



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO REDEVELOPMENT AGENCY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Consent
May 13, 2008**

Honorable Chair and Members of the Redevelopment Agency

Title: Approval of Loan Commitment and Relocation Plan for Greystone Apartments

Location/Council District: 3545 41st Street/Franklin Redevelopment Area, County District 2

Recommendation: Adopt a **Redevelopment Agency Resolution** a) approving a loan commitment from Tax Increment (TI) funds and County Home Investment Partnership (HOME) funds for a Sacramento Housing and Redevelopment Agency (Agency) loan of up to \$4,170,000 for Greystone Apartments; b) approving the Relocation Plan for Greystone Apartments, c) delegating authority to the Redevelopment Agency of the County to enter in to and execute an Owners Participation Agreement with Avalon Communities, LLC and DAVCO Communities, LLC, or related entity; and d) authorizing the Interim Executive Director or her designee to execute the attached commitment letter.

Contact: Lisa Bates, Deputy Executive Director, 440-1330, Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Greystone Apartments is a 120-unit multifamily complex located on 4.15 acres at 3545 41st Avenue, in the Franklin Boulevard Redevelopment Area. The property was developed in 1964 and is located near transit, parks, shopping, and schools. The project currently consists of 120 two-bedroom units in thirty two-story buildings. The project will consist of 24 very low-income units affordable to

Approval of Agency Loan Commitment and Relocation Plan for Greystone Apartments

families at or below 50 percent of Area Median Income (AMI), 95 low-income units affordable to families at or below 60 percent of AMI, and one manager's unit. One of the two-bedroom units is currently a manager's unit, another is used as a leasing office and another is used for maintenance and storage. Amenities include a gated entry and a laundry room. The wood frame buildings are constructed with raised wood floors on concrete foundations, stucco siding and single-pane windows. All the roofs are flat and of undeterminable age. Units have individual wall air conditioning units and gas wall heaters.

The renovations will be substantial and include removal and replacement of the exterior stucco, upgrades to the drainage and irrigation systems, installation of central heat and air conditioning, and construction of pitched roofs at the entrance of the complex. In addition, a new resident community center will be constructed and an adjacent playground will be installed. These improvements will create a complex that is visually more appealing and functionally improved, increasing its current marketability and having a positive impact on the surrounding neighborhood.

This report recommends approval of a \$4,170,000 loan commitment consisting of \$1,000,000 in Franklin Boulevard Low/Moderate Tax Increment (TI) funds, \$350,000 in County Aggregated TI funds, \$1,320,000 in 2008 County Housing Aggregated Taxable TARB funds and \$1,500,000 in County HOME funds for the acquisition, rehabilitation and permanent financing of the Greystone Apartments. The project is proposed to be additionally funded with tax-exempt mortgage revenue bonds issued by the County Housing Authority, 4% Low Income Housing Tax Credits (LIHTC's) and a deferred developer fee.

The Agency loan will be partially funded from TI funds. These funds require an executed Owner Participation Agreement (OPA) with the partnership that will own and operate the project. Staff will return to the Redevelopment Agency of the County for approval of the OPA after the Developer has secured his bond and tax credit allocations.

Further background on the project developer and the property are included as Attachment 1. A vicinity map, location map and a partial site plan are included as Attachments 2, 3 and 4 respectively. Proposed elevations of the new community room are included in Attachment 5. A project summary, including a proposed sources and uses of funds, is included as Attachment 6. A project cash flow proforma and a schedule of maximum rents and incomes for the project are included as Attachments 7 and 8.

Approval of Agency Loan Commitment and Relocation Plan for Greystone Apartments

Policy Considerations: While the recommended actions are consistent with approved Agency tax-exempt bond and multi-family loan policies, it is recommended that the term of the Agency loan will be extended to be consistent with the term of the senior loan. The proposed actions further the Agency goal to eliminate blight, promote private sector investment and the rehabilitation of affordable housing in the Franklin Boulevard Redevelopment Area. Regulatory restrictions on the property will be specified in bond and loan regulatory agreements with the Housing Authority and the Agency, respectively. Compliance with the regulatory agreements will be monitored by the Agency on a regular basis. As an affordable housing project, Greystone Apartments is exempt from the Art in Public Places requirement.

Environmental Considerations: The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged. The project consists of the rehabilitation of a multi-family residential complex in which the unit density will not be changed and the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation. Therefore, the proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3).

Committee/Commission Action: It is anticipated that, at its meeting of May 7, 2008, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will report back to the Redevelopment Agency Board in the event that this does not occur.

Rationale for Recommendation: The actions recommended in this report further the Agency goal to eliminate blight and promote affordable housing in the Franklin Boulevard Redevelopment Area and enables the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and County of Sacramento.

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Approval of Agency Loan Commitment and Relocation Plan for Greystone Apartments

Financial Considerations: Staff recommends approval of an Agency Loan commitment of up to \$4,170,000 from County HOME, Franklin Boulevard Low/Mod TI funds and County Aggregated Low/Mod TI funds and 2008 County Aggregated Housing Taxable TARB funds which will be repaid with interest.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: 
LA SHELLE DOZIER
Interim Executive Director

Recommendation Approved:



RAY KERRIDGE
City Manager

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Greystone Apartments Project Background Information

The Developer, Avalon Communities, LLC and DAVCO Communities, LLC, proposes to acquire and rehabilitate Greystone Apartments, an existing 112-unit market rate apartment complex at 3545 41st Avenue. The Developer is requesting issuance of up to \$10,000,000 in tax-exempt mortgage revenue bonds and a \$4,170,000 Agency loan for the acquisition and rehabilitation of Greystone Apartments. The loan will be contingent upon the allocation of mortgage revenue bonds and 4% Low-Income Housing Tax Credits to the project.

