



NOTICE OF REGULAR MEETING
**Sacramento Housing and
Redevelopment Commission**
TELECONFERENCE MEETING ONLY
Wednesday, April 7, 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/hlvMhH89ep8>**

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 916-440-1332, 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) 440-1332 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) 440-1332 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 – March 3, 2021

CONSENT

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

PRESENTATION

2. Riverview Plaza Update

BUSINESS ITEMS

3. Riverview Plaza Project Tax Equity and Fiscal Responsibility Act Hearing, and Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment
4. Cornerstone North, South and Habitat for Humanity Project: Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing, Conditional Loan Commitment, Predevelopment Loan Documents, Conditional Construction Grant Documents, Inducement, Disposition And Development Agreements And Transfer Of Water Connection Fee Credits
5. Central City (Rental Assistance Demonstration 2) Tax Equity and Fiscal Responsibility Act Hearing, and Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment
6. The Wong Center Senior Housing Community Tax Equity and Fiscal Responsibility Act Hearing and Approval of Tax Exempt Bonds

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURNMENT



MINUTES
Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
March 3, 2021

Meeting noticed on February 26, 2021

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: Boyd (6:06 pm), Morgan, Nunley, Osmany, Staajabu, Starks (6:03 pm), Woo

MEMBERS ABSENT: Griffin (three vacancies)

STAFF PRESENT: La Shelle Dozier, Brad Nakano, Susanna Jackson, James Shields, Christine Weichert, Susan Veazey, MaryLiz Paulson, Cheyenne Caraway, Vickie Smith, Ahmad Halimi, Lira Goff.

APPROVAL OF AGENDA

The Agenda was approved as submitted. Chair Morgan announced that item number three would be heard as the first item.

CITIZENS COMMENTS

Cheyenne Caraway introduced a former participant of the Meadowview Navigation Shelter, Ms. O'linda Self.

APPROVAL OF MINUTES – February 17, 2021 minutes were approved as submitted.

CONSENT ITEMS

1. **Mirasol Village Project - Application for Affordable Housing and Sustainable Communities Grant to Mirasol Village Block D**

On a motion by Commissioner Woo, seconded by Commissioner Staajabu, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

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

NOES: None

ABSENT: Griffin (three vacancies)

BUSINESS ITEMS

2. Implementation of the X Street Navigation Center

The item was presented by Sarah O'Daniel.

On a motion by Commissioner Nunley, seconded by Commissioner Starks, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

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

NOES: None

ABSENT: Griffin (three vacancies)

3. Approval of Loan Commitment for Sage at Folsom Senior Development - continued from Agenda of February 3, 2021

This item was presented by Christine Welchert.

On a motion by Commissioner Nunley, seconded by Commissioner Woo, the Commission recommended approval of the staff recommendation for the items listed above. The votes were as follows:

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

NOES: None

ABSENT: Griffin (three vacancies)

PRESENTATIONS

4. City Housing Element Review

The item was presented by Matt Hertel from the City of Sacramento.

EXECUTIVE DIRECTOR'S REPORT

Executive Director La Shelle Dozier reviewed the following:

- The next meeting is scheduled for April 7, 2021.

- **The Sacramento Emergency Rental Assistance Program has \$95 million dollars to assist individuals in the City and County of Sacramento. The waitlist is currently open through March 19, 2021.**

COMMISSION CHAIR REPORT

None.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Boyd requested that an e-blast (or similar) be sent anytime that an SHRA officer is doing an interview or public speaking, in relation to an SHRA program.

Chair Morgan spoke about the ongoing challenges with the SHRA call center line. Executive Director Dozier spoke about upcoming improvements to that line.

ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 7:25 pm.

Clerk



April 7, 2021

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

Honorable Members in Session:

SUBJECT:

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

RECOMMENDATION:

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

Respectfully Submitted

**LA SHELLE DOZIER
Executive Director**

Attachment



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

Public Hearing
April 20, 2021

Chair and Members of the Housing Authority Board

Title: Authorization to Submit a Section 18 Demolition and Disposition Application to the United States Department of Housing and Urban Development (HUD) for City Scattered Site Public Housing Units

Location/Council District: 7670 22nd Street, District 8

Recommendation: Pass a Housing Authority Resolution authorizing the Executive Director to: 1) submit Section 18 Demolition and Disposition (Section 18) application to the United States Department of Housing and Urban Development (HUD) for City of Sacramento Housing Authority Scattered Site Units; 2) apply to HUD for Tenant Protection Vouchers; 3) execute any and all documents as may be required for submission and approval by HUD for Section 18 program and TPV application for the property listed in Exhibit A to this staff report and, if necessary, certifying an agreement to comply with all requirements of the program; 4) execute applicable award agreements if the Section 18 applications are accepted and approved by HUD; and 5) make related findings.

Contact: La Shelle Dozier, Executive Director, (916) 440-1319, Sacramento Housing and Redevelopment Agency

Presenters: Cecette Hawkins, Project Manager, (916) 449-6218, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: In Sacramento there are currently 2153 units of public housing (1508 of which are in the City of Sacramento and 645 which are in the County of Sacramento). The Sacramento Housing and Redevelopment Agency (SHRA) manages these public housing units which provide housing for low- and very-low income residents. However, significant issues currently affect the long-term sustainability of the City's Public Housing stock. Issues include: rapidly aging housing stock, lack of funding from the federal government over the last seventeen years for public housing programs, and the increase

in local demand for affordable housing. Sacramento's issues are not unique. Many Public Housing Authorities (PHAs) across the nation are struggling to maintain their public housing inventories. To meet these challenges, SHRA must use new and innovative approaches to preserve and maintain the City's Public Housing stock.

As an initial step toward improving the viability of these assets, SHRA staff contracted with CSG Financial Services (CSG) to update the PHA Asset Repositioning Plan to evaluate the best strategy for the City's public housing portfolio. The update included analysis and review of the physical condition of all properties via physical needs assessments, review of financial records, development of property budgets, and evaluation of historical property data. In addition, CSG reviewed available funding and programs to address the deferred maintenance and capital improvement needs backlog in public housing through HUD.

The updated Asset Repositioning Plan, approved by the City Housing Authority Board in 2018 via Housing Authority Resolution No. 2018-0019, recommended that the Housing Authority convert its smaller Scattered Site properties (those with four or fewer units) from the current Public Housing Program to Project-Based Section 8 units via HUD's Section 18 Demolition and Disposition Program. Conversion to this program will increase the Housing Authority's ability to stabilize its properties and address deferred maintenance needs while preserving long term affordability for residents. Staff is seeking approval to convert one remaining Scattered Site property in the City of Sacramento. A list of this property is included as Exhibit A.

Conversion to the Section 18 program can begin immediately upon approval from the Board and HUD as there is no specific requirement to complete upfront deferred maintenance work. In cases where the Housing Authority determines rehabilitation is necessary at a unit, that work can be performed with the enhanced revenues generated as a result of the conversion. A benefit of Scattered Site conversions under the Section 18 program is the inclusion of Tenant Protection Vouchers that can either be used to relocate tenants or to convert the properties to the Project Based Section 8 program to guarantee long-term affordability. No drain on Sacramento's current Housing Choice Voucher program is created by these conversions as these Tenant Protection Vouchers would be newly allocated.

Staff proposes that the Section 18 conversion application be submitted to HUD. The conversion under the Section 18 program will be allocated a new Tenant Protection Voucher which are provided on a first-come, first-served basis. Because of the demand for this program, it is important that the Housing Authority submit an application to obtain an additional voucher before the HUD allocation is exhausted.

In 2018, the City Housing Authority Board authorized initial approval of the Section 18 application. Since that time, staff has completed the required consultation with residents affected by this action as well as with the Public Housing Tenants group who is known as the Sacramento Resident Advisory Board (SRAB) and is now asking for final approval to submit the required Section 18 application documents to HUD.

Policy Considerations: The recommendations in this report are consistent with the recently updated Public Housing Authority Plan to transition and convert public housing

April 20, 2021

properties under the Section 18 Demolition and Disposition Program. These efforts are also consistent with the Housing Authority's mission to promote self-sustaining housing opportunities for extremely low-income residents in Sacramento.

Economic Impacts: Not applicable.

Environmental Considerations: California Environmental Quality Act (CEQA): The proposed application for Section 18 and the conversion of this property under the Section 18 program are administrative activities and do not make any commitments to, or give approvals for, specific projects or activities which have the potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed actions do not constitute a project subject to environmental review under CEQA pursuant to CEQA Guidelines at 14 California Code of Regulations section 15378(b). Environmental Review for specific projects, such as rehabilitation, under the Section 18 program will be completed prior to any discretionary action(s) being carried out with regard to such projects.

National Environmental Policy Act (NEPA): The proposed application for Section 18 is an administrative activity and does not make any commitments to, or give approvals for, specific projects or activities and is exempt under the National Environmental Policy Act pursuant to 24 Code of Federal Regulations section 58.34(a)(3). The conversion of properties under the Section 18 program is considered a leasing and disposition activity and is categorically excluded under NEPA pursuant to 24 CFR section 58.35(a)(5). Environmental Review for disposition and/or rehabilitation of specific properties under the Section 18 Program will be completed prior to any choice limiting action(s) being carried out with regard to such projects.

Sustainability Considerations: Not applicable.

Rationale for Recommendation: This report recommends that the Housing Authority submit an application to HUD to convert the City's Public Housing unit to the Project Based Section 8 platform under the Section 18 program. This will convert the portfolio to a long-term sustainable financial model and allow for physical improvements to be made at the property with no increase in tenant rents.

Financial Considerations: Conversion to the Section 18 program, if granted, would terminate the Housing Authority's reliance on HUD's Public Housing Subsidy and Capital Fund to operate and maintain the public housing property. Under the Section 18 program, the Housing Authority would receive Tenant Protection Vouchers (Section 8 Vouchers) for a higher payment amount to manage the property, which greatly improves the viability and future outlook of the units and also maintains affordability for residents.

LBE - M/WBE and Section 3 requirements: Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with the Agency's Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with the Agency's Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.

**Authorization to Submit
Scattered Site Section 18 Application**

April 20, 2021

Respectfully Submitted by:



**LA SHELLE DOZIER
Executive Director**

Attachments

- 1-Resolution
- 2-Exhibit A - List of the Property – 4 units or less

RESOLUTION NO. 2021 -

Adopted by the Housing Authority of the City of Sacramento

on date of

SECTION 18: AUTHORIZATION TO SUBMIT A SECTION 18 APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO CONVERT A CITY PUBLIC HOUSING PROPERTY UNDER THE SECTION 18 DEMOLITION AND DISPOSITION PROGRAM (SECTION 18)

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Housing Authority) faces many issues with its public housing stock, including the inability to perform maintenance due to insufficient funding from the U.S. Department of Housing and Urban Development (HUD) coupled with high demand for affordable housing.
- B. In 2018, the Housing Authority worked with CSG Advisors to update an Asset Repositioning Study to develop strategies to reposition and sustain many of the Housing Authority's assets.
- C. Although the Housing Authority completed some of the strategies suggested in the initial Asset Repositioning Study, the elements of time, available funding and changing HUD programs made it necessary for the Housing Authority to update its plan and use more recent HUD initiatives to complete the repositioning efforts to address its aging housing stock.
- D. The Housing Authority must continue to pursue innovative approaches to preserve its housing and address the growing demand for housing for low- and very low income individuals.
- E. Congress modified regulations under the Section 18 program to provide greater efficiencies and a mechanism for Public Housing Agencies to address the growing backlog of deferred maintenance in nationwide public housing properties.
- F. The Housing Authority is proposing to submit applications to HUD to convert all City Public Housing properties under Section 18 and apply for Tenant Protection Vouchers (TPVs).
- G. Consultation with the residents, the Sacramento Resident Advisory Board (SRAB), the Sacramento Housing and Redevelopment Commission and Housing Authority's governing board related to the Section 18 program have occurred. These consultations have continued on an on-going basis.

- H. A public hearing was held by the City of Sacramento Housing Authority Board on April 20, 2021, following a duly published notice thereof, and all persons desiring to be heard have been heard. All comments received were considered by the City of Sacramento Housing Authority Board.
- I. The proposed application for Section 18 is administrative and does not constitute a project subject to environmental review under the California Environmental Quality Act pursuant to 14 California Code of Regulations section 15378 (b) and is exempt under the National Environmental Policy Act pursuant to 24 Code of Federal Regulations section 58.34(a)(3). Environmental Review for specific activities, such as disposition and/or rehabilitation, under Section 18 will be completed prior to any discretionary action(s) being carried out with regard to such projects.

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

- Section 1. The above recitals, including the environmental determinations, are determined to be true and correct.
- Section 2. The Executive Director or her designee is authorized to submit a Section 18 Demolition and Disposition Application to HUD.
- Section 3. The Executive Director or her designee is authorized to apply to HUD for TPVs.
- Section 4. The Executive Director or her designee is authorized to execute any and all documents as may be required for submission and approval by HUD for Section 18 program and TPV application for the property listed in Exhibit A to this staff report and, if necessary, certifying an agreement to comply with all requirements of the program.
- Section 5. The Executive Director or her designee is authorized to execute applicable award agreements if the Section 18 applications are accepted and approved by HUD.

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Exhibit A – List of the Property – 4 units or less



April 7, 2021

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

Honorable Members in Session:

SUBJECT:

Riverview Plaza Update

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLE DOZIER
Executive Director

Attachment

801 12th Street, Sacramento, CA 95814

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
April 20, 2021

To: Board of Supervisors

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

From: La Shelle Dozler, Executive Director, Sacramento Housing
and Redevelopment Agency
Mark Hamilton, Director of Public Housing, Sacramento
Housing and Redevelopment Agency

Subject: Riverview Plaza Update

District(s): Serna (600 I Street, Sacramento CA 95814)

RECOMMENDED ACTION

This item is informational and is meant to advise the Board of Supervisors, of the intent of the Sacramento Housing and Redevelopment Agency (Agency) to apply for the necessary tax credits to fund the much needed rehabilitation of Riverview Plaza located at 600 I Street.

The SHARP, Inc. (SHARP), a Sacramento Housing and Redevelopment Agency (SHRA) Financial Component Unit and 501c3 non-profit, would apply on the project's behalf for new 4% tax credits in California Debt Limit Allocation Committee's (CDLAC) second round in 2021 as the developer for the project.

BACKGROUND

History of the Project

Riverview Plaza (Project) is a mixed-use development located at 600 I Street in the downtown area of Sacramento. The Project consists of 123 affordable housing units in an elderly high rise building. The Project is currently owned by a California limited partnership, Riverview Plaza Associates, which is organized with a general partner, and a limited

The next major milestone was a \$5,000,000 substantial rehabilitation in 2010, to address the building envelope and other exterior features which were in dire need of repair.

