



NOTICE OF REGULAR MEETING
**Sacramento Housing and
Redevelopment Commission**
TELECONFERENCE MEETING ONLY
Wednesday, February 3, 2021 – 6:00 pm
801 12th Street Commission Room
Sacramento CA

Meetings of the Sacramento Housing and Redevelopment Commission are closed to the public until further notice in compliance with state guidelines on social distancing, in accordance with the Brown Act, (as currently in effect under the State Emergency Services Act), the Governor’s Emergency Declaration related to COVID-19, and the Governor’s Executive Order N-29-20 issued on March 17, 2020. These measures facilitate participation by members of the Commission, staff, and the public and allow meetings to be conducted by teleconference, videoconference, or both.

**The Sacramento Housing and Redevelopment Commission meeting will be broadcast live on YouTube. To view the meeting please visit:
https://youtu.be/8R7s_U6eONA**

Members of the public who wish to make comments can do so in two ways:

1. Email comments to publiccomments@shra.org which will be read into the record by the Clerk during the meeting.
2. Comment by phone during the meeting by dialing (888) 970-1444. Please call and indicate if you wish to comment during the general ‘Citizens Comments’ period or on a specific agenda item.

Please contact the Agency Clerk’s office at 916-440-1330, if you have questions about the public comment procedure. In compliance with the Americans with Disabilities Act (ADA), SHRA requests that individuals who require special accommodations to access and/or participate in Commission meetings contact the office at (916) 440-1330 at least 24 hours before the scheduled meeting. Agenda materials are available for review online at www.shra.org. If you need assistance with locating reports contact the Agency Clerk at (916) 440-1330 for assistance.

ROLL CALL

APPROVAL OF AGENDA

CITIZENS COMMENTS

While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes, so that everyone may be heard. SHRA provides opportunities for the public to address the Commission at this time in order to listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment periods on the agenda are not intended to be "question and answer" periods or conversations with Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Members of the public wishing to provide comment should either email comments to publiccomments@shra.org or be present them verbally by calling (888) 970-1444.

APPROVAL OF MINUTES – December 2, 2020

BUSINESS ITEMS

1. Approval of Loan Commitment for Sage at Folsom Senior Development

PRESENTATIONS

2. Housing Element Review - County
3. One Year Action Plan Federal Programs Allocation Process - Workshop Number One - City Report
4. One-Year Action Plan Federal Program Allocation Process - Workshop Number One - County Report
5. Sacramento Emergency Rental Assistance Program Update

BUSINESS ITEMS

6. Election of SHRA Commission Chair for 2021
7. Election of SHRA Commission Vice-Chair for 2021

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT



MINUTES
Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
December 2, 2020

Meeting noticed on November 27, 2020

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Morgan. Note that meeting was held via teleconference following the Governor's executive order during the coronavirus pandemic.

MEMBERS PRESENT: Alcalay, Boyd (arrived 6:10), Morgan, Nunley, Osmany, Stajabu, Starks, Woo

MEMBERS ABSENT: Griffin (two vacancies)

STAFF PRESENT: La Shelle Dozier, Brad Nakano, James Shields, Ahmad Halimi, Peter Masih, Sarah O'Daniel, Susie Jackson, Vickie Smith, Lira Goff, Judy Castillo, Barbara Sargent

APPROVAL OF AGENDA

The Agenda was approved as submitted. The Chair announced that item number 4 would be presented first.

CITIZENS COMMENTS

None

APPROVAL OF MINUTES – November 4, 2020 minutes were approved as submitted.

SPECIAL PRESENTATION

1. Mirasol Village Project Update

Victoria Johnson presented the item.

DISCUSSION/BUSINESS ITEMS

2. Tax Equity and Fiscal Responsibility Act Hearing and Approval of Tax-Exempt Bonds and Commitment of Housing Authority Successor Agency Funds to the Mirasol Village Block C Project (Twin Rivers Phase 3)

Anne Nicolls presented the item.

Commissioner Nunley motioned to approve the staff recommendation for the item listed above. Commissioner Woo seconded the motion. The votes were as follows:

AYES: Alcalay, Boyd, Morgan, Nunley, Osmany, Starks, Staajabu, Woo

NOES: None

ABSENT: Griffin

ABSTAIN: None

3. Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Approval of Tax-Exempt Bonds and Commitment of HOME and Housing Trust Funds to On Broadway Apartments

Cylus Scarborough presented the item.

Commissioner Nunley motioned to approve the staff recommendation for the item listed above. Commissioner Woo seconded the motion. The votes were as follows:

AYES: Alcalay, Boyd, Morgan, Nunley, Osmany, Starks, Staajabu, Woo

NOES: None

ABSENT: Griffin

ABSTAIN: None

PRESENTATION

4. Family Self Sufficiency (FSS) and Resident Services Program Presentations

Judy Castillo introduced Michael Limon who is a graduate of the Public Housing resident trainee program.

Barbara Sargent introduced Tyneisha Anderson who is a graduate of the Housing Choice Voucher program Family Self Sufficiency Program.

EXECUTIVE DIRECTOR'S REPORT

Executive Director La Shelle Dozier reviewed the following:

- The next meeting is tentatively scheduled for January 20, 2021.
- Thanked members for their service during 2020.
- Reported that staff has been unable to contact Mel Griffin for some time and will report back with an update as soon as possible.

COMMISSION CHAIR REPORT

Chair Morgan reported that greetings to Commissioner Griffin would be sent through the Agency Clerk.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioners Nunley and Boyd thanked staff for the gifts and recognition.

Commissioner Alcalay inquired about a City item that mentioned SHRA related to restrooms and mobile showers. La Shelle Dozier responded with some additional information about this item.

ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 7:20 pm.

Clerk



February 3, 2020

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

Approval of Loan Commitment for Sage at Folsom Senior Development

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLÉ DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 23, 2021

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

Through: Ann Edwards, Acting County Executive
Bruce Wagstaff, Deputy County Executive, Social Services

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

Subject: Approval of Loan Commitment for Sage at Folsom Senior Development

District(s): Frost

RECOMMENDED ACTION

The report recommends approval of the attached Board of Supervisors Resolution:

1. Approving \$800,000 Loan Commitment comprised of Home Investment Partnerships Program (HOME) funds
2. Approving related documents associated with this transaction with USA Properties, or related entity, and make related findings
3. Authorizing the Sacramento Housing and Redevelopment Agency (SHRA) budget amendment

BACKGROUND

Sage at Folsom is a proposed senior development to be located at Scholar Way at E. Bidwell Street in Folsom. The site is currently a 4.2-acre vacant lot and is surrounded by residential and commercial offices. The proposed project consists of 110 one-bedroom units. A vicinity map, site plan and building rendering are included as Attachments 1, 2 and 3.

HOME Funding

The City of Folsom is a member of the Sacramento County HOME Investment Partnerships Consortium (HOME Consortium). The County HOME Consortium consists of the unincorporated County, and the Cities of Citrus Heights, Rancho Cordova, Folsom, Isleton, and Galt and receives a total of approximately \$3.28 million annually. The City of Folsom's approximate annual share of the HOME Consortium is \$90,000. The proposed commitment of \$800,000 will utilize

existing funds in the Folsom (Sacramento County) HOME allocation through fiscal year 2024. The City of Folsom is not eligible for HOME funds until fiscal year 2025.

Project Description

USA Properties Fund, Inc. acquired the land in April of 2020. The proposed project is a 110-unit, senior affordable apartment community with one-bedroom residential units, including one manager's unit. Each unit will have a full kitchen, living space, storage closet, and one bathroom.

The Development will include two three-story elevator buildings. Community amenities include a 2,601 square foot community center on the first floor with a great room containing large screen televisions, game and lounge areas, a business center, a convenience kitchen, an outdoor dining patio with seating areas, seat walls, patio tables with umbrellas, and barbecue area. Outdoor amenities include a patio adjacent to the community center, bocce court with bench seating, community garden, and dog park.

Developer: USA Properties Fund, Inc. is developing the project. The developer is a for profit corporation dedicated to developing market rate and affordable senior and multifamily housing. The developer has more than 12,000 units of family and senior apartment in 90 communities throughout California and Nevada.

Property Management: USA Multifamily Management, Inc. will manage the property. SHRA staff has reviewed USA Multifamily Management Inc.'s qualifications and management plan, and has found that the proposed property management agent and management plan meet SHRA requirements.

Resident Services: LifeSteps will provide supportive service for residents in the development. SHRA Multifamily lending policies require 20 hours per week of resident services for projects over 100 units. The City of Folsom has requested reducing the number of resident services hours to 3.5 per week.

Security Plan: SHRA staff has reviewed and approved the security plan which includes installation of web-based security cameras and recording equipment; and installation of exterior lighting.

Project Financing:

The financing will be structured as a Low Income Housing Tax Credit project with tax-exempt bonds in the amount of \$10,150,000, City of Folsom subsidy loan in the amount of \$4,500,000 and a HOME loan from Sacramento Housing & Redevelopment Agency in the amount of \$800,000.

Funding sources and uses are provided in the Project Summary as Attachment 4. A Cash Flow Proforma is provided as Attachment 5.

