

Authority To Execute 18-Month Conditional Loan Commitments With JHC-Vista Nueva LLC And Sacramento 11th Street LP In The Amount Of \$2.12 Million In Mental Health Services Act Funds Each For The Rehabilitation Of The Vista Nueva And Central Sacramento Studios Developments
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Project Developer: Danco Communities is a Humboldt County-based affordable and market rate housing developer established in 1986. Danco has constructed over 25 affordable multifamily developments with over 700 units throughout California. Inclusive of Danco's portfolio, they have seven (7) permanent supportive housing/special needs developments with an aggregate 348 units. In December 2020, Danco was awarded Homekey funds from HCD for a permanent supportive housing project in Oakland. Central Sacramento Studios will be Danco's first project in Sacramento.

Property Management: The proposed Property Management agent is Danco Property Management (DPM). There will be 24-hour desk coverage and security patrol in addition to management and maintenance staff. DPM has over 15 years in property management experience in the western United States including single family, commercial, and affordable housing and currently manages over 2,000 multifamily units in California of which over 900 are affordable. DPM currently manages Danco's permanent supportive housing/special needs developments, including the upcoming Homekey funded project in Oakland. The final Management Plan is subject to SHRA approval prior to close of escrow.

Resident and Supportive Services: Resident and supportive services will be provided by LifeSTEPS, which currently provides resident services to over 250 affordable housing communities and more than 80,000 residents in California. LifeSTEPS will have a 0.4 FTE services coordinator to provide the required 15 hours of on-site resident services per week. Programs will be tailored to resident needs. Services will include, but is not limited to, social services and enrichment programs.

There will be 15 units restricted to the MHSA funding program; and case management and supportive services will be provided directly by DHS. LifeSTEPS will also provide two FTE case managers to serve the non-MHSA assisted residents. The final Resident Services Plan is subject to SHRA approval prior to close of escrow.

Security Plan: Central Sacramento Studios will include 24-hour desk coverage, installation of a security camera system at vehicular driveways, points of access, enclosed stairways and common areas, additional exterior and common area lighting, and security patrols.

Project Financing: The financing structure of this Central Sacramento Studios includes HCD Homekey funds, MHSA, HOME ARP and PLHA program funds. A summary of SHRA financing is provided in the following table:

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Central Sacramento Studios SHRA Funding Programs	Amount
Construction and Permanent Financing Loans	
Mental Health Services Act (MHSA)	\$ 2,120,000
HOME Investment Partnerships Program (HOME)	\$ 4,088,000
American Rescue Plan (ARP)	
Subtotal of Loans	\$ 6,208,000
Operation Grant	
Permanent Local Housing Allocation (PLHA)	\$ 1,210,000
Subtotal of Grant	\$ 1,210,000
Total SHRA Loans and Grant	\$ 7,418,000

The Central Sacramento Studios funding sources and uses and cash flow proforma are included in Attachments 7 and 8. Proposed funding sources and their affordability requirements are summarized in the table below. See Attachment 9 for maximum income and rent levels.

Unit Type	Units	% of Units	Affordability Restriction
Homekey, HOME ARP and PLHA	77	83%	Fifty-Five (55) Years
Homekey, MHSA, HOME ARP and PLHA	15	16%	Fifty-Five (55) Years
Manager's unit	1	1%	Unrestricted
Total	93	100%	

¹Pursuant to 24CFR 983.301, contract rents approved by HUD may exceed the tax-credit rent limits; the tenant rent will not exceed 30% of the household adjusted gross income with PBV.

COMMISSION ACTION

At its meeting of December 1, 2021, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. Staff will notify the Board in the event the item is not approved.

POLICY CONSIDERATIONS

The recommended actions for the Vista Nueva and Central Sacramento Studios are consistent with a) SHRA's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Affordable Housing Priority 2(i), Permanent Supportive Housing and Homeless Housing and Priority 3, Rehabilitation of Existing Affordable Housing, and b) the 2021-2029 Housing Element Goals, Policies and Programs, Goal HE 4.1.3. In part, the County will support activities that serve the housing needs of special needs groups with a

continuum of housing options with supportive services; Goal HE 4.2.2, In part, the County will assist extremely low-income households through the use of project based housing vouchers; Goal HE 4.3.5, In part, the County will expand targeted permanent housing through two primary strategies: 1) by providing temporary or ongoing rental subsidies and supportive services, facilitating exits from homelessness within the existing rental market and 2) by developing additional new permanent housing, including permanent supportive housing; and Goal HE 4.3.6, the County will expand access to and coordination of essential mainstream services such as physical health, mental health, employment and others services necessary to assist people experiencing homelessness to stabilize, obtain or retain housing, and improve quality of life.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed projects are exempt under CEQA pursuant to 15 California Code of Regulations §15301.

National Environmental Policy Act (NEPA): An Environmental Assessment has been prepared for each of the proposed projects pursuant to NEPA and it has been determined that the projects will not result in a significant impact.

M/WBE/SECTION 3 CONSIDERATIONS

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

FINANCIAL ANALYSIS

The financing for Vista Nueva includes SHRA City Emergency Solutions Grant and HCD Homekey funds as a grant. The SHRA MHA, City HOME ARP and City CDBG loans will have a zero percent interest rate and a 40-year term. The financing for Central Sacramento Studios includes HCD Homekey funds and SHRA PLHA funds as grants. The SHRA MHA and City HOME ARP loans will have a zero percent interest rate and a 40-year term. SHRA will collect an annual payment of 0.125 percent (12.5 basis points) of the total SHRA funding amount and receive a fee equal to \$100 per each SHRA-funded unit per year for monitoring the regulatory restrictions and administration of the funds for each development.

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Respectfully Submitted,

APPROVED
ANN EDWARDS
County Executive


LA SHELLE DOZIER, Executive Director
Sacramento Housing and
Redevelopment Agency

By: _____
BRUCE WAGSTAFF
Deputy County Executive

Attachment(s):

- RES – Resolution**
- ATT 1 – Vicinity Map – Vista Nueva**
- ATT 2 – Project Rendering – Vista Nueva**
- ATT 3 – Residential Project Summary – Vista Nueva**
- ATT 4 – Cash Flow Proforma – Vista Nueva**
- ATT 5 – Vicinity Map – Central Sacramento Studios**
- ATT 6 – Picture – Central Sacramento Studios**
- ATT 7 – Residential Project Summary – Central Sacramento Studios**
- ATT 8 – Cash Flow Proforma – Central Sacramento Studios**
- ATT 9 – Maximum Income and Rent Limits**
- ATT 10 – Loan Commitment – Vista Nueva**
- ATT 11 – Loan Commitment – Central Sacramento Studios**

RESOLUTION NO.

VISTA NUEVA AND CENTRAL SACRAMENTO STUDIOS PROJECTS: APPROVAL TO EXECUTE MENTAL HEALTH SERVICES ACT LOAN COMMITMENTS AND RELATED DOCUMENTS AND TRANSMIT TO JHC- VISTA NUEVA LLC (JAMBOREE HOUSING CORPORATION), OR RELATED ENTITY AND SACRAMENTO 11TH STREET LP (DANCO COMMUNITIES), OR RELATED ENTITY; AMEND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; RELATED FINDINGS AND ENVIRONMENTAL FINDINGS

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 to 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, on September 9, 2021 the State of California Department of Housing and Community Development (HCD) announced that it is making \$1.45 billion dollars available through a Notice of Funding Availability (NOFA) for the Homekey Program. The Homekey Program provides funding to cities, counties, and other local entities, including housing authorities to convert motels, hotels, and other non-residential structures into permanent supportive housing and/or transitional housing for the State's homeless population. The Homekey Program is funded with federal Coronavirus Relief Funds (CRF) which must be spent within eight months of the date of award. HCD is accepting

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applications on an over-the-counter basis until the available funds are exhausted. HCD anticipates to announce awards within 45 days of receipt of a complete application.

