RESOLUTION 2023-0251

Adopted by the Sacramento City Council

July 25, 2023

Donner Field Senior Housing Project: Approval of Conditional Loan Commitment (Commitment); Authorization to Execute Loan Commitment and Related Documents with Donner Field Senior, L.P., (Eden Housing) or Related Entity for the Project; Amend the Sacramento Housing and Redevelopment Agency Budget; Authorize Execution of an Agreement Between the City of Sacramento and the Sacramento Housing and Redevelopment Agency for Project Funds in the Amount of $1.25 Million; and Environmental Findings

BACKGROUND

A. The Housing Authority of the City of Sacramento issued a Request for Proposals in 2020 seeking an affordable housing developer interested in a Housing Authority owned property located at 4501 9th Avenue Blvd (APN 014-0223-004), known as the Donner Field Site. As a result of that process, Eden Housing (Developer) was selected to develop the site, which is proposed to include 67 units of housing affordable to seniors aged 55 and over earning 50 percent or less than the Area Median Income (AMI).

B. On October 22, 2022, per City Council Resolution No. 2022-0328, the Council allocated $1.25 million in Measure U and Oak Park Redevelopment Bond funds to provide the remaining funds needed for the Donner Field Senior Project. Staff is proposing to enter into one agreement between the City of Sacramento and SHRA to transfer the funds which will then be lent to the Developer in a second agreement between SHRA and the Developer.

C. In March 2023, the Developer submitted an application for $8,540,000 in City funding to assist with construction and permanent financing of the Donner Field Senior Project (Project) to the Sacramento Housing and Redevelopment Agency (SHRA). SHRA is proposing to utilize the following sources (Loan Commitment) for the Project: $290,000 in Seller Carry Back Financing, which is the subject of a separate Housing Authority Resolution, $6 million in Home Investment Partnerships (HOME) Program Funding, and $1 million Housing Opportunities for Persons with AIDs (HOPWA) funding, which is the subject of a separate Council Resolution.

D. The project has been found to be eligible for ministerial approval through SB35 and is therefore not subject to California Environmental Quality Act review.
E. The project has been reviewed pursuant to National Environmental Policy Act procedures at 24 California Code of Regulations Part 58, and the project was found to have no significant impact on the environment with mitigation measures incorporated.

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

SECTION 1.

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

SECTION 2.

The commitment of Measure U and Oak Park Redevelopment Bond Funds in the amount of $1.25 million for the Donner Field Senior Project is hereby approved.

SECTION 3.

The City Manager, or designee, and SHRA are authorized to negotiate, enter into, and execute funding agreements and related documents for the $1.25 million in Measure U and Redevelopment funds allocated to the Donner Field Senior Project and to execute other documents, as approved to form by the City Attorney or SHRA’s Office of the General Counsel, as the case may be, and perform other actions as the City Manager or SHRA, as the case may be, deems necessary to fulfill the intent of the Measure U and Redevelopment Funds, including without limitation, negotiation, amendment, subordination, regulatory agreement, financial restructuring, extensions, consistent with SHRA’s adopted policy, and with this resolution.

SECTION 4.

SHRA’s budget is hereby amended to allocate $1.25 million in Measure U and Redevelopment funds to the Donner Field Project. Funds will then be allocated to the Developer in the form of a loan for the Donner Field Senior Project.

SECTION 5.

The Loan Commitment letter, attached as Exhibit A and incorporated into this resolution by this reference, for the financing of the Donner Field Senior Housing Project is approved in the amount of $1.25 million in Oak Park Redevelopment Bond and Measure U funding for the construction and permanent financing of the Donner Field Senior Project.
SECTION 6.

SHRA is authorized to negotiate, enter into, execute, and amend the Loan Commitment and related documents with the Developer for the construction and permanent financing of the Donner Field Senior Project in the amount of $1.25 million as approved to form by its Office of the General Counsel and perform other actions deemed necessary by SHRA including without limitation, negotiation, amendment, subordination, regulatory agreement, financial restructuring, extensions, consistent with SHRA’s adopted policies, and with this resolution.