Description of Development: Greystone Apartments is a 120-unit multifamily complex located on 4.15 acres at 3545 41st Avenue, in the Franklin Boulevard Redevelopment Area. The property was developed in 1964 and is located near transit, parks, shopping, and schools. This apartment complex is located in the heart of “the Avenues”; an area known for its multitude of multi-family complexes facing serious social and physical blight. County and SHRA staff are working closely to comprehensively address the challenges facing the neighborhood including crime related issues, infrastructure needs (lighting etc.), code violations and housing related issues (including addressing boarded/abandoned units). The rehabilitation of this apartment complex fits into the above strategy of rehabilitating multi-family complexes and providing quality property management to stabilize and revitalize the area.

In this same vicinity, SHRA and County staff are working with numerous non-profit agencies to establish the 41st Avenue Community Center to provide health and social services to South Sacramento residents including the day laborer community. Services will include counseling for youth and their families, medical and dental clinics, WIC nutrition services, money management, career development workshops, and literacy programs. Residents of the apartment complex will be able to utilize these services located in close proximity to their residence.

The project currently consists of 120 two-bedroom units in thirty two-story buildings. One of the two-bedroom units is currently a manager's unit, another is used as a leasing office and another is used for maintenance and storage. Amenities include a gated entry and a laundry room. The wood frame buildings are constructed with raised wood floors on concrete foundations, with stucco siding and single-pane windows. All the roofs are flat and of undeterminable age. Units have individual wall air conditioning units and gas wall heaters.

The renovations will be substantial and include removal and replacement of the exterior stucco, upgrades to the drainage and irrigation systems, installation of central heat and air conditioning, and construction of pitched roofs at the entrance of the complex. In addition a new resident community center will be constructed and an adjacent playground will be installed. These improvements will create a complex that is visually more appealing and functionally improved, increasing its current marketability and having a positive impact on the surrounding neighborhood.

The project will consist of 24 very low-income units affordable to families at or below 50 percent of Area Median Income (AMI), 95 low-income units affordable to families at or below 60 percent of AMI, and one manager's unit. A vicinity map, location map and partial site plan are provided as Attachment I, II and III respectively. Elevations of the proposed new community room are provided in Attachment IV.

Developer: The developer is a partnership of Avalon Communities, LLC, and DAVCO Communities, LLC, real estate development companies that develop and rehabilitate apartments in central and southern California. The combined experience of the developers and their principals include the production 27 affordable projects with more than 3,000 units affordable to low-income households in California. Avalon and DAVCO Communities will partner with Riverside Charitable Corporation, who will serve as a non-profit managing general partner.

Riverside Charitable Corporation has an ownership interest in 91 affordable communities with 8,597 units. Riverside Charitable Corporation currently partners on several properties in Sacramento County, including Vintage at Natomas Field, Terracina Gold Villages 1, 2 & 3, Silverado Creek, Terracina Meadows, Sierra Sunrise Senior and Sierra Sunrise Senior Apartments II.

Social Services: The Social Service Provider contracted to provide social services at the property is Life Skills Training and Educational Programs, Inc. (LifeSTEPS). The service provider will be required to provide 15 hours of services per week. Programs will be tailored to the needs of the residents. Examples of services include after school programs, computer training, English as a Second Language classes and coordinating social activities for the residents.

Property Management: The project will be managed by FPI Management, Inc., which has been providing management services for multifamily housing owners for over 35 years. Currently FPI Management has in its inventory approximately 40,000 units located in California, Nevada, Alaska, Ohio, Virginia and Pennsylvania. The company employs over 1,000 field staff. FPI Management's current portfolio includes luxury and conventional apartment communities, as well as properties developed under affordable housing programs. FPI Management currently manages over 15,000 units in the Sacramento area. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Project Financing: The developer has proposed to finance the Greystone Apartments through the issuance of \$10,000,000 in tax-exempt mortgage revenue bonds, low income housing tax credits, and an Agency loan in the amount of \$4,170,000 comprised of \$1,500,000 in County Home Investment Partnership (HOME) funds, \$1,000,000 in Franklin Blvd. Low/Mod Tax Increment Funds and \$1,320,000 in 2008 County Aggregated Housing Taxable TARF funds and \$350,000 in County Aggregate Low/Mod Tax Increment funds. In addition, the developer will make an equity contribution in the form of a deferred developer fee and net operating income during construction. A project summary, including a proposed sources and uses of funds, is included as Attachment V. A cash flow proforma is included as Attachment VI. Due to the use of

Low-Mod Housing Set-Aside funds in this project, an Owner's Participation Agreement (OPA) is required. Agency will return to obtain approval for the OPA when the bond documents are considered for approval.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

The bonds for the project may be privately-placed, or may be publicly-offered by a bond underwriter approved by the Agency. The Developer has not yet selected the optimal method of issuance for this project. The Agency will report back to the Housing Authority on the method of placement and the actual bond amounts with the request for final approval of the bond documents. The law firm of Jones Hall will serve as bond counsel to the Housing Authority.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. The following chart summarizes the proposed affordability restrictions for the project.

Funding	% of Units	Affordability Restrictions	No. Units	Regulatory Requirements
Tax-Exempt Bonds	20%	Very Low Income (50% AMI)	24	55 years
Low Income Housing Tax Credits	80%	Low Income (60% AMI)	95	55 years
Agency Loan				
Manager's Unit		Unrestricted	1	
Total	100%		120	

Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment VII. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The "volume cap" is limited and is allocated by CDLAC through a competitive state-wide process.