WHEREAS, on October 12, 2021, for the purpose of acquisition, construction, operation and permanent financing of the Vista Nueva permanent supportive and transitional housing development, the Housing Authority Board of the City of Sacramento (Board) approved the Housing Authority of the City of Sacramento (HACS) to partner with JHC-Vista Nueva LLC (Jamboree Housing Corporation), or related entity, and apply for Homekey funds; and Sacramento City Council (Council) approved an \$8.995 million loan and grant commitment comprised \$4.125 million in City HOME Investment Partnership Program (HOME) American Rescue Plan (ARP) funds, \$1.72 million in City Community Development Block Grant, and \$3.15 million in City Emergency Solutions Grant from SHRA to JHC-Vista Nueva LLC; and

WHEREAS, on October 19, 2021, for the purpose of acquisition, construction, operation and permanent financing of the Central Sacramento Studios permanent supportive housing development, the Board approved HACS to partner with Sacramento 11th Street LP (Danco Communities), or related entity, and apply for Homekey funds; and Council approved a \$5.298 million loan and grant commitment comprised \$4.088 million in City HOME ARP funds and \$1.21 million in City Permanent Local Housing Allocation funds from SHRA to Sacramento 11th Street LP; and

WHEREAS, the proposed projects are exempt under the California Environmental Quality Act pursuant to 15 California Code of Regulations §15301; and

WHEREAS, an Environmental Assessment has been prepared for each of the proposed projects pursuant to the National Environmental Policy Act and it has been determined that the projects will not result in a significant impact.

Authority To Execute 18-Month Conditional Loan Commitments With JHC-Vista Nueva LLC And Sacramento 11th Street LP In The Amount Of \$2.120,000 In Mental Health Services Act Funds Each For The Rehabilitation Of The Vista Nueva And Central Sacramento Studios Developments
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NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO:

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

Section 2. The Vista Nueva Loan Commitment (Vista Nueva Commitment) of \$2.12 million in MHSA funds incorporated in this resolution is approved; and SHRA is authorized to enter into and execute the Vista Nueva Commitment, loan documents and all necessary documents and agreements related to the MHSA loan and transmit to JHC-Vista Nueva LLC (Jamboree Housing Corporation), or related entity, as approved to form by SHRA's Office of the General Counsel (Counsel).

Section 3. The Central Sacramento Studios Loan Commitment (Central Sacramento Studios Commitment) of \$2.12 million in MHSA funds incorporated in this resolution is approved; and SHRA is authorized to enter into and execute the Central Sacramento Studios Commitment, loan documents and all necessary documents and agreements related to the MHSA loan and transmit to Sacramento 11th Street LP (Danco Communities), or related entity, as approved to form by SHRA's Counsel.

Section 4. SHRA is delegated authority to enter into, execute and transmit other documents for each respective project, Vista Nueva and Central Sacramento Studios, as approved to form by Counsel, and perform other actions necessary to fulfill the intent of the MHSA loan commitments 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.

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Section 5. SHRA finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, SHRA is authorized to subordinate the MHSA loans for each respective project, Vista Nueva and Central Sacramento Studios, to senior loans.

Section 6. SHRA is authorized to amend its budget to incorporate \$4.24 million in MHSA funds, \$2.12 million for each project, for the purpose of assisting JHC-Vista Nueva LLC and Sacramento 11th Street LP with the construction and permanent financing of Vista Nueva and Central Sacramento Studios consistent with SHRA's adopted policies, MHSA loan commitments and this resolution.

Section 7. This resolution shall take effect immediately upon its adoption.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 7th day of December, 2021, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

ABSTAIN: Supervisors,

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

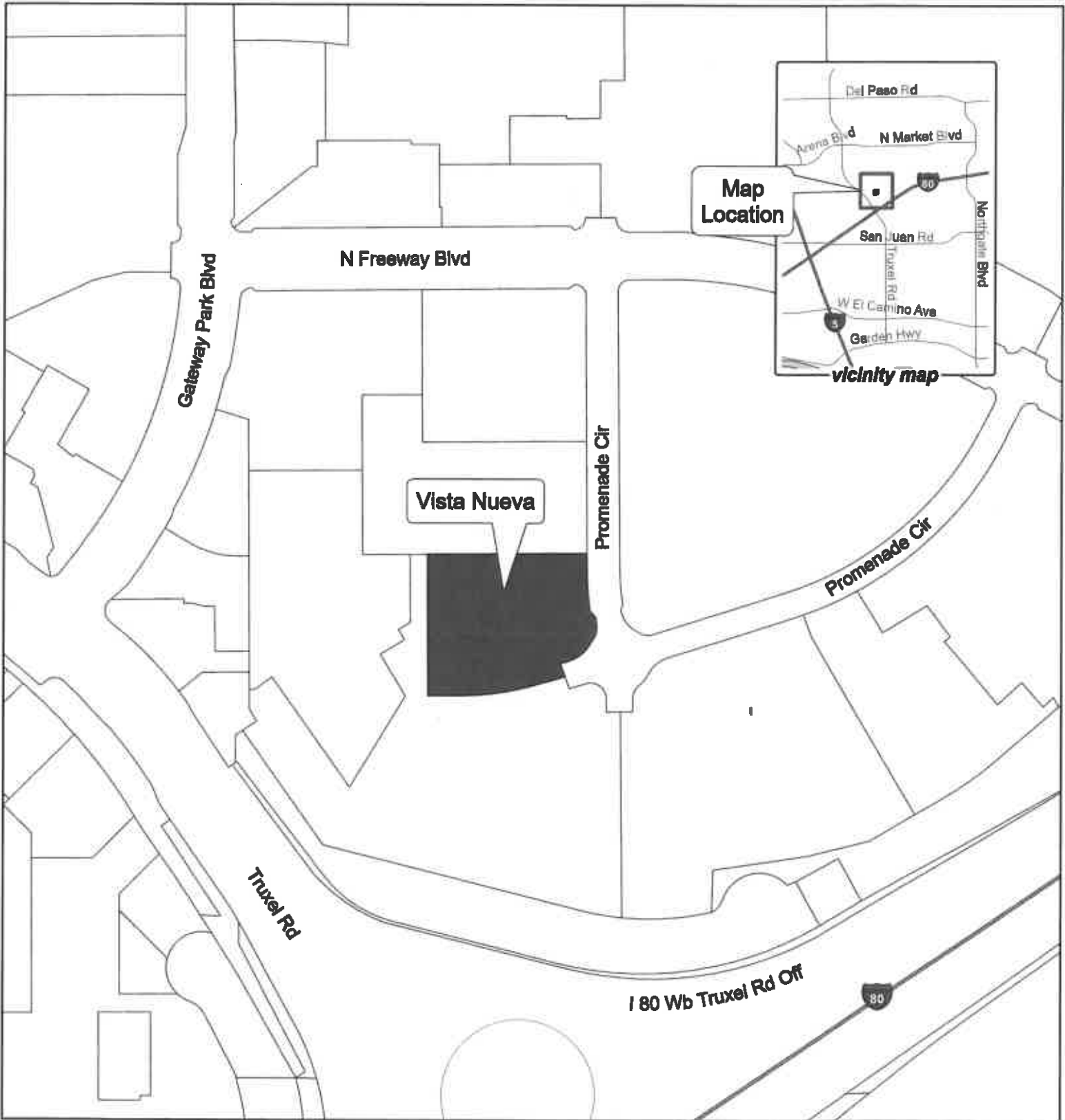
**Chair of the Board of Supervisors
of Sacramento County, California**