TABLE OF CONTENTS:
Exhibit A – Loan Commitment Letter

Adopted by the City of Sacramento City Council on July 25, 2023, by the following vote:

Ayes: Members Jennings, Kaplan, Maple, Loloee, Talamantes, Valenzuela, Vang, and Mayor Steinberg

Noes: None

Abstain: None

Absent: Member Guerra

Attest: Mindy Cuppy, City Clerk

08/10/2023

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

Resolution 2023-0251  July 25, 2023  Page 3 of 23
Effective Date: July 25, 2023

Donner Field Senior, L.P.
Andrea Osgood, Chief Real Estate Officer
22645 Grand Street
Hayward, CA 94541

RE: Conditional Loan Commitment for Donner Field Senior Apartments – City Funds

Dear Ms. Osgood:

On behalf of the Sacramento Housing and Redevelopment Agency (SHRA) and the Housing Authority of the City of Sacramento (HACS) (collectively, Agency), we are pleased to advise you of this Conditional Loan Commitment (Commitment) of acquisition, construction and permanent loan funds (Loan) comprised of $1,250,000 in City of Sacramento funds ($692,000 in Oak Park Redevelopment Bond Funds and $558,000 in Measure U Funds) for the purpose of financing the acquisition, rehabilitation and development of that certain real property known as Donner Field Senior Apartments located at 4501 9th Avenue, Sacramento, California 95820 (Property). The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this Commitment is void. Agency's obligation to make the Loan is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

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

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

This Commitment will expire January 31, 2025, unless a mutually agreed upon extension is made.

1. PROJECT DESCRIPTION: Donner Field Senior Apartments is composed of two buildings – one U-shaped two-and three-story residential building and one single story community building buildings and includes a total of 24 tuck-under parking spaces and 67 units comprised of sixty-five 1-bedroom units and two 2-bedroom units. The Project will
contain amenities that include a community building, computer room, shared kitchen and multipurpose room, BBQ area, bocce ball court, and community garden.

2. **BORROWER:** The name of the Borrower for the Loan is Donner Field Senior, L.P., a California limited partnership with Eden Housing, Inc., or related entity as the lead development partner.

3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, permanent financing and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.

4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of the following:
   a. One Million Two Hundred Fifty Thousand Dollars and No Cents ($1,250,000.00),
   b. an amount to be determined prior to close of the Loan based on a project budget approved by Agency.

5. **TERM OF LOAN:** The Maturity Date of the Loan is 40 years or 480 months from the date of conversion to permanent financing, at which point any and all unpaid principal and interest on the loan will be due and payable.

6. **INTEREST RATE:** The Loan will bear simple interest at three percent (3%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.

7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be made according to the structured payment schedule contained in the final Loan Agreement and as calculated to achieve a minimum annual debt service coverage ratio of 1.2:1. Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. All outstanding principal and interest is due and payable on the Maturity Date.

8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City of Sacramento Measure U and Oak Park Redevelopment Bond funds. This Loan is conditioned upon Borrower’s acceptance of Agency’s requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

9. **Borrower acknowledges that, as a condition of the Agency’s making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.**
10. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.

11. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency’s lien securing loans from a conventional lender or other lender and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of the development of the Property. The Agency will not subordinate the regulatory agreement(s) to said deeds of trust in order to preserve the affordable housing covenants.

12. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee.

13. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than $25,000,000 in Low Income Housing Tax Credit Equity and no less than $900,000 in deferred developer fee. If LIHTC equity goes below $25,000,000 the equity must be offset by an increase in deferred developer fee or other non-Agency funding source.

14. **OTHER FINANCING**: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

   a. As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

   b. Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien.

   c. Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
d. Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

15. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.

16. **SOILS AND TOXIC REPORTS:** Borrower has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-21) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, provide assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.

17. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

18. **PLANS AND SPECIFICATION:** Final plans and specifications, if any, for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval of the project.

19. **ARCHITECTURAL AGREEMENT:** The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

20. **CONSTRUCTION CONTRACT:** The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by
Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.

21. **ECONOMIC OPPORTUNITY EMPLOYMENT REQUIREMENTS:** The Loan will require that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in and around the area of the project. Borrower will instruct its Contractor and its subcontractors to utilize lower income project area residents as employees to the greatest extent feasible.

22. **RETENTION AMOUNT:** The Agency shall retain ten percent (10.0%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.

23. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this Commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

24. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.

25. **OTHER LENDER DRAW:** “Other Lender Draw” means a draw request or other request for disbursement submitted to another lender for the Project. Borrower shall concurrently submit to Agency any Other Lender Draw. Delivery of such Other Lender Draw shall be made in the same manner as any other notice, except that it shall also be marked “OTHER LENDER DRAW REQUEST” and delivered to the person named in writing by Agency as the recipient of such requests or, in the absence thereof, to Agency’s Portfolio Management office. Borrower shall provide Agency with true, accurate and correct copies of each Other Lender Draw, if any, including without limitation all supporting information, documents, and other required submittals. Agency shall have the right to reject an Other Lender Draw,
for failing to comply with the Loan, for changing the Project in any material way, or for impairing the ability of Agency to enjoy the practical realization of its rights under the Loan and its related instruments. If Agency rejects an Other Lender Draw, Borrower shall withdraw the notice for such Other Lender Draw and shall not accept and shall return to Agency any disbursement on account of such Other Lender Draw.

26. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than twenty-four (24) months following the close of construction financing.

27. **SECURITY CAMERAS AND OUTSIDE LIGHTING:** Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, and security patrols, all as approved by the Agency.

28. **INSURANCE PROVIDER:** Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Agency's legal counsel.

29. **PROPERTY INSURANCE:** Borrower shall procure and maintain property insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than $25,000.00.

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

a. Commercial general liability insurance, in Insurance Services Office (ISO) policy form CG 00 01 or equivalent, with limits of liability not less than: $1,000,000 per occurrence, and $5,000,000 general aggregate, all per location of the project, such coverage to include contractual liability to include bodily injury, property damage and personal injury;

b. Personal injury insurance with the employment exclusion deleted, unless the Agency gives prior written approval for the employment exclusion to remain in the policy;

c. Commercial automobile liability insurance for any vehicle used for or in connection with the project, in an amount not less than $1,000,000 and approved in writing by Agency; and

Resolution 2023-0251

July 25, 2023
31. **TITLE COMPANY**: Borrower must procure a Title Company in the Sacramento region. Title Company is the insurer of title and the escrow holder. The Title Company is Placer Title Company – Sacramento Commercial Division located at 301 University Avenue, Suite 120, Sacramento, CA 95825.

32. **TITLE INSURANCE**: Borrower must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to ALTA endorsement nos. 9.6 and 9.7 (or CLTA endorsement nos. 100 and 116) and ALTA endorsement no. 25 (or CLTA endorsement no. 116) insuring Agency in an amount equal to the principal amount of the Loan and covenants, conditions or restrictions of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.

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

34. **FINANCIAL INFORMATION**: During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.

35. **MANAGEMENT AGREEMENT**: Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.

36. **AFFIRMATIVE FAIR MARKETING**: Borrower agrees to follow the Agency’s Affirmative Marketing Policies that require outreach to groups least likely to apply for the
housing based on local demographic information, providing sufficient marketing time prior
to lease Up (as defined in the Affirmative Marketing Policies), and lotteries or other method
for initial Lease Up and initial waiting list creation, as agreed upon by the Agency and
Borrower prior to the start of Lease Up.