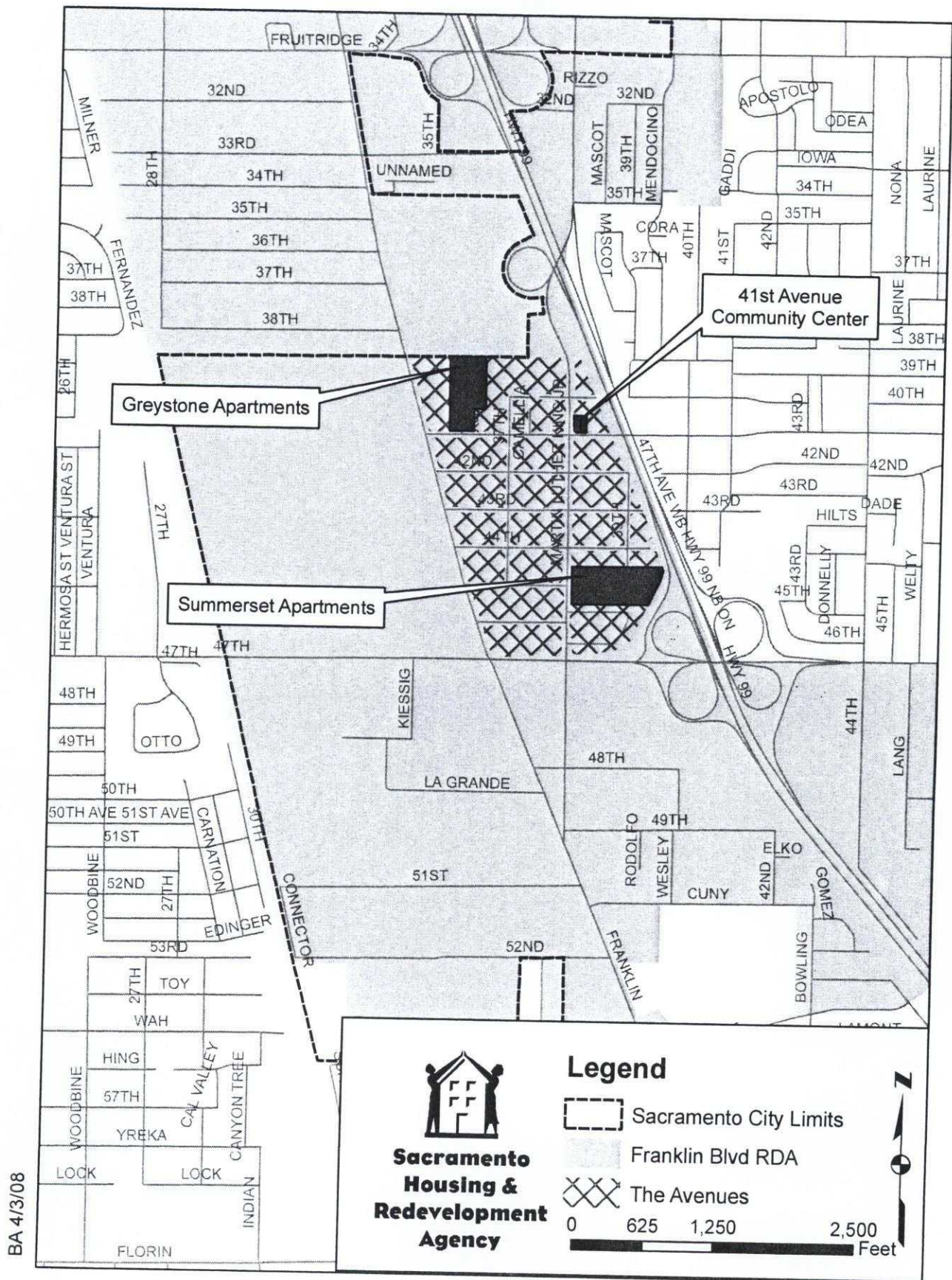
Project Inducement: CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Staff recommends that the Housing Authority adopt a resolution to indicate its intent to issue bonds to finance the purchase and construction of the project. Adoption of the resolution will not bind the Authority to

issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws.

Relocation: State and Federal laws require the creation and adoption of a relocation plan, which outlines relocation procedures and tenant's rights whenever redevelopment projects result in the displacement of residents. This report recommends approval and adoption of the Relocation Plan (Plan) for 3545 41st Avenue, included as Attachment VIII. The Plan was produced by Laurin Associates and conforms to State statutes and regulations the Uniform Relocation Act.