LOW-INCOME SET-ASIDE REQUIREMENTS

As a condition of receiving tax credits, federal law requires that developments be set aside for targeted income groups. Income restrictions from Low Income Housing Tax Credit (LIHTC) financing require that household income is at or below 59 percent AMI.

The Agency further requires that at least 20 percent of the units be restricted to households with incomes at or below 50 percent AMI. The affordability restrictions will be specified in regulatory agreements between the developer and the respective monitoring agencies, which include the California Tax Credit Allocation Committee and the Agency. Proposed funding sources and their affordability requirements are summarized in the table below. See Attachment 6 for Maximum Income and Rent Levels.

Funding¹ Program	Affordability Level and AMI Regulated for 55 years²	Proposed No. of Units	Percentage of Units
LIHTC	Very Low Income 30% AMI	9	8%
LIHTC	Lower Income 50% AMI	55	50%
HOME ³	Lower Income 50% AMI	5	5%
LIHTC	Moderate Income 80% AMI	40	36%
Manager's unit	Unrestricted	1	1
	Total	110	100%

Legend:

¹The most restrictive income and rent limits will prevail when Project has layered funding programs.

²The LIHTC Regulatory Agreement will be enforced for 55 years.

³Agency Regulatory Agreement for the HOME assisted units will be enforced for 20 years.

COMMISSION ACTION

It is anticipated that the Sacramento Housing and Redevelopment Commission will approve the recommendation for this item at its meeting on February 3, 2021. Staff will notify the Board in the event the item is not approved.

POLICY CONSIDERATIONS

The recommended actions are consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies. The regulatory agreement will specify the regulatory restrictions on the property. Compliance with the regulatory agreement will be monitored by the Agency annually in accordance with the HOME Funding Requirements.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The City of Folsom, as Lead Agency under the California Environmental Quality Act (CEQA) prepared an Initial Study (IS), adopted a Negative Declaration (ND) and Mitigation Monitoring and Reporting Program (MMRP), and filed a Notice of Determination (NOD) for the Project pursuant to CEQA requirements under Title 14, §15070 – 15075 of the California Code of Regulations (CCR). As a Responsible Agency for the Project, the Sacramento Housing and Redevelopment Agency (SHRA) has considered the environmental document prepared by the City and has determined that the environmental analysis is adequate and complete and that the project will have no significant effect on the environment with the adopted mitigation measures incorporated.

National Environmental Policy Act (NEPA): An Environmental Assessment (EA) is being completed pursuant to the National Environmental Policy Act (NEPA) requirements under Title 24, Code of Federal Regulations (CFR) Part 58.36 and will be completed prior to finalizing the loan commitment.

M/WBE/SECTION 3 CONSIDERATIONS

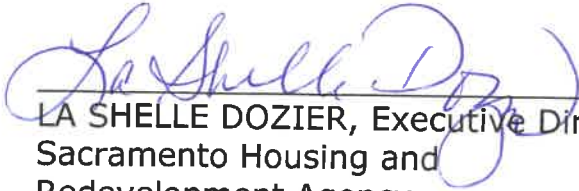
Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and general contractor will work with SHRA's Section 3 Administrator, the Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar entities, to promote employment opportunities.

FINANCIAL ANALYSIS

The attached loan agreement relates to the \$800,000 HOME loan for construction and permanent financing. The construction and permanent loan will have a three percent interest rate. The Agency will collect an annual payment of 0.125 percent (12.5 basis points) of the total Agency funding amount and an additional \$100 per HOME regulated unit for monitoring of the regulatory restrictions and administration of the funds from the Project's owner.

Respectfully Submitted,

APPROVED
NAVDEEP S. GILL,
County Executive



LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
BRUCE WAGSTAFF
Deputy County Executive

Attachments:

- RES – BOS Resolution
- EXH A: Conditional Loan Commitment
- ATT 1 – Vicinity Map
- ATT 2 – Site Map
- ATT 3 – Project Rendering
- ATT 4 – Project Summary
- ATT 5 – Project Cash Flow Proforma
- ATT 6 – Maximum Income and Rent Limits

RESOLUTION NO. _____

SAGE AT FOLSOM: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO APPROVING A \$800,000 LOAN COMMITMENT CONSISTING HOME INVESTMENT PARTNERSHIPS FUNDS; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH USA PROPERTIES FUND INC. OR RELATED ENTITY; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

WHEREAS, USA Properties Fund Inc. has applied to the Sacramento Housing and Redevelopment Agency (Agency) for a gap financing loan commitment of Eight Hundred Thousand Dollars (\$800,000) of Home Investment Partnerships Program (HOME) funds for the acquisition and permanent financing of Sage at Folsom (Project); and

WHEREAS, the Project qualifies for funding under the Agency's Multifamily Lending and Mortgage Revenue Bond Policies; and

WHEREAS, the City of Folsom, as Lead Agency under the California Environmental Quality Act (CEQA) prepared an Initial Study, adopted a Negative Declaration and Mitigation Monitoring and Reporting Program, and filed a Notice of Determination for the Project pursuant to CEQA requirements under Title 14, §15070 – 15075 of the California Code of Regulations. As a Responsible Agency for the Project, the Sacramento Housing and Redevelopment Agency has considered the environmental document prepared by the City and has determined that the environmental analysis is adequate and complete and that the project will have no significant effect on the environment with the adopted mitigation measures incorporated; and

WHEREAS, an Environmental Assessment is being completed pursuant to the National Environmental Policy Act requirements under Title 24, Code of Federal Regulations Part 58.36 and will be completed prior to finalizing the loan commitment.

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

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

Section 2. The loan commitment letter attached to and incorporated in this resolution by this reference (Loan Commitment) for the financing of Sage at Folsom is approved in the amount of Eight Hundred Thousand Dollars (\$800,000) of HOME funds.

Section 3. The Agency is authorized to enter into and execute the Loan Commitment and related documents and transmit to USA Properties Fund Inc. or related entity, as approved to form by Agency counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including, without limitation, subordination, extensions, and restructuring of such a loan consistent with Agency adopted policy and with this resolution. The Agency will return to the Board for approval of loan documents.

Section 4. The Agency is authorized to amend its budget and to transfer up to Eight Hundred Thousand Dollars (\$800,000) of HOME funds for the proposed Project.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 23rd day of February, 2021, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

RECUSAL: Supervisors,

(PER POLITICAL REFORM ACT (§ 18702.5.))

Chair of the Board of
Supervisors of Sacramento
County, California

Approval Of Loan Commitment For Sage at Folsom

Page 3

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



Effective Date: February 23, 2021

USA Properties Fund Inc.
c/o Darren Bobrowsky, Senior Vice President, Capital Markets Group
3200 Douglas Boulevard, Suite 200
Roseville, CA 95661

RE: Conditional Funding Commitment for Sage at Folsom Apartments

Dear Mr. Bobrowsky:

On behalf of the Housing Authorities of the County and City of Sacramento (collectively, Agency), we are pleased to advise you of this Conditional Funding Commitment (Commitment) of permanent loan funds (Loan) comprised of \$800,000 in County Home Investment Partnerships Program (HOME)) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Sage at Folsom located at Scholar Way at E Bidwell St, Folsom, California 95630 (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void.** Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this Commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this Commitment and the loan documents, the terms stated in this Commitment 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 **August 31, 2022**, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:** Sage at Folsom is a senior affordable development located at Scholar Way at E Bidwell Street in Folsom. The Project consists of 110 one-bedroom units and amenities within two three-story buildings (78,384 square feet). The buildings will be oriented parallel to East Bidwell Street with parking fields located east, west, and

north. Community amenities include an approximately 2,601 square foot community center on the first floor with a great room with large screen television, game and lounge area, a business center, and a convenience kitchen. Outdoor amenities include a patio with seating areas with umbrellas adjacent to the community center with barbecues, bocce court with bench seating, community garden, and dog park.

2. **BORROWER**: The name of the Borrower for the Loan is USA Properties Fund, Inc. or related entity.
3. **PURPOSE OF LOAN**: The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT**: The combined principal amount of the Loan will be the lesser of (a) Eight Hundred Thousand (\$800,000.00) or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN**: The Loan shall mature 55 years or 660 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE**: The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT**: Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual combined debt service coverage ratio of 1.2:1 beginning in year sixteen (16) from the tax credit placed in service date. 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.
8. **SOURCE OF LOAN FUNDS**: Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: HOME Funds. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.
9. **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)**

10. **ACCELERATION:** Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY:** The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. **PROOF OF EQUITY:** Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$10,000,000 in Low Income Housing Tax Credit Equity and no less than \$2,300,000 in deferred developer fee. If LIHTC equity goes below \$10,000,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.
14. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 1. As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.



2. Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.
 3. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 4. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
15. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. SOILS AND TOXIC REPORTS: Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide 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.
17. LOAN IN BALANCE: Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders 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.
18. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.



The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

19. 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.
20. 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.
21. ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS: The Loan will require that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible.
22. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
23. COST BREAKDOWN: Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this Commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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



expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

24. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
25. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
26. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than twenty-four (24) months following the close of construction financing.
27. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
28. 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.
29. 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).

