



**SACRAMENTO HOUSING AND REDEVELOPMENT
COMMISSION
TELECONFERENCE MEETING ONLY**

REGULAR MEETING

Wednesday, June 1, 2022 – 4:00 pm

NOTICE TO PUBLIC

Please contact the Agency Clerk's office at 916-440-8544 if you have questions about the public comment procedure. In compliance with the Americans with Disabilities Act (ADA), SHRA requests that individuals who require special accommodations access and participate in Commission meetings contact the office at 916-440-8544 at least 24 hours before the scheduled meeting. Agenda materials are available for review online at www.shra.org. If you need assistance with locating reports, contact the Agency Clerk at 916-440-8544.

In compliance with AB361, the Sacramento Housing and Redevelopment Commission meetings will be held by teleconference only. The meeting will be broadcast live on YouTube. To view the meeting, please visit:

YouTube Link <https://youtu.be/ry935dsZcxs>

CALL TO ORDER 4:00 PM

ROLL CALL

Commissioner Emmanuel Amanfor
Commissioner Barry F. Boyd
Commissioner Melvin Griffin
Commissioner Gale Morgan
Commissioner Cecile Nunley
Commissioner Jasmine Osmany
Commissioner Martin Ross
Commissioner Staajabu
Commissioner Samuel Starks
Commissioner Darrel Woo

CITIZEN COMMENT REPORT

CITIZENS COMMENTS

While the Commission welcomes and encourages participation in the Commission meetings, please limit your comments to three minutes so that everyone may be heard. SHRA provides opportunities for the public to address the Commission at this time to

listen to opinions regarding non-agendized matters within the subject matter jurisdiction of SHRA. Consistent with the Brown Act, the public comment periods on the agenda are not intended to be “question and answer” periods or conversations with Commission members. Members of the public with questions are encouraged to contact staff before or after the meeting. Members of the public wishing to provide comments should either email comments to publiccomments@shra.org or present them verbally by calling 888-970-1444 during the meeting.

CONSENT ITEMS

All matters listed on consent are to be approved with one motion unless a Commission member or the public requests that separate action is taken on a specific item.

1. Approval of Commission Minutes for May 4, 2022

Recommendation: Approve minutes by minute action.

Contact: Amber Alexander, Agency Clerk, 916-440-8544

2. Resolution SHRC 2022-09 Authorizing Public Meetings to be Held Via Teleconferencing Under Government Code Section 54953(e) and Making Findings and Determinations Regarding the Same

Recommendation: Approve resolution.

Contact: Amber Alexander, Agency Clerk, 916-440-8544

DISCUSSION / BUSINESS ITEMS

3. Approval to include the City of Sacramento in the Article 34 Affordable Housing Ballot Measure Proposed by the County of Sacramento for the November 8, 2022 Election

Recommendation: Review the report and approve submittal to the City of Sacramento.

Contact: Christine Weichert, Director of Development Finance, 916-440-1353

4. Approval to Place Article 34 Affordable Housing Measure on the November 8, 2022 Ballot

Recommendation: Review the report and approve submittal to the County of Sacramento.

Contact: Christine Weichert, Director of Development Finance, 916-440-1353

5. Central City II (Rental Assistance Demonstration 3) Tax Equity and Fiscal Responsibility Act Hearing and Approval of Tax-Exempt Bonds, Loan Commitment and Funding Agreements

Recommendation: Review the report and approve submittal to the City of Sacramento.

Contact: Christine Weichert, Director of Development Finance, 916-440-1353

EXECUTIVE DIRECTOR REPORT

COMMISSION CHAIR REPORT

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

ADJOURN

I, Amber Alexander, Agency Clerk, do hereby certify that I have caused a true copy of the above notice to be delivered to each of the members of the Sacramento Housing and Redevelopment Commission, at the time and in the manner prescribed by law and that this notice was posted at 801 12th Street, Sacramento, California on May 26, 2022.



MINUTES

Sacramento Housing and Redevelopment Commission (SHRC)

Regular Meeting

May 4, 2022

Meeting noticed on April 29, 2022

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 4:02 p.m. by Chair Morgan. Note that the meeting was held via teleconference pursuant to AB361.

MEMBERS PRESENT: Amanfor, Boyd, Morgan, Nunley, Osmany, Staajabu, Starks, Woo

MEMBERS ABSENT: Griffin, Ross (one vacancy)

STAFF PRESENT: La Shelle Dozier, Brad Nakano, Susana Jackson, Christine Weichert, Sarah O'Daniel, James Shields, Peter Masih, Vickie Smith, Amber Alexander, Public Housing Management Staff

APPROVAL OF AGENDA

The agenda was approved as submitted.

CITIZEN COMMENT REPORT

Vickie Smith reported on the citizen's comments received at the previous meeting. The comment related to SERA program policies. She informed the Commission that all the comments had been referred to the appropriate staff and had been followed up on.

CITIZENS COMMENTS

One citizen comment was read into the record. The comment was problems with the port process in the HCV program.

APPROVAL OF MINUTES – April 6, 2022 minutes were approved as submitted.

DISCUSSION/BUSINESS ITEMS

1. Housing Workshop and Annual Reports of the Housing Trust Fund Ordinance, Mixed Income Housing Ordinance, HOME Investment Partnerships Program, Permanent Local Housing Allocation (PLHA) and the Residential Hotel Unit Withdrawal, Conversion, and Demolition Ordinance - City

2. Annual Reports of the Housing Trust Fund (HTF), Affordable Housing Ordinance, And The HOME Investment Partnerships Program (HOME) – County

Whitney Bonner presented the item. No vote was required on this item.

3. 2022 Local Housing Trust Fund Application - City
4. Authority to Apply for and Accept Funding from The California Department of Housing and Community Development For The 2022 Local Housing Trust Fund Program, In An Amount Not To Exceed \$5,000,000 - County

Christine Weichert presented the item.

One public comment was received from Nakisha Barthell

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

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

NOES: None

ABSENT: Griffin, Ross

EXECUTIVE DIRECTOR'S REPORT

La Shelle Dozier announced the following:

- Next meeting is June 1st
- Welcome new Agency Clerk Amber Alexander
- Introduced new housing authority team

COMMISSION CHAIR REPORT

None

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Commissioner Staajabu thanked La Shelle for her years of service.

ADJOURNMENT

As there was no further business to be conducted, Chair Morgan adjourned the meeting at 4:45 pm.

Clerk

June 1, 2022



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT Resolution of the Sacramento Housing and Redevelopment Commission
Authorizing Public Meetings to be Held via Teleconference Pursuant to
Government Code Section 54953(E) and Making Findings and
Determinations Regarding the Same

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to take all actions necessary to carry out the intent and purpose of continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

CONTACT PERSONS

James Shields, Deputy Executive Director of Administration, 916-440-1319
Amber Alexander, Agency Clerk, 916-440-8544

SUMMARY

The attached resolution authorizes the Executive Director to take all actions necessary to carry out the intent and purpose of continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

BACKGROUND

AB 361 suspends the teleconferencing requirements located in California Government Code section 54953(b)(3). This means that, during a state of emergency, under specified circumstances, local agencies can meet pursuant to modified Brown Act requirements.

If the Sacramento Housing and Redevelopment Agency (Agency) wishes to rely on the provisions of AB 361, it must meet one of the following criteria:

SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION

AB 361 – Brown Act: Remote Meetings During a State of Emergency

June 1, 2022

Page 2

1. The Agency is holding a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; or
2. The Agency is holding a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or
3. The Agency is holding a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

These criteria permit the Agency to schedule a remote meeting to determine whether meeting in-person during the state of emergency would pose imminent risk to the health or safety of attendees. At that remote meeting, the Agency may determine by majority vote taken by roll call that sufficient risks exist to the health or safety of attendees as a result of the emergency and pass a resolution to that effect. These criteria also permit the Agency to meet remotely in the event that there is a state of emergency declaration while state or local officials have recommended or required measures to promote social distancing.

If the Agency passes a resolution by majority vote determining that a meeting in person would present imminent risks to the health or safety of attendees, the resolution would permit meeting under the provisions of Gov Code 54953(e) for a maximum period of 30 days. After 30 days, the Agency would need to renew its resolution, consistent with the requirements of Gov Code 54953(e)(3), if the Agency desires to continue meeting under the modified Brown Act requirements, or allow the resolution to lapse.

ENVIRONMENTAL REVIEW

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

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachments:

Attachment 1: Resolution SHRC-2022-09

RESOLUTION NO. SHRC-2022-09

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

ON DATE OF

JUNE 1, 2022

RESOLUTION OF THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSISON AUTHORIZING PUBLIC MEETINGS TO BE HELD VIA TELECONFERENCE PURSUANT TO GOVERNMENT CODE SECTION 54953(E) AND MAKING AND MAKING FINDINGS AND DETERMINATIONS REGARDING THE SAME

WHEREAS, the Sacramento Housing and Redevelopment Agency (Agency) is committed to preserving and nurturing public access and participation in meetings of the Sacramento Housing and Redevelopment Commission (Commission); and

WHEREAS, all meetings of the Commission are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the Commission conduct business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the State of California, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the State of California, specifically, an outbreak of respiratory illness due to a novel coronavirus disease known as COVID-19; and

WHEREAS, by Executive Order N-25-20 on March 12, 2020 (N-25-20), all residents were directed to heed any orders and guidance of state and local public health officials, including but not limited to the imposition of social distancing measures, to control the spread of COVID-19. By Executive Order N-29-20 on March 17, 2020 (N-29-20) and in furtherance of the imposition of social distancing measure, notwithstanding any other provision of state or local law, including the Brown Act, N-29-20 authorized a local legislative body to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to attend and to address the local legislative body, during the period in which state or local public officials impose or recommend measures to promote social distancing, including but not limited to limitations on public events. All requirements in the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting were waived; and

WHEREAS, by Order of the Health Officer of the County of Sacramento dated July 29, 2021, persons should continue to follow CDC guidance for unvaccinated people (<https://www.cdc.gov/coronavirus/2019-ncov/prevent-gettingsick/prevention.html>) and for fully vaccinated people (<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fullyvaccinated.html>) to protect themselves and others, including the recommendation that people social distance 6 feet apart from other people who do not live in the same household; and

WHEREAS, the Commission does hereby find that the Proclamation of a State of Emergency for COVID-19 on March 4, 2020, and Executive Orders N-25-20 and N-29-20 imposing social distancing measures has caused, and will continue to cause, conditions of peril to the safety of persons within the State of California and Sacramento County that are likely to be beyond the control of services, personnel, equipment, and facilities of the Commission, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Commission does hereby find that it shall conduct its meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the public is assured access as, Commission meetings are broadcast live on YouTube, as well as made available for later viewing. No log in is required. Public comment is being facilitated as the Commission has provided a telephone line for live comment, as well as an e-mail address which is monitored throughout the meeting.

WHEREAS, the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to 14 CCR §15378 and is exempt from the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.34(a)(3).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. All evidence presented having been duly considered, the recitals and 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 Commission hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 3. The Executive Director, or her designee, is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 4. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) August 1, 2022, or (ii) such time the Commission adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Agency may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS: Amanfor / Boyd / Griffin / Morgan / Nunley / Osmany /
Ross / Staajabu / Starks / Woo

NOES: COMMISSIONERS: _____

ABSENT: COMMISSIONERS: _____

ABSTAIN: COMMISSIONERS: _____

CHAIR

ATTEST:

CLERK



June 1, 2022

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval to include the City of Sacramento in the Article 34 Affordable Housing Ballot Measure proposed by the County of Sacramento for the November 8, 2022 election

SUMMARY

The attached report is submitted to you for review prior to final approval at the City of Sacramento.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

Discussion
June 14, 2022

Honorable Mayor and Members of the City Council

Title: Approval to include the City of Sacramento in the Article 34 Affordable Housing Ballot Measure proposed by the County of Sacramento for the November 8, 2022 election

Location/Council District: Citywide

Recommendation: Staff recommends adoption of the attached resolution, which approves the City of Sacramento's inclusion in the November 8, 2022, Countywide ballot measure related to Article 34.

Contact: La Shelle Dozier, Executive Director, (916) 440-1319, ldozier@shra.org; Christine Weichert, Director of Housing Finance, (916) 440-1353, cweichert@shra.org; Sacramento Housing and Redevelopment Agency

Presenters: Helen Petersen, (916) 449-6207, hpetersen@shra.org; Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue Detail: Article XXXIV was added to the California Constitution in 1950 to require voter approval of public housing projects. Although construction of new public housing ended over 25 years ago, Article XXXIV elections are applied to other types of publicly funded affordable rental housing. Voters are asked to approve a certain number of dwelling units prior to their being assisted by a public agency if a majority of the units in the development will house lower-income households, defined as those with incomes below 80 percent of the area median income.

Article XXXIV applies to affordable housing owned by private nonprofit organizations as well as public entities because nonprofits can qualify for a property tax exemption. While there are a number of exemptions created by the State legislature, the typical development today in the City of Sacramento subject to Article XXXIV is newly constructed housing in which more than 49 percent of the units are restricted to lower-income persons and which carries a below-market-rate loan from Sacramento Housing

and Redevelopment Agency (SHRA) and/or the State of California (State) subordinate to private financing and/or bond financing issued by the City Housing Authority.

Since 1968, Sacramento voters have approved the development of affordable housing units in five ballot measures, all approved by a majority vote of the electorate. After Congress discontinued the construction of new public housing units, private nonprofit and for-profit organizations became major providers of affordable housing for low and moderate-income families, seniors, and the disabled. Two recent such projects completed in the City of Sacramento are Wong Center and 4995 Stockton Boulevard.

As a result of these and many other developments, the number of units approved by previous Article XXXIV ballot measures is running out. Currently, the City of Sacramento has 764 units available to build, and the County of Sacramento has 2105 units available. In addition, the initial Article 34 voter authorization expires in 2024.

