

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
April 23, 2024

To: Board of Supervisors

Through: David Villanueva, County Executive
Chevon Kothari, Deputy County Executive, Social Services

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

Subject: Approval To Amend Various Prior Years' Action Plans For
Community Development Block Grant (CDBG); Approval To
Amend And Execute The CDBG And HOME Loan Agreement
To Provide An Additional \$4,900,000 To Saybrook
Apartments with Jamboree Housing Corporation or Related
Entity; Authorization For Sacramento Housing And
Redevelopment Agency To Enter Into And Execute An
Amendment To The Existing Loan Agreement/s With
Jamboree Housing Or related entity

District(s): Kennedy

RECOMMENDED ACTION

Approve the attached resolutions:

1. Board of Supervisors Resolution approving the first substantial amendment to various prior years' one year action plans for the CDBG funded projects to allocate additional funds to the Saybrook Apartments (Project); and
2. Board of Supervisors Resolution approving an additional \$2,695,000 Community Development Block Grant (CDBG) and \$2,205,000 of County HOME Investment Partnership Program (HOME) funds with Jamboree Housing Corporation (Developer) for the acquisition, construction, and permanent financing of the Project; and authorizing Sacramento and Redevelopment Agency (Agency) to enter into, negotiate, execute, and amend if needed, the Amendment to the Loan Agreements and related documents associated with the transaction with Jamboree Housing or related entity; and, amending the agency budget, and making related findings.

Approval To Of The First Substantial Amendment To Various Prior Years' One Year Action Plans For The Community Development Block Grant (CDBG) Funded Projects To Allocate Additional Funds To The Existing Saybrook Apartments Project; Approval To Amend And Execute The CDBG And HOME Loan Agreement To Provide An Additional \$4,900,000 For Saybrook Apartments With Jamboree Housing Corporation Or Related Entity
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BACKGROUND

The Project is an existing affordable housing multifamily development that was converted from a motel in 2005 and located in the County of Sacramento at 4390 47th Avenue. Jamboree (Developer) acquired the Project and is rehabilitating the three existing two-story residential buildings with 60 permanent supportive housing family units, one manager unit, a community center, and constructing 27 new family units. The Project will total 88 units of studio, one-, two-, and three- bedroom units. In addition, 60 of the units have Project Based Vouchers (PBV). A vicinity map is included in Attachment 1.

All units will include a full kitchen with a microwave, dishwasher, stove/range, cabinets, and countertops. Bathrooms will have solid-surface counters, new tubs, and low-flow fixtures. The flooring will be carpet and vinyl planking. The parking lot will include a total of 147 parking spaces. The site will be secured on all sides with a 6-foot-tall perimeter fence with a key fob system to keep the site secure. The site amenities include a playground/tot lot, BBQ areas, raised-bed community garden, and a dog run. The Project Rendering and Site Map are included in Attachments 2 and 3.

On February 11, 2020, the County Board of Supervisors approved \$3,550,000 consisting of \$2,400,000 in CDBG, \$750,000 AHF, and \$400,000 County HOME for the Project.

On June 15, 2021, after two unsuccessful attempts by the Developer to obtain a loan from the State Department of Housing and Community Development's Multifamily Housing Program, the Developer applied for financing again and was approved \$4,900,000 of County HOME funds.

The Developer is now requesting additional gap financing from the Agency in the amount of \$4,900,000. During construction, the Project encountered numerous unforeseen construction delays that considerably increased the Project budget. Construction cost, environmental remediation, and relocation expenses were the major increases.

The requirement of vapor barriers, waterproofing, insulation, and ventilation to prevent mold and moisture in the existing buildings led to the increase in construction cost. The environmental remediation expenses stem from the necessary installation of a sub-slab depressurization system across all three buildings, redirecting soil vapors through newly implemented venting pipes. As a result of this additional work, residents have experienced a longer than

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expected period of temporary relocation, resulting in heightened relocation costs. The Project is estimated to be completed in the Summer of 2024.

PROJECT-BASED VOUCHERS

On October 31, 2017, the Sacramento Housing and Redevelopment Agency granted 60 Project-Based Vouchers (PBVs) to accommodate homeless households at Saybrook. Under this arrangement, all 60 subsidized households contribute 30 percent of their adjusted household income as rent, adhering to Tax Credit rent regulations capped at or below 50 percent of the Area Median Income (AMI).

PROPERTY MANAGEMENT

Property management is provided by Domus Management Company who was established in 2007 and specializes in affordable and supportive services properties.

SUPPORTIVE SERVICES

On-site supportive services are provided by both Lutheran Social Services of Northern California (LSS) and Jamboree. LSS has an overall goal to move families from poverty to self-sufficiency and has been providing case management services since 1998. In addition to LSS, Jamboree Community Impact (Housing with Heart) provides 40 hours of resident services for all residents.

