

THE PARTIES HAVE EXECUTED THIS REGULATORY AGREEMENT in Sacramento, California as of the Effective Date

OWNER :

**VILLA JARDIN/CORAL GABLES, L.P.,
a California limited partnership**

By: JSCo Villa Jardin/Coral Gables LLC,
a California limited liability company,
its administrative general partner

By: John Stewart Company,
a California corporation,
its sole member and manager

By: _____
Jack D. Gardner,
President and CEO

By: PacH Lancaster Holdings, LLC,
a California limited liability company
its managing general partner

By: Pacific Housing, Inc.,
a California nonprofit public
benefit corporation,
its sole member and manager

By: _____
Mark A. Wiese,
President

AGENCY:

**SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY, a joint powers
agency**

By: _____
La Shelle Dozier, Executive Director

Approved as to form: _____
Agency Counsel

EXHIBIT 1

Legal Description To Be Updated Prior To Close

EXHIBIT 2

MENTAL HEALTH SERVICES ACT FUNDING REQUIREMENTS

1. Mental Health Services Act ("MHSA") funding is being provided to Owner to subsidize operating deficits for apartment units scattered throughout the Project.
2. Rent levels will not exceed thirty percent (30%) of the current Supplemental Security/State Supplemental Program grant amount for a single individual living independently or 30% of total household income whichever is greater and as adjusted by utility allowances if applicable in any of the MHSA designated apartment units.
3. For the purpose of these funding restrictions, Homeless or at Risk of Homelessness means living on the streets or lacking a fixed and regular night-time residence. This includes living in a shelter, motel or other temporary living situation in which the individual has no rights of possession. "At Risk of Homelessness" may be due to one of the following situations: (i) transition age youth exiting the child welfare or juvenile justice system; (ii) discharge from crisis and transitional residential settings, a hospital including acute psychiatric hospitals, psychiatric health facilities, skilled nursing facilities with a certified special treatment program for the mentally disordered, and mental health rehabilitation centers; (iii) release from city or county jails, but not a parolee from the state prison; (iv) temporary placement on a residential care facility upon discharge from (ii) or (iii) above; and (v) certification by the County Mental Health Director as an individual who has been assessed by and is receiving services from the County and who has been deemed to be at imminent risk of being homeless.
4. Qualified tenants for the MHSA restricted units shall be a person who is homeless or at Risk of Homelessness and who has a mental illness in accordance with California Welfare & Institution Code Section 5600.3(a) or California Welfare & Institution Code Section 5600.3(d), and Department of Mental Health rules in effect as of the effective date of this Agreement.
5. MHSA apartment units will initially be restricted to individuals enrolled in an MHSA Full Service Partnership program.
6. These covenants shall regulate the MHSA Units for a term of fifteen (15) years.

EXHIBIT 3

Compliance Violations and Actions

COMPLIANCE VIOLATIONS AND ACTIONS
(All payments due and payable within 30-days of assessment)

Tenant Eligibility and Affordability Violations		
Compliance Violation	Fees and Actions*	Corrective Time Period
Tenants over income at initial move-in	Initial \$500 per unit, again every 90 days until another income qualified tenant is housed. Correction: Evict tenant if tenant fraud. Otherwise, next available unit must be Affordable and rented to an Income-Qualified tenant.	90 days from discovery date to avoid additional \$500 charge every 90-days the problem is not corrected.
Incorrect eligibility documentation	Initial \$50 per file for incorrect calculations, verifications, or required documents. Additional \$50 per month if not corrected. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit copies of corrections to compliance staff to avoid additional \$50 per month if not corrected
Failure to complete annual recertifications	Initial \$250 for each incomplete file. Additional \$50 per month if not corrected. Correction: Submit copies of recertifications to compliance staff.	30 days from discovery date to submit corrections to avoid additional \$50 per month if not corrected.
Failure to maintain tenant eligibility records	Initial \$500 per unit, again every 90-days thereafter until new records in place. Additional \$100 per unit per month the project remains out of compliance. Correction: Immediately establish new files/records.	30 days from discovery date to submit copies of new records to avoid additional \$100 per unit per month the project remains out of compliance.
Incorrect Rents	Reimbursement to tenant of the entire amount overcharged. \$100 payment to Agency for each over-charged unit. Correction: Refund tenant with letter of correction.	30 days from discovery date to avoid additional \$100 per overcharged unit per month fee to Agency.
Failure to submit complete and accurate monthly Bond Report by due date	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	7 days from discovery date to submit complete and accurate report to avoid additional \$100 per day charge.
Failure to comply with approved Management Plan	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit corrections to avoid additional \$100 per day charge.

Failure to submit complete and accurate quarterly Resident Services report by due date	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	7 days from discovery date to submit corrections to avoid additional \$100 per day charge.
Failure to provide a resident service required by Resident Services Plan	Initial \$250 per service. Additional \$100 per day until service is provided. Correction: Implement required service or new resident services plan submitted and approved; approved plan implemented.	7 days from discovery date to implement required service or provide new resident services plan to avoid additional \$100 per day charge; 30 days from discovery date to implement new plan to avoid additional \$100 per day charge.
Noncompliant lease	\$100 per noncompliant lease. Correction: Prepare and execute approved lease or addendum to address the deficiency.	30 days from discovery date to avoid additional \$100 per noncompliant lease per month charge to Agency.

Housing Quality Standards Violations		
Compliance Violation	Fees and Actions*	Corrective Time Period
Verifiable existence of Toxic Mold	\$200 per unit. Additional \$75 per day charge each time efforts fall outside of corrective timeframes. Correction: Prepare and submit action plan that addresses scope of work and timetable to complete. Relocate tenant if necessary. Obtain certified clearance that mold has been abated and unit is safe to occupy once again.	3-days from discovery date to submit action plan to address. 10-days to relocate tenant if necessary. 30-days to obtain certification that unit is mold free. \$75 per day additional charge each time efforts fall outside of these timeframes.
Broken pipes and plumbing facilities	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary	7-days from discovery date to avoid additional \$75 per day each day thereafter corrective action not taken.
Smoke detectors not working in the units	\$200 per unit with non-functional smoke detector. Additional \$75 charge per day if not corrected. Correction: Replace batteries or non-working unit within 24 hours.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Windows with large cracks or missing glass	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Infestation of roaches or vermin	\$200 per infested unit. Additional \$75 charge per day if not corrected. Correction: Letter from pest control company verifying removal of pests with paid invoice to compliance staff.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working heating unit (Winter) or air conditioning unit (Summer)	\$500 per nonworking unit. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Excessive amount of urine/ feces	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit as necessary and address problem as the lease allows.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.

	Submit correction letter with documentation to compliance staff.	
Excessive amount of trash/garbage in the unit	\$75 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit and send letter of correction to compliance staff.	14-days from date of discovery to avoid an additional \$75 per day thereafter each day corrective action not taken.
Hazardous exterior conditions	\$500 for hazardous conditions. Additional \$75 charge per day if not corrected. \$75 re-inspection fee. Correction: Clean and/or repair as necessary. Re-inspection to verify problem addressed.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Large holes walls/ceiling	\$100 per unit. Additional \$75 charge per day if not corrected. Correction: Submit correction letter with documentation to compliance staff.	30-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-Operable Security Gate	\$500 per non-working gate. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
No Security Cameras (if cameras required)	\$250 per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Replace cameras.	30-days from the date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working Security Cameras	\$100 per camera per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Non-working or non-accessible amenities/services	\$100 per item per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.

* No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Tenant Eligibility and Affordability Violations and Housing Quality Standards Violations tables.

Exhibit 6: Escrow Instructions

**JOINT ESCROW INSTRUCTIONS
FOR AGENCY AND HACS LOANS
VILLA JARDIN/CORAL GABLES**

“Effective Date”	October 1, 2021
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Agency, HACS, and Borrower execute these Escrow Instructions as of the Effective Date. This document, including attachments and any amendments and additions, shall constitute the joint escrow instructions of Agency and Borrower for the Agency loan secured by the Property.

ARTICLE I. GENERAL TERMS.

- 1. GENERAL.** These Escrow Instructions, in addition to items listed below, include Article II Instructions, which is attached to and incorporated in these Escrow Instructions by this reference.
- 2. DEFINITIONS.** The capitalized terms in these Escrow Instructions shall have the meanings assigned in Article I General Terms and as defined in Article II Instructions. (Terms being defined are indicated by quotation marks.)

“Title Company”	Old Republic Title Company		
	Address:	275 Battery Street, Suite 1500, San Francisco, CA 94111	
“Escrow” with Title Company	Escrow Number:	Villa Jardin: 0227021062-MN Coral Gables: 0227021058-MN	Attention: Martha Nakagawa
	“Agency”	The “Agency” is collectively, the Sacramento Housing and Redevelopment Agency, a joint powers agency (SHRA) and Housing Authority of the City of Sacramento, a public body, corporate and politic (HACS).	
	Address:	801 12 th Street, Sacramento, CA 95814	
	Attention:	Anne Nicholls	
“Borrower”	Villa Jardin/Coral Gables, L.P.		
	Address:	1388 Sutter Street, 11th Floor San Francisco, CA 94109	
	Attention:	Julie Mendel	
“Closing Date”	October 1, 2021		
“HACS”	Housing Authority of the City of Sacramento, a public body, corporate and politic		
	Address:	801 12 th Street, Sacramento, CA 95814	
	Attention:	Anne Nicholls	
“Property”	Address and Assessor’s Parcel Number (APN):	“Villa Jardin Property”: 2621 Meadowview Road, Sacramento, CA 95832 (APNs: 049-0250-033-0000 and 049-0250-034-0000); and 41 Coral Gables Court, Sacramento, CA 95822 (APN: 049-0250-033-0000);	
		“Coral Gables Property” 49 Coral Gables Court, Sacramento, CA 95822 (049-0250-027-0000); 63 Coral Gables Court, Sacramento, CA 95822 (049-0250-028-0000); and 81 Coral Gables Court, Sacramento, CA 95822 (049-0250-035-0000)	

Description of the transaction	<p>1. The following loans are made between SHRA and Borrower: the Acquisition Loan, made pursuant to a loan agreement (the "Acquisition Loan Agreement") and the Construction and Permanent Loan, made pursuant to a loan agreement (the "Construction and Permanent Loan Agreement") made effective October 1, 2021, evidenced by three promissory notes (the "HOME Note," "HTF Note," and the "MHSA Note," collectively, the "SHRA Notes"), and secured by a three deeds of trust (the "HOME Trust Deed," "HTF Trust Deed," and the "MHSA Trust Deed," collectively, the "SHRA Trust Deeds." In connection with the Agency's loan, the Agency will record three regulatory agreements and declaration of restrictive covenants against the Property (the "HOME Regulatory Agreement," "HTF Regulatory Agreement" and the "MHSA Regulatory Agreement," collectively, the "SHRA Regulatory Agreements").</p> <p>2. HACS is making a Seller Carryback Loan, made pursuant to a loan agreement (the "ARFP Seller Carryback Loan Agreement") between HACS and Borrower made effective October 1, 2021, evidenced by a promissory note (the "ARFP Note"), and secured by a deed of trust (the "ARFP Trust Deed"). In connection with the ARFP Seller Carryback Loan, HACS will record a regulatory agreement and declaration of restrictive covenants against the Coral Gables Property (the "ARFP Regulatory Agreement").</p>
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"Recorded Documents"- The following documents are to be recorded in the order listed (top being first in priority). Copies of the Recorded documents are attached.	Documents:	Marked for return to:
	<ol style="list-style-type: none"> 1. First Amendment to the DDA 2. HOME Regulatory Agreement 3. HTF Regulatory Agreement 4. MHSA Regulatory Agreement 5. ARFP Regulatory Agreement 6. HOME Trust Deed 7. HTF Trust Deed 8. MHSA Trust Deed 9. ARFP Trust Deed 	Sacramento Housing and Redevelopment Agency Development Finance 801 12 th Street Sacramento, CA 95814 Attn: Anne Nicholls
"Agency Items" and "HACS Items"	<ol style="list-style-type: none"> 1. Acquisition Loan Agreement 2. HOME Note 3. Construction and Permanent Loan Agreement 4. HTF Note 5. MHSA Note 6. ARFP Seller Carryback Loan Agreement 7. ARFP Note 8. Joint Escrow Instructions 9. Authorizing resolutions for all Borrower signatories 	
"Borrower Items"	Conformed copies of the executed and recorded documents.	

"Special Provisions":	None.
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<p>“Agency Title Policy” in the form of an ALTA Agency’s Policy insuring that the following are valid liens against the property:</p>	<p>Documents and Coverage Amount:</p> <ol style="list-style-type: none"> 1. HOME Regulatory Agreement - \$1,800,000.00 2. HTF Regulatory Agreement - \$1,900,000.00 3. MHSA Regulatory Agreement - \$2,120,000.00 4. ARFP Regulatory Agreement - \$80,750.00 5. HOME Trust Deed - \$1,800,000.00 6. HTF Trust Deed - \$1,900,000.00 7. MHSA Trust Deed - \$2,120,000.00 8. ARFP Trust Deed - \$80,750.00 		
<p>The title policies shall be subject only to the following “Conditions of Title”:</p>	<p>Villa Jardin Items 1-12, 15, 18-19 of Title Company’s Preliminary Report for the Villa Jardin Escrow.</p> <p>Coral Gables: Items 1-21; 25-29 of Title Company’s Preliminary Report for the Coral Gables Escrow.</p>	<p>Dated:</p> <p>Number:</p>	<p>May 13, 2020</p> <p>Villa Jardin: 0227021062-MN</p> <p>Coral Gables: 0227021058-MN</p>

THE PARTIES HAVE EXECUTED THESE ESCROW INSTRUCTIONS in Sacramento, California as of the date first written above.

BORROWER:
VILLA JARDIN/CORAL GABLES, L.P.,
 a California limited partnership

AGENCY:
SACRAMENTO HOUSING AND REDEVELOPMENT
AGENCY, A JOINT POWERS AGENCY

By: JSCo Villa Jardin/Coral Gables LLC,
 a California limited liability company,
 its administrative general partner

By: _____
 La Shelle Dozier
 Executive Director

By: John Stewart Company,
 a California corporation,
 its sole member and manager

HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO, A PUBLIC BODY, CORPORATE AND
POLITIC

By: _____
 Jack D. Gardner,
 President and CEO

By: _____
 La Shelle Dozier
 Executive Director

By: PacH Lancaster Holdings, LLC,
 a California limited liability company
 its managing general partner

By: Pacific Housing, Inc.,
 a California nonprofit public
 benefit corporation,
 its sole member and manager

By: _____
 Mark A. Wiese,
 President

ARTICLE II. INSTRUCTIONS

1. **CLOSING DATE.** Escrow shall close on or before the Closing Date as it may be changed from time to time by written agreement of Borrower and Agency.

2. **CONDITIONS TO CLOSE OF ESCROW.** "Close of Escrow" means the fulfillment of the Escrow terms and conclusion of the Escrow, including, without limitation, the execution of unexecuted documents, the recordation of documents specified for recording, the issuance of title insurance policies, the payment of fees and the delivery of funds and documents as directed in the escrow instructions for the Escrow. The Close of Escrow shall occur on the Closing Date.