Greystone Apartments Vicinity Map

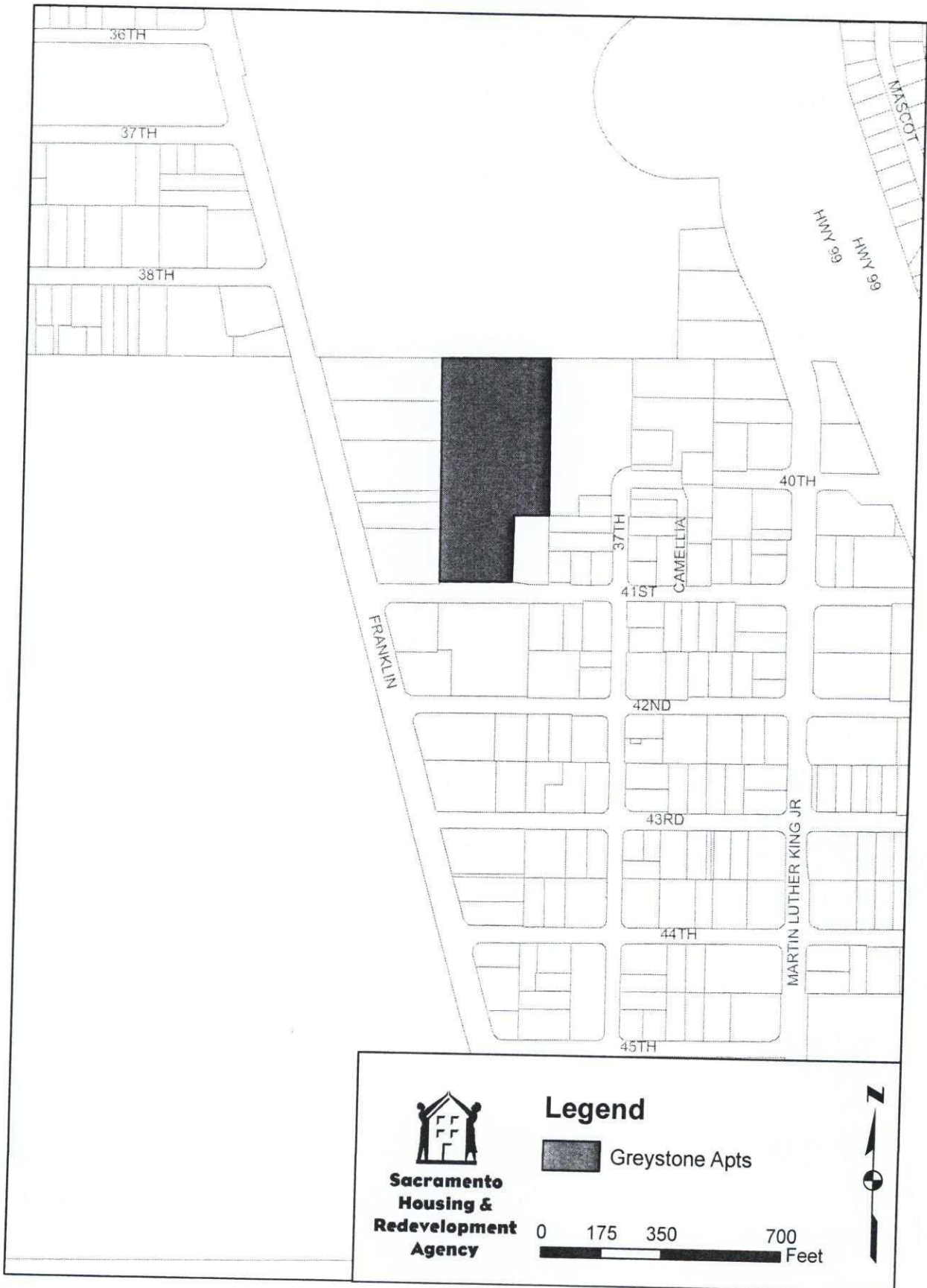
Attachment 2



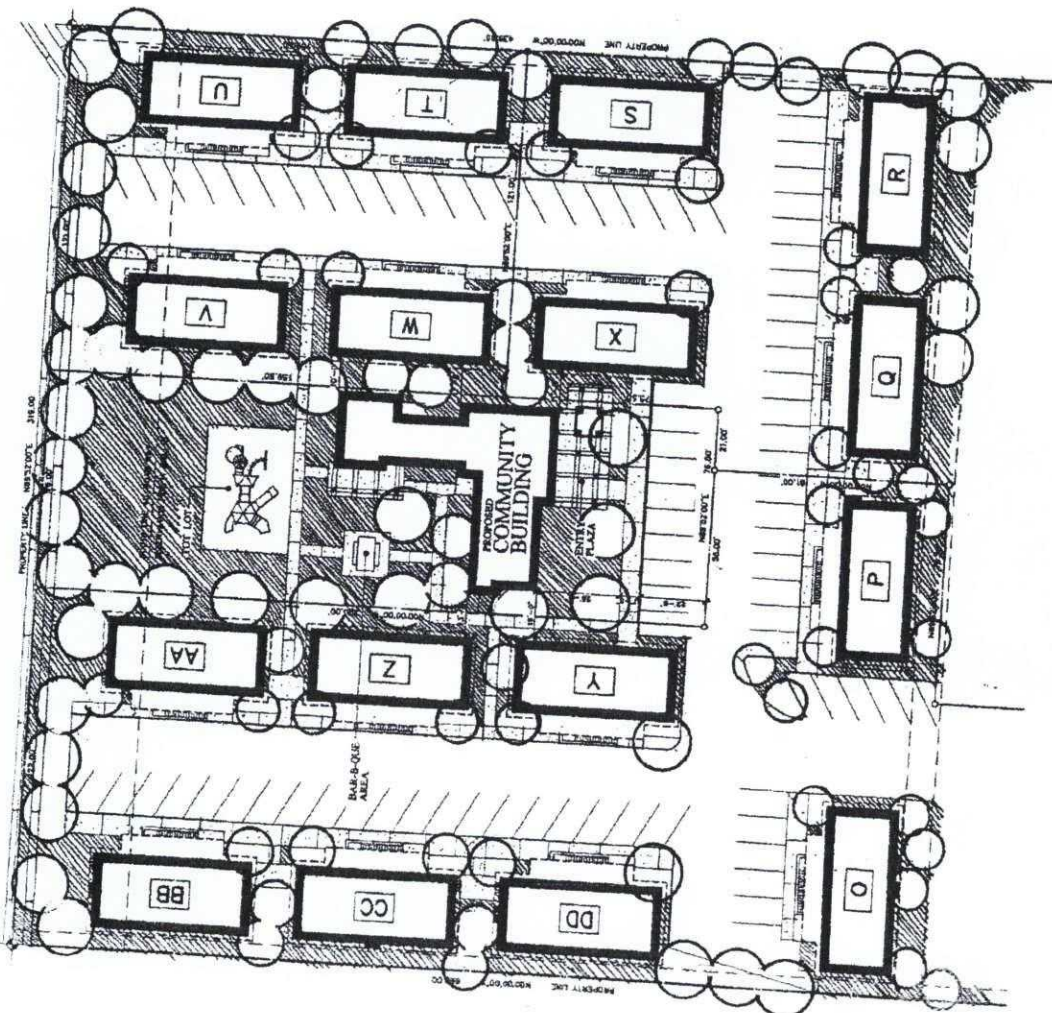
Greystone Apartments Location Map

Attachment 3

BA 4/3/08

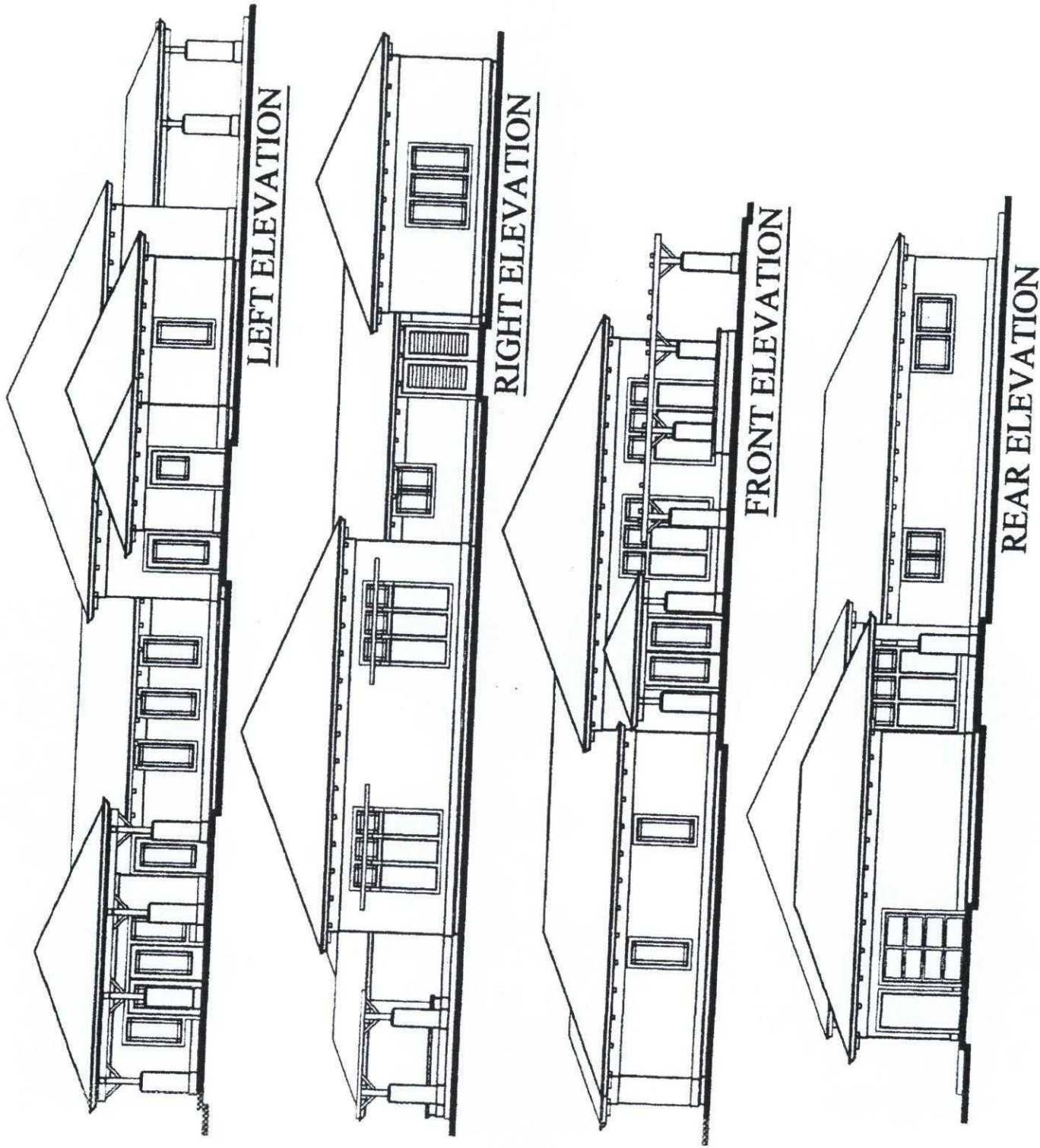


GREYSTONE
PLACE APTS.

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PARTIAL SITE PLAN

GREYSTONE APARTMENTS
Community Room Elevations



Greystone Apartments

Project Summary

Address	3545 41st Street		
Number of Units	120		
Year Built	1965		
Acreage	4.15 Acres		
Affordability	24 units (20%) at or below 50% of Area Median Income (AMI) 95 units (79%) at or below 60% of AMI 1 Manager's Unit		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Manager
2 Bedroom / 1 Bath	24	95	1
Square Footage	<u>Per Unit</u>	<u>Total</u>	
2 BR / 1 BA	765	91,800	square feet
Total		91,800	square feet
Resident Facilities	The complex will include tot-lots, a gated entry, a new club house and laundry facilities.		
Permanent Sources	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Senior MRB	\$ 7,461,000	\$ 62,175	\$ 81.27
Tax Credit Equity	\$ 6,774,000	\$ 56,450	\$ 73.79