30. **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.

31. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 9.6 and 9.7 (or CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (or CLTA endorsement no. 116) insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions 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.

32. **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.



33. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
34. FINANCIAL INFORMATION: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
35. 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. USA Multifamily Management is approved by the Agency.
36. AFFIRMATIVE FAIR MARKETING: Borrower agrees to follow the Agency's Affirmative Marketing Policies that require outreach to groups least likely to apply for the housing based on local demographic information, providing sufficient marketing time prior to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and Borrower prior to the start of Lease Up.
37. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include on-site resident services according to the following minimum schedule of 184 hours per year:
1. Adult Educational Classes: Eighty-four (84) hours per year
 2. Health and Wellness Services and Programs: One hundred (100) hours per year shall include, but are not limited to:
 - a. Crisis Intervention
 - b. Practical counseling, emotional support, cleanliness and hygiene assessment, eviction prevention, government and insurance entitlements
 - c. Physical and mental health assessments
38. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
39. SMOKE-FREE ENVIRONMENT: 100% of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of



nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.

40. 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.
41. CONSISTENCY OF DOCUMENTS: As a material obligation under this Commitment, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this Commitment.
42. 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.
43. 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 terms and conditions of the Commitment and Scope of Development and Rental Property Minimum Construction Standards (Exhibit 1), and has executed this Commitment as of the Effective Date.

BORROWER:
USA Properties Funds, Inc.

By: _____
Darren Bobrowsky, Senior Vice President, Capital Markets Group

Attachment:
Exhibit 1 - Scope of Development and Rental Property Minimum Construction Standards



Exhibit 1 - Scope of Development

Sage at Folsom is a new construction affordable senior housing development on approximately 4.2 acres at Scholar Way and East Bidwell Street in Folsom, California (project). The development consists of two physical buildings connected by an open air bridge between them, under a single ownership. The project will have a total of 110 units comprised of one-bedroom/one-bathroom units. Inclusive of this unit count one unit will be exempt for management staff.

Community amenities included a courtyard area, community garden with raised planter beds, pet area, bocce ball court, and a walking path. Community services spaces will include a leasing office with administrative support room, a community center with a kitchen and storage, and mail room located in the lobby area.

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

1. Building Exteriors

- A. **Asphalt Pavements:** The development will include approximately 115 uncovered parking spaces.
- B. **Site Lighting:** The site will be lit with Title 24 compliant wall packs, pole lights, and other luminaries for all parking and outside public spaces and will be of LED or similar energy efficient type.
- C. **Non-smoking:** The project is 100 percent non-smoking.
- D. **Landscaping and Courtyard:** Landscaping is designed with drought tolerant plants and trees. Trees will be planted throughout the parking lot to meet City of Folsom shading requirements. The courtyard area is open-air landscaped with picnic areas, community garden, pet area, and exercise walking paths.
- E. **Picnic Area:** Barbeque and outdoor seating area is provided in the front court of the building.
- F. **Community Garden:** The site includes raised planter community garden area.
- G. **Exercise Path:** An exercise path is included around the east, south, and west sides of the building and includes safety fence along the top of the embankment on the south side of the site.
- H. **Site Fencing and Screening:** A safety fence is included along the exercise path on the south side of the building to protect walkers from the embankment that flows down to Bidwell Drive. A concrete block screen wall is located on the north side of the site between the project and the adjacent church building and site.
- I. **Stormwater:** The development will meet storm water requirements through the use of on-site storm water planters and/or bio filtration swales along the project north perimeter.



- J. **Roof:** The building is designed with “flat” roofs and parapets in order to provide an area for potential solar PV panels and rooftop mounted HVAC and other equipment. The project includes a cool roof of white TPO.
- K. **Siding:** The building materials feature plaster and cement fiber board siding in a wood tone horizontal cement fiber board siding. Accent areas with a tile that has a stone aesthetic are used at building corners and the main entry.
- L. **Offsite Improvements:** Public offsite improvements will be minimal with typical repairs to curbs/gutters/sidewalks, new driveways, and the addition of a bus stop platform on Scholar Way.

2. Building Interiors

- A. **Americans with Disabilities Act (ADA) Units:** All units within the project will be adaptable as required by the CBC and a number of units will be fully accessible as required by the CBC or the funding source. In addition, some funding sources will require additional measures which will be communicated to the architect for inclusion in the project.
- B. **Non-Smoking:** All building interiors will be 100 percent non-smoking including the living units.
- C. **Smoke Detectors:** All units, office, and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
- D. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including refrigerator with freezer combination, electric range, and garbage disposal.
- E. **Bathtubs and Toilets:** All apartments will have a bathtub with a shower and water efficient toilets and fixtures. Restrooms will have water efficient toilet and fixtures with accessible bath accessories.
- F. **Doors (Interior, Exterior, and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one-inch. The dwelling entry door hardware shall have a single action hardware to release both the deadbolt and latch assembly. All doors and hardware will meet current egress standards.
- G. **Cabinets, Counters, and Sinks:** All apartment kitchens will have modular plywood or solid wood construction cabinets, granite or quartz countertops, and stainless-steel sink. Microwave shelving will be provided (except in ADA units) either above the counter or on the pantry shelving with electrical outlet for the microwave. All apartment bathrooms will have vanity and vanity top.
- H. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
- I. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. The Borrower is responsible for providing an Operating Procedure Outline Specification (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.
- J. **Blinds:** Window blinds will be provided in all apartment windows and exterior doors.



- K. **Electrical and Lighting:** All apartments will have high-efficiency lighting, exhaust fans vented to the exterior, and bathroom humidifier fans. Central air conditioning and forced air heat will be provided. Any exterior mounted electrical, mechanical, and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls and ceiling cavities. Conduits are not allowed to be mounted on the exterior of the structure.
- L. **Flooring:** Apartment interiors will have luxury vinyl plank (LVP) flooring throughout, except in bathrooms where they will have vinyl sheet flooring and bedrooms which will have carpet.
- M. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures as required by code.

3. Community Amenities

- A. **Management Office and Lobby:** The furnished management office and lobby will have low maintenance and high-quality flooring, energy efficient lighting and HVAC systems.
- B. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
- C. **Community Restrooms:** The community restrooms on the first floor will be CBC compliant, have low-flow restroom fixtures, sink, and accessories. Bathroom walls will have washable surface up to 48 inches above the floor.
- D. **Community Center:** The Community Center Great Room and Kitchen will have quality flooring, energy efficient lighting, furnishings, and HVAC equipment. The Community Center is approximately 2,501 square feet including the Great Room, Kitchen, Manager Office, and Copy Room. These spaces will be CBC accessibility compliant. The Community Center kitchen will be CBC accessible compliant. New Energy Star compliant appliances (refrigerator, microwave, and garbage disposal), energy efficient lighting, HVAC system, and water efficient plumbing fixtures.
- E. **Elevator:** One hydraulic elevator will be installed in the first floor Lobby area. The elevator will be gurney accessible for emergency services.
- F. **Mail Room:** New mailboxes will be installed in a mail room off the first floor Lobby adjacent to the building entry.
- G. **Hallways and Stairs (enclosed corridor style):** Residential hallways and stairs will be of durable quality carpet. A set of stairs will be located near the elevator to encourage use for those that can forgo the elevator.
- H. **HVAC and Plumbing Systems:** Each apartment will have its own split system air conditioning and forced air heat with its own thermostat. Residential corridors will be ventilated. Stairwells will not have heating or air conditioning. A gas-fired central boiler will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.
- I. **Laundry Facility:** the building will have multiple laundry rooms accommodating in total eight (8) washers and eight (8) dryers of which one set in each laundry room will meet California Building Code accessibility requirements.
- J. **Signage:** A comprehensive signage package will be implemented throughout the development



including all common area signage, unit ID, wayfinding, code, fire, and life safety signage.

- K. **Trash Rooms:** Two trash rooms are included on opposite ends of the structure that contain one trash chute and one recycle chute on each floor. There are two trash and recycle rooms, one each located on the ground floor within the building envelope on each end of the building, with a concrete apron at the exterior of each trash room for pick-up.
- L. **Recycle:** One recycle chute will be located in each trash and recycle room on each floor, emptying into the ground floor trash and recycle room.
- M. **Bicycle Parking:** A total of 24 bicycle parking spaces are provided.
- N. **Vehicle Parking:** A total of 115 vehicle parking spaces are provided with 12 accessible spaces and 12 spaces for future EV parking.
- O. **Security Cameras:** There will be interior and exterior web-based security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots, and indoor and outdoor common areas where people will be congregating.

Attachment 1: Rental Property Minimum Construction Standards are on the following page.



Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 2 from the Lender's Multifamily Lending and Mortgage Revenue Bond Policies.

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required minimum construction standards that must be incorporated into projects participating in SHRA's Multifamily Financing and/or Mortgage Revenue Bond programs. All rental units and sites associated with these projects must meet or exceed these standards. Exceptions to these standards may be made for properties subject to U.S. Department of Housing and Urban Development replacement reserve requirements that allow for renovation over time rather than at recapitalization (e.g., Rental Assistance Demonstration conversions for conventional public housing).