2.1. **CONDITIONS.** The following are conditions to the Close of Escrow:

2.1.1. The conditions precedent to performance stated in the Recorded Documents are satisfied as of the Closing Date.

2.1.2. Simultaneously with the Close of Escrow, Title Company shall issue the Agency Title Insurance to Agency (at Borrower's cost) in the amount stated. The Agency Title Insurance shall include all usual and customary endorsements and any endorsements and other commitments as Agency may reasonably require. The Agency Title Insurance shall show the Recorded Documents marked for return to Agency as valid liens against the Property in favor of the Agency, subject only to the Conditions of Title, and securing, as applicable, Borrower's performance of its obligations and repayment of Agency Funding.

2.1.3. Prior to the Closing Date, the parties shall duly execute (in Escrow or prior to deposit in Escrow) each such document and shall execute those to be recorded in a manner suitable for recording.

2.1.4. On or before the Closing Date, Agency shall also deposit with Title Company the Borrower Items and any Loan Amount then to be disbursed under this Agreement, but not less than closing costs, fees and charges required for Close of Escrow.

2.1.5. On or before the Close of Escrow, Borrower shall also deposit with Title Company the Agency Items and Borrower's share of closing costs and fees.

2.1.6. Title Company is satisfied that all required funds have been deposited in Title Company's account for the Escrow, have cleared the originating bank and are available for transfer by Title Company's check or wire transfer to the appropriate party.

2.2. **DEED OF TRUST FORM.** If no exhibit setting out the form of the Deed of Trust form is attached, the Title Company shall draw the Deed of Trust on the Title Company's Long Form Deed of Trust. Title Company shall assure that the Deed of Trust includes a standard clause giving Agency the option to accelerate the Loan upon the sale, conveyance, transfer or further encumbrance of the Property, whether voluntary or involuntary. Title Company shall also affix the following provision to the Deed of Trust and incorporate it in the Deed of Trust by reference:

"The Loan Agreement requires the filing of the "Regulatory Agreement" that is defined in the Loan Agreement. The Regulatory Agreement contains covenants running with the land and is recorded against the Property. If Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Agency's written notice to Borrower of such failure, the principal balance of the Loan shall, at Agency's option, be immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds."

2.3. **UPON CLOSE OF ESCROW.** The Close of Escrow shall take place on the Closing Date. On the Closing Date, Title Company shall complete the Close of Escrow as follows and in the following order (unless otherwise stated, all recorded documents are recorded with the Sacramento County Recorder):

2.3.1. Assure fulfillment of the Special Provisions;

2.3.2. Assure all documents are complete and affix legal descriptions of the Property as necessary to complete them;

2.3.3. Obtain full execution of all unexecuted documents;

2.3.4. Date all undated documents as of the Closing Date;

2.3.5. Record the Recorded Documents in the priority listed;

2.3.6. Determine all closing costs and fees; including without limitation, all charges, fees, taxes and title insurance premiums payable under this Agreement on Close of Escrow and any other fees and charges approved for payment from Escrow by both parties and deduct such fees from the Loan proceeds deposited by Agency in Escrow;

2.3.7. Deliver the Agency Items to Agency and the Borrower Items to Borrower; and

2.3.8. Prepare and deliver to Borrower and Agency, respectively, one signed original of all documents included for delivery to either party and not delivered for recording, one signed original of Title Company's closing statement showing all receipts and disbursements of the Escrow, and one conformed copy of each of the recorded documents.

2.4. **INABILITY TO CLOSE.** If Title Company is unable to simultaneously perform all of the preceding instructions, Title Company shall notify Borrower and Agency, and upon each of their directions return to each party all documents, items and funds deposited in Escrow by such party (less fees and expenses incurred by the respective party) and bill the respective parties for any unpaid fees and expenses incurred in Escrow. If Escrow fails to close on the Closing Date because Borrower has not complied with Borrower's obligations under this Loan Agreement, then Borrower shall pay the costs incurred through Escrow to the date the Escrow is terminated, including the cost of any preliminary title report and any cancellation fees or other costs of this Escrow. If Escrow fails to close on or before the Closing Date because Agency has not complied with Agency's obligations under this Loan Agreement, such costs shall be paid by Agency. If Escrow fails to close on or before the Closing Date for any other reason, such costs shall be divided equally between the parties.

2.5. **COMMISSIONS.** Agency is not responsible, by this Loan Agreement or otherwise, to pay commissions in relation to this transaction.

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ACCEPTANCE OF ESCROW INSTRUCTIONS

Your acceptance of this escrow shall create a contractual obligation by you with Agency and Borrower for complete compliance with these instructions. Agency and Borrower reserve the right to jointly revoke this escrow at any time upon their payment to you of your fees and reimbursement to you of your expenses in accordance with the terms of these escrow instructions. Your obligations as Escrow Holder under these escrow instructions shall be subject to the following provisions:

You are not responsible as to the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited in this escrow nor as to the authority or rights of any person executing such instrument. Except as otherwise provided in these escrow instructions, your duties as Escrow Holder are limited to the proper handling of monies and the proper safekeeping of instruments and other items received by you as Escrow Holder, and for the performance of your obligations as specifically provided under these escrow instructions. You are responsible for the sufficiency of any instruments or documents prepared by you for this escrow.

Borrower agrees to indemnify and hold you harmless from damages incurred as a result of your good faith and diligent performance of your duties under these escrow instructions.

Upon your acceptance of these escrow instructions, return the executed counterparts of these escrow instructions to Agency and Borrower, respectively.

Escrow Holder acknowledges receipt of the foregoing escrow instructions and agrees to act as Escrow Holder and to comply with the terms and conditions of the escrow instructions.

Dated: _____

TITLE COMPANY
OLD REPUBLIC TITLE COMPANY

By: _____
Name: _____
Title: _____
Its authorized agent and signatory

Exhibit 7: Funding Requirements

Exhibit 7A: HTF Funding Requirements

**HTF FUNDING REQUIREMENTS
HOUSING TRUST FUND – CITY OF SACRAMENTO
FINANCING FOR RESIDENTIAL RENTAL PROPERTY**

These “HTF Funding Requirements” are attached to a Regulatory Agreement, and are incorporated in that Regulatory Agreement. In turn, the Regulatory Agreement is incorporated in the Loan that is described in the Regulatory Agreement. The capitalized terms used in these HTF Funding Requirements shall have the meanings below in the body of these HTF Funding Requirements. Terms being defined are indicated by quotation marks. Capitalized terms in these HTF Funding Requirements that are not defined below are defined in the Regulatory Agreement.

1. **RECITALS.** The Loan is funded by the Agency with proceeds of the Housing Trust Fund (“HTF”) of the City of Sacramento. The Agency has approved the Loan on condition that the property securing the Loan (“Property”) is rehabilitated or developed as residential rental property (“Project”) with certain units regulated in accordance with the HTF (“HTF-Assisted Units”) by recordation of these HTF Funding Restrictions as covenants running with the land. The Project has been determined to be within a seven mile distance from the non-residential projects generating the funds or has access to existing or planned public transit such that it is reasonable that tenants of the Project could commute from the Project to the non-residential projects generating the funds. The Project conforms to any City “Fair Share” plan currently adopted and in effect. HTF-Assisted Units are made affordable by such regulation to persons and households that qualify as low-income or very low-income as indicated in the table in Article I of the Regulatory Agreement. The development of the Project will benefit the Project Area because the Project will provide housing for persons who work within the Project Area. The Project is located within the City of Sacramento (“City”). Most Project Area workers live outside of the Project Area and come from throughout the City, including the vicinity of the Property.
2. **AFFORDABILITY REQUIREMENTS.** Owner shall assure that all of the HTF-Assisted Units assisted with HTF funds shall be rented at or below the following rates:
 - a. Low-Income Units shall be rented for not more than thirty percent (30%) of sixty percent (60%) of the Sacramento Metropolitan Statistical Area median income (“Median Income”), as determined annually by the federal Department of Housing and Urban Development, as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.
 - b. Very Low-Income Units shall be rented for not more than thirty percent (30%) of fifty percent (50%) of the Median Income as adjusted for family size appropriate to the size and number of bedrooms in the respective HTF-Assisted Unit.
 - c. Unless Owner has obtained prior written Agency authorization, Owner shall maintain the allocation of HTF-Assisted Units by the bedroom sizes stated in the Regulatory Agreement.
 - d. Owner shall be responsible to determine the affordable rents for the HTF-Assisted Units. Within ten (10) days of Owner request, Agency shall provide all information necessary for Owner to compute such affordable rents and will assist Owner in determining such rents.
2. **OCCUPANCY REQUIREMENTS.** Owner shall assure that all HTF-Assisted Units shall be occupied by households earning less than eighty percent (80%) of Median Income.
3. **UNIT QUALITY.** Owner shall assure that Assisted Units assisted with HTF funds must be comparable in size and amenities to other units in the Project.
4. **TERM.** These covenants shall burden and regulate the HTF-Assisted Units for a term of thirty (30) years.

Exhibit 7B: MHSA Funding Requirements

MENTAL HEALTH SERVICES ACT FUNDING REQUIREMENTS

1. Mental Health Services Act ("MHSA") funding is being provided to Owner to subsidize operating deficits for apartment units scattered throughout the Project.
2. Rent levels will not exceed thirty percent (30%) of the current Supplemental Security/State Supplemental Program grant amount for a single individual living independently or 30% of total household income whichever is greater and as adjusted by utility allowances if applicable in any of the MHSA designated apartment units.
3. For the purpose of these funding restrictions, Homeless or at Risk of Homelessness means living on the streets or lacking a fixed and regular night-time residence. This includes living in a shelter, motel or other temporary living situation in which the individual has no rights of possession. "At Risk of Homelessness" may be due to one of the following situations: (i) transition age youth exiting the child welfare or juvenile justice system; (ii) discharge from crisis and transitional residential settings, a hospital including acute psychiatric hospitals, psychiatric health facilities, skilled nursing facilities with a certified special treatment program for the mentally disordered, and mental health rehabilitation centers; (iii) release from city or county jails, but not a parolee from the state prison; (iv) temporary placement on a residential care facility upon discharge from (ii) or (iii) above; and (v) certification by the County Mental Health Director as an individual who has been assessed by and is receiving services from the County and who has been deemed to be at imminent risk of being homeless.
4. Qualified tenants for the MHSA restricted units shall be a person who is homeless or at Risk of Homelessness and who has a mental illness in accordance with California Welfare & Institution Code Section 5600.3(a) or California Welfare & Institution Code Section 5600.3(d), and Department of Mental Health rules in effect as of the effective date of this Agreement.
5. MHSA apartment units will initially be restricted to individuals enrolled in an MHSA Full Service Partnership program.
6. These covenants shall regulate the MHSA Units for a term of fifteen (15) years.

RESOLUTION NO. SHRC-_____

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

ON DATE OF

September 1, 2021

VILLA JARDIN/CORAL GABLES PROJECT: APPROVAL TO EXECUTE MENTAL HEALTH SERVICES ACT LOAN AGREEMENT AND RELATED DOCUMENTS AND TRANSMIT TO VILLA JARDIN/CORAL GABLES, L.P. (JOHN STEWART COMPANY), OR RELATED ENTITY; AMEND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; RELATED FINDINGS AND ENVIRONMENTAL FINDINGS

WHEREAS, in 1995, the Housing Authority of the City of Sacramento Board (City Housing Authority Board) approved the Housing Authority of the City of Sacramento (HACS) purchase of 49, 63 and 81 Coral Gables Court in the Meadowview area of the City of Sacramento for \$30,000; and

WHEREAS, in 2007, the County of Sacramento Department of Health Services (DHS), Behavioral Health Services (BHS) and Sacramento Housing and Redevelopment Agency (SHRA) entered in the Building Hope Program MOU to establish the Building Hope Fund for the creation and preservation of affordable housing for extremely low income people living with psychiatric disabilities. In 2016, the MOU was amended and restated. The Building Hope Program is part of the Mental Health Services Act (MHSA) Housing Program initiative included in the approved MHSA Plan. The Building Hope Program funds are administered and overseen by SHRA to invest in permanent supportive housing units for homeless adults, transitional age youth, and children and family living with serious mental illness and/or serious emotional disturbance; and

WHEREAS, DHS and SHRA continue to desire to provide permanent supportive housing to homeless people with psychiatric disabilities and/or serious emotional disturbance in accordance with the MHSA; and

WHEREAS, in 2016, the City Housing Authority Board adopted a resolution approving a Vacant Lot Disposition Strategy which permitted the sale of the three contiguous HACS owned

vacant lots on Coral Gables Court. On January 17, 2018, HACS issued a Request for Proposals (RFP) for the Coral Gables sites. The Villa Jardin/Coral Gables, L.P. (John Stewart Company), or related entity (Developer) responded to the RFP with a proposal to develop not only the Coral Gables Court parcels but also to rehabilitate the adjacent Villa Jardin Apartments. They were subsequently selected as the Developer for the Villa Jardin/Coral Gables Project (Project); and

WHEREAS, in October 2019, the Developer submitted a funding application to SHRA for a gap loan and mortgage revenue bonds to assist in financing the acquisition, construction and permanent financing of the Project. In May 2020, the Developer applied for and was awarded 38 Project Based Vouchers (PBV) for permanent supportive/homeless housing units for the Project from SHRA; and

WHEREAS, on August 11, 2020, a properly noticed public hearing was held by the City Housing Authority Board at which the sale of 49, 63 and 81 Coral Gables Court was approved. Also, the Sacramento City Council (Council) and City Housing Authority Board held a TEFRA public hearing, and approved tax-exempt bonds, predevelopment loan, loan commitments and Disposition and Development Agreement (DDA) to assist the Developer with the acquisition, construction and permanent financing of the Project; and

WHEREAS, in January 2021, the State Department of Housing and Community Development awarded \$11.5 million in Multifamily Housing Program (MHP) funds to the Project. However, a financial gap was created due to MHP's limits on the percentage of resident services and case management supportive services costs in an operating budget. In February 2021, the Developer contacted SHRA and County of Sacramento Department of Health Services (DHS), Behavioral Health Services (BHS) and requested to defund SHRA's committed \$1.4 million in Mixed Income Housing Funds (MIHF) and replace with \$2.12 million in Building Hope Program (Mental Health Services Act or MHSA) funds for the Project to fill the gap for services, construction and permanent financing. Replacing the MIHF funds with MHSA funds will ensure there are 15 units, with case management and supportive services, dedicated to provide permanent supportive housing to homeless people with psychiatric disabilities and/or serious emotional disturbance in accordance with the MHSA; and

WHEREAS, in April 2021, the Project was awarded bonds and tax credits. Subject to SHRA's governing board approvals, construction is scheduled to begin by October 2021 and be complete by October 2023; and

WHEREAS, the Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA pursuant CEQA Guidelines §15332, “infill development projects”; and

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

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

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

Section 2. The \$2.12 million MHSA Loan Agreement and related documents (MHSA Loan Documents) incorporated in this resolution are approved; and the Executive Director, or her designee, is authorized to enter into and execute the MHSA Loan Documents and all necessary documents and agreements related to the assumed MHSA loan and transmit to the Developer, as approved to form by SHRA’s Office of the General Counsel (Counsel).