Repositioning of Housing Authority Assets

In 2018, an overall asset repositioning strategy was commissioned, to determine the best financial strategies to adopt to address the deferred capital needs of all Public Housing owned and managed assets.

The Housing Authority of the City and County of Sacramento, in partnership with their financial consultant CSG Advisors, Inc., determined that Riverview Plaza would benefit from applying for new 4% tax credits, which were non-competitive at the time.

In 2020, CDLAC announced that the 4% tax credits were moving from the non-competitive model, to a more competitive model similar to the current 9% credit criteria. This new model created new requirements for projects to meet in order for tax credits and/or bonds to be awarded to them

To be more competitive for tax credits and preserve affordability for residents the Agency is concurrently working to apply project-based Section 8 vouchers to the property. This will also allow for Riverview Plaza to apply as a preservation project and increase rent revenues.

Commission Action

At its meeting of April 7, 2021, the Sacramento Housing and Redevelopment Commission will be presented with this item. Staff will notify the Board of any additional comments or concerns presented at this meeting.

Policy Considerations

This report is informational only. The Agency is not seeking action on this item, and is providing the Board with an update on the Riverview Project. In addition, the Agency is providing its intent to submit for 4% tax credits, utilizing its non-profit entity, in order to fund the much needed rehabilitation of Riverview Plaza.

Environmental Review

California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA): The change in ownership is not considered a project subject to CEQA pursuant to 14 CCR section 15378(b), and the rehabilitation activities are exempt pursuant to 14 CCR section 15301. The change in ownership is categorically excluded under NEPA pursuant to 24 CFR

Riverview Plaza Update
Page 5

Respectfully Submitted,



LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

APPROVED
ANN EDWARDS
Interim County Executive

By: _____
BRUCE WAGSTAFF
Deputy County Executive

ATT 1 - First Amended and Restated Limited Partnership Agreement of
Riverview Plaza Associates.

FIRST AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

OF

RIVERVIEW PLAZA ASSOCIATES,

A CALIFORNIA LIMITED PARTNERSHIP

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF CALIFORNIA. WITHOUT SUCH REGISTRATIONS, THESE SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED, EXCEPT UPON DELIVERY TO THE PARTNERSHIP OF AN OPINION OF COUNSEL SATISFACTORY TO THE GENERAL PARTNER THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER OR THE SUBMISSION TO THE GENERAL PARTNER OR THE PARTNERSHIP OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE GENERAL PARTNER TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933 AS AMENDED, OR CALIFORNIA STATE SECURITIES LAWS OR ANY RULE OR REGULATION PROMULGATED THEREUNDER.

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FIRST AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
RIVERVIEW PLAZA ASSOCIATES,
A CALIFORNIA LIMITED PARTNERSHIP

This FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT, amending and restating the limited partnership agreement of Riverview Plaza Associates entered into as of September 9, 1988, is entered into as of the 13th day of January, 1989 by and between Sacramento Housing Development Corporation, a California nonprofit public benefit corporation, as General Partner, and Sepulveda Properties, Inc., a California corporation, as Limited Partner.

A. Foundation Uniting Need & Dollars has assigned its General Partner's interest in the Partnership to Sacramento Housing Development Corporation in consideration for Sacramento Housing Development Corporation's providing the net worth required for the Partnership to be treated as a partnership for federal income tax purposes.

B. Sepulveda Properties, Inc. desires to acquire a 99% interest in the Partnership as a limited partner.

The parties agree as follows:

SECTION 1: DEFINITIONS

The capitalized terms used in this Agreement shall have the meanings ascribed to them in this Section 1. Except to the

extent expressly included in this Section, the definitions contained in Section 15611 of the Act shall not apply to this Agreement.

Act. The California Revised Limited Partnership Act, as amended from time to time. Reference to any section of the Act shall be deemed to refer to a similar provision in any amendment to the Act.

Affiliate. An individual, corporation or any other legal entity that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the designated party, or any officer, director or partner of the designated party or any company of which the designated party is an officer, director or partner. "Control" shall mean (i) ownership or control of 50 percent or more of the shares entitled to vote for the election of directors in the case of a corporation and 50 percent or more of the beneficial interests in the case of a legal entity other than a corporation, (ii) boards of directors that overlap by more than fifty percent (50%) of their directors, or (iii) control of a majority of the directors in the case of a corporation.

Agency. The Redevelopment Agency of the City of Sacramento.

Agreement. This first amended and restated limited partnership agreement, including any subsequent amendments.

Assignee. A Person who has acquired from a Partner, in accordance with the terms of this Agreement, a beneficial

interest in the Partnership's Profits, Losses, Low Income Housing Credits, and Distributions, but who is not a substituted Partner.

California Code. California Revenue and Taxation Code, as amended.

Capital Account. An individual account maintained for each Partner in accordance with the provisions of Section 5.

Cash From Refinancing. The net cash the Partnership realizes from the refinancing of all or a portion of the Development after (a) retirement of debt secured by the Development or any portion thereof, (b) payment of all Partnership Expenses related to the transaction, (c) application of the refinancing proceeds for the uses for which they were procured, (d) deduction of amounts for Reserves, (e) repayment of any loans from Partners, and (f) payment of outstanding fees and interest thereon due pursuant to Section 7.5.

Cash From Sales. The net cash the Partnership realizes from the sale or other disposition of the Development or any part of the Development, or from insurance proceeds paid for damage to or destruction of the Development, or due to any award paid on account of a taking of the Development by eminent domain, after (a) retirement of debt secured by the Development or the portion thereof sold, damaged or taken, (b) payment of all Partnership Expenses related to the transaction or event, including the cost of any repairs or reconstruction, (c) repayment of any loans from Partners, (d) deduction of amounts for Reserves, and (e) payment of outstanding fees and interest thereon due pursuant to Section 7.5.

Code. The Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Contribution. Any payments as they are paid which a Partner contributes to the Partnership capital in his capacity as a Partner. All Contributions shall be made in cash.

Development. The improvements consisting of 123 apartment units known as Riverview Plaza constructed on the Property, with parking and related facilities as set forth in the Covenants, Conditions & Restrictions dated as of October 19, 1988, as shown on Exhibit K attached to this Agreement and incorporated in this Agreement by this reference, together with any personal property owned by the Partnership that is now or hereafter located in the Development, and the leasehold estate under the Ground Lease.

Distribution. Any cash the Partnership distributes to a Partner without consideration.

Excess Cash. Cash revenues generated by Partnership operations (other than Cash From Sales and Cash From Refinancing), less (a) the aggregate amount of all disbursements the Partnership makes for payments under Section 7.5 and other Partnership Expenses, (b) amounts set aside for Reserves, and (c) repayment of any loans from Partners.

Funding Guarantee Agreement. That certain agreement between the Partnership and the Agency of even date herewith pursuant to which the Agency guarantees to fund certain obligations of the Partnership, which is attached to this Agreement as Exhibit I and incorporated herein by this reference.

General Partner. Sacramento Housing Development Corporation, and its successors and assigns.

Gross Asset Value. With respect to any asset of the Partnership, the asset's adjusted tax basis for federal income tax purposes; provided, however, that the Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner, as of the following times: (i) the acquisition hereafter of an additional interest in the Partnership by any new or existing Partner in exchange for an additional capital contribution; (ii) the distribution by the Partnership to a Partner of Partnership property other than money, unless all Partners receive simultaneous distributions of undivided interest in the distributed property in proportion to their interests in the Partnership; and (iii) the termination of the Partnership for federal income tax purposes pursuant to Section 708(b)(1)(B) of the Code.

Ground Lease. That certain ground lease dated as of October 14, 1988 between the Housing Authority as lessor and the Partnership as lessee.

Housing Authority. The Housing Authority of the City of Sacramento.

Investor Note. A recourse non-interest bearing note contributed by the Limited Partner to the Partnership.

Limited Partner. Sepulveda Properties, Inc., a California corporation or any other Person who is admitted as Limited Partner of the Partnership as shown on the books and records of

the Partnership as a substituted Limited Partner at the time of reference thereto.

Losses. The meaning set forth in Section 6.

Low Income Housing Credits. The tax credits allowable under Section 42 of the Code and under Section 23610.5 of the California Code, for qualified low income housing projects.

Majority Vote. The affirmative vote or written consent of Limited Partners collectively holding more than fifty percent of the Percentage Interests held by all of the Limited Partners.

Median Income. The median gross yearly income for households in the Sacramento, California MSA, as published periodically by the United States Department of Treasury ("Treasury"), or if no such figure is published then the figure published by the United States Department of Housing and Urban Development ("HUD"). In the event that such income determinations are no longer published by Treasury or HUD, "Median Income" shall mean the median gross yearly income for households in Sacramento County, California, as published periodically by the California Department of Housing and Community Development ("HCD"). In the event that such income determinations are no longer published by HCD, or are not updated for a period of at least eighteen months, the Partnership shall use other income determinations which are reasonably similar with respect to method of calculation to those previously published by Treasury, HUD or HCD.

Mortgages. All of the Partnership liabilities secured by deeds of trust, mortgages, contracts of sale or security agreements on the Development.

Option Agreement. That certain option agreement of even date herewith between the Partnership and the Agency, attached to this Agreement as Exhibit G and incorporated herein by this reference.

Partner. Any General Partner or Limited Partner.

Partnership. The limited partnership continued by this Agreement.

Partnership Expenses. All reasonable costs and expenses of every kind and character the Partnership incurs in connection with the Partnership's management, business affairs and operations, including without limitation capital expenditures, and debt service on the Mortgages and any other third-party loans, including any prepayment on the Mortgages and any other third-party loans, repayment of any loans from the Partners plus interest thereon, and payment of the fees due pursuant to Section 7.5 plus interest thereon. Partnership Expenses shall not include (a) salaries, compensation and fringe benefits of directors, officers and employees of the General Partner or (b) overhead of any General Partner, including rent and general office expenses.

Percentage Interest. The percentage set forth next to each Partner's name in Exhibit B attached to, and incorporated by reference into, this Agreement.

Person. Any individual, general partnership, limited partnership, trust, estate, association, corporation or other entity.

Profits. The meaning set forth in Section 6.

Property. The real property which the Partnership has leased pursuant to the Ground Lease, upon which the Development is constructed and which is described in Exhibit A attached to, and incorporated by reference into, this Agreement.

Put Agreement. That certain put agreement of even date herewith between the General Partner and the Limited Partner, attached to this Agreement as Exhibit H and incorporated herein by this reference.

Regulatory Agreement. The Regulatory Agreement to be (a) entered into between the Partnership and the Mortgage Bond and Tax Credit Allocation Committee pursuant to Section 23610.5 of the California Code with respect to all of the units, and (b) recorded against the Development.

Replacement Reserve. A reserve established and maintained pursuant to Section 7.13(a) of this Agreement for replacement and preservation of the Development.

Reserves. The amount of cash the General Partner from time to time determines to be reasonably necessary or advisable as reserves for: (a) repayment of Partnership indebtedness; (b) management, operation, maintenance (excluding Replacement Reserve) of the Development; (c) payment of anticipated Partnership Expenses; and (d) other contingencies related to the Partnership's business.

Terminating Event. The happening of any of the events described in Section 15642(c) through (i) of the Act with respect to the General Partner.

Transfer. Any sale, exchange, assignment, encumbrance, hypothecation, pledge, foreclosure, conveyance in trust, gift or other transfer of any kind, whether direct or indirect, other than as a direct consequence of a Terminating Event.

SECTION 2: CONTINUATION

2.1. Continuation.

The Partnership was formed on September 16, 1988, on which date a certificate of limited partnership was filed with the California Secretary of State. The Partners hereby continue the Partnership under the Act in accordance with the provisions of this Agreement. In connection therewith, the General Partner has provided the Limited Partner with an opinion of counsel in the form attached to this Agreement as Exhibit J and incorporated herein by this reference.

2.2. Name.

The name of the Partnership is "Riverview Plaza Associates, A California Limited Partnership."

2.3. Purpose.

The Partnership's sole purpose is to own, hold for investment, operate, manage and lease all of the Development for at least 15 years from January 1, 1989 and to operate all one hundred twenty-three (123) of the units for the elderly, to

qualify for, and prevent any recapture of, the Low Income Housing Credits, all pursuant to the provisions of this Agreement.

2.4. Principal Office; Agent For Service of Process.

The address of the Partnership's principal executive office shall be 630 I Street, Sacramento, California 95814, or such other address in the Sacramento Area as the General Partner may designate from time to time by a certificate of amendment filed in the office of the California Secretary of State. The Partnership's agent for service of process shall be William Edgar, 630 I Street, Sacramento, California 95814.

2.5. Taxable Year; Accounting Method.

The Partnership's taxable year shall be the calendar year, unless changed by the General Partner. The Partnership's books shall be maintained on an accrual basis.

2.6. Nature of Interests in Partnership.

Each Partner's interest in the Partnership shall be personal property; no Partner shall have any interest in the Development.

2.7. Withdrawal of Initial Limited Partner.

The General Partner shall cause the initial limited partner of the Partnership to withdraw from the Partnership and to provide a release in the form of Exhibit E upon execution of this Agreement by the Limited Partner. The initial limited partner shall be entitled to receive its Contribution, without interest.

SECTION 3: CERTIFICATES

3.1. Certificates of Amendment.

The General Partner shall timely prepare, sign, acknowledge and file in the office of the California Secretary of State any certificate of amendment the Act requires. If the General Partner fails to sign or file any certificate of amendment the Act requires within five business days after a Limited Partner has requested in writing that it be filed, a Limited Partner may prepare, sign, acknowledge and file the certificate pursuant to Section 15625 of the Act.

3.2. Certificate of Dissolution and Cancellation.

The General Partner shall timely prepare, sign, acknowledge and file in the office of the California Secretary of State any certificates of dissolution and cancellation Section 15623 of the Act requires, unless the dissolution is caused by an event described in Section 15681(c) of the Act, in which case the Limited Partners winding up the affairs of the Partnership under Section 15683 of the Act shall prepare, sign, acknowledge and file the certificates.

3.3. Other Certificates.

The General Partner shall timely prepare, sign, acknowledge, verify, publish, file and/or record, as may be necessary or appropriate, any notices, certificates, statements or instruments required: (a) to comply with all laws that apply to the Partnership or the conduct of its business; (b) to maintain its existence; (c) to enable the Partnership to hold the Development in the Partnership's name; or (d) to create presumptions in favor of bona fide purchasers or encumbrances for value of Partnership Property pursuant to Section 15621(d) of the Act.

3.4. Execution by Attorney-In-Fact.

Any certificate or other instrument which a Partner may sign, acknowledge and/or verify under this Section 3 may be signed, acknowledged and/or verified by an officer or general partner of that Partner or the Partner's duly appointed attorney-in-fact.

SECTION 4: TERM

4.1. Effective Date.

This Agreement shall be effective as of January 13, 1989. The term of Partnership commenced on September 16, 1988 and shall continue until December 31, 2029, unless sooner terminated pursuant to the provisions of this Agreement.