Ballot Language

With rapidly escalating housing costs in Sacramento, the demand for affordable workforce housing has increased. Similarly, the City's senior population will grow dramatically in the next ten years, and a large portion of this population will require safe, affordable, and sustainable rental housing. As a result, staff requests approval to include the City of Sacramento in the Countywide Article 34 ballot measure on the November 8, 2022 ballot. The proposed text of the ballot measure is below.

Shall the unincorporated County of Sacramento and incorporated cities within, including Sacramento, Elk Grove, Citrus Heights, Folsom, Galt, Rancho Cordova, and Isleton, be authorized to annually develop, acquire, or construct housing for low-income persons and families, including elderly or disabled persons, equivalent with 1% of the existing housing units in the county? Any unconstructed housing units in each year will be carried over annually.

Staff is modeling this language after other successful measures in other cities and counties in California, which include the City of Santa Barbara and Humboldt County. This language allows for a reasonable amount of affordable housing to be built in proportion to the amount of existing housing units in the county. The measure would allow for any unconstructed units to roll over to the next year. All cities within the county have agreed to participate in this ballot measure and are taking reports to their respective City Councils for approval.

Survey Results

In April of 2022, FM3 Research administered a survey to determine the level of support in Sacramento for a possible Article 34 ballot measure on the November 2022 ballot. The survey was administered in the five largest incorporated cities in the county (Sacramento, Citrus Heights, Folsom, Rancho Cordova, and Elk Grove) and in the unincorporated County of Sacramento. The survey found this is a viable measure with the summary results below.

City	Final Yes Vote
Citrus Heights	64%
Elk Grove	63%
Folsom	56%
Rancho Cordova	65%
Sacramento	76%
Unincorporated areas	66%

Outcomes

Should this measure not be approved, all cities and public agencies within Sacramento County and the unincorporated area of Sacramento County would be out of compliance with the Article 34 requirement. They would be unable to assist or apply for State funding for the development, construction, or acquisition of affordable housing after 2024.

Policy Considerations: The recommended actions for this Project are consistent with: a) SHRA's Multifamily Lending and Mortgage Revenue Bond Policies adopted by the Council on September 24, 2019, Subsection 1.1.(2)(I), new construction of permanent supportive housing and homeless housing; and b) the 2021-2029 Housing Element, which encourages the provision of a variety of quality housing types to encourage neighborhood stability, including options for extremely low-income households.

Economic Impacts: Not applicable.

Environmental Considerations: The proposed action does not constitute a project under the California Environmental Quality Act per the Guidelines Section 15378(b)(4), nor is the action a federal undertaking under the National Environmental Protection Act. No environmental review is required.

Sustainability Considerations: Not applicable.

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its June 1, 2022 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The City of Sacramento's Housing Element of the General Plan, Mixed-Income Housing Ordinance, and 2020 – 2024 Consolidated Plan evidence the City's commitment to the provision of housing for all of its citizens. Not having Article XXXIV authority affects the financial feasibility of rental housing serving lower-income people and restricts developers from accessing State and local housing funds.

Financial Considerations: The cost of placing this measure on the ballot in November is not expected to result in a significant cost because it will be part of a consolidated general election.

LBE - M/WBE and Section 3 requirements: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:



LA SHELLE DOZIER
Executive Director

Attachments

- 1-Description/Analysis
- 2-Resolution

RESOLUTION NO. 2022 -

Adopted by the Sacramento City Council

on date of

APPROVAL TO PLACE ARTICLE 34 AFFORDABLE HOUSING MEASURE ON THE NOVEMBER 8, 2022 BALLOT

BACKGROUND

- A. Article 34 (XXXIV) of the California Constitution requires voter approval of publicly-assisted low-income housing projects. Pursuant to Article 34, California public agencies may not develop, construct, or acquire in any manner, low-rent housing projects until approved by a majority of qualified electors of the city. Projects that require such authorization are those composed of dwellings for persons of low income, financed in whole or in part by the Federal government or a State public body or when certain types of assistance such as labor or loan guarantees are provided.
- B. In 2004, voters in Sacramento County approved a measure to comply with Article 34 which authorized the development of a specific number of affordable housing units which expires in 2024.
- C. Sacramento County is proposing to submit a measure to the qualified voters of the County at the November 2022 General Election to authorize the development, acquisition or construction of housing for low-income persons and families in an amount of up to one (1) percent of all existing housing units in the unincorporated County of Sacramento and all incorporated cities within including Sacramento, Elk Grove, Citrus Heights, Folsom, Galt, Rancho Cordova, Isleton to be in compliance with the State of California's Article 34 requirement. It is proposed that the number of authorized but unconstructed housing units in each year will be carried over from year to year.
- D. In 2021 the annual amount of affordable units that would be authorized by jurisdiction based on 1 % of the housing units is outlined below. This number will change as new units are constructed.

City of Sacramento- 2000 units
- E. Should this measure not be approved, all cities and public agencies within Sacramento County and the unincorporated area of Sacramento County would be out of compliance with the Article 34 requirement and would be unable to assist with the development, construction or acquisition of affordable housing after 2024.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The City Council of the City of Sacramento hereby acknowledges the Article 34 ballot measure proposed by the County of Sacramento and approves the City of Sacramento's inclusion in the ballot measure.



June 1, 2022

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval To Place Article 34 Affordable Housing Measure On The November 8, 2022
Ballot

SUMMARY

The attached report is submitted to you for review prior to final approval at the County of
Sacramento.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 7, 2022
Timed: 2:15 p.m.

To: Board of Supervisors

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

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

Subject: Approval To Place Article 34 Affordable Housing Measure On
The November 8, 2022 Ballot

District(s): All

RECOMMENDED ACTION

Staff recommends adoption of the attached resolution, which authorizes placement of a measure on the November 8, 2022 ballot to ask voter approval for the development of affordable housing equivalent to one percent of the existing housing units in the county pursuant to Article XXXIV of the Constitution of the State of California. Any unconstructed housing units in each year will be carried over annually.

BACKGROUND

Article XXXIV was added to the California Constitution in 1950 to require voter approval of public housing projects. Although construction of new public housing ended over 25 years ago, Article XXXIV elections are applied to other types of publicly funded affordable rental housing. Voters are asked to approve a certain number of dwelling units prior to their being assisted by a public agency if a majority of the units in the development will house lower-income households, defined as those with incomes below 80 percent of the area median income.

Article XXXIV applies to affordable housing owned by private nonprofit organizations as well as public entities because nonprofits can qualify for a property tax exemption. While there are a number of exemptions created by the State legislature, the typical development today in Sacramento County subject to Article XXXIV is newly constructed housing in which more than 49 percent of the units are restricted to lower-income persons and which carries a below-market-rate loan from Sacramento Housing and Redevelopment

Agency (SHRA) and/or the State of California (State) subordinate to private financing and/or bond financing issued by the County Housing Authority.

Since 1968, County of Sacramento voters have approved the development of affordable housing units in five ballot measures, all approved by a majority vote of the electorate. After Congress terminated construction of new public housing units, private nonprofit and for-profit organizations became major providers of affordable housing for low and moderate-income families, seniors, and the disabled. Two recent nonprofit examples are Mutual on the Boulevard and Cornerstone.

As a result of these and many other developments, the number of units approved by previous Article XXXIV ballot measures is running out. Currently, the City of Sacramento has 764 units available to build, and the County of Sacramento has 2105 units available. In addition, the initial Article 34 voter authorization expires in 2024.

Ballot Language

With rapidly escalating housing costs in Sacramento, the demand for affordable workforce housing has increased. Similarly, the County's senior population will grow dramatically in the next ten years, and a large portion of this population will require safe, affordable, and sustainable rental housing. As a result, staff requests that the County of Sacramento place the following measure on the November 8, 2022 ballot:

Shall the unincorporated County of Sacramento and incorporated cities within, including Sacramento, Elk Grove, Citrus Heights, Folsom, Galt, Rancho Cordova, and Isleton, be authorized to annually develop, acquire, or construct housing for low-income persons and families, including elderly or disabled persons, equivalent with 1% of the existing housing units in the county? Any unconstructed housing units in each year will be carried over annually.

Staff is modeling this language after other successful measures in other cities and counties in California, which include the City of Santa Barbara and Humboldt County. This language allows for a reasonable amount of affordable housing to be built in proportion to the amount of existing housing units in the county. The measure would allow for any unconstructed units to roll over to the next year. All cities within the county have agreed to participate in this ballot measure and are taking reports to their respective City Council for approval.

Survey Results

In April of 2022, FM3 Research administered a survey to determine the level of support in Sacramento for a possible Article 34 ballot measure on the November 2022 ballot. The survey was administered in the five largest incorporated cities in the county (Sacramento, Citrus Heights, Folsom, Rancho Cordova, and Elk Grove) and in the unincorporated County of Sacramento. The survey found this is a viable measure with the summary results below.

City	Final Yes Vote
Citrus Heights	64%
Elk Grove	63%
Folsom	56%
Rancho Cordova	65%
Sacramento	76%
Unincorporated areas	66%

Outcomes

Should this measure not be approved, all cities and public agencies within Sacramento County and the unincorporated area of Sacramento County would be out of compliance with the Article 34 requirement. They would be unable to assist or apply for State funding for the development, construction, or acquisition of affordable housing after 2024.

COMMISSION ACTION

Sacramento Housing and Redevelopment Commission: It is anticipated that, at its June 1, 2022 meeting, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

POLICY CONSIDERATIONS

The recommended actions for this Project are consistent with: a) SHRA's Multifamily Lending and Mortgage Revenue Bond Policies adopted by the Board on September 24, 2019, Subsection 1.1.(2)(I), new construction of permanent supportive housing and homeless housing; and b) the 2021-2029 Housing Element Goals and Strategies, HE 1.1.1 the county will provide an adequate supply of land for housing affordable to all income groups with public services and facilities needed to facilitate the development of housing to accommodate projected housing needs based on the SACOG Regional Housing Needs Plan.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed action is not a project requiring review under CEQA pursuant to CEQA Guidelines Section 15378.

M/WBE/SECTION 3 CONSIDERATIONS

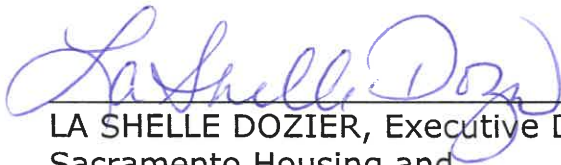
Minority and Women's Business Enterprise requirements and Section 3 considerations do not apply to this report.

FINANCIAL ANALYSIS

The cost of placing this measure on the ballot in November is not expected to result in a significant cost because it will be part of a consolidated general election.

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

RESOLUTION NO.

APPROVAL TO PLACE ARTICLE 34 AFFORDABLE HOUSING MEASURE ON THE NOVEMBER 8, 2022 BALLOT

WHEREAS, Article 34 (XXXIV) of the California Constitution requires voter approval of publicly-assisted low-income housing projects. Pursuant to Article 34, California public agencies may not develop, construct, or acquire in any manner low-rent housing projects until approved by a majority of qualified electors of the county. Projects that require such authorization are those composed of dwellings for persons of low income, financed in whole or in part by the Federal government or a State public body or when certain types of assistance such as loans are provided; and

WHEREAS, in 2004, voters in Sacramento County approved a measure to comply with Article 34, which authorized the development of a specific number of affordable housing units, which expires in 2024; and

WHEREAS, Sacramento County is proposing to submit a measure to the qualified voters of the county at the November 2022 General Election to authorize the development, acquisition, or construction of housing for low-income persons and families in an amount of up to one (1) percent of all existing housing units in the unincorporated County of Sacramento and all incorporated cities within including Sacramento, Elk Grove, Citrus Heights, Folsom, Galt, Rancho Cordova, Isleton to be in compliance with the State of California's Article 34 requirement. It is proposed that the number of authorized but unconstructed housing units in each year will be carried over from year to year; and

WHEREAS, the proposed action is not a project requiring review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378.

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 Sacramento County Board Supervisors hereby approve placing
the Article 34 Affordable Housing Measure on the November 8, 2022 Ballot.

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 June, 2022,
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

(SEAL)

ATTEST: _____
Clerk, Board of Supervisors



June 1, 2022

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Central City II (Rental Assistance Demonstration 3) Tax Equity and Fiscal Responsibility
Act Hearing and Approval of Tax-Exempt Bonds, Loan Commitment and Funding
Agreements

SUMMARY

The attached report is submitted to you for review prior to final approval at the City of
Sacramento.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director

Attachment



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

**Public Hearing
June 14, 2022**

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

Title: Central City II (Rental Assistance Demonstration 3) Tax Equity and Fiscal Responsibility Act Hearing and Approval of Tax-Exempt Bonds, Loan Commitment and Funding Agreements

Location/Council District: 2516 H Street, 917 38th Street, and 600 I Street/District 4

Recommendation: Conduct a public hearing and upon conclusion, adopt: 1) a City Council Resolution indicating the Housing Authority has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, rehabilitation and development of the Central City II (Rental Assistance Demonstration 3) (Project); 2) a Housing Authority Resolution authorizing: a) the intention of the Housing Authority to issue up to \$57,000,000 in tax exempt mortgage revenue bonds to finance the acquisition, rehabilitation and development of the Project, and b) the Housing Authority of the City of Sacramento (HACS) to submit an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds; and 3) a Housing Authority Resolution authorizing the HACS to: a) amend the Housing Authority budget, b) approve an Option Agreement for the Ground Lease and the Purchase and Sale of Improvements for the Project (Option Agreement), c) approve the Conditional Funding Commitment comprised of \$23,862,149 seller carryback loan, \$8,370,000 ground lease loan and \$3,410,927 cash proceeds loan, or an amount to be justified by a fair market value appraisal of the land and improvements, for the acquisition, rehabilitation and permanent financing of the Project (Loan Commitment), d) authorize the Executive Director, or her designee, to execute the Option Agreement and Loan Commitment and transmit each to Sacramento Housing Authority Repositioning Program, Inc., (SHARP), or related entity (Developer), e) authorize the Executive Director, or her designee, to negotiate, enter into, execute and amend from time to time funding agreements comprised of a seller carryback, ground lease and cash proceeds loans for the acquisition, rehabilitation and permanent financing of the Project with the Developer and execute other documents, as approved to form by its Office of the General Counsel of HACS, and perform other actions required for the seller carryback, ground lease and cash proceeds loans, including without limitation, negotiation, subordination, RAD Use Agreements, regulatory agreements, financial restructuring and extensions, f) authorize the Executive Director, or her designee, to execute any related documents and perform

other necessary actions to implement the activities and fulfill the intent of the Option Agreement, Loan Commitment and funding agreements to ensure proper repayment of the seller carryback, ground lease and cash proceeds loans, and g) make related findings.

