



Sacramento Housing and Redevelopment Agency

Multifamily Lending and Mortgage Revenue Bond Policies

County of Sacramento

Adopted on: January 1, 2025

**Sacramento Housing and Redevelopment Agency
Multifamily Lending and Mortgage Revenue Bond Policies**

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INTRODUCTION

The Sacramento Housing and Redevelopment Agency (SHRA) offers gap financing and issuance of mortgage revenue bonds for the development and rehabilitation of multifamily rental housing in the unincorporated areas of the County of Sacramento. Under certain cooperation agreements, SHRA may also finance affordable housing developments in other cities within the County. All housing financed by SHRA carries affordability restrictions on some or all of the units.

This gap financing program is structured to be layered with other State or Federal financing. The purpose of these Policies is to provide transparency and direction to potential applicants in preparing their gap financing application to SHRA. These Policies shall supersede all previous guidelines and policies related to gap financing and the issuance of multifamily mortgage revenue bonds.

The goals of the program are to:

- Increase and preserve the supply of affordable rental housing for all income groups, including those requiring supportive services
- Facilitate community and neighborhood revitalization through strategic investments in deteriorated properties and new construction
- Encourage economic integration within neighborhoods and within affordable developments, to the greatest extent possible
- Maintain quality and sustainable living environments for residents of assisted affordable developments and surrounding properties
- Increase the efficiency of SHRA funding by obtaining the fullest leverage of non-SHRA funds

Pre-applications for SHRA financing are accepted two or three times a year as approved by the Board of Supervisors. SHRA will publish available funding a minimum of 30 days in advance of the pre-application deadline. After review of the pre-application and based on funding availability, SHRA will request full applications from applicants who meet project priorities described in Section 1.1 of these Policies. Pre-applicants will receive confirmation within 30 days after the pre-application deadline if they have or have not been invited to submit a full application. The timeline for submission of the full application will be outlined in the confirmation letter. The schedule for governing board approval will be coordinated with the developer for each project. If an applicant is not invited to submit a full application, SHRA will be available to meet with the development team to review future financing opportunities.

Applications for the issuance of mortgage revenue bonds without an SHRA loan will be accepted at any time throughout the year.

SHRA also releases Notices of Funding Availability (NOFA's) or Requests for Proposals for projects which meet certain additional specific criteria. NOFAs or RFPs will include the amount of loan funds available, and will specify the type of development sought. Selection criteria may include a specific housing need to be met, a particular location, or other requirements of the development being considered for funding under the NOFA or RFP.

Applications are accepted at offices of the Sacramento Housing and Redevelopment Agency.

SHRA administers the federal HOME and Community Development Block Grant (CDBG) Programs on behalf of the unincorporated County of Sacramento. Acceptance of federal funds for projects entails adhering to federal requirements including the National Environmental Policy Act and may trigger Davis Bacon prevailing wage requirements.

SHRA also administers locally-generated resources from fees on new commercial and residential development in the unincorporated County. These locally-generated fees are based on the linkage between new construction and increases in the workforce;

therefore, use of these funds is restricted to housing for working individuals and families.

For a listing of funding sources and their specific requirements, please see Exhibit 1.

PROGRAM REGULATIONS

UNINCORPORATED COUNTY OF SACRAMENTO

Section 1. Process and Funding Eligibility

All projects requesting multifamily lending assistance and/or a mortgage revenue bond issuance are subject to the requirements in these policies.

1.1. Eligible projects and project priorities. Funding recommendations for SHRA financing will be made based on the project priorities set out below and available funding sources. Pre-application approval, followed by approval of a full application, is required before being eligible for funding.

Applicants are expected to leverage additional resources to the maximum extent possible.

Affordable housing priorities:

In all priorities listed below, project readiness is important and will be evaluated as part of the selection process.

1. Preservation of Existing Affordable Housing at Risk of Losing Affordability

Preservation of projects which are currently publicly subsidized, but at risk of losing affordability restrictions due to sale, termination, or public subsidy reductions.

2. New Construction and Conversion of Non-Residential to Residential Use*

Projects will be prioritized as follows:

- i. Permanent Supportive Housing and Homeless Housing
- ii. Veterans
- iii. Workforce (30% AMI to 60% AMI)
- iv. Other

* If financially feasible, applications with deeper affordability will be given preference.

3. Rehabilitation of Existing Affordable Housing

Substantial rehabilitation of projects with affordability restrictions, including projects that have reached the expiration of their 15-year tax credit compliance period, but only in conjunction with new mortgage revenue bonds, tax credits, and/or other affordable housing resources to the greatest extent feasible.

4. Rehabilitation of Market Rate Housing into Affordable Housing

Substantial rehabilitation that results in the conversion of market rate to affordable housing. Preference is given to those properties on the County of Sacramento's Problem Property List.

1.2. Location policy. SHRA will encourage funding for low-income housing on sites not adjacent to existing, regulated affordable housing.

New construction of affordable housing including low income, mixed income, or workforce housing, with preference to projects in census tracts where the poverty rate is less than 30 percent or the tract is subject to ongoing displacement of residents due to gentrification; projects which may be considered Transit Oriented Developments

(TOD) according to the California Department of Housing and Community Development's (HCD) Transit Oriented Development Housing Program requirements; or development of sites identified as being appropriate for affordable housing in the Housing Element.

1.3. Eligible applicants. Applications are accepted from non-profit and for-profit housing corporations, joint ventures, limited liability companies, partnerships, and local governmental entities. Applicants must have previous experience owning affordable housing projects or partner with an entity that does have the required experience (Section 4.7.2). All applicants seeking an SHRA loan must include a non-profit managing general partner.

1.3.1. Related parties. SHRA prohibits members of the boards of directors of nonprofit corporations and their immediate and extended families from participating financially in their organization's projects.

1.3.2. Noncompliance. Applications are not accepted from entities that have been notified that they are not in compliance with their current obligations on any loans or tax-exempt mortgage revenue bonds issued by SHRA or any other government entity. Noncompliance, at the discretion of SHRA, may consist of any monetary or non-monetary provisions, such as failure to submit required financial statements in a timely manner, failure to comply with the requirements of the regulatory agreement, including but not limited to resident service and property management obligations, and failure to correct in a timely manner any building deficiency noted by any government agency.

1.3.3 Community Housing Development Organizations (CHDOs). SHRA strongly recommends that non-profit organizations complete the necessary steps to become certified by SHRA as a CHDO. A portion of SHRA's federal HOME funds may only be committed to CHDOs.

1.4. Eligible uses of funds. Loan proceeds may be used for the following purposes:

1.4.1. Acquisition/construction financing. Funds may be used to finance normal and customary acquisition and construction expenses, subject to SHRA approval. If loan funds are used for the purchase of property, the purchase price must be the lower of the sales contract or the property's as-is appraisal value determined by a certified appraiser not more than six months prior to the property's acquisition.

1.4.2. Permanent financing. Funds may be used as permanent financing, generally combined with a construction loan.

1.4.3. Predevelopment expenses. In very limited situations, and at SHRA's discretion, SHRA will provide unsecured loans to experienced 501 (c) (3) nonprofit housing corporations for third party predevelopment expenses such as appraisals, architectural, engineering, and environmental reports, and market studies necessary to obtain financial commitments. This financing is available only to permanent supportive housing or homeless projects. SHRA requires the assignment of all predevelopment work performed (whether paid for by SHRA or not) and/or the land purchase or option agreement.

1.5. Ineligible uses of funds. SHRA financing is not provided for the sole purpose of property acquisition; the acquisition and rehabilitation of properties needing less than substantial rehabilitation; land banking; or for the sole purpose of refinancing existing debt.

1.6 Application process. Pre-applications for SHRA financing are accepted ~~twice~~ two or three times a year according to the schedule approved by the Board of Supervisors, which is published annually. SHRA will publish available funding a minimum of 30 days

in advance of the pre-application deadline. After review of the pre-application and subject to funding availability, SHRA will request full applications from applicants who meet project priorities described in Section 1.1 of these guidelines. SHRA pre-application deadlines will occur generally twice a year in alignment with the California Tax Credit Allocation Committee's (TCAC) 9% application rounds. SHRA reserves the right to hold a third application round if sufficient funding is available. Pre-applicants will receive confirmation within 30 days after the pre-application deadline if they have or have not been invited to submit a full application.

Section 2. SHRA Loan Terms and Conditions

The following loan terms and conditions apply to loans from SHRA, regardless of the source of those funds. The terms and conditions of the senior loan will be in accordance with California Debt Limit Allocation Committee (CDLAC) and TCAC requirements and the requirements of the lending institution specific to the project.

2.1. Loan to value. Total loan amount, including hard and soft debt, shall not exceed 90% combined loan-to-value. The property value shall be based on a MAI (Member, Appraisal Institute) appraisal that takes restricted rents and the value of below-market financing and tax credits into consideration. In a rehabilitation project, the property value shall be the after-rehabilitation value unless otherwise allowed by SHRA.

2.2 Debt coverage. For the purpose of determining the debt service schedule for the SHRA loan, a minimum combined debt service coverage ratio of 1.10 to 1 and maximum of 1.20 to 1 is required for the term of the loan. The cost of resident services shall be included with other operating expenses in the calculation of net operating income for this determination.

2.3. Loan amount. The loan amount shall not exceed the difference between total development cost and the maximum potential equity and debt raised from private and public sources other than SHRA. SHRA shall determine the financial gap based on review of the application.

2.4. Interest rate. An interest rate of up to 4% simple interest will be applied to SHRA loans. Simple interest is calculated on the loan amount outstanding from date of first disbursement, based upon a 360-day year and actual number of days elapsed. Under limited circumstances, a lower interest rate may be approved if the project can show an inability to service the debt at the standard rate. Such modification of the interest rate will be approved on an individual project basis.

2.5. Loan term. Loan terms may extend up to 40 years from the date of conversion to permanent financing or up to 55 years when required by senior public lenders.

2.6. Affordability term. The affordability term will be 55 years, with the exception of HOME assisted units which must meet Federal HOME regulatory requirements. The affordability term will be enforced through a recorded regulatory agreement. The affordability covenant remains in effect for not less than the agreed upon term regardless of the date upon which the SHRA loan is fully repaid.

2.7. Loan repayment. Loan payments are deferred during construction and during repayment of any deferred developer fee, and are then repaid over the remainder of the term. Balloon payments are permissible in instances where cash flow cannot repay the debt.

2.7.1 Residual receipts loans are only considered if required by other state or federal funding sources.

2.8. Loan security. Loans are evidenced by a promissory note and secured by a deed of trust. If a loan is repaid prior to the term of a regulatory agreement, the regulatory agreement shall remain in effect for the remainder of the original term.

2.9. Subordination. At its discretion, SHRA may subordinate repayment, security positions and affordability covenants to a conventional lender or other public agency lender.

2.10. Disbursement. SHRA loan disbursements are made after all funding has been formally committed to the project, and closed. SHRA shall pay each complete disbursement request within twenty (20) business days after the disbursement request is submitted.

2.11. Retention. SHRA will hold back a minimum of ten percent of the SHRA loan until project completion and expiration of the lien period.

2.12. Term of senior financing. The term of any permanent loan senior to SHRA's loan will be amortizing and carry a term of no less than 15 years from the date of conversion to permanent financing.

2.13. Cost savings. All projects are subject to SHRA's cost savings provisions whereby if there are cost savings in a project, as evidenced in the final cost certification, SHRA, in its sole discretion, will withhold one half of the cost savings from the retention and the loan balance shall be reduced by the amount withheld.

2.14. Cost certification. At completion of construction, Borrower shall submit to SHRA a cost certification prepared by a qualified, independent auditor acceptable to SHRA. The cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. Should additional sources of financing be awarded or received beyond those disclosed during the initial underwriting, any additional sources shall be subject to the review and approval of SHRA and may result in a reduction of the SHRA loan amount.

2.15. Application and annual fees. Applicants must submit a Pre-Application and a full Application, if requested, according to the procedure outlined in Section 10. At the time a full Application for an SHRA loan is submitted, the developer must pay a "good-faith" deposit of \$12,500 to cover SHRA staff costs (at \$100 per hour) and expenses in determining the feasibility of the project and processing the loan application.

SHRA will receive an Annual Administration Fee equal to 12.5 basis points (0.125%) of the loan amount as compensation for monitoring compliance with regulatory restrictions and the administration of the loan. The Annual Administration Fee shall not exceed \$15,000 annually on non-bond projects. Fees may be subject to restrictions imposed by the funding source.

SHRA will receive an Annual Administration Fee equal to 5 basis points (0.05%) of the outstanding bond amount if bonds are issued, as compensation for monitoring compliance with regulatory restrictions and the administration of the bonds. The Annual Administration Fee shall not be less than \$15,000 annually on bond projects. Fees may be subject to restrictions imposed by the funding source. For projects receiving both bonds and gap financing, the Annual Administration Fee will be based on the bond issuance amount.

SHRA receives, in advance, a prorated semi-annual installment at loan closing and equal semi-annual installments following the Effective Date of the Regulatory Agreement during the term of the regulatory period. For projects receiving SHRA gap funding, SHRA will also receive a Fee equal to \$100 per each SHRA-funded unit per year (e.g., HOME, Housing Trust Fund, etc.). For mixed-income projects, the Annual Administration Fee amount shall be determined based on the number of affordable units. Fees payable to SHRA for a bond issuance are outlined in Section 9.1.10.

2.16. Loan commitment terms. The conditional loan commitment will expire 18 months after its execution.

Section 3: Underwriting Guidelines

The following underwriting guidelines apply to all projects financed with an SHRA loan, mortgage revenue bonds, or Tax Equity and Fiscal Responsibility Act (TEFRA) hearing issued by the Authorities.

3.1. Replacement reserves. Minimum replacement reserves should be consistent with TCACCDLAC, California Department of Housing and Community Development (HCD), and/or California Housing Finance Agency (CalHFA) requirements, as appropriate. In the absence of senior lender requirements, SHRA will require replacement reserves consistent with TCAC standards.

3.1.1. SHRA may require an annual audited financial statement including the balance, deposits, and withdrawals from the replacement reserve account. If the senior lender and/or tax credit investor does not require approval of withdrawals, SHRA shall reserve the right to approve.

3.2. Operating reserves. Minimum operating reserves should be consistent with TCAC, CDLAC, HCD, and/or CalHFA requirements, as appropriate. In the absence of senior lender requirements, SHRA will require operating reserves consistent with TCAC standards.

3.2.1. SHRA may require an annual audited financial statement including the balance, deposits, and withdrawals from the operating reserve account. If the senior lender and/or tax credit investor does not require approval of withdrawals, SHRA shall reserve the right to approve.

3.2.2. For projects with tenant-based assistance and/or other operating subsidies that are renewable or terminate prior to the end of the SHRA loan, reserves in excess of the TCAC requirements may be required.

3.3. Operating expenses. Total operating expenses shall be no less than the minimum amounts allowed by TCAC. Operating expenses shall include sufficient funds to provide on-going security services, property management, and resident services (Section 4), and shall be subject to SHRA review and approval.

3.4. Developer fees.

3.4.1. Developer fees include all funds paid at any time as compensation for developing the proposed project. They include all development consultant fees, processing agent fees, developer overhead and profit, construction management oversight fees if provided by the developer, personal guarantee fees, syndication consulting fees, and reserves in excess of those customarily required by multifamily housing lenders such as CDLAC or TCAC.