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(SEAL)

ATTEST: _____
Clerk, Board of Supervisors

Vista Nueva



 Vista Nueva (140 Promenade Circle)



SHRA GIS
August 25, 2021

**Vista Nueva
Project Rendering**



**Vista Nueva
Residential Project Summary**

Address	140 Promenade Circle, Sacramento 95834		
Year Built	2007		
Acreage	2.29 (99 752.4 sq. ft.)		
Unit Mix and Rents	ELI (30% AMI) PBV	ELI (30% AMI) Transitional	Total
Studio/1 Bath	53	10	63
1 Bedroom/1 Bath	39	0	39
2 Bedrooms/2 Bath	14	0	14
Management Unit (2 Bedrooms)	0	0	1
Total Units	106	10	117
Square Footage	Unit Size (sq.ft.)	Total	
Studio/1 Bath	400	25,200	sq. ft.
1 Bedroom/1 Bath	513	20,007	sq. ft.
2 Bedrooms/2 Bath	788	11,820	sq. ft.
Community Area		24,098	sq. ft.
Total Gross		81,125	sq. ft.
On-site Amenities	Management, resident services and case management offices, community room with kitchen and lounging areas, computer space, laundry facilities, pool, picnic area with barbeque. Children's tot lot and school aged playgrounds with fencing and gates, pet area, 75 vehicle parking spaces and 8 bike parking spaces.		
Permanent Sources	Total	Per Unit	Per Square Foot
HCD Homekey Grant	29,040,000	248,205	357.87
SHRA Loan	5,845,000	49,957	72.05
SHRA Grant	3,150,000	26,923	38.83
Building Hope (MHSA) Loan	2,120,000	18,120	26.13
Deferred Developer Fee	176,763	1,511	2.18
TOTAL SOURCES	\$ 40,331,763	344,716	\$ 497.16
Permanent Uses			
Acquisition	30,600,000	261,538	377.20
Construction Costs	4,667,887	39,896	57.54
Architecture & Engineering	170,000	1,453	2.10
Permits & Fees	268,858	2,298	3.31
Hard Cost Contingency	694,094	5,932	8.56
Soft Cost Contingency	308,344	2,618	3.78
Operating Reserve	1,864,580	15,937	22.98
Legal Fees	90,000	769	1.11
Developer Fee	1,000,000	8,547	12.33
Third Party Fees, Marketing, Other	590,000	5,043	7.27
TOTAL USES	\$ 40,331,763	\$ 344,716	\$ 497.16
Leverage	SHRA \$ per Unit	Per Unit Cost	Leverage
			SHRA : Other
	\$ 325,085	\$ 344,716	\$1.00 : \$1.06
Management / Operations	Proposed Developer Jamboree Housing Corporation Property Management Company Domus Management Company Operating Expenses \$ 810,174 \$ 6,925 Property Management \$ 70,200 \$ 800 Transitional Units Operations \$ 315,214 \$ 2,694 Resident Services \$ 290,417 \$ 2,482 Replacement Reserves \$ 58,500 \$ 500 Taxes and Insurance \$ 62,643 \$ 535		

Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
Permanent Supportive Housing (106 units):								
Studio/1 Bath @ 30% AMI (PBV)	53	400	21,200	\$ 476	\$ -	\$ 1.19	\$ 25,228	\$ 302,736
1 Bedroom/1 Bath @ 30% AMI (PBV)	39	513	20,007	\$ 510	\$ -	\$ 0.99	\$ 19,860	\$ 238,680
2 Bedroom/2 Bath @ 30% AMI (PBV)	14	788	11,032	\$ 612	\$ -	\$ 0.78	\$ 8,568	\$ 102,816
Transitional Units (10 units):								
Studio/1 Bath @ 30% AMI (rents paid by Op Reserve)	10	400	4,000	\$ -	\$ -	\$ -	\$ -	\$ -
2 Bedrooms/2 Bath - Exemplar Management Unit	1	788	788	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	117	2,889	57,027				\$ 53,686	\$ 644,232

The tenant rent will not exceed 30% of the household adjusted gross income with PBV.

Income

	Per Unit	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026	Year 6 2027	Year 7 2028	Year 8 2029	Year 9 2030	Year 10 2031	Year 11 2032	Year 12 2033	Year 13 2034	Year 14 2035	Year 15 2036
Potential Gross Income	6,925	810,174	838,530	867,879	898,254	929,663	962,233	1,004,184	1,042,830	1,082,830	1,124,184	1,166,830	1,210,830	1,256,184	1,302,830	1,350,830
Rental Subsidy	600	70,200	84,240	87,188	90,240	93,398	96,667	100,144	103,830	107,744	111,888	116,264	120,880	125,744	130,864	136,240
Other Income	2,694	315,214	315,214	378,257	389,805	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy	2,482	290,417	348,500	360,698	373,322	386,388	399,912	466,908	474,970	481,594	545,038	545,038	58,500	58,500	58,500	58,500
Effective Gross Income	535	628,447	751,171	767,874	782,088	797,722	813,683	887,276	897,860	901,236	956,746	956,746	99,830	99,830	99,830	99,830
Operating Expenses																
Operating Expenses	6,925	810,174	838,530	867,879	898,254	929,663	962,233	1,004,184	1,042,830	1,082,830	1,124,184	1,166,830	1,210,830	1,256,184	1,302,830	1,350,830
Property Management	600	70,200	84,240	87,188	90,240	93,398	96,667	100,144	103,830	107,744	111,888	116,264	120,880	125,744	130,864	136,240
Transitional Units Operations	2,694	315,214	315,214	378,257	389,805	0	0	0	0	0	0	0	0	0	0	0
Resident Services	2,482	290,417	348,500	360,698	373,322	386,388	399,912	466,908	474,970	481,594	545,038	545,038	58,500	58,500	58,500	58,500
Replacement Reserves	500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500
Taxes/Insurance	535	628,447	751,171	767,874	782,088	797,722	813,683	887,276	897,860	901,236	956,746	956,746	99,830	99,830	99,830	99,830
Total Expenses	\$13,736	\$1,607,148	\$1,720,155	\$1,829,193	\$1,908,129	\$1,947,752	\$1,998,879	\$2,104,128	\$2,146,660	\$2,193,066	\$2,244,184	\$2,290,830	\$2,343,064	\$2,390,830	\$2,444,184	\$2,493,064
Net Operating Income		(\$13,736)	(\$168,677)	(\$161,314)	(\$126,041)	(\$47,089)	\$14,713	\$83,100	\$150,170	\$188,174	\$256,746	\$309,894	\$361,064	\$411,064	\$461,064	\$511,064