Note: For rehabilitation projects, all of the following standards shall apply. The non-rehabilitation sections below shall apply to new construction projects.

Useful Life Expectancy – Rehabilitation only

SHRA shall reference the current edition of FannieMae's "Instructions for Performing a Multifamily Property Condition Assessment, Appendix F. Estimated Useful Life Tables" in determining the useful life for all building components and systems located within the project. A remaining useful life of 15 years or more is required for all building components and systems located within the approved complex. All items on the FannieMae tables with useful lives indicated to be less than 15 years shall be replaced.

General Requirements

- A. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by SHRA prior to their use.
- B. All work shall comply with Federal and State ADA accessibility requirements, as well as any other requirements stipulated by the funding source(s). When there are differences the stricter of the two shall apply. The developer is responsible for notifying their architect and/or engineer of all funding sources used on the project. The architect and/or engineer must indicate these funding requirements in the project's plans/scope.
- C. All units shall be approved for occupancy by the local Building Department or any other Agency Having Jurisdiction (AHJ) at the conclusion of the work and prior to occupancy.
- D. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and indoor and outdoor common areas where people will be congregating.
- E. Site lighting is required for all parking and outside public spaces, and shall be of LED or similarly energy efficient type. The lenses on the exterior lights shall be cleaned with all oxidation removed or replaced. Light poles shall be new or painted, and shall be structurally sound and stable.
- F. The developer's architect is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements.
- G. SHRA encourages the use of energy and water-efficient systems wherever they may be incorporated into the project.



General Requirements – Rehabilitation only

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local Building Department or AHJ.
- B. A clear pest inspection report will be required at the conclusion of the construction work for rehabilitation projects.
- C. For all structures where disturbance of any hazardous materials (e.g. lead, asbestos, mold, etc.) will occur, a clearance report from an environmental consultant is required.
- D. Projects deemed historically significant landmark by either the City of Sacramento or the National Register of Historic Places shall consult with the State Historic Preservation Officer (SHPO), and shall conform to the Secretary of the Interior Standards for the Treatment of Historic Properties.

Site Work

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For



family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.

Site Work – Rehabilitation only

- A. All landscaping and irrigation systems must be in a well-maintained condition.
- B. All fencing must be in good and serviceable condition. Existing fencing that is to remain shall be free of flaking paint, rust, or any other signs of failure. If existing fencing shows any signs of failure, it shall be repaired, painted and restored to look new. All chain link fencing must be removed and replaced with fencing of another approved material. All pedestrian gates hardware must be functional and in new or near-new condition. Access Control systems are required at exterior pedestrian gates.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") shall be repaired or replaced.
- D. The asphalt shall be in good condition, with no alligator cracking, longitudinal cracking, potholes, or standing water. Repairs to portions of parking lots not suitable for new coatings shall be performed by removing and replacing damaged paving. A new seal-coat or slurry-coat shall then be applied to the entire parking lot surface. Parking spaces shall be restriped, including ADA aisles and other applicable striping/painting.
- E. All site accessories (bollards, benches, tables, play equipment, bike racks, mailboxes, shade structures, BBQs, sheds, etc.) shall be replaced or in good repair (cleaned, painted and/or re-coated).

Building Envelope and Moisture Protection – Rehabilitation only

- A. All areas exposed to moisture must be sealed and watertight. Buildings showing evidence of water intrusion shall have the areas inspected by a licensed architect/engineer or by a certified water intrusion expert. A water intrusion report shall be submitted to SHRA, and shall include the cause of the issue and a resolution to eradicate the water intrusion. If the inspection cannot be completed until the demolition phase of the project, the report shall describe a procedure to inspect the issue during demolition.
- B. Roofing must have 15 years or more of remaining life with no visible signs of leakage. For roofs containing composition shingles, a maximum of two layers of shingles are allowed (including any proposed new layers). Provide evidence that the roof system has a 15-year life remaining on the manufacturer's warranty.
- C. All siding must have 15 years or more of remaining life. Hairline cracks in stucco must be sealed and painted with elastomeric paint. If requested by SHRA, a statement by a licensed architect and/or engineer that the existing siding contains at least 15 years of useful life remaining shall be provided.
- D. Fireplaces must be clean and meet applicable air quality standards. Chimneys shall be clean and must be inspected by a certified chimney inspector for structural integrity. All recommended structural repairs shall be performed.

Doors and Windows

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California's currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.



- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.

Doors and Windows – Rehabilitation only

- A. Any windows showing signs of condensation or leakage of any kind shall be replaced. SHRA allows window replacement using retrofit windows when those windows are installed by trained professionals following manufacturer’s specifications. Retrofit windows must have a similar useful life as “new, construction” (i.e., nail fin) windows.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed. Doors and/or jamb beyond their useful life shall be replaced.

Casework

- A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.
- B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.
- C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

Casework – Rehabilitation only

- A. All cabinets shall be replaced or in very good condition, within their 15 year useful life, both structurally and in appearance.

Finishes

- A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.
- B. In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.
- C. Carpet shall meet or exceed the minimum standards as set by HUD’s UM-44D bulletin.

Finishes – Rehabilitation only

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will



be allowed. All painted surfaces must be new, or in near new condition and appearance.

- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

Equipment

- A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.
- B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
- C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

Furnishings

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

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.
- C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

Mechanical/Plumbing

- A. Water heaters must be installed per current applicable codes.
- B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.
- C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.
- D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as "Swanstone" or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

Mechanical/Plumbing – Rehabilitation only

- A. All toilets, sinks, and tubs shall be chip and stain free.



Electrical

- A. All units must have smoke/carbon monoxide detectors installed per current code.
- B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.
- C. Broadband infrastructure meeting the requirements of 24 CFR 5.100* is required in all new construction projects of 4 or more units.

**Broadband infrastructure means cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure, including wireless infrastructure, that is capable of providing access to Internet connections in individual housing units, and that meets the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).*

Electrical – Rehabilitation only

- A. All electrical panels shall meet current code.
- B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.
- C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.
- D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote a minimum of 1,200 s.f. to actual resident services/community space. Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies. Common kitchens are required, including refrigerator, stove, garbage disposal, and dishwasher.

For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

End of Scope of Development.