37. **RESIDENT SERVICES AGREEMENT:** Prior to execution, Borrower must submit to
Agency any agreement providing for the resident services by a third party which agreement
is subject to Agency Approval. The agreement must include on-site resident services
according to the following minimum schedule of fifteen (15) hours per week:

   a. Coordinator: Four (4) hours per week (maximum)
   b. Additional Programming: Balance of minimum eleven (11) hours per week shall
      include, but are not limited to:
         i. Workforce development support and activities.
         ii. Education classes such as nutrition, exercise, health resources, health
             insurance application assistance, Annual onsite health fair and ESL classes.
         iii. Socialization activities such as bingo, gardening and community building
             events.
         iv. Other services such as transportation assistance, counseling assistance and
             employee readiness and job search assistance.

38. **LOW INCOME HOUSING TAX CREDITS (LIHTC):** Borrower represents that as a
condition of closing this Loan it is applying for an allocation of LIHTC’s and agrees to
perform all actions and to meet all requirements to maintain the LIHTC allocation if
granted.

39. **SMOKE-FREE ENVIRONMENT:** The project will be 100% non-smoking except for the
designated smoking area located next to the parking lot in the northeast corner of the site.

40. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms,
conditions and documents for the Loan, which shall also include customary provisions and
documents for an Agency transaction of this type. All documents to be delivered to or
approved by Agency must be satisfactory to Agency in all respects. Borrower must
promptly deliver to Agency any further documentation that may be required by Agency.

41. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this Commitment,
Borrower shall assure that the loan documents for the Project are consistent with lender's
commitment approved by the Agency and comply, in all respects, with this Commitment.

42. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to
Agency or are subject to Agency’s review or approval shall be modified or terminated
without the prior written approval of Agency.

43. **ACCEPTANCE OF THIS COMMITMENT:** Borrower’s acceptance of this Commitment
shall be evidenced by signing and delivering to Agency the enclosed copy of this letter.
Until receipt of such acceptance by Agency, Agency shall have no obligation under this
letter. Agency may withdraw this Commitment at any time prior to Borrower’s acceptance.
Sincerely,

______________________________
La Shelle Dozier, Executive Director

The undersigned acknowledges and accepts the terms and conditions of the Commitment and Scope of Development and Rental Property Minimum Construction Standards (Exhibit 1), and has executed this Commitment as of the Effective Date.

BORROWER:
Donner Field Senior, L.P., a California limited partnership
  By: Eden Housing, Inc. or related entity

By: _________________________________
  Andrea Osgood, Chief Real Estate Officer

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

Donner Field Senior Apartments is a new construction development on approximately 1.23 acres located at 4501 9th Avenue. The development consists of 67 units comprised of 65 one-bathroom units and 2 two-bedroom units.

Inclusive of this unit mix, 1 unit will be exempt for management staff. The common areas and amenities include a community building with shared common space and laundry facilities. Outdoor amenities include community barbeque grills and a bocce ball court.

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. When there are differences, the stricter shall prevail.

The Borrower 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 of work.

**I. Mitigation Measures:**

A Phase I Environmental Site Assessment Report was completed by GeoCon Consultants in July 2022 and no further environmental reports were recommended and no mitigation strategies were called for.

An existing sewer line and easement that services this project site and an adjacent property (the School site) will need to be relocated. In order to facilitate this relocation, an amendment to the easement with the adjacent property owner will be required and a portion of the easement will be abandoned once the relocation of the utility has completed.

**II. Mitigation Monitoring Plan:**

Sewer: According to our Civil Engineer, best way to relocate the existing sewer/storm pipe that serves parcels 1 and 2 would be to route north within the new drive aisle then install a new main within 8th Street to 45th Street (see diagram below).
III. Building Exteriors:

1. **Asphalt Pavements**: The development will include approximately 24 onsite uncovered surface parking spaces and 24 tuck-under parking space with 3-6 equipped for EV changing. There will be four (4) ADA parking spaces.

2. **Balconies and Patios**: Ten (10) ground floor apartments will have patios and there will be no upper floor balconies, however there are planned 1-2 shared balconies near the elevators on the 2nd and 3rd floors.