Contact: Christine Weichert, Director of Housing Finance, (916) 440-1353, cweichert@shra.org; Sacramento Housing and Redevelopment Agency

Presenter: Anne Nicholls, Management Analyst, (916) 440-6239, anicholls@shra.org; Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue Detail: The Housing Authority of the City of Sacramento (HACS) continues to transition its public housing portfolio to the Rental Assistance Demonstration (RAD) program with the conversion of the Big Trees, Pine Knoll, and Riverview Plaza buildings in Sacramento's Central City. The conversion of the units to RAD will convert them from public housing units to the multifamily bond and Low Income Housing Tax Credit Program (LIHTC) with Project Based Vouchers (PBV). HACS will continue to provide property management of the units.

On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved updates to the Housing Authority Asset Repositioning Plan, allowing for the conversion of the public housing portfolio under the RAD and Section 18 Demolition and Disposition Programs. The Board also authorized the Housing Authority to submit an application to the United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties.

The Guiding Principles of the Asset Repositioning Plan, adopted as the policy direction for each reposition activity, are to prevent the loss of units for extremely low-income households, facilitate a decrease in reliance on federal funds, incorporate smart growth principles into development opportunities, reinvest any sale proceeds into Housing Authority replacement units, foster partnerships with entities to position development efforts for success, and to pursue actions that would generate fees and other revenue for the Housing Authority. Conversion to RAD is a critical component of the Asset Repositioning plan as RAD allows public housing agencies to convert public housing units to long-term, PBV rental assistance developments. Converting the properties under RAD facilitates access to private debt and equity to address immediate and long-term capital needs.

The Developer has completed the first phase of the RAD project (RAD 1), which was approved by the City and County in January 2020. RAD Phase 1 consists of six scattered sites, including the Pointe Lagoon Apartments (two sites in the County and one in the City of Elk Grove), Rio Garden Apartments in the County, Oak Park Apartments in the City of Sacramento, and Meadow Commons in the City of Sacramento. The Developer started rehabilitation of the second phase of the RAD project, Central City I (RAD 2), which was approved by the City in December 2021. RAD Phase 2 consists of two scattered sites,

including Capitol Terrace and Edge Water Apartments located in the City of Sacramento, and renovations are anticipated to be complete by summer 2023. The subject of this report is Central City II (RAD 3), which is comprised of three scattered sites Big Trees, Pine Knoll, and Riverview Plaza, located in the City of Sacramento.

The RAD vouchers will be approved by HUD prior to the close of construction financing. On April 1, 2022, Sacramento Housing and Redevelopment Agency (SHRA), on behalf of HACS, approved the PBVs as follows:

Central City II (RAD 3) Scattered Site Name and Location	No. of RAD Vouchers	No. of PBV	Manager Unit	Total Units
Big Trees - 2516 H Street Sacramento, 95816	12	17	0	29
Pine Knoll - 917 38 th Street Sacramento, 95816	12	18	0	30
Riverview Plaza - 600 I Street Sacramento, 95814	0	123	1	124
Total	24	158	1	183

HACS desires to partner with and enter into an Option Agreement, Loan Commitment, and funding agreements comprised of a seller carryback, ground lease, and cash proceeds loans. The amount is to be justified by a fair market value appraisal of the land and improvements with the Developer that can benefit from the use of LIHTC to position acquisition, rehabilitation, and permanent financing efforts for success and accomplish necessary renovations to the Project under the RAD Program. Additionally, the Developer has applied to SHRA for acquisition, rehabilitation, and permanent financing for the Project sites in the form of a seller carryback, ground lease, and a cash proceeds loan from HACS.

Staff is requesting approval to enter into an Option Agreement and Loan Commitment. This report is also recommending approval to allocate funding and negotiate and enter into funding agreements between HACS and the Developer for acquisition, rehabilitation, and permanent financing for the Project. The proposed Project funding is comprised of a \$23,862,149 seller carryback loan, \$8,370,000 ground lease loan, and \$3,410,927 cash proceeds loan, or an amount to be justified by a fair market value appraisal of the land and improvements. In addition, the report also recommends approving the request for Mortgage Revenue Tax-Exempt Bond financing for the Project. Vicinity maps and pictures for Big Trees, Pine Knoll, and Riverview Plaza are included as Attachments 7 through 11.

Big Trees

The Big Trees property is located at 2516 H Street located in the Midtown neighborhood. The property has a three-story senior affordable housing development comprised of 29 one-bedroom units that include a manager's unit. Upon conversion to the RAD program, the management unit will become a restricted residential unit. Also, the property offers a community room with kitchenette and laundry facilities. Management offices will be located at the Riverview Plaza site.

Pine Knoll

The Pine Knoll property is located at 917 38th Street in the East Sacramento neighborhood. The property has a two-story senior development comprised of 30 one-bedroom apartment units that include a manager's unit. Upon conversion to the RAD program, the management unit will become a restricted residential unit. Management offices will be located at the Riverview Plaza site. The development also has a community room, kitchen, and laundry room.

Riverview Plaza

The Riverview Plaza property is a mixed-use development located at 600 I Street in downtown Sacramento. The development was constructed in 1988 with nine percent LIHTC financing. The senior residential portion of the building (floors 3-14) consists of 123 one-bedroom units and one two-bedroom manager unit. In addition to the residential portion described above, this development includes a courtyard and outdoor terraces, swimming pool, fitness room, library, commercial kitchen, craft room, television lounge, computer room, seating areas, an exercise room, and 12 laundry rooms.

There is also a large indoor courtyard common area, the residential lobby, and restrooms. The 15th floor has a community/dining room, commercial kitchen, and outdoor terraces. The 16th floor houses an exercise room, common area restrooms, and an outdoor swimming pool.

The public access common area occupies two floors. The first floor includes the rental office that will serve residents from Big Trees, Pine Knoll, and Riverview Plaza, a former commission meeting room, a hair salon, daycare, and currently vacant deli/market space.

The rehabilitation of the Project will address interior improvements, repair and replacement of mechanical systems, roofing, carpentry, plumbing, windows, and exterior finishes, Americans with Disabilities Act (ADA) upgrades, and site work detailed in the Scope of Development attached to the Loan Commitment. Property Management will continue under HACCS. In lieu of on-site manager units, both Big Trees and Pine Knoll will employ an equivalent number of on-site full-time property management staff and 24-hour security during the rehabilitation period.

Developer: The Sacramento Housing Authority Repositioning Program, Inc. (SHARP) is a nonprofit public benefit corporation created by the Housing Authority in 2009 to implement the Housing Authority's Asset Repositioning Plan. Activities undertaken by SHARP include acquiring, developing, financing, rehabilitating, owning and operating affordable housing to maintain and preserve these affordable units. SHARP has partnered with BRIDGE Housing to rehabilitate three other Housing Authority properties, including Sutterview, Washington Plaza, and Sierra Vista Apartments. SHARP completed the rehabilitation of six properties in the first phase of the RAD Program and started the rehabilitation of two properties in the second phase of the RAD Program.

Property Management: Housing Authority staff currently manages over 3,000 housing units throughout the City and County of Sacramento, which includes the Big Trees, Pine Knoll, and Riverview Plaza properties. It is proposed that Housing Authority staff will continue to manage the units after conversion to RAD.

Resident Services: LifeSTEPS will provide 40 hours of resident services each week for the residents of Central City II. The allocation of hours for each site is detailed below in the following chart:

Resident Services Program	Big Trees	Pine Knoll	Riverview Plaza	Total
Service Coordination including Case Management	2.5 hours	2.5 hours	10 hours	15 hours
Educational Classes	1 hour	1 hour	4 hours	6 hours
Enrichment Activities	1 hour	1 hour	4 hours	6 hours
Senior Activities	2 hours	2 hours	9 hours	13 hours
Total Weekly Hours	6.5 hours	6.5 hours	27 hours	40 hours

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

Project Financing: The proposed financing of the Project includes tax-exempt bonds, four percent LIHTC, a conventional loan, a Housing Authority seller carryback loan, a Housing Authority ground lease loan, a Housing Authority cash proceeds loan, net operating income during rehabilitation, a deferred developer fee, RAD Program specific PBVs and HACS PBVs.

Low-Income Set-Aside Requirements: As a condition of receiving LIHTC and the benefits of tax-exempt bond financing, federal law requires some units to be set aside for targeted income groups. Income restrictions from LIHTC financing require that 20 percent of the units have rents that are affordable to households with income at or below 50 percent of Area Median Income.

The affordability restrictions will be specified in regulatory agreements between SHRA and the Developer. The Project Summary and Cashflow Proforma are included as Attachments 12 and 13. A schedule of maximum income and rents are included as Attachment 14. The anticipated funding sources and their affordability requirements are summarized in the table below for the development:

Central City II (RAD 3)

Unit Type	Units	% of Units	Affordability Restrictions¹ (Area Median Income or AMI)
Tax-Exempt Bonds, Four Percent LIHTC, HACS Loans and Project Based Vouchers	60	33%	40% AMI
	63	34%	50% AMI
	59	32%	60% AMI
Management Unit	1	1%	
Total	183	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.

Policy Considerations: The recommended actions for the Project are consistent with:
a) United States Department of Housing and Urban Development guidelines to reposition and convert County Public Housing Properties under the Rental Assistance Demonstration Program; b) Housing Authority Asset Repositioning Plan; and c) the 2021-

2029 Housing Element, Policies H-2.3, assist in the development of affordable housing, d) the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal is to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263) (Riverview Plaza) e) the Opportunity Zone that provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains and forgiveness of tax on new capital gains (enacted into federal law through the Tax Cuts and Jobs Act of 2017) (Riverview Plaza); and is generally consistent with the approved Agency's Multifamily Lending and Mortgage Revenue Bond Policies.

All affordable housing units will be regulated for a period of 55 years by the California Tax Credit Allocation Committee as a LIHTC funding requirement. Regulatory restrictions of the Project will be specified in the bond regulatory agreement between the Developer and the Housing Authority for a period of 55 years. Compliance with the regulatory agreement will be monitored by the Agency on an annual basis.

Economic Impacts: The Project is expected to create 543.98 total jobs (305.39 direct jobs and 238.59 jobs through indirect and induced activities) and create \$47,717,888 in total economic output (\$29,325,411 of direct output and another \$18,392,477 of output through indirect and induced activities). *The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.*

Environmental Considerations:

California Environmental Quality Act (CEQA): The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Exempt under CEQA pursuant to CEQA Guidelines Section 15301, "Existing Facilities."

National Environmental Policy Act (NEPA): The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Excluded under NEPA pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12).

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

Commission Action: *Sacramento Housing and Redevelopment Commission:* At its June 1, 2022 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The recommended actions enable the Agency to continue to fulfill its mission of providing a range of affordable housing opportunities in the City and are consistent with United States Department of Housing and Urban Development guidelines related to the repositioning and conversion of City Public Housing Properties under the Rental Assistance Demonstration Program, Housing Authority Asset Repositioning Plan, 2021-2029 Housing Element as part of Sacramento's 2035 General Plan, and is generally consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies.

Financial Considerations: SHRA will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.125 percent of the bond amount and \$100 per each assisted unit, but not to exceed \$25,000 for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The law firm, Orrick, Herrington and Sutcliffe, LLP, will serve as bond counsel for the Housing Authority.

Local Business Enterprise (LBE)/Minority and Women's Business Enterprise (MBE/WBE): 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.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachments

01-Description/Analysis

02-City Council Resolution – TEFRA

03-Housing Authority Resolution – Bonds

- 04-Housing Authority Resolution – Option Agreement and Loan Commitment
- 05-Exhibit A: Option Agreement
- 06-Exhibit B: Loan Commitment
- 07-Vicinity Map – Big Trees
- 08-Vicinity Map – Pine Knoll
- 09-Vicinity Map – Riverview Plaza
- 10-Vicinity Map – Central City II (RAD 3) Big Trees, Pine Knoll and Riverview Plaza
- 11-Project Pictures
- 12-Residential Project Summary
- 13-Cashflow Proforma
- 14-Maximum Income and Rent Limits

RESOLUTION NO. 2022 -

Adopted by the Sacramento City Council

on date of

CENTRAL CITY II (RAD 3) REHABILITATION – BIG TREES, PINE KNOLL AND RIVERVIEW PLAZA (PROJECT): APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP), OR RELATED ENTITY

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing providing for the issuance of exempt facility bonds for a qualified residential rental project pursuant to Section 142(a)(7) of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such exempt facility bonds in one or more series from time to time, and at no time to exceed \$57,000,000 (the "Obligations") and to lend the proceeds thereof to a partnership of which Sacramento Housing Authority Repositioning Program, Inc. (SHARP) (the "Developer") or a related person to the Developer is the general partner, to be used to provide funds to finance or refinance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) Big Trees Apartments, 2512-2516 H Street, Sacramento, California, consisting of 29 units (Obligation proceeds in an amount not to exceed \$10,000,000), (2) Pine Knoll Apartments, 917 38th Street, Sacramento, California, consisting of 30 units (Obligation proceeds in an amount not to exceed \$10,000,000), and (3) Riverview Plaza Apartments, 600 I Street, Sacramento, California, consisting of 123 units (Obligation proceeds in an amount not to exceed \$37,000,000).
- B. Section 147(f) of the Code requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice.
- C. A public hearing was held by the City Council on June 14, 2022, following duly published notice thereof, and all persons desiring to be heard have been heard.
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento and the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations.

