apartment will have its own split system air conditioning and forced air heat with its own thermostat. Residential hallways will not have heating and air conditioning, due to open corridor ends designed to allow natural airflow. Stairwells will not have heating or air conditioning. A



gas-fired central boiler augmented by solar thermal panels will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.

9. **Laundry Facility:** The laundry room accommodates seven (7) washers and seven (7) dryers, which will include one set of ADA accessible laundry machines.
10. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.
11. **Trash Room:** One trash chute and one recycle chute will be located on each floor. A trash and recycle room is located on the ground floor within the building envelope with a concrete apron at the exterior for trash pick-up.
12. **Recycle:** One recycle chute will be located on each floor, emptying into the ground floor trash and recycle room.
13. **Bicycle parking:** A minimum of thirty-four (34) long-term and seven (7) short-term bicycle parking will be provided. Long-term bicycle parking will be provided within the building on the ground floor and upper residential floors, and short-term bicycle parking will be provided on the exterior of the building.
14. **Security Cameras:** there will be interior and exterior web-based security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.

Attachment 1: Lender's Minimum Construction Standards exhibit is on the following page.



Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 5 from the Lender's Multifamily Lending Policies.

Rev. 12/2016

Technical Correction 11/2018

EXHIBIT 5

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required construction standards that must be incorporated into projects participating in the Agency's investor assistance programs. All rental units and sites associated with these projects must meet or exceed these standards.

General Requirements

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local building department.
- B. A useful life of 15 years for all systems located within the approved complex. This can be met in one of two ways, installing and maintaining systems with at least a 15-year scheduled life or install, maintain and replace as needed for a period of 15 years.

Any component of a rehabilitation project whose useful life expectancy has exceeded the useful life identified in the section, "Useful Life Expectancy," shall be replaced unless waived by the Agency in writing. It is not the intent of the Agency to replace systems that appear to have some economic life remaining and appear to be maintained and functioning effectively. It is the intent of the Agency to be assured that systems will be maintained and replaced as needed for a period of 15 years. The preferred method is by replacement and maintenance at the outset of the project; and by setting aside replacement reserves sufficient to address the needs based on current and projected conditions.

- C. A clear pest inspection report will be required at the conclusion of the construction work.
- D. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by the Agency prior to their use.
- E. All work shall comply with Federal and State ADA accessibility requirements. When there are differences the stricter of the two shall apply. Special attention needs to be applied when federal funding is involved.
- F. For all structures built before 1979, a report of compliance with the initial certified inspection report of lead-based paint and asbestos is required.
- G. All units shall be approved for occupancy by the local building department at the conclusion of the work and prior to occupancy, if applicable.
- H. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and common areas.
- I. Site lighting is required for all parking and outside public spaces.



Site Work

- A. All landscaping and irrigation systems must be in a well-maintained condition. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. All landscaped areas must be served by a programmable automated irrigation system. Irrigation cannot be spraying on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problem.
- B. All fencing must be in good and serviceable condition.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") determined in need of repair by the Agency shall be repaired or replaced.
- D. All projects shall meet the parking requirements of the local Agency having jurisdiction over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" by the Local Agency having jurisdiction. All projects shall meet the governing ADA requirements for parking.
- E. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on-site drainage system if necessary.

Building Envelope and Moisture Protection

- A. All wet areas must be sealed and watertight.
- B. Roofs must have 15 years or more of remaining life with no visible signs of leakage. A third layer of shingles is not allowed. Provide a 15 year certification if requested by the Agency.
- C. All siding must have 15 years or more of remaining life. Provide a 15 year certification if requested by the Agency.

Doors and Windows

- A. All units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must at least be low e, double pane energy efficient.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and 2-inch screws in strike plates.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.



Casework

- A. All cabinets shall be in very good condition both structurally and in appearance.
- B. All counter tops shall be in very good condition with no significant imperfections, scratches, burns, or other imperfections.

Finishes

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All kitchens and bathrooms must be floored in sheet goods or tile to provide a cleanable, impervious surface.
- C. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.

Equipment

- A. All appliances must be new or in very good operating condition. All new appliances must be energy star.
- B. Dishwashers are required in all non- permanent supportive housing, disabled, SRO, and homeless projects unless a waiver has been granted by the Executive Director. Permanente supportive, disabled, and homeless projects will be encouraged to provide dishwashers in each unit but will be reviewed and approved on a case-by case basis.
- C. All kitchens must have adequate cabinet and counter space.

Furnishings

- A. All units must have window coverings on all windows.

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must be provided on the basis of one washer and dryer for every ten units, consistent with CTCAC requirements. If the project is more than 20 units, then 1 set of ADA accessible laundry machines must be provided.
- C. Laundry facilities must be provided on the basis of one washer dryer for every ten units, consistent wit the TCAC requirements. If a project is more that 20 units, then 1 set of ADA accessible laundry machines must be provided
- D. Public pools will have a self-closing gate. Fence and gate shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked.



- E. In the case of new construction or substantial upgrade to existing pool, a handicap chair lift is the minimum requirement. The pool will meet applicable standards and codes.

Mechanical/Plumbing

- A. Water heaters must be in enclosures in all habitable rooms and must be insulated and have earthquake strapping and pressure relief valves with lines that terminate to the exterior.
- B. All units must have heating and air conditioning. Wall mount or central systems are acceptable. Evaporated coolers are not acceptable.
- C. All plumbing fixtures shall be new or in very good working condition.
- D. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

- A. All new electrical panels must be of the breaker type. Fused disconnects must be approved by the Agency.
- B. All units must have at least one hard-wired smoke detector per bedroom corridor and a minimum of one battery-operated smoke detector per bedroom.
- C. All bathrooms must have at least one GFCI protected outlet, and tub surrounds must be a minimum of 1/8" laminated plastic.
- D. Kitchens must have all GFCI protected outlets within 6 feet of the sink.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote space to actual resident services in the following minimum amounts:

Less than 100 units: 12 s.f. per unit (but no less than 400 s.f. in total)
100 units and over: 1,200 s.f.

Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies.

Useful Life Expectancy

A useful life expectancy list has been established and is available upon request to benchmark the lives of certain components on a multifamily site.