Section 3. The Executive Director, or her designee, is authorized to enter into, execute and transmit other documents, as approved to form by Counsel, and perform other actions necessary to fulfill the intent of the MHSA Loan Documents that accompany this resolution, in accordance with its terms, to ensure proper repayment of the MHSA loan funds, including without limitation, loan restructuring, subordination and extensions, consistent with SHRA’s adopted policies and with this resolution.

Section 4. The Executive Director finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, he Executive Director, or her designee, is authorized to subordinate the MHSA loan to senior loans.

Section 5. The Executive Director is authorized to amend its budget to incorporate \$2.12 million in MHSA funds for the purpose of assisting the Developer with the construction and permanent financing of the Project consistent with SHRA’s adopted policies, MHSA Loan Documents and this resolution.

Section 6. This resolution shall take effect immediately upon its adoption.

CHAIR

ATTEST:

CLERK



September 1, 2021

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

Honorable Members in Session:

SUBJECT:

Approval of Regulatory Agreement for Sacramento Manor

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLE DOZIER
Executive Director

Attachment

801 12th Street, Sacramento, CA 95814



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

BUSINESS
SEPTEMBER 21, 2021

Honorable Mayor and Members of the City Council

Title: Approval of Regulatory Agreement for Sacramento Manor

Location/Council District: 7300 24th Street Bypass, District 8

Recommendation: Adopt a City Council Resolution a) authorizing the Sacramento Housing and Redevelopment Agency (SHRA) to enter into and execute a Regulatory Agreement with Porter Partners Limited Dividend Housing Association, L.P., (Alliance Property Group) (Developer) for the Sacramento Manor affordable housing development (Project); b) amend SHRA's budget to accept monitoring fees.

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

Presenters: Austin Knudsen, Housing Finance Analyst, (916) 449-6266, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: The Sacramento Manor Apartments located at 7300 24th Street Bypass, Sacramento, California 95822 (Project) is an existing market rate senior housing community that was built in 1961 (see Attachments 2 and 3, Vicinity Map and Site Map). The 260 units are a mix of one-bedroom, two-bedroom, and three-bedroom units and the Project is in good physical condition. The current owner of the Project is Porter Partners Limited Dividend Housing Association, L.P., a related entity to the new owner, Alliance Property Group (Owner). The new Owner has been awarded \$1.2 million in funds from the Low-Income Weatherization Program (LIWP). As a requirement of the LIWP, the Owner needs a regulatory agreement for 10 years to restrict rents and preserve naturally occurring affordable housing (NOAH).

Project Description:

The Sacramento Manor affordable housing development project is the proposed rehabilitation of senior apartments in an existing market rate housing community consisting of 260 units, comprised of 21 single story residential buildings. The Project includes 42 studios, 172 one-bedroom, and 46 two-bedroom units. The rehabilitation of the Project will involve upgrades and improvements to the existing buildings to provide for better energy efficiency and to reduce greenhouse gas emissions.

Site improvements include replacing the existing pool heater and pump. Building exterior improvements include installing electric hot water heaters at each residential building; decommissioning domestic gas water heating boiler; replacing the exterior wall and pole light fixtures with new energy efficient lights; replacing porch lights with energy efficient (LED) lights with photocell lights (dusk to dawn); replacing existing windows with dual pane Low-E windows; patching the exterior of all existing buildings fascia; repainting the exterior of existing buildings. Building interior improvements include installing electric mini split heat pumps in units for HVAC, decommissioning current heating and cooling systems; replacing existing light fixtures with LED light fixtures; adding low-flow aerators at bathroom, kitchen sinks, and showerhead; and replacing existing refrigerator with Energy Star® refrigerator/freezer combination.

Low-Income Weatherization Program (LIWP)

In 2021, the State of California awarded \$1,200,000 in LIWP funds to financing the above mentioned improvements. LIWP provides technical assistance and incentives for the installation of energy efficiency measures and solar photovoltaic systems in low-income multi-family dwellings serving priority populations. Low-income residents that participate in this program benefit from lower energy costs while reducing energy demand and greenhouse gas emissions. LIWP requires income restricting the units.

Regulatory Agreement Restrictions

SHRA's Regulatory Agreement will include conditions to meet the requirements of LIWP and shall be for a 10-year term. The agreement will regulate 172 of 260 units (66 percent of the total units) which will be restricted to households earning at or below 80% of the area median income (AMI). Please see Attachment 4 for Maximum Rent and Income Levels.

The Regulatory Agreement enables the Owner to operate the Project at affordable rent levels and allows them to apply for Bond financing and Tax Credits to fund more extensive rehabilitation after the ten-year term ends. The SHRA restricted units shall be applied proportionately across all unit types at the property.

Affordability Restriction (10 years)	Units Restricted	Unit Type
Low Income (80% of AMI)	28	Studio
Low Income (80% of AMI)	114	1 Bedroom
Low Income (80% of AMI)	30	2 Bedroom
Total	172	

Owner: Alliance Property Group Inc. (APG) is a Los Angeles area based real estate development, construction and management firm (WBE/MBE). APG owns and operates affordable rental housing communities in California, Arizona and Nevada, including two projects located in the County of Sacramento. Alliance Property Group, Inc. will serve as Owner for the Project. They are dedicated to providing quality affordable housing with supportive programs to low-income persons in California and Hawaii. The Developer has 22 years of experience in residential and commercial real estate, including fourteen affordable developments consisting of 992 units and a portfolio of over \$345 million.

Property Management Agent: California Commercial Investment (CCI) is a full service, acquisition, asset management, property management and development firm with over 7,000 affordable rental housing units in 29 states. CCI is qualified due to its 25-year experience owning, operating and managing affordable rental housing with an emphasis on senior housing.

Project Financing: The project is receiving no SHRA funding; the Project is receiving \$1.2 million from LIWP for energy efficient improvements in exchange for rent being restricted to households at 80% AMI or below for two-thirds of the units.

Policy Considerations: The recommended actions are consistent with the 2013-2021 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households.

Economic Impacts: Sacramento Manor affordable housing development is expected to create approximately 14 total jobs (8 direct jobs and 6 jobs through indirect and induced activities) and create \$1,200,000 in total economic output (\$731,475 of direct output and another \$468,525 of output through indirect and induced activities).

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

Environmental Considerations: California Environmental Quality Act (CEQA): The proposed action is exempt under CEQA pursuant to CEQA Guidelines §15301.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies, and targets of the 2030 General Plan. If approved, the project will advance the following goals, policies, and targets that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2030 General Plan: a) Housing Element – Strategies and Policies for Conserving Energy Resources – Climate Action Plan

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its September 1, 2021 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission of providing a range of affordable housing opportunities in the City.

Financial Considerations: SHRA will receive a one-time fee of \$156,268, which is payable prior to recordation of Regulatory Agreement for monitoring regulatory restrictions. The Owner will be responsible for payment of this fee.

LBE - M/WBE and Section 3 requirements: Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent feasible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Attachments

- 01-Description/Analysis
- 02-Vicinity Map
- 03-Site Map
- 04-Max Rent and Income Limits
- 05-City Council Resolution
- 06-Exhibit A-Scope of Development
- 07-Regulatory Agreement



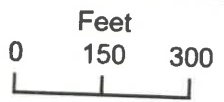
Sacramento Manor



Map Location

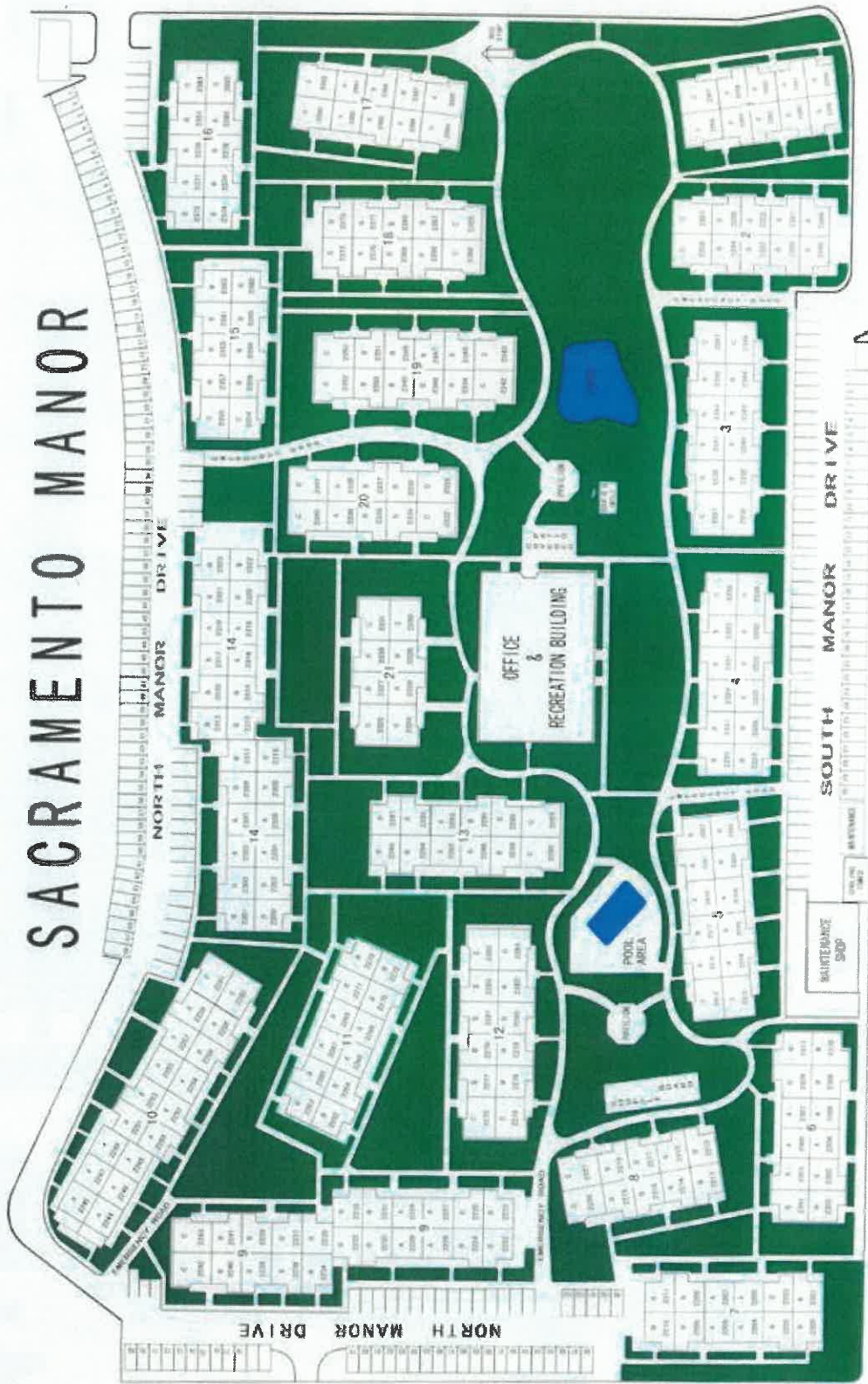


■ Sacramento Manor (7300 24th Street Bypass)



SHRA GIS
August 9, 2021

Property Overview
Site Map



GARDEN APARTMENTS FOR SENIORS

MAXIMUM GROSS INCOME AND RENT LIMITS 2021
Low-Income Weatherization Program (LIWP)

Sacramento Manor

Maximum Gross Income Limits

<u>Family Size</u>	<u>50% AMI</u>
1 person	\$ 50,750
2 person	\$ 58,000
3 person	\$ 65,250
4 person	\$ 72,500
5 person	\$ 78,300

Rent Limits

<u>Unit Size</u>	<u>50% AMI</u>
1 Bedroom	\$ 1,268
2 Bedroom	\$ 1,450
3 Bedroom	\$ 1,631

RESOLUTION NO. 2021 -

Adopted by the Sacramento City Council

on date of

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ENTER INTO AND EXECUTE REGULATORY AGREEMENT FOR SACRAMENTO MANOR APARTMENTS; RELATED BUDGET AMENDMENT

BACKGROUND

- A. Porter Partners Limited Dividend Housing Association, LP, a California Limited Partnership, has requested to enter into a Regulatory Agreement with the Sacramento Housing and Redevelopment Agency (Agency) related to the Sacramento Manor Apartments Project.
- B. The Sacramento Manor Apartments project located at 7300 24th Street Bypass, Sacramento, California 95822 (the "Project") includes the acquisition and rehabilitation of an existing market rate housing community that was built in 1961. The Project consists of 260 units, comprised in 21 single story residential buildings, containing 42 studios, 172 one-bedroom, one-bath, and 46 two-bedroom, one-bath units. Alliance Property Group (Developer) has been awarded \$1,200,000 through the State of California's Low Income Weatherization Program (LIWP) to fund rehabilitation of Project. The rehabilitation will involve upgrades to the building interiors, primarily around changes to the utilities and distribution of heating and cooling, and hot water heating systems, and other improvements to the existing buildings for energy efficiency and to reduce greenhouse gas emissions at the Project.
- C. 172 of 260 units (66% of the total units) shall be restricted by the Sacramento Housing and Redevelopment Agency's (Agency) Regulatory Agreement to households earning at or below 80% of the area median income (AMI) for Sacramento County. The Agency restricted units shall be applied proportionately across all unit types at the property.
- D. Developer shall agree that rents for the restricted units shall not be increased because of the solar and/or energy efficiency upgrades and major capital improvements included as part of the LIWP Agreement.
- E. Any vacant units at the time of recording the Regulatory Agreement shall be rented to or occupied by households earning at or below 80% AMI until at least 66% of the property's units are rented at the rent affordability standard.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
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 Agency, or its designee, is authorized to enter into and execute regulatory agreement documents, approved as to form by the Agency's Office of the General Counsel, on behalf of the Agency.
- Section 3. The Agency, or its designee, is authorized to amend the Agency's budget to receive and administer funds received from up-front monitoring fees.

Table of Contents:

Exhibit A: Scope of Development

Exhibit A
Sacramento Manor Apartments Scope of Development

I. Project Description

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II. Site Improvements

- A. Replace existing pool heater with heat pump pool heater
- B. Replace existing pool pump with a variable speed pool pump

III. Building Exterior Improvements

- A. Install electric heat pump hot water heaters at each residential building, decommissioning domestic gas water heating boiler
- B. The exterior wall and pole light fixtures will be replaced with new energy efficient lights to increase visibility. Porch lights will be replaced with LED lights with photocell lights (dusk to dawn).
- C. Replace existing windows with dual pane Low-E windows
- D. The exterior of all existing buildings will have fascia and stucco patched and repaired as needed. The exterior of existing buildings will be re-painted.