Debt Service

SHRA Monitoring Fee	Amount	\$7,965,000
Debt Service Subtotal	Rate	0.125%

Priority Distributions

Asset Management Fee (GIP)	Amount	\$10,950	Rate	3.00%
Deferred Developer Fee	Amount	\$176,763	Rate	0.00%
Principal Balance				
Payment from Cash Flow/Operating Reserve				
Balance				
Net Cash after Priority Distributions and Deferred Developer Fee				

SHRA & Building Hoops (M/F/SAI) Loans

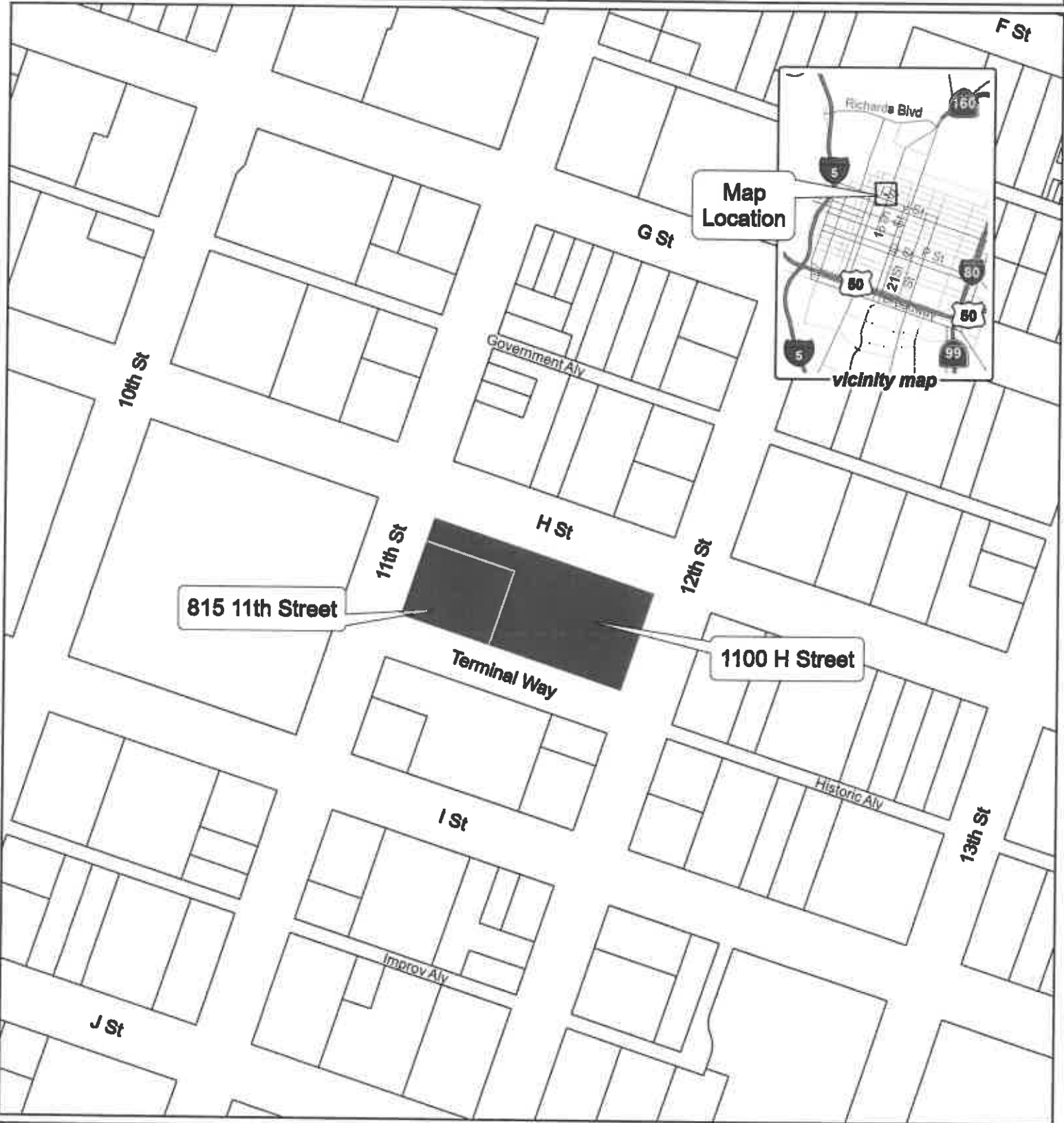
Principal Balance	\$7,965,000
Payment	0
Balance	\$7,965,000

Operating Reserve

Beginning Balance	\$1,477,000
Deposit (or Withdrawal)	\$1,477,000
Ending Balance	\$2,954,000



Central Sacramento Studios



Central Sacramento Studios



SHRA GIS
September 21, 2021

Central Sacramento Studios



**Central Sacramento Studios
Residential Project Summary**

Address	1100 H Street (motel) and 815 11th Street (restaurant), Sacramento 95814			
Year Built	1974 (motel) and 1977 (restaurant)			
Acreage	1.03 (44,866.8 sq. ft.)			
Unit Mix and Rents	<u>ELI (30% AMI) PBV Anticipated</u>			
Studio/1 Bath	92	<u>Total</u>		
Management Unit (1 Bedroom)	0	92		
Total Units	92	93		
Square Footage	<u>Unit Size (sq.ft.)</u>			
Studio/1 Bath	424	<u>Total</u>		
Community Area		39,008	sq. ft.	
Total Gross		1,200	sq. ft.	
		40,208	sq. ft.	
On-site Amenities	Management, resident services and case management offices, community room with kitchen and lounging areas, fitness center, laundry facility, pool, dog park, sports gaming area, vehicle and bicycle parking spaces.			
Permanent Sources	<u>Total</u>		<u>Per Unit</u>	
HCD Homekey Grant	20,630,111	221,829	513.08	
Homekey Operating Reserve Grant	1,350,000	14,516	33.58	
SHRA Loan	4,088,000	43,957	101.67	
SHRA COSR Grant	1,210,000	13,011	30.09	
Building Hope (MHSA) Loan	2,120,000	22,798	52.73	
TOTAL SOURCES	\$ 29,398,111	\$ 316,109	\$ 731.15	
Permanent Uses				
Acquisition	15,300,000	184,516	380.52	
Construction Costs	6,090,725	65,482	151.48	
Architecture & Engineering	350,000	3,763	8.70	
Permits & Fees	300,000	3,226	7.48	
Hard Cost Contingency	933,142	10,034	23.21	
Soft Cost Contingency	72,125	778	1.79	
Operating Reserve	1,336,119	14,367	33.23	
Homekey Operating Reserve	1,350,000	14,516	33.58	
Capitalized Operating Subsidy Reserve (COSR)	1,210,000	13,011	30.09	
Legal Fees	50,000	538	1.24	
Developer Fee	1,700,000	18,280	42.28	
Third Party Fees, Marketing, Other	708,000	7,591	17.56	
TOTAL USES	\$ 29,398,111	\$ 316,109	\$ 731.15	
Leverage	<u>SHRA \$ per Unit</u>		<u>Per Unit Cost</u>	
	\$ 66,753	\$ 316,109	<u>Leverage</u>	
			<u>SHRA : Other</u>	
			\$1.00 : \$4.74	
Management / Operations				
Proposed Developer	Danco Communities			
Property Management Company	Danco Property Management			
Operating Expenses	\$ 770,606	\$ 8,286		
Property Management	\$ 55,045	\$ 592		
Resident Services	\$ 222,000	\$ 2,387		
Replacement Reserves	\$ 48,500	\$ 500		
Taxes and Insurance	\$ 36,905	\$ 397		

