Sacramento Housing and Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:
Mirasol Village Project– Loan Commitment of Choice Neighborhoods Funds to Mirasol Village Block D

RECOMMENDATION
Staff is presenting this information to the Commission for review prior to final review by the City of Sacramento.

Respectfully submitted,

[Signature]
LA SHELLE DOZIER
Executive Director

Attachment
Honorable Mayor and Members of the City Council

Title: Mirasol Village Project—Loan Commitment of Choice Neighborhoods Funds to Mirasol Village Block D

Location/Council District: 321 Eliza Street, Council District 3

Recommendation: Adopt a City Council resolution, as co-grantee on the Choice Neighborhoods Implementation (CNI) Grant, that authorizes a loan commitment of up to $2,000,000 of CNI funds for Block D of the Mirasol Village Project

Contact: Tyrone Roderick Williams, Director of Development, 916-440-1316; Victoria Johnson, Assistant Director, 916-440-1388

Presenters: Not applicable.

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: In 2015, the Housing Authority of the County of Sacramento (HACOS) and the City of Sacramento (City) were, as co-grantees, awarded a $30 million Choice Neighborhoods Implementation (CNI) Grant from the US Department of Housing and Urban Development (HUD) for the Twin Rivers Transit Oriented Development and Light Rail Station project (Project). The Sacramento Housing and Redevelopment Agency (SHRA) is managing the Project and McCormack Baron Salazar is the designated developer and Housing Lead (Developer) under the CNI grant. The Project is now known as Mirasol Village.

The CNI grant supports the redevelopment of the former housing project and the transformation of the River District/Railyards neighborhood. The grant requires replacement of 218 public housing units within a mixed-income development which will include at least 487 new mixed-income housing units, common area and
community gathering spaces, and other amenities. A new light rail station will be constructed along 12th Street as part of the Project. The total Project area includes six residential blocks and encompasses approximately 26 acres. A site plan and vicinity map of the Project is shown in Attachment 3.

The Project is being developed in five phases. The first 123 units are within Blocks B and E, are fully funded and construction will begin in June. The Developer has recently submitted four funding applications to the State on behalf of Blocks A and C, and these applications are currently pending review and award. The Developer is also working to secure the funds needed to construct Block D (Phase 4). The financing plan for Block D is to participate in the California Housing Finance Agency (CalHFA) Mixed-Income Program (MIP) and to apply for an award of State and federal tax-credits, CalHFA MIP funds and a tax-exempt multi-family bond allocation. Applications for MIP are accepted throughout the year until all funds are utilized, and the Block D application will be submitted as soon as possible following the commitment of CNI funds. The MIP programs requires that at least 20 percent of the total units are reserved for market-rate housing and is therefore a good fit for Block D, which will include 25 unrestricted units.

In addition to the State tax credit set-aside, the MIP program also receives a set-aside of tax-exempt bond allocation. This set-aside allows projects in this category to favorably compete for the required tax-exempt bond allocation necessary to complete the project financing. As a result, staff expects that the Block D development will be able to advance at a faster rate than requiring the project to compete in other available subsidy and tax-exempt bond financing programs.

Twin Rivers Block D will be a new construction, mixed-income housing development. Block D will include a mixture of multifamily apartment, townhome, and garden-style walk-up buildings. It will consist of a total of seven residential buildings that will include 116 rental housing units that range from one to four bedrooms in size and 79 on-grade parking spaces. The unit mix will include 47 replacement units, 42 tax-credit units and 25 market-rate units. A mixed-use building at the north end of the site will include offices, common area and space for an early childhood education center. Block D residents will also have access to all outdoor community amenities including the park, garden, barbeque areas, and electric car share. If fully funded in 2020, construction will begin in 2021 and be completed in 2022.

This report requests approval of a commitment letter to Twin Rivers Phase 4, L.P. for the CNI funds to be used as evidence of funding commitments required for the CalHFA application. If the CalHFA funds and tax-exempt bonds are awarded, $16m of State tax credits, $7m of MIP funds and $16m in federal 4% tax-credits will be available to construct Block D housing. The Developer has submitted an application to the City of Sacramento for the remaining gap funds. A financial summary of the project is shown in Attachment 4.
Policy Considerations: The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies, adopted on December 3, 2019 b) the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); d) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by year 2025 (Resolution No. 2015-282); e) the 2007 Asset Repositioning Strategy of the City and County Housing Authorities; f) the 2013-2019 Consolidated Plan; and g) the River District Specific Plan adopted February 15, 2011.

Economic Impacts: The construction of new multifamily housing in Twin Rivers Block D is expected to create approximately 205 total jobs (approximately 115 direct jobs and 90 indirect jobs through indirect and induced activities) and create $28,446,102 in total economic output ($14,481,780 of direct output and another $10,964,322 of economic 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) and the National Environmental Policy Act (NEPA): A combined Initial Study/Environmental Assessment (IS/EA) was prepared for the Mirasol Village (formerly Twin Rivers) Transit Oriented Development and Light Rail Station Project pursuant to CEQA requirements under 14 California Code of Regulations (CCR) §15070, and NEPA requirements under 24 Code of Federal Regulations (CFR) §58.36. The Mitigated Negative Declaration (MND) and associated Mitigation Monitoring and Reporting Program (MMRP) were adopted and a Notice of Determination (NOD) was issued pursuant to CEQA and a Finding of No Significant Impact (FONSI) was prepared pursuant to NEPA. The requested action requires no further environmental review.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies, and targets of the 2035 General Plan. If approved, the project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element – Strategies and Policies for Conserving Energy
Resources – Climate Action Plan, subsection 7.2: improving the energy efficiency in new buildings; and b) Environmental Resources - Air Quality and Climate Change subsection 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

Commission Action: The Sacramento Housing and Redevelopment Commission (Commission) will hear this item in its meeting on April 22, 2020. At this meeting the Commission will be asked to adopt a motion recommending approval of the attached resolution. In the event the action is not approved by the Commission, staff will notify the Council.

Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City. In addition, the recommended actions support, the City of Sacramento’s 2013-2021 Housing Element, Promise Zone plans and goals, and the Downtown Housing Initiative and Initiation of the Downtown Specific Plan. Approval of the commitment of Phase 4 CNI funds attached to the resolution will provide evidence of committed funds required to support the CalHFA application and provide additional funds needed to complete Twin Rivers Phase 4/Block D. The funds will also assist with completion of City-supported projects consistent with the River District Specific Plan and the Twin Rivers Neighborhood Transformation Plan.

Financial Considerations: The proposed financing structure for Twin Rivers Block D includes tax-exempt bond financing, competitive (state) and noncompetitive (federal) four- percent tax credits, CalHFA MIP funds, CNI funds, local funds, project-based Section 8 vouchers and a below-market ground lease from HACOS. If the CalHFA funds are awarded, staff will return to the Council with detailed financial projections and a request to approve the closing documents associated with the CNI loan.

LBE - M/WBE and Section 3 requirements: LBE considerations do not apply to this report. LBE considerations do not apply to this report. 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. MBS will work with the Sacramento Employment and Training Agency and the Greater Sacramento Urban League or similar programs to promote employment opportunities.
Mirasol Village Project -
Commitment of CNI Funds for Block D

April 21, 2020

Respectfully Submitted by: [Signature]
LA SHELLE DOZIER
Executive Director

Attachments
1-Description/Analysis
2-Resolution – CNI Commitment
3-Site Plan and Vicinity Map
4-Project Summary
RESOLUTION NO. 2020 -
Adopted by the Sacramento City Council

On date of

TWIN RIVERS PHASE 4: AUTHORIZATION AS CO-GRANTEE TO ALLOCATE
CHOICE NEIGHBORHOODS IMPLEMENTATION GRANT FUNDS; EXECUTION OF
A $2,000,000 LOAN COMMITMENT AND RELATED DOCUMENTS WITH TWIN
RIVERS PHASE 4 LP OR RELATED ENTITY; ENVIRONMENTAL FINDINGS

BACKGROUND

A. On September 28, 2015, the US Department of Housing and Urban Development
(HUD) awarded the Housing Authority of the County of Sacramento (HACOS), as
Lead Applicant, and the City of Sacramento, as Co-Applicant, a $30 million
Choice Neighborhoods Implementation (CNI) Grant to implement the Twin
Rivers-River District/Railyards Neighborhood Transformation Plan.

B. On December 15, 2015, HACOS and the City of Sacramento executed the FYs
2014-2015 CNI Implementation Grant Agreement with HUD.

C. McCormack Baron Salazar, Inc. as Housing Lead and Master Developer of the
Twin Rivers Transit Oriented Development and Light Rail Station Project
(Project) has requested an allocation of up to $2,000,000 in CNI funds as a loan
to Twin Rivers Phase 3, LP to assist in funding the housing development and
permanent financing of Twin Rivers Phase 4.

D. The recommended actions are consistent with a) the 2013-2021 Housing
Element which encourages the provision of a variety of quality housing types to
encourage neighborhood stability, including options for extremely low-income
households (Resolution No. 2013-415); b) 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 c) the River District Specific Plan adopted
February 15, 2011.

E. A combined Initial Study/Environmental Assessment (IS/EA) was prepared for
the Twin Rivers Transit-Oriented Development Project pursuant to California
Environmental Quality Act (CEQA) requirements under Title 14, §15070 of the
California Code of Regulations CCR, and National Environmental Policy Act
(NEPA) requirements under Title 24, Code of Federal Regulations (CFR) Part
58.36. A Finding of No Significant Impact (FONSI) pursuant to NEPA and a
Notice of Determination (NOD) pursuant to CEQA have been filed for the project;
no further environmental review is required for activities in furtherance of the
Twin Rivers Transit-Oriented Development and Light Rail Station Project.
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 are found to be true and correct.

Section 2. The City of Sacramento as co-grantee approves an amendment to the CNI grant budget to allocate up to $2,000,000 of the CNI grant funds to be used as a loan for financing Twin Rivers Phase 4 Housing.

Section 3. The Loan Commitment attached hereto as Exhibit A for financing Phase 4 Housing of the Project with $2,000,000 in CNI funds is approved and the Agency is authorized to execute and transmit the Loan Commitment to McCormack Baron Salazar, Inc. (Twin Rivers Phase 4, L.P. or related entity).

Table of Contents:
Exhibit A – Twin Rivers Phase 4 Commitment Letter
April 21, 2020

Daniel Falcon, Vice President
McCormack Baron Salazar, Inc.
801 S. Grand Avenue Suite 801
Los Angeles, CA 90017

Re: Conditional Funding Commitment for Twin Rivers (Mirasol Village) Phase 4

Dear Mr. Falcon:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) in an amount not exceed $2,000,000 in Choice Neighborhoods Implementation (CNI) funds for the purpose of financing the development of that certain real property known as Twin Rivers (Mirasol Village) Phase 4 located in the Twin Rivers development at 321 Eliza Way, Sacramento, California (Property). The Agency's decision is based on representations and information supplied by McCormack Baron Salazar, Inc. in its capacity as Housing Lead and Master Developer. 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 included in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire December 31, 2021.
1. **PROJECT DESCRIPTION:** Twin Rivers (Mirasol Village) Phase 4 (Project) is a new construction, mixed-income housing development. The Project is the fourth phase of development for the multi-phased, Twin Rivers public housing redevelopment project. The Project will include multifamily apartment, townhome, and garden-style walk-up buildings located on a City block (Block D). The Project will consist of a total of seven residential buildings that will include a minimum of 116 rental housing units and 79 on-grade parking spaces. The housing units will be 1-4 bedrooms in size and include a minimum of 47 replacement housing units in accordance with the HUD-approved replacement housing plan for the Project. The Project will also contain several outdoor amenities including play areas, picnic areas, bike and electric car share, etc.