- E. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorical Exempt under California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities."
- F. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorical Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12).

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum principal amount of \$57,000,000 for the purposes described above is hereby approved.
- Section 2. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2022 -

Adopted by the Housing Authority of the City of Sacramento

on the date of

CENTRAL CITY II (RAD 3) – BIG TREES, PINE KNOLL AND RIVERVIEW PLAZA (PROJECT): A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to a partnership or a limited liability company related to or formed by Sacramento Housing Authority Repositioning Program, Inc. (SHARP), or related entity (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of the following multifamily housing residential facilities: (1) Big Trees Apartments, 2512-2516 H Street, Sacramento, California, consisting of 29 units (Obligation proceeds in an amount not to exceed \$10,000,000), (2) Pine Knoll Apartments, 917 38th Street, Sacramento, California, consisting of 30 units (Obligation proceeds in an amount not to exceed \$10,000,000), and (3) Riverview Plaza Apartments, 600 I Street, Sacramento, California, consisting of 123 units (Obligation proceeds in an amount not to exceed \$37,000,000), (the "Project").
- B. United States Income Tax Regulations section 1.150-2 generally provides that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Authority declares its official intent to reimburse the expenditures referenced herein.
- D. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Exempt under California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities".
- E. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Excluded under the National

Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12).

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

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, rehabilitation, and development of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, rehabilitation, and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$57,000,000.
- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition, rehabilitation, and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, any fees required by the California Debt Limit Allocation Committee ("CDLAC") the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.
- Section 6. The appropriate officers or the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to CDLAC for an allocation of private activity bonds for the financing of the Project.

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, rehabilitation, and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

Section 8. This Resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2022 -

Adopted by the Housing Authority of the City of Sacramento

on date of

CENTRAL CITY II (RAD 3) – BIG TREES, PINE KNOLL AND RIVERVIEW PLAZA (PROJECT): APPROVAL TO AMEND THE HOUSING AUTHORITY BUDGET; OPTION AGREEMENT FOR THE GROUND LEASE AND THE PURCHASE AND SALE OF IMPROVEMENTS (OPTION AGREEMENT); LOAN COMMITMENT COMPRISED OF \$25,417,721 SELLER CARRYBACK LOAN, \$8,370,000 GROUND LEASE LOAN AND \$6,262,496 CASH PROCEEDS LOAN (LOAN COMMITMENT); EXECUTION OF OPTION AGREEMENT, LOAN COMMITMENT AND RELATED DOCUMENTS WITH SACRAMENTO HOUSING AUTHORITY REPOSITIONING PROGRAM, INC. (SHARP), OR RELATED ENTITY (DEVELOPER); NEGOTIATE, ENTER INTO AND EXECUTE FUNDING AGREEMENTS ASSOCIATED WITH THE SELLER CARRYBACK, GROUND LEASE AND CASH PROCEEDS LOANS AND RELATED DOCUMENTS WITH THE DEVELOPER; AND MAKE RELATED FINDINGS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (HACS) continues to transition its public housing portfolio to the Rental Assistance Demonstration (RAD) program with the conversion of the Big Tree, Pine Knoll and Riverview Plaza buildings in Sacramento's Central City. The conversion of the units to RAD will convert them from public housing units to the multifamily bond and low income housing tax credit (LIHTC) program with Project Based Vouchers (PBV). HACS will continue to provide property management of the units.
- B. On October 30, 2018, the Housing Authority Board (Board) of the City of Sacramento (City) adopted Resolution No. 2018-0019, which approved the updates to the Housing Authority Asset Repositioning Plan, allowing for the conversion of the public housing portfolio under RAD and Section 18 Demolition and Disposition Programs. Additionally, the Board authorized the Housing Authority to submit an application to the United States Department of Housing and Urban Development (HUD) to reposition and convert City Public Housing Properties under the RAD and Section 18 Demolition and Disposition Programs.
- C. The RAD vouchers will be approved by HUD prior to the close of construction financing. On April 1, 2022, the Sacramento Housing and Redevelopment Agency (SHRA), on behalf of HACS, approved the PBVs for the Project.
- D. HACS desires to partner and enter into an Option Agreement, Loan Commitment, and funding agreements comprised of a seller carryback, ground lease, and cash proceeds loans, in an amount to be justified by a fair market value appraisal of the land and improvements, with Sacramento Housing Authority Repositioning Program, Inc., (SHARP), or related entity (Developer) that can benefit from the use of LIHTC to position acquisition and rehabilitation efforts for success and to accomplish necessary renovations to the Project under

the RAD Program.

- E. The Developer has applied for acquisition, rehabilitation, and permanent financing for the Project sites in the form of a seller carryback, ground lease, and a cash proceeds loan from HACS.
- F. HACS finds that an economically feasible alternative method of financing on substantially comparable terms and conditions without subordination is not available. Therefore, HACS will need to subordinate the seller carryback, ground lease, and a cash proceeds loan to senior loans.
- G. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Exempt under California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, "Existing Facilities."
- H. The disposition and rehabilitation of the identified properties under the RAD program have been found to be Categorically Excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.35(a)(3)(ii) and (5), and convert to exempt pursuant to 24 CFR 58.34(a)(12).

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved adopted.
- Section 2. The Executive Director, or her designee, is authorized to amend the HACS budget to allocate \$25,417,721 in the form of a seller carryback loan, \$8,370,000 in the form of a ground lease loan, and \$6,262,496 in the form of a cash proceeds loan, or an amount to be justified by a fair market value appraisal of the land and improvements, from HACS to the Developer for the acquisition, rehabilitation, and permanent financing of the Project.
- Section 3. The Option Agreement for the Ground Lease and the Purchase and Sale of Improvements, included as Exhibit A, in an amount justified by fair market value appraisals between HACS and Developer for the acquisition, rehabilitation, and permanent financing of the Project is approved (Option Agreement).
- Section 4. The Conditional Loan Commitment, included as Exhibit B, for the acquisition, rehabilitation and permanent financing of the Project in the amount of a \$25,417,721 in the form of a seller carryback loan, \$8,370,000 in the form of a ground lease loan, and \$6,262,496 in the form of a cash proceeds loan, or an amount to be justified by a fair market value appraisal of the land and improvements, from HACS is approved (Loan Commitment).

- Section 5. The Executive Director, or her designee, is authorized to execute the Option Agreement and Loan Commitment and related documents deemed necessary by the Executive Director, as approved to form by the Office of the General Counsel of HACS (Office of the General Counsel) and transmit each to the Developer.
- Section 6. The Executive Director, or her designee, is authorized to negotiate, enter into, execute and amend from time to time funding agreements comprised of a \$25,417,721 seller carryback loan, \$8,370,000 ground lease loan, and \$6,262,496 cash proceeds loan, or an amount to be justified by a fair market value appraisal of the land and improvements, for the acquisition, rehabilitation and permanent financing of the Project with the Developer and execute other documents, as approved to form by its Counsel, and perform other actions required for the seller carryback, ground lease and cash proceeds loans, including without limitation, negotiation, subordination, RAD Use Agreements, regulatory agreements, financial restructuring, and extensions, consistent with its adopted policy and with this resolution.
- Section 7. The Executive Director, or her designee, is authorized to enter into and execute related agreements deemed necessary by the Executive Director, as approved to form by the Office of the General Counsel, and perform other actions deemed necessary by the Executive Director to implement the activities and fulfill the intent of the Option Agreement, Loan Commitment and funding agreements to ensure proper repayment of the seller carryback, ground lease and cash proceeds loans, as approved above or to delegate those activities to SHRA.
- Section 8. This resolution shall take effect immediately upon its adoption.

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OPTION AGREEMENT
Ground Lease of Land and Purchase of Improvements
Rental Assistance Demonstration (RAD 3)
Central City II – Big Trees, Pine Knoll and Riverview Plaza

THIS OPTION AGREEMENT ("the Agreement") is made and entered into as of June 14, 2022 (the "Agreement Date"), by and between the Housing Authority of the City of Sacramento ("Owner") and Sacramento Housing Authority Repositioning Program, Inc., a California nonprofit public benefit corporation ("SHARP" and "Optionee").

1. OPTION. Owner hereby grants to Optionee an exclusive option (the "Option") to ground lease the land (defined in Section 2) and to purchase the improvements for the project known as RAD Phase 3 – Central City II repositioning and conversion, and rehabilitation of 183 units to Rental Assistance Demonstration Program at Big Trees, Pine Knoll and c) Riverview Plaza in the City of Sacramento (the "Improvements"), subject to the terms and conditions contained in this Agreement.
2. LAND. The "Land" is that certain real property located under the Improvements at, a) Big Trees located at 2516 H Street, Sacramento, California 95816, b) Pine Knoll located at 917 38th Street, Sacramento, California 95816, and c) Riverview Plaza located at 600 I Street, Sacramento, California 95814, Sacramento County, California, more particularly described in Exhibit "A" attached hereto. The Land and Improvements are referred to collectively as the "Property."
3. TERM OF OPTION. The Option shall commence on the Agreement Date, and shall terminate at five o'clock p.m. (5:00p.m.) on December 31, 2023 (the "Option Term").
4. OPTION PAYMENT. In consideration for the grant of the Option, SHARP has paid to Owner the sum of One Hundred Dollars (100.00) ("the Option Payment"), which amount shall be retained by Owner and is nonrefundable to Optionee.
5. OPERATION OF THE PROPERTY DURING THE OPTION TERM. Owner shall continue to operate and secure the Property according to its customary property management practices and in compliance with applicable HUD regulations, Government Code § 34200 et seq. ("California Housing Authority Law"), and Admissions and Continued Occupancy Policy ("ACOP") until the close of escrow transferring the leasehold interest in the Land through a ground lease and a fee interest in the improvements through a purchase and sale agreement.
6. LEASING DURING THE OPTION TERM. Owner agrees that it will not enter into any new lease of the Property without Optionee's prior written consent, and that Owner will not materially modify the Improvements without optionee's prior written consent; in each case such consent not to be unreasonably withheld, conditioned or delayed by Optionee.
7. EXERCISE OF OPTION. The Option shall be exercised by written notice delivered to Owner on or prior to expiration of the Option Term. Optionee's failure to timely deliver such notice shall be deemed Optionee's determination not to exercise the Option. Promptly following Optionee's exercise of the Option, the parties shall enter into the Ground Lease and the Purchase Agreement (defined below).

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

(a) Ground Lease.

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

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

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

Property	Land Value	Improvements Value	Land and Improvements Value
Big Trees - 2516 H Street Sacramento, 95816 APN: 007-0033-006-0000 and 007-0033-007-0000	\$960,000.00	\$4,350,000	\$5,310,000
Pine Knoll - 917 38 th Street Sacramento, 95816 APN: 008-0032-025-0000, 008-0032-032-0000 and 008-0032-033-0000	\$2,890,000	\$2,730,000	\$5,620,000
Riverview Plaza - 600 I Street Sacramento, 95814 APN: 006-0032-029-0001, 006-0032-029-0002, 006-0032-029-0003 and 006-0032-029-0004	\$4,520,000	\$22,060,000	\$26,580,000
Total	\$8,370,000	\$29,140,000	\$37,510,000

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

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

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

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

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

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

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

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

11. ENTIRE AGREEMENT. This Agreement and the attached exhibits constitute the entire Agreement between the Parties with respect to the lease of the Land (apart from the current lease)

and the purchase and sale of the Improvements, and no other warranties, agreements or representations have been made or shall be binding upon either party unless expressly set forth therein.

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

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

Owner: Housing Authority of the City of Sacramento
801 12th Street
Sacramento, CA 95814
Attn: Executive Director

13. MODIFICATION. No modification, variation or amendment of this Agreement shall be effective unless it is in writing and is signed by both parties to this Agreement.

14. CONSTRUCTION. This Agreement shall be construed according to the laws of the State of California.

15. ATTORNEY FEES. In the event that suit is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees.

16. AUTHORITY. Except as otherwise provided herein, each party has full power and authority to execute this Agreement and perform its respective obligations hereunder. On October 30, 2018, the Special Applications Center of HUD approved the disposition of the Property (the "Disposition Approval"). Notwithstanding any other provision of this Agreement, the parties' actions under this Agreement are subject to compliance with the terms and conditions of the Disposition Approval and any other applicable HUD requirements, including HUD approval requirements. The exercise of the Option is subject to HUD approval. Owner shall have no liability under this Agreement in connection with efforts to comply with HUD requirements, obtain HUD approvals or any action or inaction associated with HUD requirements or the HUD approval process.

17. COUNTERPARTS. This Agreement may be executed in counterparts.

[Signatures appear on following page]

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

OPTIONEE:

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

By: _____
James Shields

Its: President

OWNER:

Housing Authority of the City of Sacramento,
a public body, corporate and politic

Approved as to form:

By: _____
La Shelle Dozier, Executive Director

By: _____
General Counsel

Exhibit A

Legal Description

Big Trees:

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

Parcel No. 1:

The East one-half of Lot 2 in block bounded by 25th and 26th, "H" and "I" Streets of the City of Sacramento, according to the official plat thereof.

APN:007-0033-006-0000

Parcel No. 2:

The West one-half of Lot 3 in block bounded by 25th and 26th, "H" and "I" Streets of the City of Sacramento, according to the official plat thereof.