Cash Flow Proforma

Central Sacramento Studios	Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Net Rent	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 10	Year 11	Year 12	Year 15	
Studio/1 Bath @ 30% AMI (PBV Anticipated)		92	424	39,008	\$ 476	\$ 395	2022	2023	2024	2025	2026	2027	2028	2031	2032	2033	2036	
1 Bedroom/1 Bath - Extended Management Unit		1	652	652	\$ -	\$ -												
Totals		93	1,076	39,660	\$ -	\$ -												
The tenant rent will not exceed 30% of the household adjusted gross income with PBV.																		
Income																		
Potential Gross Income			2.50%	Annual Increase			436,080	446,982	458,157	468,610	481,351	493,384	505,719	544,904	558,219	572,175	616,170	
Rental Subsidy			2.50%				0	0	733,050	751,376	770,161	788,415	808,150	871,368	883,150	915,479	985,871	
Less Vacancy			5.00%				(21,604)	(22,349)	(59,560)	(61,049)	(62,576)	(64,140)	(65,743)	(70,789)	(72,588)	(74,383)	(80,102)	
Effective Gross Income							\$414,276	\$424,633	\$1,131,646	\$1,159,937	\$1,188,836	\$1,218,650	\$1,249,126	\$1,345,172	\$1,378,801	\$1,413,271	\$1,521,938	
Operating Expenses																		
Operating Expenses			3.50%				770,608	797,577	825,492	854,385	884,288	915,238	947,272	1,050,257	1,087,016	1,125,061	1,247,376	
Property Management			3.50%				55,045	58,972	58,966	61,029	63,165	65,376	67,664	75,021	77,046	80,394	88,101	
Resident Services			3.50%				222,000	229,770	237,812	246,135	254,750	263,666	272,895	302,663	313,153	324,113	359,350	
Replacement Reserves			0.00%				46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	46,500	
Taxes/Insurance			2.00%				36,905	37,643	38,388	39,164	39,947	40,746	41,561	44,105	44,987	45,887	48,695	
Total Expenses							\$12,162	\$1,131,056	\$1,168,462	\$1,207,166	\$1,247,213	\$1,288,651	\$1,331,527	\$1,375,892	\$1,519,446	\$1,589,302	\$1,821,925	\$1,781,022
Net Operating Income							(\$716,780)	(\$743,829)	(\$75,520)	(\$87,276)	(\$89,716)	(\$112,968)	(\$128,766)	(\$173,274)	(\$190,501)	(\$208,654)	(\$289,084)	
Debt Service																		
SHRA Monitoring Fee			0.125%				15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Service Subtotal							\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Priority Distributions																		
Partnership Management Fee (LP)			3.00%				7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,786	10,079	10,382	11,344	
Asset Management Fee (GIP)			3.00%				7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,786	10,079	10,382	11,344	
SHRA & Building Hope (MHS&A) Loans							(\$746,780)	(\$774,279)	(\$106,433)	(\$118,667)	(\$131,598)	(\$145,257)	(\$159,677)	(\$207,846)	(\$225,660)	(\$244,418)	(\$306,773)	
Principal Balance			0.00%				6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000	6,208,000
Payment							0	0	0	0	0	0	0	0	0	0	0	0
Balance							\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000	\$6,208,000
Homekey Operating Reserve Grant																		
Beginning Balance			0.00%				\$1,350,000	\$603,220	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deposit (or Withdrawal)							(\$746,780)	(\$774,279)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance							\$603,220	(\$171,059)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SHRA COSR Grant																		
Beginning Balance			0.00%				\$1,210,000	\$1,210,000	\$1,210,000	\$1,103,567	\$984,900	\$853,302	\$708,046	\$182,543	(\$25,303)	(\$250,963)	(\$1,044,472)	
Deposit (or Withdrawal)							\$0	\$0	(\$106,433)	(\$118,667)	(\$131,598)	(\$145,257)	(\$159,677)	(\$207,846)	(\$225,660)	(\$244,418)	(\$306,773)	
Ending Balance							\$1,210,000	\$1,210,000	\$1,103,567	\$984,900	\$853,302	\$708,046	\$548,369	(\$25,303)	(\$250,963)	(\$485,381)	(\$1,351,245)	

Vista Nueva**MAXIMUM INCOME AND RENT LIMITS 2021***Limits at 30% of Area Median Income (AMI)**Homekey, Mental Health Services Act (MHSA), HOME Investment Partnerships Program (HOME) American Rescue Plan (ARP), Community Development Block Grant (CDBG), Permanent Local Housing Allocation (PLHA) and Project Based Voucher (PBV)***Maximum Gross Income Limits**

<u>Family Size</u>	<u>30% AMI</u>
1 person	\$ 19,050
2 person	\$ 21,750
3 person	\$ 24,480
4 person	\$ 27,180
5 person	\$ 29,370

Maximum Gross Rent Limits¹

<u>Unit Size</u>	<u>30% AMI</u>
Studio	\$ 476
1 Bedroom	\$ 510
2 Bedroom	\$ 612

¹The tenant rent will not exceed 30% of the household adjusted gross income with Project Based Vouchers.

Central Sacramento Studios

MAXIMUM INCOME AND RENT LIMITS 2021

Limits at 30% of Area Median Income (AMI)

*Homekey, Mental Health Services Act (MHSA), HOME
Investment Partnerships Program (HOME) American Rescue
Plan (ARP) and Project Based Vouchers (PBV)*

Maximum Gross Income Limits

<u>Family Size</u>	<u>30% AMI</u>
1 person	\$ 19,050
2 person	\$ 21,750

Maximum Gross Rent Limits¹

<u>Unit Size</u>	<u>30% AMI</u>
Studio	\$ 476

¹If awarded Project Based Vouchers, the tenant rent will not exceed 30% of the household adjusted gross income.



Effective Date: December 7, 2021

Michael Massie, Chief Development Officer
 JHC-Vista Nueva LLC
 c/o Jamboree Housing Corporation
 555 Capitol Mall, Suite 625
 Sacramento, CA 95814

RE: Conditional Loan Commitment for Vista Nueva Development

Dear Mr. Massie:

On behalf of Sacramento Housing and Redevelopment (Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of a construction and permanent loan ("Loan") comprised of the funds listed in the chart below for the purpose of financing the rehabilitation of that certain real property known as Vista Nueva located in the City of Sacramento at 140 Promenade Circle, Sacramento, California 95834 (Property).

SHRA Funding Program	Amount
Mental Health Services Act (MHSA) Construction and Permanent Loan (Building Hope Loan)	\$ 2,120,000

The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void. Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this Commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this Commitment and the loan documents, the terms stated in this Commitment shall be deemed to be terms of this Commitment.