2. **BORROWER:** The name of the Borrower for the Loan is Twin Rivers Phase 4, L.P., a California limited partnership with McCormack Baron Salazar, Inc., or related entity as the lead development partner.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of development of the Project and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, as well as in 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 principal amount of the Loan will be a maximum of Two Million Dollars ($2,000,000) or such lesser amount as may be needed and as determined by Borrower and approved by Agency prior to close of the Loan.

5. **TERM OF LOAN:** The Loan shall mature up to 55 years from the date of completion of construction, at which point any and all unpaid principal and interest on the loan will be due and payable. Final maturity date will be determined by impact of terms and conditions of other sources of financing approved for the Project.

6. **INTEREST RATE:** The Loan will bear simple interest at four percent (4%) per annum. Interest shall be calculated on a 365-day year, actual days elapsed basis.

7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date. Notwithstanding the preceding payment schedule, no payments shall be required on this Loan until the full balance of principal and interest on the proposed capitalized ground lease made by the Housing Authority of the County of Sacramento to Borrower pursuant to the Master Development Agreement is paid in full.

8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from Choice Neighborhoods Implementation (CNI) grant funds and is subject to all of the requirements related to the use of these funds, whether Agency requirements or otherwise. This Loan is conditioned upon Borrower's acceptance
of Agency requirements and conditions related to its 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 additional liens senior to the Agency’s lien securing loans needed for the Project and such other liens or items as the Agency may approve in writing prior to close. The Loan shall also be secured by security agreements where required. The Agency may agree to subordinate said deed of trust in order to accommodate completion of construction of the Project.

11. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency 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 stated in Borrower’s request for the Loan. Proof of equity will generally be in the form of verified low income housing tax credit equity and deferred developer fee. If the final equity contribution is less than that as anticipated, the difference in equity must be offset by an increase in the 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 Agency loan, construction financing from private lender(s) in an amount(s) sufficient to complete construction of the Project according to a Scope of Work as approved by Agency (Construction Financing). The term of Construction Financing must not be 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 Construction Financing liens senior to the Agency’s lien.
(c) Such commitments for construction and permanent 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 Agency documents 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 will submit 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" at all times. 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 approved proposal. 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 as required in the Mitigation Monitoring and Reporting Program of Twin Rivers (Miraso Village) Transit Oriented Development and Light Rail Station Project as may applicable to Twin Rivers (Miraso Village) Phase 4, 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 each construction disbursement as retention, 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 Project, which breakdown conforms to the project plans and specification and the approved budget for the Project. 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 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 fifty percent (50%) 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, 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 OR LEASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's ownership interest in 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 management, as Agency may request.
33. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

34. **RESIDENT SERVICES AGREEMENT:** Prior to execution, Borrower must submit to Agency an agreement providing for the resident services by a third party which agreement is subject to Agency Approval.

35. **LOW INCOME HOUSING TAX CREDITS (LIHTC):** Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and meet all requirements to maintain the LIHTC allocation if granted.

36. **SMOKE-FREE ENVIRONMENT:** At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.

37. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.

38. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply with same.

39. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.

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

Sincerely,

La Shelle Dozier  
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.
BORROWER:
Twin Rivers Phase 4 L.P., a California limited partnership
By: McCormack Baron Salazar, Inc., or related entity

By:

   ____________________________
   Daniel Falcon, Vice President
## Mirasol Village Block D

**CalHFA Mixed Income + State Credits + 4% Tax Credits/ Bonds**

321 Eliza Street Sacramento, CA 95811

| 116 | New Construction |

### Unit Mix and Rents

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<th>PBV (30% AMI)</th>
<th>LIHTC (60% AMI)</th>
<th>LIHTC (80%AMI)</th>
<th>Market</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>8</td>
<td>6</td>
<td>12</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>2 Bedroom / 1 Bath</td>
<td>23</td>
<td>3</td>
<td>11</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>10</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3 Townhouse / 2.5 Bath</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>4 Bedroom / 2 Bath</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>47</strong></td>
<td><strong>18</strong></td>
<td><strong>25</strong></td>
<td><strong>25</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

### Square Footage

<table>
<thead>
<tr>
<th></th>
<th>Per Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>619</td>
<td>23,522 square feet</td>
</tr>
<tr>
<td>2 Bedroom / 1 Bath</td>
<td>838</td>
<td>41,062 square feet</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>1,169</td>
<td>24,549 square feet</td>
</tr>
<tr>
<td>4 Bedroom / 2 Bath</td>
<td>1,385</td>
<td>5,540 square feet</td>
</tr>
<tr>
<td><strong>Common Areas</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong> square feet</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>99,565</strong></td>
<td><strong>square feet</strong></td>
</tr>
</tbody>
</table>

### Resident Facilities

Residents will have access to the facilities on neighborhood lots which include a community park, management offices, resident community space, a fitness center, swimming pool and BBQ area.

### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Lender</td>
<td>$16,843,522</td>
<td>$145,203</td>
<td>$169.14</td>
</tr>
<tr>
<td>HACOS Capitalized Ground Lease</td>
<td>$913,500</td>
<td>$7,875</td>
<td>$9.17</td>
</tr>
<tr>
<td>HACOS CNI</td>
<td>$2,000,000</td>
<td>$17,241</td>
<td>$20.08</td>
</tr>
<tr>
<td>HACOS Infrastructure Note</td>
<td>$4,387,059</td>
<td>$37,847</td>
<td>$43.85</td>
</tr>
<tr>
<td>CalHFA</td>
<td>$7,000,000</td>
<td>$60,345</td>
<td>$70.29</td>
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<tr>
<td>Tax Credit Equity</td>
<td>$32,090,493</td>
<td>$276,642</td>
<td>$322.24</td>
</tr>
<tr>
<td>Local Gap Funds Need</td>
<td>$4,130,044</td>
<td>$35,604</td>
<td>$41.47</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$67,344,618</strong></td>
<td><strong>$590,557</strong></td>
<td><strong>$676</strong></td>
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</tbody>
</table>

### Permanent Uses

<table>
<thead>
<tr>
<th>Source</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Lease</td>
<td>$520,000</td>
<td>$4,483</td>
<td>$5.22</td>
</tr>
<tr>
<td>Construction</td>
<td>$44,058,718</td>
<td>$379,817</td>
<td>$442.42</td>
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<tr>
<td>Infrastructure</td>
<td>$4,367,059</td>
<td>$37,847</td>
<td>$43.85</td>
</tr>
<tr>
<td>Master Planning</td>
<td>$409,412</td>
<td>$3,529</td>
<td>$4.11</td>
</tr>
<tr>
<td>Permits</td>
<td>$1,696,265</td>
<td>$14,623</td>
<td>$17.03</td>
</tr>
<tr>
<td>Architecture, Engineering, Environmental</td>
<td>$2,849,323</td>
<td>$24,563</td>
<td>$28.61</td>
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<tr>
<td>Soft Cost Contingency</td>
<td>$530,350</td>
<td>$4,572</td>
<td>$5.33</td>
</tr>
<tr>
<td>Hard Cost Contingency</td>
<td>$4,406,000</td>
<td>$37,983</td>
<td>$44.24</td>
</tr>
<tr>
<td>First Mortgage Interest</td>
<td>$1,780,711</td>
<td>$15,351</td>
<td>$17.88</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$1,669,747</td>
<td>$14,394</td>
<td>$16.77</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td>$429,098</td>
<td>$3,699</td>
<td>$4.31</td>
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<tr>
<td>Developer Fee</td>
<td>$2,400,896</td>
<td>$20,697</td>
<td>$24.11</td>
</tr>
<tr>
<td>Legal, Title, Recording</td>
<td>$435,000</td>
<td>$3,750</td>
<td>$4.37</td>
</tr>
<tr>
<td>Professional Reports and Misc</td>
<td>$457,000</td>
<td>$3,940</td>
<td>$4.59</td>
</tr>
<tr>
<td>Insurance</td>
<td>$881,174</td>
<td>$7,596</td>
<td>$8.65</td>
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<tr>
<td>Marketing, Lease Up Expenses, Furnishing</td>
<td>$453,865</td>
<td>$3,913</td>
<td>$4.56</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$67,344,618</strong></td>
<td><strong>$580,557</strong></td>
<td><strong>$676</strong></td>
</tr>
</tbody>
</table>
Sacramento Housing and Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:
Mirasol Village Project—Loan Commitment of Choice Neighborhoods Funds to Mirasol Village Block D

RECOMMENDATION

Staff is presenting this information to the Commission for review prior to final review by the County of Sacramento.

Respectfully submitted,

LA SHELLE DOZIER
Executive Director

Attachment

801 12th Street, Sacramento, CA 95814
COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
May 5, 2020

To: Housing Authority of the County of Sacramento
From: Sacramento Housing and Redevelopment Agency
Subject: Mirasol Village Project– Loan Commitment of Choice Neighborhoods Funds to Mirasol Village Block D

Supervisory District(s): Serna
Contact: Tyrone Roderick Williams, Director, 916-440-1316
Victoria Johnson, Assistant Director, 916-440-1388

RECOMMENDED ACTION

Adopt a Housing Authority Resolution:
1. Approving a loan of up to $2,000,000 of Choice Neighborhood Implementation (CNI) grant funds for eligible Twin Rivers Block D housing construction purposes.
2. Authorizes the Sacramento Housing and Redevelopment Agency (Agency) to execute a Loan Commitment Letter on its behalf with Twin Rivers Phase 4, L.P. (McCormack Baron Salazar, Inc.) or related entity.
3. Authorizes the Agency to execute all necessary documents, to amend its budget, and makes related findings associated with this transaction.

BACKGROUND

In 2015, the Housing Authority of the County of Sacramento (HACOS) and the City of Sacramento (City) were, as co-grantees, awarded a $30 million Choice Neighborhoods Implementation (CNI) Grant from the US Department of Housing and Urban Development (HUD) for the Twin Rivers Transit Oriented Development and Light Rail Station project (Project). The Sacramento Housing and Redevelopment Agency (SHRA) is managing the Project and McCormack Baron Salazar is the designated developer and Housing Lead (Developer) under the CNI grant. The Project is now known as Mirasol Village.
The CNI grant supports the redevelopment of the former Twin Rivers public housing project and the transformation of the River District/Railyards neighborhood. The CNI grant requires replacement of 218 public housing units within a mixed-income development which will include at least 487 new housing units, common area and community gathering spaces, and other amenities. A new light rail station will be constructed along 12th Street as part of the Project. The total Project area includes six residential blocks and encompasses approximately 26 acres. A site plan and vicinity map is shown in Attachment 2. The new development will be named Mirasol Village.