End of Scope of Development



RESOLUTION NO. 2019 -

Adopted by the Sacramento City Council

On date of

ARDEN WAY PHASE II: APPROVAL OF \$2,400,000 IN CITY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME); \$1,300,000 IN CITY HOUSING TRUST FUNDS AND \$300,000 IN CITY MIXED INCOME HOUSING FUNDS, EXECUTION OF A LOAN COMMITMENT AND RELATED DOCUMENTS WITH COMMUNITY HOUSINGWORKS OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. Community HousingWorks (Developer) has applied for an allocation of \$4,000,000 to assist in funding the acquisition, construction and permanent financing of the Arden Way Phase II Project.
- B. Arden Way Phase II is consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority four, New Production (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.3.2 Economic integration of new multifamily affordable housing projects; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415).
- C. Arden Way Phase II is also a) consistent 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 b) located in an Opportunity Zone that provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains and forgiveness of tax on new capital gains (enacted into federal law through the Tax Cuts and Jobs Act of 2017).
- D. The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA review pursuant to two statutory provisions: Government Code section 65457 (project consistent with a specific plan) and Public Resources Code section 21155.4 (specific plan, transit priority area, consistency with regional planning).

- E. An Environmental Assessment (EA) was completed pursuant to the National Environmental Policy Act (NEPA), and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment.

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 amend the Agency budget and allocate up to \$2,400,000 in HOME funds, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing Funds to Arden Way Phase II.
- Section 3. The Loan Commitment, included as Exhibit A, for financing the Arden Way Phase II with \$4,000,000, (comprised of \$2,400,000 in HOME funds, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing Funds) is approved, and the Agency is delegated authority to execute and transmit the Loan Commitment to Community HousingWorks or related entity.
- Section 4. 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 accompany this resolution, in accordance with their terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, and extensions consistent with Agency adopted policy and with this resolution.

TABLE OF CONTENTS:

Exhibit A – Arden Way Phase II Loan Commitment Letter

RESOLUTION NO. 2019-_____

Adopted by the Sacramento City Council

On date of

ARDEN WAY PHASE II APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF ARDEN WAY HOUSING ASSOCIATES, L.P.

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 providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$30,000,000 (the "Obligations") and to lend the proceeds thereof to Arden Way Housing Associates, L.P. or a partnership of which Community HousingWorks (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, construction and development of a 67-unit multifamily housing residential facility to be located at 880, 924 and 936 Arden Way, in the City of Sacramento, California.
- B. Section 147(f) of the Code 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.
- C. A public hearing was held by the City Council on July 23, 2019, 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 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.

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 \$30,000,000 for the purposes described above is hereby approved.

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

RESOLUTION NO. 2019-_____

Adopted by the Housing Authority of the City of Sacramento

On the date of

ARDEN WAY PHASE II APARTMENTS: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

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 Arden Way Housing Associates, L.P., or a limited partnership or a limited liability company related to or formed by Community HousingWorks (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 67-unit multifamily housing residential facility to be located at 880, 924 and 936 Arden Way, Sacramento, California (the "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, 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.
- 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.

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, construction 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, construction 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, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$30,000,000.
- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, 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 6. 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 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to 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 8. This resolution shall take effect immediately upon its adoption.

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

July 17, 2019

ARDEN WAY PHASE II: AUTHORIZING A \$4,000,000 LOAN COMMITMENT CONSISTING OF \$2,400,000 IN CITY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME); \$1,300,000 IN CITY HOUSING TRUST FUNDS AND \$300,000 IN CITY MIXED INCOME HOUSING FUNDS, EXECUTION OF A LOAN COMMITMENT AND RELATED DOCUMENTS WITH COMMUNITY HOUSINGWORKS OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

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

Section 1: The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA review pursuant to two statutory provisions: Government Code section 65457 (project consistent with a specific plan) and Public Resources Code section 21155.4 (specific plan, transit priority area, consistency with regional planning).

Section 2: An Environmental Assessment (EA) was completed pursuant to the National Environmental Policy Act (NEPA), and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment.

Section 3: Subject to approval by the City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of Arden Way Phase II (Loan Commitment) the Executive Director, or designee, is authorized to execute the Loan Commitment and related documents, and perform other actions necessary to fulfill the intent of repayment of the Loan Commitment, including without limitation, extensions, all as approved by agency counsel, and transmit to Community HousingWorks or related entity.

Section 4: The Executive Director, or designee, is authorized to amend the Sacramento Housing and Redevelopment Agency (Agency) budget to transfer \$4,000,000 comprised of \$2,400,000 in City Home Investment Partnerships Program (HOME) funds,

\$1,300,000 in City Housing Trust Funds, and \$300,000 in City Mixed Income Housing Funds to the Arden Way Phase II Project.

Section 5: Subject to approval by the City Council, the Executive Director, or designee, is authorized to execute the Loan Agreement 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, and transmit to Community Housing Works or related entity.

CHAIR

ATTEST:

CLERK

Attachment 1 – Loan Commitment



July 12, 2019

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Whispering Pines Tax Equity And Fiscal Responsibility Act (TEFRA) Hearing and
Approval of Tax-Exempt Bonds and Approval of Loan Commitment

SUMMARY

The attached report is presented for your review prior to review 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
July 23, 2019**

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

**Title: Whispering Pines Tax Equity And Fiscal Responsibility Act (TEFRA)
Hearing, Approval Of Tax-Exempt Bonds And Approval of Loan Commitment**

Location/Council District: 7610 Amherst Street, Council District 8.

Recommendation: Conduct a Tax Equity And Fiscal Responsibility Act hearing and upon conclusion, pass: 1) a **City Council Resolution** indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing related to the proposed acquisition and rehabilitation of Whispering Pines (Project); 2) a **Housing Authority Resolution** which: a) indicates the intention of the Housing Authority of the City of Sacramento to issue up to \$14,000,000 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; and 3) a **City Council Resolution:** a) approving a loan commitment of \$1,700,000 in Home Investment Partnership Program (HOME) funds to the Project (Loan Commitment), b) approving the execution of a Loan Commitment and all necessary documents associated with this transaction with Visionary Home Builders of California, Inc. or related entity, and c) amending the Agency budget.