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

This Commitment will expire **June 30, 2023**, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:** The Vista Nueva (Project) is currently operating as a hotel. Jamboree Housing Corporation (Jamboree) plans to convert the hotel into a multifamily residence to serve homeless and those at risk of homelessness. There will be 117 total units comprised of 63 studio, 39 one-bedroom and 14 two-bedroom units. All studio and one-bedroom units have one bathroom. All two bedroom units have two bathrooms. All units have kitchens. Inclusive of the 117 units, there will be 106 permanent supportive housing units, ten (10) transitional units and one (1) exempt management unit. There will be a total of seventeen (17) Americans with Disabilities Act (ADA) accessible units. Redesign of current hotel office spaces and common areas will also occur to ensure there is appropriate space for property management, resident services and supportive services case management team. No demolition will occur to the building. Jamboree plans to house residents permanently after the renovation utilizing the current building and infrastructure for residential purposes while undergoing minor reconfiguration. These reconfigurations will include ensuring all units meet local, state, federal regulations and residential building codes. The current swimming pool will be retained. Additionally, a new children's playground for ages 3-12 and adolescent play area with fencing and gates, tables and benches, turf ground covering, pet area, ADA parking and paths of travel and landscape will be incorporated.
2. **BORROWER:** The name of the Borrower for the Loan is JHC-Vista Nueva LLC (Jamboree Housing Corporation) or related entity.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT OF LOAN:** The combined principal amount of the Loan will be the lesser of the following:
 - a. Two Million One Hundred Twenty Thousand Dollars and No Cents (\$2,120,000.00),
or
 - b. An amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Maturity Date of the Loan is 40 years or 480 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE OF LOAN:** The Loan will bear simple interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.



7. **ANNUAL REPAYMENT OF LOAN:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.
8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following source of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: MHSA funding program. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.
9. **Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

_____ (Borrower Initial)

10. **ACCELERATION:** Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY:** The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. **PROOF OF EQUITY:** Low Income Housing Tax Credits is not applicable to the project.
14. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements



superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

- a. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
 - b. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of other agreements.
15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.



19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.
20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
21. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS:** The Loan will require that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible.
22. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
23. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this Commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

24. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget



approved by the Agency, after adjusting for any decrease in any funding source, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

25. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than fourteen (14) days following the close of construction financing.
26. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements within twelve (12) months (Construction Period) of the date of the Homekey Program award from State of California Department of Housing and Community Development (HCD), pursuant to the Notice of Available Funding (NOFA) and/or Guidelines dated September 9, 2021, as amended, for Homekey Program, or extension is approved by Agency in consultation with HCD.
27. **OTHER LENDER DRAW:** "Other Lender Draw" means a draw request or other request for disbursement submitted to another lender for the Project. Borrower shall concurrently submit to Agency any Other Lender Draw. Delivery of such Other Lender Draw shall be made in the same manner as any other notice, except that it shall also be marked "OTHER LENDER DRAW REQUEST" and delivered to the person named in writing by Agency as the recipient of such requests or, in the absence thereof, to Agency's Portfolio Management office. Borrower shall provide Agency with true, accurate and correct copies of each Other Lender Draw, if any, including without limitation all supporting information, documents, and other required submittals. Agency shall have the right to reject an Other Lender Draw, for failing to comply with the Loan, for changing the Project in any material way, or for impairing the ability of Agency to enjoy the practical realization of its rights under the Loan and its related instruments. If Agency rejects an Other Lender Draw, Borrower shall withdraw the notice for such Other Lender Draw and shall not accept and shall return to Agency any disbursement on account of such Other Lender Draw.
28. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
29. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
30. **PROPERTY INSURANCE:** Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower



shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00.

31. **COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE:**

Borrower shall carry insurance as set forth below effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times and work is performed in connection with the project. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the disbursement of the Loan.

- a. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;
- b. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;
- c. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Agency; and
- d. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Agency, whichever amount is greater.

32. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 9.06 and 28 insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

33. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.



34. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
35. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
36. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
37. **AFFIRMATIVE FAIR MARKETING:** Borrower agrees to follow the Agency's Affirmative Marketing Policies that require outreach to groups least likely to apply for the housing based on local demographic information, providing sufficient marketing time prior to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and Borrower prior to the start of Lease Up.
38. **RESIDENT SERVICES AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include on-site resident services according to the following minimum schedule of fifteen (15) hours per week:
- a. Coordinator: Four (4) hours per week (maximum)
 - b. After School Programming: Eight (8) hours per week (two hours per day and four days per week, minimum)
 - c. Additional Programming: Balance of minimum three (3) hours per week shall include, but are not limited to:
 - i. Workforce development support and activities.
 - ii. Education classes such as nutrition, exercise, health resources, health insurance application assistance, Annual onsite health fair and ESL classes.
 - iii. Socialization activities such as bingo, gardening and community building events.
 - iv. Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.
39. **LOW INCOME HOUSING TAX CREDITS (LIHTC):** LIHTC does not apply to this project.



40. **SMOKE-FREE ENVIRONMENT:** Fifty percent (50%) of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.
41. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
42. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this Commitment, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this Commitment.
43. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
44. **ACCEPTANCE OF THIS COMMITMENT:** Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this Commitment at any time prior to Borrower's acceptance.

Signatures appear on the following page.



Sincerely,

La Shelle Dozier, Executive Director

The undersigned acknowledges and accepts the terms and conditions of the Commitment and Scope of Development, and has executed this Commitment as of the Effective Date.

BORROWER:

JHC-Vista Nueva LLC, a California limited liability company

By: Jamboree Housing Corporation, a California nonprofit public benefit corporation, its Manager

By: _____

Michael Massie

Chief Development Officer

Attachment:

Exhibit 1 - Scope of Development



**Exhibit 1
Vista Nueva
Scope of Development**

Background

Vista Nueva will be a 106-unit permanent supporting housing development and 10-unit transitional units located at 140 Promenade Circle, Sacramento (Project). The Project site is operating as Staybridge Suites Sacramento Airport Natomas hotel. The hotel was built in 2007 on 2.29 acres. Jamboree plans to utilize the resources from the California Department Housing and Community Development’s (HCD) Homekey Program and Sacramento Housing and Redevelopment Agency (SHRA) to convert the hotel into a multifamily residence for 55 years and transitional units to serve homeless and those at risk of homelessness for a minimum of three (3) years.

Scope of Development

The Project will create 117 total units that consists of 106 permanent supporting housing units comprised of 53 studio, 39 one-bedroom and 14-two bedroom units; ten (10) studio units to serve as transitional housing for family households that include a minor; and one (1) two-bedroom exempt management unit. There will be a total of seventeen (17) Americans with Disabilities Act (ADA) accessible units. The table below provides detail on the unit types and sizes.

Unit Types (Funding Programs)	Studio	One Bedroom	Two Bedroom	Total
Permanent Supporting Housing (Homekey, MHSA, HOME ARP and CDBG)	46	33	12	91
Permanent Supporting Housing (Homekey and MHSA)	7	6	2	15
Transitional Housing (Homekey and ESG)	10	0	0	10
Exempt Management Unit	0	0	1	1
Total Units	63	39	15	117

No demolition will occur to the building and residents will be housed within the current building while the minor rehabilitation is undertaken. Resident and transitional unit interior upgrades include new smoke/carbon detectors, and repairs and renovations to some doors, hardware, GFCI outlets, kitchen appliances, bathroom fixtures and accessories, plumbing, window coverings and paint. Community areas interior upgrades include repairs and renovations to the restrooms, office areas, meetings rooms, lounging and kitchen areas, stairways, and additional laundry sets. Mechanical systems improvements include repairs to the fire suppression, replacement of water heaters where necessary, new lighting in common areas and ADA units, repairs to the fire alarm, and new security controls at building exterior access points and repairs to the HVAC systems.