Agency Loan	\$ 4,170,000	\$ 34,750	\$ 45.42
Net Operating Income	\$ 333,000	\$ 2,775	\$ 3.63
Deferred Developer Fee Note	\$ 899,000	\$ 7,492	\$ 9.79
TOTAL SOURCES	\$ 19,637,000	\$ 163,642	\$ 213.91
Permanent Uses			
Acquisition Costs	\$ 7,450,000	\$ 62,083	\$ 81.15
Construction Costs	\$ 5,799,000	\$ 48,325	\$ 63.17
Contractor Overhead & Profit & GC	\$ 840,000	\$ 7,000	\$ 9.15
Architecture, Engineering & Surveying	\$ 55,000	\$ 458	\$ 0.60
Contingency	\$ 730,000	\$ 6,083	\$ 7.95
Financing Costs & Issuance	\$ 1,025,000	\$ 8,542	\$ 11.17
Operating Reserve	\$ 227,000	\$ 1,892	\$ 2.47
Rental Reserve	\$ 93,000	\$ 775	\$ 1.01
Legal Fees	\$ 60,000	\$ 500	\$ 0.65
Developer Fee	\$ 2,277,000	\$ 18,975	\$ 24.80
Other	\$ 480,000	\$ 4,000	\$ 5.23
Development Impact Fees/ Permits	\$ 25,000	\$ 208	\$ 0.27
Relocation	\$ 576,000	\$ 4,800	\$ 6.27
TOTAL USES	\$ 19,637,000	\$ 163,642	\$ 213.91
Management / Operations			
Proposed Developer:	Avalon Communities, LLC		
Property Management Company:	FPI Management, Inc.		
Operations Budget:	\$450,744	\$3,756	
Replacement Reserves:	\$36,000	\$300	

Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Allowable Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent													
2 BD / 1 BA @ 50% AMI	24	765	18,360	\$ 798	\$ 58	\$ 734	\$ 0.96	\$ 17,616	\$ 211,392													
2 BD / 1 BA @ 60% AMI	95	765	72,675	\$ 958	\$ 58	\$ 750	\$ 0.98	\$ 71,250	\$ 855,000													
Manager's Units	1	765	765	\$ 958	\$ 58	\$ 750	\$ 0.98	\$ 750	\$ 9,000													
Totals/Averages	120	765	91,800	\$ 926	\$ 58	\$ 747	\$ 0.98	\$ 89,616	\$ 1,075,392													
Income																						
rate	annual increase	per unit	2009 Year 1	2010 Year 2	2011 Year 3	2012 Year 4	2013 Year 5	2014 Year 6	2018 Year 10	2023 Year 15	2028 Year 20	2033 Year 25	2045 Year 37									
Potential Gross Income	2.50%		1,075,392	1,102,277	1,129,834	1,158,080	1,187,032	1,216,707	1,343,017	1,519,501	1,719,176	1,945,089	2,615,929									
Other Income	2.50%		14,400	14,760	15,129	15,507	15,895	16,292	17,984	20,347	23,021	26,046	35,029									
Less Vacancy	30.00%	(Year 1&2)	326,938	335,111	57,248	58,679	60,146	61,650	68,050	76,992	87,110	98,557	132,548									
Effective Gross Income			\$762,854	\$781,926	\$1,087,715	\$1,114,907	\$1,142,780	\$1,171,350	\$1,292,951	\$1,462,855	\$1,655,086	\$1,872,578	\$2,518,410									
Operating Expenses																						
Operating Expenses	3.50%	3,196	383,500	396,923	410,815	425,193	440,075	455,478	522,671	620,769	737,279	875,656	1,323,177									
Property Management (Limit)	4.00%		30,514	31,277	43,509	44,596	45,711	46,854	51,718	58,514	66,203	74,903	100,736									
Assessments	2.00%	6	730	745	759	775	790	806	872	963	1,063	1,174	1,489									
Replacement Reserves		300	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000									
Total Expenses		3,756	\$450,744	\$464,944	\$491,083	\$506,564	\$522,576	\$539,138	\$611,262	\$716,247	\$840,546	\$987,734	\$1,461,403									
Net Operating Income			\$312,110	\$316,982	\$596,632	\$608,343	\$620,204	\$632,212	\$681,689	\$746,608	\$814,540	\$884,845	\$1,057,007									
Debt Service																						
Senior Loan	5.55%																					
SHRA Monitoring Fee	0.15%	35	0	0	483,998	483,998	483,998	483,998	483,998	483,998	483,998	483,998	483,998									
Debt Service Subtotal	5.70%		\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850									
DCR on Senior Bonds					1.20	1.22	1.24	1.27	1.37	1.50	1.63	1.77	2.12									
Priority Distributions																						
Asset Management Fee (Investor)	3.00%		7,000	7,210	7,426	7,649	7,879	8,115	9,133	10,588	12,275	14,230	20,288									
Managing General Partner Fee	3.00%		7,000	7,210	7,426	7,649	7,879	8,115	9,133	10,588	12,275	14,230	20,288									
Security			15,000	15,450	15,914	16,391	16,883	17,389	19,572	22,689	26,303	30,492	43,474									
Social Services	3.00%	185	22,200	22,866	23,552	24,259	24,986	25,736	28,966	33,579	38,928	45,128	64,342									
PILOT Fee	2.00%		17,566	17,917	18,276	18,641	19,014	19,394	20,993	23,178	25,590	28,254	35,833									
Priority Distributions Subtotal			68,766	70,653	72,594	74,589	76,640	78,749	87,797	100,623	115,370	132,333	184,225									
Net Cash after Priority Distributions			\$228,494	\$231,478	\$25,190	\$34,907	\$44,716	\$54,615	\$95,044	\$147,138	\$200,323	\$253,664	\$373,935									
Deferred Developer Fee																						
Principal Balance																						
Interest for Period																						
Accumulated Interest																						
Payment	4.00%																					
Balance																						
Net Cash after Deferred Developer Fee																						
SHRA loan																						
Principal Balance																						
Interest for Period																						
Accumulated Interest																						
Payment																						
Balance																						
Net Cash after Deferred Developer Fee																						
Principal Balance																						
Interest for Period																						
Accumulated Interest																						
Payment																						
Balance																						
Combined Debt Service Coverage Ratio																						

MAXIMUM RENT AND INCOME LEVELS 2008**Mortgage Revenue Bond Program**
(Rents @ 50% of AMI)