IV. Building Interior Improvements

- A. Install electric mini split heat pumps in units for HVAC, decommissioning chiller, cooling tower, and gas space heating boiler.
- B. Install Smart thermostats in each unit
- C. Existing light fixtures in each unit to be replaced with LED light fixtures
- D. Add low-flow aerators at bathroom and kitchen sinks and at bathroom showerhead
- E. Replace existing refrigerator with Energy Star® refrigerator/freezer combination

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NO FEE DOCUMENT:

Entitled to free recording
per Government Code §§6103 & 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
801 12th Street, 4th Floor
Sacramento, CA 95814
Attn: Portfolio Management

**REGULATORY AGREEMENT FOR RESIDENTIAL RENTAL PROPERTY
AND DECLARATION OF RESTRICTIVE COVENANTS AFFECTING REAL PROPERTY**

PROJECT NAME:	Sacramento Manor
PROJECT ADDRESS:	7300 24th Street Bypass, Sacramento, CA 95822
APN:	047-0012-007-0000

FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AGENCY AND OWNER HAVE ENTERED THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS AFFECTING REAL PROPERTY (REGULATORY AGREEMENT) AS OF THE EFFECTIVE DATE.

1. **GENERAL.** This Regulatory Agreement includes the Exhibits listed below which are attached to and incorporated in this Regulatory Agreement by this reference.

2. **DEFINITIONS.** The capitalized terms in this Regulatory Agreement shall have the meanings assigned in the following table and in the body of this Regulatory Agreement as the context indicates. Terms being defined are indicated by quotation marks.

TERM	DEFINITION
"Effective Date"	This Regulatory Agreement shall be effective as of the following date: ***DATE***
"Agency"	Sacramento Housing and Redevelopment Agency a joint powers agency.
"Agency Address"	Agency's business address is 801 12th Street, Sacramento, California 95814
"Owner"	Porter Partners Limited Dividend Housing Association, LP, a California limited partnership .
"Owner Address"	Owner's business address is as follows: 4530 E. Thousand Oaks Blvd., Suite 100, Westlake Village, CA 91362
"Jurisdiction"	City of Sacramento
"Property"	That certain real property which is subject to this Regulatory Agreement as further described in the legal description, attached as Exhibit 1 – Legal Description of the Property and incorporated in this Regulatory Agreement by this reference
"Approved Use"	The only permitted use of the Property, which is as a residential property available for rent by the general public and containing not less than the following number of units: 260

3. **RESTRICTED PARCELS; APPROVAL OF LEASES.** Owner has provided the Agency with its lease and Agency acknowledges and approves the form for use. The number of units set forth in the table below are restricted by this Agreement ("Restricted Units"). The initial rents for the Restricted Units shall be as set forth in the table below; provided, however, that upon the request of Owner, Owner and Agency may agree to a schedule for the Restricted Units that complies with the following affordability requirements as of the date when the Project is available for occupancy. In any event, the rents for the Restricted Units may not be adjusted more often than annually. The rents for Restricted Units shall include allowance for utilities and costs reasonably related to the rental of the Restricted Units, as may be required in determining the rents for the applicable funding sources. None of the Restricted Units are assisted by Agency funding. The Owner has received a reservation of financial incentives for the Project under the California Department of Community Services and Development Low Income Weatherization Program ("LIWP"). A copy of the LIWP Incentive

Reservation and Participation Agreement (“TRPA”) is attached hereto as Exhibit 4. The LIWP financing assistance for the Project requires the affordability restrictions outlined in this Agreement. Therefore, Owner shall assure the affordability of all of the following “Restricted Units” at the named affordability levels.

Affordability Level:	Number of Units:	Restricted Units:	Initial Rent per Unit per Month:
Low Income (80% of Area Median Income)	28	Studio	\$1,268
Low Income (80% of Area Median Income)	114	1 Bedroom	\$1,450
Low Income (80% of Area Median Income)	30	2 Bedroom	\$1,631
Total	172		

4. **MANAGEMENT AGREEMENT.** Owner agrees that at all times the Project shall be managed by a managing agent (i) approved by Agency in its reasonable discretion and (ii) who has successfully managed at least five projects over forty units in size and subject to a recorded regulatory agreement for at least three years’ prior to the application, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the “Managing Agent”). Owner shall submit to Agency upon Agency’s request such information about the background, experience and financial condition of any existing or proposed Managing Agent as Agency may reasonably require to determine whether such Managing Agent meets the requirements for a Managing Agent set forth herein. Agency reserves the right to conduct periodic reviews of the management practices and of the Managing Agent. Owner agrees to cooperate with Agency in such reviews.

If Agency determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the requirements or standards of this Regulatory Agreement, Agency may deliver notice to Owner requesting replacement of the Managing Agent, which notice shall state clearly the reasons for such request. Owner agrees that, upon receipt of such notice, Owner shall within 60 days submit to Agency, a proposal to engage a new Managing Agent meeting the requirements of this provision. Agency shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, Owner shall promptly terminate the existing Managing Agent engagement and engage the new Managing Agent.

Owner shall not enter into any management agreement or arrangement with any party with respect to the management of the Project without Agency’s prior written consent, such consent not to be unreasonably withheld or delayed. Owner shall not materially modify, amend or terminate any approved management agreement (other than as required to comply with applicable law) without Agency’s prior written consent, which consent will not be unreasonably withheld or delayed; provided, however, that such consent shall not be required to extend the term of an existing management agreement.

Approved Management Company

California Commercial Investment Group, Inc.

5. **SPECIAL PROVISIONS.** Owner shall also comply with the following special provisions.

Provision	Term
Within twelve (12) months of recording the Regulatory Agreement, the Owner shall complete the Scope of Work set forth in Exhibit 3 of this Regulatory Agreement. The Agency shall complete an initial inspection to approve completion of the Scope of Work, and may conduct inspections annually	10 years
Owner shall not evict or commence any eviction proceeding or unlawful detainer proceeding against any tenant(s) of any Restricted Unit in the building, except for cause and subject to all legal requirements and procedures for any such eviction and/or proceeding.	10 years

<p>The Restricted Units shall be subject to the provisions of the Sacramento Tenant Protection Act (Sacramento City Code §5.156) (the "Act"), including the statutorily authorized rent control or rent stabilization, which does not prohibit the owner from receiving standard, periodic, incremental rent increases granted under the Act.</p>	<p>10 years</p>
<p>SHRA's utility allowance schedule shall apply to all tenant-paid utilities in the Restricted Units, including any change in the tenant-paid utilities which may result from the contemplated change to the HVAC and hot water heating system at the property listed on Exhibit A. Owner hereby agrees that rents for the Restricted Units shall not be increased because of the solar and/or energy efficiency upgrades and major capital improvements included as part of the LIWP IRPA.</p>	<p>10 years</p>
<p>Any and all vacant units at the time of recording the Regulatory Agreement shall be rented to or occupied by households earning at or below 80% AMI until the Restricted Units at the property's units are rented at the above rent affordability standard, published annually by the Agency for Bond, HTF, Inclusionary, MHSA & Tax Increment program</p>	<p>10 years</p>
<p>Existing tenants in Restricted Units may provide a self-certification or Owner shall obtain an initial tenant income certification ("TIC") on the anniversary of such tenant's initial move-in date. All new tenants in Restricted Units shall have an approved TIC, and self-certify as to household size and income annually for re-certification.</p>	

6. REPRESENTATIONS. In order to receive LIWP incentives, Owner has requested that Agency enter into this Regulatory Agreement with Owner. Therefore, Agency has entered into this Regulatory Agreement upon Owner's agreement, for itself and its successors and assigns, to comply with all provisions of this Regulatory Agreement. For purposes of this Section 6, "Property" shall mean Property or Restricted Unit as the context may indicate. Owner represents that it has had full opportunity to make itself independently familiar with such limitations and restrictions, and Owner accepts them and agrees to comply fully with them.

7. COVENANTS. Owner makes the following covenants. Unless Owner has received the prior written consent or Agency approval otherwise, Owner shall fully comply with each and every covenant.

- a. Owner shall use and permit others to use the Property only for the Approved Use.
- b. Owner shall not convey, transfer, hypothecate, or otherwise encumber any of the Property or permit the conveyance, transfer, hypothecation, or encumbrance of the Property unless such assignee, transferee, beneficiary, or encumbrancer has agreed, in writing and in a form suitable for recordation, to be bound by the terms of this Regulatory Agreement.
- c. Owner shall maintain the Property and all building improvements, grounds and equipment of the Property in good repair and condition and in compliance with all applicable housing quality standards and local code requirements. Owner shall maintain the Property in good condition and shall keep the Property reasonably free from graffiti and unrepaired vandalism and from accumulation of abandoned property, inoperable vehicles, unenclosed storage, debris, waste materials, and hazardous substances. In the event of a casualty loss, Owner shall cause the restoration or replacement of the Property, in a timely manner and provided that such restoration or replacement is then economically feasible.
- d. Owner shall not cause and shall not permit discrimination based on race, color, national origin, religion, sexual orientation, gender, familial status, age or disability in the sale, lease, or rental or in the use or occupancy of the Property. Owner covenants by and for him/her/itself, his/her/its heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. This covenant against discrimination shall continue in perpetuity.

e. Owner shall not evict, refuse to rent to, or otherwise treat someone differently because of that person's status as a victim of domestic violence, dating violence, sexual assault, or stalking, in compliance with the Violence Against Women Act. This protection is available regardless of sex, gender identity, or sexual orientation.

f. Owner shall not pass utility charges paid by Owner, including water, sewer, and garbage collection charges, through to tenants in Restricted Units as an add-on to their contracted rent subject to adjustments permitted by applicable utility allowances.

g. Owner shall not make payment of rental insurance premiums a condition of occupancy of Restricted Units. If Owner require renters' insurance, the policy premium must be deducted from the tenant's rent. Owner shall not add the insurance premium to the tenant's rent in either the initial or subsequent years.

h. Owner shall make all of the units, indoor common areas and buildings smoke free.

8. NATURE OF COVENANTS. The provisions contained in this Regulatory Agreement are covenants which subject and burden the Property, as covenants running with the land. It is intended and agreed that the agreements and covenants provided in this Agreement shall be covenants running with the land and equitable servitudes on the land and that they shall, in any event, and without regard to technical classifications or designation, be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, Agency, Agency's successors and assigns, any other governmental entity acting within its authority and any successor in interest to Agency's interest under this Regulatory Agreement against Owner, its successors and assigns and every successor in interest to all or any part of the Property.

9. TERM. The term of this Regulatory Agreement shall commence on the Effective Date and continue until the terms of all of the covenants have expired or otherwise been terminated. The term of this Regulatory Agreement shall be ten (10) years from the Effective Date.

10. EXPIRATION OF AFFORDABILITY PERIOD. Owner agrees the rent of "in-place" tenants at the conclusion of the Term will continue to be governed by the applicable affordability restrictions, so long as those tenants continue to live in the development.

11. REVIVAL OF COVENANTS AFTER FORECLOSURE. The affordability restrictions shall be revived after foreclosure, or deed in lieu of foreclosure, according to the original terms if, during the original term of this Regulatory Agreement, Owner who was owner of record before the termination event, or a party related to Owner obtains an ownership interest in the Property or Restricted Unit, as the case may be. For purposes of this provision, a related party is anyone with whom Owner has or had family or business ties; provided that such interest would not be considered a "remote interest" in the usual and customary use of the term.

12. RECORDKEEPING AND REPORTING. Upon request of Agency, Owner shall promptly provide any additional information or documentation requested in writing by Agency to verify Owner's compliance with the provisions of this Regulatory Agreement. At the written request of Agency, Owner shall, within a reasonable time following receipt of such request, furnish reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operations, and condition of the property and the status of any deeds of trust encumbering the Property.

13. AUDIT AND INSPECTION. The Property and all related equipment, buildings, plans, offices, books, contracts, records, documents and other related papers shall at all times be maintained in reasonable condition for audit and shall be subject to examination by Agency or its agents. The books and accounts of the operations of the Property shall be kept in accordance with generally accepted accounting principles. Owner shall provide Agency access to the Property and its tenants during reasonable hours for the purpose of reviewing Owner's compliance with this Regulatory Agreement.

14. INDEMNITY FOR OWNER'S FAILURE TO MEET LEGAL REQUIREMENTS. Owner shall indemnify and hold Agency, its officers, directors, and employees harmless from any and all liability arising from Owner's failure to comply with the

covenants, conditions and restrictions contained in this Regulatory Agreement or to comply with all other laws, rules, regulations and restrictions. Without limitation, such indemnity shall include repayment to the appropriate parties of rents or sales proceeds in excess of amounts authorized to be charged.

15. CHANGES WITHOUT CONSENT OTHERS. Only Agency and its successors and assigns, and Owner (subject to the reasonable approval of Owner's lender) shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in this Regulatory Agreement without the consent of any easement holder, licensee, other mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

16. DEFAULT. Upon a breach of any of the provisions of this Regulatory Agreement by Owner, Agency may give written notice of such breach to Owner by registered or certified mail. If such violation is not corrected to the satisfaction of Agency within thirty (30) days after the date such notice is mailed or within such further time as Agency may determine in its sole and absolute discretion is necessary to correct the breach, and without further notice to Owner, Agency may declare a default under this Agreement, effective on the date of such declaration of default, and upon such default Agency may: (a) apply to any court for specific performance of this Regulatory Agreement, (b) apply to any court for an injunction against any violation of this Agreement; (c) apply to any court for money damages; or (d) apply to any court or other tribunal for such other relief as may be appropriate. The parties agree the injury to Agency arising from a default under any of the terms in this Regulatory Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

17. REGULATORY AGREEMENT VIOLATIONS. Owner shall pay the program compliance fees and expenses to Agency set forth in Compliance Violations and Actions (Exhibit 2 - Compliance Violations and Actions) in reimbursement of the amounts and time expended by Agency to insure Owner's compliance with State statutes and federal regulations and Owner's obligations under this Regulatory Agreement as a result of Owner not meeting its obligations and reporting requirements. No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Compliance Violations and Actions tables.

18. BINDING SUCCESSORS IN INTEREST. This Regulatory Agreement shall bind and the benefits shall inure to Owner, its successors in interest and assigns, and to Agency and its successors for the term of this Regulatory Agreement.

19. CONTRADICTORY AGREEMENTS. Owner warrants that it has not, and will not, execute any other agreement with provisions contradictory of or in opposition to, the provisions of this Regulatory Agreement, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict with this Regulatory Agreement.

20. COMPLIANCE AMENDMENTS. If revisions to the provisions of this Regulatory Agreement are necessitated to comply with applicable laws or regulations, Owner agrees to execute modifications to this Regulatory Agreement that are needed to comply with such laws or regulations.

21. ATTORNEYS' FEES. If the services of any attorney are required by any party to secure the performance of this Regulatory Agreement or otherwise upon the breach of default of another party, or if any judicial remedy or mediation is necessary to enforce or interpret any provision of this Regulatory Agreement or the rights and duties of any person in relation to this Regulatory Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of this Regulatory Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law. The prevailing party shall mean the party receiving an award in arbitration or a judgment in its favor, unless the award or judgment is less favorable than the best settlement offered in writing in a reasonable manner by the other party, in which case the prevailing party is the other party.