Existing amenities include a pool, social picnic area with barbeque, and seating for gatherings, indoor common area, computer space, and a multi-purpose room that includes kitchen space for group dining, celebrations and community activities. There will also be laundry facilities on the ground floor. Parking lot conversion includes removing some parking spaces to accommodate a new open space area. Additionally, a new children’s tot lot and adolescent play area with fencing and gates, tables and benches, turf ground covering, pet area, ADA parking and paths of travel and landscape will be incorporated. A new smart irrigation controller, security cameras and systems, bicycle lockers, and upgraded lighting, swimming pool ADA lift will be installed. Repairs will be made to building exteriors (e.g. roof, stucco and masonry siding, gutters and downspouts), irrigation systems, barbecue areas, fences, gates and trash/recycle areas.





Effective Date: December 7, 2021

Daniel J. Johnson, President/CEO
 Sacramento 11th Street LP
 c/o Danco Communities
 5251 Ericson Way
 Arcata, CA 95521

RE: Conditional Loan Commitment for Central Sacramento Studios Development

Dear Mr. Johnson:

On behalf of Sacramento Housing and Redevelopment (Agency), we are pleased to advise you of this Conditional Loan Commitment of a construction and permanent loan (Loan) comprised of funds listed below for the purpose of construction and permanent financing of that certain real property known as Central Sacramento Studios development located in the City of Sacramento at 1100 H Street and 815 11th Street, Sacramento, California 95814 (Property).

SHRA Funding Programs	Amount
Mental Health Services Act (MHSA) Construction and Permanent Loan (Building Hope Loan)	\$ 2,120,000

The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void. Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this Commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this Commitment and the loan documents, the terms stated in this Commitment shall be deemed to be terms of this Commitment.

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

This Commitment will expire **June 30, 2023**, unless a mutually agreed upon extension is made.

1. **PROJECT DESCRIPTION:** The Central Sacramento Studios (Project) is located at 1100 H Street (currently the Sutter House motel) and 815 11th Street (former restaurant) in downtown Sacramento and undertake the minor rehabilitation necessary for the motel rooms to serve as permanent housing for homeless families/individuals. The motel was built in 1974 and the restaurant building was built in 1977 on 1.03 acres. The motel currently has 94 studio units. Two studios will be converted to a one-bedroom and one-bathroom unit for management staff. There will be 92 permanent support housing studios. Each unit includes one-bathroom and new kitchenette with a sink, two-burner stove, refrigerator and microwave. A total of nine (9) units will be Americans with Disabilities Act (ADA) accessible. The restaurant building is two levels. The first floor will be unimproved utilized as storage for staff at this time. There is elevator and stair access to the second floor, which will provide space for the resident and supportive services programs. Outdoor community space includes the existing swimming pool and parking lot, and new installations include a dog park, sports gaming area, designated smoking area and a gazebo with sitting areas. Perimeter fencing, automated vehicle and pedestrian gates, and security camera systems will be installed.
2. **BORROWER:** The name of the Borrower for the Loan is Sacramento 11th Street LP (Danco Communities), or related entity, (Developer).
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of construction and permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. **PRINCIPAL AMOUNT OF LOAN:** The combined principal amount of the Loan will be the lesser of the following:
 - a. Two Million One Hundred Twenty Thousand Dollars and No Cents (\$2,120,000.00), or
 - b. An amount to be determined prior to close of the Loan based on a project budget approved by Agency.
5. **TERM OF LOAN:** The Maturity Date of the Loan is 40 years or 480 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE OF LOAN:** The Loan will bear simple interest at zero percent (0%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT OF LOAN:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.



8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: MHSA funding program. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.
9. **Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**

_____ (Borrower Initial)

10. **ACCELERATION:** Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. **SECURITY:** The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. **LEASE AND RENTAL SCHEDULE:** All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. **PROOF OF EQUITY:** Low Income Housing Tax Credits is not applicable to the project.
14. **OTHER FINANCING:** Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
- a. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.



- b. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of other agreements.
15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
16. **SOILS AND TOXIC REPORTS:** Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.
19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.



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

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

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

24. **COST SAVINGS:** At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction



and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.

25. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than fourteen (14) days following the close of construction financing.
26. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements within twelve (12) months (Construction Period) of the date of the Homekey Program award from State of California Department of Housing and Community Development (HCD), pursuant to the Notice of Available Funding (NOFA) and/or Guidelines dated September 9, 2021, as amended, for Homekey Program funds dictate a more restrictive Construction Period, or extension is approved by Agency in consultation with HCD.
27. **OTHER LENDER DRAW:** "Other Lender Draw" means a draw request or other request for disbursement submitted to another lender for the Project. Borrower shall concurrently submit to Agency any Other Lender Draw. Delivery of such Other Lender Draw shall be made in the same manner as any other notice, except that it shall also be marked "OTHER LENDER DRAW REQUEST" and delivered to the person named in writing by Agency as the recipient of such requests or, in the absence thereof, to Agency's Portfolio Management office. Borrower shall provide Agency with true, accurate and correct copies of each Other Lender Draw, if any, including without limitation all supporting information, documents, and other required submittals. Agency shall have the right to reject an Other Lender Draw, for failing to comply with the Loan, for changing the Project in any material way, or for impairing the ability of Agency to enjoy the practical realization of its rights under the Loan and its related instruments. If Agency rejects an Other Lender Draw, Borrower shall withdraw the notice for such Other Lender Draw and shall not accept and shall return to Agency any disbursement on account of such Other Lender Draw.
28. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.
29. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
30. **PROPERTY INSURANCE:** Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause



in favor of Agency. The insurance required shall be written with a deductible of not more than \$25,000.00.

31. **COMMERCIAL GENERAL LIABILITY AND OTHER INSURANCE:**

Borrower shall carry insurance as set forth below effective prior to the disbursement of the Loan, and such insurance shall be maintained in full force and effect at all times and work is performed in connection with the project. Such insurance coverage must list the Agency as an additional insured, and must be approved in writing by Agency prior to the disbursement of the Loan.

- a. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: \$1,000,000 per occurrence, and \$5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;
- b. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;
- c. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than \$1,000,000 and approved in writing by Agency; and
- d. Workers' compensation and all other insurance required under applicable law, in the amount required by applicable law or by Agency, whichever amount is greater.

32. **TITLE INSURANCE:** Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 9.06 and 28 insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

33. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.

34. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.



35. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
36. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
37. **AFFIRMATIVE FAIR MARKETING:** Borrower agrees to follow the Agency's Affirmative Marketing Policies that require outreach to groups least likely to apply for the housing based on local demographic information, providing sufficient marketing time prior to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and Borrower prior to the start of Lease Up.
38. **RESIDENT SERVICES AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include on-site resident services according to the following minimum schedule of fifteen (15) hours per week:
- a. Coordinator: Four (4) hours per week (maximum)
 - b. Additional Programming: Eleven hours per week shall include, but are not limited to:
 - i. Workforce development support and activities.
 - ii. Education classes such as nutrition, exercise, health resources, health insurance application assistance, annual onsite health fair and ESL classes.
 - iii. Socialization activities such as bingo, gardening and community building events.
 - iv. Other services such as transportation assistance, counseling assistance and employee readiness and job search assistance.
39. **LOW INCOME HOUSING TAX CREDITS (LIHTC):** LIHTC does not apply to this project.
40. **SMOKE-FREE ENVIRONMENT:** Fifty percent (50%) of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.