4.2. Dissolution.

The Partnership shall dissolve upon the first to occur of the following dates and events:

- (a) December 31, 2029.
- (b) A Majority Vote of the Limited Partners, and the written consent of the General Partner not unreasonably withheld or delayed.
- (c) Subject to the provisions of Section 4.3, the occurrence of a Terminating Event with respect to the sole remaining General Partner.
- (d) The entry of a decree of judicial dissolution under the Act by a court of competent jurisdiction.
- (e) The sale of all or substantially all of the Partnership's property.

(f) A Majority Vote of the Limited Partners in circumstances where the Limited Partners have the right to remove the General Partner under Sections 8.3(a) and (b) of this Agreement.

Except as provided in this Agreement, no Partner shall have the right (and each Partner agrees not) to dissolve, terminate or liquidate the Partnership, or to petition a court therefor, or to petition or to take any action to subject the Development or Partnership property to the authority of any court of bankruptcy.

4.3. Continuation.

Upon the occurrence of a Terminating Event with respect to a sole General Partner, the Limited Partners by a Majority Vote may elect to continue the Partnership's business and admit a new General Partner. A vote to continue the Partnership shall occur within ninety (90) days of the occurrence of the Terminating Event. If a General Partner ceases to be a General Partner for any reason and there is no remaining or surviving General Partner, admission of a new General Partner and a decision to continue the Partnership's business must be approved by a Majority Vote of the Limited Partners. Expenses relating to the Partnership's continuation shall constitute Partnership Expenses.

SECTION 5: PARTNERS AND CAPITAL

5.1. General Partner's Contributions.

The General Partner's total Contributions to the Partnership shall be \$101,010 which shall be payable on the date of this Agreement.

5.2 Limited Partner's Capital Contribution.

(a) The Limited Partner's Contribution shall be payable \$1,000,000 on the date of this Agreement and the balance in the form of an Investor Note which is attached to this Agreement as Exhibit C and incorporated herein by this reference, which Investor Note shall be secured by the Limited Partner's partnership interest pursuant to a security agreement to be executed in favor of the Partnership in the form of Exhibit D.

(b) At least twenty (20) days before a payment is due under the Investor Note, and as a condition thereto, (x) the General Partner shall notify the Limited Partner in writing of the payment amount due and where the payment should be sent and shall provide a written statement in the form of a certificate covenanting that (i) the General Partner has satisfied and continues to satisfy all of its material obligations under this Agreement, (ii) the federal Low Income Housing Credit has not been repealed in a manner that would deny the Limited Partner the credit for any remaining years of the credit period (as defined in Section 42 of the Internal Revenue Code of 1986, as amended), (iii) the representations and warranties set forth in Section 7.14 are true and correct as of the date of the certificate or, to the extent any such representations and warranties are no longer true and correct, shall describe any such change in circumstances and shall represent and warrant that any such change shall not have a material effect on the Partnership or on the tax consequences of the Limited Partner from an investment in the Partnership as projected on the date of this Agreement and

(iv) the Partnership is not in default under any of the Mortgages or other obligations or the Partnership is in default and that receipt of the payment due under the Investor Note will cure any default and will be so used and (y) the covenants in said certificate shall be true and correct on the date thereof and on the payment date.

5.3. Additional Contributions.

Except as set forth in this Section 5, a Partner shall not be required to make any Contribution or otherwise advance funds to the Partnership. A Limited Partner shall not be personally liable for payment or performance of any Partnership obligation, except to the extent that a Partner may be required to return a Distribution to the Partnership under Section 15666 of the Act.

5.4. No Interest on Capital.

The Partnership shall not pay to any Partner interest upon any Contribution or upon undistributed or reinvested cash.

5.5. Withdrawals and Return of Capital.

Except as specifically provided in Section 6, a Partner shall not have the right to demand return of any Contribution or to withdraw any other portion of Partnership capital. If the Partnership's assets remaining after the payment or discharge of Partnership Expenses are insufficient to return any Partner's total Contributions, the Partner shall have no recourse against any of the Partners or against the Partnership for the return thereof.

5.6. No Third Party Rights.

The obligations or rights of the Partnership or of Partners to make or require any Contribution under this Agreement or the Investor Note shall not grant any rights to, or confer any benefits upon, any Person who is not a Partner. The making of nonrecourse loans to the Partnership shall not make the lender a Partner.

5.7. Loans from the General Partner.

To the extent that the Partnership requires funds in addition to the capital provided for in Section 5 above and the amount available under the Funding Guarantee Agreement, the General Partner may lend such funds in cash to the Partnership. Any loan shall be evidenced by an unsecured nontransferable promissory note payable by the Partnership to the extent of available cash from operations after payment of all Partnership Expenses. The principal amount shall bear interest at a rate equal to the lesser of (a) the reference rate announced by Wells Fargo Bank, N.A. plus 3% or (b) the maximum amount allowed by law for business loans not exempt from California usury law. A loan the General Partner makes to the Partnership shall not constitute a Contribution.

5.8. Voluntary Contributions.

No Partner shall have the right to make voluntary Contributions to the capital of the Partnership.

5.9. Capital Accounts.

A Capital Account shall be maintained for each Partner in accordance with Treasury Regulations Section 1.704-1(b) including the following requirements:

(a) Each Partner's Capital Account shall be credited with (i) the amount of the Partner's Contribution, and (ii) the Partner's distributive share of Profits.

(b) Each Partner's Capital Account shall be charged with (i) the amount of money distributed to the Partner, (ii) the fair market value of any Partnership property distributed to the Partner (net of liabilities securing the property that the Partner is considered to assume or take subject to), and (iii) the Partner's distributive share of Losses.

(c) In the event the Gross Asset Values of Partnership assets are adjusted pursuant to the terms of this Agreement, the Capital Accounts of the Partners shall be adjusted simultaneously to reflect the aggregate net adjustment as if the Partnership recognized gain or loss equal to the amount of such aggregate net adjustment and such gain or loss was allocated to the Partners pursuant to the appropriate provisions of this Agreement.

(d) If any interest in the Partnership is transferred in accordance with this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(e) In the event that the Partnership makes an election under Section 754 of the Code, the amounts of any adjustments to the bases (or Gross Asset Value) of the assets of the Partnership made pursuant to Section 743 of the Code shall not be reflected in the Capital Accounts of the Partners, but the amounts of any adjustments to the bases (or Gross Asset Value) of the assets of the Partnership made pursuant to Section 734 of the Code as a

result of the distribution of property by the Partnership to a Partner (to the extent that such adjustments have not previously been reflected in the Partners' Capital Accounts) shall (i) be reflected in the Capital Account of the Partner receiving such distribution in the case of a distribution in liquidation of such Partner's interest in the Partnership and (ii) otherwise be reflected in the Capital Accounts of all Partners in the manner in which the unrealized income and gain that is displaced by such adjustments would have been shared had the property been sold at its adjusted Gross Asset Value immediately prior to such adjustments.

(f) If the General Partner determines, with advice of counsel, that, under Treasury Regulations Section 1.704-1(b), it is necessary or desirable to modify the manner in which the Capital Accounts are determined or maintained, it shall make the appropriate modification. Any such modification to this Agreement made by the General Partner in reliance upon the advice of counsel shall be deemed to be made pursuant to the General Partner's fiduciary obligation to the Limited Partners and no such modification shall give rise to any claim or cause of action by any Limited Partner.

SECTION 6: PROFITS AND LOSSES; CREDITS; DISTRIBUTIONS

6.1. Definition of Profits and Losses.

The terms "Profits" and "Losses" shall mean for each fiscal year or other period an amount equal to the Partnership's income or loss, or any items of income, gain or loss (except gain or

loss on disposition of Partnership property), determined in accordance with the method of accounting used for federal income tax purposes by the Partnership in maintaining its books and records with the following adjustments:

(a) any tax-exempt income shall be included as an item of gross income; and

(b) any expenditure of the Partnership described in Section 705(a)(2)(B) of the Code or treated as such by Treasury Regulations Section 1.704-1(b)(2)(iv)(i) shall be subtracted from income or loss. The determination shall also include any adjustments or other items the General Partner considers, with the advice of counsel, necessary or appropriate to assure compliance with the rules set forth in Treasury Regulations Section 1.704-1(b).

6.2. Allocations of Profits and Losses.

(a) Except as provided in Sections 6.3, 6.4, 6.5 and 6.6 below, (i) Profits for any year shall be allocated 99 percent to the Limited Partners in proportion to their Percentage Interests and one percent to the General Partner; provided, however, that any interest imputed to the Partnership with respect to the Investor Notes shall be specially allocated to the Partners that contributed the Investor Notes; and (ii) Losses attributable to nonrecourse deductions shall be allocated 99 percent to the Limited Partners in proportion to their Percentage Interests and one percent to the General Partner; all other Losses shall be allocated to the extent allowable under Section 704(b) of the Code, 99 percent to the Limited Partners in proportion to their

Percentage Interests, with the balance of the Losses allocated to the General Partner.

(b) Allocation of specific items shall in any event be in the manner necessary to assure compliance with Treasury Regulations Section 1.704-1(b).

(c) When Partnership interests are assigned or acquired from the Partnership, Profits and Losses will be allocated to the new holder of a Partnership interest from and after the date he is deemed to hold the interest, taking into account the convention used by the Partnership and Sections 10.3 and 10.5 of this Agreement. Such convention initially shall be the semi-monthly convention, using the interim closing of the books method, in which event Partnership interests held on the 15th day of the month are deemed held as of the first day of the month in which they are acquired from the Partnership and Partnership interests acquired after the 15th day of the month and by the end of the month are deemed held on the 16th day of the month in which they are acquired from the Partnership. The transfer of a Partnership interest becomes effective as of the time specified under Section 10.5. This convention and method of allocating Profits and Losses may be changed by the General Partner, with the advice of counsel, to the extent necessary to comply with Code Section 706 to any other permitted method of taking into account the varying interests of the Partners in the Partnership during a year.

6.3. Gains or Losses on Disposition of Partnership Property.

Any gain on the disposition of Partnership property shall be allocated as follows: first to the Limited Partners in proportion to the negative balances, if any, in their respective Capital Accounts until the negative balances have been increased to zero, then to the General Partner until the negative balance, if any in its Capital Account has been reduced to zero, then to the General Partner until such time as the Capital Account balance of the General Partner equals 60% of the sum of the Capital Account balances of all the Partners, and thereafter 60% to the General Partner and 40% to the Limited Partners in proportion to their Percentage Interests.

Any loss on the disposition of Partnership property shall be allocated to those Partners who have positive Capital Account balances in accordance with their respective Capital Account balances until all Capital Account balances have been reduced to zero and thereafter to the Partners in accordance with their Percentage Interests.

6.4. Qualified Income Offset.

Notwithstanding Sections 6.2 and 6.3 above, in the event a Partner receives any adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), that Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate any deficit balance in that Partner's Capital Account caused by any adjustment, allocation, or distribution as quickly as possible. This special allocation shall be taken into account in computing subsequent allocations

of Profits so that the net amount of allocations of Profits, Losses and all other items, to the extent possible, shall be equal to the net amount that would have been allocated if the unexpected adjustment, allocation or distribution had not occurred.

6.5. Minimum Gain Chargeback.

If during any tax year of the Partnership there is a net decrease in the Partnership's minimum gain (as defined in Treasury Regulations Section 1.704-1(b)(4)(iv)(c)), Partners with a deficit Capital Account balance at the end of that year (increased by a Partner's share of the Partnership's minimum gain as determined pursuant to Treasury Regulations Section 1.704-1(b)(4)(iv)(f)) shall be allocated, before any other allocation, items of profits and gain for such year in the amount and in the proportions needed to eliminate those deficits as quickly as possible. It is intended that this allocation of Partnership minimum gain be applied in a manner that satisfies the requirements of Treasury Regulations Section 1.704-1(b)(4)(iv)(e).

6.6. Deficit Balance.

To the extent an allocation of profits or loss and gain or loss on the disposition of the Development would cause or increase a deficit balance in a Partner's Capital Account (beyond the amount of any deficit balance the Limited Partner, by reason of his share of minimum gain, is deemed obligated to restore pursuant to Treasury Regulations Section 1.704-4(b)(4)(iv)(f)) as of the end of the Partnership's taxable year to which such

allocation relates, the allocation of profit and loss to all Partners shall be appropriately modified to make the minimum adjustment necessary to the allocation to such partner so as not to cause or increase a deficit, as the case may be, in that Partner's Capital Account. In determining the extent to which the previous sentence is satisfied, such Partner's capital account shall also be adjusted for each of the following:

(a) Such Partner's Capital Account shall be reduced for allocations of loss which, as of the end of such year, are reasonably expected to be made to such Partner pursuant to Internal Revenue Code Sections 704(e)(2) and 706(d), and Paragraph (b)(2)(ii) of Treasury Regulations Section 1.751-1.

(b) Such Partner's Capital Account shall be reduced for distributions which, as of the end of such year, are reasonably expected to be made to such Partner, to the extent they exceed offsetting increases to such Partner's Capital Account which are reasonably expected to occur during (or prior to) the Partnership's taxable years in which such distributions are reasonably expected to be made (other than increases pursuant to a minimum gain chargeback under Treasury Regulations Section 1.704-1(b)(4)(iv)(e)).

6.7. Low Income Housing Credits.

(a) All expenditures includible in the computation of the low income housing credit under Section 42 of the Code and under Section 23610.5 of the California Code shall be allocated among the Partners in the manner in which the deductions arising from those expenditures are allocated among the Partners for the

relevant taxable year. It is the intention of the Partners that those expenditures be allocated 99% to the Limited Partners in proportion to their Percentage Interests and 1% to the General Partner.

(b) Any recapture of any Low Income Housing Credits shall be allocated among the Partners in the same manner in which the Partners share the expenditures giving rise to that credit.

6.8. Appreciated Property.

(a) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value.

(b) In the event the Gross Asset Value of any Partnership property is adjusted, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

6.9. Distributions.

(a) Excess Cash. The Partnership shall distribute Excess Cash to the Partners, at least once annually, 60% to the General Partner and 40% to the Limited Partners in proportion to their Percentage Interests; the amount of Excess Cash distributed to the Partners in any one calendar year shall not exceed an amount

equal to eight percent (8%) of the Partners' aggregate contributions to the Partnership; provided, further, that if in any year there are no distributions of Excess Cash, or are distributions in an amount less than the amount allowed under this Section 6.9, any amount allowed but not distributed shall accrue and shall be eligible to be paid from subsequent years Excess Cash.

(b) Cash From Sales and Cash From Refinancing. Within 60 days of receipt, the Partnership shall distribute Cash From Sales (other than Cash From Sales available when the Partnership is to be liquidated) and Cash From Refinancing 40% to the Limited Partners in proportion to their Percentage Interests and 60% to the General Partner.