APN:007-0033-007-0000

Pine Knoll:

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

All that certain real property situate in the South ½ of Section 5, Township 8 North, Range 5 East, M.D.B.&M., in the City of Sacramento, County of Sacramento, State of California, being more particularly described as follows:

A portion of Lot 5, as shown on the "Amended Plat of the McIntyre Tract", recorded in Book 5 of Maps, Map No. 52, on October 31, 1904, in the Office of the County Recorder of Sacramento County together with Lot 10 and Lot 11 as said lots are shown on the "Plat of Iverson Tract", recorded in Book 9 of Maps, Map No. 13, on August 5, 1908 in the Office of the County Recorder of Sacramento County, being more particularly described as follows:

BEGINNING at a 1 ¼ inch Iron Pipe Marking the true corner of Lots 6, 7, I & J of said McIntyre Tract; thence North 70° 11' 00" West 116.05 feet along the division line between Lot 5 and Lot 8 of said McIntyre Tract to a ¾ inch Iron Pipe tagged L.S. 3723, said pipe marking the Northeast corner of Lot 9 of said Iverson Tract; thence South 21° 19' 50" West 55.05 feet to a ¾ inch Iron Pipe tagged L.S. 3723 marking the Northeast corner of Lot 10 of said Iverson Tract; thence along the North line of said Lot 10, North 70° 13' 26" West 99.33 feet to the Northwest corner of said Lot 10; thence South 21° 31' 10" West 100.13 feet along the West line of said Lot 10 and said Lot 11 to the Southwest corner of said Lot 11; thence South 70° 10' 00" East 99.66 feet to a ¾ inch Iron Pipe tagged L.S. 3723 marking the Southeast corner of said Lot 11 and the West line of said Lot 5 of McIntyre Tract; thence along the West line of said Lot 5, South 21° 19' 50" West 59.96 feet to a ¾ inch iron pipe tagged L.S. 3723; thence leaving said West line, South 70° 29'

40" East 111.84 feet to a ¾ inch Iron Pipe on the East line of said Lot 5; thence along the East line of said Lot 5, North 22° 27' 28" East 214.77 feet to the POINT OF BEGINNING.

APN: 008-0032-025-0000, 008-0032-032-0000, 008-0032-033-0000

Riverview Plaza:

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

Parcel A:

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

APN: 006-0032-029-0001

Parcel B:

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

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

APN: 006-0032-029-0002

Parcel C:

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

APN: 006-0032-029-0003

Parcel D:

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

APN: 006-0032-029-0004



Effective Date: June 14, 2022

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

RE: Conditional Loan Commitment for Central City II (RAD 3)
 (AKA Big Trees, Pine Knoll and Riverview Plaza)

Dear Mr. Shields:

On behalf of the Housing Authority of the City of Sacramento (Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of the sources described below for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Central City II (RAD 3) described below in the chart (Property):

Central City II (RAD 3) Scattered Site Name and Location	Ground Lease Loan	Seller Carryback Loan	Cash Proceeds Loan
Big Trees - 2516 H Street Sacramento, 95816	\$960,000.00	\$3,805,964.00	\$544,036.00
Pine Knoll - 917 38 th Street Sacramento, 95816	\$2,890,000.00	\$2,388,571.00	\$341,429.00
Riverview Plaza - 600 I Street Sacramento, 95814	\$4,520,000.00	\$17,667,614.00	\$2,525,462.00
Total Loans (\$35,643,076.00)	\$8,370,000.00	\$23,862,149.00	\$3,410,927.00

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 **December 31, 2023**, unless a mutually agreed upon extension is made.

1. PROJECT DESCRIPTION:

Big Trees

The Big Trees property is located at 2516 H Street located in the Midtown neighborhood. The property has a three-story senior affordable housing development comprised of 29 one-bedroom units that include a manager's unit. Upon conversion to the RAD program, the management unit will become a restricted and assisted residential unit. Also, the property offers a community room with kitchenette and laundry facilities.

Pine Knoll

The Pine Knoll property is located at 917 38th Street in the East Sacramento neighborhood. The property has a two-story senior development comprised of 30 one-bedroom apartment units that include a manager's unit. Upon conversion to the RAD program, the management unit will become a restricted and assisted residential unit. Management offices will be located at the Riverview Plaza site. The development also has a community room, kitchen, and laundry room.

Riverview Plaza

The Riverview Plaza property is a mixed-use development located at 600 I Street in downtown Sacramento. The development was constructed in 1988 with nine percent LIHTC financing in 1989. The senior residential portion of the building (floors 3-14) consists of 123 one-bedroom units and one two-bedroom manager unit. In addition to the residential portion described above, this development includes a courtyard and outdoor terraces, swimming pool, fitness room, library, commercial kitchen, billiards room, craft room, television lounge, computer room, seating areas, an exercise room, and 12 laundry rooms.

There is also a large indoor courtyard common area, the residential lobby, and restrooms. The 15th has a community/dining room, commercial kitchen, and outdoor terraces. The 16th floor houses an exercise room, common area restrooms, and an outdoor swimming pool. The public access common area occupies two floors. The first floor includes the rental office that will serve residents from Big Trees, Pine Knoll, and Riverview Plaza, two former commission meeting rooms, a hair salon, daycare, and currently vacant deli/market space. The second floor is vacant and ready for lease office spaces.

The rehabilitation of the Project will address interior improvements, repair and replacement of mechanical systems, roofing, carpentry, plumbing, windows, and exterior finishes, Americans with Disabilities Act (ADA) upgrades, and site work detailed in the Scope of Development attached to this Loan Commitment. Property Management will continue



under HACS. In lieu of on-site manager units, both Big Trees and Pine Knoll will employ an equivalent number of on-site full-time property management staff to comply with SHRA's Minimum Construction Standards required during the rehabilitation period. There will also be 24-hour security available for the residents of Central City II.

2. BORROWER: The name of the Borrower for the Loan is Sacramento Housing Authority Repositioning Program, Inc. (SHARP), a California nonprofit public benefit corporation, or related entity as the lead development partner.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of the following:
 - a. Thirty-Five Million Six Hundred Forty-Three Thousand Seventy-Six Dollars and Zero Cents (\$35,643,076.00), 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 57 years or 684 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: Interest shall accrue on the unpaid Principal Amount of Loan at the Applicable Federal Rate (AFR) in effect on the accrual date, per annum, and compounded annually.
7. ANNUAL REPAYMENT: Annual principal and interest payments shall begin from the Loan's Effective Date. Annual payments will be made on a Residual Receipts basis, as defined in the loan documents, until the maturity date. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
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: Ground Lease Loan, Seller Carryback Loan and Cash Proceeds Loan. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.
9. **Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions**



run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.
12. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$33,000,000 in Low Income Housing Tax Credit Equity and no less than \$1,800,000 in deferred developer fee. If LIHTC equity goes below \$33,000,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.
14. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - a. As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.



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



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

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

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

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



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

25. START OF CONSTRUCTION: Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
26. 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.
27. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than twenty-four (24) months following the close of construction financing.
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 Agency'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 COMPANY: Borrower must procure a Title Company in the Sacramento region. Title Company is the insurer of title and the escrow holder. The Title Company is Placer Title Company – Sacramento Commercial Division located at 301 University Avenue, Suite 120, Sacramento, CA 95825.

33. 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 (Restrictions, Encroachments, Minerals – Loan Policy) and ALTA 28 (Easement - Damage or Enforced Removal) and after Notice of Completion is recorded, a CLTA endorsement no.101.2-06 Mechanics Liens - Notice of Completion, 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.

34. 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.

35. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
36. **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.
37. **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.
38. **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.
39. **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 forty (40) hours per week:

Resident Services Program	Big Trees	Pine Knoll	Riverview Plaza	Total
Service Coordination including Case Management	2.5 hours	2.5 hours	10 hours	15 hours
Educational Classes	1 hour	1 hour	4 hours	6 hours
Enrichment Activities	1 hour	1 hour	4 hours	6 hours
Senior Activities	2 hours	2 hours	9 hours	13 hours
Total Weekly Hours	6.5 hours	6.5 hours	27 hours	40 hours



40. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
41. SMOKE-FREE ENVIRONMENT: 100% of the buildings and units must be smoke free (including all forms of smoking that create secondhand smoke that impacts the health of nonsmokers). In addition, all indoor common areas must be smoke-free. Clearly-marked designated smoking areas must be provided.
42. 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.
43. 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.
44. 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.
45. 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 Rental Property Minimum Construction Standards (Exhibit 1), and has executed this Commitment as of the Effective Date.

BORROWER:

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

By: _____
James Shields, President

Attachment:

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



Exhibit 1 - Scope of Development

Scope of Development – Rehabilitation of Big Tree Apartments 2516 H Street, Sacramento, CA 95816

Big Tree Apartments is an existing three story housing facility with 29 units located on approximately 0.3 acres in 2516 H Street, Sacramento, CA 95816. The project goal is to renovate all existing one bedroom one bath units (450 sq. ft.). Additionally, there is 425 sq. ft. community room that will be utilized for resident services and eight parking stalls for resident parking. The renovation would include converting existing storage space into an office space that will be used for property management. Other property amenities include utility, storage and a laundry rooms.

I. Building Exteriors

Landscape Improvements:
1. Develop landscape/Irrigation improvement plan: owner intends to remove existing landscaping and replace with modern landscaping.
2. Remove (3 EA) Redwood trees. Assist with permitting process for the redwood removal.
Concrete Pavements :
3. Sandblast and re-stripe existing concrete parking lot. Replace concrete to comply with ADA code. Install ADA parking signage.
4. Replace existing concrete sidewalks where required to create an accessible path of travel to the public right of ways. Improve existing sidewalks by increasing width of sidewalks where requested by owner.
Balconies:
5. Replace metal railings with decorative steel railings. Refinish and paint the balconies.
Stucco Exterior:
6. Repair, clean and paint existing stucco. Generate colored elevations to be submitted to city planning department for approval.
Electrical:
7. Remove and replace existing wall packs with upgraded LED light fixtures.
8. Install additional walls packs around the property to provide exterior lighting.
9. Remove existing lighted bollards.
Doors and Windows:
10. Replace doors, windows and storefronts throughout the building.
Roof:
11. Existing multi-ply poly (TPO) roofing and flushing to remain.
12. Roof gravity vents and exhaust fans to be replaced.
13. Replace or repair downspouts as needed.
Site Improvements:



14. Repair or replace wrought iron and wood fences where needed.
15. Add two exit doors with panic hardware to allow an ADA path of travel to parking lot.
16. Reconfigure picnic area, install a gazebo and benches. Remove existing benches and bike racks.

II. Building Interiors

Americans with Disabilities Act (ADA) Units:

17. There will be a total of 3 (Three) Americans with Disabilities Act (ADA) compliant units, one per floor. All three units to be equipped with visual and audio communication features that comply with ADA requirements.
18. Convert additional units into adaptable units if required by code and local jurisdiction
19. Complete ADA upgrade of the building as required by code and local jurisdiction.

Appliances:

20. Install new range, and over the range microwave. Existing ranges are electric.
21. Existing refrigerators will be re-used.
22. Remove nurse calls throughout the property

Finishes:

23. Floorings to be replaced throughout the building with luxury vinyl flooring. This includes all units, corridors, community building, laundry room, office spaces and computer room. Baseboard to be replaced with rubber baseboards.
24. All utility rooms to receive epoxy flooring.
25. Paint all surfaces throughout the property.

Electrical and Lighting:

26. Replace electrical fixtures with LED lights throughout the property. Wiring to be replaced or added as needed.
27. Replace unit load centers (Unit Panels) in all units.
28. Replace breakers with AFCI / GFCI breakers. Verify neutrals are available for the AFCI breakers.
29. Replace switches and outlets throughout the property.

Kitchen:

30. Replace Kitchen cabinets
31. Replace countertops with granite countertops and backsplash
32. Replace sink and faucets with water-saving fixtures.

Bathrooms:

33. Replace shower surrounds (use three piece tub and surrounds) and mixing valves.
34. Replace vanity tops with cultured marble
35. Replace bathroom vanities
36. Replace plumbing fixtures (toilets, shower heads, bathroom faucets, etc.) with water-saving fixtures.
37. Replace bathroom accessories (mirror, medicine cabinet, etc.)
38. Replace bathroom exhaust fans.