3.4.2. For the 9% and 4% tax credit programs, maximum developer fees will be consistent with TCAC regulations. Applicant will be required to provide TCAC credit calculation with their application.

3.4.3. For projects not using bonds and/or tax credits, such as small supportive housing developments or small rehabilitation projects, the maximum developer fee shall be determined on a per unit basis: \$25,000 per unit for the first ten units, \$15,000 per unit for units 11 through 30, and \$12,000 per unit for units 31 and above.

3.4.4. For tax credit developments, developers shall defer the maximum developer fee allowable under tax law and tax credit regulations. The deferred developer fee loan shall bear interest at no greater rate than the interest rate on the SHRA loan. SHRA may adjust the deferral requirement in its sole discretion to achieve a stronger financial structure for the project and/or repayment of the SHRA debt.

3.5. Asset management fees. Limited partner and/or general partner asset management fees may be paid from the project's cash flow after the payment of operating expenses and reserves, and senior loan debt. Asset management fees may not exceed a combined total of \$25,000 annually to start, but may increase at up to 3 percent annually and may accrue interest. Any additional LP or GP asset management fees in excess of the maximum allowed may be paid from cash flow after the payment of the SHRA loan(s) or from the developer's portion of a residual receipts payment, if applicable.

3.6. Revenue and operating assumptions. Proforma revenues shall be inflated at a maximum rate of 2.5 percent per year and proforma operating expenses at a minimum rate of 3.5 percent per year or at rates consistent with industry standards. A vacancy rate of 5 percent shall be applied in underwriting. Exceptions to this vacancy rate assumption may be granted for special needs projects.

3.7. Builder overhead and profit and general conditions. Combined contractor overhead, profit and general conditions shall be consistent with TCAC regulations for on- and off-site improvements and building construction, excluding builder's general liability insurance. SHRA, in its discretion, may make exceptions for small developments.

3.8. Lease-up income. Cash flow from project operations subsequent to loan approval and prior to the conversion of construction to permanent financing must be shown as a source of income in the pro forma.

3.9. Commercial income. Cash flow from commercial income will not be included in calculating the debt service for affordable housing units. The income may be included as a means of paying off any deferred developer fee, as necessary.

3.10 Miscellaneous income. Income from laundry, vending, storage units, and/or resident parking fees, if any, will be included in project income for purposes of underwriting. Though resident parking fees may be included in project income, parking fees must be voluntary and cannot be required of tenants in affordable units.

3.11 HUD-subsidized projects. Purchasers of HUD developments with expiring Housing Assistance Payment (HAP) contracts or project-based vouchers ("opt-outs" or HUD preservation projects) will be required to continue to renew project-based assistance for the term of the SHRA Regulatory Agreement.

3.12 Pets. Owners may charge a one-time deposit (not to exceed \$250) for pets, but may not charge ongoing, monthly fees to tenants with pets.

3.13 Exceptions to guidelines. Exceptions to SHRA's underwriting policies will be granted in limited situations if SHRA concludes a waiver is appropriate and the governing board approves the request. Exceptions shall be at SHRA's sole discretion to determine the appropriateness of the request and whether to bring the waiver before the governing board.

3.14 Subsidy Layering Review. SHRA's underwriting policies and procedures will at all times conform with 24 CFR 92.250 regarding maximum per-unit subsidy amount, underwriting, and subsidy layering.

Section 4. Threshold Requirements

General Requirements

4.1. Affordability. All projects assisted by SHRA must include at least 15 percent of a project's total number of units affordable to and occupied by very low-income households (those earning less than 50 percent of the Area Median Income [AMI], as determined by HUD) and at least 5 percent of a project's total number of units affordable to and occupied by extremely low-income households (those earning less than 30 percent of the AMI, as determined by HUD), based on financial feasibility. Restricted rents shall be at least 10 percent below market rents for a given type and size of unit unless expressly permitted by SHRA. The maximum amount of subsidy per restricted unit cannot exceed HUD's Section 234 limits for the Sacramento area.

For occupied, regulated affordable developments, SHRA's income targeting may be met through unit turnover in order to prevent displacement.

4.2 Financing eligibility. Gap financing is provided for eligible projects that utilize mortgage revenue bond, Low Income Housing Tax Credit and other State and federal programs.

4.3 Unit distribution. Assisted units must be spread proportionately across all unit types and sizes. The set-aside units must proportionately reflect the mix of all units in the project, be distributed throughout the project and have the same floor area, amenities, and access to project facilities as market-rate units. The objective of the program is to provide a set-aside of units with lower rents, not to create special "low-income sections" within larger developments.

4.3.1 Expiration of affordability period. The rent of "in-place" tenants at the conclusion of the required affordability period will continue to be governed by the applicable affordability restrictions, so long as those tenants continue to live in the development.

4.4. Financing plan. A detailed description of the financing plan must be submitted, and should include proposed sources and uses of construction, permanent and bridge loan funds; rent or operating subsidies; and reserves. All projects must demonstrate financial viability supported over the term of the loan by a cash flow proforma, using the underwriting criteria of these policies. The preliminary commitment status of all funding sources must be described, and non-traditional financing arrangements explained in narrative attachments to the application.

4.5. Equity. Ten percent of the project's development costs must be in the form of equity contributions.

4.6. Nonprofit ownership. Developments owned by not-for-profit organizations are eligible to qualify for a welfare exemption pursuant to state law for the payment of property taxes. In consideration of that benefit, the IRS requires the nonprofit organization be the managing general partner, and have material and on-going involvement in the project on a day-to-day basis. The nonprofit must also assist in the provision of resident services and must follow Board of Equalization guidelines and requirements in their activities as managing general partner. SHRA will review and approve the qualifications of all nonprofit partners.

4.7. Owner qualifications and experience. SHRA will review and approve the qualifications of the applicant and all partners in the ownership entity.

4.7.1 Applicants are required to submit proposed or executed organizational documents of the applicant and ownership entity, including a detailed description

of the role of each, if separate entities, throughout the regulatory period of the project. Applicant shall submit Balance Sheets, Income Statements, and Statements of Cash Flows with notes for the last three years.

4.7.2 General partners, including all administrative and managing general partners, or a principal in each, are required to have previous experience in the development and ownership of multifamily rental affordable housing projects. Development is defined as having applied for and received affordable housing finance resources, including tax-exempt mortgage revenue bonds and low income housing tax credits. Applicants are required to submit evidence of successfully participating in at least two projects over 40 units in size and subject to a recorded regulatory agreement for at least three years prior to the application. SHRA may require evidence projects have maintained positive operating cash flows and that all required reserves have been funded throughout the ownership period. Applicants who are unable to meet this experience requirement will be required to partner with an entity that does have the necessary experience.

4.7.3 Subsequent ownership transfers will be subject to the Owner qualifications and experience requirements in 4.7.1 and 4.7.2. Property management requirements in Section 4.20 will also apply.

4.8. Identities of interest and related parties. The applicant must identify any persons or entities (including affiliated entities) that plan to provide development or operational services to the proposed project in more than one capacity, and provide full disclosure of "related parties," as defined in the TCAC Regulations.

4.9. Payment and performance bonds. Payment and performance bonds may be required on projects where SHRA's participation exceeds 15 percent of the total development cost of the project or where funding sources require them.

4.9.1. Projects financed in whole or in part with low-income housing tax credits and/or tax-exempt mortgage revenue bonds issued by the Housing Authority of the County of Sacramento, are not required to provide payment and performance bonds.

4.9.2. In the event payment and/or performance bonds are required by another party, whether or not required by SHRA, SHRA shall be named on the policies as a co-obligee.

4.10. Insurance requirements. SHRA requires the insurance coverage listed below. The Sacramento Housing and Redevelopment Agency and its constituent entities shall be named as an additional insured on comprehensive general liability insurance.

- Borrower shall obtain and maintain Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or equivalent. Such insurance shall have limits of liability, which are not less than \$2,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project. Worker's compensation coverage of at least \$1,000,000, as required by State law
- Comprehensive automobile liability coverage of at least \$1,000,000
- Fire, hazard, and extended coverage insurance for the full insurable value of the property
- For the duration of the Regulatory Agreements, Borrower shall obtain and maintain property insurance in ISO policy form CP 10 30 - Building and Personal Property Coverage - Causes of Loss - Special Form or equivalent, to the full insurable value of the Property with no coinsurance penalty (and with endorsements of Builder's Risk until completion of construction of the Project), Boiler and Machine to the extent necessary to obtain full insurance coverage, and with such other endorsements and in such amounts as the Lender may

reasonably require to protect the project and the property. In the event of damage to the Project and subject to the requirements of Lender, Borrower shall use the proceeds of such insurance to reconstruct the Project and the public improvements.

4.11 Voluntary Acquisition Notice (VAN)

For any occupied property, including any acquisition using Home Investment Partnerships (HOME) funds, owners/sellers must be informed that any acquisition or rehabilitation using SHRA funds will only be through a voluntary process as required at 49 CFR 24.101 (b) (1) (i-iv). A sample Voluntary Acquisition Notice is included in Exhibit 11. The notice must be sent by certified mail or hand delivered, signed by the owner, include the specific date of delivery, and the original must be submitted to SHRA for inclusion in the permanent project file.

If SHRA determines that the acquiring entity has failed to provide the VAN prior to the final award of SHRA funds, the acquiring entity must provide a modified VAN to the owner/seller before the project can proceed.

If the property has already been acquired and no VAN was sent, the acquiring entity must provide documentation (appraisal and purchase/sale agreement) that the owner received fair market value for the property based on an appraisal from a qualified appraiser. The acquiring entity must also provide evidence that it complied with all Uniform Relocation Act voluntary acquisition requirements prior to the award of funds.

Physical Requirements

4.12. Rehabilitation of existing buildings must provide substantial rehabilitation per the minimum requirements as outlined by the California Tax Credit Allocation Committee. The project must meet SHRA's minimum construction standards (Exhibit 2) in which all major systems have an expected life of at least 15 years upon completion of the renovation.

4.13. Site control. The property must be in the control of the applicant at the time the application is filed. Evidence of site control must be accompanied by a title report not older than 90 days, and may be demonstrated by any of the following:

- Fee title
- Long-term leasehold interest, with the minimum term no less than the term of the SHRA regulatory agreement
- Option to purchase or lease, with obtaining financing the sole impediment to exercising the option
- Executed disposition and development agreement with a public agency
- Enforceable contingent purchase or sale agreement, with obtaining financing the sole contingency
- Donation agreement (under the County Affordable Housing Ordinance)

4.14. Land use entitlements. The applicant must demonstrate that the proposed project has met all discretionary land use entitlements such as rezoning, special use permit, or variances prior to SHRA's issuing a funding commitment. Evidence may be in the form of a letter from a County building or planning official stating the project is appropriately zoned and in compliance with land use ordinances.

4.15. Site and building design. All projects may be subject to architectural review and developers may be required to provide renderings of the project with their application. New construction projects may not consist of more than 200 units.

Developers of new construction projects are required to meet with County design review staff prior to submitting an application to SHRA. Developers of rehabilitation projects may be required to meet with design review staff prior to Council/Board

approval. Developments should adhere to the County Multifamily Design Standards, which provide guidelines for site layout, parking, building differentiation and orientation, and materials, among other design standards. Developers should incorporate the principles of universal design by improving accessibility and ease of use for all residents.

4.16. Resident services and 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. For existing buildings, these requirements shall apply unless SHRA deems there to be significant physical constraints. Common kitchens are required in resident services/community space, including refrigerator, stove, and garbage disposal.

When calculating whether these requirements are met, resident services space may include common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies.

4.17. Playground equipment. 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. SHRA may require play equipment for smaller complexes depending upon the unit mix (e.g., anticipated number of children) and feasibility of site lay out.

4.18. Accessibility. Title 24 of the California Code of Regulations applies to all multifamily development, and the Fair Housing Act Amendment of 1988 applies to new federally funded projects. While there are differences between the two, in general, all new multifamily housing with four or more units must provide an accessible route into and throughout all ground floor dwelling units; accessible public and common-use areas; doors that allow passage by a person in a wheelchair; light switches, thermostats and other environmental controls in accessible locations; reinforcements in bathroom walls for later installation of grab bars; and kitchens and bathrooms that allow a wheelchair to maneuver about the space. All units accessible by an elevator are considered ground floor units.

4.18.1. If the development uses federal financial assistance or is part of the County of Sacramento's Affordable Housing Program, Section 504 of the Rehabilitation Act of 1973 will apply to the project as follows: a minimum of five percent of the total dwelling units (or at least one unit, whichever is greater) must be accessible for persons with mobility impairments to the maximum extent feasible. If the project is new construction, an additional minimum of two percent of the total units (or at least one unit, whichever is greater) must be suitable for occupancy by people with sensory impairments.

4.18.2. SHRA expects the developer to be familiar with and comply with accessibility provisions of state and federal law, which are more extensive than this short summary. Information on federal requirements may be obtained from the U. S. Department of Housing and Urban Development and on state requirements may be obtained from the State of California Building Standards Commission.

4.18.3. All developments must comply with California Tax Credit Allocation Committee accessibility regulations.

4.19. Security equipment. The project must have adequate exterior security lights and security cameras. Cameras must cover all points of access and all enclosed stairways. The project's construction and operating budgets must include funds for the installation and operation of all security equipment.

4.20. Sustainability standards. All projects are subject to the requirements of the State of California's CalGreen code and Title 24 for energy conservation measures. In

addition, new construction projects applying for 9% tax credits must maximize their sustainability points. Note specific projects may have additional requirements outside of these guidelines. SHRA encourages energy-efficiency measures that are cost effective and expects all applicants to identify all applicable rebates and savings programs through entities such as the Sacramento Municipal Utility District (SMUD) and Pacific Gas and Electric Company (PG&E).

Property Management Requirements

4.21. Property management. All projects must include on-site management staff during normal business hours, and projects over 50 units must include live-in on-site professional management.

4.21.1. Qualifications. Qualifications of the management entity must be submitted with the application, and must demonstrate experience in the management of affordable rental housing projects. The proposed management firm, or a principal in the firm, is required to submit evidence of successfully managing at least five projects over 40 units in size and subject to a recorded regulatory agreement for at least three years prior to the application. SHRA requires that management firms have experience managing at least one project within the Sacramento Area Council of Governments' six-county Sacramento region and that all management agents have a dedicated compliance officer and experience with layered subsidy financing (for projects receiving gap financing). Specifically, the proposed property management firm and the principal must submit their portfolio of currently managed properties and those managed within the last five years; identification of any properties defaulted or foreclosed upon during the management period; a list of projects with regulatory agreements restricting rents and the designation of subsidy sources for those properties; and the qualifications of key staff persons to be involved in the project.

- 4.21.2. Management plan and budget. A comprehensive management plan and lease agreement shall be submitted and approved with the application. Once approved, neither the management plan nor the lease agreement may be changed without SHRA approval. See Exhibit 3, Management Agent & Resident Services Provider Checklist for further detail.

4.21.3. SHRA reserves the right to approve or disapprove the property management company, management plan, and lease agreement as part of the loan commitment process and upon any subsequent change, and annually monitors all projects for occupancy, affordability, management and social service requirements.

4.21.4. SHRA reserves the right to require the management company be changed if, in its sole discretion, the SHRA determines the management company is not following policies and procedures specified in the approved management plan or lease agreement.