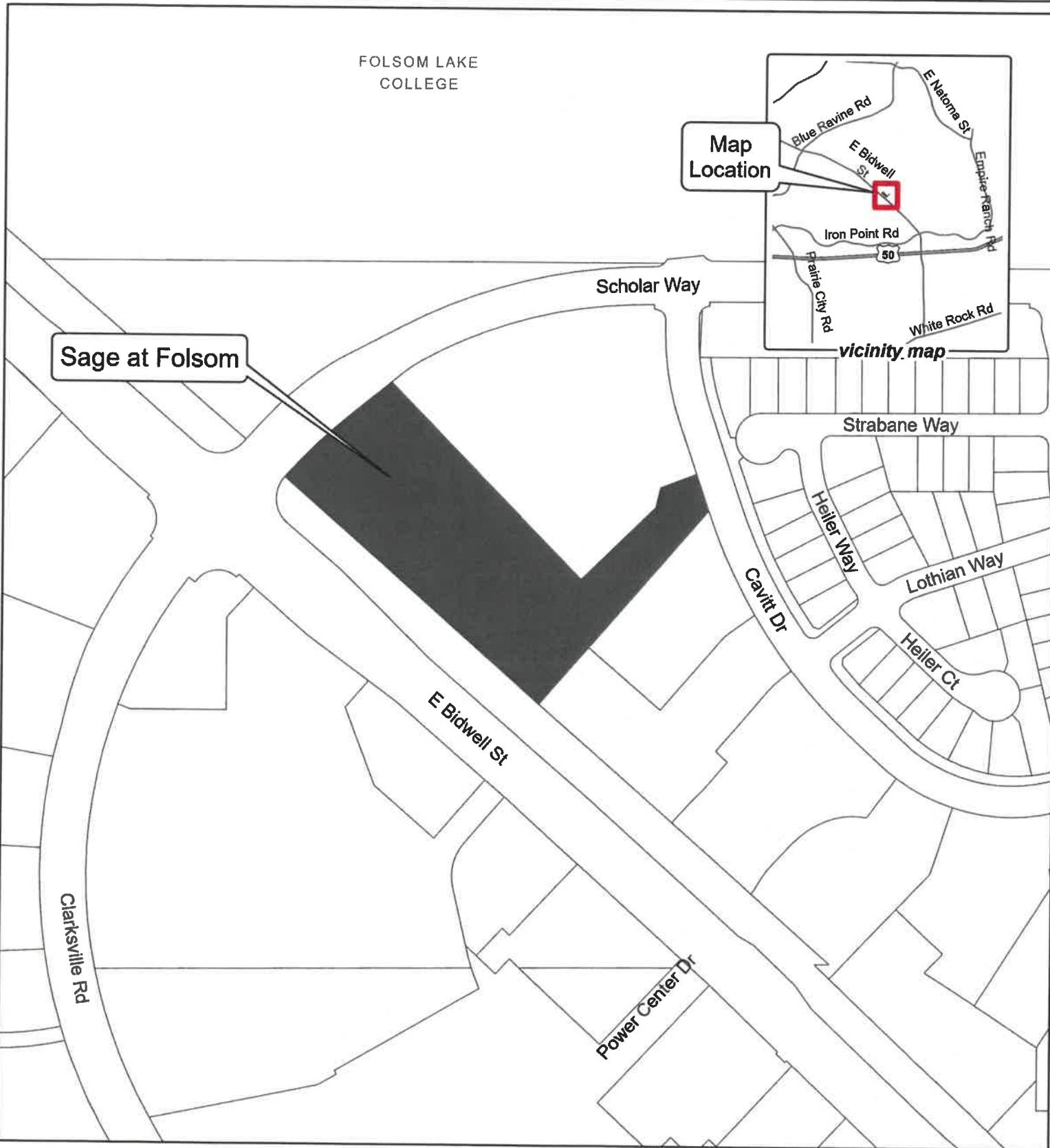
Sage at Folsom

FOLSOM LAKE COLLEGE

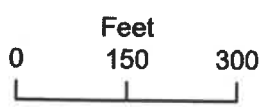


Map Location

Sage at Folsom

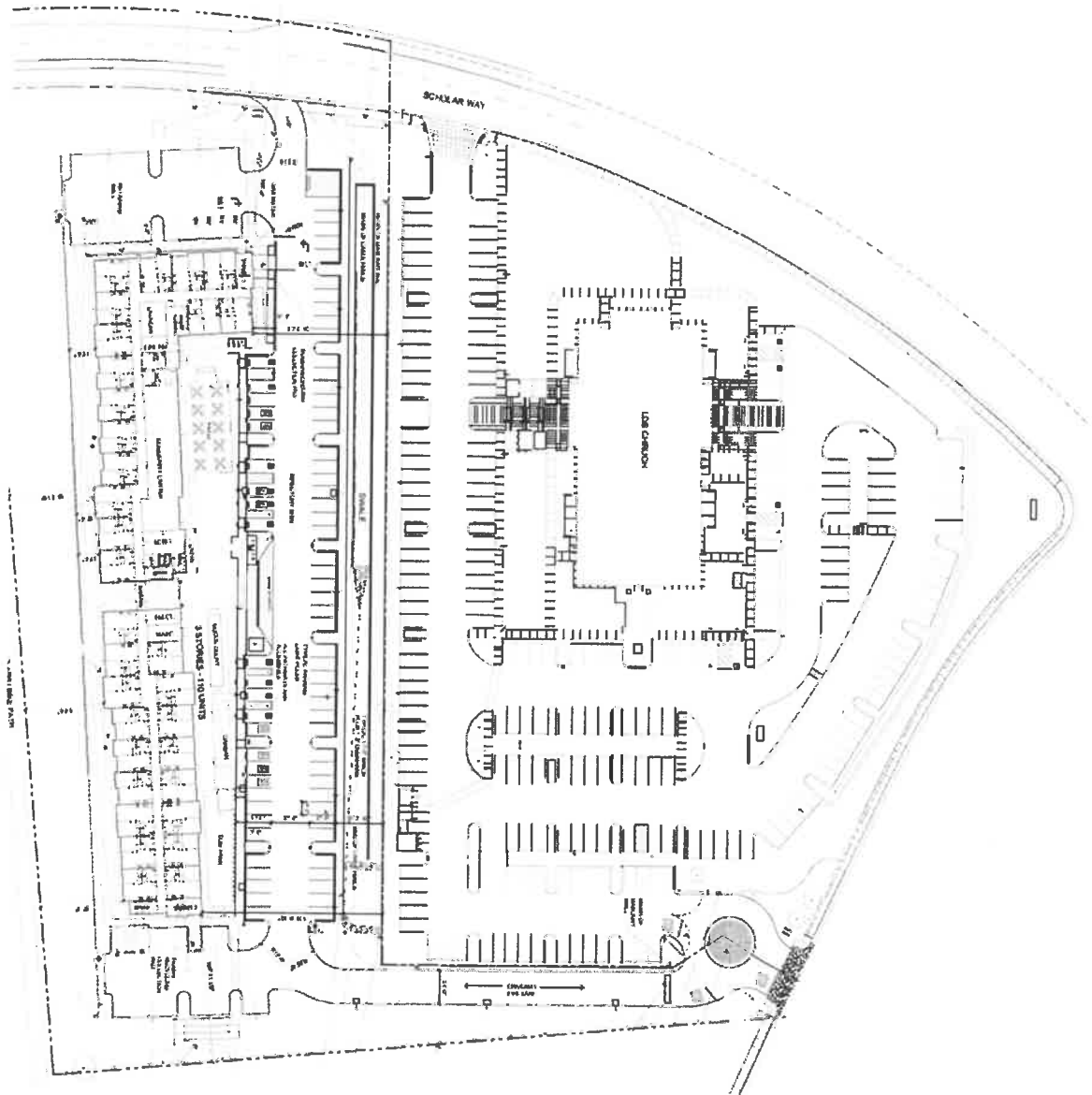


 Sage at Folsom - APN: 072-0270-157-0000



SHRA GIS
December 8, 2020

Sage at Folsom Senior Development Site Plan



Sage at Folsom Senior Development
Project Rendering



AERIAL VIEW



COMMUNITY CENTER



SOUTHEAST CORNER

Sage at Folsom Residential Project Summary

Address	Scholar Way at E Bidwell Street			
Number of Units	110			
Year Built	New Construction			
Acreage	4.2 acres (182,952 sq. ft.)			
Unit Mix and Rents	<u>ELI 30% AMI</u>	<u>LI 50% AMI</u>	<u>LI 80% AMI</u>	<u>Total</u>
1 Bedroom/1 Bath	9	60	40	109
Management Unit (1 Bedroom exempt)	0	0	0	1
Total Units	9	60	40	110
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
1 Bedroom/1 Bath	530	57,770	sq.ft.	
Management Unit (1 Bedroom exempt)	530	530	sq.ft.	
Community Area		1,800	sq.ft.	
Total Gross		60,100	sq.ft.	
Resident Facilities	Community Center with large screen televisions, game and lounge areas, business center, kitchen, outdoor seating, and community garden			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$10,117,512	\$91,977	\$168	
Senior Loan	\$12,750,000	\$115,909	\$212.15	
NOI During Construction	\$729,897	\$6,635	\$12.14	
SHRA Loan	\$800,000	\$7,273	\$13.31	
Deferred Developer Fee	\$2,315,534	\$21,050	\$38.53	
City of Folsom	\$4,500,000	\$40,909	\$74.88	
TOTAL SOURCES	\$31,212,944	\$283,754	\$519.35	
Permanent Uses				
Acquisition	\$1,250,000	\$11,364	\$20.80	
Construction Costs	\$17,966,492	\$163,332	\$298.94	
Architecture & Engineering	\$973,970	\$8,854	\$16.21	
Permits	\$2,817,320	\$25,612	\$46.88	
Hard Cost Contingency	\$1,576,008	\$14,327	\$26.22	
Soft Cost Contingency	\$168,450	\$1,531	\$2.80	
Financing Cost	\$1,619,188	\$14,720	\$26.94	
Operating Reserves	\$279,431	\$2,540	\$4.65	
Legal Fees	\$75,000	\$682	\$1.25	
Developer Fee	\$3,674,401	\$33,404	\$61.14	
Third Party Fees, Marketing, Other	\$812,684	\$7,388	\$13.52	
TOTAL USES	\$31,212,944	\$283,754	\$519.35	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$7,273	\$283,754	SHRA : Other	
			\$1.00 : \$39.02	
Management / Operations				
Proposed Developer	USA Properties Fund, Inc.			
Property Management Company	USA Multifamily Management, Inc.			
Operating Expenses	\$411,779	\$3,743		
Property Management Fee	\$64,556	\$587		
Resident Services	\$19,096	\$174		
Replacement Reserves	\$27,500	\$250		
Taxes and Insurance	\$38,880	\$353		

Sage at Folsom
MAXIMUM INCOME AND RENT LIMITS 2020
Rents at 30%, 50% and 80% of Area Median Income (AMI)
Low Income Housing Tax Credits and Mortgage Revenue Bonds

Maximum Gross Income Limits

<u>Family Size</u>	<u>30% AMI</u>	<u>50% AMI</u>	<u>80% AMI</u>
1 person	\$ 18,150	\$ 30,250	\$ 48,400
2 person	\$ 20,730	\$ 34,550	\$ 55,280
3 person	\$ 23,310	\$ 38,850	\$ 62,160

Maximum Gross Rent Limits

<u>Unit Size</u>	<u>30% AMI</u>	<u>50% AMI</u>	<u>80% AMI</u>
1 Bedroom	\$ 486	\$ 810	\$ 1,296

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

February 3, 2021

SAGE AT FOLSOM: AUTHORIZING A \$800,000 LOAN COMMITMENT IN COUNTY HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS; EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH USA PROPERTIES FUND INC., OR RELATED ENTITY; RELATED BUDGET AMENDMENT; RELATED FINDINGS; AND ENVIRONMENTAL FINDINGS

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

Section 1. 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. The City of Folsom, as lead agency under the California Environmental Quality Act (CEQA), prepared an Initial Study, adopted a Negative Declaration and Mitigation Monitoring and Reporting Program, and filed a Notice of Determination for the Project pursuant to CEQA requirements under Title 14, §15070 – 15075 of the California Code of Regulations. As a Responsible Agency for the Project, the Sacramento Housing and Redevelopment Agency has considered the environmental document prepared by the City and has determined that the environmental analysis is adequate and complete and that the project will have no significant effect on the environment with the adopted mitigation measures incorporated. An Environmental Assessment is being completed pursuant to the National Environmental Policy Act requirements under Title 24, Code of Federal Regulations Part 58.36 and will be completed prior to finalizing the loan commitment.