Doors and windows:



<p>39. Replace entry doors throughout the building. These include entry doors for dwelling units, janitorial closets, utility rooms, storage rooms, etc.</p> <p>40. Replace interior doors throughout the building.</p> <p>41. Replace door hardware throughout the building.</p> <p>42. Replace unit windows and balcony sliding doors.</p>
<p>Furnishings:</p> <p>43. Install new vertical blinds in all units and common areas.</p> <p>44. Install fire extinguishers as needed.</p>
<p>Internet and Phone:</p> <p>45. Replace existing data and phone jacks throughout the property.</p> <p>46. Add a data jack in the bedroom.</p>
<p>Wall and Ceilings:</p> <p>47. Walls in the bathroom and kitchen to be stripped down to the studs or usable drywall and replaced.</p> <p>48. Patch and replace drywall as needed.</p> <p>49. Paint all surfaces including walls and ceilings.</p> <p>50. Popcorn ceilings to be painted.</p>

III. Building Amenities

<p>Laundry Facility upgrade:</p> <p>51. The central laundry is located on the first floor and will have four (4) sets of card operated washers and dryers, including two (2) set that complies with ADA requirements.</p> <p>52. Laundry room to be reconfigured to meet ADA and accommodate four washers and dryers. Install a partition wall to separate the laundry room from existing trash room.</p> <p>53. Install a folding table and sink.</p> <p>54. Replace light fixtures, switches and outlets.</p> <p>55. Replace house panel and breakers with AFCI/ GFCI breakers.</p> <p>56. Replace flooring and baseboards.</p> <p>57. Replace plumbing fixtures.</p> <p>58. Replace exhaust fan.</p>
<p>Community Room Upgrade:</p> <p>59. Perform a complete ADA upgrade of community room.</p> <p>60. Replace storefront and windows.</p> <p>61. Replace Kitchen cabinets and sink. Install new range and over-range- microwave hood</p> <p>62. Replace plumbing fixtures.</p> <p>63. Replace light fixtures, switches and outlets.</p> <p>64. Install backing for a community room TV.</p>
<p>Common Areas, Hallways and Stairs:</p> <p>65. Replaced existing ceiling with suspended ceiling in all corridors and common areas</p> <p>66. Install new handrails in the corridors and staircases.</p> <p>67. Paint all surfaces including walls and ceilings.</p>



<p>68. Replace windows, doors and door hardware in all common areas.</p> <p>69. Install recessed LED lighting in all corridors and common areas including community room, laundry room, etc. Replace lighting in the stairs.</p> <p>70. Replace all devices in the hallways and stairs.</p>
<p>Public Bathrooms:</p> <p>71. Perform complete ADA upgrade of public bathroom.</p> <p>72. Replace light and plumbing fixtures</p> <p>73. Replace finishes</p>
<p>Fire Life Safety upgrade:</p> <p>74. Upgrade buildings fire alarm system including alarm panel, notification and fire alarm devices, ADA upgrade in ADA units and common areas, install wiring and smoke/carbon oxide detectors. System to be upgraded to meet current code and improve life span to a minimum of 20 years. Owner's preferred manufacturer is Silent Knights.</p> <p>75. Install a smoke detector in the bedrooms to comply with code. Detectors to be interconnected.</p> <p>76. Install fire smoke dumpers if needed.</p> <p>77. Perform any additional life safety modifications to ensure system meets current code.</p>
<p>Plumbing System:</p> <p>78. Replace existing gas water heaters with electric water heaters. Upgrade electrical panel as needed.</p> <p>79. Replace control valves, balancing valves and isolation valves with ball valves.</p> <p>80. Install isolation valves per floor or stack to allow for isolation during maintenance.</p>
<p>HVAC system:</p> <p>81. Install a MAU unit to supply corridors and common areas. Currently corridors have a PTAC unit that does not provide adequate air circulation. Work shall include re-using existing ducting for supply and return air.</p> <p>82. Provide calculations and resize ducts to ensure they meet current code. Seal and Insulate ducts to improve efficiency.</p> <p>83. Replace PTAC Units and thermostat in all dwelling units.</p> <p>84. Replace split systems throughout the property</p> <p>85. Remove electric wall heaters throughout the property</p>
<p>Switch Gear and Panel:</p> <p>86. Replace building main switchgear and panels to ensure over 15 years of useful life. Coordinate with local utility for approval and upgrades where required.</p>
<p>Signage:</p> <p>87. Replace monument sign.</p> <p>88. Install new building signs, and unit signs.</p> <p>89. Install new signage throughout the building as required by code or requested by owner.</p> <p>90. Install illuminated emergency and exit lightings throughout the building. Provide backup power if needed by code.</p>
<p>Elevators (2 EA):</p> <p>91. Retrofit elevator cabs with new finishes, lighting and signage. Upgrade control panel.</p>



92. Existing elevators uses hydraulic system and don't require upgrade.

Site Office:

93. Convert the trash room (located next to laundry room) into a site office. This may require installing a fire rated wall between the two rooms.

94. Install flooring, lighting, switches and outlets, paint, new door and window for the office space.

IV. Design -Build Design Scope

This scope does not require a design and will be designed by owner or by subcontractor. Architect, however, shall provide a diagram or provide written description of the scope on plans to allow general contractors to provide a cost proposal for the work.

Wireless Internet :

95. Install a complete wireless access system including WAPs, POEs, data and power wiring to provide wireless internet to residents. SHARP will furnish a design for this system. Architect to include on its plans.

Security Surveillance Camera System:

96. A new security surveillance camera system to be installed, which includes new security cameras on each floors. SHARP will furnish a design for this system. Architect to include on its plans.

V. ADD ALTs :

97. Install a manual transfer switch outside the building to allow for a temporary generator in case of outages.

98. Install a PV system for backup power for life safety systems, if required by city or code.

**Scope of Development – Rehabilitation of Pine Knoll Apartments
917 38th Street, Sacramento, California 95816**

Pine Knoll Apartments is an existing two story housing facility with 30 units located on approximately 0.78 acres in 917 38th Street, Sacramento, California 95816. The project goal is to renovate all existing one bedroom one bath units (510 sq. ft.). Additionally, there is a community building and laundry facility that will be utilized for resident services. The renovation would include converting existing storage space into an office space that will be used for property management. Other property amenities include utility, storage and an elevator.

VI. Building Exteriors

Landscape Improvements:

1. Develop landscape/Irrigation improvement plan: owner intends to remove existing landscaping and replace with modern landscaping.
2. Remove (5 EA) trees. Assist with permitting process for the removal.



Pavements :

3. Reconfigure the layout of the parking lot to widen space and increase number of parking stalls. Seal and stripe asphalt parking lot.
4. Add ADA parking stalls per code. Install ADA parking signage.
5. Replace existing concrete sidewalks where required to create an accessible path of travel to the public right of ways and amenities per code.

Railings:

6. Replace wooden railings where needed. Replace dry rot as needed.

Stucco Exterior:

7. Repair, clean and paint existing stucco. Generate colored elevations to be submitted to city planning department for approval.

Electrical:

8. Replace existing wall packs with upgraded LED light fixtures.
9. Install additional walls packs around the property to provide exterior lighting.
10. Replace pole light fixtures with LED fixtures.

Doors and Windows:

11. Replace doors, windows and storefronts throughout the property.

Roof:

12. Replace existing composite shingle roofing and flushing for all buildings.
13. Replace downspouts throughout.

Site Improvements:

14. Replace wood fences where needed.
15. Reconfigure picnic area, install a gazebo and benches. Remove existing benches and site lights.
16. Replace dry rot as needed.
17. Build a new trash enclosure on site.

VII. Building Interiors

Americans with Disabilities Act (ADA) Units:

18. There will be a total of 3 (Three) Americans with Disabilities Act (ADA) compliant units. All three units to be equipped with visual and audio communication features that comply with ADA requirements.
19. Convert additional units into adaptable units if required by code and local jurisdiction
20. Complete ADA upgrade of the building as required by code and local jurisdiction.

Appliances:

21. Install new range, and over the range microwave hood.
22. Existing refrigerators will be re-used.
23. Remove nurse calls throughout the property

Finishes:

24. Floorings to be replaced throughout the building with luxury vinyl flooring. This includes all units, corridors, community building, and laundry room. Baseboard to be replaced with rubber baseboards.

25. All utility rooms to receive epoxy flooring.

26. Paint all surfaces throughout the property.

Electrical and Lighting:

27. Replace electrical fixtures with LED lights throughout the property. Wiring to be replaced or added as needed.

28. Replace unit load centers (Unit Panels) in all units.

29. Replace breakers with AFCI / GFCI breakers. Verify neutrals are available for the AFCI breakers.

30. Replace switches and outlets throughout the property.

Kitchen:

31. Replace Kitchen cabinets

32. Replace countertops with granite countertops and backsplash

33. Replace sink and faucets with water-saving fixtures.

Bathrooms:

34. Replace shower surrounds (use three piece tub and surrounds) and mixing valves.

35. Replace vanity tops with cultured marble

36. Replace bathroom vanities

37. Replace plumbing fixtures (toilets, shower heads, bathroom faucets, etc.) with water-saving fixtures.

38. Replace bathroom accessories (mirror, medicine cabinet, etc.)

39. Replace bathroom exhaust fans

Doors and windows:

40. Replace entry doors throughout the building. These include entry doors for dwelling units, janitorial closets, utility rooms, storage rooms, etc.

41. Replace interior doors throughout.

42. Replace door hardware throughout.

43. Replace unit windows.

Furnishings:

44. Install new vertical blinds in all units and common areas.

45. Install fire extinguishers as needed.

Internet and Phone:

46. Replace existing data and phone jacks throughout the property.

47. Add a data jack in the bedroom.

Wall and Ceilings:

48. Patch and paint drywall as needed.

49. Paint all surfaces including walls and ceilings.

50. Popcorn ceilings to be painted.



VIII. Building Amenities

Laundry Facility upgrade:

- 51. The central laundry is located in the community building and will have four (4) sets of card operated washers and dryers, including two (2) that complies with ADA requirements.
- 52. Laundry room to be reconfigured to meet ADA and accommodate washers and dryers.
- 53. Install a laundry sink.
- 54. Replace light fixtures, switches and outlets.
- 55. Replace house panel and breakers with AFCI/ GFCI breakers.
- 56. Replace flooring and baseboards.
- 57. Replace plumbing fixtures.
- 58. Replace exhaust fan.

Community Building and Public Bathroom Upgrade:

- 59. Perform a complete ADA upgrade of community building.
- 60. Replace storefront and windows.
- 61. Replace existing ceiling tiles.
- 62. Replace Kitchen cabinets and sink.
- 63. Replace plumbing fixtures.
- 64. Replace commercial water heater.
- 65. Replace light fixtures, switches and outlets.
- 66. Install card readers.
- 67. Relocate the post box.
- 68. Remove nurse calls.

Fire Life Safety upgrade:

- 69. Upgrade buildings fire alarm system including alarm panel, notification and fire alarm devices, smoke/carbon oxide detectors and wiring as needed. System to be upgraded to meet current code and improve life span to a minimum of 20 years. Owner's preferred manufacturer is Silent Knights.
- 70. Upgrade common areas and community room with visual and audio communication features that comply with ADA requirements.
- 71. Install a smoke detector in the bedrooms to comply with code. Detectors to be interconnected.
- 72. Perform any additional life safety modifications to ensure system meets current code.

Plumbing System:

- 73. Replace existing electric water heaters.

HVAC system:

- 74. Existing split systems to remain. Replace thermostats in the units and community building.
- 75. Replace supply and return registers throughout the property.

Switch Gear and Panel:

- 76. Replace building main switchgear and panels to ensure over 15 years of useful life. Coordinate with local utility for approval and upgrades where required.



Signage:

- 77. Replace monument sign and monument sign light.
- 78. Install new building signs, and unit signs.
- 79. Install ADA path of travel signage per code.
- 80. Install new signage throughout the building as required by code or requested by owner.

Elevators:

- 81. Retrofit elevator cabs with new finishes, lighting and signage. Upgrade control panel with ADA compliant panel. Add audio visual and arrival indicators for the elevator.
- 82. Existing elevators uses hydraulic system and don't require upgrade.

Site Office:

- 83. Convert the trash room into a site office.
- 84. Install a PTAC unit, flooring, lighting, switches and outlets, paint, new door and window for the office space.

IX. Design -Build Design Scope

This scope does not require a design and will be designed by owner or by subcontractor. Architect, however, shall provide a diagram or provide written description of the scope on plans to allow general contractors to provide a cost proposal for the work.

Wireless Internet:

- 85. Install a complete wireless access system including WAPs, POEs, data and power wiring to provide wireless internet to residents. SHARP will furnish a design for this system. Architect to include on its plans.

Security Surveillance Camera System:

- 86. A new security surveillance camera system to be installed, which includes new security cameras on each floors. SHARP will furnish a design for this system. Architect to include on its plans.

**Scope of Development – Rehabilitation of Riverview Plaza Apartments
600 I Street, Sacramento, CA 95814**

Scope of the work for this project includes building envelope and building system improvement and unit tenant improvements for the residential space (3rd through 16th floors). This project does not include any tenant improvement scope of work in the commercial space (ground and 2nd floors) except the common areas such as lobbies, mechanical/electrical rooms, elevators, stairways, etc. The scope of work shall also contain any hazardous material removals such as asbestos and lead, as described in the attached report, dated December 20, 2019.

No	Scope of work for design services
1- Building Envelope	
1	Replace metal roof flashing and gutters (non-serviceable gutters preferred) throughout.
2	Remove and Replace Storefront doors and windows (located on ground floor, 15th and 16th floors.) All store fronts are to be replaced.



3	Block out the store front on 16th floor (Storefront causes damages to the flooring and walls due to leakage and sun light deterioration)
4	Recertify or Replace hardware for common area doors throughout all floors
5	Power wash building exterior and windows (ground floor to 16th floor). Paint all exterior surfaces
6	Replace tile skirt surrounding the exterior of the building and entryways on 3 sides (Matching tiles discontinued)
7	Inspect and recertify roof fall restraint system and its components to bring to current code
8	Replace main entry doors & access control.
<u>2- Building Interior</u>	
9	Replace existing flooring with new LVP flooring throughout common areas (including commercial common areas)
10	Replace/repair sewer and storm water drainage throughout the building. Consultant to complete a comprehensive forensic analysis of the building's sewer and storm drainage system in order to identify systems and components that needs to be replaced (Expecting some piping and fittings to be replaced. Pumps were replaced recently).
11	Replace HVAC units (condensing units and fan coils) for the residential space and common areas (The HVAC units serving the 2nd floor were replaced in 2020)
12	Replace Water heaters for residential and commercial area (Existing gas water heaters to be converted into electric water heaters). Replace the associated check and control valves.
13	Replace outdated recessed lighting throughout the residential , elevator and common spaces with energy efficient light fixtures
14	Repair drywall throughout the building as needed.
15	Paint throughout the common area and common space (commercial area work is limited to common areas)
16	Install new drop ceiling. Existing drop ceilings are aged and material is discontinued.
17	Replaced existing gas fireplaces in the residential common area with electric fire places.
18	Replace existing furniture in the residential lobbies on 3, 5, 7, 9, 11, and 13th floors (including Sofa, Chairs, coffee table, and wall art). Replace tables and chairs in the cafeteria on the 15th floors.
19	Replace garbage trash chute and equipment. Replace locking hardware for the trash chute. Install sprinkler system in the trash chute as mandated by code.
20	Replace fire drops in the commercial kitchen and trash chute space (in the garage)
21	Upgrade laundry room to comply with ADA requirements, or install in-unit laundry for ADA units (12 EA)
22	Upgrade plumbing , drainage and dryer ventilation in the laundry rooms (12 EA)
23	Replace existing ventilation fans, supply fans, and dampers throughout the building (due to age and failing systems)
24	Install building phone entry and card access throughout the building (controlled access)
25	Replace gas shut off valves (2 EA) (located in the parking space)
<u>3- Tenant Unit Improvements (123 Units) (No Unit TI for the commercial space)*</u>	
26	Minimum 10% of units to be converted to fully ADA units