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

Presenter: Louise Eller, Housing Finance Analyst, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: Visionary Home Builders (Developer) has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a \$1,700,000 loan to finance the rehabilitation of Whispering Pines (Project). Whispering Pines is an existing affordable housing development located at 7610 Amherst Drive which was built in 1971 and consists of 96 units including 24 one-bedroom, 65 two-bedroom and 7 three-bedroom units in 12 separate two-story buildings. Two of the units are provided for on-site management staff. The project is on approximately 4.1 acres and includes a community room with kitchen, computer room, laundry room and three playgrounds. A vicinity map is included as Attachment 2 and a photo of the project is included as Attachment 3.

All 96 residential rental units are regulated by an existing United States Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payment (HAP) contract. Residents pay 30 percent of their income toward their monthly rent under the HAP contract.

An extensive renovation of the Whispering Pines development is proposed. Two buildings were rehabilitated in 2011 due to severe fire damage. With the exception of the 16 units in the fire-damaged buildings, interior unit improvements will include new baths tubs/shower enclosures, new electrical panels and new HVAC units. All units, including the fire-damaged units, will receive new cabinets, solid surface countertops, flooring, sinks, toilets, LED lighting, paint, energy efficient appliances and removal of textured ceilings. Damaged interior doors will be replaced. Ten of the units will be brought into compliance with the requirements of the Americans with Disabilities Act (ADA).

Common area improvements will include ADA and path-of-travel upgrades. The community building will be substantially repaired to include new concrete slab on the first floor. The second floor will be repaired to correct the warped existing floors. Additionally, drainage problems at the back of the community building will be corrected. The laundry room will be upgraded with new flooring and paint. There will be a new manager's office.

Building envelope improvements will include siding repairs, and exterior paint. With the exception of the two buildings rehabilitated in 2011, all buildings will receive new roofing. Site improvements will include fence replacement and repainting, irrigation and landscape upgrade to water-wise standards, removal of approximately 30 trees, parking lot upgrades and replacement of all playgrounds. Further details of the Project are in the Scope of Development which is included with the Loan Commitment in Attachment 11.

Project Details

Developer: Visionary Home Builders of California, Inc. (VHB) is a nonprofit public benefit corporation with 33 years of experience in acquisition, rehabilitation and preservation of affordable housing. VHB's portfolio includes 24 communities and approximately 1,200 apartments in California. VHB is the Managing General Partner of the current ownership entity, Sacramento Whispering Pines Associates, and will continue in that role with the new ownership entity following the rehabilitation.

Temporary Relocation Plan: Laurin Associates, a Division of Raney Planning and Management, Inc., will provide temporary relocation services to the residents of Whispering Pines. 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: Visionary Property Management Group (VPMG) is the current property manager and will continue in this role for Whispering Pines. VPMG manages 27 properties in California. Agency staff has reviewed VPMG's qualifications and management plan, and has found that it meets Agency requirements.

Resident Services: Resident services will be provided by LifeSTEPS, Inc. (LifeSTEPS), which currently provides resident services to 250 affordable housing communities and more than 80,000 residents in California. LifeSTEPS will be required to provide at least 15 hours of services per week. Services will be provided by an on-site service coordinator and will include enrichment programs, case management, mediation services and after-school activities.

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

Project Financing: VHB applied to the Agency for gap financing during the first funding round of 2019. The result of that funding round is included as Attachment 4.

The Developer has applied for a gap financing loan of \$1,700,000 for the rehabilitation of Whispering Pines. Additional project financing includes tax-exempt bonds, tax credit equity, deferred developer fee, net operating income during construction, a seller carryback loan, an existing HCD loan and the restructuring of an existing Agency loan. 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 Project Summary and Proforma for the development are included as Attachments 5 and 6. A schedule of maximum incomes and rents is included as Attachment 7.

The anticipated funding sources and their affordability requirements are summarized in the tables below for each development:

Unit Type	% of Units	Affordability Restrictions (55 years)	Units
Low Income Housing Tax Credits, Tax-exempt Bonds	16%	35% AMI	15
Low Income Housing Tax Credits, Tax-exempt Bonds	34%	45% AMI	33
Low Income Housing Tax Credits, Tax-exempt Bonds	39%	50% AMI	37
Low Income Housing Tax Credits, Tax-exempt Bonds, HOME funds	9%	50% AMI	9
Management Unit	2%	Unrestricted	2
Total	100%		96

Policy Considerations: The recommended actions are consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority four, New Production (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.3.2 Economic integration of new multifamily affordable housing projects; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415).

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions on each of the properties will be specified in regulatory agreements between the Developer and the Agency for a period of 15 years on the nine HOME-assisted units. 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: Whispering Pines is expected to create 112.04 total jobs (63.49 direct jobs and 48.55 jobs through indirect and induced activities) and create \$9,336,285 in total economic output (\$5,691,047 of direct output and another \$3,645,238 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): This project is exempt from environmental review pursuant to CEQA Guidelines Section 15301. **National Environmental Policy Act (NEPA):** This project is Categorically Excluded from environmental review pursuant to NEPA regulations at 24 CFR Section 58.35(a) subsection (a)(3)(ii) and converts to Exempt pursuant to 24 CFR Section 58.34 (a)(12).

Sustainability Considerations: This project has 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: It is anticipated that, at its meeting of July 17, 2019, 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 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 and the City of Sacramento's 2013-2021 Housing Element as part of Sacramento's 2035 General Plan.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The \$1,700,000 Agency loan for Whispering Pines is comprised of HOME funds with an interest rate of four percent and a term of 42 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

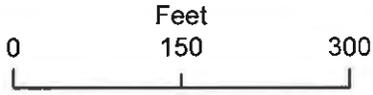
- 01 - Description/Analysis and Background
- 02 - Vicinity Map
- 03 - Project Photo
- 04 – January 2019 Pre-Application Results
- 05 - Project Summary
- 06 - Cash Flow Proforma
- 07 - Maximum Income and Rent Limits
- 08 - City Council TEFRA Resolution
- 09 - Housing Authority Bond Inducement Authorization Resolution
- 10 - City Council Loan Commitment Resolution
- 11 - Exhibit A - Loan Commitment and Scope of Development



Whispering Pines



Whispering Pines



SHRA GIS
April 19, 2019

Attachment 3 – Whispering Pines Project Photo



2019 Pre-Application Results					
Project Name	Applicant Name	Project Type	Priority*	Funds Requested	Result
<i>January Round</i>					
City Projects					
Whispering Pines	Visionary Home Builders	Recapitalization	2	\$2,000,000	Invited Full Application
Arden Way	Community Housing Works	New Production	4	\$3,500,000	Invited Full Application
Twin Rivers B/E	MBS	Preservation	1	\$1,200,000	Declined - Insufficient Readiness
Capitol Park Hotel	Mercy Housing	Rehabilitation	4	\$7,900,000	Declined - Insufficient Funding
Coral Gables/Villa Jardin <i>(SHRA-owned land)</i>	John Stewart	New and Recap	2, 4	\$8,000,000	Declined - Insufficient Funding
Related Scattered Sites <i>(SHRA-owned land)</i>	Related	New Production	4	\$4,250,000	Declined - Insufficient Funding
*As specified in SHRA's Multifamily Lending and Mortgage Revenue Bond Policies (Sect. 1.1).					