Maximum Income Limits:	
Family Size	50% AMI Max Income
1 person	\$ 24,850
2 person	\$ 28,400
3 person	\$ 31,950
4 person	\$ 35,500
5 person	\$ 38,350
6 person	\$ 41,200
Maximum Rent Limits:	
Unit Size	Gross Rent
2 Bedroom	\$ 799

4% Low-Income Housing Tax Credit Program
(Rents @ 60% of AMI)

Maximum Income Limits:		
Family Size	50% AMI Max Income	60% AMI Max Income
1 person	\$ 24,850	\$ 29,820
2 person	\$ 28,400	\$ 34,080
3 person	\$ 31,950	\$ 38,340
4 person	\$ 35,500	\$ 42,600
5 person	\$ 46,020	\$ 46,020
6 person	\$ 49,440	\$ 49,440
Maximum Rent Limits:		
Unit Size	Gross Rent	Gross Rent
2 Bedroom	\$ 798	\$ 958

HOME Funds
(Rents @ 50% and 65% of AMI)

Maximum Income Limits:		
Family Size	Low HOME 50% AMI	High HOME 65% AMI
	Max. Income	Max. Income
1 person	\$ 24,850	\$ 32,305
2 person	\$ 28,400	\$ 36,920
3 person	\$ 31,950	\$ 41,535
4 person	\$ 35,500	\$ 46,150
5 person	\$ 46,020	\$ 59,826
6 person	\$ 49,440	\$ 64,272
Maximum Rent Limits:		
Unit Size	Gross Rent	Gross Rent
2 Bedroom	\$ 798	\$ 958

GREYSTONE APARTMENTS

DRAFT RELOCATION PLAN

April 7, 2008

**Prepared for:
Avalon Communities, LLC**

**Prepared by:
Laurin Associates,
a Division of Raney Planning and Management, Inc.**

DRAFT RELOCATION PLAN
Greystone Apartments
April 2008

INTRODUCTION

Avalon Communities, LLC, ("Avalon") a developer of affordable housing, anticipates purchasing Greystone Apartments, located in an unincorporated area (known as South Sacramento) of Sacramento County, California, in October 2008. The rehabilitation is expected to begin November 2008 and is estimated to take approximately twelve months.

This report is being prepared to provide Sacramento Housing Redevelopment Agency (SHRA) and the public with a preliminary report of the actions, costs, and resources that may be needed to permanently and temporarily relocate tenants of the Greystone Apartments. Tenants who will not qualify to continue to reside at Greystone Apartments may be entitled to relocation assistance.

Developers applying for SHRA financial assistance to acquire and/or rehabilitate occupied multi-family rental housing are required to comply with applicable relocation regulations as a condition of accepting and using said SHRA assistance. Avalon is applying for SHRA Tax Increments and will therefore be adhering to California Code of Regulations Title 25, Division 1, Chapter 6 (Title 25 Regulations). Avalon will also be receiving HOME funds and will therefore be adhering to URA and HUD HOME guidelines. SHRA requires that in all instances, the developer submit a Relocation Plan that provides specific information as to how the relocation of existing tenants will be handled.

Rents at the newly rehabilitated Greystone Apartments will not exceed 60 percent of Area Median Income (AMI). Households with incomes above 60 percent of AMI will not be income eligible to reside at Greystone Apartments once it is rehabilitated. There are also households who are living in overcrowded conditions (six or more persons per two-bedroom unit), who therefore will not be eligible to reside at Greystone Apartments. Those households may be permanently relocated under the regulations as noted above. All households qualifying for relocation assistance will be provided advisory services and benefits under regulations as noted above. The relocation specialist will work closely with SHRA, social service agencies, and with all households who will be permanently relocated to find decent, safe, and sanitary replacement housing.

It is anticipated that Avalon will be responsible for permanently relocating approximately 14 households. Due to the extensiveness of the rehabilitation and the concern for each tenant's health, safety, and welfare, it is anticipated that residents will be temporarily relocated on-site during the rehabilitation of the units. In order to limit inconvenience to the tenant, the affected residents will be moved into one of the vacant and newly rehabilitated units on-site at the cost of the project sponsor for approximately one month. The tenant will have the option to move back into their original and newly rehabilitated unit as soon as possible.

DRAFT RELOCATION PLAN
Greystone Apartments
April 2008

Project Location/Description

The proposed project, Greystone Apartments, is located at 3545 41st Avenue in an unincorporated area of Sacramento County, surrounded on three sides, by the City of Sacramento, California. The lot is 4.3 acres and is a rectangular shape. Primary access is from 41st Avenue. There are 30 individual buildings with 4, two-bedroom units in each. The apartments are located within the Franklin Boulevard Redevelopment Area.

The multifamily complex contains 120 two-bedroom/one bath 765 square foot units. Currently, one unit is reserved for an on-site manager and one unit is reserved for maintenance and storage. The completed project will also consist of 120 two-bedroom/one bath units with 765 square feet. However, there will be one two-bedroom unit reserved for an on-site manager and the unit currently reserved for maintenance and storage will be rehabilitated and available for tenant occupancy.

The units were constructed in 1964 and are in need of interior and exterior rehabilitation. Planned improvements include upgrades inside and out including new cabinets, appliances including Energy Star dishwashers and refrigerators, carpeting, paint, some changes in ADA accessibility, replacement of windows, roofing, siding, finishes, trim, wall insulation, water heaters and pumps, carpeting, blinds, and vinyl flooring and improvements will be made to common areas. Rehabilitation will also include the creation of a community room, tot lot, and key card security to laundry facilities as well as an operating security gate and security cameras. New HVAC systems are to be installed and existing wall units removed. Rehabilitation is estimated to cost a total of \$5,800,000.