3. **Site Lighting**: The site will be lit with Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.

4. **Non-Smoking**: The Project will be 100% non-smoking except for the designated smoking area located next to the parking lot in the northeast corner of the site.

5. **Landscaping and Courtyard**: Landscaping is designed with drought tolerant plants and trees. Trees will be planted along the parking lot to meet City shading requirements. The U-shaped building surrounds an at grade, landscaped courtyard with a BBQ and picnic area, community garden, and a covered mailbox center. The Landscape Plan dated was approved by the City as part of the project entitlements. All landscaped areas will be served by a programmable automated irrigation system. Any modifications to the Lender-approved Landscape Plan require Lender’s written approval prior to implementation of changes.

6. **Picnic Area**: Barbeque and seating areas will be provided.

7. **Swimming Pool**: There will be no swimming pool on the property.

8. **Play Area**: The play area will have one Bocce Ball court. There will be no school age or toddler play structures located on the grounds as this is a senior apartment community.

9. **Community Garden**: The center courtyard of the site will have a resident raised bed garden area.

10. **Exercise Path**: There will be no site exercise path.

11. **Mailboxes**: New mailboxes will be installed in a covered area across from the elevators just off the courtyard.

12. **Site Fencing**: The sliding auto entry gate for the site is on 8th and 9th Avenue through the only entry drive. The hours of gate access are yet to be determined and is pending full consultation with the fire department. The site will be gated and closed after business hours. Residents and employees of the community will have remote access to open the gate and park inside. Exit only may be instituted (pending full consultation with the fire department) on 8th Avenue. Pedestrian access to the site is through a person-gate and call box along the sidewalk on 45th Street. A call box and gate are located just outside the community building along 45th Street. Perimeter site fencing is a combination of half-
height wood and tubular steel. The property line between the Fortune School and the
property shall have a contiguous 6’ wrought iron tubular metal fence.

13. **Stormwater:** The development will meet storm water requirements through use of on-
site storm water detention and/or bioswales along the project perimeter.

14. **Roof:** Buildings are planned with low sloped roofs and extended eaves in order to
provide maximum lineal space for solar PV panels, weather protection and mechanical
equipment. Buildings include cool roofs, planned to passively counteract the warm
conditions of Sacramento County. The material on the roof will be single ply.

15. **Siding:** The building skin will be painted cement fiber board siding.

16. **Offsite Improvements:** Public offsite improvements consist of street frontage
improvements along 9th Avenue, 8th Avenue and 45th Street, including new sidewalks (as
required by the City), curbs, gutters, landscaping, and lighting.

**IV. Building Interiors**

1. **Americans with Disabilities Act (ADA) Units:** There will be ten (10) units, 15% of
the units, accessible with mobility features, and an additional seven (7) units, 10% of
the units, will include communications features for persons with hearing or vision
impairment. The remainder of the units will be designed to be adaptable.

2. **Non-Smoking:** The Project will have 100% non-smoking units.

3. **Smoke Detectors:** All units, offices and interior common areas will have a
smoke/carbon monoxide detector installed in accordance with current code
requirements.

4. **Appliances:** All apartment kitchens will have brand new Energy Star rated
appliances including, refrigerator with freezer combination, electric stove and range,
dishwasher and garbage disposal.

5. **Bathtubs and Toilets:** All apartments will have a bathtub/shower combination.
Restrooms will have water efficient toilet and fixtures, and bath accessories.

6. **Doors (Interior, Exterior and Sliding Glass):** All interior and exterior doors will
have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch
assemblies, viewers, and screws in strikeplates 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. All doors will meet current egress
standards.

7. **Cabinets, Counters and Sinks:** All apartment kitchens will have modular
construction cabinets, solid surface countertops, and stainless steel sink. Microwave
shelving will be provided (except in ADA units) either above the counter, or on the pantry
shelving with electrical outlet for microwave. All apartment bathrooms will have all wood
vanity, and solid surface cultured marble vanity top with integral sink. All cabinetry face
frames, doors and drawer faces will be solid hardwood.