Whispering Pines Residential Project Summary

Address	7610 Amherst Street, Sacramento, CA 95832			
Number of Units	96			
Year Built	1971			
Acreage	2.6 acres (113,256 sq. ft.)			
Unit Mix and Rents	<u>VLI 35%</u>	<u>VLI 45% AMI</u>	<u>VLI 50% AMI</u>	<u>Total</u>
1 Bedroom / 1 Bath	4	8	12	24
2 Bedroom / 1 Bath	10	22	31	63
3 Bedroom / 1 Bath	1	3	3	7
Management Units (2 Bedroom exempt)	0	0	0	2
Total	15	33	46	96
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
1 Bedroom / 1 Bath	621	14,904 sq.ft.		
2 Bedroom/ 1 Bath	785	51,025 sq.ft.		
3 Bedroom/ 1 Bath	932	6,524 sq.ft.		
Community Area		3,480 sq.ft.		
Total		75,933 sq.ft.		
Resident Facilities	Community room with kitchen, management office, computer room, laundry facility, and security cameras.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Permanent Loan	\$ 6,664,000	\$ 69,417	\$ 87.76	
Tax Credit Equity	\$ 8,534,041	\$ 88,896	\$ 112.39	
Seller Note	\$ 6,576,590	\$ 68,506	\$ 86.61	
Net Operating Income	\$ 200,000	\$ 2,083	\$ 2.63	
New SHRA Loan	\$ 1,700,000	\$ 17,708	\$ 22.39	
Existing SHRA Loan	\$ 254,000	\$ 2,646	\$ 3.35	
Existing HCD MHP Loan	\$ 636,570	\$ 6,631	\$ 8.38	
Deferred Developer Fee	\$ 920,461	\$ 9,588	\$ 12.12	
TOTAL SOURCES	\$ 25,485,662	\$ 265,476	\$ 335.63	
Permanent Uses				
Acquisition	\$ 9,560,000	\$ 99,583	\$ 125.90	
Construction Costs	\$ 8,851,927	\$ 92,208	\$ 116.58	
Architecture & Engineering	\$ 295,000	\$ 3,073	\$ 3.89	
Permits and Fees	\$ 127,710	\$ 1,330	\$ 1.68	
Hard Cost Contingency	\$ 801,108	\$ 8,345	\$ 10.55	
Soft Cost Contingency	\$ 150,000	\$ 1,563	\$ 1.98	
Financing Cost	\$ 1,090,937	\$ 11,364	\$ 14.37	
Operating Reserves	\$ 606,696	\$ 6,320	\$ 7.99	
Legal Fees	\$ 135,000	\$ 1,406	\$ 1.78	
Relocation	\$ 616,000	\$ 6,417	\$ 8.11	
Developer Fee	\$ 3,041,174	\$ 31,679	\$ 40.05	
Third Party Fees, Marketing, Other	\$ 210,110	\$ 2,189	\$ 2.77	
TOTAL USES	\$ 25,485,662	\$ 265,476	\$ 335.63	
Leveraging	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
			SHRA : Other	
	\$ 20,354	\$ 265,476	\$1.00 : \$12.04	
Management / Operations				
Developer	Visionary Home Builders of California, Inc.			
Property Management Company	FPI Management, Inc.			
Operations Budget	615,259	6,509		
Property Management	59,616	621		
Resident Services	38,502	401		
Replacement Reserves	48,000	500		

Whispering Pines 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
1 Bedroom/1 Bath	24	621	14,904	\$ 784	\$ 33.00	\$ 751	\$ 1.21	\$ 18,024	\$ 216,288
2 Bedroom/1 Bath	63	785	49,455	\$ 941	\$ 44.00	\$ 897	\$ 1.14	\$ 56,511	\$ 678,132
3 Bedroom/1 Bath	7	932	6,524	\$ 1,086	\$ 60.00	\$ 1,026	\$ 1.10	\$ 7,182	\$ 86,184
Manager	2	785	1,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	96		72,453					\$ 81,717	\$ 980,604

	annual increase	per unit	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5	2026 Year 6	2030 Year 10	2033 Year 13	2035 Year 15	2036 Year 16	2040 Year 20	2045 Year 25	2050 Year 30
Income															
Potential Gross Income	2.50%		1,005,119	1,030,247	1,056,003	1,082,403	1,109,463	1,137,200	1,255,256	1,351,773	1,420,207	1,455,712	1,606,834	1,817,985	2,056,883
Rental Subsidy	2.50%		399,787	409,782	420,026	430,527	441,290	452,322	499,279	537,669	564,888	579,011	639,119	723,105	818,127
Other Income	2.00%		3,881	3,959	4,038	4,119	4,201	4,285	4,638	4,922	5,121	5,223	5,654	6,243	6,892
Less Vacancy	5.00%		70,245	72,001	73,801	75,647	77,538	79,476	87,727	94,472	99,255	101,736	112,298	127,054	143,751
Effective Gross Income			\$1,338,542	\$1,371,986	\$1,406,266	\$1,441,402	\$1,477,417	\$1,514,331	\$1,671,447	\$1,799,892	\$1,890,962	\$1,938,210	\$2,139,310	\$2,420,278	\$2,738,152
Operating Expenses															
Operating Expenses	3.50%	6,509	624,884	646,755	669,392	692,820	717,069	742,167	851,653	944,243	1,011,497	1,046,899	1,201,341	1,426,816	1,694,610
Property Management	3.50%	621	59,616	61,703	63,862	66,097	68,411	70,805	81,250	90,084	96,500	99,878	114,612	136,123	161,671
Residential Services	3.50%	401	38,502	39,850	41,244	42,688	44,182	45,728	52,474	58,179	62,323	64,504	74,020	87,913	104,413
Real Estate Taxes	2.00%	136	13,012	13,272	13,538	13,808	14,085	14,366	15,551	16,502	17,169	17,512	18,956	20,929	23,107
Replacement Reserves		500	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Total Expenses		8,167	\$784,014	\$809,580	\$836,036	\$863,414	\$891,746	\$921,066	\$1,048,929	\$1,157,009	\$1,235,489	\$1,276,794	\$1,456,929	\$1,719,781	\$2,031,801