6.10. Effect of Distribution.

Notwithstanding anything to the contrary contained in this Section 6, the Partnership shall not make a Distribution if, immediately after the Distribution, Partnership liabilities (other than liabilities to Partners on account of their Partnership interests and liabilities as to which the creditors' recourse is limited to the Partnership property) would exceed the fair market value of the Partnership property; provided, however, that the fair market value of any Partnership property that is subject to a liability as to which the creditors' recourse is limited to that Partnership property shall be included only to the extent that the fair market value of the Partnership property exceeds the liability. Any Partner who receives a Distribution

made in violation of this Section 6 shall promptly return the Distribution to the Partnership.

6.11. Form of Distribution.

No Partner shall have any right to receive any Partnership property other than cash upon a Distribution, except as specifically provided in this Agreement. A Partner shall not be compelled to accept a Distribution of Partnership property other than cash in lieu of a proportionate Distribution of cash being made to other Partners.

SECTION 7: MANAGEMENT

7.1. Control in General Partner.

The General Partner shall have exclusive control over the Partnership's business and shall have all of the rights, powers and authority generally conferred by law or necessary, or advisable, and consistent with, accomplishing the Partnership's purpose. Without limiting the generality of the foregoing, the General Partner shall have the right, subject to the applicable voting rights of Limited Partners specified elsewhere in this Agreement:

(a) To acquire, hold, sell, lease, exchange or convey real and personal property or any interest therein on the Partnership's behalf upon such terms as it deems advisable;

(b) To prepay in whole or in part, refinance, increase, modify or extend any agreement, note, lease, mortgage, deed of trust or other obligation affecting Partnership property;

(c) To delegate duties to and employ from time to time, at the Partnership's expense, any Persons necessary or advisable for the management and operation of the Partnership's business, including property managers, on-site personnel, insurance brokers, leasing agents, real estate consultants, accountants, attorneys, architects and engineers, on terms and for compensation as are reasonable and customary for similar services;

(d) To pay all Partnership Expenses;

(e) To make or decline to make any tax elections under the Code or under the California Code that the Partnership is entitled to make, only upon advice of counsel or the accountant for the Partnership;

(f) To negotiate, enter into and execute notes, deeds, deeds of trust, contracts, leases, joint venture or partnership agreements, assignments and other instruments and to take any other actions necessary or desirable on the Partnership's behalf in connection with any of the rights of the General Partner set forth in this Section 7.1; and

(g) To take any other action incidental to any of the foregoing or consistent with the purposes of the Partnership.

7.2 Limitations on General Partner's Authority.

The General Partner shall not have authority to and shall not:

(a) Do any act in contravention of this Agreement;

(b) Do any act in contravention of (i) the Mortgages and any other loans, and the loan documents related thereto, (ii) the

Ground Lease, (iii) the Regulatory Agreement, or (iv) any other agreement relating to the Development.

(c) Modify or amend materially the Partnership's obligations under (i) the Mortgages, any other loans and the loan documents related thereto, (ii) the Ground Lease, (iii) the Regulatory Agreement, or (iv) any other agreement relating to the Development.

(d) Possess Partnership property or assign rights in Partnership property, in either case, other than for the Partnership's purpose;

(e) File any voluntary petition for the Partnership under the federal Bankruptcy Act, or seek the protection of any other federal or state bankruptcy or insolvency law or debtor relief statute, without a Majority Vote;

(f) Borrow from the Partnership or lend Partnership funds;

(g) Sell or otherwise transfer title to the Development at any time during the 15-year compliance period as defined in Section 42 of the Code or do anything else that would result in recapture of any portion of the federal Low Income Housing Credit;

(h) Borrow money on the Partnership's behalf or mortgage or otherwise encumber Partnership property excluding those obligations set forth in Sections 5.7 and 7.5; or

(i) Confess a judgment against the Partnership.

7.3. No Liability; Indemnification of General Partner.

For the purposes of this Section 7.3, Affiliates shall mean only those Affiliates performing services for or on behalf of the Partnership.

(a) The General Partner and its Affiliates will not be liable to the Partnership or any Limited Partner for any action or inaction of the General Partner in connection with the business or affairs of the Partnership, so long as the person against whom liability is asserted acted in good faith on behalf of the Partnership and in a manner reasonably believed by such person to be in the best interests of the Partnership, but only if the course of conduct does not constitute negligence or misconduct. The Partnership shall indemnify and hold harmless the General Partner and each of its Affiliates against any claim, liability, damage, loss or expense (including, without limitation, investigating and defending any claims and lawsuits and settlement thereof, and legal and accounting costs in connection therewith) incurred by them solely by virtue of the performance by any of them of the duties of a General Partner acting as general partner in connection with the Partnership's business, so long as the indemnified person acted in good faith on behalf of the Partnership and in the manner reasonably believed by the person to be in the best interest of the Partnership, but only if the course of conduct does not constitute negligence or misconduct; provided that such indemnification or agreement to hold harmless shall be recoverable only out of assets of the Partnership and not from the Limited Partners.

(b) The Partnership may not incur the cost of the portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited.

(c) Advances from Partnership funds to the General Partner or its Affiliates for legal expenses and other costs incurred as a result of a legal action may be made only if the following three conditions are satisfied: (1) the legal action relates to the performance of duties or services by the General Partner or its Affiliate on behalf of the Partnership; (2) no claim in the legal action is being made against the General Partner or Affiliate by the Partnership, a Partner or Affiliate, and (3) the party to whom the expenses are advanced and the associated General Partner in the case of an Affiliate agree to repay the advanced funds to the Partnership if it is ultimately determined that such party is not entitled to indemnification.

7.4. Devotion of Skill and Time.

The General Partner shall cause its officers and employees diligently to pursue and apply their general skills to the Partnership's business and devote as much time as is reasonably necessary to manage and operate the Partnership and its business in the best interests of all of the Partners. Nevertheless, officers and employees of the General Partner shall not be required to devote a major part of their time to Partnership affairs and may engage in other businesses, including businesses identical or similar to the Partnership's business.

7.5. Fees and Agreements with the Housing Authority.

(a) Fees.

(i) Development Fee. As part of the purchase price of the Development, the Partnership shall pay to the Housing Authority a Development Fee of \$2,080,000. The Development Fee after December 1, 1988 shall accrue interest at the rate of nine percent (9%), compounded annually, on the unpaid balance. Payments by the Partnership of the Development Fee shall be applied first against any accrued interest on that fee. The Development Fee and interest thereon shall be payable according to the following schedule:

On or before December 31, 1995.....\$1,000,000

Thereafter, interest only shall be payable from cash available from all sources including but not limited to the Funding Guarantee Agreement after payment of annual debt service on the First Mortgage and the loans from the City of Sacramento. The unpaid balance shall be due upon sale of the Development or November 30, 2018 whichever is earlier.

(ii) Marketing Fee. As compensation for the services of the Housing Authority for marketing and leasing the units in the Development for the period October 1, 1988 through September 30, 1989, the Partnership shall pay the Housing Authority a Marketing Fee in an amount of \$99,200, which shall be payable on or before January 15, 1995.

(iii) Nonassignability of Fees. No interest in any fees payable pursuant to this Section 7.5 shall be assigned or pledged.

(b) License to Provide Food Services. The General Partner shall have the Partnership grant the Housing Authority a license to use the kitchen, dining room and any other necessary space to enable the Housing Authority to provide a voluntary food services program to the residents of the Development for so long as the Housing Authority desires to provide such a service.

(c) License to Provide Recreation and Support Services. The General Partner shall have the Partnership grant the Housing Authority a license to use certain common space and one office in the Development for purposes of implementing its GATEWAY program, for so long as the Housing Authority operates that program for residents of the Development.

(d) Property Management. The General Partner shall have the Partnership contract with the Housing Authority for a term of not more than five (5) years to manage the Development for a fee of \$41,902, with annual increases equal to increases in the Consumer Price Index For All Urban Consumers U.S. City Average. The Property Management Contract may be renewable.

7.6. Fiduciary Duty of General Partner.

The General Partner shall have a fiduciary responsibility to the Limited Partners for the safekeeping and use of all Partnership property, whether or not in its immediate possession or control, and shall not employ Partnership property in any manner except for the Partnership's exclusive benefit. The General Partner shall not contract away its fiduciary duties under the common law of agency. The General Partner shall not

commingle Partnership funds with those of other persons or entities.

7.7. Investment Opportunities.

The General Partner shall not be obligated to present any investment opportunity to the Partnership, even if the opportunity is of a character that could be taken by the Partnership if presented to it. The General Partner shall have the right to take for its own account, or to recommend to others, any investment opportunity presented to it.

7.8. General Partner or Affiliates Dealing With the Partnership.

(a) The General Partner or any of its Affiliates shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership if (i) compensation paid or promised for the goods and services is reasonable (i.e., at fair market value), is paid only for goods and services actually furnished to the Partnership, and does not exceed a total of Twenty Thousand Dollars (\$20,000) for all such contracts in any one calendar year, (ii) the goods or services to be furnished are reasonable for and necessary to the Partnership, (iii) the fees, terms and conditions of the transactions are at least as favorable to the Partnership as would be obtainable in an arm's-length transaction, (iv) no agent or contractor who is also employed on a full-time basis by the General Partner or any Affiliate shall be compensated by the Partnership for its services, and (v) any necessary governmental consent is obtained.

Any contract covering that type of transaction shall be in writing and shall contain a clause allowing termination by the Partnership without penalty on sixty (60) days notice. Any payment made to the General Partner or any Affiliate for the goods and services shall be fully disclosed to the Limited Partners in the reports required under Section 9. Neither the General Partner nor its Affiliates shall circumvent the provisions of this Section 7.8 by making payments to any other Person for disbursement by that other Person.

(b) Disposition Fee. The General Partner or its Affiliates may serve as exclusive agent of the Partnership for purposes of selling the Development or any portion thereof, and shall receive as compensation therefor, promptly after the closing of any sale of the Development to an unrelated third party, a Disposition Fee equal to six percent (6%) of the gross proceeds of the sale; provided, however, that the Disposition Fee shall be reduced to three percent (3%) of the gross proceeds if the Partnership is obligated to pay any person other than the General Partner or its Affiliates a fee or commission with respect to the sale of the Development or any portion thereof.

(c) No Other Fees to General Partner or Affiliates. Except as allowed under this Section 7.8, no other fees shall be due the General Partner or its Affiliates by the Partnership.

7.9. Tax Matters Partner.

The General Partner shall be the tax matters partner ("TMP") as provided in Section 6231(a)(7)(A) of the Code, subject to the following terms and conditions:

(a) The TMP shall file all necessary federal, state and local partnership returns for the Partnership in a timely manner and furnish the Limited Partners with schedules consistent with the treatment of all items on those returns.

(b) The TMP shall keep all Limited Partners informed of all administrative and judicial proceedings for the adjustment of Partnership items at the Partnership level.

(c) If notice of an administrative proceeding under Section 6223 of the Code is received by a Limited Partner, the Limited Partner promptly shall notify the TMP of the treatment of any Partnership item on the Limited Partner's federal income tax return which is or may be inconsistent with the treatment of that item on the Partnership return.

(d) Any Partner who enters into a settlement agreement with the Internal Revenue Service with respect to any Partnership item shall notify the TMP of the terms of the agreement within 60 days from its date, and the TMP shall notify the other Partners of that settlement within 30 days of receipt of notification by the Partner entering into the settlement.

(e) The TMP, or any Partner initiating any judicial proceeding if the TMP elects not to do so, shall notify all Limited Partners of any intention to initiate a judicial proceeding challenging the tax treatment of any Partnership item within 30 days from the date of a statutory notice of deficiency or denial of an administrative adjustment.

(f) The TMP, on its own or at the request of a Limited Partner, may file a request for administrative adjustment on

behalf of the Partnership if a majority in interest of Limited Partners having an interest in the outcome agree to the requested adjustment.

(g) The TMP shall not extend the period of limitations for making assessments of any tax with respect to any Partnership item without a Majority Vote.

7.10. General Partner's Obligation to Operate the Development In Accordance with All Requirements.

(a) The General Partner shall operate the Development in accordance with the terms of this Agreement and (i) the Mortgages, any other loans, and any documents related thereto, (ii) the Ground Lease, (iii) all applicable statutes, rules and regulations with respect to the Development, and (iv) any other agreement relating to the Development.

(b) In addition to the requirements of paragraph (a) above, the General Partner shall operate all one hundred twenty-three (123) units in accordance with (i) the requirements of the federal Low Income Housing Credit for a term of not less than the 15-year compliance period as defined in Section 42 of the Code and otherwise so as to avoid any recapture of the federal Low Income Housing Credit and (ii) the Regulatory Agreement.

7.11. Reports to Government Agencies.

The General Partner shall furnish or cause to be furnished the information regarding the Development (a) reasonably requested from time to time by those agencies that provide financing to the Partnership under the Mortgages, and (b) required under the Low Income Housing Credits.

7.12. Net Worth of the General Partner.

The General Partner shall maintain throughout the term of the Partnership a net worth of not less than \$1,000,000; provided, however, that if the Limited Partners' Contributions are reduced from \$10 million to \$7 million pursuant to the terms of the Investor Note, the General Partner's net worth requirement hereunder shall be reduced by the same proportion.

7.13. Replacement Reserve and Other Obligations.

(a) The Partnership shall establish a Replacement Reserve which shall be used for capital expenditures for repairs and replacement necessary to maintain the Development in safe, decent and habitable condition. The amount set aside in the Replacement Reserve shall be \$2,500 per month until such time as the balance in the Replacement Reserve account equals at least \$200,000. Thereafter, the amount added to the reserve annually shall be the lesser of (i) \$30,000 and (ii) the amount necessary to restore the account balance to \$200,000.

(b) The Partnership shall draw on the Funding Guarantee Agreement to fund any obligations of the Partnership including Replacement Reserves during the term of, and to the extent provided under, that Agreement.