The Project is being developed in five phases. The first 123 units are within Blocks B and E, are fully funded and construction will begin in June. The Developer has recently submitted four funding applications to the State on behalf of Blocks A and C, and these applications are currently pending review and award. The Developer is also working to secure the funds needed to construct Block D (Phase 4). The financing plan for Block D is to participate in the California Housing Finance Agency (CalHFA) Mixed-Income Program (MIP) and to apply for an award of State and federal tax-credits, CalHFA MIP funds and a tax-exempt multi-family bond allocation. Applications for MIP are accepted throughout the year until all funds are utilized, and the Block D application will be submitted as soon as possible following the commitment of CNI funds. The MIP program requires that at least 20% of the total units are reserved for market-rate housing and is therefore a good fit for Block D, which will include 25 unrestricted units. In addition to the State tax credit set-aside, the MIP program also receives a set-aside of tax-exempt bond allocation. This set-aside allows projects in this category to favorably compete for the required tax-exempt bond allocation necessary to complete the project financing. As a result, staff expects that the Block D development will be able to advance at a faster rate than requiring the project to compete in other available subsidy and tax-exempt bond financing programs.

Twin Rivers Block D will be a new construction, mixed-income housing development. Block D will include a mixture of multifamily apartment, townhome, and garden-style walk-up buildings. It will consist of a total of seven residential buildings that will include 116 rental housing units that range from one to four bedrooms in size and 79 on-grade parking spaces. The unit mix will include 47 replacement units, 42 tax-credit units and 25 market-rate units. A mixed-use building at the north end of the site will include offices, common area and space for an early childhood education center. Block D residents will also have access to all outdoor community amenities including the park, garden, barbeque areas, and electric car share. If fully funded in 2020, construction will begin in 2021 and be completed in 2022.
This report requests approval of a commitment letter to Twin Rivers Phase 4, L.P. for the CNI funds to be used as evidence of funding commitments required for the CalHFA application. If the CalHFA funds and tax-exempt bonds are awarded, $16m of State tax credits, $7m of MIP funds and $16m in federal 4% tax-credits will be available to construct Block D housing. The Developer has submitted an application to the City of Sacramento for the remaining gap funds. A financial summary of the project is shown in Attachment 3.

**COMMISSION ACTION**

The Sacramento Housing and Redevelopment Commission (Commission) will hear this item in its meeting on April 22, 2020. At this meeting the Commission will be asked to adopt a motion recommending approval of the attached resolution. In the event the action is not approved by the Commission, staff will notify the Council.

**POLICY CONSIDERATIONS**

HUD has approved a five-year Public Housing Authority Plan affirming Twin Rivers as a public housing development designated for demolition and disposition. The recommended actions in this report are also consistent with the County’s commitment to the Housing Authority Asset Repositioning Guidelines and the County’s executed CNI Grant Agreement for the Twin Rivers/River District-Railyards Initiative. The proposed Project will preserve 218 affordable housing units, and create a minimum of an additional 269 affordable, workforce and market rate housing units, new amenities, improved access to resident and workforce development services, new mobility options including bike share and electric car share programs, electric car charging stations, and the construction of a new light rail station on 12th Street.
ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA): A combined Initial Study/Environmental Assessment (IS/EA) was prepared for the Mirasol Village (formerly Twin Rivers) Transit Oriented Development and Light Rail Station Project pursuant to CEQA requirements under 14 California Code of Regulations (CCR) §15070, and NEPA requirements under 24 Code of Federal Regulations (CFR) §58.36. The Mitigated Negative Declaration (MND) and associated Mitigation Monitoring and Reporting Program (MMRP) were adopted and a Notice of Determination (NOD) was issued pursuant to CEQA and a Finding of No Significant Impact (FONSI) was prepared pursuant to NEPA. The requested action requires no further environmental review.

M/WBE/SECTION 3 CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the greatest extent possible and as required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable. Developer and General Contractor will work with the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, for employment opportunities.

FINANCIAL ANALYSIS

The proposed financing structure for Twin Rivers Block D includes tax-exempt bond financing, competitive and noncompetitive four- percent tax credits, CNI funds, local funds, Project-based Section 8 vouchers and a below-market ground lease from HACOS.
The allocation of CNI grant funds for use in a specific phase is considered an administrative action as relates to the HUD-approved Housing Plan. HUD has indicated it will approve the allocation of grant housing funds to Phase 2 Housing in the Twin Rivers project subject to prior approval by HACOS as grantee and the City of Sacramento as co-grantee. The City of Sacramento as co-grantee will consider the request to allocate the CNI funds at its meeting of April 21, 2020. HUD has indicated it also will approve the allocation of up to $2 million to Phase 4 Housing subject to approval by the HACOS Board.

Per the Loan Commitment (Attachment 1), grant funds will be loaned to the development entity for a term of up to 55 years at 4 percent simple interest. Annual principal and interest payments shall be made according to a structured payment schedule per the final Loan Agreement. All outstanding principal and interest is due and payable on the maturity date. The loan will be secured by a deed of trust against the property improvements.

Respectfully Submitted,

LA SHELLE DOZIER, Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED
NAVDEEP S. GILL,
County Executive

By: BRUCE WAGSTAFF
Deputy County Executive

Attachments:
RES – HACOS Resolution
ATT 1 – CNI Commitment Letter
ATT 2 – Site Plan and Vicinity Map
ATT 3 – Project Summary
RESOLUTION NO.
ADOPTED BY THE HOUSING AUTHORITY OF THE
COUNTY OF SACRAMENTO

MIRASOL VILLAGE (TWIN RIVERS) TRANSIT ORIENTED
DEVELOPMENT AND LIGHT RAIL STATION PROJECT: APPROVING A
LOAN OF UP TO $2 MILLION OF CHOICE NEIGHBORHOODS
IMPLEMENTATION (CNI) GRANT FUNDS FOR ELIGIBLE TWIN RIVERS
PHASE 4 HOUSING; AUTHORIZING SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY (SHRA) TO ISSUE A LOAN COMMITMENT
OF CNI FUNDS TO TWIN RIVERS PHASE 4 HOUSING, LP OR RELATED
ENTITY FOR PHASE 4 HOUSING; AUTHORIZES BUDGET AMENDMENT;
AND RELATED FINDINGS