Net Operating Income			\$554,527	\$582,406	\$570,230	\$577,988	\$585,670	\$593,265	\$622,518	\$642,884	\$655,473	\$681,416	\$682,381	\$700,497	\$706,350
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<u>Debt Service</u>	amount	rate	amort												
Senior Loan	\$6,664,000	5.50%	30	454,050	454,050	454,050	454,050	454,050	454,050	454,050	454,050	454,050	454,050	454,050	454,050
Housing Authority Monitoring Fee	\$13,400,000	0.15%		20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100	20,100
Debt Service Subtotal				\$474,150											

<u>Priority Distributions</u>	annual increase														
Asset Management Fee (GP)	2.00%		15,000	15,300	15,606	15,918	16,236	16,561	17,926	19,024	19,792	20,188	21,852	24,127	26,638
Partnership Management Fee (LP)	2.00%		7,500	7,650	7,803	7,959	8,118	8,281	8,963	9,512	9,896	10,094	10,926	12,063	13,319
Priority Distributions Subtotal			\$22,500	\$22,950	\$23,409	\$23,877	\$24,355	\$24,842	\$26,890	\$28,535	\$29,688	\$30,282	\$32,778	\$36,190	\$39,957

Net Cash after Priority Distributions			\$57,878	\$65,307	\$72,671	\$79,961	\$87,166	\$94,273	\$121,479	\$140,199	\$151,635	\$156,985	\$175,453	\$190,158	\$192,244
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<u>Deferred Developer Fee</u>	rate														
Principal Balance	\$920,461	4.00%	920,461	899,402	870,071	832,202	785,529	729,784	410,802	63,533	0	0	0	0	0
Interest for Period			36,818	35,976	34,803	33,288	31,421	29,191	16,432	2,541	0	0	0	0	0
Accumulated Interest			36,818	35,976	34,803	33,288	31,421	29,191	16,432	2,541	0	0	0	0	0
Payment			57,878	65,307	72,671	79,961	87,166	94,273	121,479	66,075	0	0	0	0	0
Balance			\$899,402	\$870,071	\$832,202	\$785,529	\$729,784	\$664,702	\$305,755	\$0	\$0	\$0	\$0	\$0	\$0

Net Cash after Deferred Developer Fee			\$0	\$74,124	\$151,635	\$156,985	\$175,453	\$190,158	\$192,244						
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<u>Existing SHRA Loan</u>	rate														
Principal Balance	\$254,000	4.00%	254,000	254,000	254,000	254,000	254,000	254,000	254,000	254,000	176,083	31,491	0	0	0
Interest for Period			10,160	10,160	10,160	10,160	10,160	10,160	10,160	10,160	7,043	1,260	0	0	0
Accumulated Interest			10,160	20,320	30,480	40,640	50,800	60,960	101,600	132,080	7,043	1,260	0	0	0
Payment			0	0	0	0	0	0	0	74,124	151,635	32,751	0	0	0
Balance			\$264,160	\$274,320	\$284,480	\$294,640	\$304,800	\$314,960	\$355,600	\$311,956	\$31,491	\$0	\$0	\$0	\$0

<u>Existing MHP Loan</u>	rate														
Principal Balance	\$636,570	0.42%	636,570	636,570	636,570	636,570	636,570	636,570	636,570	636,570	636,570	636,570	59,840	0	0
Interest for Period			2,674	2,674	2,674	2,674	2,674	2,674	2,674	2,674	2,674	2,674	251	0	0
Accumulated Interest			2,674	5,347	8,021	10,694	13,368	16,042	26,736	34,757	40,104	42,778	251	0	0
Payment			0	0	0	0	0	0	0	0	0	124,234	60,091	0	0
Balance			\$639,244	\$641,917	\$644,591	\$647,264	\$649,938	\$652,612	\$663,306	\$671,327	\$676,674	\$555,113	\$0	\$0	\$0

<u>New SHRA Loan</u>	rate														
Principal Balance	\$1,700,000	4.00%	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Interest for Period			68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Accumulated Interest			68,000	136,000	204,000	272,000	340,000	408,000	680,000	884,000	1,020,000	1,088,000	1,360,000	849,130	228,314
Payment			0	0	0	0	0	0	0	0	0	0	0	190,158	192,244
Balance			\$1,768,000	\$1,836,000	\$1,904,000	\$1,972,000	\$2,040,000	\$2,108,000	\$2,380,000	\$2,584,000	\$2,720,000	\$2,788,000	\$3,060,000	\$2,358,973	\$1,736,070

<u>Seller Note</u>	rate														
Principal Balance	\$6,576,590	0.00%	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590	6,576,590
Interest for Period			0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Interest			0	0	0	0	0	0	0	0	0	0	0	0	0
Payment			0	0	0	0	0	0	0	0	0	0	0	0	0
Balance			\$6,576,590												

Whispering Pines Cashflow Proforma

Attachment 6

MAXIMUM GROSS INCOME AND RENT LIMITS 2019

Low Income Housing Tax Credits

Whispering Pines**Maximum Gross Income Limits**

<u>Family Size</u>	<u>35% AMI</u>	<u>45% AMI</u>	<u>50% AMI</u>
1 person	\$ 20,510	\$ 26,370	\$ 29,300
2 person	\$ 23,415	\$ 30,105	\$ 33,450
3 person	\$ 26,355	\$ 33,885	\$ 37,650
4 person	\$ 29,260	\$ 37,620	\$ 41,800
5 person	\$ 31,605	\$ 40,635	\$ 45,150
6 person	\$ 33,950	\$ 43,650	\$ 48,500
7 person	\$ 36,295	\$ 46,665	\$ 51,850

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>35% AMI</u>	<u>45% AMI</u>	<u>50% AMI</u>
1 Bedroom	\$ 549	\$ 705	\$ 784
2 Bedrooms	\$ 658	\$ 847	\$ 941
3 Bedrooms	\$ 760	\$ 978	\$ 1,086

RESOLUTION NO. 2019-_____

Adopted by the Sacramento City Council

On date of

WHISPERING PINES APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF SACRAMENTO WHISPERING PINES ASSOCIATES, L.P.