Section 3. Subject to approval by the Sacramento County Board of Supervisors, the loan commitment letter attached to and incorporated in this resolution by this reference for the financing of Sage at Folsom (Loan Commitment) is approved, and the Sacramento Housing and Redevelopment Agency (Agency) Executive Director, or her designee, is authorized to execute the Loan Commitment and related documents and transmit to USA Properties Fund Inc., or

Sage at Folsom: Authorizing a \$800,000 Loan Commitment in County Home Investment Partnerships Program Funds; Execution Of Loan Commitment And Related Documents With USA Properties Fund Inc., Or Related Entity; Related Budget Amendment; Related Findings; And Environmental Findings.
Page 2

related entity.

Section 4. The Executive Director, or her designee, is authorized to amend the Agency budget to transfer Eight Hundred Thousand Dollars (\$800,000) of County Home Investment Partnerships Program (HOME) funds for Sage at Folsom.

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

CHAIR

ATTEST:

CLERK



February 3, 2021

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

One-Year Action Plan Federal Program Allocation Process – Workshop Number One

RECOMMENDATION:

Staff is presenting this information to the Commission for review, prior to final review by the Sacramento City Council and Housing Authority.

Respectfully Submitted


LASHELLE DOZIER
Executive Director

Attachment



REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Discussion
February 16, 2021

Honorable Mayor and Members of the City Council

Title: One Year Action Plan Federal Programs Allocation Process Workshop Number 1

Location/Council District: Citywide

Recommendation: Review and provide direction regarding the Federal Programs Allocation Process schedule, eligibility, and potential projects.

Contact: Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenters: Celia Yniguez, Program Manager, (916) 440-1350, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: On May 28, 2019 the Council approved the One-Year Action Plan Allocation Process for federal funds administered by the Sacramento Housing and Redevelopment Agency (SHRA). The One-Year Action Plan outlines programs, projects and other actions for multiple federally funded programs, including Community Development Block Grant (CDBG), HOME, Emergency Solutions Grant (ESG), and Housing for Person with AIDS (HOPWA), and is approved by the Council each year. The new One-Year Action Plan Allocation Process includes a process and schedule to develop the annual One-Year Action Plan. The process begins in January/February of each year and includes two workshops with the City Council, one community workshop before the Sacramento Housing and Redevelopment Commission, and multiple coordination activities with the City Manager and City Departments to determine projects and programs. Additionally, the schedule aligns with the development of the City's annual Capital Improvement Program. This presentation is the initial step in the One-Year Action Plan Allocation process and requests input from the Council related to potential projects.

One Year Action Plan Federal Programs Allocation Process
Workshop Number 1

Policy Considerations: The One-Year Action Plan Allocation Workshop is consistent with the adopted Consolidated Plan, including the Citizen Participation Plan. This Workshop provides transparency to the allocation process. City and SHRA staff have identified potential Public Infrastructure and Community Facilities projects which will be included in the presentation.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability Considerations: Not applicable.

Rationale for Recommendation: Not applicable.

Financial Considerations: Below are the estimated allocations for 2022 for each funding source. The figures are estimates based upon previous years' entitlement allocations.

Revenue Source	2022 Estimated New Allocation
CDBG	\$4,877,878
HOME	\$2,606,319
ESG	\$421,643
HOPWA	\$1,498,551
Total	\$9,404,391

LBE - M/WBE and Section 3 requirements: Not applicable.

Respectfully Submitted by: 
LA SHELLE DOZIER
Executive Director

- Attachments**
1-Description/Analysis
2-Background

Background

Since 1982, SHRA has managed and administered federal housing, public service and community development funds on behalf of the City and County of Sacramento (City and County) and has served as the federal housing and community development staffing entity pursuant to a joint powers agreement between the City and County and its Housing Authorities. The United States Department of Housing and Urban Development (HUD) requires the submission of three documents as part of the formula grant programs. These documents include: 1) Analysis of Impediments (AI) to Fair Housing; 2) Five Year Consolidated Plan; and 3) One-Year Action Plan. The AI and the 2020-2024 Consolidated Plan were approved by the City Council on October 22, 2019 by Resolution 2019-0408.

Analysis of Impediments (AI)

In 2016, the City authorized SHRA to enter into collaboration agreements with surrounding municipalities and public housing authorities to perform a regional AI. The AI identifies actions needed to overcome the effects of impediments to fair housing which are incorporated into the Consolidated Plan. The Primary Findings are the following: 1) segregation and lack of access to economic opportunity persist; 2) homeownership rates vary widely by race and ethnicity, lowest rates for Blacks and Hispanics; 3) highest rates of cost burden and crowding are experienced by Blacks and Hispanic households; 4) affordable rental options increasingly limited; 5) residents with disabilities lack access to affordable, accessible housing, services; 6) public transportation outside of the downtown grid is limited and costly (prior to Sacramento Regional Transit network changes); 7) educational inequities persist in the region; and 8) there are disparities in labor market engagement.

Consolidated Plan

A Consolidated Plan is required of any city, county or state that receives federal block grant dollars for housing and community development funding from HUD. HUD consolidated the planning and application process of formula grant programs in 1995, with the purpose of coordinating program requirements and simplifying the process of requesting and obtaining federal funds. The City of Sacramento receives four formula grants which are administered by SHRA including: Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing for Persons with AIDS (HOPWA) programs. The consolidated planning process is intended to achieve the following:

- Promote citizen participation in the development of local priority needs benefiting low- and moderate- income persons.
- Develop a series of One-Year Action Plans that will be the basis for assessment of performance.
- Consult with public and private agencies to identify needs and appropriate actions required to address their needs.

The 2020-2024 Consolidated Plan is a joint City-County planning document that identifies the areas housing, public service, and community development needs and describes a long-term strategy to meet those needs. The Consolidated Plan provides a vision, goals and strategies for the allocation of these federal formula grant funds.

The Consolidated Plan has three overarching goals to address community needs including: 1) provide affordable housing, including for those with special needs; 2) provide a suitable living environment through more livable and integrated neighborhoods; and 3) expand economic opportunities, especially for low- and moderate-income persons. Specific activities the City will undertake to achieve the stated objectives in 2020 are detailed in the 2020 One-Year Action Plan. These activities are designed to serve extremely low-, low-, and moderate-income residents by funding programs and projects in the following categories: 1) Infrastructure and Public Improvements, 2) Affordable Housing Development, and 3) Public Services. The Consolidated Plan's goals and priorities for the City were developed through an extensive community engagement process and consultation with public agencies in the City.

Action Plan

The One-Year Action Plan (Plan) details programs, activities, and budgets for the year beginning January 1 through December 31. The One-Year Action Plan describes the resources expected to be available in the coming program year from federal, nonfederal, and private sources. It includes a description of the activities that will be undertaken to meet the specific objectives in the Consolidated Plan. In subsequent years, the One-Year Action Plan will be used to update the Consolidated Plan. It also provides the City with a basis for assessing its progress in meeting the goals of the Consolidated Plan through the Consolidated Annual Performance and Evaluation Reports (CAPER).

The Action Plan's key components are broken down in the following sections:

CDBG Eligible Activities

The CDBG program requires that each activity must meet one of three national objectives: 1) Benefitting low and moderate income persons using

one of four subcategories: a) Low and Moderate Income (LMI), Area Benefit in a primarily residential census tract; b) LMI Clientele (homeless, seniors, etc.); c) Housing for LMI residents; d) Jobs for LMI residents; 2) Prevention or elimination of slums or blighted areas; and 3) Urgent Need. Additionally, the activity must also be eligible and generally include the following: Public Facility/Infrastructure Improvements; Public Services; Acquisition; Clearance and Remediation Activities; Homeownership Assistance; and Planning and Environmental Studies.

Infrastructure and Public Facility Improvements

There is a continuing need in the City for infrastructure and public facility improvements to serve low- and moderate-income residents who reside within older neighborhoods that either have inadequate facilities or where existing facilities suffer from heavy use or deferred maintenance, leading to disrepair. Capital improvement funding identified in the Action Plan strives for maximum leveraging opportunities in order to provide the greatest impact to residents.