7.14. Representations and Warranties of the General Partner.

The General Partner represents, warrants and covenants to the Partnership and the Limited Partners that as of the date of this Agreement:

(a) the Development is in compliance with the Mortgages and all applicable requirements of governmental entities;

(b) there are no material violations of the Mortgages;

(c) the land upon which the Development is located is properly zoned for the Development and the Development and its contemplated use conform to all applicable federal, state and local zoning, use and environmental laws and regulations affecting the Development;

(d) good and marketable title to the Development is held by the Partnership subject to the security interests of all Mortgagees and is insured by a CLTA title policy, issued by Chicago Title Insurance Company in the amount of \$13,800,000;

(e) there is no material default under any agreement, contract, lease, or other commitment, nor is any claim, demand, litigation, proceeding or governmental investigation pending or threatened against or related to the business or assets of the Partnership or of the Development;

(f) the execution of the Agreement, the incurrence of the obligations set forth in the Agreement, and the consummation of the transactions contemplated by the Agreement do not violate the Partnership, any order of any court binding on the General Partner, or any of its Affiliates or any provision of any indenture, agreement, or other instrument to which the Partnership, the General Partner or any of its Affiliates are a party or by which the Partnership or the Development is affected;

(g) all insurance policies which will be for the benefit of the Partnership including, but not limited to public liability

and worker's compensation, are in full force and effect, and all insurance policies in favor of the Partnership, are all in at least the amounts required by the Mortgages as set forth in Exhibit F, and any regulatory agreements;

(h) all rental charges and security deposits with respect to dwelling units in the Development are and will be in compliance with any applicable governmental regulations, with the regulatory agreements and with Section 42 of the Code and Section 23610.5 of the California Code with respect to all one hundred twenty-three (123) of the units;

(i) the Partnership is a valid limited partnership, duly organized under the laws of the State of California, in accordance with all requirements of the Act with full power and authority to operate and maintain the Development in accordance with the terms of the Agreement;

(j) all real estate and personal property taxes, special assessments and any other taxes applicable to the Development or the property or operations of the Partnership which are or will be due and payable have been or will have been paid in full, and all escrow accounts for future such taxes and assessments are fully funded to the extent required by the provisions of the Mortgages;

(k) the sole General Partner of the Partnership is Sacramento Housing Development Corporation. Sacramento Housing Development Corporation is a California nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California. Sacramento Housing

Development Corporation has all requisite power and authority to conduct its present business and perform all of its obligations under the Agreement.

(l) all of (i) the fixtures, maintenance supplies, tools, equipment and the like now owned by the Partnership or to be appurtenant to, or to be used in the operation of the Development, as well as (ii) the rents, revenues and profits earned from the operation of the Development, are free and clear of all security interests and encumbrances except for the Mortgages and any security agreements under them;

(m) all materials furnished to the Limited Partners are true and complete in all material respects;

(n) the Partnership has been registered as a tax shelter under the federal tax laws;

(o) it has disclosed all material facts related to the Development and all material transactions in connection with the Development to the Limited Partners;

(p) the General Partner has set-aside one hundred twenty-three (123) of the units for the elderly with incomes of 60% or less of Median Income, adjusted for family size.

(q) it will exercise good faith in all activities relating to the conduct of the business of the Partnership, including the operation and maintenance of the Development, and it will take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership;

(r) the Development has received the requested allocation of federal and California Low Income Housing Credits from the Mortgage Bond and Tax Credit Allocation Committee;

(s) to the best of its knowledge, the Development has no construction defects;

(t) there are no mechanic's liens recorded against the Development;

(u) the Partnership has no material outstanding obligations except for (i) the following Mortgages:

- ✓ \$7,040,000 from First Interstate Bank of California;
- ✓ 2,000,000 from the City of Sacramento;
- ✓ 2,080,000 from the Housing Authority of the City of Sacramento;
- 902,508 from the California Housing Finance Agency;

(ii) the Ground Lease; and (iii) the unsecured loan from the City of Sacramento in the amount of \$1,398,512 and the unsecured loan from the Redevelopment Agency of the City of Sacramento in the amount of \$42,280;

(v) the initial limited partner has withdrawn from the Partnership and has no further interest in, or claim against, the Partnership except for the return of its Contribution;

(w) the Partnership has no employees and shall have none;
and

(x) the Limited Partner's contribution shall be reduced to \$7 million payable in seven annual installments if the Internal Revenue Service does not rule that the Development qualifies for the nine percent federal Low Income Housing Credit.

7.15 Indemnifications.

(a) If the General Partner falsely provides any representation or warranty set forth in Section 7.14 which results in a material reduction in the tax benefits available to the Limited Partner as projected as of the date of this Agreement, the General Partner shall indemnify the Limited Partner for loss in an amount equal to the Limited Partner's Contributions received by the Partnership, less any aggregate net tax benefits received by the Limited Partner through the end of the calendar year of the last Contribution that the Limited Partner paid.

(b) If the tax basis of the Development for purposes of computing the federal Low Income Housing Credit is challenged and reduced below \$14 million by the Internal Revenue Service ("IRS") pursuant to an adjustment in basis set forth in a Notice of Proposed Adjustment or a Preliminary Notice of Deficiency (30-Day Letter) with a Revenue Agent's Examination Report, whichever TMP or any other Partner receives earlier, the Partnership shall indemnify the Limited Partner for any resulting reduction in the federal Low Income Housing Credits as follows:

- (i) The amount of the last payment due the Partnership under the Investor Note shall be reduced, but not below zero, by \$1.00 for each dollar the basis used for purposes of computing the federal Low Income Housing Credit is reduced.
- (ii) If, upon a final determination by the IRS or by the courts, whichever is the latter to occur, ("Final Determination") the basis for purposes of computing the

federal Low Income Housing Credit is increased to an amount greater than that proposed by the IRS as described in the first paragraph of this subsection (b), the Limited Partner shall pay the Partnership an amount equal to \$1.00 for each dollar the basis for computing the Low Income Housing Credit is increased over the amount equal to \$14 million minus the amount of the reduction in subparagraph (i) above. The amount payable by the Limited Partner shall in no event be more than the amount of the reduction in (i) above, which amount shall be due and payable on the later to occur of: the payment date for the last installment under the Investor Note and thirty (30) days after the Final Determination. For example, if, pursuant to a Notice of Proposed Adjustment, the tax basis of the Development were reduced to \$12 million, the Limited Partner would not be obligated to pay the last installment under the Investor Note. If upon a Final Determination, the tax basis of the Development were established to be \$13.5 million and assuming the last payment were \$1 million, \$13 million would be breakeven and the Limited Partner would be required to pay the Partnership \$500,000 as its final installment under the Investor Note.

- (iii) The indemnification provided to the Limited Partner under this subsection (b) shall terminate on January 16, 1995, and shall not affect any reduction in tax credit basis that is proposed by the IRS after that date.

SECTION 8: APPROVAL RIGHTS OF THE LIMITED PARTNERS

8.1. Approval.

The Limited Partners shall not participate in the control of the Partnership's business. The Limited Partners shall not have the right to vote on any matters except as specifically provided in this Agreement. Except as provided in Section 8.2, the Limited Partners shall have the right, by Majority Vote, to approve or disapprove the following matters:

(a) The dissolution and winding up of the Partnership as provided in Section 4.

(b) The sale, lease, exchange, mortgage, pledge or other transfer of all or a substantial part of the Development before and after the termination of the 15-year compliance period under Section 42 of the Code.

(c) The incurrence of indebtedness, unless in the ordinary course of business, excluding those obligations set forth in Sections 5.7 and 7.5.

(d) The refinancing of the Mortgages.

(e) A material change in the nature of the Partnership's business or any act that would make it impossible to carry on the Partnership's ordinary business.

(f) After the removal of a sole General Partner, an election to continue the Partnership's business and to admit a new General Partner.

(g) The admission of a General Partner or an election to continue the Partnership's business after a General Partner

ceases to be a General Partner (other than by removal) where there is no remaining or surviving General Partner.

(h) The admission of any additional limited partners.

(i) Any amendment to this Agreement.

In addition to the foregoing, the Limited Partners shall have the right to remove the General Partner, in accordance with the requirements of Section 8.3, by a vote of more than two-thirds (2/3) of the Percentage Interests held by the Limited Partners.

8.2. Consent of General Partner; Effect of Approval.

The matters specified in subparagraphs (f) and (g) of Section 8.1 and the removal of the General Partner in accordance with the requirements of Section 8.3 shall be deemed approved and effective immediately upon the requisite approval by the Limited Partners without the General Partner's consent. Any other action specified in Section 8.1 that the Limited Partners have approved shall be taken by the General Partner only if the General Partner consents thereto; provided, however, that the sale or exchange of all or a substantial part of the Partnership property shall not require the consent of the General Partner after the expiration of the fifteen (15) year compliance period under Section 42 of the Code, or any successor provision. Upon the approval of any Partnership matter as provided in this Section 8.2, the General Partner shall be authorized and directed to conclude any transactions so approved, and all Partners, including Partners who may have been opposed to the transaction, shall be bound by the terms of any such transaction.

8.3. Removal of the General Partner.

(a) The Limited Partners may, in accordance with the voting requirement set forth in Section 8.1 above, remove the General Partner for breach of the General Partner's material obligations under this Agreement or applicable law, for any act or failure to act by the General Partner that could trigger recapture of any Low Income Housing Credits, or for failure to obtain full performance by the Redevelopment Agency of the City of Sacramento under the Funding Guarantee Agreement. For purposes of this Section 8.3(a), if there is a casualty that destroys or significantly damages the Development and insurance proceeds are insufficient to replace or restore the Development, (i) the General Partner shall not be obligated to loan funds to the Partnership and (ii) a reasonable business decision by the General Partner, after taking reasonable steps to obtain third-party financing to cover the costs of reconstruction that are not covered by insurance proceeds, not to restore or replace the Development shall not be grounds for removal of the General Partner.

(b) In the event the Limited Partners vote to remove the General Partner pursuant to this Section 8, the Limited Partners shall notify the General Partner in writing, within five (5) days after such vote, of the default that is the cause for the removal of the General Partner. The General Partner shall have thirty (30) days from receipt of the notice to cure the default; provided, however, that if a default, other than a monetary default, cannot be reasonably cured within thirty (30) days, it

shall be sufficient if the General Partner commences the cure within thirty (30) days and proceeds to cure diligently thereafter, provided that the cure is completed within one hundred twenty (120) days, or such lesser period as is required to avoid triggering recapture of any Low Income Housing Credits, after receipt of the notice to cure. If the General Partner fails to cure within the specified time period, the Limited Partners shall notify the General Partner of the effective date of its removal promptly after the cure period has expired.

SECTION 9: RECORDS, REPORTS AND ACCOUNTS

9.1. Books and Records.

The General Partner shall keep at the Partnership's principal executive office all of the following Partnership documents:

(a) A current list of the full name and last known business or residence address of each Partner, together with the Contributions and Percentage Interest of each Partner.

(b) A filed copy of the Partnership's certificate of limited partnership and all certificates of amendment thereto, together with executed copies of any powers of attorney pursuant to which any certificate has been executed.

(c) Copies of the Partnership's federal, state and local income tax or information returns and reports, if any, for the six most recent taxable years.

(d) An original copy of this Agreement and all amendments hereto.

(e) Financial statements of the Partnership for the six most recent taxable years.

(f) The Partnership's books and records for at least the current and past five taxable years.

(g) Copies of all reports to government agencies provided pursuant to Section 7.11 of this Agreement for the six most recent taxable years.

(h) Monthly operating statements for the six most recent taxable years.

9.2. Delivery to Limited Partner.

Upon the request of a Limited Partner, the General Partner shall promptly deliver to the requesting Limited Partner, at the Partnership's expense, a copy of the information required to be maintained by subparagraphs (a), (b) or (d) of Section 9.1.

9.3. Inspection by Limited Partner.

Each Limited Partner has the right, upon reasonable request, (a) to inspect and copy during normal business hours any of the Partnership records and documents (b) to obtain from the General Partner, promptly after becoming available, a copy of the Partnership's federal, state and local income tax or information returns for each year.

9.4. Reports.

The General Partner shall send or cause to be sent to each Partner, within 45 days after the end of each calendar quarter, quarterly operating statements and, not later than 120 days after the close of each Partnership taxable year, an audited annual report containing a balance sheet as of the end of the taxable

year, an income and expense statement for the taxable year and a statement of changes in financial position during the taxable year. The General Partner will furnish an equivalent report to each Partner as soon as practicable after the dissolution of the Partnership for the calendar year in which the dissolution occurs.

9.5. Tax Returns.

The General Partner shall send to each Partner, within 90 days after the end of each taxable year, the information necessary for the Partner to complete his federal, state and local income tax returns. The information shall include a copy of the Partnership's federal, state and local income tax or information returns for the taxable year.

9.6. Section 754 Election.

If, during the taxable year, any Partner transfers his Partnership interest by sale or exchange or a Terminating Event occurs, upon the timely written request of the transferee or successor, the General Partner, after seeking advice of the Partnership's accountant, may elect, pursuant to Section 754 of the Code, to adjust the basis of the Partnership Property as permitted by Sections 734 and 743 of the Code. The election shall be filed with the Partnership's income tax return for the first taxable year to which the election applies.

9.7. Bank and Money Market Accounts.

The Partnership shall keep its cash funds in bank or money market accounts in its name at one or more banks or funds that the General Partner may select. The funds in any account may be

withdrawn on the signature of the individuals designated by the General Partner. Partnership funds shall not be commingled with funds of any other Person and shall be used only for Partnership purposes.

SECTION 10: DISPOSITION OF PARTNERSHIP INTERESTS

10.1. Generally.

No Partner shall withdraw from the Partnership or Transfer any interest therein, voluntarily or by operation of law, and no Person shall become an Assignee or be admitted to the Partnership as a substituted Limited Partner, except as provided in this Section 10. Any Transfer made in violation of this Section 10 shall be void. In no event shall a General Partner's interest be converted into that of a Limited Partner.

10.2. General Partners.

10.2.1 Transfers.

(a) A General Partner may transfer its Partnership Interest only if:

(i) the General Partner has not defaulted under this Agreement and transfers its entire interest in the Partnership;

(ii) the transferee or assignee of the General Partner's interest agrees in writing to become a substitute General Partner of the Partnership;

(iii) the Limited Partners have agreed by Majority Vote to the transfer of the General Partner's Partnership interest;

(iv) the substitute General Partner represents and provides the Partnership with the evidence satisfactory to counsel for the Partnership that the substitute General Partner satisfies the net worth obligations of the transferor General Partner contained in this Agreement;

(v) counsel for the Partnership shall have rendered an opinion that the withdrawal and the substitution of the General Partner will not violate the Act or other applicable law, will not cause the termination or dissolution of the Partnership, will not cause it to be classified other than as a partnership for federal income tax purposes and will not affect the Limited Partner's Low Income Housing Credits;

(vi) the mortgagees under the Mortgages have approved the substitute General Partner, if their approval is required;

(vii) the Person to be substituted as a General Partner shall have accepted and agreed to be bound by all the terms of this Agreement, by executing an amendment to this Agreement and any other documents or instruments that may be required to effect the admission of the Person as the General Partner, and all other actions required in connection with the admission shall have been performed, including filing a certificate of amendment of limited partnership;

(viii) the substitute General Partner shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of its authority to become a General Partner and to be bound by the terms of this Agreement; and

(ix) the substitute General Partner shall have demonstrated ability in the operation and management of residential housing developments, including low-income housing projects.

(b) In the event a General Partner transfers its interest pursuant to Section 10.2.1, it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner before the effective date of the Transfer, but shall be relieved of any obligation or liability incurred on account of the Partnership thereafter. The substitute General Partner shall be obligated to pay any increase in real property taxes or transfer taxes owed by the Partnership that are triggered by the Transfer.