22. SEVERABILITY. The invalidity or unenforceability of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions.

23. ELECTION OF REMEDIES. To the extent applicable, in the event of any breach of any covenant, condition or restriction contained in this Regulatory Agreement, Agency shall reasonably endeavor to remedy such breach by conference and conciliation. If, in the opinion of Agency, Agency and Owner are unable mutually to agree upon a suitable remedy or the circumstances so warrant, such breach may be enjoined or abated by appropriate proceedings brought by Agency.

Agency may institute or prosecute in its own name, any suit Agency may consider advisable in order to compel performance of any obligation of any owner to develop and maintain the subject property in conformity with this Regulatory Agreement and to remedy any default of this Regulatory Agreement. Agency may also seek a decree requiring removal of any improvements constructed on the Property which improvements are designed for uses not permitted under this Regulatory Agreement and which improvements are unsuitable only for uses not permitted under this Regulatory Agreement.

The remedies of Agency under this Regulatory Agreement are cumulative, and the exercise of one or more of such remedies shall not preclude the exercise by Agency of any one or more of its other remedies.

24. NO WAIVER. No waiver by Agency of any breach of or default under this Regulatory Agreement shall be deemed to be a waiver of any other or subsequent breach or default.

25. NOTICES. Written notices and other written communications by and between the parties shall be addressed to Owner at Owner's Address and to Agency at Agency Address or such other address as each respective party has designated by written notice to the other party.

SIGNATURES ON FOLLOWING PAGE

THE PARTIES HAVE EXECUTED THIS REGULATORY AGREEMENT in Sacramento, California as of the Effective Date

OWNER:
PORTER PARTNERS LIMITED DIVIDEND HOUSING ASSOCIATION, LP, A CALIFORNIA LIMITED PARTNERSHIP

AGENCY:
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

BY: COMMUNITY REVITALIZATION AND DEVELOPMENT CORPORATION, A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, MANAGING GENERAL PARTNER

By: _____
La Shelle Dozier, Executive Director

Approved as to form: _____
Agency Counsel

BY: _____
David Rutledge, President

By: GL APG, LP, a California limited partnership, Administrative General Partnership

By: GL Holdings, LLC, a Nevada limited liability company, Co-General Partner

By: California Commercial Investment Brokerage, Inc., a California corporation, its Managing Member

By: Danielle Hastie, Vice President

By: APG Holdings, LLC, a California limited liability company, Co-General Partner

By: Alliance Property Group Inc., a California corporation, its Manager and Sole Member

By: _____
Danielle Curls Bennett
President

[NOTARIZED ACKNOWLEDGEMENTS]

EXHIBIT 1

Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

All that portion of the Northeast one-quarter of Section 1, Township 7 North, Range 4 East, M.D.B. & M., described as follows:

Beginning at the Northeast corner of Lot 425 as said Lot is shown and so designated on the Official Plat of Golf Course Village Unit No. 8, recorded in the Office of the Recorder of Sacramento County in Book 56 of Maps, Map No. 2; thence from said point of beginning along the North line of said Golf Course Village Unit No. 8 the following two courses and distances: South $89^{\circ} 46' 00''$ West 937.70 feet and North $41^{\circ} 39' 20''$ West 45.35 feet to the most Easterly corner of Lot 366 as said Lot is shown and so designated on the Official Plat of Golf Course Village Unit No. 7 recorded in the Office of the Recorder of Sacramento County in Book 53 of Maps, Map No. 21; thence along the boundary of said Golf Course Village Unit No. 7 the following three courses and distances: North $00^{\circ} 14' 00''$ West 515.89 feet; North $89^{\circ} 46' 00''$ East 36.34 feet and North $35^{\circ} 01' 30''$ East 124.58 feet to a point in the Southerly boundary of that certain parcel of land deeded to the City of Sacramento, a municipal corporation, recorded January 26, 1959 in Book 3686, Page 374 of Official Records and designated as Parcel therein; thence, Easterly along said South line curving to the left on an arc of 500.32 feet radius, said arc being subtended by a chord bearing South $72^{\circ} 36' 15''$ East 303.05 feet; thence North $89^{\circ} 46' 00''$ East 240.00 feet; thence curving to the left on an arc of 502.01 feet radius, said arc being subtended by a chord bearing North $76^{\circ} 49' 30''$ East 224.86 feet; thence curving to the right on an arc of 900.00 feet radius, said arc being subtended by a chord bearing North $65^{\circ} 25' 50''$ East 48.62 feet to the Northwest corner of that certain parcel of land designated as Parcel 1 in that certain Deed to the City of Sacramento, a municipal corporation, herein before mentioned; thence along the Westerly and Southerly boundaries of said parcel the following two courses and distances: South $00^{\circ} 00' 50''$ East 26.47 feet; thence North $89^{\circ} 59' 10''$ East 42.00 feet to a point on the West line of 24th Street Bypass, a public road 80.00 feet in width; thence along said West line the following six courses and distances: South $00^{\circ} 00' 50''$ East 276.62 feet; thence curving to the right of an arc 20.00 feet radius said arc being subtended by a chord bearing South $44^{\circ} 59' 10''$ West 28.28 feet; thence South $00^{\circ} 00' 50''$ East 54.00 feet; thence, Southeasterly, curving to the right on an arc of 20.00 feet radius, said arc being subtended by a chord bearing South $45^{\circ} 00' 50''$ East 28.28 feet; thence South $00^{\circ} 00' 50''$ East 98.69 feet and curving to the left on an arc of 340.00 feet radius, said arc being subtended by a chord bearing South $11^{\circ} 38' 20''$ East 137.02 feet to the point of beginning.

APN: 047-0012-007-0000

EXHIBIT 2**Compliance Violations and Actions****COMPLIANCE VIOLATIONS AND ACTIONS**
(All payments due and payable within 30-days of assessment)

Tenant Eligibility and Affordability Violations		
Compliance Violation	Fees and Actions*	Corrective Time Period
Tenants over income at initial move-in	Initial \$500 per unit, again every 90 days until another income qualified tenant is housed. Correction: Evict tenant if tenant fraud. Otherwise, next available unit must be Affordable and rented to an Income-Qualified tenant.	90 days from discovery date to avoid additional \$500 charge every 90-days the problem is not corrected.
Incorrect eligibility documentation	Initial \$50 per file for incorrect calculations, verifications, or required documents. Additional \$50 per month if not corrected. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit copies of corrections to compliance staff to avoid additional \$50 per month if not corrected
Failure to complete annual recertifications	Initial \$250 for each incomplete file. Additional \$50 per month if not corrected. Correction: Submit copies of recertifications to compliance staff.	30 days from discovery date to submit corrections to avoid additional \$50 per month if not corrected.
Failure to maintain tenant eligibility records	Initial \$500 per unit, again every 90-days thereafter until new records in place. Additional \$100 per unit per month the project remains out of compliance. Correction: Immediately establish new files/records.	30 days from discovery date to submit copies of new records to avoid additional \$100 per unit per month the project remains out of compliance.
Incorrect Rents	Reimbursement to tenant of the entire amount overcharged. \$100 payment to Agency for each over-charged unit. Correction: Refund tenant with letter of correction.	30 days from discovery date to avoid additional \$100 per overcharged unit per month fee to Agency.
Failure to comply with approved Management Plan	Initial \$100 per report. Additional \$100 per day until complete and accurate report submitted. Correction: Submit copies of corrections to compliance staff as applicable.	30 days from discovery date to submit corrections to avoid additional \$100 per day charge.
Noncompliant lease	\$100 per noncompliant lease. Correction: Prepare and execute approved lease or addendum to address the deficiency.	30 days from discovery date to avoid additional \$100 per noncompliant lease per month charge to Agency.

Housing Quality Standards Violations		
Compliance Violation	Fees and Actions*	Corrective Time Period
Verifiable existence of Toxic Mold	\$200 per unit. Additional \$75 per day charge each time efforts fall outside of corrective timeframes. Correction: Prepare and submit action plan that addresses scope of work and timetable to complete. Relocate tenant if necessary. Obtain certified clearance that mold has been abated and unit is safe to occupy once again.	3-days from discovery date to submit action plan to address. 10-days to relocate tenant if necessary. 30-days to obtain certification that unit is mold free. \$75 per day additional charge each time efforts fall outside of these timeframes.
Broken pipes and plumbing facilities	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary	7-days from discovery date to avoid additional \$75 per day each day thereafter corrective action not taken.
Smoke detectors not working in the units	\$200 per unit with non-functional smoke detector. Additional \$75 charge per day if not corrected. Correction: Replace batteries or non-working unit within 24 hours.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Windows with large cracks or missing glass	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Infestation of roaches or vermin	\$200 per infested unit. Additional \$75 charge per day if not corrected. Correction: Letter from pest control company verifying removal of pests with paid invoice to compliance staff.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working heating unit (Winter) or air conditioning unit (Summer)	\$500 per nonworking unit. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	Within 24 hours of discovery date to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Excessive amount of urine/ feces	\$200 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit as necessary and address problem as the lease allows. Submit correction letter with documentation to compliance staff.	7-days from date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Excessive amount of trash/garbage in the unit	\$75 per unit. Additional \$75 charge per day if not corrected. Correction: Clean unit and send letter of correction to compliance staff.	14-days from date of discovery to avoid an additional \$75 per day thereafter each day corrective action not taken.
Hazardous exterior conditions	\$500 for hazardous conditions. Additional \$75 charge per day if not corrected. \$75 re-inspection fee. Correction: Clean and/or repair as necessary. Re-inspection to verify problem addressed.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
Large holes walls/ceiling	\$100 per unit. Additional \$75 charge per day if not corrected. Correction: Submit correction letter with documentation to compliance staff.	30-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.

Non-Operable Security Gate	\$500 per non-working gate. Additional \$75 charge per day if not corrected. \$75 re-inspection fee if necessary to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.
No Security Cameras (if cameras required)	\$250 per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Replace cameras.	30-days from the date of discovery to avoid \$75 per day additional charge each day thereafter corrective action not taken.
Non-working Security Cameras	\$100 per camera per discovery. Additional \$75 charge per day if not corrected. \$75 re-inspection charge to verify problem corrected. Correction: Repair/replace as necessary.	7-days from date of discovery to avoid \$75 per day additional charge each day corrective action not taken.

* No compliance fee will be assessed for one incident of each type of compliance violation per annual inspection provided the violation is corrected within the specified corrective time period. The second and subsequent violations will be assessed compliance fees as detailed in the Tenant Eligibility and Affordability Violations and Housing Quality Standards Violations tables.

EXHIBIT 3
Scope of Development

I. Project Description

The Sacramento Manor Apartments project located at 7300 24th Street Bypass, Sacramento, California 95822 (the "Project") includes the acquisition and rehabilitation of an existing market rate housing community that was built in 1961. The Project consists of 260 units, comprised in 21 single story residential buildings, containing 42 studios, 172 one-bedroom, one-bath, and 46 two-bedroom, one-bath units. The rehabilitation of the Project will involve upgrades to the building interiors, primarily around changes to the utilities and distribution of heating and cooling, and hot water heating systems, and other improvements to the existing buildings for energy efficiency and to reduce greenhouse gas emissions at the Project.

II. Site Improvements

- A. Replace existing pool heater with heat pump pool heater
- B. Replace existing pool pump with a variable speed pool pump

III. Building Exterior Improvements

- A. Install electric heat pump hot water heaters at each residential building, decommissioning domestic gas water heating boiler
- B. The exterior wall and pole light fixtures will be replaced with new energy efficient lights to increase visibility. Porch lights will be replaced with LED lights with photocell lights (dusk to dawn).
- C. Replace existing windows with dual pane Low-E windows
- D. The exterior of all existing buildings will have fascia and stucco patched and repaired as needed. The exterior of existing buildings will be re-painted.

IV. Building Interior Improvements

- A. Install electric mini split heat pumps in units for HVAC, decommissioning chiller, cooling tower, and gas space heating boiler.
- B. Existing light fixtures in each unit to be replaced with LED light fixtures
- C. Add low-flow aerators at bathroom and kitchen sinks and at bathroom showerhead
- D. Replace existing refrigerator with Energy Star® refrigerator/freezer combination

**ENERGY EFFICIENCY
INCENTIVE RESERVATION & PARTICIPATION AGREEMENT FORM**

PARTICIPANT INFORMATION

Property Name	Sacramento Manor Senior Apartments
Property Street Address	7300 24th Street Bypass
Property City, State, Zip	Sacramento, CA, 95822
Property Owner Company	CA Commercial Investment Group / Alliance Property Group
Primary Contact Name	Scott Heaton
Primary Contact Phone and Email	(805) 386-4300 scott@ccinvest.com

PROGRAM REQUIREMENTS

The Low Income Weatherization Program requires all energy efficiency projects to meet minimum requirements in order to qualify for applicable incentives. Key program requirements are summarized below.

- All Program energy efficiency projects must meet a minimum 15% energy savings threshold to be eligible for incentives. When co-leveraging funding from other rebate programs, projects may be required to meet a minimum of 25% energy savings to qualify.
- When combustion appliances are present, combustion safety testing will be performed at pre-installation and post-installation site visits in accordance with the Multifamily Home Energy Retrofit Coordinating Committee Combustion Appliance Safety Testing Protocols for Existing Multifamily Buildings (MF HERCC CAS Testing Protocols). If critical issues are identified during testing, the sampling rate may be increased at the discretion of the technical analyst. All critical issues must be corrected prior to commencement of work if issues are identified at pre-installation site visits or prior to final incentive payments if issues are identified at post-installation site visits.
- Incentive estimates are based on performance requirements as outlined in the LIWP Performance Specifications. All measures will be field verified for efficiency and installation quality. Variance in installed equipment efficiencies or installation quality from LIWP Performance Specifications may result in decreased incentives.

RESERVING YOUR INCENTIVE

To submit your project for reservation, please review the funding sources and scope of work table on the following page and sign below to acknowledge. The Program will notify you when the project is officially approved for reservation. To ensure continued energy performance compliance, notify the project's assigned Technical Analyst of any changes made to the scope of work. Changes may lower the final incentive amount or cause the property to fall out of compliance with the Program. Final incentives and any other leveraged rebates cannot exceed total upgrade costs, including materials and labor. Any disputes regarding installation and related costs are to be resolved between the participant and your contractor.



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When construction is approximately 50% complete, a Technical Analyst will conduct a quality assurance site visit to ensure that the contractor is installing the measure upgrades correctly, such that they will deliver the anticipated energy savings.