Equal Housing
Opportunity



27	Replace interior Light fixtures
28	Replace Kitchen ranges and range hoods
29	Replace PTAC units in the dwelling units
30	Replace plumbing fixtures (toilets, shower heads, kitchen and bathroom faucets) with water-saving fixtures
31	Replace shower surrounds (cultured marble) and mixing valves
32	Replace countertops at Kitchens (granite) and Baths (cult. marble)
33	Replace Kitchen cabinets
34	Replace bathroom vanities
35	Paint unit interiors
36	New LVP flooring and baseboard to replace existing
37	Install new smoke/CO detectors
38	Replace unit entry and interior doors as needed (use existing frames)
39	Replace door hardware throughout the units
40	4% communication features (bells, strobes etc in ADA units)
41	Replace switches and outlets throughout
42	Refrigerators N.I.C.
43	Replace bathroom exhaust fans
44	Drywall repairs as needed
45	Replace bathroom exhaust fans
4- Fire life and Safety	
46	Replace mechanical interface equipment for smoke purge system and smoke pressurization system, including all its components as needed. Architect to conduct a comprehensive analysis of the existing systems and recertify all the equipment. SHARP needs to replace controls, rooftop fan, and blower units.
47	Replace and update emission control sensors and control units
48	Replace and upgrade fire pumps (Only electric components to be replaced. The pumps were replaced recently)
49	Replace and upgrade fire doors and hardware throughout (due to age and parts shortage)
50	Replace fire alarm system and all its devices with new system
51	Build a 2nd emergency exit from the office space
5- Elevators (3 EA Passenger, 1 EA freight/Passenger)	
52	Replace proprietary elevators' equipment and software
53	Retrofit elevator cab interior finishes
54	Install new elevator controls (including card readers)
6- Pool	
55	Replace swimming pool heaters and filtration system
56	Drain, waterproof and re-plaster pool
57	Replace pool's surrounding tile skirt and waterproof outside deck
7- Generator	
58	Replace existing leak detection and low fuel alerts to the tanks (sensors)



8- Parking	
59	Seal and stripe underground parking garage
60	Replace parking exhaust fans
61	Replace lighting in the parking lot with energy efficient lighting
62	Recertify/Upgrade carbon monoxide monitoring system
9- ADD ALTS	
63	Replace original underground fuel storage tank (Existing 500 Gal galvanic tank). Single walled tank and piping are required to be permanently closed in accordance with Health and safety code.
64	Replace /Add new Camera Video Receivers/Transmitters. Existing cameras are PELCO analogue. SHARP intends to replace all existing cameras and add new cameras. SHARP will provide a layout and equipment list for the cameras.
65	Replace exterior windows with energy efficient Vinyl windows.
66	Replace existing heads with recessed sprinklers heads
67	Recertify/Upgrade commercial kitchen appliances, plumbing and refrigeration and fire safety hood system (15th floor) as needed. Consultant to conduct a comprehensive analysis of the existing equipment and identify systems that need to be replaced or recertified (at minimum replace the ANSUL fire suppression system and certify the refrigeration equipment)
* The scope of work for the project does not include any tenant improvement work in the ground and 2nd floors, except the common spaces such as lobbies, elevators, stairs, etc.	

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



Attachment 1: Lender's Minimum Construction Standards

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

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

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

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

Useful Life Expectancy – Rehabilitation only

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

General Requirements

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



General Requirements – Rehabilitation only

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

Site Work

- A. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. The landscape design shall incorporate a sustainable design appropriate for the Sacramento Valley. Vegetation that assists in minimizing crime and enhances public safety is preferred. Trees compromising building envelope materials (roofing, siding, windows, etc.) and/or structural integrity (including foundations) must be removed. An arborist shall be consulted for an opinion on trees prior to major branch trimming, root cutting or tree removal. All trees, bushes and other plants that are to be removed shall have the root ball removed by grinding or by mechanical means. A landscape plan describing the above must be provided to SHRA for approval.
- B. All landscaped areas must be served by a programmable automated irrigation system. The irrigation controller shall be a "Smart Controller" that senses rain to reduce water use. Irrigation shall be designed to use bubblers and other water saving measures. Irrigation must not spray on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problems. The landscape plan must be approved by SHRA and applied.
- C. For gated communities containing swinging vehicle gates, driveways shall be striped to show the area under the gate swings for safety purposes.
- D. All projects shall contain trash enclosures with concrete aprons. Trash enclosures shall be made of cinder block or stucco. Trash enclosures shall be accessible to all tenants. Provisions for tenants with disabilities must be addressed in the project Scope of Development or the project plans.
- E. All projects shall meet the parking requirements of the local Agency Having Jurisdiction (AHJ) over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" or otherwise exempted by the local AHJ. Otherwise, all projects shall meet the governing ADA requirements for parking.
- F. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.
- G. Stairways in common areas must include closed risers and non-slip concrete finish or other slip-resistant material on the treads.
- H. Exterior mounted electrical, mechanical, and plumbing systems must be protected from vandalism.
- I. For family projects of 50 or more units, a minimum of one school age-appropriate play structure is required. For family projects of 100 or more units, a minimum of one school age and one toddler-appropriate play structure is required.



Site Work – Rehabilitation only

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

Building Envelope and Moisture Protection – Rehabilitation only

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

Doors and Windows

- A. All dwelling/tenant units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must be dual-paned (minimum), and shall meet or exceed the State of California’s currently applicable efficiency standards, and any other efficiency standards that may be dictated by the funding source or other governing bodies for the project.
- B. All doors must have matching hardware finishes.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly.



- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.

Doors and Windows – Rehabilitation only

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

Casework

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

Casework – Rehabilitation only

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

Finishes

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

Finishes – Rehabilitation only

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.
- C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.



Equipment

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

Furnishings

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

Special Construction

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

Mechanical/Plumbing

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

Mechanical/Plumbing – Rehabilitation only

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



Electrical

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

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

Electrical – Rehabilitation only

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

Resident Services Community Space

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

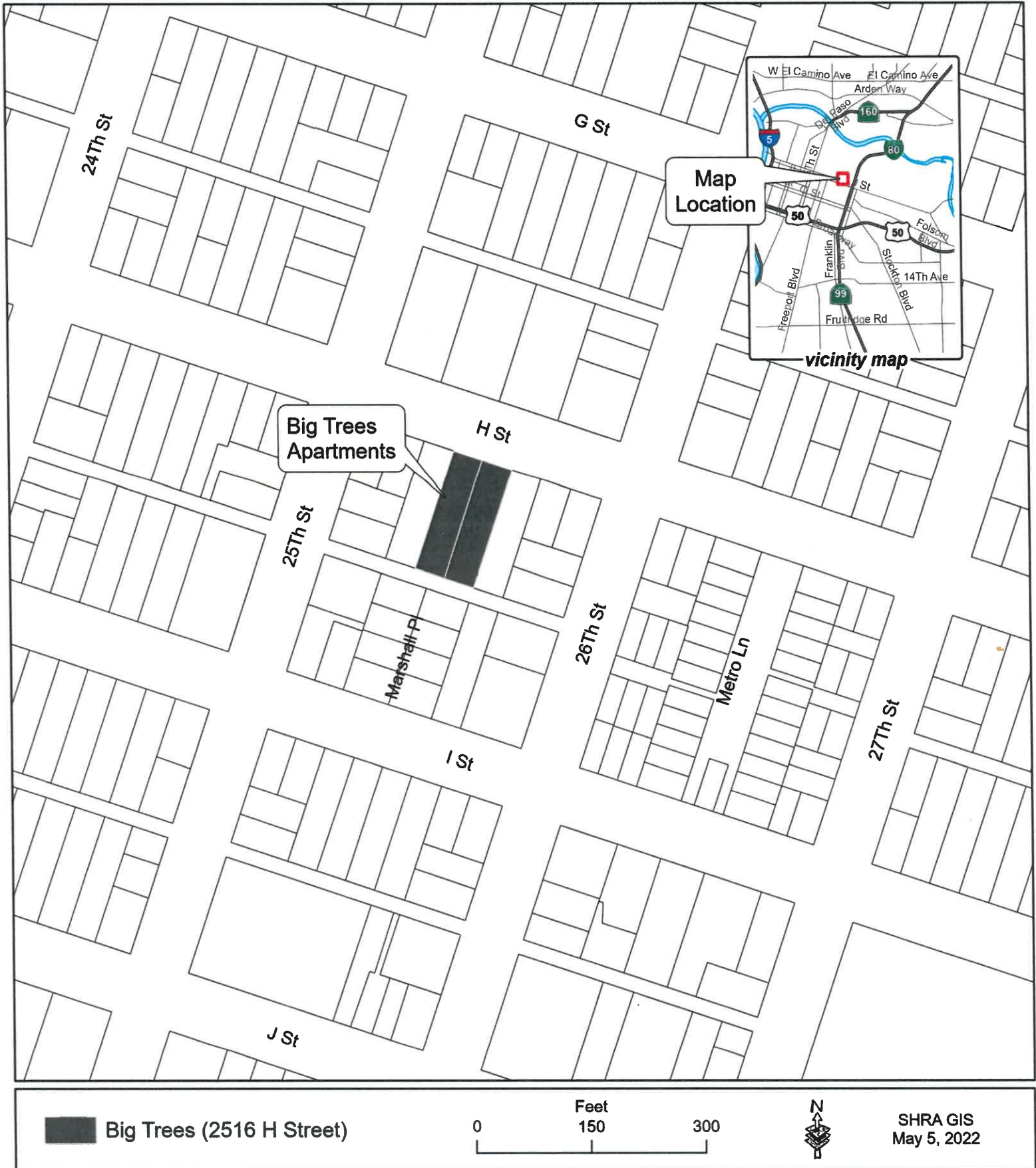
For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints.

End of Scope of Development.



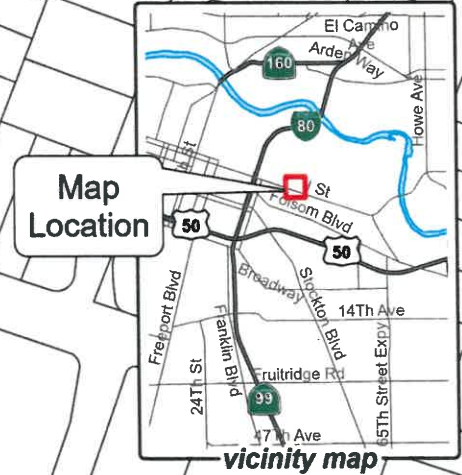
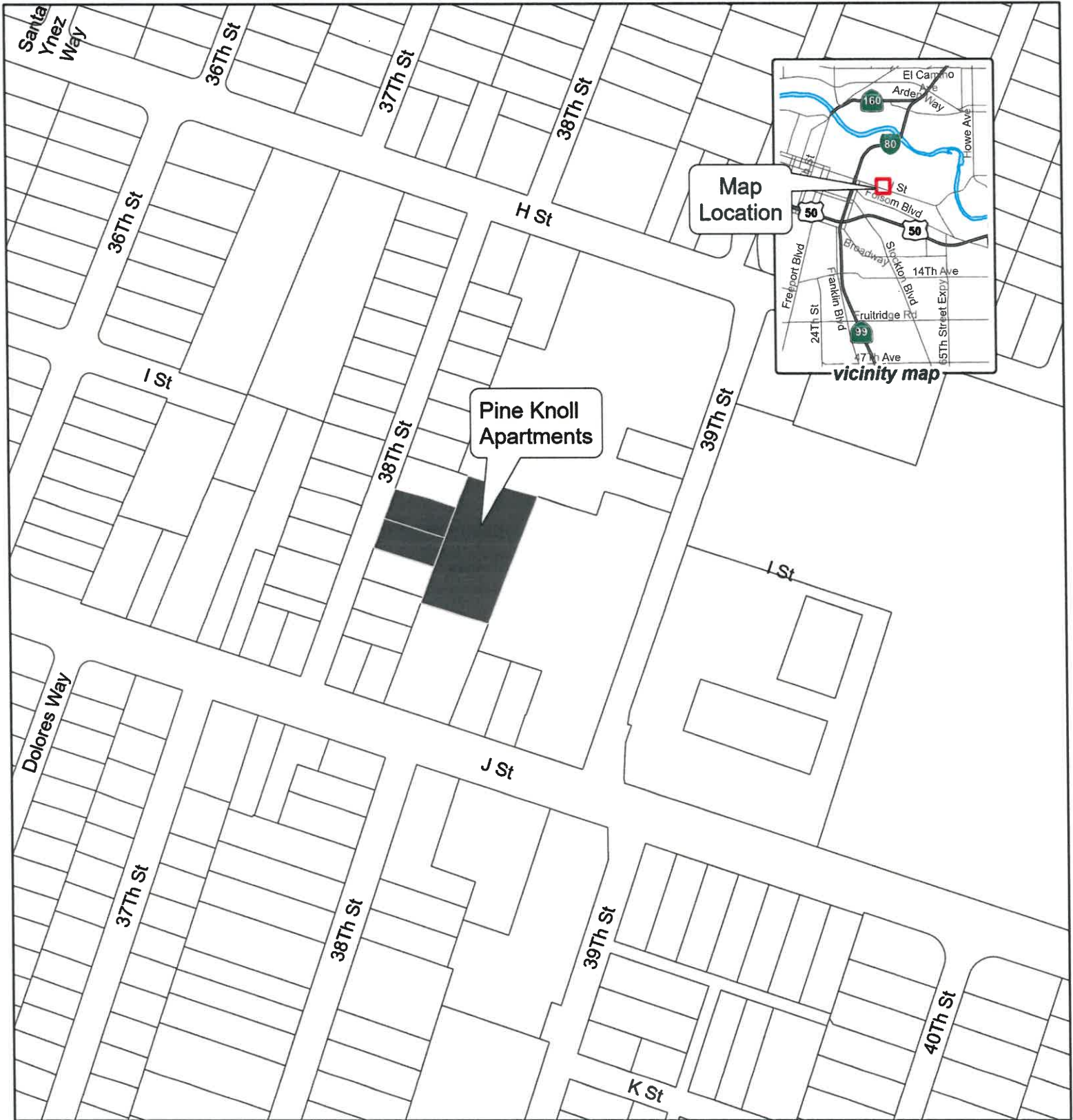
Central City II (RAD 3)