4.22. Security patrols. All projects with 100 or more units are required to include vehicle-based security patrol services in the project's operating budget and submit a security plan for approval.

Security must be provided by an experienced, professional security patrol with significant, local residential experience. If the project is in an area with a neighborhood association or Property-Based Improvement District, SHRA may encourage the use of the same security patrol utilized by these organizations. Security firm and plan are to be approved by SHRA, and any changes are to be pre-approved by SHRA.

Security patrols may be required for projects with less than 100 units, at the discretion of the SHRA. SHRA reserves the right to request security reports at any time.

Projects with desk coverage 24 hours a day and seven days a week are not subject to this requirement.

4.23. 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. Exceptions may be given to supportive services developments and existing tenants may be grandfathered in for rehabilitation developments.

Resident Services Requirements

4.24. Resident services and budget. SHRA requires resident services and on-site community space for residents in all projects, and reserves the right to approve or disapprove the resident services provider. Resident services must be described in a preliminary plan attached to the application and be appropriate for the anticipated population. The firm providing resident services must be identified with a letter of intent which indicates a specific commitment to provide the services, including the number of hours and budget. Funding for a resident services coordinator should be included in the project's operating budget. The executed funding agreement between the resident services provider and the applicant must be submitted. See Exhibit 3, Management Agent & Resident Services Provider Checklist for further detail.

The minimum requirements for resident services are as follows:

Family Developments - Required Hours per Week	50-100 units	100-200 units
Coordinator On-Site Admin	4	6
After School Programming 2 hours/day x 4 days/week	8	8
Additional Programming	3	6
TOTAL Hours per Week	15	20

Senior Developments - Required Hours per Week	50-100 units	100-200 units
Coordinator On-Site Admin	4	6
Senior Programming	11	14
TOTAL Hours per Week	15	20

Resident services requirements for projects of less than 50 units or more than 200 units will be determined on a project specific basis. Dependent on housing type, resident services shall be provided by an SHRA approved provider.

4.24.1. Types of services/reporting. Diversity of resident services is encouraged. The Multifamily Resident Services Compliance Reporting and Procedures (Exhibit 4) include details on the types of services accepted, and reporting requirements. Please note that an after-school component is required in all family projects.

4.24.2 Mixed-Income. For projects that include market-rate units, the number of resident services hours required will be determined based on the number of affordable units and the services required will be based on the needs of the low-income residents.

4.24.3. Special Needs. For special needs projects or for projects with more than 20% of the units affordable to extremely low income (ELI) households, more intensive services will be required. If intensive services for permanent supportive housing or special needs populations will be provided, a supportive services plan, contract and budget will be required and evaluated as part of the long-term viability of the project. SHRA shall require, at minimum, that front line staff delivering case management services have a Bachelor's Degree in a field related to social services and one year of experience working with the special needs population proposed for the specific property.

Compliance Requirements

4.25. Ongoing compliance. All projects must be in compliance with SHRA's and applicable federal and State reporting and record-keeping requirements including but not limited to: resident services, property management, security, and income certification requirements; and HUD required physical inspection standards. SHRA will conduct compliance reviews of the project annually, or more often if necessary, at the sole discretion of SHRA.

4.25.1 Recertification. Project owners must recertify the eligibility of residents as required by the appropriate Federal, State, or other funding source.

4.25.2. Requirements. Requirements are outlined in both the Multifamily Housing Program Compliance and Monitoring Requirements Manual and the

Multifamily Revenue Bond Program Procedures Manual available on the SHRA website. The guide includes information on the following:

- Project set-up requirements
- Project close-out requirements
- Leasing procedures
- Ongoing certifications
- Compliance monitoring reviews
- Physical inspections
- Response to compliance violations

4.25.3 Affirmative marketing. Project owners must follow SHRA's Affirmative Marketing Policies (Exhibit 5) that require outreach to groups least likely to apply for the housing based on local demographic information, sufficient marketing time prior to lease up, and lotteries for most, new affordable units.

4.25.4. Regulatory agreement violations. Compliance Violations and Actions and HUD Property Standards (Exhibit 6) shall be included in the SHRA loan and bond Regulatory Agreements recorded on the property. SHRA shall have the right to enforce the actions detailed in Exhibit 6 and/or pursue any other legal remedy available to fully enforce all provisions of the Regulatory Agreements. The Borrower shall pay to SHRA the additional program compliance fees and expenses set forth in Exhibit 6 in reimbursement of the amounts and time expended by SHRA to insure Borrower's compliance with State statutes and federal regulations and Borrower's obligations under the Regulatory Agreements as a result of the Borrower not meeting its obligations and reporting requirements.

No compliance fee will be assessed provided the violation is corrected within the specified corrective time period as detailed in Exhibit 6. The second and subsequent violations will be assessed compliance fees as detailed in the Tenant Eligibility and Affordability Violations and HUD Property Standards tables.

Section 5. Third Party Reports

All third party reports are due at the time a full application is submitted to SHRA.

5.1. Appraisal. All appraisers must be state-certified MAI appraisers who do not have an identity of interest with any member of the development team or sponsor. Appraisals must be prepared no earlier than six months prior to the date of the land or building's purchase contract, or if land or buildings have not been purchased, no earlier than six months prior to the SHRA application date. Appraisals prepared for the project's lender(s) may be accepted with SHRA's approval.

5.1.1. Appraisals for rehabilitation projects must include "as-is" and "post-rehabilitation" values. SHRA may use TCAC's regulations regarding third party debt rather than the appraised value. Appraisals for new construction must include a land valuation and completed value. The property value shall be based on an appraisal that takes restricted rents and the value of below-market financing and tax credits into consideration, as applicable.

5.2. Market study. SHRA requires a Rent Comparability Study at time of full application. Market studies consistent with CDLAC and/or TCAC requirements, may be requested when available.

5.3. Rehabilitation assessment. A Physical Needs Assessment (PNA) of the property must be submitted that details the conditions and remaining useful life of the building's major components, including but not limited to electrical, plumbing, HVAC, foundation, and roofing. The scope of rehabilitation work identified in the application should match the findings of the Physical Needs Assessment.

5.3.1. The PNA must be prepared by the project architect or a qualified independent third party, neither of whom has an identity of interest with any member of the development team or sponsor. The PNA must be performed no earlier than 120 days prior to the application.

5.3.2. The PNA shall include a 15-year reserve study, which indicates the expected dates and costs of future replacements of all major building components that are not being replaced immediately. The PNA shall also include a schedule of reserve contributions needed to fund those replacements.

5.4. Environmental review. All projects must be reviewed for compliance with the California Environmental Quality Act (CEQA). Projects expected to receive federal funds, such as the HOME Investment Partnership Program or Community Development Block Grants, must also comply with HUD's National Environmental Policy Act (NEPA) requirements (outlined in 24 CFR Part 58), and HUD's environmental criteria and standards (outlined in 24 CFR Part 51). Additional environmental reports may be required pursuant to SHRA's review, including, but not limited to, arborist reports, cultural resources reports, wetland delineation report, etc.

5.4.1. Federal regulations prohibit financing commitments, or any form of discretionary or choice-limiting action, by SHRA until the completion of the NEPA review, and physical work on the project must not begin prior to NEPA review.

5.4.2. NEPA and CEQA environmental laws differ in their requirements. Project approval under CEQA does not constitute NEPA project approval, and vice versa. Requirements for NEPA review for HUD-funded projects differ from NEPA requirements for other federal agencies. Therefore, previous NEPA review may not be sufficient to meet HUD NEPA requirements. NEPA requirements for HUD-funded projects are outlined in 24 CFR Part 58.

5.4.3. For new construction, demolition, or buildings that include or are adjacent to areas with historic or biological resources, or occur in an area which may present hazardous or nuisance conditions for occupants, 90 days or more may be required to prepare and process environmental documentation and clearances.

5.5. Phase I or Phase II environmental assessments. Applications must include a Phase I Environmental Assessment following the standards outlined in the American Standards of Testing and Materials (ASTM) to discover the potential presence of on-site and neighboring property contamination. The assessment must have been completed within six months of the project's application. If the Phase I assessment indicates the need for further study, a Phase II report must be submitted. The cost of any remediation must be included and discussed in the project's budget. If necessary, a No Further Action Letter or remediation plan that outlines how the site will be cleaned up to meet standards for unrestricted residential use or residential use with controls will be required for completion of NEPA review.

5.6. Lead-based paint. All applications for rehabilitation projects built before 1979 involving existing structure(s) and any new construction project that involves the demolition of existing structure(s) must submit a lead-based paint report completed within the previous 12 months. For occupied sites, assessment must include minimally invasive sampling of readily accessible surfaces. Lead testing must be conducted in accordance with HUD standards. If lead-based paint is present on the project site, a remediation plan or identification of the protocols that will be followed (including a citation to the law, regulation, or guidance document where the procedure is described) will be required for completion of NEPA review.

5.7. Asbestos. All applications for rehabilitation projects involving existing structure(s) built before 1979 and any new construction project that involves the demolition of existing structure(s) must submit an asbestos assessment completed

within the previous 12 months if specified as necessary in the Phase 1 report. For occupied sites, assessment must include minimally invasive sampling of readily accessible surfaces. Asbestos testing must be conducted in accordance with AQMD standards. If asbestos is present on the project site, a remediation plan or identification of the protocols that will be followed (including a citation to the law, regulation, or guidance document where the procedure is described) will be required for completion of NEPA review.

5.8. Soils report. All new construction projects must submit a soils report that characterizes the subsurface soils in relation to the proposed residential construction. Soils reports must have been completed no more than one year prior to the application's submission. The soils report must be prepared by a geotechnical engineer licensed by the State of California.

5.9. Pest report. All applications for rehabilitation projects must submit a pest report completed within the previous 6 months. If the report shows repairs necessary, these costs must be included in the construction budget and scope, and a clear pest report will be required at the conclusion of construction. The pest report must be prepared by a company licensed by the State of California Pest Control Board.

5.10. Landscape plan. A landscape plan prepared by a licensed, third party professional shall be required for all projects.

5.11. Relocation. A relocation plan shall be submitted for any project that contains persons residing within the project at the time of the project application to SHRA, and is subject to review by SHRA and the County. The components of the relocation plan shall be determined by the funding source for the project, and whether relocation will be temporary, permanent, or both. Plans shall be completed and carried out by a qualified third party in accordance with all state and/or federal relocation requirements associated with the funding source, unless an in-house relocation expert is approved by SHRA. SHRA does not permit keeping income-restricted units vacant to accommodate on-site relocation at any time prior to reservation of tax credits, per TCAC guidance.

5.11.1 In the absence of state or federal funding in the project, plans shall comply with SHRA's Guidelines for Preparation of Relocation Plans for Multifamily Developers Using SHRA Financial Assistance (See Exhibit 7). Moving expenses shall be calculated according to the HUD standard for moving allowances, updated annually, based on the number of rooms. Relocation is considered an integral part of the project approval process and its cost estimates must be included in the project budget.

5.11.2 A relocation plan must be prepared prior to submission of the full application by a qualified third party. SHRA discourages projects where more than 20 percent of residents will be permanently relocated (except in instances of overcrowding).

5.11.3 Depending upon the scope of the rehabilitation, SHRA may require implementation of relocation plans be overseen by a relocation specialist approved by SHRA.

Section 6. Special Regulatory Requirements

6.1. Prevailing wages. Current state and federal law requires that prevailing wages be paid for projects receiving benefits from a governmental entity.

6.1.1. The current major exemption from state prevailing wages is if the subsidy is a below market rate loan on a project where 40% of the units are affordable at 80% of Area Median Income for a minimum of 20 years.

6.1.2. Projects receiving federal HOME funding for twelve or more units or federal CDBG funding for eight or more units are subject to the payment of federal (Davis Bacon) prevailing wages.

6.1.3. If a project is subject to both state and federal (Davis Bacon) prevailing wages, the developer, contractor, and all subcontractors shall pay the higher of the state prevailing wage or Davis Bacon for each construction trade, and must comply with the most restrictive requirements as specified by law. The state prevailing wage law does not recognize the exemptions under the federal HOME and CDBG programs.

6.2. Section 3 (local hiring) Minority Business Enterprises/Women Business Enterprises (MBE/WBE) requirements. Applicants using federal funding for housing, such as HOME or CDBG, are subject to the U. S. Department of Housing and Urban Development's (HUD) Section 3 requirements to hire low- and very low-income persons and provide economic opportunities to local small businesses and minority- and women-owned businesses to the greatest extent feasible. All section 3 covered contracts, loans, and grants shall include the "Section 3 Clause" as found in 24 CFR 135.38.

6.3 Build America, Buy America requirements. Applicants using federal funding for the construction or rehabilitation of housing are subject to the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301. This act requires that all iron, steel, manufactured products, and construction materials be produced in the United States. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver" (88 FR 17001), any federal funds obligated by HUD on or after the applicable listed effective dates are subject to BABA requirements, unless excepted by a waiver.

Section 7. Affordability and Rent Calculations

7.1. Income eligibility. SHRA bases its affordability calculations on the Area Median Income (AMI) of the Sacramento Metropolitan Statistical Area (MSA). The AMI is established annually by HUD.

7.2. Rent calculations. The maximum rent to be charged for an assisted unit may not exceed 30 percent of the median income limits for household size appropriate for the unit, less an allowance for utilities. The most current schedule of rents and utility allowances is posted on the SHRA website.

7.3 Rent increases. For projects that set their rents below the maximum allowable rent levels, subsequent rent increases cannot exceed 5% annually.

7.4. Utility allowances. The methodology for determining utility allowances depends upon the source of the funds used to finance the project. Utility allowance schedules are required at full application submission and must be updated annually.

7.4.1 Projects that do not receive HOME Investment Partnership (HOME) funds: Utility allowances are determined by the Housing Authority based on building type and energy used for heating and appliances (gas or electricity). Developments meeting verifiable energy efficiency standards, completed by a qualified energy analyst described in 7.4.3, may present an alternate utility allowance for SHRA approval based on energy usage of comparable projects. Developers will be notified by SHRA of increases in utility allowances published by the Housing Authority by fall of the year prior to the increase being enacted.

7.4.2 Projects that received a commitment of HOME funds:

7.4.2a Projects using HOME funds and Low Income Housing Tax Credits that are either new construction and adaptive reuse developments or

existing tax credit developments shall use the California Utility Allowance Calculator (CUAC) energy consumption model, completed by a qualified energy analyst.

7.4.2b Projects that receive HOME funds and do not fall into a category described in 7.4.2a must use the HUD Utility Schedule Model or an alternate utility allowance for SHRA approval based on energy usage of comparable projects, completed by a qualified energy analyst, at full application submission and update annually for SHRA approval.

7.4.3 A qualified energy analyst must meet the current qualification requirements of TCAC.

7.5. Excess utility charges. Utility charges normally paid by owners, such as water, sewer, and garbage collection, may not be passed through to tenants as an add-on to their contracted rent.

7.6. Renters' insurance. Owners may not make payment of rental insurance premiums a condition of occupancy. If owners require renters' insurance, the policy premium must be deducted from the tenant's rent. The owner may not add the insurance premium to the tenant's lease in either the initial or subsequent years.