41. **DOCUMENTATION**: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
42. **CONSISTENCY OF DOCUMENTS**: As a material obligation under this Commitment, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this Commitment.
43. **CHANGES OR AMENDMENTS**: No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.
44. **ACCEPTANCE OF THIS COMMITMENT**: Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this Commitment at any time prior to Borrower's acceptance.

Signatures appear on the following page.



Sincerely,

La Shelle Dozier, Executive Director

The undersigned acknowledges and accepts the terms and conditions of the Commitment and Scope of Development, and has executed this Commitment as of the Effective Date.

BORROWER:
Sacramento 11th Street LP, a California limited partnership

By: Daniel J. Johnson, Authorized Signatory

Attachment:
Exhibit 1 - Scope of Development



Exhibit 1
Central Sacramento Studios
Scope of Development

The Central Sacramento Studios development is located at 1100 H Street (currently the Sutter House motel) and 815 11th Street (former restaurant) in downtown Sacramento and undertake the minor rehabilitation necessary for the motel rooms to serve as permanent housing for homeless families/individuals. The motel was built in 1974 and the restaurant building was built in 1977 on 1.03 acres.

The motel currently has 94 studio units. Two studios will be converted to a one-bedroom and one-bathroom unit for management staff. There will be 92 permanent supportive homeless housing studios. Each unit will include one-bathroom and a new kitchenette with a sink, two-burner stove, refrigerator and microwave. A total of nine (9) units will be Americans with Disabilities Act (ADA) accessible.

The breakfast dining room and kitchen will serve as the community space for resident services, supportive services and lounging areas. There will be 24-hour desk coverage, offices for case management, resident services and property management and fitness center. Also, the laundry machines will be free for residents. Security cameras and upgraded lighting will be installed.

Outdoor community space includes the existing swimming pool and parking lot, and new installations include a dog park, sports gaming area, designated smoking area and a gazebo with sitting areas. Perimeter fencing, automated vehicle and pedestrian gates, and security camera systems will be installed.

During a second phase, the Developer desires to convert the restaurant building to a use that will benefit the community, such as a respite center or other similar use.



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 81-096 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

December 1, 2021

VISTA NUEVA AND CENTRAL SACRAMENTO STUDIOS PROJECTS: APPROVAL TO EXECUTE MENTAL HEALTH SERVICES ACT LOAN COMMITMENTS AND RELATED DOCUMENTS AND TRANSMIT TO JHC-VISTA NUEVA LLC (JAMBOREE HOUSING CORPORATION), OR RELATED ENTITY AND SACRAMENTO 11TH STREET LP (DANCO COMMUNITIES), OR RELATED ENTITY; AMEND SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY BUDGET; RELATED FINDINGS AND ENVIRONMENTAL FINDINGS

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, on September 9, 2021 the State of California Department of Housing and Community Development (HCD) announced that it is making \$1.45 billion dollars available through a Notice of Funding Availability (NOFA) for the Homekey Program. The Homekey Program provides funding to cities, counties, and other local entities, including housing authorities to convert motels, hotels, and other non-residential structures into permanent supportive housing and/or transitional housing for the State's homeless population. The Homekey Program is funded with federal Coronavirus Relief Funds (CRF) which must be spent within eight months of the date of award. HCD is accepting applications on an over-the-counter basis until the available funds are exhausted. HCD anticipates to announce awards within 45 days of receipt of a complete application.

WHEREAS, on October 12, 2021, for the purpose of acquisition, construction, operation and permanent financing of the Vista Nueva permanent supportive and transitional housing development, the Housing Authority Board of the City of Sacramento (Board) approved the Housing Authority of the City of Sacramento (HACS) to partner with JHC-Vista Nueva LLC (Jamboree Housing Corporation), or related entity, and apply for Homekey funds; and Sacramento City Council (Council) approved an \$8.995 million loan and grant commitment comprised \$4.125 million in City HOME Investment Partnership Program (HOME) American Rescue Plan (ARP) funds, \$1.72 million in City Community Development Block Grant, and \$3.15 million in City Emergency Solutions Grant from SHRA to JHC-Vista Nueva LLC; and

WHEREAS, on October 19, 2021, for the purpose of acquisition, construction, operation and permanent financing of the Central Sacramento Studios permanent supportive housing development, the Board approved HACS to partner with Sacramento 11th Street LP (Danco Communities), or related entity, and apply for Homekey funds; and Council approved a \$5.298 million loan and grant commitment comprised \$4.088 million in City HOME ARP funds and \$1.21 million in City Permanent Local Housing Allocation funds from SHRA to Sacramento 11th Street LP; and

WHEREAS, the proposed projects are exempt under the California Environmental Quality Act (CEQA) pursuant to 15 California Code of Regulations §15301; and

WHEREAS, an Environmental Assessment has been prepared for each of the proposed projects pursuant to the National Environmental Policy Act and it has been determined that the projects will not result in a significant impact.

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 Vista Nueva Loan Commitment (Vista Nueva Commitment) of \$2.12 million in MHSA funds incorporated in this resolution is approved; and the Executive Director, or designee, is authorized to enter into and execute the Vista Nueva Commitment, loan documents and all necessary documents and agreements related to the MHSA loan and transmit to JHC-Vista Nueva LLC (Jamboree Housing Corporation), or related entity, as approved to form by SHRA's Office of the General Counsel (Counsel).

Section 3. The Central Sacramento Studios Loan Commitment (Central Sacramento Studios Commitment) of \$2.12 million in MHSA funds incorporated in this resolution is approved; and the

Executive Director, or designee, is authorized to enter into and execute the Central Sacramento Studios Commitment, loan documents and all necessary documents and agreements related to the MHSA loan and transmit to Sacramento 11th Street LP (Danco Communities), or related entity, as approved to form by SHRA's Counsel.

Section 4. The Executive Director, or her designee, is delegated authority to enter into, execute and transmit other documents for each respective project, Vista Nueva and Central Sacramento Studios, as approved to form by Counsel, and perform other actions necessary to fulfill the intent of the MHSA loan commitments 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 5. The Executive Director, or her designee, finds that an economically feasible alternative method of financing on substantially comparable terms and conditions, without subordination is not available. Therefore, SHRA is authorized to subordinate the MHSA loans for each respective project, Vista Nueva and Central Sacramento Studios, to senior loans.

Section 6. The Executive Director, or her designee, is authorized to amend the SHRA budget to incorporate \$4.24 million in MHSA funds, \$2.12 million for each project, for the purpose of assisting JHC-Vista Nueva LLC and Sacramento 11th Street LP with the construction and permanent financing of Vista Nueva and Central Sacramento Studios consistent with SHRA's adopted policies, MHSA loan commitments and this resolution.

Section 7. This resolution shall take effect immediately upon its adoption.

CHAIR

ATTEST:

CLERK