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 providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$14,000,000 (the "Obligations") and to lend the proceeds thereof to Sacramento Whispering Pines Associates, L.P. or a partnership of which Visionary Home Builders of California, Inc. (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of a 96-unit multifamily housing residential facility to be located at 7610 Amherst Street, in the City of Sacramento, California;
- B. Section 147(f) of the Code 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;
- C. A public hearing was held by the City Council on July 23, 2019, 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 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;

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 \$14,000,000 for the purposes described above is hereby approved.

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

RESOLUTION NO. 2019-_____

Adopted by the Housing Authority of the City of Sacramento

On the date of

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

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 Sacramento Whispering Pines Associates, L.P., or a limited partnership or a limited liability company related to or formed by Visionary Home Builders of California, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 96-unit multifamily housing residential facility to be located at 7610 Amherst Street, Sacramento, California (the "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, 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.
- 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.

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 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 \$14,000,000.
- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, 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 6. 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 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, 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. 2019 -

Adopted by the Sacramento City Council

On date of

WHISPERING PINES: APPROVAL OF \$1,700,000 IN CITY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDS; EXECUTION OF A LOAN COMMITMENT AND RELATED DOCUMENTS WITH VISIONARY HOME BUILDERS OF CALIFORNIA, INC. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. Visionary Home Builders of California, Inc. (Developer) has applied for an allocation of \$1,700,000 in Home Investment Partnership Program (HOME) funds to assist in funding the acquisition, rehabilitation and permanent financing of Whispering Pines.
- B. Whispering Pines is consistent with a) the Sacramento Housing and Redevelopment Agency's (Agency) previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 2. Recapitalization (Resolution No. 2009-148); and 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)
- C. This project is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301.
- D. This project is Categorically Excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to NEPA regulations at 24 CFR Section 58.35(a) subsection (a)(3)(ii) and converts to Exempt pursuant to 24 CFR Section 58.34 (a)(12).

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 the Whispering Pines Project with \$1,700,000, which is comprised of \$1,700,000 in HOME funds is approved and the Agency is delegated authority to execute and transmit the Loan Commitment to Visionary Home Builders of California, 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 the Agency funds including without limitation, subordination, extensions consistent with Agency adopted policy and with this resolution.
- Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,700,000 in HOME Funds to Whispering Pines.

TABLE OF CONTENTS:

Exhibit A – Whispering Pines Loan Commitment Letter



Date: July 23, 2019

Visionary Home Builders of California, Inc.
C/O Carol Ornelas, CEO
2315 N. San Joaquin Street
Stockton, CA 95202

RE: Conditional Funding Commitment for Whispering Pines Apartments

Dear Ms. Ornelas:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of \$1,700,000 in permanent loan funds (Loan) comprised of \$1,700,000 in City Home Investment Partnerships Program (HOME) for the purpose of financing the acquisition and development of that certain real property known as Whispering Pines Apartments located at 7610 Amherst 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 July 23, 2020

1. **PROJECT DESCRIPTION:** Whispering Pines is an existing affordable housing development with 96 units, including two managers' units. The Project was built in 1971 and consists of 24 one-bedroom, 65 two-bedroom and 7 three-bedroom units in 12 separate two-story buildings. The project is located at 7610 Amherst Street in Sacramento on

approximately 4.1 acres and includes a community room with kitchen, computer room, laundry room and three playgrounds.

2. BORROWER: The name of the Borrower for the Loan is Visionary Home Builders of California, 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) One Million Seven Hundred Thousand (\$1,700,000), 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 Home Investment Partnerships Program. 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 Union Bank, N.A. 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 \$8,000,000 in Low Income Housing Tax Credit Equity and no less than \$870,000 in deferred developer fee. If LIHTC equity goes below \$8,000,000 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 judgment of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
17. PLANS AND SPECIFICATION: Final plans and specifications, 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 disbursement of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. 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 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. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.
35. 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.

36. 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.
37. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. At least 50% of the floors must be smoke free. All indoor common areas must be smoke-free.
38. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
39. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
40. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
41. ACCEPTANCE OF THIS COMMITMENT: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.



Sincerely,

La Shelle Dozier
Executive Director

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

Dated: July 23, 2019

BORROWER:

Visionary Home Builders of California, Inc.

By: _____
Carol Ornelas, CEO

Exhibit 1 – Scope of Development



Whispering Pines Scope of Development

The Whispering Pines Apartments project is an existing 96 unit development on approximately 4.14 acres located in the Meadowview area of the City of Sacramento. The development consists of 7 buildings. One building contains a Day Care Center and Community Room, one building contains a Laundry facility and the remaining 5 apartment buildings contain 24 one bedroom units, 64 two bedroom units, 7 three bedroom units, and 2 two bedroom manager's units. The project has on-site parking, three play structures, and a basketball court.

I. Building Exteriors:

1. **Asphalt Pavements:** Repair areas with alligator cracking estimated to be 28,000 sf. All asphalt will receive a seal coat and new striping.
2. **Stairs and Railings:** Existing exterior stairways will be replaced with stairways that have closed risers, cane detection and second handrails while meeting ADA clearance requirements.
3. **Entryway Doors:** The existing front entry doors and hardware will be replaced with 6 panel premium steel doors. Hardware will be replaced with Schlage satin nickel and single cylinder deadbolt with smart key security or equal. On ten ADA units, the front entry doors and thresholds will be replaced with ADA compliant entryways and doors.
4. **Landscaping Improvements:** Landscaping and irrigation improvements will address water efficiency. Irrigation system shall be tested to verify that it is functional. Real grass or drought tolerant plants will be used in landscaping improvements. Drought tolerant plantings to include the following trees, shrubs and ground covers in flats, one gallon and 15 gallon sizes – Evergreen Pear, Elegant Water Gum, Lily of the Nile, Dwarf Callistemon, Bush Anemone, Torch Lily, Dwarf Mat Rush, Oregon Grape Holly, Creeping Barberry, Star Jasmine, Kurapia and White Creeping Thyme. 30 existing trees will be removed due to root damage they have caused to water, sewer and drainage systems. Gazebos will be painted.
5. **Grading and Drainage:** Existing grading will be adjusted to divert water from the building foundations. Downspouts will be connected to storm drain lines where possible. Existing concrete mow bands, which hold water adjacent to buildings, will be removed.
6. **Roof:** Roofing will be replaced using Owen Corning Cool Roof Collection Composition Shingles or equal. Additionally, new gutters and downspouts will be provided. All existing roofing/gutters/downspouts will be replaced with the exception of one building that was rebuilt in 2011 after fire damage.
7. **Siding:** The existing stucco façade will be repaired where needed. Foam trim around windows and shutters will be provided at designated locations. All buildings will receive new exterior paint using Kelley Moore Exterior Paint. Colors to be determined by the owner.
8. **Concrete flatwork:** Much of the existing concrete sidewalks have heaved and are typically not compliant with current ADA standards. Removal and replacement of the damaged and non-