Section 8. Calculation of Restricted Units

SHRA utilizes a combination of the following methods to determine the number of units regulated as a result of its financial assistance to the project. SHRA policy for the minimum number of units regulated is as follows:

- At least 15 percent of the units must be rented to and occupied by very low-income households and 5 percent of the total number of units must be rented to and occupied by extremely low-income households based on financial feasibility, regardless of the funding source
- The proportion of regulated units can be no less than the proportion of SHRA funding to the project's total development cost
- The maximum amount of subsidy per restricted unit cannot exceed HUD's Section 234 limits for the Sacramento area
- When multiple funding sources are layered together, the more restrictive income and affordability standards will be applied.
- When HOME funds are provided, the cost allocation methodology shall be applied, consistent with HOME regulations at 24 CFR Part 92.205(d)(1).

Section 9. Mortgage Revenue Bond Policies

This section summarizes policies relating specifically to mortgage revenue bonds issued by the Authorities (defined below). The lending requirements outlined elsewhere in these policies also apply to mortgage revenue bond projects, with the exception that Section 2 and 4.1, apply only to projects that also have an SHRA loan.

9.1 General Requirements

9.1.1. Authority to issue bonds. Federal, state and local legislation authorizes issuance of mortgage revenue bonds by local governments to finance the development, acquisition, construction and/or rehabilitation of multifamily rental projects. The interest on the bonds is exempt from federal and state taxation. As a result, bonds provide below market financing for qualified rental projects located in the County of Sacramento (the County). This program is administered SHRA and uses tax-exempt mortgage revenue bonds issued by the following entities (Authorities):

- Housing Authority of the City of Sacramento
- Housing Authority of the County of Sacramento

9.1.2. Goals. The goals of the program are to increase and preserve the supply of affordable rental housing in the County of Sacramento; encourage economic integration within residential communities; maintain a quality living environment for Sacramento residents; provide tenant services to the residents of assisted projects; and when public funds are committed toward the project, leverage private sector funds to the maximum extent possible.

9.1.3. Liability. There is no direct legal liability to the County, the Authorities, or SHRA in connection with the issuance or repayment of bonds; there is no pledge of the County's, the Authorities' or SHRA's faith, credit or taxing powers or a moral obligation of any of the foregoing, within the meaning of any constitutional or statutory provisions. The bonds do not constitute a general obligation of the issuer because the security for repayment of bonds is limited to specific private revenue sources, such as project revenues and other sources specified under each financing. Project loans are generally secured by a first deed of trust. The program is completely self-supporting and the developer is responsible for the payment of costs of issuance and all other costs under each financing.

9.1.4. Bond rating. The bonds issued under the program should generally be rated "AAA," or its equivalent highest rating category, with the minimum rating being "A", or its equivalent, from the following nationally recognized rating agencies: Moody's Investors Service, S&P Global Ratings, Fitch Ratings, Inc. or Duff & Phelps Credit Rating Company. The same rating requirement applies in the case of a substitution of existing credit facility for bonds which are outstanding.

9.1.5. Private Placement. The rating requirement in Section 9.1.4 is waived if the entire bond issue is privately placed with accredited investors (as generally defined under Regulation D of the Securities Act of 1933 or qualified institutional buyers (as defined under Rule 144A of the Securities Act of 1933) who would be required to sign an investor letter (Investor Letter) certifying the investor's sophistication to understand the risk associated with the purchase of the debt instrument and restricting transfer of the bond issue to other accredited investors or qualified investors in denominations of \$250,000 and greater. While the note remains unrated, its transferability will be restricted to accredited or qualified institutional buyers who sign an Investor Letter and who would represent to SHRA that they are accredited investors or qualified institutional buyers, are buying for investment and not for resale, and have made due investigation of the information they would deem material in connection with the purchase of the bonds.

9.1.6. Bond amount. There are no minimum or maximum limits on the amount of bonds that can be issued by the Authorities, however, the minimum amount for a project is often determined by the overall cost effectiveness of the financing, which includes payment for the costs of issuance, services of the financing team members, rating fees, etc. The maximum amount is generally set by the amount of debt the project's cash flow can support. SHRA will consider multiple properties as part of a single bond financing.

9.1.7. Use of bond proceeds. Projects must consist of complete rental units, including kitchens and bathrooms. Loan funds may be used for costs of land acquisition (limited to less than 25% of bond proceeds), construction, improvements, architectural and engineering services, construction interest, loan fees, and other capital costs of the project incurred after the date that is 60 days prior to the bond inducement date specified in Section 9.4.2. No

more than 2% of the bond loan can be used to finance the costs of issuance, such as the services of the financing team members, rating and printing of bonds, bond allocation, etc. Pursuant to federal requirements, if bonds are used for acquisition and rehabilitation, an amount equal to at least 15 percent of the portion of the acquisition cost of the building and related equipment financed with the proceeds of bonds must be used for rehabilitation of the project.

9.1.8. Guarantees. If the proposed Borrower is a single asset entity, another party may be required to guarantee the Issuer's rights to indemnification under the applicable Regulatory Agreement and Loan Agreement. Additional guarantees may be required by other parties.

9.1.9. Transfer. Projects will be subject to certain requirements for transfer. Upon original issuance the developer must enter into an agreement that restricts any change in ownership, either addition of new partners/investors or elimination of partners/investors, without prior SHRA approval. SHRA will determine if the proposed ownership change adversely affects the project's overall financial viability. Financial, development, and management experience must be equal to or superior to the existing development/ownership team; otherwise change in ownership will not be allowed. Any subsequent ownership transfers shall be subject to the Owner qualifications and experience, Property management and Resident services requirements outlined in Sections 4.7, 4.20 and 4.23, respectively.

9.1.10. Bond issuance fees. SHRA receives compensation for its services in preparing for a bond issuance by charging an issuance fee of 25 basis points (0.25%) of the bond issuance amount payable at the bond closing. In addition, SHRA receives an Annual Administration Fee equal to 5 basis points (0.05%) of the outstanding bond issuance amount as compensation for compliance monitoring of regulatory restrictions and the administration of outstanding bonds. SHRA receives, in advance, a prorated semi-annual installment at bond closing and equal semi-annual installments following the Effective Date of the Regulatory Agreement for the later of the term of the regulatory period, or 55 years after the date on which at least fifty percent (50%) of the units in the project are first occupied. SHRA will also receive a Fee equal to \$100 per each SHRA-regulated, non-bond unit per year. For mixed-income projects, the Annual Administration Fee amount shall be determined based on the number of affordable units. The Annual Administration Fee shall not be less than \$15,000 annually.

9.1.11. Welfare exemption. Developments owned by not-for-profit organizations are eligible to qualify for a welfare exemption, pursuant to State law, for the payment of property taxes, and therefore the following additional requirements are specified for projects proposed to be owned by not-for-profit organizations. The not-for-profit organization must be the provider of resident services and/or other services (management, maintenance). In all circumstances the not-for-profit organization must have material and on-going involvement in the project on a day to day basis.

9.1.12. Annual reporting.

Owners of multifamily rental projects which receive a bond issuance shall comply with the annual reporting requirements of both CDLAC and the California Debt and Investment Advisory Commission (CDIAC).

CDLAC's reporting requirements are referenced in Section 5145 of CDLAC Regulations, adopted December 15, 2016.

CDIAC's reporting requirements are referenced in Section 8855(k)(1) of the California Government Code, amended January 1, 2017.

9.2 Types of Bonds

9.2.1. Tax-exempt or taxable bonds. The Authorities may issue either tax-exempt or taxable bonds. Taxable bonds would generally be issued only in combination with tax-exempt bonds. Taxable bonds do not require an allocation of bond authority from CDLAC.

Tax-exempt mortgage revenue bonds (Non-Refunding) require an allocation of bond authority from CDLAC. To obtain an allocation, SHRA must submit an application to CDLAC on behalf of the developer. Submittal of the application is at the discretion of SHRA, not the developer. The developer must pay all required CDLAC fees in advance of application submittal.

The interest on taxable bonds is not exempt from federal taxation. These bonds are not subject to federal volume cap limitations and therefore do not require allocation authority from CDLAC. Taxable bonds can be used in combination with 9% low income housing tax credits awarded by the Tax Credit Allocation Committee. Taxable bond issues must meet all applicable requirements of these Policies (including rating requirements) and any such additional regulations which may, from time to time, be promulgated by SHRA.

9.2.2. 501 (c)(3) bonds. The Authorities may issue 501(c)(3) bonds on behalf of qualified not-for-profit organizations. 501(c)(3) bonds are tax-exempt but do not require an allocation from CDLAC. 501(c)(3) bonds cannot be used with the Low Income Housing Tax Credit Program. The Authorities shall only issue 501(c)(3) bonds for qualified not-for-profit organizations that are actively involved in the development and operation of multifamily projects and have adequate staff to carry out the proposed development. Not-for-profit organizations must be involved in the day to day operations of the project and have the financial ability to operate, contribute to the project, and to avoid default. They must be the final recipient of at least 70 percent of the development fee for the project. Not-for-profit organizations must be able to demonstrate development of successful projects. Board members and their immediate and extended families cannot participate (profit) financially from the proposed transaction. The minimum affordability period shall be 30 years for 501(c)(3) bond issues.

9.3 Affordability Requirements

9.3.1. Term of Rental and Affordability Restrictions. The project must remain as rental housing and continuously meet the underwriting requirements for operating reserves, operating expenses and developer fees as provided in Sections 3.2, 3.3 and 3.4 for the longest of (a) 55-years from the later of the date fifty percent (50%) of the units in the project are first occupied or the date of the original issuance, (b) as long as the bonds remain outstanding, or (c) such period as may be required in the opinion of Bond Counsel to meet federal or state law. SHRA reserves the right to impose additional affordability restrictions if the SHRA determines it necessary to be competitive in the state allocation process. Projects that are financed with Low Income Housing Tax Credits will be required to meet the requirements of TCAC.

A bond regulatory agreement containing the rental and affordability restrictions will be recorded against the property and must be complied with by subsequent owners. The bond regulatory agreement will incorporate the CDLAC resolution by reference and as an attachment. The Regulatory Agreement will be terminated upon expiration of restrictions or in the event of casualty loss or foreclosure, and the subsequent retirement of bonds as a

result of foreclosure, and with the consent of CDLAC for certain projects financed with cash flow permanent bonds.

9.3.2. Income Restrictions. To be eligible for new tax-exempt bond financing, federal law requires that the project meet one of the following conditions:

- A. A minimum of 20% of the units in the project must be set aside for occupancy by households whose incomes do not exceed 50% of AMI as adjusted for family size; or
- B. A minimum of 30% of the units in the project must be set aside for occupancy by households whose incomes do not exceed 60% of AMI and 10% set aside for households whose incomes do not exceed 50% of AMI, as adjusted by family size. (Reference Cal H&S 34312.3)
- C. A non-competitive CTCAC project that includes low-income units targeted at greater than 60% of AMI shall have average targeting that does not exceed of 59% AMI.

Project owners must certify their tenants' eligibility annually. If a tenant is no longer eligible, the next available unit must be rented to a new eligible tenant and the current tenant's rent can be raised to a market level. A unit occupied only by students may not count towards the set-aside requirement.

Affordability definitions are based on the AMI for the County of Sacramento as established by the U.S. Department of Housing and Urban Development. The median income is subject to change annually. Household size is determined according to CDLAC and/or CTCAC regulations. The more restrictive standard must be used for each project as appropriate.

9.3.3. Rent Restrictions. The maximum rent for the set-aside units may not exceed one-twelfth of 30% of 50% or 60% of AMI. In the event tax-exempt bonds are used with Low Income Housing Tax Credits, or any public funds, the more restrictive rents apply. The affordability of restricted units in relation to the project's market rents will be considered as part of SHRA's approval of the financing. The maximum rent amounts will also apply to the contract rent if Housing Choice Voucher (HCV) tenants occupy the set-aside units.

9.3.4. Expiration or termination of Qualified Project Period. All projects shall comply with State Health and Safety Code 33760(d), 34312(d)(2), or 52080(g), as applicable, or any successor provisions.

9.3.5. Refundings. SHRA will allow refundings of bond issues that meet the following conditions:

- A. Property must be in compliance with the current Regulatory Agreement and have no major immediate repairs required to the project, as determined by SHRA, or any major repairs will be completed within 12 months of the refunding, at the discretion of SHRA. All financing fees and other appropriate policies shall apply.
- B. Projects must demonstrate that the proposed refunding furthers the County's housing goals.
- C. The project sponsor agrees to cover all costs and financing fees of the Issuer and SHRA.
- D. Additional Affordability Restrictions. Additional public benefit in the form of deeper income targeting, additional rent restrictions, extension of the

term of restrictions, additional number of restricted units, or any combination thereof, will be negotiated in connection with refundings or debt restructurings, including substitution of credit enhancement, of existing bond issues. The level of additional restrictions will be determined in the context of the overall financial feasibility of each financing and the financial benefit of the refunding/restructuring to the project owner. Should the bond restructuring result in an extension of the maturity of the bonds, a minimum of 10% of the units in the project shall be set aside for occupancy by households whose incomes do not exceed 50% of or 60% AMI, as adjusted for family size with rents at affordable levels for at least 15 years from the date of the refunding/restructuring or as long as the bonds remain outstanding. The maximum rent amounts will also apply if the set-aside units are occupied by Section 8 tenants. A non-competitive CTCAC project that includes low-income units targeted at greater than 60% of AMI shall have average targeting that does not exceed 59% of AMI.

SHRA reserves the right to impose requirements in addition to the regulatory agreement extension. All specifics of refunding proposals must be approved by the appropriate Authority.

9.4 Application and Issuance Process

9.4.1. Application. Applicants must submit a Pre-Application and a full Application, if requested, according to the procedure outlined in Section 10.

At the time of a full application for bonds, the developer must pay a \$12,500 "good-faith" deposit to cover SHRA staff costs (at \$100 per hour) and expenses in determining the feasibility of the proposed bond issuance, reissuance or restructuring. SHRA cost and expenses are in addition to SHRA's issuance fee.

9.4.2. Inducement Resolution. All new-money projects must be induced. An inducement resolution is a conditional expression of intent by the Authorities with respect to potential issuance of bonds for the project. Approval of the inducement resolution establishes, through the public record, the date from which project costs incurred may be determined to be eligible for financing under the program. Therefore, applicants are encouraged to induce their projects as soon as practical to identify the project, its location, maximum number of units, the maximum amount of financing, and the ownership entity. To request an inducement resolution, the developer must complete and submit the Pre-Application, followed by a full Application if so requested by SHRA.

Adoption of the inducement resolution does not represent any commitment by the Authority, SHRA, or the applicant to proceed with the financing. The Authority and SHRA retain absolute discretion over the issuance of bonds through adoption of a resolution authorizing such issuance.

9.4.3. TEFRA Hearing and Approval. In order for interest on the bonds to be tax-exempt and in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, Section 147(f) of the Internal Revenue Code of 1986, the issuance of bonds must be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located after a public hearing for which a reasonable public notice was given. Therefore, federal regulations require that the Board of Supervisors approve the issuance of bonds by the Authorities, as the elected legislative body of the County. The purpose of the public hearing is to provide an opportunity for interested persons to express their views on the proposed bond issuance and on the nature and location of the project.