WHEREAS, on September 28, 2015, the U.S. Department of Housing
and Urban Development (HUD) awarded the Housing Authority of the County
of Sacramento (HACOS), as Grantee, and the City of Sacramento, as co-
applicant, with a $30 million Choice Neighborhoods Implementation (CNI)
grant to implement the Twin Rivers-River District-Railyards Neighborhood
Transformation Plan; and

WHEREAS, the name of the development was changed to Mirasol
Village in 2019; and

WHEREAS, On December 15, 2015, HACOS authorized execution of
the Fiscal Years 2014-2015 CNI Implementation Grant Agreement with HUD
for the CNI grant; and

WHEREAS, A combined Initial Study/Environmental Assessment
(IS/EA) was prepared for the Twin Rivers Transit-Oriented Development
Project pursuant to California Environmental Quality Act (CEQA)
requirements under Title 14, §15070 of the California Code of Regulations
(CCR), and National Environmental Policy Act (NEPA) requirements under
Title 24, Code of Federal Regulations (CFR) Part 58.36. A Finding of No
Significant Impact (FONSI) pursuant to NEPA and a Notice of Determination
(NOD) pursuant to CEQA have been filed for the project; no further
environmental review is required for the proposed actions; and
WHEREAS, the HACOS is seeking to allocate up to $2,000,000 of CNI grant funds for the development of Phase 4/Block D Housing; and

WHEREAS, the HACOS is seeking approval to authorize Sacramento Housing and Redevelopment Agency to issue on its behalf a Loan Commitment letter for up to $2 million of CNI funds as a permanent loan to Twin Rivers Phase 4, L.P. or related entity for eligible housing costs;

WHEREAS, the HACOS is seeking approval to amend the CNI grant budget and housing plan to allocate up to $2,000,000 specifically for Phase 4 Housing from the $18,038,000 currently budgeted for housing;

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

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.

Section 2. Authorization is approved to allocate up to $2,000,000 of CNI grant funds for Phase 4/Block D Housing.

Section 3. Authorization is approved for Sacramento Housing and Redevelopment Agency to issue a Loan Commitment on behalf of HACOS of up to $2,000,000 of CNI grant funds to be loaned to Twin Rivers (Mirasol Village) Housing Phase 4, LP or related entity for eligible Phase 3 housing costs.

Section 4. Approval to amend the CNI grant budget and housing plan to allocate up to $2,000,000 specifically for eligible Phase 4 housing costs.
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 5th day of May, 2020, 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
April 21, 2020

Daniel Falcon, Vice President
McCormack Baron Salazar, Inc.
801 S. Grand Avenue Suite 801
Los Angeles, CA 90017

Re: Conditional Funding Commitment for Twin Rivers (Mirasol Village) Phase 4

Dear Mr. Falcon:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) in an amount not exceed $2,000,000 in Choice Neighborhoods Implementation (CNI) funds for the purpose of financing the development of that certain real property known as Twin Rivers (Mirasol Village) Phase 4 located in the Twin Rivers development at 321 Eliza Way, Sacramento, California (Property). The Agency's decision is based on representations and information supplied by McCormack Baron Salazar, Inc. in its capacity as Housing Lead and Master Developer. 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 included in this funding commitment shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire December 31, 2021.
1. **PROJECT DESCRIPTION:** Twin Rivers (Mirasol Village) Phase 4 (Project) is a new construction, mixed-income housing development. The Project is the fourth phase of development for the multi-phased, Twin Rivers public housing redevelopment project. The Project will include multifamily apartment, townhome, and garden-style walk-up buildings located on a City block (Block D). The Project will consist of a total of seven residential buildings that will include a minimum of 116 rental housing units and 79 on-grade parking spaces. The housing units will be 1-4 bedrooms in size and include a minimum of 47 replacement housing units in accordance with the HUD-approved replacement housing plan for the Project. The Project will also contain several outdoor amenities including play areas, picnic areas, bike and electric car share, etc.

2. **BORROWER:** The name of the Borrower for the Loan is Twin Rivers Phase 4, L.P., a California limited partnership with McCormack Baron Salazar, Inc., or related entity as the lead development partner.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of development of the Project and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, as well as in 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 principal amount of the Loan will be a maximum of Two Million Dollars ($2,000,000) or such lesser amount as may be needed and as determined by Borrower and approved by Agency prior to close of the Loan.

5. **TERM OF LOAN:** The Loan shall mature up to 55 years from the date of completion of construction, at which point any and all unpaid principal and interest on the loan will be due and payable. Final maturity date will be determined by impact of terms and conditions of other sources of financing approved for the Project.

6. **INTEREST RATE:** The Loan will bear simple interest at four percent (4%) per annum. Interest shall be calculated on a 365-day year, actual days elapsed basis.

7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date. Notwithstanding the preceding payment schedule, no payments shall be required on this Loan until the full balance of principal and interest on the proposed capitalized ground lease made by the Housing Authority of the County of Sacramento to Borrower pursuant to the Master Development Agreement is paid in full.

8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from Choice Neighborhoods Implementation (CNI) grant funds and is subject to all of the requirements related to the use of these funds, whether Agency requirements or otherwise. This Loan is conditioned upon Borrower's acceptance.
of Agency requirements and conditions related to its 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 additional liens senior to the Agency’s lien securing loans needed for the Project and such other liens or items as the Agency may approve in writing prior to close. The Loan shall also be secured by security agreements where required. The Agency may agree to subordinate said deed of trust in order to accommodate completion of construction of the Project.

11. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency 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 stated in Borrower’s request for the Loan. Proof of equity will generally be in the form of verified low income housing tax credit equity and deferred developer fee. If the final equity contribution is less than that as anticipated, the difference in equity must be offset by an increase in the 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 Agency loan, construction financing from private lender(s) in an amount(s) sufficient to complete construction of the Project according to a Scope of Work as approved by Agency (Construction Financing). The term of Construction Financing must not be 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 Construction Financing liens senior to the Agency’s lien.
(c) Such commitments for construction and permanent 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 Agency documents 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 will submit 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" at all times. 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 approved proposal. 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 as required in the Mitigation Monitoring and Reporting Program of Twin Rivers (Mirasol Village) Transit Oriented Development and Light Rail Station Project as may applicable to Twin Rivers (Mirasol Village) Phase 4, 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 each construction disbursement as retention, 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 Project, which breakdown conforms to the project plans and specification and the approved budget for the Project. 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 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 fifty percent (50%) 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, 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 OR LEASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's ownership interest in 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 management, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency an agreement providing for the resident services by a third party which agreement is subject to Agency Approval.

35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC’s and agrees to perform all actions and meet all requirements to maintain the LIHTC allocation if granted.

36. SMOKE-FREE ENVIRONMENT: At least 50% of the buildings but no less than 50% of the units must be smoke free. All indoor common areas must be smoke-free.

37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.

38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender’s commitment approved by the Agency and comply with same.

39. CHANGES OR AMENDMENTS: No documents or contracts which are to be delivered to Agency or are subject to Agency’s review or approval shall be modified or terminated without the prior written approval of Agency.

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

Sincerely,

La Shelle Dozier
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.
BORROWER:
Twin Rivers Phase 4 L.P., a California limited partnership
By: McCormack Baron Salazar, Inc., or related entity

By: ____________________________
    Daniel Falcon, Vice President
## Mirasol Village Block D

### CalHFA Mixed Income + State Credits + 4% Tax Credits/ Bonds

<table>
<thead>
<tr>
<th>Address</th>
<th>321 Eliza Street Sacramento, CA 95811</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>116</td>
</tr>
<tr>
<td>Construction Type</td>
<td>New Construction</td>
</tr>
</tbody>
</table>

### Unit Mix and Rents

<table>
<thead>
<tr>
<th>PBV (30% AMI)</th>
<th>LIHTC (60% AMI)</th>
<th>LIHTC (80% AMI)</th>
<th>Market</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>8</td>
<td>6</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>2 Bedroom / 1 Bath</td>
<td>23</td>
<td>3</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>10</td>
<td>9</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>3 Townhouse / 2.5 Bath</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>4 Bedroom / 2 Bath</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>47</td>
<td>18</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

### Square Footage

<table>
<thead>
<tr>
<th>Per Unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom / 1 Bath</td>
<td>619</td>
</tr>
<tr>
<td>2 Bedroom / 1 Bath</td>
<td>838</td>
</tr>
<tr>
<td>3 Bedroom / 2 Bath</td>
<td>1,169</td>
</tr>
<tr>
<td>4 Bedroom / 2 Bath</td>
<td>1,385</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>99,585 square feet</td>
</tr>
</tbody>
</table>

### Resident Facilities

Residents will have access to the facilities on neighborhood lots which include a community park, management offices, resident community space, a fitness center, swimming pool and BBQ area.

### Permanent Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Lender</td>
<td>$16,843,522</td>
<td>$145,203</td>
<td>$169.14</td>
</tr>
<tr>
<td>HACOS Capitalized Ground Lease</td>
<td>$913,500</td>
<td>$7,875</td>
<td>$9.17</td>
</tr>
<tr>
<td>HACOS CNI</td>
<td>$2,000,000</td>
<td>$17,241</td>
<td>$20.06</td>
</tr>
<tr>
<td>HACOS Infrastructure Note</td>
<td>$4,367,059</td>
<td>$37,647</td>
<td>$43.85</td>
</tr>
<tr>
<td>CalHFA</td>
<td>$7,000,000</td>
<td>$60,345</td>
<td>$70.29</td>
</tr>
<tr>
<td>Tax Credit Equity</td>
<td>$32,090,493</td>
<td>$276,642</td>
<td>$322.24</td>
</tr>
<tr>
<td>Local Gap Funds Need</td>
<td>$4,130,044</td>
<td>$35,604</td>
<td>$41.47</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$67,344,618</strong></td>
<td><strong>$580,557</strong></td>
<td><strong>$676</strong></td>
</tr>
</tbody>
</table>

### Permanent Uses

<table>
<thead>
<tr>
<th>Use</th>
<th>Current Total</th>
<th>Per Unit</th>
<th>Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Lease</td>
<td>$520,000</td>
<td>$4,483</td>
<td>$5.22</td>
</tr>
<tr>
<td>Construction</td>
<td>$44,058,718</td>
<td>$379,817</td>
<td>$442.42</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$4,367,059</td>
<td>$37,647</td>
<td>$43.85</td>
</tr>
<tr>
<td>Master Planning</td>
<td>$409,412</td>
<td>$3,529</td>
<td>$4.11</td>
</tr>
<tr>
<td>Permits</td>
<td>$1,696,265</td>
<td>$14,623</td>
<td>$17.03</td>
</tr>
<tr>
<td>Architecture, Engineering, Environmental</td>
<td>$2,849,323</td>
<td>$24,563</td>
<td>$28.61</td>
</tr>
<tr>
<td>Soft Cost Contingency</td>
<td>$530,350</td>
<td>$4,572</td>
<td>$5.33</td>
</tr>
<tr>
<td>Hard Cost Contingency</td>
<td>$4,406,000</td>
<td>$37,983</td>
<td>$44.24</td>
</tr>
<tr>
<td>First Mortgage Interest</td>
<td>$1,780,711</td>
<td>$15,351</td>
<td>$17.88</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$1,669,747</td>
<td>$14,394</td>
<td>$16.77</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td>$429,098</td>
<td>$3,699</td>
<td>$4.31</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$2,405,886</td>
<td>$20,697</td>
<td>$24.11</td>
</tr>
<tr>
<td>Legal, Title, Recording</td>
<td>$435,000</td>
<td>$3,750</td>
<td>$4.37</td>
</tr>
<tr>
<td>Professional Reports and Misc.</td>
<td>$457,000</td>
<td>$3,940</td>
<td>$4.59</td>
</tr>
<tr>
<td>Insurance</td>
<td>$881,174</td>
<td>$7,596</td>
<td>$8.85</td>
</tr>
<tr>
<td>Marketing, Lease Up Expenses, Furnishing</td>
<td>$453,865</td>
<td>$3,913</td>
<td>$4.56</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$67,344,618</strong></td>
<td><strong>$580,557</strong></td>
<td><strong>$676</strong></td>
</tr>
</tbody>
</table>
Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Approval Of Resolution For Non-State Agencies To Apply For Federal Financial Assistance Under The Disaster Relief And Emergency Assistance Act of 1988, And/Or State Financial Assistance Under The California Disaster Assistance Act From The California Governor's Office of Emergency Services