Supporting large infrastructure and public facility improvement projects benefiting low and moderate-income areas remains a key objective of the City's CDBG Program. The Consolidated Plan identifies targeted priority areas which represent the intersection of various considerations for effectively targeting funding and maximizing impacts. To the extent a pipeline of projects exists within the priority areas, the program goal is to strategically support such projects. However, area benefit projects outside the priority areas will also be supported where strategic projects exist in broader low- and moderate-income areas and to the extent that capital and public facility funding remains available.

The Action Plan recognizes the limited federal, state, and local funding available for Projects, and strategically focuses funding on fewer, but larger projects in low- and moderate-income neighborhoods. The goal is to create a concentration of activity that generates strategic and visible impacts which promote positive changes within the community.

Housing

Housing activities outlined in the Action Plan seek to support, increase and improve the multi-family housing stock, fund minor and emergency repairs to existing single-family homes, and provide decent and affordable housing to low- and moderate-income individuals. SHRA's ability to respond to difficult housing issues has been constrained in recent years due to the limited amount of entitlement grants from the federal government and limited state and local funding. As a result, resources from CDBG have been consistently targeted over the Consolidated Planning period towards housing

rehabilitation and in support of housing development. Efforts have been made to reduce mobility barriers for low- and moderate-income households by supporting infrastructure improvements along transit corridors in conjunction with housing development and community facilities in designated neighborhoods. This strategy is part of SHRA's efforts to support equitable Transit-Oriented Development and is proven to lead to increased opportunities for low- and moderate-income residents to live closer to their place of work and enjoy greater interaction with their surrounding community and amenities.

HOME Program

The HOME Program empowers grantees to design and implement affordable housing strategies to respond to locally determined needs. HOME funds, unlike CDBG, can be used for construction of new housing. Additionally, HOME funds are also used for the rehabilitation of existing housing.

In accordance with HOME regulations (24 CFR Part 92), projects are subject to regulatory restrictions for a term of five through twenty years depending on the amount and type of assistance. In the past, restrictions were recorded for longer periods than required, typically for the purpose of uniformity among different funding sources. In an effort to maximize the opportunity for rehabilitation projects to secure new financing, such as Mortgage Revenue Bond and Tax Credits, staff recommends HOME restrictions be only for the period required by HUD. Once the HOME loan has been repaid, the HOME affordability period has been satisfied, and continued affordability is assured through the placement of a new restriction, the HOME regulatory agreement will be released. The new restrictions will generally remain in force for a minimum of fifty-five years.

Homeless Services

SHRA is part of the Continuum of Care Advisory board and is committed to partner with the City and Sacramento Steps Forward (SSF), the lead agency for the Continuum of Care (CoC). As such, SHRA continues to participate in discussions about the best methods to reach out to homeless persons and how to assess individual needs as part of ongoing coordination efforts. It is recognized in the Action Plan that addressing homelessness is a high priority for the City. SHRA continually works with City staff on the most strategic use of federal funding for homeless services, including CDBG, HOPWA, and ESG, to reflect and complement the broader commitments of the City to prevent and end homelessness.

Objectives to address homelessness include: 1) supporting efforts to continue the CoC System for homeless assistance through the provision of emergency shelters, rapid re-housing/prevention services, and including

housing for the chronically homeless; and 2) providing permanent supportive housing services, and supportive services for low- and moderate-income persons and those with special needs, including the homeless and persons living with HIV/AIDS.

As part of the Action Plan, CDBG, ESG, and HOWPA funds are used for established programs such as the emergency shelters, rapid re-housing and other actions related to the prevention of homelessness.

Emergency Solutions Grant

The federal Emergency Solutions Grant program (ESG) provides funds for a variety of activities to address homelessness as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and administrative activities. Upon approval of the Action Plan by the Sacramento City Council, SHRA executes subrecipient agreements for rapid re-housing and emergency shelter programs. Rapid re-housing services include housing search and placement, housing stability case management, direct short-term rental assistance, rental application fees, security/utility deposits, and first/last months' rent.

HOPWA

HOPWA provides housing assistance and related supportive services to low-income persons living with HIV/AIDS and their families. These include, but are not limited to, the acquisition, rehabilitation, or new construction of housing units, costs for facility operations, rental assistance, and short-term payments to prevent homelessness. Supportive services can include case management, substance abuse treatment, mental health treatment, nutritional services, job training and placement assistance, and assistance with daily living. In addition to funding for activities outlined above, SHRA works with developers in order to create affordable HOPWA housing units as opportunities present themselves.

As a HOPWA recipient, SHRA has the responsibility to serve eligible individuals within the Eligible Metropolitan Statistical Area (EMSA) which is a metropolitan area with more than 500,000 people and more than 2,000 persons living with HIV or AIDS. For HOPWA funds allocated to the City, the eligible area includes Sacramento, Yolo, Placer, and El Dorado counties. SHRA works with sub-recipients to provide services to HOPWA-eligible clients.

Public Services

An overall priority for CDBG is to increase self-sufficiency and economic opportunity for low-income residents and individuals with special needs so that they can achieve a reasonable standard of living. The priority in the Consolidated Plan for the utilization of public service funding is to support the provision of vital services to the City's most vulnerable populations, such as providing meals to seniors and the services and emergency shelter to homeless households.

Fair Housing

SHRA, the City and County of Sacramento, and the Cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova implement fair housing services through local partnerships. The result is the Renter's Hotline, which serves as a central intake point to provide counseling, dispute resolution and fair housing services for all Sacramento residents in a housing crisis or dispute. Access is through telephone and the internet. Other components include fair housing education and training for landlords, implicit bias training, and fair housing investigation/testing/litigation.



February 3, 2021

**Sacramento Housing and
Redevelopment Commission
Sacramento, CA**

Honorable Members in Session:

SUBJECT:

One-Year Action Plan Federal Program Allocation Process – Workshop Number One

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 23, 2021

To: Board of Supervisors

Through: Anne Edwards, Acting County Executive

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

Subject: One-Year Action Plan Federal Program Allocation Process – Workshop Number One

District(s): All

RECOMMENDED ACTION

This is an informational workshop to review the Federal Programs Allocation Process schedule, eligibility, present potential projects and programs, and to receive project ideas and input from the Board.

BACKGROUND

On October 22, 2019 the Board approved the One-Year Action Plan Allocation Process for federal funds administered by the Sacramento Housing and Redevelopment Agency (SHRA). The process provides specific opportunities for input from the Board of Supervisors, the County Executive, the community and County Departments. Additionally, it aligns with the development of the County's Capital Improvement Program (CIP) resulting in improved alignment of funding resources to improve housing, economic and community development opportunities for low and moderate income residents of Sacramento. The One-Year Action Plan outlines programs, projects and other action for multiple federally funded programs, including Community Development Block Grant (CDBG), HOME, and Emergency Solutions Grant (ESG), and is approved by the Council each year. The new One-Year Action Plan Allocation Process includes a process and schedule to develop the annual One-Year Action Plan. The process begins in January/February of each year and includes two workshops with the Board of Supervisors, one community workshop before the Sacramento Housing and Redevelopment Commission, and multiple coordination activities with the County Executive and County Departments to determine projects and programs. This presentation is the initial step in the One-Year Action Plan Allocation process and requests input from the Council related to potential projects.

POLICY CONSIDERATIONS

The workshop is consistent with the process included in the County and SHRA Memorandum of Agreement.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): This information workshop is not considered a project under CEQA pursuant to CEQA Guidelines § 15378.

National Environmental Policy Act (NEPA): This information workshop involves no federal action and therefore NEPA does not apply.

M/WBE/SECTION 3 CONSIDERATIONS

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


FINANCIAL ANALYSIS

Below are the estimated allocations for 2022 for each funding source. The figures are estimates based upon previous years’ entitlement allocations:

Revenue Source	2022 Estimated New Allocation
CDBG	\$5,899,087
HOME	\$3,282,381
ESG	\$506,761
Total	\$9,688,229

Respectfully Submitted,

APPROVED
ANN EDWARDS
Acting County Executive



LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
BRUCE WAGSTAFF
Deputy County Executive

Attachments:
ATT 1 – Background

Since 1982, SHRA has managed and administered federal housing, public service and community development funds on behalf of the City and County of Sacramento (City and County) and has served as the federal housing and community development staffing entity pursuant to a joint powers agreement between the City and County and its Housing Authorities. The United States Department of Housing and Urban Development (HUD) requires the submission of three documents as part of the formula grant programs. These documents include: 1) Analysis of Impediments (AI) to Fair Housing; 2) Five Year Consolidated Plan; and 3) One-Year Action Plan. The AI and the 2020-2024 Consolidated Plan were approved by the Board of Supervisors October 22, 2019 (Resolution 2019-0743).

Analysis of Impediments (AI)

In 2016, the County authorized SHRA to enter into collaboration agreements with surrounding municipalities and public housing authorities to perform a regional AI. The AI identifies actions needed to overcome the effects of impediments to fair housing which are incorporated into the Consolidated Plan. The Primary Findings are the following: 1) segregation and lack of access to economic opportunity persist; 2) homeownership rates vary widely by race and ethnicity, lowest rates for Blacks and Hispanics; 3) highest rates of cost burden and crowding are experienced by Blacks and Hispanic households; 4) affordable rental options increasingly limited; 5) residents with disabilities lack access to affordable, accessible housing, services; 6) public transportation outside of the downtown grid is limited and costly (prior to Sacramento Regional Transit network changes); 7) educational inequities persist in the region; and 8) there are disparities in labor market engagement.