9.4.4. Credit Enhancement. The preferred method of obtaining the required rating on the bonds in accordance with Section 9.1.4 is through the provision of additional outside credit support for the bond issue by rated, financially strong private institutions, such as bond insurance companies; domestic and foreign banks and insurance companies; savings and loans and smaller commercial banks willing to pledge ratable collateral to the bond trustee; FHA mortgage insurance or co-insurance, etc. The rating on the bonds is determined by the credit worthiness of the participating credit enhancement provider.

The applicant is required to identify and obtain credit enhancement for each public bond issuance. As the primary source of security for the repayment of bonds, the credit enhancement provider approves the borrower (credit, financial capability, experience, etc.), the project and its feasibility, including the size of the loan and the terms of repayment, using its own underwriting criteria.

9.4.5. Rated Bonds without Credit Enhancement. Fixed rate bonds can be issued without credit enhancement if the proposed financing structure results in the required rating on the bonds by a rating agency.

9.4.6. Interest rate. Financing shall be structured to ensure the lowest possible interest rate for the bonds in the current market. Bonds that are offered at a "premium" to generate additional proceeds are not allowed.

9.4.7. Loan to value. SHRA will not issue bonds for projects where the combined loan to value exceeds 90% of the stabilized appraised value.

9.4.8. Other issuers. The California Housing Finance Agency does not require local governments to hold public hearings on their behalf to issue bonds. For other issuers, SHRA, in limited situations, will allow such issuers to issue bonds for multifamily housing projects located within the County of Sacramento. Applicants considering the use of other issuers should contact SHRA prior to proceeding with the project. The required County approval of a bond issuance by other issuers will be recommended after SHRA review of the developer, the project, and the overall cost effectiveness of the financing proposal.

SHRA affordability levels, procedures and requirements will apply to projects using other issuers. Other issuers must demonstrate that they have conducted proper due diligence of the developer and project comparable to SHRA's process. SHRA will be reimbursed for their review of the project and preparation of TEFRA hearing and notice, not exceeding 0.25 percent of the bond issuance amount upon issuance of the bonds (Section 9.1.10). As mutually agreed upon, an Annual Administration Fee will be charged (Section 9.1.10) when SHRA monitors compliance with the regulatory restrictions on the project.

9.4.9. Bond Counsel. SHRA has a bond counsel firm and two alternate firms. Bond counsel will prepare the necessary legal documents, provide an opinion regarding the validity of the bonds and their tax exemption, and provide legal advice on all relevant issues to best protect the interests of the County and the Housing Authority.

The bond counsel specifically represents the interests and concerns of the Authority, SHRA, and the County of Sacramento in ensuring the integrity of the bond transaction. The project sponsor may, at its own expense, add additional members to the finance team to represent its interests.

9.4.10. Bond Underwriter/Remarketing Agent (A financial institution which purchases the bonds for resale). When required for the transaction, a bond underwriter/remarketing agent is to be proposed by

the developer, subject to review and approval by SHRA. The underwriter is to be a nationally recognized firm experienced in underwriting mortgage revenue bond issuances. Approval criteria will include the experience of the firm and staff, cost of services, underwriting abilities, financial qualifications and abilities, and the location of the firm. The selection process for bond counsel and bond underwriter is presented in Exhibit 8.

The bond underwriter has a duty to deal fairly with the project sponsor, the Authority, SHRA, and the County of Sacramento in ensuring the integrity of the bond transaction, but does not have a fiduciary duty to any of the above. The project sponsor may, at its own expense, add additional members to the finance team to represent its interests.

9.4.11. Bond Trustee (A bank designated by the Authorities as the custodian of funds and official representative of bondholders). A bond trustee is to be proposed by the developer, subject to review and approval by SHRA. Approval criteria will include the experience of the firm and staff, cost of services, financial qualifications and abilities, and the location of the servicing office.

9.4.12. Approval of the Financing. SHRA's recommendation to proceed with a proposed bond issuance, reissuance, or bond restructuring will be presented for approval by the Sacramento Housing and Redevelopment Commission and the Board of Supervisors. If approved, SHRA will work with the developer to structure the financing and to prepare the bond documents. The documents and the financing participants will be submitted for final approval by the Authority prior to closing.

9.4.13. Bond Allocation. Prior to the issuance of bonds for projects, SHRA must apply for and receive an allocation of bond issuing authority from CDLAC. To receive such an allocation, the Authority must document its readiness to issue the bonds promptly and meet other CDLAC requirements. For projects receiving allocations after December 31, 2016, the Bond Regulatory Agreement must incorporate the CDLAC Resolution by reference and as an attachment.

At the time of the application to CDLAC, the developer must deposit with SHRA one half of one percent of the requested allocation amount as a performance deposit, up to a maximum of \$100,000. The deposit will be returned to the developer upon written notification from the State to do so. If the financing does not close within the time allowed by the State and the State requires that the deposit be forfeited, then the deposit will be remitted to the State.

Section 10. Application Process

10.1. Pre-Application. It is recommended that all applicants meet with SHRA prior to submitting a pre-application for the purpose of introducing their project to SHRA. Following the meeting, the applicant may submit a pre-application for funding for their project (Exhibit 9). Application dates are approved annually by the Board of Supervisors, and applications are generally accepted twice a year to align with the 9% TCAC application dates. SHRA reserves the right to hold a third application round if sufficient funding is available.

SHRA will conduct an analysis of each pre-application for feasibility and consistency with these lending policies. Based on funding availability, project readiness, and lending priorities, SHRA will either invite or decline to invite pre-applicants for a full application with the intention of recommending its approval.

10.2 Full application. The Developer will receive confirmation within 30 days after the pre-application deadline regarding whether a full application (Exhibit 10) is invited.

SHRA will conduct a review of the full application, including the required third party reports, and will determine whether the application is complete. If an application is deficient, SHRA will indicate the items missing and provide a deadline for submission of the material.

10.3 Communication with SHRA's governing bodies and consultants. SHRA strives to make project selection and underwriting a transparent, fair, impartial and unbiased process. Attempts to influence underwriting standards jeopardize the impartiality of the process; therefore, once a full application has been submitted, the applicant should not attempt to influence the process and should coordinate with SHRA staff prior to contacting members of SHRA's governing bodies.

10.4. Approvals. Most SHRA loans and all bond issuances are subject to review and recommendation by the Sacramento Housing and Redevelopment Commission (Commission) and approval by the County Board of Supervisors. Depending on the funding source, additional approvals may be required by the Council or Board acting as the respective Housing Authority.

FUNDING SOURCES**Housing Trust Funds (HTF)**

The County Housing Trust Fund raises local revenues for affordable housing from fees placed on non-residential development, such as offices, hotels, retail, businesses, and medical facilities. The program is based on a nexus analysis demonstrating that the new commercial development employs very low- and low-income workers who in turn create a demand for affordable housing. The fee-generated revenue is used to increase the supply of housing for persons in or likely to be in the labor force. Housing trust funds are primarily used for new construction to produce net new housing.

- Incomes: The County trust fund serves households up to 50 percent of AMI ("very low-income").
- Workforce housing: For a project to be eligible, there must be a reasonable expectation that the prospective residents will be in the labor force in the area. The funds are not used for senior housing.
- Location preference: Preference is given to locations within one-quarter mile of existing or planned transit services. Overall, the program should finance assisted units within seven miles of the aggregate sources of the employment-generated revenues.

County Affordable Housing Ordinance (AHO) Funds

The County's Affordable Housing Ordinance creates a standard affordable housing fee on residential construction and provides a variety of other options for developers to satisfy affordable housing obligations. At least 10 percent of the affordability fees collected pursuant to the Ordinance shall be used to buy down or produce Extremely Low Income (at or below 30 percent of Area Median Income) units. At least 50 percent of the affordability fees collected shall be used to produce affordable housing in large development projects, meaning a project that includes at least 100 acres designated for at least 750 residential units.

- Incomes: The Ordinance requires that 20 percent of units be regulated at 50 percent of AMI and that 80 percent of the units be regulated at 60 percent of AMI.
- Workforce housing: For a project to be eligible there must be a reasonable expectation that the prospective residents will be in the labor force in the area.

Federal Funds

As the housing finance agency for the County of Sacramento, SHRA uses funding from the federal Home Investment Partnership (HOME) and Community Development Block Grant (CDBG) Programs, which are received by the County as entitlement jurisdictions. A summary of the conditions and restrictions particular to each funding source is provided below.

Home Investment Partnership Program (HOME) funds. At least 20 percent of HOME-assisted units in each project of five or more HOME-assisted units must be reserved for households with incomes below 50 percent of AMI and leased at rents affordable to such households. All remaining HOME-assisted units must be reserved for households with incomes below 60 percent of AMI with rents not to exceed 65 percent. Minimum affordability restrictions range from a minimum term of 5 years to 55 years depending on the amount of assistance provided.

Community Development Block Grant (CDBG) funds. Generally, at least 51 percent of units in a project assisted with CDBG funds must be affordable to households with incomes below 80 percent of AMI. New construction can only be assisted if it is carried out by a Community Based Development Organization.

County Fee Waiver/Deferral Program

SHRA assists in the administration of the County of Sacramento's Impact Fee Waiver and Deferral Program for affordable housing projects. Only projects located in the unincorporated area are eligible for impact fee waivers/deferrals, with the exception that Sacramento Regional Sanitation District and Sacramento Area Sewer District (formerly CSD-1) fee waivers are available to cities in the county and unincorporated areas, where applicable.

The total number of fee waivers is capped by the County annually at 200 dwelling units or 5 percent of the number of dwelling units for which residential building permits for new construction in the unincorporated County were issued in the previous year, whichever is greater.

- **Fee Deferrals.** In order to qualify for fee deferrals, a project must have 1) a minimum of 10 percent of units restricted for rent to households having incomes less than or equal to 50 percent of AMI; or 2) a minimum of 49 percent of units restricted for rent to households having incomes less than or equal to 80 percent of AMI. Payment of deferred fees is due 24 months from start of construction or upon the close of permanent loan financing, whichever is earlier.
- **Fee Waivers.** In order to qualify for fee waivers, a project have a minimum of 10 percent of its units restricted for rent to households having incomes less than or equal to 50 percent of AMI. Fees will be waived in an amount proportional to the percentage of very low income units restricted.

Mental Health Services Act Program

The State of California Mental Health Services Act (MHSA) Housing Program was established to fund permanent supportive housing (PSH) projects for people with psychiatric disabilities and children with serious emotional disturbance.

There are two pools of funds that are provided in three year cycles. "One-time" funds are provided by the State directly to the County and applications are accepted over-the-counter through SHRA and through Sacramento County Division of Mental Health (DMH). The other sources of MHSA funds are administered by CalHFA and applications are submitted over-the-counter to CalHFA.

Contact must be made early in the process with SHRA staff and the Sacramento County Department of Mental Health for their approval of the proposed project concept as well as to receive a preliminary services commitment.

Eligible Applicants will be organizations meeting the California Department of Housing and Community Development's (HCD) Sponsor eligibility requirements for Supportive Housing Program as detailed in MHP Regulations, California Code of Regulations, Title 25, Division 1, Chapter 7, Subchapter 4.

Eligible Projects include only permanent supportive housing (PSH) units. PSH is defined to include all of the following: tenant holds a lease and has rights of tenancy, tenant has a private space that is locked and that only they have access to, and participating in supportive services is not a requirement of tenancy.

Eligible Uses of Funds include: acquisition of vacant property, acquisition and rehabilitation of an existing development, construction of a new development, capitalizing operating costs, and predevelopment costs associated with an eligible project proposal. Funds can be awarded as a grant or a loan, whichever assists in project feasibility and/or meets the requirements of other sources of funding.

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

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.

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.
- B. 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 ~~(as apply to the project)~~. 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.

Management Agent & Resident Services Provider Checklist

PROPERTY NAME:	MANAGEMENT AGENT:
DATE:	RESIDENT SERVICES PROVIDER:

Management Agent Requirements (includes Security)

1. Qualifications, Staffing Plan and Budget

- ☐ Organizational Chart
- ☐ Description of duties by position
- ☐ Specific staffing onsite including: positions, days worked and hours onsite
- ☐ Compliance staffing
- ☐ Salaries and annual budget
- ☐ Evidence of successful management of a minimum of five projects over 40 units in size subject to affordable regulatory agreements. At least one of those projects must be within the six-county region represented by the Sacramento Area Council of Governments.

Property Management Position	FTE

2. Management Plan:

- ☐ Statement of Management Policy
 - Role and Responsibility and/or delegation of Authority to the Management Company

Note: A copy of an executed Management Agreement is required prior to lease up.
- ☐ Project Affordable Unit Schedule
 - Number by bedroom size and affordability level of assisted units.
- ☐ Marketing Plan
 - Identification of demographic groups underrepresented in the community.
 - Strategy for outreach to identified, underrepresented demographic groups including names of specific advertising, periodicals, community organizations, churches and businesses that will be used to attract eligible households.

- Equal Housing Opportunity logo (must be present on all marketing materials as well as on site).
- SHRA Affirmative Marketing Questionnaire

☐ Waiting List Procedures

- Initial lease-up procedure. ***Initial lease-up must include a lottery or similarly-equitable process for all income-restricted units and to build the initial waiting list.*** Initial lease-up may not occur in advance of affirmative marketing.
- Copy of waiting list that must include: date/time of application submission, head of household name, unit size, household size, mailing address and phone number.
- Notification procedure (selection from list)
- Updating procedure (including purging, opening and closing)
- Notification of Non-eligibility
- Appeals process, if any.

☐ Tenant Selection Plan and Eligibility Screening:

- Applicant Screening Criteria
- Recertification procedures
- Eligibility documentation forms
- Record-keeping procedures
- Criminal Background Check Procedure (including screening company)
- Applicant Screening Report (SHRA form)

☐ Inspection, Maintenance, and Repair Procedures

- In-house Inspection schedule
- Work Order system
- Move In/Move Out Inspection Policies
- Unit Refresh Schedule

☐ Rent Collection Policies

☐ Plan for Maintaining Adequate Accounting Records

☐ Resident - Management Relations

☐ Security Deposits

☐ Grievance Procedures (including appeals)

- Non-payment of rent
- Lease Violation or House rules
- Processing tenant complaints

☐ Pet policies

☐ Section 504/Reasonable Accommodations

☐ Live-in/Personal Care Attendants

3. Application

☐ The name and age of each person that will occupy the unit.

- ☐ All sources and amounts of current and anticipated annual income to be earned in the next twelve months. (Must provide a two year history).
- ☐ The current and anticipated student status of each applicant over the age of 23 during the twelve month certification period
- ☐ Felony conviction history for a prescribed number of years
- ☐ Sex offender lifetime registry
- ☐ The signature of the applicant and the date the application was completed.

Note: Screening information must be consistent with the tenant selection plan/policies.

4. Lease Agreement

- ☐ The signatures of all heads of household and date of signatures.
- ☐ The initial term of the lease must be for not less than one year unless mutually agreed upon by resident and Owner/Management.
- ☐ Security Deposit and any additional charges the resident may incur while residing at property (e.g., washer/dryer, parking, community room, storage, replacement key, lock-out charges, etc.)
- ☐ Assignment and sub-letting policies
- ☐ Alterations and improvements to residence
- ☐ Hazardous materials prohibitions
- ☐ Maintenance and Repair Rules
- ☐ Income eligibility and recertification requirement clause indicating the resident must comply with all requirements of the affordable housing program.
- ☐ Surrender of Premises. The Owner must have specific language describing the steps taken to terminate or not renew a lease agreement.
- ☐ Inspection of Premises
- ☐ Pet rules and charges (note that a one-time pet deposit not to exceed \$250 is acceptable but charging ongoing monthly fees or "pet rent" is prohibited)
- ☐ Attorney Fees
- ☐ Governing law citations
- ☐ Process for lease modifications
- ☐ Visitation and Guest Policy (may be incorporated into House Rule addendum)
 - Number of consecutive days a guest may stay overnight.
 - Maximum days a guest may stay overnight in unit during a 12-months period.
 - Guest rule violations (including those that may be cause for resident's eviction).