compliant sidewalks is included. The existing second floor concrete breezeway decks are generally in good condition and will receive a deck coating.

9. **Gable Roofs:** New gable end roofs will be installed on the buildings which will be re-roofed as an architectural enhancement.
10. **Office addition:** There will be an approximately 600 sf addition to the existing Laundry Room building to include a new Manager's Office that will meet the ADA Standards.
11. **Perimeter Fencing and Entry Gates:** Wrought iron perimeter fence will be painted. Wooden fence behind the laundry building will be replaced. The Entry Gates shall include 2 new motors. Card access for all pedestrian entrances will be upgraded.

II. Building Interiors

1. **Americans with Disabilities Act (ADA) Standard Units:** There will be a total of 10 Americans with Disabilities Act (ADA) Standard compliant units. Bathrooms, switches, refrigerators, dishwashers, hardware, cabinets and flooring will meet the requirement. Solid surface countertops, such as Corian or equal, will be used for countertops.
2. **Demolition, Site Prep and Haz Mat Abatement:** Acoustic ceiling texture which tests positive for asbestos containing materials (ACM) will be scraped, removed and replaced with a smooth finish. This work will be done by an ACM abatement certified contractor outside of the general contractor's contract. General contractor will then install finish drywall after acoustic tile removal.
3. **Appliances:** All units will have new Energy Star GE or equal 18.2 cu. Ft. Top Freezer Refrigerator, GE or equal 30" Electric Ranges/hoods and GE or equal Energy Star Dishwashers installed. The ADA units will receive Energy Star, GE or equal appliances that comply with current ADA standards. Microwave shelves shall be installed in all units.
4. **Blinds, Shades and Curtains:** Except for the recently refurbished Buildings 7614 and 7616, all units will have new window coverings.
5. **Bathtubs and Toilets:** With exception of the 16 rebuilt units from the 2011 fire repair, all units will have new Sterling tub/shower enclosures or equal with glass shower doors. Sterling EPA Water Sense toilets with max 1.28-GPF or equal will be installed. New bathroom accessories will also be installed.
6. **Cabinets, Counters and Sinks:** All units will have new Armstrong Coronet cabinets or equal, solid surface countertops and Elkay Stainless Steel sinks in the kitchen and round vitreous china drop in sinks for the bathrooms. Kohler or Sterling new faucets for kitchen and bathroom sinks will be installed.
7. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New Kelly Moore eggshell or semi-gloss paint will be applied on the ceilings, walls, doors, door frames, and trim in the interiors of all units. Ceilings with popcorn texture will remain in place.



8. **Electrical and Lighting:** All units will have all lighting replaced with LED light fixtures. All units, with exception of the 16 units renovated after the 2011 fire, will receive new electrical panels to meet correct loads and current electrical codes.
9. **Flooring:** The living area floors and bedrooms of all units will have new carpet installed. Kitchens flooring will be Luxury Vinyl Plank (LVP) flooring, while bath flooring will be sheet vinyl. Some of the concrete slab will need to be repaired to accommodate for installation of LVP flooring. Carpet selection will be Shaw “Full of Life” or equal. Sheet Vinyl will be Armstrong “Station Square” or equal.
10. **HVAC Units:** With exception of the 16 rebuilt units from the 2011 fire repair, all units will receive new forced air units, condensing units and humidistat bath fans per current building codes. These new units will feature 337KWHW/year Energy Star condensers.
11. **Plumbing Fixtures:** All units will have new water efficient plumbing fixtures.
12. **Doors and Hardware:** All units will receive new door hinges and lever handles on interior doors. Existing doors that are damaged will be replaced with a textured 6-Panel Hollow Core Primed Composite Interior door. Interior door handles will be Schlage Accent Satin Nickel Door Levers or equal. All units will receive a new screen door.
13. **Insulation:** R-38 attic insulation will be blown in to all existing buildings except the building that was renovated after the fire of 2011.

III. Community Amenities

1. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New Kelley Moore paint will be applied on the ceilings, walls, doors, door frames, and trim throughout the building.
2. **Community Restrooms:** The restrooms in the building will have new low-flow bathroom faucets, and low-flow toilets installed. Restrooms shall have new toilet accessories.
3. **Daycare /Community Building:** Due to existing structural deficiencies, the building will be repaired to include a new concrete slab on the first floor. The second floor will be repaired to correct the warped existing floors. Drainage problems at back the Community building will be corrected.
4. **Elevator:** Necessary upgrades and repairs will be made to the existing elevator.
5. **Laundry Facility:** The laundry facility will receive new flooring and interior paint. Two central Boilers located in this building will be replaced per current plumbing codes.
6. **Basketball Court:** The basketball court will be resurfaced and re-stripped. New basketball hoop equipment will be provided.



7. **Signage:** All unit numbers will be replaced to meet the requirements of the City, Fire and ADA standards. New signage for the property will meet the requirements of HUD and TCAC.
8. **Playground Surfacing:** The three existing playgrounds will be replaced and receive new poured in place rubber surfacing. The playground surfacing will be placed on a concrete base with a drain installed. ADA compliant ramps will be installed to access the playgrounds.
9. **Mailboxes:** New, Auth Florence or equal, centrally located mailbox cluster units will be provided for all units.

Attachment 1: Lender's Minimum Construction Standards begins on the following page.



Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 5 from the Lender's Multifamily Lending Policies.