Consolidated Plan

A Consolidated Plan is required of any city, county or state that receives federal block grant dollars for housing and community development funding from the United States Department of Housing and Urban Development (HUD). HUD consolidated the planning and application process of formula grant programs in 1995, with the purpose of coordinating program requirements and simplifying the process of requesting and obtaining federal funds. The County of Sacramento receives three formula grants administered by SHRA: Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG). The consolidated planning process is intended to achieve the following:

- Promote citizen participation in the development of local priority needs benefiting low- and moderate- income persons.
- Develop a series of One-Year Action Plans that will be the basis for assessment of performance.
- Consult with public and private agencies to identify needs and appropriate actions required to address their needs.

The Consolidated Plan is a joint planning document for the Urban County of Sacramento (as defined by HUD) which includes the Sacramento County unincorporated area, the Cities of Folsom, Isleton, and Galt, and the City of Sacramento. It identifies the County's housing, public service, and community development needs and describes a long-term strategy to meet those needs. The 2020-2024 Consolidated Plan was approved by the Board on October 22, 2019 (Resolution 2019-0743). The Consolidated Plan provides the vision, goals and strategies for the allocation of federal funds as well as other actions the jurisdictions may take to support these goals.

The Consolidated Plan's three overarching goals to address community needs include: 1) provide affordable housing, including for those with special needs; 2) provide a suitable living environment through more livable and integrated neighborhoods; and 3) expand economic opportunities, especially for low- and moderate-income persons. Specific activities the County of Sacramento and SHRA will undertake using federal funding to achieve the objectives are outlined in the Consolidated Plan. These activities are designed to serve extremely low-, low-, and moderate-income residents by funding programs and projects in the following categories: 1) Infrastructure and Public Improvements, 2) Affordable Housing Development, and 3) Public Services. The Consolidated Plan's goals and priorities for the County were developed through an extensive community engagement process and consultation with public agencies in the County.

Action Plan

The One-Year Action Plan (Plan) details the programs, activities, and budgets for the year beginning January 1 through December 31. The Plan describes the resources expected to be available in the coming program year from federal, nonfederal, and private sources. It includes a description of the activities that will be undertaken to meet the specific objectives in the Consolidated Plan.

The Action Plan's key components are outlined below.

CDBG Eligible Activities

The CDBG program requires that each activity must meet one of three national objectives: 1) Benefitting low and moderate income persons using one of four subcategories: a) Low and Moderate Income (LMI), Area Benefit in a primarily residential census tract; b) LMI Clientele (homeless, seniors, etc.); c) Housing for LMI residents; d) Jobs for LMI residents; 2) Prevention or elimination of slums or blighted areas; and 3) Urgent Need. Additionally, the activity must also be eligible and generally include the following: Public Facility/Infrastructure Improvements; Public Services; Acquisition; Clearance and Remediation Activities; Homeownership Assistance; and Planning and Environmental Studies.

Infrastructure and Public Facility Improvements

There is a continuing need in the County for infrastructure and public facility improvements to serve low- and moderate-income residents who reside within older neighborhoods that either have inadequate facilities or where existing facilities are suffering from heavy use or deferred maintenance, leading to disrepair. Capital improvement funding identified in the Action Plan strives for maximum leveraging opportunities in order to provide the greatest impact to residents. Supporting large infrastructure and public facility improvement projects benefiting low- and moderate-income areas is a key objective of the County's CDBG Program.

The infrastructure and public facility improvement projects are selected through consultation with County staff and are based on the ability for them to be completed in a timely manner, CDBG program eligibility, and current County priorities. The Action Plan recognizes the limited federal, state and local funding available for these types of improvements and strategically focuses funding on fewer, but larger projects in low- and moderate-income neighborhoods. The goal is to create activities which generate strategic and visible impacts that promote positive changes within the community.

Agreement Cities

Per HUD guidelines and Notice CPD-17-03, Sacramento County is considered an Urban County because it has a population of more than 200,000 in its unincorporated areas and participating incorporated areas. Local jurisdictions within an Urban County that are considered non-entitlement cities as defined by HUD are able to enter into Cooperation Agreements for CDBG, HOME, and ESG funding with SHRA, on behalf of the County.

In addition, entitlement cities have the option to enter into Consortium Agreements with SHRA for HOME funding only. Entering into an agreement with SHRA allows for the jurisdiction's low- and moderate-income populations to be included in the calculation for receiving entitlement funds from HUD. These funds, less any administration costs, are made available to that jurisdiction for HUD-funded activities depending on the type of agreement. Absent utilizing the Urban County, such jurisdictions and their population are counted into the State formula and must access funds on a competitive basis through the State. Such access may be limited, and thus it is frequently more advantageous to partner with the Urban County.

In 2019, SHRA was authorized to enter into three-year (2021-2023) Cooperation Agreements with Folsom, Isleton and Galt for CDBG, HOME, and ESG funding, and a HOME Consortium Agreement with the cities of Citrus Heights and Rancho Cordova.

Housing

The housing activities outlined in the Action Plan seek to support, increase and improve the multi-family housing stock, fund minor and emergency repairs to existing single-family homes, and provide decent and affordable housing to low- and moderate-income individuals. SHRA's ability to respond to difficult housing issues has been constrained in recent years due to the limited amount of entitlement grants from the federal government and limited state and local funding. As a result, resources from CDBG have been consistently targeted over the Consolidated Planning period towards housing rehabilitation and in support of housing development. Additionally, efforts have been made to reduce mobility barriers for low- and moderate-income households by supporting infrastructure improvements along transit corridors in conjunction with housing development and community facilities in designated neighborhoods. This strategy is part of SHRA's efforts to support equitable Transit-Oriented Development, which is proven to lead to increased opportunities for low- and moderate-income residents to live closer to their place of work and enjoy greater interaction with their surrounding community and amenities.

To maximize fair housing choice, affordable housing rehabilitation and new construction are not limited to low- and moderate-income areas and can be developed where it is most appropriate. Guidelines for investing in affordable housing rehabilitation and new construction activities were approved by the Board of Supervisors separately as part of SHRA's Multifamily Lending and Mortgage Revenue Bond Policies.

HOME Program

The HOME Program empowers grantees to design and implement affordable housing strategies to respond to locally determined needs. HOME funds, unlike CDBG, can be used for new construction. Additionally, HOME funds are also used for rehabilitation of existing multifamily housing. Guidelines for investing in affordable housing rehabilitation and new construction activities were approved by the Board of Supervisors separately as part of SHRA's Multifamily Lending and Mortgage Revenue Bond Policies.

Homeless Services

SHRA is part of the Continuum of Care Advisory board and is committed to partnering with Sacramento Steps Forward (SSF), the lead agency for the Continuum of Care (CoC). As such, SHRA continues to participate in discussions about the most effective ways to reach out to homeless individuals and to assess their individual needs as part of ongoing coordination efforts. It is recognized within the Action Plan that the County has determined addressing homelessness as a high priority. SHRA continues to work with County staff on the most strategic use of federal funding for homeless services, including

CDBG and ESG to reflect and complement the broader commitments of the County to prevent and end homelessness.

Objectives to address homelessness include supporting the continuation of the CoC homeless assistance system for individuals and families through the provision of emergency shelters, rapid re-housing/prevention services, and permanent supportive housing services, and supportive services for low- and moderate-income individuals and those with special needs, including the homeless and persons living with HIV/AIDS.

As part of the Action Plan, CDBG and ESG funding is expected to continue for established programs which include emergency shelters, rapid re-housing and other actions related to the prevention of homelessness.

Emergency Solutions Grant

SHRA, on behalf of the County of Sacramento, administers ESG funding. Upon approval of the Action Plan by the Sacramento Board of Supervisors, SHRA will execute subrecipient agreements for rapid re-housing and emergency shelter programs. Rapid re-housing services include housing search and placement, housing stability case management, direct short-term rental assistance, rental application fees, security/utility deposits, and first/last months' rent.

Public Services

An overall priority for CDBG is to increase self-sufficiency and economic opportunity for low- and moderate-income residents and individuals with special needs so that they can achieve a reasonable standard of living. The priority in the Consolidated Plan for the utilization of public service funding is to support the provision of vital services to the County's most vulnerable populations, such as providing meals to seniors and the services and emergency shelter to homeless households.

Fair Housing

SHRA, the City and County of Sacramento, and the Cities of Citrus Heights, Elk Grove, Rancho Cordova and Folsom implement fair housing services through local partnerships. The result is the Renter's Hotline, which serves as a central intake point to provide counseling, dispute resolution and fair housing services for Sacramento County residents in a housing crisis or dispute. Access is through telephone and the internet. Other components include fair housing education and training for landlords, and implicit bias training and Investigation/Testing/Litigation.