- ☐ Additional Provisions and Disclosures
 - Crime Free Lease Addendum
 - House Rules
 - Violence Against Women Act Addendum
 - Smoke free Addendum (where applicable)

Note: Leases must conform to the requirements at 24 CFR 92.253 (attached for reference).

5. SHRA-Required Forms (TCAC versions are accepted for LIHTC projects)

- ☐ Agency Income Calculation Sheet (AICS) or TCAC version
- ☐ Housing Composition Summary (HCS) Questionnaire and Certification or TCAC versions

6. Security Plan

- ☐ N/A Less than 100 units
- ☐ Included in Operating Budget
- ☐ Roving vehicular and/or foot security patrols operating ten-hour shifts from approximately 7:30 pm to 5:30 am.
- ☐ Security company on call 24 hours/day, 7 days per week, including holidays
- ☐ Electronic report service and incident reports
- ☐ Completed Security Questionnaire approved by SHRA

Note: Any changes to the security plan must be approved by SHRA.

Resident Service Provider Requirements

- ☐ Contractual agreement or memorandum of understanding between owner and service provider
- ☐ Included in Operating Budget
- ☐ Organizational chart
- ☐ Weekly Hours per proposed Regulatory Agreement.
- ☐ Needs assessment procedure/questionnaire
- ☐ Staffing Level (number per position)
- ☐ Staffing Qualifications
- ☐ Mission Statement
- ☐ Program Description
- ☐ Portfolio of Current Projects

Resident Services Position	FTE

Resident Services Program	Weekly Hours

Additional information required for Special Needs or Permanent Supportive Housing:

- ☐ A description of the population to be served and its service needs
- ☐ A description of the services to be provided, including the names of the agencies responsible for providing the services and evidence of the providers' capability and experience
- ☐ A description of the manner in which services will be provided (how, when, where, and how often)
- ☐ A plan for lowering barriers to access and affirmatively ensuring that units are made available for people exiting homelessness.

☐ A plan for funding the services accompanied by

*A detailed Letters of Intent from service providers and/or funding sources indicating specific commitments to fund or provide the supportive services.

*If the applicant is a service provider using its own funds, a letter indicating its capability and commitment should be included

Note: All proposed management agents and resident service providers new to SHRA must also provide three project-related references.

§92.253 Tenant protections and selection.

(a) *Lease.* There must be a written lease between the tenant and the owner of rental housing assisted with HOME funds that is for a period of not less than 1 year, unless by mutual agreement between the tenant and the owner a shorter period is specified. The lease must incorporate the VAWA lease term/addendum required under §92.359(e), except as otherwise provided by §92.359(b).

(b) *Prohibited lease terms.* The lease may not contain any of the following provisions:

(1) *Agreement to be sued.* Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

(2) *Treatment of property.* Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;

(3) *Excusing owner from responsibility.* Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(4) *Waiver of notice.* Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

(5) *Waiver of legal proceedings.* Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(6) *Waiver of a jury trial.* Agreement by the tenant to waive any right to a trial by jury;

(7) *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;

(8) *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and

(9) *Mandatory supportive services.* Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

(c) *Termination of tenancy.* An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds, except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

(d) *Tenant selection.* An owner of rental housing assisted with HOME funds must comply with the affirmative marketing requirements established by the participating jurisdiction pursuant to §92.351(a). The owner must adopt and follow written tenant selection policies and criteria that:

(1) Limit the housing to very low- income and low-income families;

(2) Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);

(3) Limit eligibility or give a preference to a particular segment of the population if permitted in its written agreement with the participating jurisdiction (and only if the limitation or preference is described in the participating jurisdiction's consolidated plan).

(i) Any limitation or preference must not violate nondiscrimination requirements in §92.350. A limitation or preference does not violate nondiscrimination requirements if the housing also receives funding from a Federal program that limits eligibility to a particular segment of the population (e.g., the Housing Opportunity for Persons with AIDS program under 24 CFR part 574, the Shelter Plus Care program under 24 CFR part 582, the Supportive Housing program under 24 CFR part 583, supportive housing for the elderly or persons with disabilities under 24 CFR part 891), and the limit or preference is tailored to serve that segment of the population.

(ii) If a project does not receive funding from a Federal program that limits eligibility to a particular segment of the population, the project may have a limitation or preference for persons with disabilities who need services offered at a project only if:

(A) The limitation or preference is limited to the population of families (including individuals) with disabilities that significantly interfere with their ability to obtain and maintain housing;

(B) Such families will not be able to obtain or maintain themselves in housing without appropriate supportive services; and

(C) Such services cannot be provided in a nonsegregated setting. The families must not be required to accept the services offered at the project. In advertising the project, the owner may advertise the project as offering services for a particular type of disability; however, the project must be open to all otherwise eligible persons with disabilities who may benefit from the services provided in the project.

(4) Do not exclude an applicant with a certificate or voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher Program (24 CFR part 982) or an applicant participating in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

(5) Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;

(6) Give prompt written notification to any rejected applicant of the grounds for any rejection; and

(7) Comply with the VAWA requirements prescribed in §92.359.

**MULTIFAMILY RESIDENT SERVICES
COMPLIANCE REPORTING AND PROCEDURES****INTRODUCTION**

All projects subject to these guidelines will be required to provide resident services. As a result of this requirement, the Managing General Partner (or the Developer if there is no Managing General Partner) ("Owner") will be required to enter into an agreement with an experienced service provider. The Service Provider will be required to perform a needs assessment while the project is undergoing leasing or shortly thereafter to determine the services required for the residents. This assessment will serve as the basis for developing a Resident Services Plan which will be subject to review and approval by Sacramento Housing and Redevelopment Agency (SHRA). SHRA will then monitor the ongoing provision of services as outlined in the approved plan. See Exhibit 3 for the Management Agent and Resident Services Provider Approval checklist.

Needs Assessment

The Owner and Service Provider will compile a needs assessment.

- a. New Projects – A needs assessment questionnaire must be completed by residents at the time of move-in.
- b. Acquisition/rehabilitation projects – A needs assessment questionnaire must be completed by residents at the time of certification or new move-in.
- c. Following the needs assessment the Service Provider will determine which classes and activities they will be implementing for the appropriate service categories. After school programs are required for family properties. Only senior projects may include transportation to meet the SHRA minimum requirement.
- d. Based on the needs assessment the Service Provider will compile a Resident Services Plan and Resident Services Schedule. The Plan and Schedule, with a copy of the needs assessment, are to be submitted to the Agency for approval once the affordable units are initially occupied. Forms are available from SHRA.

Provision of Services

The Responsible Entity and the Service Provider are required to begin providing service hours beginning with initial occupancy.

Monitoring

- a. The Owner is required to send written reports to SHRA on each January 5, April 5, July 5, and October 5 commencing on the first reporting date after the quarter in which services begin. Forms are available from SHRA.
- b. The report shall include the following:
 - Resident Services Certification for the previous 3 months
 - Program Narrative
 - Expense reports may be requested by SHRA
- c. The Agency will review the quarterly reports and conduct a compliance review of the following:

- Compare the overall service hours that were scheduled to be provided to the service hours that were actually provided during the quarterly period.
 - Review the program narratives to determine if the appropriate services are being provided.
 - Review the attendance for the programs to determine if the residents are receptive to the content and delivery.
 - Conduct telephone surveys periodically to confirm program activity.
 - Review the regularity and consistency with which the programs are being conducted, including a review of the staff/independent contractor attendance.
- d. If the Owner proposes changes to the approved Resident Services Plan or Resident Services Schedule, the following procedure will be followed:
- The Owner will send SHRA a written request for a change of programs. The request must include the reason for replacing the existing program, a description of the proposed new program, a description of the resident population to be served, and an estimate of the number of residents to be served.
 - SHRA will review the proposal and if necessary meet with the Service Provider. If approved, SHRA will send the Owner a letter verifying the change.
 - The Owner will then forward SHRA a revised Resident Services Plan(s) and a revised Resident Services Schedule.
- e. SHRA staff will review the Resident Services program during the project's annual on-site monitoring review.

Affirmative Marketing Policies for SHRA-funded Residential Properties

Introduction

Federal law requires that all recipients of federal funds for housing construction, redevelopment, and rehabilitation comply with affirmative marketing requirements.¹ Developers receiving funds from SHRA, whether federal or local/bond funds, must adopt affirmative marketing practices.

The purpose of an **affirmative marketing plan**, is to establish a marketing strategy to attract income-eligible prospects and demographic groups who might not normally seek housing in their project. Affirmative marketing does not limit choices; choices are expanded to include those that might not otherwise apply or be considered because of past discrimination in housing choice.

This document provides direction for affirmative marketing—a developer’s “tool kit for affirmative marketing”—based on industry best practices.

Developer Affirmative Marketing Tool Kit

1. Identify and Review Target Populations for Marketing

The first step in developing an affirmative marketing plan is to identify income-eligible target populations—i.e., those who would qualify for tenancy based on household income. Where there are differences between the income-eligible population groups and typical applicants, developers should identify these segments as those least likely to apply for housing without affirmative marketing efforts.

At a minimum, developers should analyze data to determine differences in the demographics of the neighborhood in which the development is being built and demographics of the region to ensure that marketing is inclusive of all potential applicants. This section details how to obtain data to conduct that analysis.

¹ 24 CFR § 92.351: <https://www.law.cornell.edu/cfr/text/24/92.351>

The Fair Housing Act: <https://www.justice.gov/crt/fair-housing-act-2>

Executive Order 11063: <https://www.archives.gov/federal-register/codification/executive-order/11063.html>

Section 504 of the Rehabilitation Act of 1973: <https://www.dol.gov/oasam/regs/statutes/sec504.htm>

1.a. Identify neighborhood population characteristics

Search www.census.gov/programs-survey/acs for the table number shown below to pull demographic data for the Census tract in which the property is located. If needed, the Census tract can be determined through an internet search of the property address. Comparative regional data can typically be found in an Analysis of Impediments to Fair Housing Choice report (see 1b).

Population Characteristics	ACS/Census Data Table Number	Geography typically available and used for analysis
Race	B02001	Census Tract
Hispanic/Latino	B03002	Census Tract
Disability population	S1810	Census tract

Review the differences in demographics—race, ethnicity, disability status—of the neighborhood where the property is located and the region overall. Are there meaningful differences? A meaningful difference is typically defined as a +/- 10 percentage point difference in urban/suburban areas. If there are meaningful differences, this suggests that regional populations should receive affirmative marketing outreach.

For example, if the neighborhood is 10 percent Hispanic/Latino and the region is 30 percent Hispanic/Latino, affirmative marketing could include ads with Hispanic/Latino models, a booth at Cinco de Mayo festivals, and direct outreach to Hispanic/Latino Churches.

1.b. Review the most recently available studies of barriers to housing choice, such as the Regional Analysis of Impediments to Fair Housing Choice or Assessment of Fair Housing component of the Housing Element, and Disproportionate Needs data in Consolidated Plans to:

- 1) Identify characteristics of households with disproportionate housing needs;
- 2) Identify characteristics of households who have experienced involuntary displacement; and
- 3) Identify populations for affirmative marketing of homeownership products.

1.c. Based on your analysis in parts 1.a. and 1.b. document your planned outreach and complete the Affirmative Marketing Plan questionnaire, which is attached to this policy.

2. Develop marketing strategies and materials.

2.a. Develop affirmative marketing ads and messaging.

Like traditional marketing for leasing or home sales, affirmative marketing messaging should attract members of the target population to the property. Marketing messaging should include the following principles:

The advertising should convey an easily understood message that the target groups are welcome in the area in which the proposed project is located. When reviewing the messaging, ask: “Does this ad suggest that the development will be restricted to persons of a particular race, color, creed, sex, religious affiliation or national origin, or that families with children and persons with disabilities would feel unwelcome?”;

Use both majority and minority models in pictorial advertising. Advertising should avoid overly gender-stereotyped roles;

The advertising may feature units that have been made accessible to individuals with disabilities or use other methods to convey the message that individuals with disabilities can fully enjoy the project’s services and facilities on the same basis as individuals without disabilities, and that reasonable accommodations can be made;

Languages other than English should be used as deemed necessary (based on the target population analysis) to effectively communicate with target populations with Limited English Proficiency; and

The Equal Housing Opportunity Logo should be displayed on all advertising materials.

2.b. Conduct affirmative marketing advertising and outreach through community organizations, service providers, and faith-based organizations serving target populations.

Develop a list of community papers, news outlets (e.g., Spanish radio programs, minority-owned media), and trusted community organizations, including faith communities, that reach the target populations identified above. Best practices for outreach include:

Advertising on community organization websites, social media pages, newsletters, worship service bulletins or other communications sent from the organization to the community;

Posting flyers, applications, or other visual materials in organization or service provider waiting rooms, community boards, etc;

Participating in or advertising on podcasts, facetime interviews, or other community conversations;

Advertising or sponsoring events likely to attract high proportion of target population residents;

Hosting lease up or sales events at community locations or during community events; and

Asking community organizations for their advice on how best to let their consumers know about the housing opportunity and following that advice.

Ideas for types of organizations to contact to reach target populations:

Organizations serving low income families and individuals (e.g., Boys & Girls Clubs, elementary schools with a high proportion of Free/Reduced Lunch children attending the school, public recreation centers and libraries in low income or racially or ethnically concentrated neighborhoods, before and after school programs, HeadStart childcare providers);

Organizations serving people with disabilities (e.g., Resources for Independent Living, Alta California Regional Center, Disability Rights California, ARC, Society for the Blind, California Association for the Deaf, etc.);

Places of worship whose congregations/members are members of target populations (e.g., services held in languages other than English, located in a racially or ethnically concentrated neighborhood);

Organizations serving refugees and immigrants; and

Cultural organizations and celebratory cultural events (e.g., cultural community resource centers, international festivals, Juneteenth and Cinco de Mayo celebrations, Native American events, Chinese New Year celebrations).

2.c. Complete the Affirmative Marketing Plan, which contains a sample Outreach tool.

2.d. Evaluate barriers to submitting applications.

After you have identified the geographic areas from which target populations will be drawn, conduct an internal assessment of how well your application-acceptance policies will accommodate their needs. Advertisements must indicate a specific time-frame for which applications will be accepted, the date of when the lottery will be conducted, the total number of applications that will be selected for processing and the prospective waitlist from the applicants not selected for processing.

2.e. Conduct a lottery to process applications (Approximately 90 days prior to obtaining Certificate of Occupancy (CO)).

An online and paper lottery process must be used to accept applications. Applications cannot be accepted in a “first come first serve” method. The purpose of a lottery is to ensure that applicants who have inflexible work schedules, need to balance family/caregiver obligations, or who have a disability that inhibits full mobility are not unfairly treated in the process.

Notify applicants of selection process and waitlist position in writing.