Rev. 12/2016

Technical Correction 11/2018

EXHIBIT 5

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required construction standards that must be incorporated into projects participating in the Agency's investor assistance programs. All rental units and sites associated with these projects must meet or exceed these standards.

General Requirements

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local building department.
- B. A useful life of 15 years for all systems located within the approved complex. This can be met in one of two ways, installing and maintaining systems with at least a 15-year scheduled life or install, maintain and replace as needed for a period of 15 years.

Any component of a rehabilitation project whose useful life expectancy has exceeded the useful life identified in the section, "Useful Life Expectancy," shall be replaced unless waived by the Agency in writing. It is not the intent of the Agency to replace systems that appear to have some economic life remaining and appear to be maintained and functioning effectively. It is the intent of the Agency to be assured that systems will be maintained and replaced as needed for a period of 15 years. The preferred method is by replacement and maintenance at the outset of the project; and by setting aside replacement reserves sufficient to address the needs based on current and projected conditions.

- C. A clear pest inspection report will be required at the conclusion of the construction work.
- D. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by the Agency prior to their use.
- E. All work shall comply with Federal and State ADA accessibility requirements. When there are differences the stricter of the two shall apply. Special attention needs to be applied when federal funding is involved.
- F. For all structures built before 1979, a report of compliance with the initial certified inspection report of lead-based paint and asbestos is required.
- G. All units shall be approved for occupancy by the local building department at the conclusion of the work and prior to occupancy, if applicable.
- H. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and common areas.
- I. Site lighting is required for all parking and outside public spaces.



Site Work

- A. All landscaping and irrigation systems must be in a well-maintained condition. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. All landscaped areas must be served by a programmable automated irrigation system. Irrigation cannot be spraying on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problem.
- B. All fencing must be in good and serviceable condition.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") determined in need of repair by the Agency shall be repaired or replaced.
- D. All projects shall meet the parking requirements of the local Agency having jurisdiction over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" by the Local Agency having jurisdiction. All projects shall meet the governing ADA requirements for parking.
- E. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on-site drainage system if necessary.

Building Envelope and Moisture Protection

- A. All wet areas must be sealed and watertight.
- B. Roofs must have 15 years or more of remaining life with no visible signs of leakage. A third layer of shingles is not allowed. Provide a 15 year certification if requested by the Agency.
- C. All siding must have 15 years or more of remaining life. Provide a 15 year certification if requested by the Agency.

Doors and Windows

- A. All units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must at least be low e, double pane energy efficient.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and 2-inch screws in strike plates.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.



Casework

- A. All cabinets shall be in very good condition both structurally and in appearance.
- B. All counter tops shall be in very good condition with no significant imperfections, scratches, burns, or other imperfections.

Finishes

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All kitchens and bathrooms must be floored in sheet goods or tile to provide a cleanable, impervious surface.
- C. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.

Equipment

- A. All appliances must be new or in very good operating condition. All new appliances must be energy star.
- B. Dishwashers are required in all non- permanent supportive housing, disabled, SRO, and homeless projects unless a waiver has been granted by the Executive Director. Permanente supportive, disabled, and homeless projects will be encouraged to provide dishwashers in each unit but will be reviewed and approved on a case-by case basis.
- C. All kitchens must have adequate cabinet and counter space.

Furnishings

- A. All units must have window coverings on all windows.

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must be provided on the basis of one washer and dryer for every ten units, consistent with CTCAC requirements. If the project is more than 20 units, then 1 set of ADA accessible laundry machines must be provided.
- C. Laundry facilities must be provided on the basis of one washer dryer for every ten units, consistent with the TCAC requirements. If a project is more than 20 units, then 1 set of ADA accessible laundry machines must be provided.
- D. Public pools will have a self-closing gate. Fence and gate shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked.

- E. In the case of new construction or substantial upgrade to existing pool, a handicap chair lift is the minimum requirement. The pool will meet applicable standards and codes.

Mechanical/Plumbing

- A. Water heaters must be in enclosures in all habitable rooms and must be insulated and have earthquake strapping and pressure relief valves with lines that terminate to the exterior.
- B. All units must have heating and air conditioning. Wall mount or central systems are acceptable. Evaporated coolers are not acceptable.
- C. All plumbing fixtures shall be new or in very good working condition.
- D. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

- A. All new electrical panels must be of the breaker type. Fused disconnects must be approved by the Agency.
- B. All units must have at least one hard-wired smoke detector per bedroom corridor and a minimum of one battery-operated smoke detector per bedroom.
- C. All bathrooms must have at least one GFCI protected outlet, and tub surrounds must be a minimum of 1/8" laminated plastic.
- D. Kitchens must have all GFCI protected outlets within 6 feet of the sink.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote space to actual resident services in the following minimum amounts:

Less than 100 units: 12 s.f. per unit (but no less than 400 s.f. in total)
100 units and over: 1,200 s.f.

Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies.

Useful Life Expectancy

A useful life expectancy list has been established and is available upon request to benchmark the lives of certain components on a multifamily site.

End of Scope of Development



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

July 17, 2019

WHISPERING PINES: AUTHORIZING A LOAN COMMITMENT CONSISTING OF \$1,700,000 IN CITY HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME); EXECUTION OF A LOAN COMMITMENT AND RELATED DOCUMENTS WITH VISIONARY HOME BUILDERS, INC. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

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

Section 1: This project is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301.

Section 2: This project is Categorical Excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to NEPA regulations at 24 CFR Section 58.35(a) subsection (a)(3)(ii) and converts to Exempt pursuant to 24 CFR Section 58.34 (a)(12).

Section 3: Subject to approval by the City Council, the Loan Commitment attached to and incorporated in this resolution by this reference for the financing of Whispering Pines (Loan Commitment) the Executive Director, or designee, is authorized to execute the Loan Commitment and related documents and transmit to Visionary Home Builders of California, Inc. or related entity.

Section 4: The Executive Director, or designee, is authorized to amend the Sacramento Housing and Redevelopment Agency (Agency) budget to transfer \$1,700,000 comprised of City Home Investment Partnerships Program (HOME) funds to the Whispering Pines Project.

Section 5: The Executive Director, or designee, is authorized to amend the Agency budget to transfer \$1,700,000 from HOME funds to the Whispering Pines Project.

Section 6: Subject to approval by the City Council, the Executive Director, or designee, is authorized to execute the Loan Agreement 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

Attachment 1 – Loan Commitment Letter