10.2.2 Terminating Events.

(a) Upon the occurrence of a Terminating Event with respect to the General Partner, if the Partners elect to continue the Partnership pursuant to Section 8.1(g) or if the General Partner is removed in accordance with Section 8.3, the Partnership shall elect a substitute General Partner that satisfies the requirements of Section 10.2.1(a)(ii), (iv) and (vi) through (ix).

10.3 Limited Partners.

10.3.1 Transfers.

A Limited Partner may Transfer his Partnership interest to any Partner or to any Person of his choice, in whole or in part, but only in accordance with this Section 10.3.1. If the General Partner receives a notice of assignment signed by both

the transferring Limited Partner and his Assignee, the Assignee shall become entitled to receive the transferring Limited Partner's share of Profits, Losses, Low Income Housing Credits and Distributions, and shall have the transferring Limited Partner's Capital Account as of the day following the day of the General Partner's consent to the assignment. Profits and Losses shall be allocated in accordance with Section 6.2(c). The General Partner shall consent to the assignment only after (i) the Assignee has agreed to be bound by the terms of this Agreement, (ii) the Assignee executes an Investor Note and a security agreement if any amounts are unpaid by the transferring Limited Partner under the Investor Note (at which time the Investor Note of the transferring Limited Partner shall be cancelled), and (iii) the General Partner has determined to its satisfaction that the Assignee has sufficient liquid assets to meet its obligations under the Investor Note and that the assignment would not terminate the Partnership for federal income tax purposes. An Assignee shall become a substitute Limited Partner only with the General Partner's approval and upon satisfaction of the conditions for substitutions set forth in Section 10.5.

10.3.2 Effect of Bankruptcy, Death or Adjudication of Incompetence of a Limited Partner.

If a Limited Partner becomes bankrupt, the trustee or receiver of his estate, if any, or, if he dies, his executor, administrator, trustee, or any individual who acquires the Partnership interest by will or intestate succession, or, if he

is adjudicated incompetent, his committee, guardian or conservator, shall become a substitute Limited Partner in the place of the terminated Limited Partner as of the end of the day in which the General Partner receives certified evidence of the successor's authority and a copy of this Agreement executed by the successor.

10.4 Binding on Successors.

Subject to the provisions of this Section 10, the rights and obligations of the Partners under this Agreement shall inure to the benefit of and bind their respective heirs, successors and assigns.

10.5 Conditions to Substitutions.

An Assignee shall not be entitled to vote on Partnership matters and shall not have any other rights of a Partner other than his right to Profits, Losses, Low Income Housing Credits, and Distributions, unless and until the General Partner admits the Assignee as a substituted Partner pursuant to this Section 10.5. An Assignee shall not become a substituted Partner until the Assignee (a) pays all legal expenses of the Partnership incurred in connection with his substitution; (b) submits a duly executed instrument of assignment, in a form satisfactory to the General Partner, (i) specifying the Partnership interest assigned to it, and (ii) setting forth the assigning Partner's intention that the Assignee succeed to the assigning Partner's Partnership interest; and (c) executes a copy of this Agreement. The General Partner also may require, as a condition to the admission of a substituted Limited Partner, that the Assignee submit an opinion

of counsel, satisfactory in form and substance to the General Partner, stating that the assignment shall not violate any state and federal securities laws or cause the termination of the Partnership for federal income tax purposes. The admission of a substituted Partner shall be effective as of the close of the day on which the General Partner has given its consent to the substitution. Except as provided in Section 10.3.2, the General Partner may withhold its consent to the substitution of a Limited Partner in its sole discretion.

10.6 No Release or Waiver.

Neither the provisions of, nor consummation of the transactions contemplated by, this Section 10 shall constitute a release or waiver of any claims or rights which the Partnership or any Partner may have against the Partnership or any of the Partners as a consequence of a breach of this Agreement.

SECTION 11: GENERAL PARTNER'S RIGHT OF FIRST REFUSAL

If the Partnership receives a bona fide offer from a third party to purchase the Development and the Partners, pursuant to Sections 8.1 and 8.2, vote to accept the offer, the General Partner shall have the right, for a period of forty-five (45) days from the date on which the Partners vote to accept the offer, to give notice to all Limited Partners of the General Partner's intent to purchase the Development from the Partnership upon terms and conditions (including timing of the transaction) substantially similar to those proposed in the bona fide offer. The General Partner shall purchase the Development by the later

of (i) the date designated in the bona fide offer, or (ii) one hundred twenty (120) days after the Limited Partners receive the General Partner's notice of its intent to acquire the Development.

SECTION 12: DISTRIBUTIONS ON DISSOLUTION

Upon the Partnership's dissolution, the Partnership's business shall be immediately wound up. Any gain or loss on the disposition of Partnership property during the Partnership's liquidation shall be credited or charged to the Partners in accordance with Section 6.3. A Limited Partner shall have the right to receive distributions in cash. Any Partnership assets distributed in kind in the liquidation shall be valued and treated as though the assets were sold and the cash proceeds were distributed. Partnership assets in the course of the liquidation shall be applied and distributed in the following order:

(a) Payment to creditors of the Partnership, including Partners, in the order of priority provided by law. In the discretion of the General Partner, reserves may be established to meet any contingent obligations or liabilities and, if and when those contingencies shall cease to exist, any remaining assets in the reserves shall be distributed as provided in this Section 12.

(b) Distributions to the Partners shall be in accordance with positive Capital Account balances. Upon dissolution of the Partnership, after any allocations under Section 6.3 and the distributions pursuant to this subparagraph (b), the General Partner shall contribute to the capital of the Partnership the

lesser of (i) its negative Capital Account balance, if any, or (ii) the amount which when added to its prior Contributions equals 1.01% of the aggregate Contributions of the Limited Partners. Amounts so contributed shall be distributed to the Partners as additional liquidation proceeds pursuant to this subparagraph (b).

For purposes of distributions to Partners, Capital Account balances shall be determined after taking into account all Capital Account adjustments for the fiscal year in which the liquidation occurs, and payment by the Partnership with respect to these balances shall be made by the end of that fiscal year or, if later, within ninety (90) days after the date of the liquidation. For this purpose, a liquidation of the Partnership shall be deemed to occur on the earlier of the date on which (i) the Partnership is terminated under Code Section 708(b)(1) or (ii) the Partnership ceases to be a going concern.

SECTION 13: MISCELLANEOUS

13.1 Headings.

The headings used in this Agreement are intended principally for convenience and shall not, by themselves, determine the Partners' rights and obligations.

13.2 Time of Essence.

All times and dates in this Agreement shall be of the essence.

13.3 Entire Agreement.

The Agreement (including its Exhibits) comprises the entire understanding and agreement among the Partners and supersedes all prior and contemporaneous discussions, negotiations, agreements and communications among any of the Partners, whether oral or written, with respect to the subject matter of this Agreement.

13.4 Amendment.

This Agreement may be amended or rescinded only upon the affirmative vote or written consent of the Partners as provided in Section 8.

13.5 Governing Law; Choice of Forum.

This Agreement shall be governed by and construed in accordance with the laws of the State of California as applied to contracts among residents of California wholly to be performed within the State. The parties agree that any dispute arising in connection with this Agreement shall be resolved in the state or federal courts located in Sacramento, California.

13.6 Attorneys' Fees.

If any Partner seeks to enforce his rights under this Agreement by legal proceedings or otherwise, the non-prevailing party shall pay the prevailing party's costs and expenses, including without limitation reasonable attorneys' fees.

13.7 Severability.

If any provision of this Agreement is determined to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all of the other provisions shall be deemed valid and enforceable to the greatest possible extent.

13.8 Terminology.

In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each include the others whenever the context so indicates.

13.9 Notices.

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or deposited in the U.S. mail, first class return receipt requested and postage prepaid, addressed to the Partnership at its principal executive office or to the Partners at their respective addresses appearing on the Partnership's books from time to time. Notice shall be deemed duly given upon delivery. The foregoing addresses may be changed by notice given as provided in this Agreement. Each Limited Partner promptly shall notify the General Partner at the Partnership's principal executive office of any change in the Limited Partner's address as it last appears on the Partnership records.

13.10 Counterparts.

This Agreement may be signed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

13.11 Further Assurances.

Each Partner shall execute, with acknowledgment or affidavit if required, all documents and writings reasonably necessary or desirable for the formation of this Partnership and the achievement of its purpose. Each individual signing this Agreement hereby personally represents and warrants that he or

she is duly authorized to execute and deliver this Agreement on behalf of the party for whom or which he or she is signing.

13.12 No Partition.

No Partner nor any legal representative, successor, heir or assignee of any Partner shall have the right to partition the Development or any part thereof or interest therein, or to file a complaint or institute any proceeding at law or in equity to partition the Development or any part thereof or interest therein. Each Partner, for himself and his legal representatives, heirs, successors and assigns, hereby waives any such rights. The Partners intend that, during the term of this Agreement, the rights of the Partners and their successors in interest, as among themselves, shall be governed solely by the terms of this Agreement and by the Act.

13.13 Waiver.

No waiver of any provision of this Agreement shall be deemed effective unless contained in a writing signed by the party against whom the waiver is sought to be enforced. No failure or delay by any party in exercising any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy, and no waiver of any breach or failure to perform shall be deemed a waiver of any subsequent breach or failure to perform or of any other right arising under this Agreement.

13.14 Not for Benefit of Creditors.

The provisions of this Agreement are intended only for the regulation of relations among Partners and the Partnership. This Agreement is not intended for the benefit of non-Partner

creditors and does not grant any rights to or confer any benefits on non-Partner creditors or any other Person who is not a Partner.

13.15 Binding on Successors.

Subject to the provisions of this Agreement concerning Transfer, the rights and obligations of the Partners under this Agreement shall inure to the benefit of, and bind their respective heirs, successors and assigns.

13.16 Insurance.

The Partnership shall carry and maintain in force insurance meeting the requirements set forth in Exhibit F attached to, and incorporated by reference into, this Agreement.

13.17 Liability of Partners.

No Limited Partner shall be liable for the debts, liabilities, contracts or any other obligations of the Partnership.

IN WITNESS WHEREOF, each of the Partners has executed this Agreement as of the date first written above.

GENERAL PARTNER:

SACRAMENTO HOUSING
DEVELOPMENT CORPORATION, a
California nonprofit public
benefit corporation

By: William H. Edgar
William H. Edgar
Executive Director

LIMITED PARTNER:

Sepulveda Properties, Inc.,
a California corporation

By: Gordon J. Ahalt
Gordon J. Ahalt
President

01/09/89
#B039/B47502

EXHIBIT "A"

THE FOLLOWING DESCRIBED REAL PROPERTY IN THE CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA:

Parcel 4, as shown on that certain Parcel Map entitled
"PARCEL A, 62 P.M. 14, ALSO BEING LOTS 1 & 2 OF THE
BLOCK BOUNDED BY 6TH, 7TH, I AND J STREETS", recorded
October 11, 1988 in Book 107 of Parcel Maps, at Page 28
records of said County.

EXHIBIT B
Percentage Interests

PARTNERS

PERCENTAGE INTERESTS

Sacramento Housing Development
Corporation

1%

Sepulveda Properties, Inc.

99%



April 7, 2021

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

Honorable Members in Session:

SUBJECT:

**Riverview Plaza Project Tax Equity and Fiscal Responsibility Act Hearing, and
Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment**

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

801 12th Street, Sacramento, CA 95814



**REPORT TO CITY COUNCIL AND
HOUSING AUTHORITY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

**Public Hearing
April 20, 2021**

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

**Title: Riverview Plaza Project Tax Equity and Fiscal Responsibility Act Hearing, and
Approval of Tax-Exempt Bonds, Option Agreement and Loan Commitment**

Location/Council District: 600 I Street / District 4.

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a City Council Resolution indicating the Housing Authority has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, rehabilitation and development of the Riverview Plaza Project (Project); 2) a Housing Authority Resolution authorizing (a) the intention of the Housing Authority to issue up to \$31,000,000 in tax exempt mortgage revenue bonds to finance the acquisition, rehabilitation and development of the Project, (b) the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds; 3) a Housing Authority Resolution authorizing the Housing Authority of the City of Sacramento to (a) amend the Housing Authority budget, (b) approve an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements (Option Agreement) for the Project, (c) approve the Conditional Funding Commitment comprised of a seller carryback loan and a ground lease loan, (d) execute any related documents with Sacramento Housing Authority Repositioning Program, Inc., (SHARP), or related entity, and (e) make related findings.

Contact: Christine Weichert, Director, (916) 440-1353, SHRA; Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, SHRA.

Presenters: Cylus Scarbrough, Housing Finance Analyst, (916) 440-1353, SHRA

Department: Housing Authority of the City of Sacramento

Description/Analysis

Issue Detail: Riverview Plaza is a 16-story residential and commercial mixed-use building located at 600 I Street. The residential portion consists of 123 one-bedroom apartments for low- and very-low income seniors and one manager's unit. Riverview Plaza was constructed in 1989. The owner of the residential portion is Riverview Plaza Associates, a California Limited Partnership that is comprised of the Housing Authority of the City of Sacramento (with a 99% interest), and a non-profit general partner,

Sacramento Housing Development Corporation (SHDC) (with a 1% interest). Members of the County Board of Supervisors sit as the Board of SHDC. The commercial portion of the building (first two floors) is owned by the Housing Authority of the City of Sacramento.

Riverview Plaza includes a courtyard and outdoor terraces, swimming pool, fitness room, library, commercial kitchen, craft room, television lounge, computer room, seating areas, an exercise room and 12 laundry rooms. The public access common area occupies two floors that includes the rental office, meeting rooms, a hair salon, daycare, market/deli and office spaces on the 2nd floor. There is also a large indoor courtyard common area, the residential lobby and restrooms.

Staff is requesting approval to enter into an Option Agreement with SHARP for a Ground Lease and the Purchase and Sale of Improvements (Option Agreement) in an amount to be justified by a fair market value appraisal. This report is also recommending approval to allocate funding to SHARP for acquisition, rehabilitation and permanent financing for the Riverview Plaza property. This funding is proposed to be in the form of a seller carryback loan, and a ground lease loan. In addition, the report also recommends approving the applicant's request for Mortgage Revenue Tax Exempt Bond financing for the Project.

Renovations to Riverview Plaza will include installing new refrigerators, ranges, cabinets and new countertops in the kitchens and bathrooms of every unit, and new bathtub enclosures and toilets in every unit as well. New vinyl flooring will be installed throughout the building and in each unit. Hallways will have new lighting and paint, the laundry facilities will be updated, and a new security camera surveillance system will be installed. Other improvements will be made to address roofing, windows, doors, carpentry, plumbing, HVAC, electrical and painting needs. A vicinity map and picture of Riverview Plaza are included as Attachments 7 and 8.