The lottery selection process can be developed using free tools online.

Exceptions to the lottery include: special needs housing where referrals are from a social service provider or Coordinated Entry System and developments with three units and fewer.

3. Timing of affirmative marketing activities.

A minimum marketing period of 120 days is required. A sample, ideal timeframe for marketing activities could include:

During construction. Conduct the analysis (item 1.) to identify target populations for affirmative marketing.

150 days before expected certificate of occupancy (CO). Contact the community contacts and organizations identified as resources for attracting persons who are “least likely to apply” for the housing. Inform them of the date that applications will be accepted and how to submit an application along with the date the lottery will be conducted.

120 days before expected certificate of occupancy (CO). Begin collecting completed application.

90 days before expected certificate of occupancy (CO). Conduct the lottery and notify successful applicants and complete certification process within 2 weeks of notification.

Beyond lease up. Affirmative marketing must continue after initial lease up or sales are complete and must be paired with all mainstream (non-targeted) marketing efforts. For example, if the property is regularly advertised in mainstream publications it must also be regularly promoted using Affirmative Marketing methods and messaging. For single-family homeownership dwellings, the plan remains in effect until all the dwelling units are sold. Target population analysis must be re-examined every five years.

4. Assess appropriateness of the Affirmative Marketing.

Annually, review the demographics of tenants or unit owners. If one or more target groups are not represented, adjust the affirmative marketing plan to make the affirmative marketing efforts more effective. Refine Column 3 of the Affirmative Marketing Outreach Table upon completion of lease up and once per year for existing properties.

5. Maintain Appropriate File Documentation

Maintain an “affirmative marketing file” for each development with :

- Copies of advertisements, social media posts, letters to community contacts;
- Photographs of project signs (e.g., promoting people experiencing living in the property);
- A copy of instructions used to train sales/rental staff on Fair Housing laws;
- Analysis of the effectiveness of affirmative marketing practices.

Reporting affirmative marketing efforts.

Developers will report their procedures to SHRA using SHRA-provided forms. All owners or developers must complete and submit an Affirmative Marketing Compliance form to SHRA. The “Affirmative Marketing Plan” form is to be completed prior to construction. The “Affirmative Marketing Compliance” form is to be submitted annually thereafter.

Ongoing. Monitor your applicant pool against the eligible applicants identified in the initial formation of your affirmative marketing plan. Adjust the plan as needed to better attract eligible applicants missing from the applicant pool. Complete the Affirmative Marketing Compliance Questionnaire annually.

EXHIBIT 6
COMPLIANCE VIOLATIONS AND ACTIONS
(All payments due and payable within 30-days of assessment)

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

HUD Property Standards Violations		
Compliance Violation	Fees and Actions*	Corrective Time Period
Verifiable existence of Toxic Mold	\$200 per unit. Additional \$75 per day charge each time efforts fall outside of corrective timeframes. Correction: Prepare and submit action plan	3-days from discovery date to submit action plan to address. 10-days to relocate tenant if necessary. 30-days to obtain certification that unit is mold free. \$75 per day additional charge each time efforts fall outside

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

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

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

SHRA's Guidelines for Preparation of Relocation Plans for Multifamily Developers Using SHRA Financial Assistance

Created under a Joint Powers Agency agreement on April 20, 1982 by the Sacramento City Council and Sacramento County Board of Supervisors, the Sacramento Housing and Redevelopment Agency (SHRA) brings together financial resources and staff expertise to revitalize lower income communities, create affordable housing opportunities, and serve our public housing residents.

As an agency that provides direct support and assists with financing from local, state, and federal sources, many projects that SHRA oversees, partners in, and/or funds may require temporary relocation or the permanent displacement of residential and commercial occupants, as well as personal property. Depending on the source of funds, such a project may be required to provide relocation planning and assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, or the California Government Code 7260 (California Relocation Assistance Law), and Title 25 of the California Code of Regulations, Chapter 6, Article 1, Section 6000 et seq. (California Relocation Assistance Guidelines). Additional programmatic requirements may also apply due to the type of federal and state funding utilized in the project. Additionally, SHRA has its own guidelines and requirements for projects that cause temporary relocation or permanent displacement.

SHRA has developed these Guidelines for the Preparation of Relocation Plans for Projects Using SHRA or Other Public Financing (Guidelines). These Guidelines are to assist applicants for certain financing, developers utilizing certain financing, and SHRA development partners to develop the appropriate relocation plan for their project in accordance with applicable relocation regulations and SHRA policy.

These guidelines describe the subject matter and content that should be part of a relocation plan as required under these Guidelines.

Sources of Funds That Trigger Federal Relocation Requirements

The following sources of funds trigger requirements under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

- HOME
- Community Development Block Grant (CDBG)
- Housing Opportunities for Persons With AIDS (HOPWA)
- Project Based Voucher Program
- Rental Assistance Demonstration Program

Note there may be additional sources not listed here. It is incumbent upon the applicant and the reviewer of the submitted relocation plan to determine if the proposed sources may trigger requirements under the URA.

Sources of State and Local Funds That Trigger California Relocation Requirements

The following sources of funds trigger requirements under the California Government Code 7260 (California Relocation Assistance Law), and Title 25 of the California Code of Regulations, Chapter 6, Article 1, Section 6000 et seq. (California Relocation Assistance Guidelines).

- SHRA program funds
- State of California Housing and Community Development Department (HCD) funding programs
- Other funds from the County of Sacramento

Note there may be additional sources not listed here. It is incumbent upon the applicant and the reviewer of the submitted relocation plan to determine if proposed sources may trigger requirements under California law and guidelines for relocation.

Types of Projects Requiring a Relocation Plan for Review by SHRA

The following types of projects shall require that a relocation plan is prepared and submitted in accordance with these Guidelines:

1. Projects that apply for “gap” financing from SHRA and will cause the temporary relocation or permanent displacement of residential tenants or owner occupants.
2. Projects that plan or have a commitment to utilize a state or federal funding source described above and will cause the temporary relocation or permanent displacement of residential tenants or owner occupants. As stated above, additional sources other than those provided may require a plan.
3. Occupied properties that plan or have a commitment to utilize Low Income Housing Tax Credits and Tax Exempt Bonds. This includes in-place rehabilitation projects.
4. Projects that will receive other forms of support from SHRA or other public agencies, including development on or the redevelopment of an agency-owned property, or property being sold or leased to a developer, and will cause the temporary relocation or permanent displacement of residential tenant or owner occupants.

Project Not Requiring a Relocation Plan

Projects that may cause the temporary or permanent relocation of five or less non-residential occupants and do not utilize federal funds do not require a relocation plan. However, should a project cause displacement of non-residential uses that significantly impact a neighborhood or project area, SHRA, at its discretion, may require a relocation plan. Non-residential uses include, but are not limited to, grocery stores/markets, community facilities, and medical-related uses.

Minimum Content Requirements for Relocation Plans

Appendix A displays the minimum requirements under federal and state regulations, and SHRA guidelines for relocation plans.

SHRA Specific Requirements for Approval

In addition to what may be applicable under federal or state regulations as shown in Appendix A, SHRA has the following specific requirements for approval of relocation plans:

- Plans shall be completed and carried out by a qualified third party in accordance with all state and/or federal relocation requirements associated with the funding source, unless an in-house relocation expert is approved by SHRA.
- Moving expenses for self-moves shall be calculated according to the Federal Highways Administration Federal Fixed Move Payment standard for moving allowances (typically updated every three years) based on the number of moveable rooms.
- SHRA does not permit keeping income-restricted units vacant to accommodate on-site relocation at any time prior to closing and commencement of construction.
- Relocation budget, including budget breakdown, must be included as part of the relocation plan.
- SHRA prefers projects where less than 20 percent of residents will be permanently relocated (except in instances of overcrowding).
- Proper notification of residents is the responsibility of the applicant and will be coordinated and approved by SHRA's qualified reviewer. SHRA will monitor the project for compliance with relocation requirements.
- Implementation of relocation plans shall be overseen by a professional relocation specialist as approved by SHRA. Exceptions may be granted at SHRA's discretion.
- A copy of the draft plan shall be submitted to SHRA for review and comment prior to release to tenants. Following review by SHRA, notice of the availability of the plan shall be given to all households. Any comments received by tenants shall be included as an addendum to the plan.
- Voluntary Acquisition Notice - For any acquisition/rehabilitation project which may trigger relocation,, the applicant shall provide a copy of the Voluntary Acquisition Notice to the owner/seller included in Exhibit 11 and follow the guidelines related to the notice included in section 4.11.
-

Process for Approval

Once SHRA has received a plan, SHRA shall assign its review to a qualified reviewer. The reviewer shall review the plan against these guidelines and issue an approval letter or a corrective action memo. The reviewer's checklist shall be included with the reviewer's approval or corrective action letter.

Appeal of Approval

Should the preparer of the plan feel the reviewer is in error based on the corrective actions provided, they shall provide SHRA with a written request for a review, including an outline of concerns, within five business days. The reviewer shall then have five business days after the review to respond to the points discussed.

APPENDIX A: RELOCATION PLAN REQUIREMENTS

Content Requirement	Federally Funded Project (URA)	State or Locally Funded (California)	SHRA Requireme nt
Description of Entity Sponsoring and/or Developing Project			X
Description of Project		X	X
Scope of the Rehabilitation (Where Applicable)		X	X
Location of Project Including Maps/Diagrams		X	X
Description of the Surrounding Neighborhood of Project Site		X	X
Description of Third Party Preparing the Plan			X
Description of How the Plan is Consistent With the Local Housing Element if Prepared by a Public Entity		X	X
Specific Sources of Funding Including Name of Funding Agency and Program			X
Anticipated Dates of Funding Applications and Award of Funds			X
Identification of Applicable Laws and Regulations Pertaining to Relocation for Funding Sources			X
Declaration of Compliance With Civil Rights and Fair Housing Laws and Requirements			X
Description of the Impacted Property Including Address, APN, Type, Units and Age		X	X
Description of Impacted Persons:	X	X	X
Number of Households or Businesses	X	X	X
Number of Persons or Employees	X	X	X
Age of Residential Occupants	X	X	X
Race/Ethnicity of Residential Occupants	X	X	X
Disabilities Present	X	X	X
Languages Spoken	X	X	X
Special Needs of the Population	X	X	X
Identification of Impacts to Seniors, Children, and Large Families	X	X	X
Estimate of the Dwelling Units or Commercial Spaces Impacted	X	X	X

Current Rents of Units	x	x	x
Rents Post-Rehabilitation (Where Applicable)	x	x	x
Rental Subsidies Applicable to Minimize Housing Cost Increases		x	x
Availability, Number of Units, and Rental Rates of Comparable Permanent Replacement Housing Resources, or Temporary Housing	x	x	x
Anticipated Economic Displacements for Rehabilitation Projects			x
Description of Any Phasing Plans		x	x
Description of Resident Outreach and Engagement Process Used in Developing the Plan and Relocation Program		x	x
Description of Any Alternative To Be Used to Minimize Off-Site Relocations		x	x
Description of the Relocation Advisory Services Provided Including the Required Forms and Notices to Be Used		x	x
Description of Housing and Moving Options Available		x	x
Description of Transportation, Meal, Per Diem, and Other Special Services and Payments		x	x
Identification of Relocation Staff Who Will Implement the Plan Including Their Roles and Responsibilities and Office Location		x	x
Process for Public Review (Permanent Displacement Only)		x	x
Identification of Source of Payment for Relocation Costs	x		
Grievance/Appeals Procedures		x	x
Schedule for Implementation		x	x
Budget/Cost Estimate for Relocation Assistance		x	x
Comments from Relocation Committee (If Any) (Permanent Displacement Only)		x	x
Comments from Public During Comment Period (If Any) (Permanent Displacement Only)			

**SELECTION OF BOND COUNSEL AND BOND
UNDERWRITER/REMARKETER**

Selection of Bond Counsel: A bond counsel firm and two alternate firms will be named periodically at the discretion of Sacramento Housing and Redevelopment Agency to serve as participants on bond issuances, bond refundings (reissuances) or bond restructurings. The selection will be made by a committee consisting of representatives from the City, County, and Agency after a Request for Qualifications from interested parties. The committee will select three firms, one of which is designated the bond counsel and two of which are the alternates.

Bond counsel will prepare the necessary legal documentation for the bond issuance including provisions regarding compliance with continuing disclosure requirements, provide an opinion regarding the validity of the bonds and their tax exemption, and provide legal advice on all relevant issues to best protect the interests of the City and County, Housing Authorities, and Sacramento Housing and Redevelopment Agency.

The bond counsel specifically represents the interests and concerns of the City, County, Housing Authorities, Redevelopment Agencies, and Sacramento Housing and Redevelopment Agency in ensuring the integrity of the bond transaction. The project sponsor may, at its own expense, add additional members to its financing team to represent its interests.

Selection of Bond Underwriter: When required for the transaction, a bond underwriter/remarketing agent is to be proposed by the developer, subject to review and approval by SHRA. The underwriter is to be a nationally recognized firm experienced in underwriting mortgage revenue bond issuances. Approval criteria will include the experience of the firm and staff, cost of services, underwriting abilities, financial qualifications and abilities, and the location of the firm.

The bond underwriter/remarketing agent specifically represents the interests and concerns of the City, County, Housing Authorities, Redevelopment Agencies, and Sacramento Housing and Redevelopment Agency. The project sponsor may, at its own expense, add additional members to the finance team to represent its interests.

PRE-APPLICATION REQUIREMENTS

Following a meeting with SHRA to introduce a project, an applicant may submit a Pre-Application for multifamily financing. The Pre-Application is expected to include the items below:

1. Name and location of proposed project
2. Name of the applicant and development team
3. Amount of SHRA loan funds requested
4. If no previous experience with SHRA, a Tax Credit Allocation Committee "Previous Participation Certificate"
5. Type of construction: new construction or rehabilitation
6. Number of units and their size (# of bedrooms)
7. Affordability levels of the units
8. Timeline for financing and construction
9. Status of site control
10. Preliminary project budget and total development cost
11. Sources and uses of funds, including construction, bridge and permanent financing
12. Cash flow pro forma including all debt service obligations for the term of the longest proposed loan
13. Other items as may be requested by SHRA for particular projects

**FULL APPLICATION REQUIREMENTS
SHRA Multifamily Lending Program (11+ units)**

The applicant for multifamily financing from the Sacramento Housing and Redevelopment Agency (SHRA) is expected to complete and submit all of the items described below. Developers are required to submit one complete hard copy of the required items, with the exception of tax returns, as well as an electronic version of the materials.

Only complete applications will be analyzed and considered for funding. SHRA shall review applications for completeness and allow the applicant 10 days to provide missing items. If all required items are not provided within this time period, the application shall be considered incomplete and will be returned to the applicant. SHRA will not continue to process the application and the applicant will be encouraged to reapply for the following funding round.