When construction is completed, the participant must initiate the incentive request process by submitting the documents listed below:

- Statement of Completion Form
- Proof of permit closure for all permits pulled for the property and required for the project
- CF-3R code forms if HERS testing/verification is required for code compliance (e.g. duct testing required with HVAC change-out)
- Documentation of measure installation costs, e.g. detailed invoices showing installation quantities, material receipts, change orders, or other documentation, as requested, to substantiate installation costs and payments.
- Property Owner W-9
- Bids, if applicable (see Section 8 of Terms and Conditions for more details)
- Documentation of all leveraged rebate funding
- Applicable warranties for water heating and heating/cooling equipment and/or Solar Thermal Operations and Maintenance and Warranty Affidavit

Technical Analyst will review these documents for completeness. Upon successful review, LIWP Implementer will schedule a site visit to confirm that installed measures match the Approved Scope. The visit may include:

- Inspection of common areas and apartments
- Verification that all equipment was installed in such a manner that the projected savings are realized
- Combustion safety testing

Following the site visit, Technical Analyst will account for any modifications to the Approved Scope of Work, and adjust the incentive accordingly. Technical Analyst will notify the participant upon successful completion of post-installation verification, prior to issuing the incentive and the return of the good faith deposit. Final incentive payment will be processed once all measures are field verified and full program documentation has been received. ✓

AGREED UPON MILESTONE DATES

Prior to construction the project must provide all equipment submittals to program for review and approval. Participants must submit all required documentation and have measures verified and approved by Technical Analyst prior to April 1, 2022, or will be at risk of having their incentive reservation revoked. ✓



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**LOW INCOME
WEATHERIZATION
PROGRAM**

**ENERGY EFFICIENCY
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The following milestone dates are agreed upon by the participant and the Program. The participant must notify LIWP Implementer and submit documentation verifying the project has achieved each of the agreed upon milestone dates as listed below.

The participant agrees to use best efforts to meet the milestones listed below. Failure to meet the milestones may, at the discretion of LIWP Implementer, result in loss of the incentive reservation position. Projects that do not show progress toward meeting project milestones, including but not limited to procuring permits and moving forward with construction (or are inactive for over 30 days), may lose their incentive reservation position unless an exception is granted in writing by the Program. Please see Section 7 of the Terms and Conditions for more details.

Notice of Intent From SHRA to Execute the Affordability Covenant Date	6/7/2021
Executed Deed Restriction Date	11/1/2021
Property Purchase Close Date	7/23/2021
Construction Contract Signed Date	8/1/2021
Provision of Equipment Submittals Date	8/1/2021
Anticipated Construction Start Date	8/15/2021
Anticipated Construction 50% Completion Date	2/1/2021
Anticipated Construction 100% Completion Date	4/1/2022

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LOW INCOME WEATHERIZATION PROGRAM

ENERGY EFFICIENCY INCENTIVE RESERVATION & PARTICIPATION AGREEMENT FORM

AGREED UPON SCOPE OF WORK AND INCENTIVE AMOUNTS

LIWP Energy Efficiency Scope of Work - Phase 1						
Measure Detail (see measure performance requirements for full measure and installation requirements)	Energy Savings %	Annual GHG Savings (MTCO ₂)	Owner or Tenant Savings	Max Incentive per Annual MTCO ₂ <small>See Note Below</small>	Completion Date	LIWP Incentive
Low Flow Aerators and Showerheads	0.1%	1.36	Owner	\$3,000	4/1/2022	\$2,900
In-Unit LED Lighting	0.08%	0.62	Tenant	\$4,500	4/1/2022	\$2,847
Common Area and Exterior LED Lighting	0.2%	2.39	Owner	\$3,000	4/1/2022	\$5,096
Attic Insulation	2.6%	22.46	Owner	\$3,000	4/1/2022	\$47,893
Energy Star Refrigerators	2.3%	26.10	Tenant	\$4,500	4/1/2022	\$83,482
Heat Pump Pool Heater	4.5%	33.74	Owner	\$3,000	4/1/2022	\$71,496
Variable Speed Pool Pumps	0.5%	5.75	Owner	\$3,000	4/1/2022	\$12,261
Mini Split Heat Pumps in Units	26.3%	222.94	Owner	\$3,000	4/1/2022	\$475,390
Heat Pump Water Heaters - 1 per building	31.5%	233.63	Owner	\$3,000	4/1/2022	\$498,185
Totals	68.2%	549.26				
Leveraged Rebate Summary						\$1,200,000
Is this project leveraging other major rebate sources, including but not limited to IOU, REN, or CCA whole building program rebates, CSI thermal rebates, or the federal ITC for solar thermal systems? If yes, the overall scope of work must achieve a minimum of 25% modeled energy savings.						Yes
is yes, list rebate programs:						SMUD Multifamily Program

ADDED MEASURES PENDING ADDITIONAL AVAILABILITY OF LIWP FUNDS

Incentives listed below are not included in this reservation and will require a separate Incentive Reservation & Participation Agreement Form be submitted if/when funding becomes available.

LIWP Energy Efficiency Scope of Work (pending additional LIWP funding) – Phase 2						
Measure Detail (see measure performance requirements for full measure and installation requirements)	Energy Savings %	Annual GHG Savings (MTCO ₂)	Owner or Tenant Savings	Max Incentive per Annual MTCO ₂ <small>See Note Below</small>	Completion Date	Max LIWP Incentive
Dual Pane Low-E Windows + Remaining eligible funds from Phase 1	3.4%	32.83	Owner	\$3,000	4/1/2022	\$586,755
Totals	3.4%	32.83				\$586,755

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**LOW INCOME
WEATHERIZATION
PROGRAM**

**ENERGY EFFICIENCY
INCENTIVE RESERVATION & PARTICIPATION AGREEMENT FORM**


The incentive per MTCO2 reduced annually by a given measure is based on 1) when the project reserves its incentive, 2) when it completes construction, and 3) whether the measure results in energy costs savings for owner or the tenant.

- Projects with measures completed after 2/28/2018 will receive incentives of \$4,500/MTCO2 for tenant savings and \$3,000/MTCO2 for owner savings.

For planned phased projects, refer to the Scope of Work and Incentive Amount Table above for agreed upon phasing structure. All measures must be installed prior to 4/1/2022 to be eligible for LIWP incentives.

APPROVED SCOPE OF WORK AND AGREED UPON MILESTONE DATES ACKNOWLEDGEMENT

I agree to use my best efforts to implement each measure listed in the Approved Scope of Work above, to abide by the incentive claim process outlined on the first page, and hereby accept the Terms and Conditions.


Participant Signature

SCOTT
HEATON

6/8/21

Date

7/6/2021

Date Reservation Approved by LIWP Program

Thank you for participating in the Low Income Weatherization Program. Please contact the LIWP Program Manager at LIWPinfo@aea.us.org or 510-256-5892 if you have questions or require further assistance.



TERMS AND CONDITIONS

1. DEFINITIONS. The following terms shall have the meanings set forth below:

- (a) "Agreement" means, collectively, Energy Efficiency Incentive Reservation & Participation Agreement Form and these Terms and Conditions.
- (b) "Assessment" means a PROGRAM-approved whole building energy audit performed by the PROGRAM-approved Service Provider, the Association for Energy Affordability (AEA).
- (c) "Building" means a multifamily residence.
- (d) "Combustion Appliance" means an appliance that burns combustible fuel for heating, cooking, or decorative purposes including, without limitation, space heaters, ranges, ovens, stoves, furnaces, water heaters, and clothes dryers.
- (e) "Combustion Appliance Safety" or "CAS" means the test procedure for use in the Program.
- (f) "Disadvantaged Communities" means census tracts throughout California that have been designated and scored by the California Environmental Protection Agency as being at or above the 75th percentile using the methodology in CalEnviroScreen 2.0 and / or CalEnviroScreen 3.0 for ranking communities burdened by environmental and socioeconomic issues.
- (g) "Field Quality Control Inspector" "Field QC" means an individual instructed by AEA or CSD to perform an on-site inspection of the completed SOW by qualified Contractor, verifying the proper installation of the Upgrade(s), accuracy of the test-out data and CAS results, and remediation of CAS issues or other corrective actions identified.
- (h) "Participant" means the Owner or Property Manager of a Building.
- (i) "Program" means the California Department of Community Services and Development (CSD) Low Income Weatherization Program – Multifamily (LIWP-MF).
- (j) "Project" means the Upgrade(s) to be installed as set forth in the SOW.
- (k) "Scope of Work" (SOW) refers to the work plan for the Project and describes the nature and scope of the services, the Upgrades to be installed, completion dates and other pertinent information regarding the Project. The SOW is included in the Participation Agreement/Incentive Reservation form.
- (l) "Service Provider" refers to the business entity engaged by CSD to administer, implement and market the Program. AEA is the Service Provider for PROGRAM-MF.
- (m) "Upgrade" shall have the meaning set forth below in Section 3.

2. ELIGIBILITY: The Program offers energy surveys, technical assistance, and financial incentives for efficiency and solar measures to Participants of multi-family residences. Incentives are available to Participants for the purchase and installation of energy efficiency measures and PV systems at the location where the qualifying project is to be installed. Properties must meet affordability requirement of at least 66% of households at or below 80% of Area Median Income and must be located in a Disadvantaged Community.

3. QUALIFYING PROJECTS AND MEASURES: Qualifying LIWP projects include electric or gas energy efficiency measures identified as eligible for incentives by the LIWP Implementer based on an energy survey of the building. Qualifying projects do not include any electric or gas energy efficiency measures or energy efficiency equipment or services purchased, contracted for, or installed prior to signing the Program's Intent to proceed form. Properties must install energy improvements that equate to at least 15% energy savings above existing conditions to receive Program incentives. Project-specific waivers may be granted to waive this requirement at the discretion of the program. Program incentives plus additional leveraged funds may not exceed the actual cost of the Scope of Work. If Program incentives plus additional leveraged funds exceed the actual cost of project, the Program incentives will be reduced accordingly.

4. OWNER APPLICATION/PARTICIPATION AGREEMENT: By signing the Incentive Reservation & Participation Agreement Form, Participant authorizes AEA to access the building's energy usage for the previous 12-24 months, monitor energy usage post-retrofit, and to enter this building for the purposes of conducting an energy survey of the building's common area and individual apartment units, inspecting installed measures and evaluating the performance of installed measures. Additionally, by signing the Incentive Reservation & Participation Agreement Form, the Participant agrees to provide their consent to share their project information with the Program and its authorized third-party representative. By signing the Incentive Reservation & Participation Agreement Form, the Participant also agrees to maintain affordability for this property for a minimum of ten years' post retrofit, per the terms of the Affordability Covenant, and authorizes AEA to notify residents about the Affordability Covenant.

5. INCENTIVE AMOUNTS: The amounts of the incentives for which qualifying projects are eligible are set forth in the Incentive Reservation and Participation Agreement provided to the Participant and signed by the Participant. Variances in work scope details that occur after the Incentive Reservation and Participation Agreement has been signed may result in a decrease in the final incentive amount. If variances in work scope details occurring after the Incentive Reservation and Participation Agreement has been signed would result in an increase in the final incentive amount, an updated Incentive Reservation and Participation Agreement must be submitted and approved to authorize Incentive Increases.

Final incentive amounts will be based on the submission of a completed Statement of Completion by the Participant with all required documentation, in addition to the Program's post-construction verification of the upgrade.



**LOW INCOME
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6. **PARTICIPANT WORK AUTHORIZATION AND PROJECT WORK PLAN:** AEA will meet with the Participant to discuss individual building objectives, provide information on alternatives, discuss process and create a work plan and schedule. The Participant may select one or more contractors so long as they cooperate with the quality assurance and quality control provisions of the Program. AEA may monitor the required installation services.
7. **IMPLEMENTATION OF WORK AND PAYMENT OF INCENTIVES:** AEA will need to see that the project remains on track and know when the project is close to completion in order to schedule the free verification site visits, which are required before the incentive can be claimed. Due to the high demand for this Program, projects must show continuous progress toward completion. Projects that do not show progress toward meeting project milestones, including but not limited to procuring permits and moving forward with construction (or are inactive for over 30 days), may lose incentive reservation position unless an exception is granted in writing by the Program. Projects may rejoin the reservation queue if this happens. If complexities of the project require more time, the Participant must notify AEA in writing with a proposed schedule and request an exception. Should projects fail to meet the above timeline, the Program will retain the Good Faith Deposit. Upon completion, AEA will schedule and conduct a post-installation inspection to ensure satisfactory measure installation. When AEA confirms that installation of a specific measure is satisfactorily completed, all required documentation is collected from the Participant, and Participant is in compliance with all the Terms and Conditions, the Program will arrange for payment of the incentive for that measure to the Participant.
8. **PROCUREMENT:** Participants may work with any contractor(s) they choose, provided that they meet the contractor requirements listed under section 17. To avoid excessively high costs, AEA may review bids from all contractors performing work under the Program. If total costs for performing Program work scope fall within 10% of Program incentives, Program requires participants to submit documentation that at least 2 bids were received on the 3 highest cost measures to show cost justification and reasonableness.
9. **PARTICIPANT INFORMATION:** Participant agrees that the Program may provide Participant information including Participant name, account number, electric, gas, and/or water consumption data and electric, gas, and/or water savings to a third party evaluation contractor selected by CSD for program evaluation purposes. The evaluation contractor will keep Participant information confidential. Participant information may also be provided to CSD.
10. **TAX LIABILITY and CREDITS:** The Program is not responsible for any taxes which may be imposed on the Participant as a result of measures installed under this program.
11. **DISPUTES:** Participants are encouraged to contact the Program Manager (LIWPinfo@aea.us.org) if any problems or concerns arise. Additionally, complaints regarding customer service may be directed to CSD at LIWP.LMF@csd.ca.gov. The Program will have sole discretion to decide on the final resolution of any issues including but not limited to eligibility or incentives.
12. **PROGRAM CHANGES:** The Program reserves the right to change, modify, or terminate this program at any time without any liability except as expressly stated herein. The Program will honor all written commitments made in Scope of Work provided to Participants prior to the date of any change, modification or termination of this program, provided that project installations are fully completed within the time specified in the Scope of Work.
13. **PROGRAM EXPIRATION:** This Program will expire upon the earliest to occur: (i) June 30, 2022, (ii) when funds are depleted, or (iii) when the Program is terminated.
14. **NO WARRANTY:** The Program makes no representations or warranties, expressed or implied, and does not guarantee that implementation of energy-efficiency measures or use of the equipment purchased or installed pursuant to this Program will result in energy cost savings. The savings projections will be used solely to qualify the project and to calculate the Program incentive. The Program does not guarantee that the project will realize the exact savings projected. Any recommendations made by the Program, if implemented by the Participant, should not be construed as an assurance or warranty of energy consumption, energy use savings or reduced building operating costs or of the continuing safety, performance or cost-effectiveness of any equipment, product, system, facility, procedure, or policy discussed or recommended by the Program. The Participant acknowledges that any changes in energy costs that may be experienced by Participant will be affected by fuel prices, weather patterns, occupant behavior, maintenance activities and additional factors.
15. **PARTICIPANT'S INDEPENDENT JUDGEMENT AND RESPONSIBILITY:** Participant is responsible for design and implementation of the Project. The Program's review of the design, construction, operation or maintenance of the Project, energy efficiency measures, does not constitute a representation of any kind regarding the Project Measures, including their economic or technical feasibility, operational capability, or reliability. The Participant is solely responsible for the economic and technical feasibility, operational capability, and reliability of the Project and measures. The Program is not responsible for and shall not be liable for injury to or death of any person or damage to any property (including the Building) in connection with the Program. In no event will the Program be liable for any incidental, special or consequential damages. Participation in this Program is voluntary and there is no obligation to purchase any specific product or service. In order to receive an incentive through the Program, products must meet minimum performance standards.
16. **INDEMNIFICATION:** The Participant shall protect, indemnify, defend, and hold harmless the Program (including California Department of Community Services and Development, Association for Energy Affordability, GRID Alternatives, California Housing Partnership Corporation, and TRC Energy Services) from and against all liabilities, losses, claims, damages, judgments, penalties, causes of action, costs and expenses (including, without limitation, attorney's fees and expenses) imposed upon or incurred by or asserted against the Parties resulting from, arising out of or relating to the performance of this Agreement. The obligations of the Participant under this section shall survive any expiration or termination of this Agreement.