Developer: SHARP is a nonprofit public benefit corporation created by the Housing Authority in 2009 to implement the Housing Authority's Asset Repositioning Plan. Activities undertaken by SHARP include acquiring, developing, financing, rehabilitating, owning and operating affordable housing to maintain and preserve these affordable units.

Property Management: Housing Authority staff currently manages over 3,000 housing units throughout the City and County of Sacramento, which includes other downtown senior properties such as Capitol Terrace and Edge Water properties. It is proposed that Housing Authority staff continue to manage the units after conversion to Project Based Voucher (PBV) units.

Resident Services: LifeSTEPS will provide resident services, with 20 hours per week at the Project site.

Security Plan: The security plan includes installation of upgraded exterior lighting and surveillance camera equipment.

Project Financing: The proposed financing of Riverview Plaza includes Low Income Housing Tax Credit financing (LIHTC), tax exempt bonds, a conventional loan, a Housing Authority seller carryback loan and a Housing Authority ground lease loan for the purchase of the improvements, a deferred developer fee and Project Based Vouchers.

Low-Income Set-Aside Requirements: As a condition of receiving LIHTC and the benefits of tax-exempt bond financing, federal law requires some units to be set aside for targeted income groups. Income restrictions from LIHTC financing require that 20 percent of the units have rents that are affordable to households with income up to 50 percent of Area Median Income. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer.

The Project Summary and Proforma are included as Attachments 9 and 10. A schedule of maximum income and rents is included as Attachment 11. The anticipated affordability requirements are summarized in the table below for the development:

Riverview Plaza

Affordability Restrictions (55 years) ¹	Units	% of Units
Very Low Income 50% of Area Median Income	26	21%
Low Income 60% of Area Median Income	95	77%
Low Income 80% of Area Median Income	2	2%
Management Unit (Exempt)	1	1%
Total	124	100%

¹Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits; and the AMI change is due to income averaging regulation by CDLAC. The tenant rent will not exceed 30% of the household adjusted gross income with PBV.

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

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions of

the Project will be specified in the bond regulatory agreement between the Developer and the Housing Authority for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

Economic Impacts: The Riverview Plaza multifamily residential project is expected to create 251 total jobs (142 direct jobs and 109 jobs through indirect and induced activities) and create \$20,925,272 in total economic output (\$12,722,257 of direct output and another \$8,170,015 of output through indirect and induced activities).

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

Environmental Considerations:

California Environmental Quality Act (CEQA): The disposition and rehabilitation of the above property has been found to be Categorical Exempt under CEQA pursuant to CEQA Guidelines Section 15301, "Existing Facilities".

National Environmental Policy Act (NEPA): The disposition and rehabilitation of the identified property has been found to be Categorical Excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and converts to exempt pursuant to 24 CFR 58.34(a)(12).

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

Commission Action: Sacramento Housing and Redevelopment Commission: At its meeting on April 6, 2021, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The recommended actions enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the 2013-2021 Housing Element as part of Sacramento's

2035 General Plan, and is consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.125 percent of the bond amount not to exceed \$25,000 for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The Housing Authority of the City of Sacramento seller carryback loan and the ground lease loan will each have an interest rate of three percent and a term of 32 years after closing escrow.

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

Respectfully Submitted by:



LA SHELLÉ DOZIER
Executive Director

Attachments

- 1-Description/Analysis and Background
- 2-City Council Resolution – TEFRA
- 3-Housing Authority Resolution – Inducement
- 4-Housing Authority Resolution – Option Agreement and Loan Commitment
- 5-Exhibit A – Option Agreement for the Ground Lease and the Purchase and Sale of Improvements for Riverview Plaza
- 6-Exhibit B - Loan Commitment for Riverview Plaza
- 7-Vicinity Map of Riverview Plaza (600 I Street)
- 8-Picture of Riverview Plaza
- 9-Project Summary
- 10-Cash Flow Proforma
- 11-Maximum Income and Rent Limits

RESOLUTION NO. 2021-

Adopted by the Sacramento City Council

On date of

RIVERVIEW PLAZA APARTMENTS: APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF SACRAMENTO HOUSING ASSET REPOSITIONING PROGRAM, INC. (SHARP)

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (Authority), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (Code) in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$31,000,000 (Obligations) and to lend the proceeds thereof to Borrower or a partnership of which SHARP (Developer) or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of a multifamily housing residential facility located at 600 I Street, in the City of Sacramento, California;
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (City Council), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice;
- C. A public hearing was held by the City Council on April 20, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard;
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations;

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$31,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2021-

Adopted by the Housing Authority of the City of Sacramento

on the date of

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

BACKGROUND

- A. The Housing Authority of the City of Sacramento (Authority) intends to issue tax-exempt obligations (Obligations) for the purpose, among other things, of making a loan to Borrower, or a limited partnership or a limited liability company related to or formed by Sacramento Housing Asset Repositioning Program, Inc. (SHARP) (Developer), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 124-unit multifamily housing residential facility to be located at 600 I Street, Sacramento, California (Project).
- B. United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein.

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

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation and development of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$31,000,000.

- Section 4.** The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5.** The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, any fees required by the California Debt Limit Allocation Committee (CDLAC) the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6.** The appropriate officers or the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC for an allocation of private activity bonds for the financing of the Project.
- Section 7.** The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.
- Section 8.** This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2021 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RIVERVIEW PLAZA REHABILITATION (PROJECT): APPROVAL TO AMEND THE HOUSING AUTHORITY BUDGET; AN OPTION AGREEMENT FOR THE GROUND LEASE AND THE PURCHASE AND SALE OF IMPROVEMENTS (OPTION AGREEMENT); \$10,945,124 SELLER CARRYBACK LOAN AND \$4,910,000 GROUND LEASE LOAN (LOAN COMMITMENT); EXECUTION OF OPTION AGREEMENT, LOAN COMMITMENT AND RELATED DOCUMENTS WITH SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP) OR RELATED ENTITY, AND MAKE RELATED FINDINGS

BACKGROUND

- A. The Housing Authority desires to partner and enter into an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by an updated fair market value appraisal, with SHARP, an entity that can benefit from the use of low-income housing tax credits, to position acquisition and rehabilitation efforts for success, and to accomplish necessary renovations to Riverview Plaza (600 I Street in the City of Sacramento, California).
- B. SHARP has applied for the acquisition, rehabilitation and permanent financing for the Riverview Plaza site in the form of a seller carryback loan and ground lease loan from the Housing Authority.
- C. The disposition and rehabilitation of the property has been found to be Categorically Exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities."
- D. The disposition and rehabilitation of the identified property has been found to be Categorically Excluded under the National Environmental Policy Act pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and converts to exempt pursuant to 24 CFR 58.34(a)(12).

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

- 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 Executive Director is authorized to amend the Housing Authority budget to allocate \$10,945,124 in the form of a seller carryback loan for the purchase and sale of improvements, or an amount to be justified by a fair market value appraisal of the improvements, and \$4,910,000 in the form of

a ground lease loan for the financing of the Riverview Plaza Project from the Housing Authority is approved.

- Section 3.** The Option Agreement for the Ground Lease and the Purchase and Sale of Improvements in an amount justified by fair market value appraisals (Option Agreement) between the Housing Authority of the City of Sacramento and SHARP for the rehabilitation of Riverview Plaza Project, included as Exhibit A, is approved.
- Section 4.** The Housing Authority Loan Commitment, included as Exhibit B, for the financing of the Riverview Plaza Project in the amount of a \$10,945,124 seller carryback loan, or an amount justified by updated fair market value appraisals, a \$4,910,000 ground lease loan from the Housing Authority is approved.
- Section 5.** The Executive Director, or designee, is authorized to execute the Option Agreement and Loan Commitment and related documents deemed necessary by the Executive Director, as approved to form by the Office of the General Counsel of the Housing Authority (the "Office of the General Counsel"), and transmit each to SHARP, or related entity. The Housing Authority will return to the Board for approval of loan documents.
- Section 6.** The Executive Director, or designee, is authorized to enter into and execute related agreements deemed necessary by the Executive Director, as approved to form by Office of the General Counsel, and perform other actions deemed necessary by the Executive Director to implement the activities and fulfill the intent of the Option Agreement and Loan Commitment to ensure proper repayment of the Housing Authority funds, as approved above or to delegate those activities to the Agency.

Table of Contents:

- Exhibit A - Riverview Plaza Option Agreement
Exhibit B - Riverview Plaza Loan Commitment

OPTION AGREEMENT
Ground Lease of Land and Purchase of Improvements
Riverview Plaza

THIS OPTION AGREEMENT ("the Agreement") is made and entered into as of _____, 202__ (the "Agreement Date"), by and between the Sacramento Housing Development Corporation ("Owner") and Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation ("SHARP" and "Optionee").

1. **OPTION.** Owner hereby grants to Optionee an exclusive option (the "Option") to ground lease the land (defined in Section 2) and to purchase the improvements for the project known as Riverview Plaza, and rehabilitation of 124 units to at 600 I Street and in the City of Sacramento (the "Improvements"), subject to the terms and conditions contained in this Agreement.
2. **LAND.** The "Land" is that certain real property located under the Improvements at, 600 I Street, Sacramento County, California, more particularly described in Exhibit "A" attached hereto. The Land and Improvements are referred to collectively as the "Property."
3. **TERM OF OPTION.** The Option shall commence on the Agreement Date, and shall terminate at five o'clock p.m. (5:00p.m.) on _____, 202__ (the "Option Term").
4. **OPTION PAYMENT.** In consideration for the grant of the Option, SHARP has paid to Owner the sum of One Hundred Dollars (100.00) ("the Option Payment"), which amount shall be retained by Owner and is nonrefundable to Optionee.
5. **OPERATION OF THE PROPERTY DURING THE OPTION TERM.** Owner shall continue to operate and secure the Property according to its customary property management practices and in compliance with applicable HUD regulations, Government Code § 34200 et seq. ("California Housing Authority Law"), and Admissions and Continued Occupancy Policy ("ACOP") until the close of escrow transferring the leasehold interest in the Land through a ground lease and a fee interest in the improvements through a purchase and sale agreement.
6. **LEASING DURING THE OPTION TERM.** Owner agrees that it will not enter into any new lease of the Property without Optionee's prior written consent, and that Owner will not materially modify the Improvements without optionee's prior written consent; in each case such consent not to be unreasonably withheld, conditioned or delayed by Optionee.
7. **EXERCISE OF OPTION.** The Option shall be exercised by written notice delivered to Owner on or prior to expiration of the Option Term. Optionee's failure to timely deliver such notice shall be deemed Optionee's determination not to exercise the Option. Promptly following Optionee's exercise of the Option, the parties shall enter into the Ground Lease and the Purchase Agreement (defined below).

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

(a) **Ground Lease.**

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

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

(b) **Purchase Agreement.** The purchase price for the Improvements shall be at their fair market value as determined by an appraisal performed within six (6) months of closing. Current appraisal values are as follows:

Property	Land Value	Improvements Value
600 I Street APN 006-0032-029-0001	\$4,910,000	\$16,270,000
Total	\$4,910,000	\$16,270,000

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

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

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

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

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

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

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

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

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

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

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

Attn: President

Owner: Sacramento Housing Development Corporation
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

13. **MODIFICATION.** No modification, variation or amendment of this Agreement shall be effective unless it is in writing and is signed by both parties to this Agreement.
14. **CONSTRUCTION.** This Agreement shall be construed according to the laws of the State of California.
15. **ATTORNEY FEES.** In the event that suit is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees.
16. **AUTHORITY.** Except as otherwise provided herein, each party has full power and authority to execute this Agreement and perform its respective obligations hereunder.
17. **COUNTERPARTS.** This Agreement may be executed in counterparts.

[Signatures appear on following page]

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

OPTIONEE:

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

By: _____

Its: _____

OWNER:

**Sacramento Housing Development Corporation,
A public body, corporate and politic**

Approved as to form:

By: _____
La Shelle Dozier, Executive Director

By: _____
General Counsel

Exhibit A

Legal Description

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

Parcel A:

Parcel 1, as shown on that certain Parcel Map entitled "Parcel A, 62 PM 14, also being Lots 1 & 2 of the Block bounded by 6th, 7th, 'I' and 'J' Streets", recorded October 11, 1988 in Book 107 of Parcel Maps, at Page 28, Records of Sacramento County.

APN: 006-0032-029-0001

Parcel B:

Parcel 2, as shown on that certain Parcel Map entitled "Parcel A, 62 PM 14, also being Lots 1 & 2 of the Block bounded by 6th, 7th, 'I' and 'J' Streets", recorded October 11, 1988 in Book 107 of Parcel Maps, at Page 28, Records of Sacramento County.

Together with those certain Reciprocal Access Easements (R.A.E.) on, under, over and across Parcel 3, as said Parcel is shown on said Parcel Map.

APN: 006-0032-029-0002

Parcel C:

Parcel 3, as shown on that certain Parcel Map entitled "Parcel A, 62 PM 14, also being Lots 1 & 2 of the Block bounded by 6th, 7th, 'I' and 'J' Streets", recorded October 11, 1988 in Book 107 of Parcel Maps, at Page 28, Records of Sacramento County.

APN: 006-0032-029-0003

Parcel D:

Parcel 4, as shown on that certain Parcel Map entitled "Parcel A, 62 PM 14, also being Lots 1 & 2 of the Block bounded by 6th, 7th, 'I' and 'J' Streets", recorded October 11, 1988 in Book 107 of Parcel Maps, at Page 28, Records of Sacramento County.

APN: 006-0032-029-0004



Effective Date: April 20, 2021

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

RE: Conditional Funding Commitment for Riverview Plaza

Dear Mr. Shields:

On behalf of the Housing Authority of the City of Sacramento (Agency), we are pleased to advise you of this Conditional Funding Commitment (Commitment) of acquisition, rehabilitation and development loan funds (Loan) comprised of a \$10,945,124 Housing Authority seller carry-back loan for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Riverview Plaza located at 600 I Street, Sacramento, California 95814 (Property). The commitment of the funding level is based upon the current appraisal of the fair market value of the Improvements. This amount may change based on the update of that appraisal.