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to execute for and on behalf of the Sacramento Housing and Redevelopment Agency (Agency), a public entity established under the laws of the State of California, an application with the California Governor's Office of Emergency Services (Cal OES) for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

CONTACT PERSONS

Brad Nakano, General Counsel, 916-440-1389

SUMMARY

On March 22, 2020 President Trump declared a major disaster for California for the COVID-19 pandemic. The major disaster declaration allows the Federal Emergency Management Agency (FEMA) to "assist state, local, tribal, territorial governments and other eligible entities with the health and safety actions they take on behalf of the American public." FEMA has directed that eligible emergency proactive measures taken to respond to COVID-19 may be reimbursed under Category B of FEMA's Public Assistance program. According to FEMA, some examples of reimbursable costs are:

- Disinfection of eligible public facilities
- Medical sheltering

Updated 10-15-19
Security and law enforcement
Personnel overtime costs
Training specific to the declared event
Technical assistance to local governments on emergency management and control of immediate threats to public health and safety
Purchase and distribution of food, water, ice, medicine and other consumable supplies, to include personal protective equipment and hazardous material suits
Movement of supplies and people
Communications of general health and safety information to the public

To be eligible to recover costs, there are certain steps that local government agencies are required to take. Each local government agency will have to submit a "Designation of Applicant's Agent Resolution for Non-State Agencies" form to the California Office of Emergency Services. This form is a resolution adopted by a local board to designate the officials who will act (i) on the agency’s behalf in submitting for reimbursements, and (ii) to provide the assurances and agreements required for all matters pertaining to such state disaster assistance. Staff is requesting approval of this resolution in order to allow the Agency to recover eligible costs under this act.

FINANCIAL CONSIDERATIONS
The COVID-19 pandemic has caused all state and local governments to take proactive measures to ensure the health and safety of the public as well as its employees. The FEMA Public Assistance Program will allow the Agency the possibility to recover allowable costs that support this effort by filing certain documents with Cal OES to ease the burden on Agency resources.

POLICY CONSIDERATIONS
No new policies are recommended.

ENVIRONMENTAL REVIEW
The proposed action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378, and is exempt under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34(a)(3).

M/WBE AND SECTION 3 CONSIDERATIONS
Not applicable to this report.

Respectfully submitted,

LA SHELLE DOZIER
Executive Director

Attachments
1-SHRA Commission Resolution
RESOLUTION NO. SHRC-


STATE OF CALIFORNIA
GOVERNOR'S OFFICE OF EMERGENCY SERVICES
Cal OES ID No: __________________________
Cal OES 130

DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES

Sacramento Housing and Redevelopment Commission ("SHRC") OF THE Sacramento Housing and Redevelopment Agency ("SHRA")

(Governing Body) (Name of Applicant)

THAT

the Executive Director OR

(Title of Authorized Agent)

the Director of Finance OR

(Title of Authorized Agent)

(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the ________________, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

SHRA

(Name of Applicant)

hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

☐ This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.
☐ This is a disaster specific resolution and is effective for only disaster number(s) ________________

Passed and approved this 22nd day of April 2020

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, ________________, duly appointed and ____________________ of

(Name) (Title)

(Name of Applicant)

Resolution passed and approved by the SHRC of the SHRA

(Governing Body) (Name of Applicant)

on the 22nd day of April 2020.

(Signature) (Title)
Cal OES Form 130 Instructions

A Designation of Applicant’s Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted Resolution is older than three (3) years from the last date of approval, is invalid or has not been submitted.

When completing the Cal OES Form 130, Applicants should fill in the blanks on page 1. The blanks are to be filled in as follows:

Resolution Section:

Governing Body: This is the group responsible for appointing and approving the Authorized Agents. Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

Name of Applicant: The public entity established under the laws of the State of California. Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

Authorized Agent: These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the Governor’s Office of Emergency Services regarding grants applied for by the Applicant. There are two ways of completing this section:

1. Titles Only: If the Governing Body so chooses, the titles of the Authorized Agents would be entered here, not their names. This allows the document to remain valid (for 3 years) if an Authorized Agent leaves the position and is replaced by another individual in the same title. If “Titles Only” is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency and does not require the Governing Body’s signature.

2. Names and Titles: If the Governing Body so chooses, the names and titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

Governing Body Representative: These are the names and titles of the approving Board Members. Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles cannot be one of the designated Authorized Agents, and a minimum of two or more approving board members need to be listed.

Certification Section:

Name and Title: This is the individual that was in attendance and recorded the Resolution creation and approval. Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person cannot be one of the designated Authorized Agents or Approving Board Member (if a person holds two positions such as City Manager and Secretary to the Board and the City Manager is to be listed as an Authorized Agent, then the same person holding the Secretary position would sign the document as Secretary to the Board (not City Manager) to eliminate “Self Certification.”
Items Number 9 and 10

TO BE DELIVERED