Big Trees – 2516 H Street



Central City II (RAD 3)

Pine Knoll – 917 38th Street



 Pine Knoll (917 38th Street)

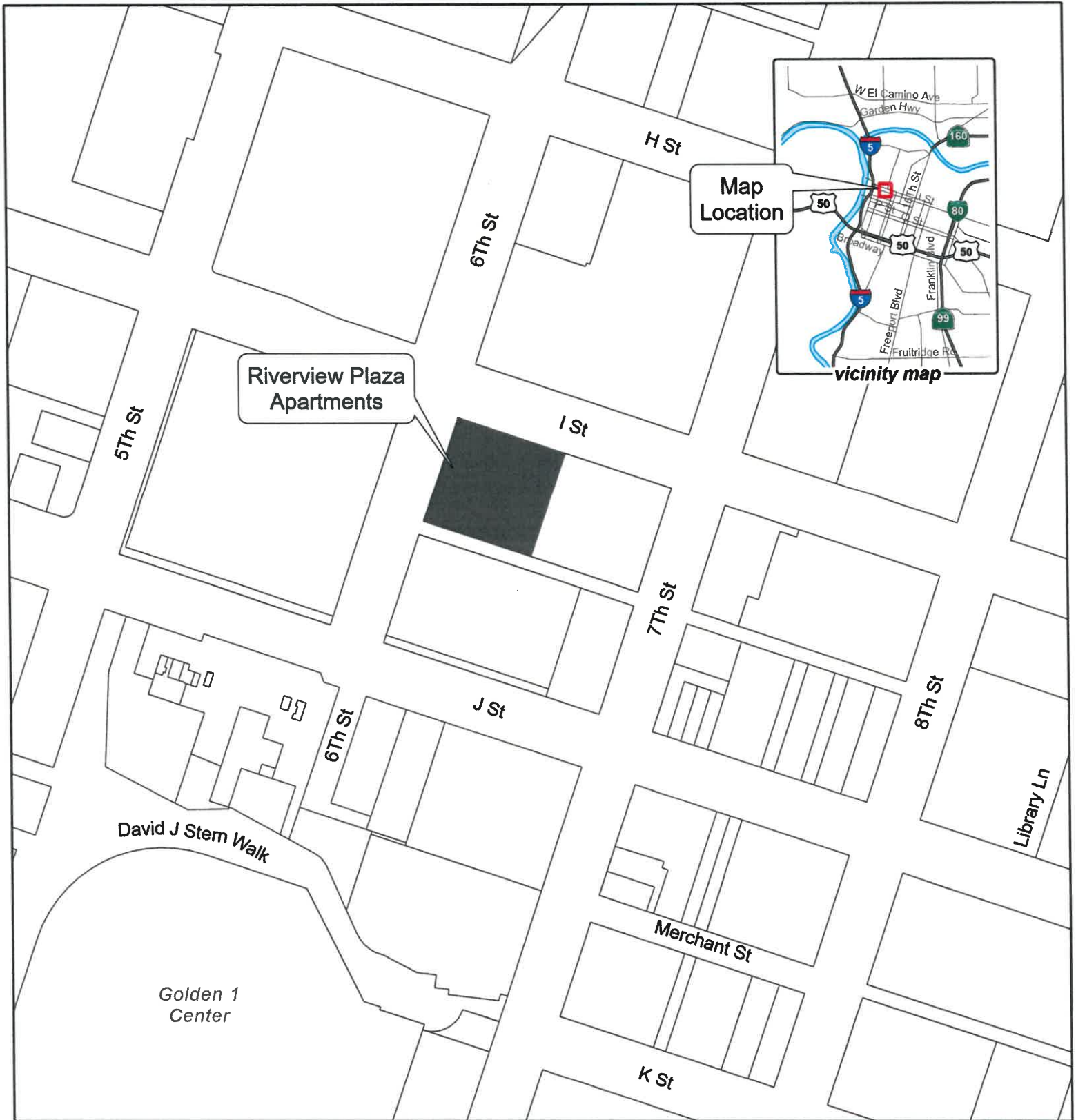
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Feet



SHRA GIS
May 5, 2022

Central City II (RAD 3)

Riverview Plaza – 600 I Street



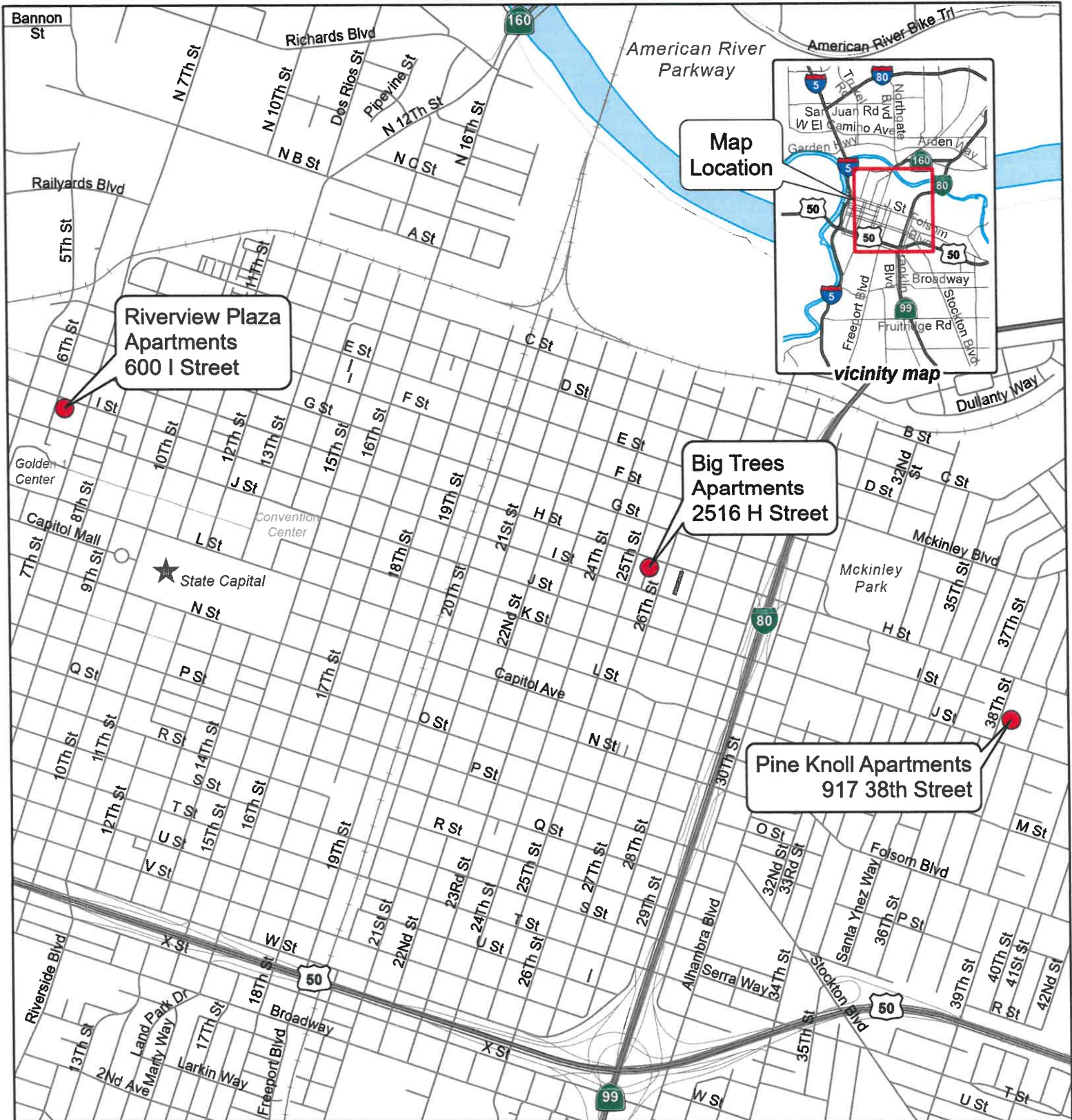
 Riverview Plaza (600 I Street)

Feet
0 150 300



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Central City II (RAD 3)



● Central City II (RAD 3) Property

Miles
0 0.25 0.5



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Central City II (RAD 3) Pictures

Big Trees



Pine Knoll



Riverview Plaza



**Central City II (RAD 3)
Residential Project Summary**

Address	Big Trees Big Trees - 2516 H Street, Sacramento, 95816 Pine Knoll - 917 38th Street, Sacramento, 95816 Riverview Plaza - 600 I Street, Sacramento, 95814			
Year Built	Big Trees (1971), Pine Knoll (1976) and Riverview Plaza (1971)			
Acreage (Land)	Big Trees (0.29 acres/12,800 SF), Pine Knoll (0.78 acres/33,978 SF) and Riverview Plaza (0.59 acres/25,831 SF)			
Gross Building Area	Big Trees (17,590 SF), Pine Knoll (18,986 SF) and Riverview Plaza (174,649 SF)			
Unit Mix and Rents	<u>40% AMI</u>	<u>50% AMI</u>	<u>60% AMI</u>	<u>Total</u>
1 Bedroom/1 Bath (RAD)	19	5		24
1 Bedroom/1 Bath (PBV)	41	58	59	158
Exempt Management Unit (2 Bedrooms)				1
Total Units	60	63	59	183
Square Footage	<u>Unit Size (SF)</u>	<u>Total</u>		
Big Trees (1 Bedroom/1 Bath)	450	13,500	SF	
Pine Knoll (1 Bedroom/1 Bath)	510	14,790	SF	
Riverview Plaza (1 Bedroom/1 Bath)	550	67,650	SF	
Riverview Plaza (2 Bedrooms/1 Bath)	1,046	1,046	SF	
Big Trees Community Area		4,090	SF	
Pine Knoll Community Area		4,196	SF	
Riverview Plaza Community Area		105,953	SF	
Total Gross		211,225	SF	
On-site Amenities	Big Trees: parking, elevator, community room with kitchen, restroom and laundry room. Pine Knoll: parking, community room with kitchen and laundry room. Riverview Plaza: parking, elevator, community room with kitchen, courtyard and outdoor terraces, swimming pool, lounging areas, and laundry, library, craft, television, computer and exercise rooms.			
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>	
Tax Credit Equity	33,695,987	571,118	159.53	
Permanent Loan	16,851,096	285,612	79.78	
Cash Proceeds Loan	3,410,927	57,812	16.15	
Seller Carryback Loan	23,862,149	404,443	112.97	
Ground Lease Loan	8,370,000	141,864	39.63	
Deferred Developer Fee	1,828,134	30,985	8.65	
TOTAL SOURCES	\$ 88,018,293	1,491,835	\$ 416.70	
Permanent Uses				
Acquisition	38,336,644	649,774	181.50	
Construction Costs	29,237,516	495,551	138.42	
Architecture & Engineering	537,918	9,117	2.55	
Permits & Fees	377,194	6,393	1.79	
Hard Cost Contingency	4,384,877	74,320	20.76	
Construction Subtotal	72,874,149	1,235,155	345.01	
Soft Cost Contingency	529,090	8,968	2.50	
Operating Reserve	2,370,337	40,175	11.22	
Financial Fees	4,624,922	78,389	21.90	
Legal Fees	577,000	9,780	2.73	
Relocation	2,158,000	36,576	10.22	
Developer Fee	5,988,134	101,494	28.35	
Third Party Fees, Marketing, Other	486,463	8,245	2.30	
Soft Costs Subtotal	16,733,946	283,626	79.22	
TOTAL USES	\$ 89,608,095	\$ 1,518,781	\$ 424.23	
Leverage	<u>SHRA \$ per Unit</u>	<u>Per Unit Cost</u>	<u>Leverage</u>	
	\$ 604,120	\$ 1,518,781	SHRA : Other	
			\$1.00 : \$2.51	
Management / Operations				
Proposed Developer	Sacramento Housing Authority Repositioning Program, Inc., (SHARP)			
Property Management Company	Housing Authority of the City of Sacramento (HACS)			
Operating Expenses	\$ 692,706	\$ 3,785		
Property Management	\$ 211,606	\$ 1,156		
Resident Services	\$ 97,200	\$ 531		
Replacement Reserves	\$ 91,500	\$ 500		
Taxes and Insurance	\$ 187,089	\$ 1,022		

Attachment 13

The HACCS loans will have Applicable Federal Rates (AFR) determined at close of construction financing. A rate of 2.25% is used for demonstration purposes.

Central City II (RAD 3)
MAXIMUM INCOME AND RENT LIMITS 2022
Affordability Levels at 40%, 50% and 60%
of Area Median Income (AMI)
Low Income Housing Tax Credits and
Mortgage Revenue Bonds

Maximum Gross Income Limits

Family Size	40% AMI	50% AMI	60% AMI
1 person	\$ 28,400	\$ 35,500	\$ 42,600
2 person	\$ 32,440	\$ 40,550	\$ 48,660
3 person	\$ 36,480	\$ 45,600	\$ 54,720

Maximum Gross Rent Limits¹

Unit Size	40% AMI	50% AMI	60% AMI
1 Bedroom	\$ 680	\$ 850	\$ 1,020

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