<https://camultifamilyenergyefficiency.org/>

Version 3.1

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SH

**LOW INCOME
WEATHERIZATION
PROGRAM**

**ENERGY EFFICIENCY
INCENTIVE RESERVATION & PARTICIPATION AGREEMENT FORM**

17. **CONTRACTOR AND PROJECT PERMIT REQUIREMENTS:** It is the Participant's responsibility to ensure that their installation contractors meet the following requirements: Contractors installing the work in the Approved Scope must hold and maintain 1) Appropriate contractors' licenses required by the State of California Contractor's License Board to perform the class and type of work required, 2) General Liability and Worker's Compensation Insurance, and 3) a Business License if required in the jurisdiction where work is to be performed. The Participant must also ensure that its contractor requires any and all subcontractors meet the same requirements. The Participant must certify the Improvement and installation has complied with all applicable permitting requirements. Proof of permit closure is required for all central air conditioning and heat pumps (including AHUs, split, and packaged units), and their related fans.

18. **INSTALLATION AND EQUIPMENT REQUIREMENTS:** All work must be in full compliance with the requirements of applicable laws, rules and regulations of authorities having governmental and regulatory jurisdiction. Additionally, work performed pursuant to this Program must be overseen by AEA or other contractor identified by the Program. The Participant or any Contractor carrying out installation of measures under this program shall remove and dispose of any and all equipment or materials that are replaced or removed in accordance with all applicable laws, rules and regulations. Eligible energy efficiency improvements must be compliant with the minimum performance specifications provided by the Program. Any losses of equipment are not the responsibility of the Program and the Program will only provide Incentives for the costs associated with the newly installed equipment.

19. **WORKFORCE DEVELOPMENT REQUIREMENTS:** The project must adhere to the workforce development (WFD) requirements as required by the Program. The Participant and Installation Contractor(s) must submit all required WFD documentation at the completion of the project.

20. **COMBUSTION SAFETY REQUIREMENTS:** If, during the course of the Assessment of the Project or Building(s), and/or performing and verifying the installed measures, AEA or Participating Contractor encounter or detect the presence of natural gas or other hazardous materials (collectively, the "Hazardous Condition") at, in and/or near a Combustion Appliance, the local Gas Utility may shut off gas service in tenant units or common areas until the Hazardous Condition is remediated by Participant at Participant's sole cost and expense. Participant and its Participating Contractor will be required to promptly stop any further work on the Project (if underway at the time the Hazardous Condition is detected). The Gas Utility or its designated representative will investigate for the presence of the Hazardous Condition and inform the Participant, AEA and Participating Contractor of the results of the evaluation of the Hazardous Condition. Participant, Participating Contractor or representative will not resume any work on the Project until the Hazardous Condition has been removed, disposed of, abated or remediated in compliance with all applicable laws, rules, and regulations and to the Gas Utility's reasonable satisfaction.

21. **HEALTH AND SAFETY:** The Participant accepts the responsibility that the property is compliant with all health and safety standards (including law requiring installation of CO alarm). The Participant must certify that all combustion safety related required repair actions identified during the post-installation site visit have been addressed in accordance with the Program's Combustion Safety Protocols in the Service Delivery Plan, and take responsibility and future liability for all hazards identified during the pre- and post-installation site visits. The Program will not be liable for damage to occupants or other parties as a result of products or equipment installed by the Participant's contractors as part of participating in the Program.

JH



RESOLUTION NO. SHRC-_____

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

ON DATE OF

September 1, 2021

SACRAMENTO MANOR: APPROVAL TO EXECUTE REGULATORY AGREEMENT BETWEEN SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (AGENCY) AND PORTER PARTNERS LIMITED DIVIDEND HOUSING ASSOCIATION, LP, A CALIFORNIA LIMITED PARTNERSHIP, (ALLIANCE PROPERTY GROUP); AND AMEND BUDGET

WHEREAS, Porter Partners Limited Dividend Housing Association, LP, a California Limited Partnership, has requested to enter into a Regulatory Agreement with the Sacramento Housing and Redevelopment Agency (Agency) related to the Project, as defined below,

WHEREAS, the Sacramento Manor Apartments project located at 7300 24th Street Bypass, Sacramento, California 95822 (the "Project") includes the acquisition and rehabilitation of an existing market rate housing community that was built in 1961. The Project consists of 260 units, comprised in 21 single story residential buildings, containing 42 studios, 172 one-bedroom, one-bath, and 46 two-bedroom, one-bath units. The rehabilitation of the Project will involve upgrades to the building interiors, primarily around changes to the utilities and distribution of heating and cooling, and hot water heating systems, and other improvements to the existing buildings for energy efficiency and to reduce greenhouse gas emissions at the Project.

WHEREAS, 172 of 260 units (66% of the total units) shall be restricted by the Sacramento Housing and Redevelopment Agency's (Agency) Regulatory Agreement to households earning at or below 80% of the area median income (AMI) for Sacramento County. The Agency restricted units shall be applied proportionately across all unit types at the property; and

WHEREAS, within twelve (12) months of recording the Regulatory Agreement, the Owner shall complete the scope of work set forth in Exhibit A – Scope of Development; and

WHEREAS, Agency's Regulatory Agreement will include conditions required under the State of California Low Income Weatherization Program (LIWP), including:

- a. Agency's Regulatory Agreement shall be for a minimum 10-year term.
- b. The owner shall agree not to evict or commence any eviction proceeding against any tenant(s) of any restricted unit in the building, except for cause and subject to all legal requirements and procedures for any such eviction and/or proceeding.

- c. The restricted units shall be subject to the provisions of the Sacramento Tenant Protection Act (Sacramento City Code §5.156) (the “Act”), including the statutorily authorized rent control or rent stabilization, which does not prohibit the owner from receiving standard, periodic, incremental rent increases granted under the Act.
- d. Agency’s utility allowance schedule will apply to the tenant-paid utilities in the restricted units, including any change in the tenant-paid utilities which may result from the contemplated change to the HVAC and hot water heating system at the property listed on Exhibit A. Owner shall agree that rents for the restricted units shall not be increased because of the solar and/or energy efficiency upgrades and major capital improvements included as part of the LIWP IRPA.
- e. Any vacant units at the time of recording the Regulatory Agreement shall be rented to or occupied by households earning at or below 80% AMI until at least 66% of the property’s units are rented at the rent affordability standard.

WHEREAS, the proposed action is exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines §15301.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

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

Section 2. The Executive Director, or her designee, is authorized to enter into and execute, and transmit the Regulatory Agreement documents, approved as to form by the Agency’s Office of the General Counsel, and perform other actions necessary to fulfill the intent of the Regulatory Agreement documents and to ensure compliance with the Regulatory Agreement documents consistent with the Agency’s policies.

Section 3. The Executive Director, or her designee, is authorized to amend the Agency’s budget to receive and administer funds received from up-front monitoring fees.

CHAIR

ATTEST:

CLERK



September 1, 2021

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

Honorable Members in Session:

SUBJECT:

**La Mancha Project - Approving an Application for Funding and Execution of
Grant Agreement and Amendments**

RECOMMENDATION:

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

Respectfully Submitted


LA SHELLIE DOZIER
Executive Director

Attachment



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

Public Hearing
September 21, 2021

Honorable Mayor and Members of the City Council

Title: La Mancha Project - Approving an Application for Funding and the Execution of a Grant Agreement and any Amendments

Location/Council District: District 8

Recommendation: Adopt a City Council Resolution: 1) approving submission of \$1.75 million State of California (State) CDBG-CV application for the purpose of rehabilitating a permanent supportive housing for homeless facility, La Mancha (Project); 2) approving the use of State CDBG Program Income for the purpose of a rehabilitating the Project; 3) acknowledging compliance with all state and federal public participation requirements in the development of its application(s); 4) delegating, authorizing and directing Sacramento Housing and Redevelopment Agency (SHRA) to execute and deliver all applications and act on the City's behalf; 5) if awarded, authorizing SHRA to enter into, execute and deliver the grant agreement (*i.e.*, Standard Agreement) and any and all subsequent amendments; 6) if awarded, authorizing SHRA to sign and submit Funds Requests and all required reporting forms and other documentation, without limitation, including any covenant or regulatory agreement as may be required by the State of California from time to time in connection with the grant; 7) if awarded, authorizing SHRA to enter into, execute and deliver a grant agreement (*i.e.*, subrecipient agreement), related documents, and other documents as approved to form by its Office of the General Counsel, and any and all subsequent amendments thereto with 7789 La Mancha Way LLC (Mercy Housing California) (Developer); and perform other actions required for the CDBG-CV activities and/or CDBG funds; and 8) if awarded, amend the SHRA budget and make related findings.

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

Presenters: Anne Nicholls, Management Analyst, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: On October 13, 2020, City Council (Council) and Housing Authority Board (Board) approved the funding agreements associated with the State Department of Housing and Community Development (HCD) Homekey funds, and other funds for the acquisition, construction and permanent financing of La Mancha permanent supportive housing development located at 7789 La Mancha Way (Project), formerly operating at the Woodsprings Suites motel that was built in 2009. The Housing Authority of the City of Sacramento was a co-recipient of the Homekey funding award in partnership with 7789 La Mancha Way LLC (Mercy Housing California) (Developer). A vicinity map is included as Attachment 3.

On October 20, 2020, the County Board of Supervisors approved the MSHA Loan Documents for the construction and permanent financing of the Project. On December 16, 2020, the Developer successfully closed on acquisition, construction and permanent financing and started construction at the Project. The 100 permanent supportive housing units are nearly at full occupancy.

La Mancha Development

The Developer has completed approximately 90 percent of the conversion of the 124-room extended stay motel into 100 permanent supportive housing units. Every unit is furnished, has a kitchenette with a full size refrigerator, sink, two-burner stove top and built-in microwaves.

The rehabilitation includes ten units that meet Americans with Disabilities Act (ADA) standards. In addition, every unit has new paint, window blinds, baseboards, bathroom sinks, solid surface kitchen countertops, flooring repairs or replacement as needed, as well as some electrical upgrades. Twenty-four (24) ground floor units were converted into approximately 5,000 square feet of lobby, reception, eight case management offices, two property management offices, two meeting rooms, and common area restrooms.

On April 21, 2021, HCD sent Homekey awardees and applicants an invitation to apply for HCD's set aside of CDBG – Coronavirus Response (CDBG-CV) funds to support Homekey projects. The Developer requested SHRA apply to HCD for \$1.75 million in CDBG-CV funds and enter into a grant agreement for the purpose of making additional improvements to the Project.

The City, through SHRA, wishes to submit an application to HCD in the amount of \$1.75 million in CDBG-CV funds for the additional improvements to the Project. The additional scope of work includes installation of solar power carports to reduce operating costs, a new front vehicle gate that secures the property, converting all door locks from the previous hotel card entry system to traditional residential locks, additional recreation area, and an expanded community room with a covered entry. These items were not included in the original scope due to limited resources and time constraints to meet the ambitious Homekey Program schedule in 2020. If awarded, the \$1.75 million in CDBG-CV funds would reduce some operating costs by incorporating solar carports into the Project, enhance property security and access, and develop and maintain a strong community by providing a larger community space for residents and staff.

Project Financing: If successfully awarded, the new scope of work, including architecture and engineering, will be financed with \$1.75 million in CDBG-CV funds from HCD.

Affordability Requirements: Residents are individuals and families who are experiencing homelessness or who are at risk of homelessness and impacted by the COVID-19 pandemic. At the time of acquisition, SHRA and the Developer entered into a 55-year regulatory agreement on the property in accordance with the Homekey Program funding rules. It is anticipated HCD will require a ten-year regulatory agreement for the CDBG-CV assisted units. There are a total of 100 studio units restricted at or below 30% of Area Median Income, which includes approximately 30 MHSA assisted units.

Developer: Mercy Housing California is a nonprofit public benefit corporation dedicated to providing quality affordable housing with supportive programs to low-income individuals in California. The Developer has developed more than 11,000 affordable homes, including over 8,000 rental and 3,000 homeownership units. Their portfolio includes 20 properties with over 1,400 units in Sacramento County. The Developer is qualified to repurpose a motel given its experience in the rehabilitation of the Budget Inn on Stockton Boulevard into the 74-unit Boulevard Court Apartments, and the 92-unit Courtyard Inn Apartments, both permanent supportive housing developments.

Supportive Services: There are 30 units restricted to the MHSA funding program and supportive services are provided by the County of Sacramento Department of Health Services. Mercy Housing is also providing and coordinating supportive services. Mercy Housing California has over 20 years of experience providing safe and affordable housing to homeless and chronically homeless individuals and families. Mercy has a successful history of creating partnerships with service providers who provide intensive case management and connect residents to resources including mental health services, healthcare services, substance abuse services, life skills programs, employment services, and crisis management.

Property Management: Mercy Housing Management Group provides all on-site property management and service coordination. Similar to many other permanent supportive housing sites in the region following the housing first model, 24/7 site staffing is essential and will be maintained. An assistant manager, desk clerks, maintenance team, resident services coordinator and case management teams provide a significant presence throughout the day and well into every evening. Nighttime staff includes desk clerks.

Security Plan: The Security Plan for the property includes full time guards staffing the property 24 hours a day. Security cameras and enhanced exterior lighting are installed, and enhanced visitation protocols are established and enforced.

Policy Considerations: The recommended actions for the development are consistent with the 2013-2021 Housing Element, Goals 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; H-3.2.8 Provide funding and other resources for permanent supportive housing; H-3.2.9, in part, Prioritization of Special Needs Housing, such as chronically

homeless individuals or families for available local affordable housing financing as set forth in the City's Multifamily Lending and Mortgage Revenue Bond Policies administered by SHRA; and H-5.1 to 5.4, in part, Promote and create accessible residential development (Resolution No. 2013- 415).

Economic Impacts: The additional improvements at the La Mancha permanent supportive housing project is expected to create 26.89 total jobs (15.10 direct jobs and 11.8 jobs through indirect and induced activities) and create \$2,359,187 in total economic output (\$1,449,857 of direct output and another \$909,330 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

Environmental Considerations: California Environmental Quality Act (CEQA): Activities authorized in this report have been analyzed in accordance with CEQA and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50675.1.2 – Project Homekey.