1. Project Narrative/Summary

The project narrative should provide a brief summary of the project, and should include, but not be limited to, the following:

- Name and location of proposed project
- Name of the applicant and development team
- Type of construction: new construction or rehabilitation
- Number of units and their size (# of bedrooms, # of bathrooms, and unit square footage)
- Affordability levels of the units
- Amenities and services offered at the complex
- Exceptional circumstances affecting the project's development, site, or funding

2. Contact List

Contact information for the following parties should be provided, including the contact person, name of the firm, address, phone number, fax number, and e-mail:

- Applicant
- Developer
- Architect
- General contractor
- Legal counsel
- Financial institution(s)
- Property management firm
- Consultant(s)

3. Applicant Information (Borrower)

Detailed information should be provided for the applicant, including:

- The Principal(s), Executive Director, or President of the firm
- Project manager, if different from above
- Legal status of ownership entity: existing or date to be formed; federal ID number
- Organizational documents of the ownership entity.
- Description of ownership entity including an organizational chart that includes the percentage ownership interest of each party in the borrower. Report whether the borrower or any limited or general partner is a nonprofit organization
 - If borrower is a partnership, list the names, addresses and telephone numbers of all general and limited partners, and describe the interest(s) of each partner
 - If borrower is a corporation, list all shareholders owning more than 20 percent of the outstanding stock

- Federal business tax returns for the last three years for all ownership interests listed above with more than a 20 percent interest, including the general partner and/or sponsor. *Digital submission only. No hard copies.*
- Financial statements are not required with initial submission unless otherwise requested; however, they may be requested at a later date.

4. Development Team

A resume from each member of the development team should be included which demonstrates their qualifications to develop, own, and/or operate the proposed project, and should include specifically the qualifications listed below:

- Developer/general partner and co-developer/co-general partner, if applicable
 - Provide an organizational chart
 - List properties currently owned or managed with government financial assistance identified, and the type (i.e. TCAC, HCD, etc.), and whether the property is subject to a recorded regulatory agreement. Include role in project, year acquired, total number of projects, total number of units and total number of affordable units.
 - List properties owned or managed that defaulted or were foreclosed upon during the ownership or management period
 - Qualifications of key staff persons
 - DUNS Number
 - Execution of Authorization to Release Information form (attached)
 - Execution of Qualifications Disclosure form (attached)
- Architect
 - List projects within the last five years of a similar type and level of complexity
- Attorney
 - Describe experience in real estate and public financing
- Underwriter/Financial Consultant
 - Describe experience of firm and project lead
- Property management firm
 - List properties currently managed by name, address, and contact information. Indicate whether the property received or receives government financial assistance, and the type (TCAC, CDLAC, HCD, etc.), and whether the property is subject to a recorded regulatory agreement. Include total number of projects, total number of units and total number of affordable units.
 - List properties under management that defaulted or were foreclosed upon during the management period
 - Qualifications of key staff persons
- General contractor
 - If GC has been selected, list three similar projects and experience in the proposed project's type of construction.
 - If GC has not been selected, provide construction cost estimate methodology, and the resumes of, at least, three GC's under consideration and their experience with the proposed construction type.
- Other consultants
 - Description of qualifications

5. Site Information

- Site Data form (attached)
- Evidence of site control
- Preliminary title report, not more than 90 days old
- Flood plain status, including back-up documentation
- Evidence of land use entitlements, or status of City/County application (include design review status)
- Map showing project location

6. Rehabilitation Projects Only

- Description of current buildings, including matrix of unit types

- Relocation plan and budget completed by qualified a third party consultant (SHRA Relocation Plan Requirements attached)
- Pest report

7. Development Plan

- Description of proposed construction and design
- Complete scope of work with budget for each item (complete SHRA narrative scope template and Developer Submission worksheet available online)
- Site plan, including number and location of all buildings and number of parking spaces (covered and uncovered), with resident services community space identified and square footage provided, and amenities
- Unit floor plans, including gross and net square footage of each unit type
- Building renderings
- Design and architectural features of the buildings
- Landscape plan including narrative
- Evidence of compliance with sustainability standards (See Section 4.19)

8. Third Party Reports

- Appraisal
- Rent comparability study
- Rehabilitation assessment (i.e., Physical Needs Assessment)
- Phase I environmental assessment (and Phase II, if required)
- Lead-based paint assessment (for projects built prior to 1979)
- Asbestos assessment (if indicated by Phase 1 or if project built prior to 1979)
- Soils report (New construction only)
- Utility allowance analysis – (Section 7.4 of Multifamily Lending Policies). Most projects will be required to submit a HUSM conducted by a qualified energy analyst. Some project may be eligible to submit the Housing Authority utility allowance based on project and utility type. Contact the SHRA Program Manager if you are unclear.

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9. Project Financing

- Narrative description of financing arrangements
- Sources and uses of funds, including construction, and permanent financing
- Evidence of commitment, or commitment status of proposed financing
- For acquisition/rehabilitation projects using acquisition tax credits, evidence of satisfaction of TCAC's ten-year hold requirements
- Evidence of tenant-based or project-based assistance, such as rent or operating subsidies, if applicable. If proposing to request project-based assistance, be sure to include that information and timeline.
- Schedule of proposed rents by unit type
- Itemized and detailed operating expenses
- Itemized and detailed total development budget
- Cash flow proforma including all debt service obligations for the term of the longest proposed loan
- TCAC credit calculation

10. Property Management

Proposed Management Company

- a. Organization Chart of Company
- b. Organization Chart of staff related to the property including Supervising and On-Site staff
- c. Compliance staffing, policies and procedure
- d. Description of duties by position

- e. Salaries and annual budget
- f. List of currently managed Affordable Multifamily Housing projects with the Project name, location, assisted units, market units and funding programs
- g. Tax ID Number

Proposed Management Plan

- a. Affirmative Marketing Plan (SHRA-required format)
 - 1. Identification of demographic groups
 - 2. Strategy for outreach
 - 3. Equal Housing Logo
- b. Affordable Unit Schedule
- c. Tenant Selection Criteria and eligibility forms
- d. Tenant Application and Waiting List procedure
- e. Rent Collection, Inspection Schedule and Work Order Procedures
- f. Tenant Lease and all lease addenda
- g. House Rules and Crime Free Policy
- h. Visitation and Guest Policy
- i. VAWA and Smoke Free Policy
- j. Procedures for Appeal and Grievance

Agency Required Forms

- a. Application Screening Questionnaire (include screening company overview and contracted services)
- b. Affirmative Marketing Questionnaire
- c. Security Questionnaire

11. Resident Services

Proposed Resident Service Provider

- a. Mission Statement
- b. Organization Chart of Company
- c. Contractual Agreement or Memorandum of Understanding
- d. Number of Staff and Qualifications
- e. Description of Duties
- f. Salaries and annual budget
- g. Program Descriptions
- h. Needs Assessment Procedure or Questionnaire
- i. Portfolio of Current Projects

Additional Requirements for Special Needs and Permanent Supportive Housing

- a. Description of the Population and Service Needs
- b. Services to be provided
 - i. Name of Agencies
 - ii. List of Services
 - iii. Providers experiences
- c. Description of the manner in which services will be provided
 - iv. How
 - v. When
 - vi. Where
- d. Annual Budget or Funding Sources

12. Voluntary Acquisition Notice

A copy of the Voluntary Acquisition Notice, sent either by certified mail or hand delivered and signed by the owner, must be submitted for all acquisition/rehabilitation projects.

13. SHRA Underwriting and Processing Fee

Applications must include a \$12,500 check made out to Sacramento Housing and Redevelopment Agency for SHRA Underwriting and Processing.

The following forms must be submitted with the application. Additional required forms are available on SHRA's website.

Authorization to Release Information

- A. I hereby authorize the Sacramento Housing and Redevelopment Agency (SHRA) to make written inquiry relating to any information necessary to determine my eligibility for financing assistance.
- B. Any information obtained by Sacramento Housing and Redevelopment Agency will be used solely for the purpose of assisting me in obtaining financing offered by SHRA.
- C. I understand that the information provided will be kept strictly confidential and that this authorization will be in effect for 12 months from the following date.

Date:

Signature of Applicant

Name of Applicant (Printed)

Social Security Number or TIN

Date of Birth

Residence Address:

Previous Residence Address:

Street

Street

City, State Zip

City, State Zip

Name of Business or Corporation

Business Address:

Street

City State Zip

Qualifications Disclosure

Please respond to each question. If a question does not apply to the discipline of the firm, insert "na". The firm may be requested to submit documentation to verify or explain its responses to these questions during the proposal review process. This form must be signed by an officer or principal of each firm that is part of the proposer's team.

The term "Affiliate" means a parent or subsidiary corporation and an organization (such as a partnership, limited liability company, or professional corporation) that is currently, or in the past five years has been, related to the Firm by means of either (a) financial support; (b) the same or substantially similar: general, managing or limited partners, members, investors, or shareholders; or (c) by other means of control. The term "Officer" means a member of the Firm's or an Affiliate's governing board. The term "Principal" encompasses all persons and entities with at least 10% ownership interest in the Firm or an Affiliate.

Operating and Financial Capacity – Current Status:	Yes	No
1. DOES THE FIRM POSSESS VALID AND CURRENT BUSINESS AND PROFESSIONAL LICENSES REQUIRED TO DEVELOP AND OPERATE THE PROJECT PROPOSED?		
2. DOES THE FIRM POSSESS A GENERAL LIABILITY INSURANCE POLICY WITH A MINIMUM POLICY LIMIT OF AT LEAST \$5 MILLION PER OCCURANCE AND WORKERS COMPENSATION INSURANCE COVERAGE AS REQUIRED BY CALIFORNIA LAW?		
3. CAN THE FIRM OBTAIN PERFORMANCE AND PAYMENT BONDS FROM AN ADMITTED SURETY EQUAL TO THE ESTIMATED PROJECT CONSTRUCTION COST?		
4. DOES THE FIRM HAVE RETAINED EARNINGS OR DOES ONE OF ITS PRINCIPALS HAVE A NET WORTH EQUAL TO AT LEAST 10% OF THE ESTIMATED TOTAL PROJECT COST?		
Background Information – Within the Last 10 Years:	Yes	No
LITIGATION		
5. HAS THE FIRM, AFFILIATE, OR ANY OFFICER OR PRINCIPAL BEEN INVESTIGATED, ARRESTED, CONVICTED, FOUND LIABLE, ENTERED INTO A SETTLEMENT AGREEMENT, OR PAID A PENALTY FOR FRAUD, PERJURY, FORGERY, THEFT, EMBEZZLEMENT, FALSE CLAIMS, MATERIAL MISREPRESENTATION, OR ANY SIMILAR CRIME OR CIVIL ACTION?		
6. IS THE FIRM OR AFFILIATE CURRENTLY A PARTY TO ANY CIVIL ACTION, THE OUTCOME OF WHICH COULD MATERIALLY AND ADVERSELY AFFECT ITS FINANCIAL CONDITION?		
PENALTIES AND CITATIONS		
7. HAS THE FIRM OR AFFILIATE BEEN DEBARRED, SUSPENDED, OR OTHERWISE BEEN DEEMED INELIGIBLE TO BID ON CONTRACTS BY ANY LOCAL, STATE OR FEDERAL AGENCY?		
8. HAS THE CONTRACTORS LICENSE BOARD ISSUED A FINAL DECISION OR ORDER AGAINST THE FIRM OR AFFILIATE RELATED TO A CITATION OR DISCIPLINARY ACTION?		
9. HAS THE DEPT OF INDUSTRIAL RELATIONS (DIR) FOUND THAT THE FIRM OR AFFILIATE VIOLATED ANY PROVISION OF THE LABOR CODE, A DIR REGULATION, OR A WAGE AND HOUR ORDER, OR ENTERED INTO A SETTLEMENT AGREEMENT RELATED TO SUCH VIOLATIONS?		
10. HAS CAL OSHA CITED AND ASSESSED PENALTIES AGAINST THE FIRM OR AFFILIATE FOR ANY SERIOUS, WILFUL OR REPEAT VIOLATIONS OF HEALTH AND SAFETY STANDARDS?		
11. HAS THE FIRM OR AFFILIATE BEEN ISSUED A CODE ENFORCEMENT CITATION RELATED TO ANY BUILDING OWNED OR OPERATED BY THE FIRM OR AFFILIATE FOR VIOLATION OF HEALTH AND SAFETY REGULATIONS OR BUILDING CODES?		
FINANCIAL		

12. HAS THE FIRM OR AFFILIATE FILED FOR, OR BEEN THE SUBJECT OF THE INVOLUNTARY INITIATION OF, BANKRUPTCY, REORGANIZATION, INSOLVENCY, DISSOLUTION OR RECEIVERSHIP PROTECTION?		
13. HAS THE FIRM OR AFFILIATE DEFAULTED ON ANY LOAN OR HAS ANY PROPERTY OWNED BY THE FIRM OR AFFILIATE BEEN FORECLOSED AGAINST?		
14. HAS A SURETY COMPLETED A CONTRACT OR MADE PAYMENT ON BEHALF OF THE FIRM OR AFFILIATE DUE ITS DEFAULT OF A CONTRACTUAL OBLIGATION?		

FIRM AND AFFILIATE INFORMATION

Please provide the following information:

1. Firm Organization status:

☐ CA Corporation ☐ _____ Corporation ☐ Professional Corporation
☐ General Partnership ☐ Limited Partnership ☐ Limited Liability Company ☐ Sole Proprietor

2. How many years has the Firm been in business? _____ Years

3. Firm Contractor's License No. (if applicable): _____

4. Is the Firm a subsidiary, parent, holding company or Affiliate (as defined above) of another firm?

_____ Yes _____ No

If Yes, please list below the names and relationship of each Affiliate firm:

5. Has the ownership of any of the Principals in the Firm changed by more than 25% during the last three years? _____ Yes _____ No

If Yes, please provide a brief explanation below or in an attachment:

6. Does the Firm or an Affiliate currently own any property in Sacramento County, other than its business office location(s) or the personal residences of Officers or Principals of the Firm or Affiliate? _____ Yes _____ No

If Yes, please list the addresses below or in an attachment:

I hereby certify that the foregoing responses are true and correct:

Signature

Date

Name and Title

Phone Number

Firm Name

Address

Site Data

Project Name: _____

Project Address: _____

APN's: _____

Zoning: _____

Census Tract: _____

Site Acreage: _____

CA Sen. & Assembly # _____

Congressional Dist # _____

Number of Buildings: _____

Square Footage of Buildings: _____

Number of Parking Spaces: _____

Amenities (current): _____

Amenities (proposed): _____

SURROUNDING LAND USES:

North: _____

South: _____

East: _____

West: _____

INDICATE THE LOCATION OF THE FOLLOWING TO THE SITE:

	Name	Distance from site	Street Location
Public Transportation:			
Elementary School:			
Intermediate School:			
High School:			
Park:			
Day Care:			
Neighborhood Mkt 5k sq. ft. or greater			
Supermarket 24k sq. ft. or greater			
Medical Clinic or Public Hospital			
Pharmacy			

ADDITIONAL INFORMATION REGARDING SITE OR NEIGHBORHOOD:

Exhibit 11 – Sample Voluntary Acquisition Notice

GUIDEFORM
- **VOLUNTARY ACQUISITION** –
- Informational Notice -
(Agencies Without Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear _____:

(Name of Agency/Person)_____, is interested in acquiring property you own at (address)_____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD).

Please be advised that (Name of Agency/Person)_____ does not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of your property, we will not pursue this proposed acquisition.

We are prepared to offer you (\$)_____ to purchase your property. We believe this amount represents the current market value of your property. Please contact us at your convenience if you are interested in selling your property.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

If you have any questions about this notice or the proposed project, please contact (name)_____, (title)_____, (address)_____, (phone)_____.

Sincerely,

(name and title)_____