HUD requires the adoption of an Annual Action Plan to identify the programs and projects for expenditure of federal CDBG funds, and a substantial amendment to the Annual Action Plan involves carrying out an activity or program not previously considered by stakeholders or approved by HUD, and substantial amendments to the Action Plan require a duly noticed public hearing and formal adoption. The proposed action will add CDBG funds from unallocated Capital Reserve and CDBG Revolving Loan Fund (RLF) to the Saybrook Project which is considered a substantial Action Plan amendment. A duly noticed public hearing soliciting comments on the Various Years' Action Plan Substantial Amendments is scheduled for April 17, 2024, before the Sacramento Housing and Redevelopment Commission.

PROJECT FINANCING

The financing of Saybrook includes, tax credit equity, deferred developer fee, permanent loan, the existing Agency's loans, and a new Agency loan totaling \$4,900,000 comprised of \$2,695,000 County CDBG funds and \$2,205,000 of

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County HOME funds to be used for construction and permanent financing. The Summary and Proforma are included as Attachments 4 and 5.

LOW-INCOME SET ASIDE REQUIREMENTS

As a condition of receiving tax credits, federal law requires that rental units be set aside for targeted-income groups. Income restrictions from LIHTC financing require that no households have income above 60 percent of Area Median Income (AMI). The Agency further requires that 20 percent of the units be restricted to households with incomes no greater than 50 percent AMI. The affordability restrictions will be specified in regulatory agreements between the Agency and the Developer. A schedule of maximum income and rents are included as Attachment 6.

The anticipated funding sources and their affordability requirements are summarized in the tables below for each phase of the development:

Affordability Restriction (55 years)	Units	% of Units
Extremely Low Income (30% AMI)	15	17%
Extremely Low Income (35% AMI)	22	25%
Extremely Low Income (40% AMI)	15	17%
Extremely Low Income (50% AMI)	19	22%
Extremely Low Income (60% AMI)	16	18%
Management Unit(s)	1	<1%
Total	88	100%

COMMISSION ACTION

Sacramento Housing and Redevelopment Commission:

At its meeting of April 17, 2024, it is anticipated that the Sacramento Housing and Redevelopment Commission will recommend approval of the attached resolutions. In the event it fails to do so, Staff will advise the Board at the meeting.

POLICY CONSIDERATIONS

The recommended actions for this Project are consistent with: a) The Agency'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 Subsection

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1.1(2)(iii), Workforce housing (30 percent AMI to 60 percent AMI); and b) the 2021-2029 Housing Element (HE) Goals, Policies, and Programs, Goal HE 4.1.1, support efforts to improve accessibility for both dwelling units and residential neighborhoods to meet the special needs of persons with disabilities; ; Subsection 4.1.8, support the development of housing to meet the needs of large households; Subsection 4.2.1, facilitate the development of new extremely low-income rental units; Subsection 4.2.2, in part, assist extremely low-income households through the use of project based vouchers; and Subsection 6.1.2, encourage residential developers to maximize energy efficiency through building design and through the use of energy efficient materials, equipment, appliances, strategies and techniques. The recommended Action Plan amendments are consistent with the goals of the 2020-2024 Consolidated Plan.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The Project is exempt pursuant to CEQA Guidelines Class 32 categorical exemption for "infill development" (14 Cal. Code Regs., § 15332)

National Environmental Policy Act (NEPA): An Environmental Assessment for the Project was prepared pursuant to NEPA requirements under Title 24, Code of Federal Regulations (CFR) Part 58 and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment. The addition of new HOME funds is considered supplemental assistance for a previously approved project and is categorically excluded pursuant to 24 CFR §58.35(b)(7).

M/WBE & Section 3 Considerations:

Minority and Women's Business Enterprise requirements and Section 3 considerations will be applied to all activities to the extent required by the federal funding and in accordance with the Agency's Section 3 Economic Opportunity Plan.

FINANCIAL ANALYSIS

The Agency loans for Saybrook comprises of County CDBG funds, County HOME funds, Affordable Housing Funds, and Local Housing Trust Funds. The loans will have an interest rate of zero percent and a term of 55 years after the construction period is complete. The Agency will collect an annual payment of 0.125 percent (12.5 basis points) of the total Agency funding amount for monitoring of the regulatory restrictions and administration of the funds from

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the Project's owner. The Agency will also receive a fee equal to \$100 per each Agency-funded unit per year. The Annual Administration Fee shall not exceed \$12,500 per year on non-bond projects.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Attachment(s):

- RES – Board of Supervisors Resolution Action Plan Amendment
- RES – Board of Supervisors Resolution Amendment to Loan Agreement
- ATT 1 – Vicinity Map
- ATT 2 – Project Rendering
- ATT 3 – Site Map
- ATT 4 – Residential Project Summary
- ATT 5 – Cashflow Proforma Summary
- ATT 6 – Maximum Income and Rent Limits 2024