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 October 20, 2022, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:** Riverview Plaza is a 16-story residential and commercial mixed-use building located at 600 I Street. The residential portion consists of 123 one-bedroom apartments rented to low- and very-low income seniors and one manager's unit. Riverview Plaza was developed as a nine percent tax credit project in 1989. The residential owner is Riverview Plaza Associates, a California Limited Partnership that is comprised of the Housing Authority of the City of Sacramento (with a 99% interest), and a non-profit general partner, Sacramento Housing Development Corporation (SHDC) (with a 1% interest). The County Board of Supervisors sits as the Board of SHDC. The commercial portion of the building (first two floors) is owned by the Housing Authority of the City of Sacramento.
2. **BORROWER:** The name of the Borrower for the Loan is Sacramento Housing Authority Repositioning Program, Inc. (SHARP), a California nonprofit public benefit corporation, or related entity as the lead development partner.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition 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) Ten Million Nine Hundred Forty Five Thousand and One Hundred Twenty Four and No Cents (\$10,945,124), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Loan shall mature 32 years or 384 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the maturity date.
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: Housing Authority seller carry-back financing. 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 \$15,800,000 in Low Income Housing Tax Credit Equity and no less than \$1,370,000 in deferred developer fee. If LIHTC equity goes below \$15,800,000 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. 101.1 and CLTA endorsement nos. 100, 116, 102.5/102.7, and 124 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.
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 twenty (20) hours per week:
 - a. Coordinator: Six (6) hours per week (maximum)
 - b. Senior Programming: Fourteen (14) hours per week (maximum)
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:

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

By: _____

James Shields, President

Attachment:

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



Exhibit 1 - Scope of Development

Scope of Development – Rehabilitation of Riverview Plaza Apartments

Riverview Plaza Apartments is an existing high-rise senior housing facility with 124 units located on approximately 0.60 acres in 600 I Street, Sacramento, CA 95814. Additionally, the facility includes two floors (first and 2nd floors) of commercial office space and an underground parking lot (23,668 sq. ft.). There is also 12,642 sq. ft. of community and outdoor recreational space and 2,968 sq. ft. of open site area that will be utilized for resident services. Faculty also includes 297 sq. ft. office that will be used for property management. Other property amenities include a rooftop pool and a commercial kitchen. Project goal is to renovate the dwelling units and associated common spaces.

I. Building Exteriors:

1. **Parking Lot:** Sandblast existing striping, power wash and re-stripe the parking lot. Parking lot exhaust fans, lighting and carbon monoxide monitoring system will be replaced.
2. **Concrete Pavements:** Replace existing concrete walkways where required to create an accessible path of travel to the public right of ways.
3. **Main Entry Doors and Access Control:** Main entry doors and associated access control will be replaced.
4. **Balconies:** Refinish and paint the balconies.
5. **Electrical:** All Exterior wall packs will be replaced.
6. **Landscaping Improvements:** Landscaping improvements includes replacing existing trees and turf, installing bark/mulch and shrubs where required.
7. **Roof:** Replace metal roof, flashing and gutters for all roofs.
8. **Stucco Exterior:** Existing EIFS will be repaired, cleaned and painted.
9. **Exterior Building Maintenance System (Window Washing System):** Building window washing system will be recertified or replaced depending on the agreement with CALOSHA.

II. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** There will be a total of 13 Americans with Disabilities Act (ADA) compliant units. All thirteen (13) units will be equipped with visual and audio communication features that comply with ADA requirements.
2. **Appliances:** All units will have new refrigerators, range, hood and Microwaves.



3. **Blinds, Shades and Curtains:** All units will have new vertical blinds.
4. **Bathtubs and Toilets:** All units will have new bathtub enclosures and toilets.
5. **Cabinets, Counters and Sinks:** All units will have new cabinets, countertops and sinks in the kitchen and bathroom.
6. **Doors, Windows and Hardware:** All unit doors and hardware will be replaced with new. All windows will be replaced with new. Common area doors will be repaired as needed.
7. **Storefronts:** Two Storefronts will be replaced on the 16th floor.
8. **Ceilings and Walls:** Walls in the bathroom and kitchen will be stripped down to the studs or usable drywall and replaced. Patching and replacement will be completed. Walls will receive new texture and paint. Popcorn ceilings will be painted.
9. **Corridors:** Corridors and common area suspended ceiling tiles will be replaced as needed.
10. **Electrical and Lighting:** All electrical fixtures, switches and outlets will be replaced with new. Wiring will be replaced or added as needed. Unit load centers (Unit Panels) will be replaced in all units.
11. **Flooring:** Floorings will be replaced throughout the building with luxury vinyl flooring. This includes all units, corridors, community building, laundry room, office spaces and computer room. All utility rooms will receive epoxy flooring.
12. **Furnishings:** No furnishings will be provided.
13. **Plumbing Fixtures:** All plumbing fixtures will be replaced with new fixtures. Laundry room will receive new laundry equipment.
14. **Signage:** All unit and building signs will be replaced. Lighted Emergency Signs will be replaced in kind.
15. **Water Heaters:** Building water heaters will be replaced with efficient gas water heaters.
16. **HVAC:** PTAC units in each unit will be replaced with new.
17. **Elevators (3 each):** Elevator cabs for residential space will be retrofitted. Controls and equipment will be replaced. Additional upgrades will be performed to ensure efficiency and longevity.



III. Community Amenities

1. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New paint will be applied on the ceilings, walls, doors, door frames, and trim throughout the hallways, lobby, laundry room, community kitchen, resident lounge, and community rooms.
2. **Community Rooms:** The community rooms will be retrofitted for ADA compliance. Suspended ceiling tiles will be replaced where needed.
3. **Hallways and Stairs:** Hallways will be renovated to include new lighting, flooring, paint, and suspended ceiling tiles.
4. **HVAC & Plumbing Systems:** All new HVAC will be provided throughout, including PTACS at units that do not require sound mitigation. Split systems serving common spaces (hallways, community room, and office space and laundry rooms) will be replaced.
5. **Building Fire Alarm System:** Building fire alarm system will be retrofitted. All fire alarm devices and panels throughout the building will be replaced.
6. **Building Smoke Purge system:** Replace mechanical interface equipment for smoke purge system and smoke pressurization system, including all its components as needed.
7. **Laundry Facility:** The laundry facilities on each floor will be retrofitted to meet accessibility code. Card operated washers and dryers will be replaced.
8. **Trash Chute:** Trash chute doors and devices will be replaced to meet the latest code. Trash chute enclosure will be kept in place.
9. **Security Surveillance Camera System:** A new security surveillance camera system will be installed, which includes new security cameras on each floor as specified in the Plans.
10. **Wireless Internet:** Wireless access points (WAPs) will be installed in each floor providing coverage for units and common spaces.
11. **Bicycle Parking:** There will be one bicycle racks installed at the courtyard.
12. **Pool:** Pool will be drained, waterproofed and plastered. Pool equipment including water heaters and filtration system will be replaced.
13. **Fuel tank:** Replace the leak detection sensors for the underground fuel tank.



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 doorjambes must be in good condition. No damaged or worn doorjambes or doors are allowed. Doors and/or jambes 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.

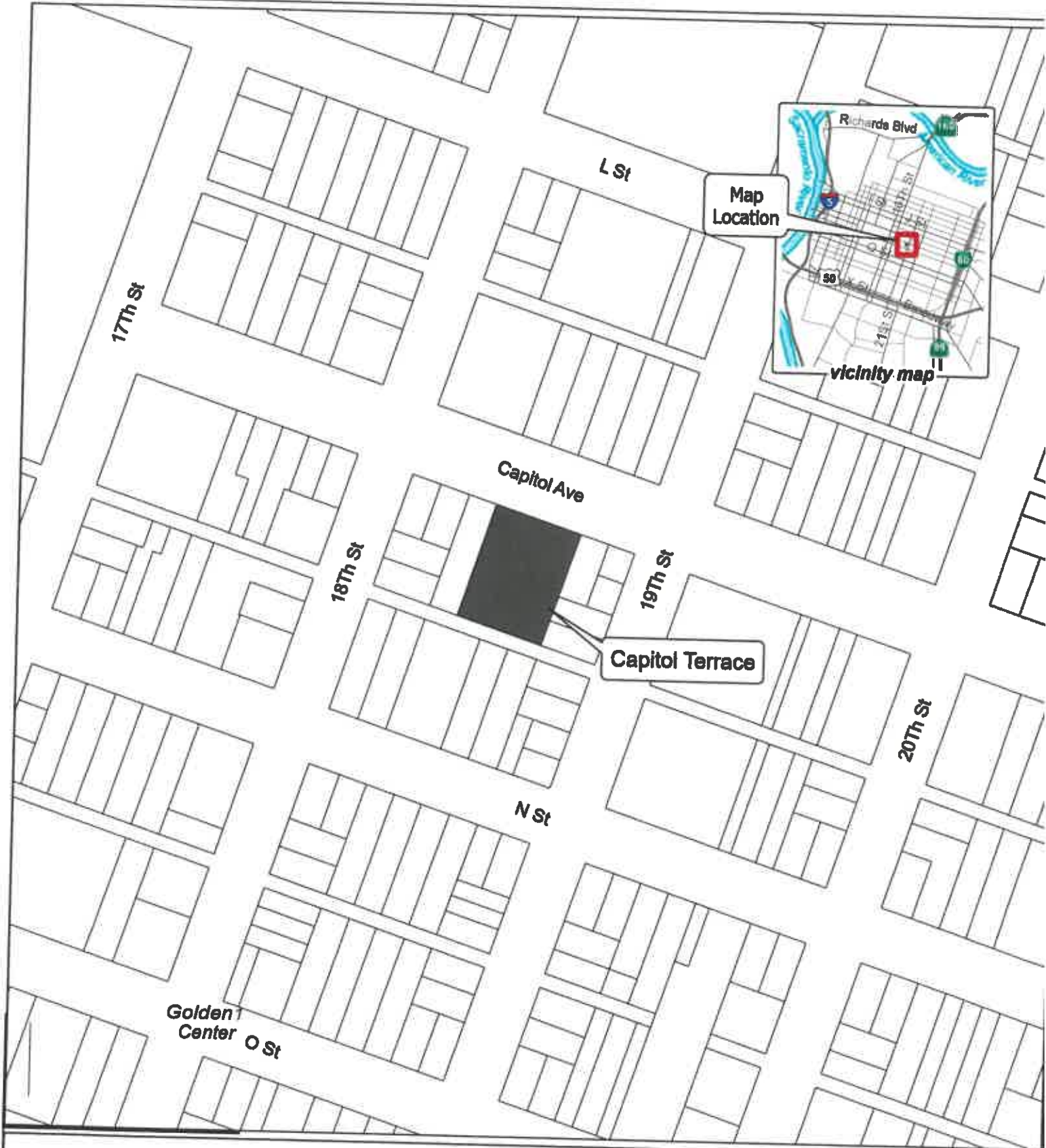
Resident Services Community Space

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.





Riverview Plaza (600 I Street)



**Riverview Plaza
600 I Street, Sacramento, CA 95814**



Riverview Plaza Residential Project Summary

Address	600 I Street			
Number of Units	124			
Year Built	Rehabilitation			
Acreage	.59 acres (25,700 sq. ft.)			
Unit Mix and Rents	<u>50% AMI PBV</u>	<u>60% AMI PBV</u>	<u>80% AMI PBV</u>	<u>Total</u>
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	26	95	2	123
Total Units	25	95	2	1
Square Footage	<u>Unit Size (sq.ft.)</u>	<u>Total</u>		
1 Bedroom/1 Bath Management Unit (1 Bedroom exempt)	535	65,805	sq.ft.	
Total Gross	535	535	sq.ft.	
Resident Facilities	Rehabilitation of a high-rise multi-family building in downtown Sacramento. New HVAC systems energy efficient appliances, electrical, lighting, windows, doors, water heaters, flooring, and interior and exterior paint. Kitchens and bathrooms will be renovated, replacement of cabinets, sinks, fixtures, vanities and counters as needed.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Federal Tax Credit Equity	\$ 15,811,281	\$ 127,510	\$ 238.34	
Permanent Loan	\$ 13,695,784	\$ 110,450	\$ 208.45	
Housing Authority Seller Carryback Loan	\$ 10,945,124	\$ 88,267	\$ 164.99	
Housing Authority Ground Lease Loan	\$ 4,910,000	\$ 39,597	\$ 74.01	
NOI During Construction	\$ 233,092	\$ 1,880	\$ 3.51	
Deferred Developer Fee	\$ 1,370,000	\$ 11,048	\$ 20.65	
TOTAL SOURCES	\$ 46,965,261	\$ 378,752	\$ 707.95	
Permanent Uses	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Acquisition	\$ 14,450,217	\$ 116,534	\$ 217.82	
Ground Lease	\$ 4,910,000	\$ 39,597	\$ 74.01	
Construction Costs	\$ 13,882,963	\$ 111,959	\$ 209.27	
Architecture & Engineering	\$ 1,161,360	\$ 9,366	\$ 17.51	
Permits	\$ 177,987	\$ 1,435	\$ 2.68	
Hard Cost Contingency	\$ 2,104,693	\$ 16,973	\$ 31.73	
Soft Cost Contingency	\$ 244,334	\$ 1,970	\$ 3.68	
Financing Cost	\$ 2,972,501	\$ 23,972	\$ 44.81	
Operating Reserves	\$ 818,270	\$ 6,599	\$ 12.33	
Transitional Operating Reserve	\$ 850,000	\$ 6,855	\$ 12.81	
Relocation Expenses	\$ 1,510,000	\$ 12,177	\$ 22.76	
Legal Fees	\$ 372,500	\$ 3,004	\$ 5.82	
Developer Fee	\$ 2,740,000	\$ 22,097	\$ 41.30	
Third Party Fees, Marketing, Other	\$ 770,436	\$ 6,213	\$ 11.61	
TOTAL USES	\$ 46,965,261	\$ 378,752	\$ 707.95	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 1,880	\$ 378,752	SHR 1	
Management / Operations	Sacramento Housing Authority Repositioning Program, Inc. (SHARP)			
Proposed Developer Property Management Company	Housing Authority			
Operating Expenses	\$ 584,002.00	\$ 4,710	per unit	
Property Management	\$ 129,779.00	\$ 1,047	per unit	
Resident Services	\$ 69,630.00	\$ 562	per unit	
Replacement Reserves	\$ 43,400.00	\$ 350	per unit	
Taxes and Insurance	\$ 110,232.00	\$ 889	per unit	

Riverview Plaza Apartments

MAXIMUM GROSS INCOME AND RENT LIMITS 2021
 LIHTC, Mortgage Revenue Bonds
 Rents at 50%, 60% and 80% of Area Median Income (AMI)

Maximum Gross Income Limits:

<u>Family Size</u>	<u>50% AMI</u>	<u>60% AMI</u>	<u>80% AMI</u>
1 person	\$ 30,250	\$ 36,300	\$ 48,400
2 person	\$ 34,550	\$ 41,460	\$ 55,280
3 person	\$ 38,850	\$ 46,620	\$ 62,160

Maximum Gross Rent Limits:

<u>Unit Size</u>	<u>50% AMI</u>	<u>60% AMI</u>	<u>80% AMI</u>
1 Bedroom	\$ 810	\$ 972	\$ 1,296

Per 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits, and the AMI change is due to income averaging regulation by CDLAC. The tenant rent will not exceed 30% of the household adjusted gross income with PBV.