8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.

9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. The Borrower is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.

10. **Blinds:** Vertical or horizontal blinds will be provided in all apartment windows and sliding glass doors.

11. **Electrical and Lighting:** All apartments will have high efficiency lighting, ceiling fans, exhaust fans vented to the exterior and bathroom humidistat fans. Air conditioning and heat will be provided. Any exterior mounted electrical, mechanical and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls, attic spaces, and/or crawl spaces. Conduits will not be mounted on the exterior of the buildings. The project and all units will be wired for broadband infrastructure that complies with 24 CFR 5.100.

12. **Flooring:** 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 setby HUD’s UM-44D bulletin.

13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.

V. **Community Amenities**

1. **Community Building:** The furnished community building will consist of management offices meeting areas, lobby areas, sitting areas, restrooms and fitness room will have easy to maintain flooring (to be selected at a later date), energy efficient lighting and HVAC systems. The square footages of individual areas will be further defined as the design process continues but the resident services/community space will be a minimum of 1,200 square feet, not including restrooms, leasing offices, laundry facilities, and lobbies. These spaces will be ADA compliant.

2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.

3. **Community Restrooms:** The two community restrooms in the community building will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, and bathroom accessories.
4. **Community Room Kitchen:** The community room kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, solid surface countertop, and flooring that will be determined as the design process continues. New Energy Star rated appliances (refrigerator, electric stove, electric oven, microwave, garbage disposal and dishwasher), energy efficient lighting, HVAC system and water efficient plumbing fixtures will be installed.

5. **Elevator:** Two hydraulic elevators will be installed. The elevator floor surface area will be a minimum of 28 square feet.

6. **Hallways and Stairs (open corridor style):** Residential hallways and stairs will be of Pli-Deck or equal (hallways) and pre-cast concrete (stairways). Stairs will be located on the wing elevations to encourage use for those that can forgo the elevator. Stairs will have non-slip concrete treads, landings and closed risers. All hallway floorings will be exterior finish due to open corridor design. The first floor hallways will be a broom finished concrete to minimize slipperiness in inclement weather.

7. **HVAC & Plumbing Systems:** Each apartment will have its own air conditioning and heat with its own thermostat. Residential hallways will not have heating and air conditioning, due to open corridor ends designed to allow natural airflow. Stairwells will not have heating or air conditioning. A gas-fired central boiler will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.

8. **Laundry Facility:** The laundry room (or rooms) will accommodate no less than a total of seven (7) washers and seven (7) dryers, which will include one set of ADA accessible laundry machines. The location of this room (or rooms) will be determined as the design process continues.

9. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.

10. **Trash Room:** One trash chute and one recycle chute will be located on each floor. A trash and recycle room is located on the ground floor within the building envelope with a concrete apron at the exterior for trash pick-up.

11. **Recycle:** One recycle chute will be located on each floor, emptying into the ground floor trash and recycle “discharge” room.

12. **Bicycle parking:** Long-term and short-term bicycle parking will be provided – taking into account this senior project will be allowed a 50% reduction under current zoning regulations. Long-term bicycle parking will be provided adjacent to the parking on the ground floor and short-term bicycle parking will be provided on the exterior of the building centrally located near the community building front door.

13. **Security Cameras:** Interior and exterior web-based security cameras will be installed throughout the community. The equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.
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 doorjambs must be in good condition. No damaged or worn doorjambs or doors are allowed. Doors and/or jambs beyond their useful life shall be replaced.

**Casework**

A. New cabinet boxes shall be made of plywood or solid wood. No particle board boxes will be allowed.

B. All counter tops shall be of solid surface or granite, and in very good condition with no significant scratches, burns or other imperfections.