National Environmental Policy Act (NEPA): An Environmental Assessment (EA) was prepared in order to analyze the Project in accordance with NEPA and it was determined that the Project would not result in a significant impact on the environment. The addition of new funds to the Project and the change in Project scope required that the findings of the NEPA document be re-evaluated. The Project is being re-evaluated and it is anticipated that the change in scope will not result in a change of findings. The re-evaluation will be completed prior to making any choice limiting action.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. The Project advances 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 September 1, 2021, meeting, 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 actions recommended in this report enable SHRA to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with the City of Sacramento's 2013-2021 Housing Element as part of Sacramento's 2035 General Plan, and the Opportunity Zone.

Financial Considerations: The CDBG-CV funds for the La Mancha development will be in the form of a grant with a ten-year regulatory agreement term monitored by HCD.

LBE - M/WBE and Section 3 requirements: Local Business Enterprise requirements do not apply to this report. Minority and Women's Business Enterprise requirements and Section 3 apply to all activities to the greatest extent feasible and as required by federal funding and in accordance with the SHRA's Section 3 Economic Opportunity Plan.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachments

- 1-Description/Analysis
- 2-Resolution
- 3-Vicinity Map

RESOLUTION NO. 2021 -

Adopted by the Sacramento City Council

on date of

LA MANCHA (PROJECT): A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENTS AND ANY AMENDMENTS THERETO FROM THE 2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – CORONAVIRUS RESPONSE (CDBG-CV) AND/OR THE 2020-2021 FUNDING YEAR OF THE STATE CDBG PROGRAM; AMEND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA) BUDGET; RELATED FINDINGS AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. On October 13, 2020, City Council (Council) and Housing Authority Board (Board) approved the funding agreements associated with each respective funding program, State of California (State) Department of Housing and Community Development (HCD) Homekey funds, Community Development Block Grant Coronavirus (CDBG-CV), Coronavirus Relief Funds (CRF), Homeless Housing Assistance Prevention Program-3 (HHAP-3) Funds for the acquisition, construction and permanent financing of La Mancha permanent supportive housing development (Project). The Housing Authority of the City of Sacramento was a co-recipient of the Homekey funding award in partnership with 7789 La Mancha Way LLC (Mercy Housing California) (Developer).
- B. On October 20, 2020, the County Board of Supervisors approved an MHSA Loan from Sacramento Housing and Redevelopment Agency (SHRA) to the Developer, and the MHSA Loan Documents for the construction and permanent financing of the Project.
- C. On December 16, 2020, the Developer successfully closed on acquisition, construction and permanent financing and started construction at the Project. Operations are currently supported by CDBG-CV and CRF. The HHAP-3 funds were awarded in June 2021 and will also support operations at the Project.
- D. The Developer has completed approximately 90 percent of the conversion of the 124-room extended stay motel into 100 permanent supportive housing units. Community space and site work is in progress. The Project is nearly at full occupancy.
- E. On April 21, 2021 and amended on May 21, 2021, HCD sent Homekey awardees and eligible local jurisdiction applicants an invitation to apply for HCD's set aside of CDBG – Coronavirus Response (CDBG-CV) funds to support Homekey projects pursuant to the State's FY 2019-2020 Annual Action Plan Second

Substantial Amendment. The Developer requested SHRA to apply to HCD for \$1.75 million in CDBG-CV funds for additional improvements to the Project (HCD CDBG-CV Invitation).

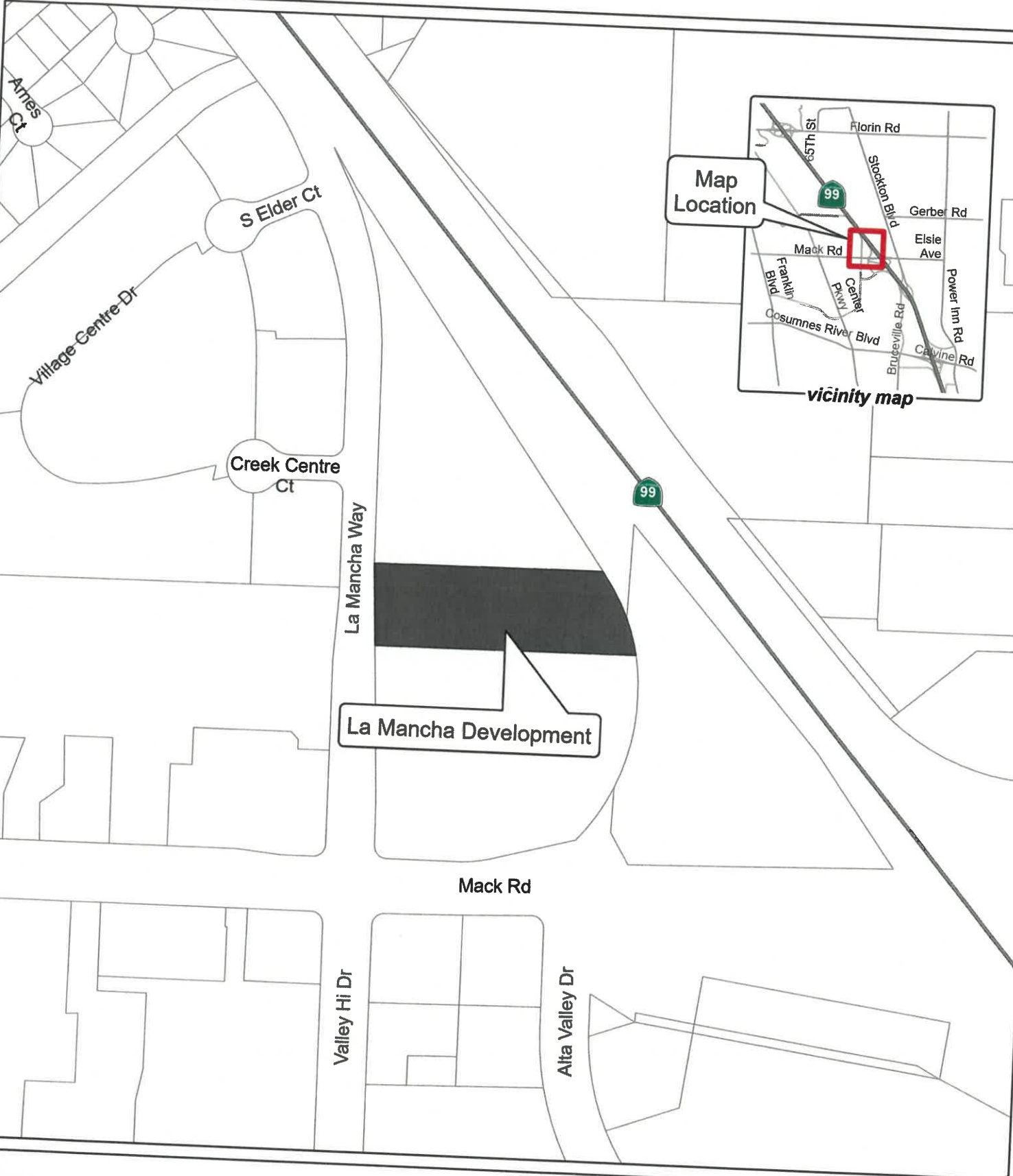
- F. The City of Sacramento ("City" or "Applicant") is an eligible local jurisdiction. The Applicant, through its related entity and agent, the Sacramento Housing and Redevelopment Agency (SHRA), wishes to submit an application to HCD in the amount of \$1.75 million in CDBG-CV funds for additional improvements to the Project.
- G. A public hearing was held by the City Council on September 21, 2021, following duly published notice thereof, and all persons desiring to be heard have been heard.
- H. Activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50675.1.2 – Project Homekey.
- I. An Environmental Assessment (EA) was prepared in order to analyze the project in accordance with the National Environmental Policy Act (NEPA) and it was determined that the project would not result in a significant impact on the environment. The addition of new funds to the project and the change in project scope required that the findings of the NEPA document be re-evaluated. The project is being re-evaluated and it is anticipated that the change in scope will not result in a change of findings. The re-evaluation will be completed prior to making any choice limiting action.


BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL 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 City has reviewed and hereby approves the submission to the State of California of one application in the aggregate amount of, not to exceed, \$1.75 million for (i) the following CDBG-CV activities, pursuant to the CDBG Method of Distribution as described in the State of California 2019-2020 Annual Action Plan August 2020 Second Substantial Amendment, and/or (ii) the following CDBG activities, pursuant to the CDBG Method of Distribution as described in the State of California 2020-2021 Annual Action Plan January 2021 Substantial Amendment:
La Mancha Permanent Supportive Housing for Homeless Facility Rehabilitation \$1.75 million.
- Section 3. The City hereby approves the use of Program Income in an amount not to


exceed \$1.75 million for the CDBG-CV activities and/or CDBG activities described in Section 5 of this resolution.

- Section 4. The City acknowledges compliance with all state and federal public participation requirements in the development of its application(s).
- Section 5. The City hereby delegates, authorizes and directs SHRA, whose Executive Director is La Shelle Dozier, to execute and deliver all applications and act on the City's behalf in all matters pertaining to all such applications.
- Section 6. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to enter into, execute and deliver the grant agreement (i.e., Standard Agreement) and any and all subsequent amendments thereto with the State of California for the purposes of the grant.
- Section 7. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to sign and submit Funds Requests and all required reporting forms and other documentation, without limitation, including any covenant or regulatory agreement as may be required by the State of California from time to time in connection with the grant.
- Section 8. If an application is approved, SHRA, whose Executive Director is La Shelle Dozier, is authorized to enter into, execute and deliver a grant agreement (i.e., subrecipient agreement), related documents, and other documents as approved to form by its Office of the General Counsel, and any and all subsequent amendments thereto with the Developer, whose Vice President is Stephan Daues for the purposes of the grant; and perform other actions required for the CDBG-CV activities and/or CDBG funds consistent with HCD's CDBG-CV Invitation, SHRA's adopted policy and with this resolution.
- Section 9. If an application for funding is approved, SHRA's budget is hereby amended to incorporate the CDBG-CV funding of up to \$1.75 million for additional improvements to the Project.



 La Mancha Development (7789 La Mancha Way)

0 Feet 150 300

 SHRA GIS
August 9, 2021

RESOLUTION NO. SHRC-_____

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

ON DATE OF
September 1, 2021

LA MANCHA (PROJECT): A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENTS AND ANY AMENDMENTS THERETO FROM THE 2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM – CORONAVIRUS RESPONSE (CDBG-CV) AND/OR THE 2020-2021 FUNDING YEAR OF THE STATE CDBG PROGRAM; AMEND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA) BUDGET; RELATED FINDINGS AND ENVIRONMENTAL FINDINGS

WHEREAS, on October 13, 2020, City Council (Council) and Housing Authority Board (Board) approved the funding agreements associated with each respective funding program, State of California Department of Housing and Community Development (State of California or HCD) Homekey funds, Community Development Block Grant Coronavirus (CDBG-CV), Coronavirus Relief Funds (CRF), Homeless Housing Assistance Prevention Program-3 (HHAP-3) Funds for the acquisition, construction and permanent financing of La Mancha permanent supportive housing development (Project). The Housing Authority of the City of Sacramento was a co-recipient of the Homekey funding award in partnership with 7789 La Mancha Way LLC (Mercy Housing California) (Developer).

WHEREAS, on October 20, 2020, the County Board of Supervisors approved the MHSa Loan Documents for the construction and permanent financing of the Project.

WHEREAS, on December 16, 2020, the Developer successfully closed on acquisition, construction and permanent financing and started construction at the Project. Operations are currently supported by SHRA CDBG and CRF. The HHAP-3 funds were awarded in June 2021 and will also support operations at the Project.

WHEREAS, the Developer has completed approximately 90% of the conversion of the 124-room extended stay motel into 100 permanent supportive housing units. Community space and site work is in progress. The Project is nearly at full occupancy.

WHEREAS, on April 21, 2021 and amended on May 21, 2021, HCD sent Homekey awardees and applicants an invitation to apply for HCD's set aside of CDBG – Coronavirus Response (CDBG-CV) funds to support Homekey projects. The Developer requested SHRA to apply to HCD for \$1.75 million in CDBG-CV funds for additional improvements to the Project.

WHEREAS, the City, through its related entity, the Sacramento Housing and Redevelopment Agency (SHRA), wishes to submit an application to HCD in the amount of \$1.75 million in CDBG-CV funds for additional improvements to the Project.

WHEREAS, a public hearing will be held by the City Council on September 21, 2021, following duly published notice thereof, and all persons desiring to be heard will be heard.

WHEREAS, activities authorized in this report have been analyzed in accordance with the California Environmental Quality Act (CEQA) and are determined to be exempt from CEQA pursuant to Health & Safety Code, Section 50675.1.2 – Project Homekey.

WHEREAS, an Environmental Assessment (EA) was prepared in order to analyze the project in accordance with the National Environmental Policy Act (NEPA) and it was determined that the project would not result in a significant impact on the environment. The addition of new funds to the project and the change in project scope required that the findings of the NEPA document be re-evaluated. The project is being re-evaluated and it is anticipated that the change in scope will not result in a change of findings. The re-evaluation will be completed prior to making any choice limiting action.

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION (SHRC):

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. SHRC has reviewed and hereby approves the submission to the State of California of one application in the aggregate amount of, not to exceed, \$1.75 million for (i) the following CDBG-CV activities, pursuant to the CDBG Method of Distribution as described in the State of California 2019-2020 Annual Action Plan August 2020 Second Substantial Amendment, and/or (ii) the following CDBG activities, pursuant to the CDBG Method of

Distribution as described in the State of California 2020-2021 Annual Action Plan January 2021
Substantial Amendment:

La Mancha Permanent Supportive Housing for Homeless Facility Rehabilitation \$1.75 million.

Section 3. SHRC hereby approves the use of Program Income in an amount not to exceed \$1.75 million for the CDBG-CV activities and/or CDBG activities described in Section 5 of this resolution.

Section 4. The Executive Director acknowledges compliance with all state and federal public participation requirements in the development of its application(s).

Section 5. The Executive Director, or her designee, is authorized to execute and deliver all applications and act on the City's behalf in all matters pertaining to all such applications.

Section 6. If an application is approved, the Executive Director, or her designee, is authorized to enter into, execute and deliver the grant agreement (i.e., Standard Agreement) and any and all subsequent amendments thereto with the State of California for the purposes of the grant.

Section 7. If an application is approved, the Executive Director, or her designee, is authorized to sign and submit Funds Requests and all required reporting forms and other documentation, without limitation, including any covenant or regulatory agreement as may be required by the State of California from time to time in connection with the grant.

Section 8. If an application is approved, the Executive Director, or her designee, is authorized to enter into, execute and deliver a grant agreement (i.e., subrecipient agreement), related documents, and other documents as approved to form by its Office of the General Counsel, and any and all subsequent amendments thereto with the Developer for the purposes of the grant; and perform other actions required for the CDBG-CV activities and/or CDBG funds consistent with HCD's CDBG-CV Invitation, SHRA's adopted policy and with this resolution.

Section 9. If an application for funding is approved, the Executive Director, or her designee, is authorized to amend and incorporate the CDBG-CV funding of up to \$1.75 million for additional improvements to the Project.

CHAIR

ATTEST:

CLERK