C. Face frames, doors and drawer faces shall be solid hardwood. No plastic laminate finishes will be allowed.

**Casework – Rehabilitation only**

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

**Finishes**

A. All dwelling unit kitchens shall contain luxury vinyl plank (LVP) flooring. Bathrooms must be floored with LVP, sheet vinyl or ceramic tile to provide a cleanable, impervious surface. Bedrooms, hallways, and living and dining rooms may be floored with carpeting, LVP or hardwood. Wear layer of LVP shall be at least 12 mils inside dwelling units. Tenant unit entries shall be floored with LVP or ceramic tile.

B. In common areas, corridors may be floored with LVP, glue-down carpeting, or carpet tiles. Community rooms and kitchens shall be floored with LVP. Wear layer of LVP in common/commercial areas shall be a minimum of 20 mils thick.

C. Carpet shall meet or exceed the minimum standards as set by HUD’s UM-44D bulletin.

**Finishes – Rehabilitation only**

A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.

B. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.

C. Acoustic (popcorn) ceiling texture must be removed and refinished with new texture to match wall texture.

**Equipment**

A. Dishwashers, refrigerator/freezer, oven, stoves and garbage disposals are required in all dwelling unit kitchens. All appliances must be new or in very good operating condition. All appliances must be Energy Star rated, as applicable. Appliances slated for ADA units shall be per code requirements.

B. SRO projects are encouraged to provide the appliances listed above and will be reviewed and approved on a case-by-case basis.
C. All kitchens must have adequate cabinet and counter space. Installation of shelving for microwaves is required if over-the-range microwaves are not used, with the exception of ADA units.

Furnishings

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

Special Construction

A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.

B. Laundry facilities must, at a minimum, be consistent with CTCAC requirements of one washer and dryer for every ten dwelling units for family housing and one for every 15 units for senior and special needs projects. Ten percent of the total number of washer/dryers must be ADA-accessible machines (unless the ADA units contain their own laundry facilities). Solid surface countertops will be required within laundry rooms and countertops shall meet all ADA requirements.

C. Public pool areas shall have self-closing gate(s). Fences and gates at pool areas shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked. Existing pools shall have no cracks in plaster or tile grout joints. The Developer is responsible for ensuring pool and surroundings meet all applicable current codes and standards. If a project contains two or more pools, at least one must remain following rehabilitation.

Mechanical/Plumbing

A. Water heaters must be installed per current applicable codes.

B. All common areas and tenant units must have heating and air conditioning. Wall mount (i.e. PTAC units) or central systems are acceptable. Evaporative coolers are not acceptable. HVAC units should be protected from vandalism, pursuant to discretion of SHRA.

C. Toilets, showerheads, faucets, and mixing valves shall be new and meet current water conservation codes.

D. Tub surrounds must be one unbroken piece per wall and must be of solid surfaces (such as “Swanstone” or other solid acrylic materials, quartz composites), or other similar materials. Fiberglass/acrylic surrounds are acceptable.

Mechanical/Plumbing – Rehabilitation only

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

Electrical

A. All units must have smoke/carbon monoxide detectors installed per current code.

B. Wiring from telephone/data/cable suppliers shall be installed within walls, attic spaces, and/or crawl spaces. No conduits are allowed to be mounted on the exterior of the buildings in new construction.

C. Broadband infrastructure meeting the requirements of 24 CFR 5.100* is required in all new construction projects of 4 or more units.

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

**Electrical – Rehabilitation only**

A. All electrical panels shall meet current code.

B. Any rehabilitation projects with un-grounded electrical systems shall be re-wired with grounded systems to meet current code.

C. For rehabilitation projects, switches, outlets and light fixtures shall be replaced with devices that meet current applicable codes.

D. Wiring mounted on the exterior of the surface may be allowed if it is concealed in conduit and conduit is painted to match exterior siding. For projects where exterior siding will be removed, this wiring shall be installed within walls, attic spaces, and/or crawl spaces.

**Resident Services Community Space**

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

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

**End of Scope of Development.**