DRAFT RELOCATION PLAN
Greystone Apartments
April 2008

DRAFT RELOCATION PLAN

1. **The Project Map:** See Attachment 1.
2. **Projected Dates of Displacement:** Permanent relocation of tenants will take place after all funding source procedures have been met, funds are available, and all required noticing has taken place. It is estimated that permanent relocation will begin in the fall of 2008 and will proceed according to the regulations until all permanently relocated households have been moved to comparable, decent, safe, and sanitary replacement dwellings and all relocation assistance has been granted. All permanent relocation is expected to be complete around the end of 2009 or early 2010.

In order to limit inconvenience to the tenant, the affected residents will be moved into one of the vacant and newly rehabilitated units on-site at the cost of the project sponsor for approximately one month.

Temporary relocation of tenants will begin once the vacant units are rehabilitated and available for occupancy and will continue until the project is completed, which is estimated to be by the end of 2009 or early 2010.

3. **Aggregate Relocation Needs/How Needs Will Be Met:**
 - a. **Method of Notification:** A General Information Notice (GIN) and an Informational Statement describing the relocation process in the tenant's primary language are scheduled to be delivered to all households at Greystone Apartments in April 2008.

There is a large tenant population currently living in the complex that is Hmong. All notices will be provided in the language of the head of household and interviews and tenant meetings will be conducted in English as well as the primary language of all of the tenants. Each tenant will be requested to sign a copy of notices received, acknowledging they received a copy of each notice and understood the contents.

A Notice of Eligibility for Relocation Assistance will be provided to tenants at Greystone Apartments who are over income and/or overcrowded and do not qualify to continue to reside there.

Interviews will be conducted with all tenants who qualify for relocation are anticipated to be permanently relocated. Tenant meetings will be scheduled with all tenants who qualify to reside at Greystone Apartments after the rehabilitation and who are anticipated to be temporarily relocated on site. Appropriate notices will be provided to all tenants. Appropriate notices include a Notice of Eligibility for those who will be permanently relocated or a Notice of Non-Displacement for those who qualify to

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continue residing at Greystone Apartments. In addition, for those who will not be permanently relocated, a Notice of Temporary Relocation Assistance will be provided advising tenants that they will be moved from their unit to a newly rehabilitated unit during rehabilitation with the costs of the temporary move paid by the developer.

For tenants who will be permanently relocated, a 90-Day Notice to Vacate will be issued at or about the time of (but not before) the issuance of the Notice of Eligibility, which will include three referrals to decent, safe, and sanitary comparable housing.. The 90-Day Notice will be followed 30 days later with a 60-Day Notice to Vacate and if tenants have not been relocated, a 30-Day Notice to Vacate will follow. Each notice to vacate will clearly indicate the date by which the tenant must move. It is estimated that permanent relocation will begin in the fall of 2008.

Tenants who will not be permanently relocated, but will move temporarily within the complex during rehabilitation, will be given a minimum of 30 days written notice of the date they will be moved and instructions on the temporary moving process will be provided.

Samples of the above mentioned notices are included as Attachment 2. Copies of all notices issued to tenants and the manner in which they were delivered will be maintained by the relocation specialist in the tenant's files and will be made available to SHRA upon request.

- b. Aggregate Relocation Needs: Avalon's review of tenant files and preliminary household and income information, collected during on-site visits with 92 households of the 103 occupied units (including an occupied manager's unit) on February 7 and 8, 2008, indicate that there are 14 households that will likely qualify for relocation assistance due to being over the 60 percent of AMI level or due to overcrowding. The one page survey form, "Household Size and Income," is included as attachment 4. Household income and size will be verified prior to the issuance of the Notice of Eligibility. The permanent relocation cost is estimated to be \$530,673. This cost assumes families will be relocated to market rate comparable appropriately sized, decent, safe, and sanitary units in the South Sacramento area. The cost of market rate rental housing near Greystone Apartments is less than or approximately the same as the cost of affordable rental housing at 60 and 80 percent of AMI. 11 households were unavailable for the February 2008 survey. However, a review of their files indicates that these households have incomes at or below 60 percent of AMI per their household size. Files do not indicate any overcrowding.

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Estimates have been determined using the following information:

- Fixed Residential Moving Cost Schedule
- Tenant's estimated annual household income
- Reported household size
- Area Median Income (AMI) for Sacramento County
- Current rental rates of comparable housing
- Current rents of residents

The following is a summary of household needs. Attachment 3, Comparable Available Replacement Housing, identifies available comparable units (including single family homes) per the needs identified below to accommodate these families.

Survey of Household Needs

	Income Category	Composition Adults/Children (Ages of Children)	Current Rent	Current Bedrooms	Bedrooms Needed
1	Moderate	3/2 (7,4)	\$675	2	2
2	Very Low	2/6 (14,12,10,7,5)	\$675	2	4
3	Extremely Low	2/6 (16,15,12,6,4,3)	\$695	2	4
4	Low	2/3 (4,2,1)	\$675	2	2
5	Low	2/0	\$695	2	2
6	Extremely Low	2/4 (8,7,5,2)	\$674	2	3
7	Extremely Low	3/5 (15,14,11,9,9)	\$675	2	4
8	Extremely Low	3/3 (14,12,8)	\$695	2	3
9	Low	2/0	\$675	2	2
10	Extremely Low	1/5 (6,5,2,2,1)	\$675	2	3
11	Extremely Low	2/4 (6,4,3,0)	\$675	2	3
12	Extremely Low	3/3 (5,4,1)	\$675	2	3
13	Low	4/2 (10,1)	\$700	2	3
14	Low	1/0	\$675	2	2
Extremely Low: 0-30 percent of AMI Very Low: 31-50 percent of AMI Low: 51-80 percent of AMI Moderate: 81-120 percent of AMI					

Actual permanent relocation costs will be based on individual circumstances of the affected households and the cost and availability of replacement housing at the time of relocation. Once the Notice of Eligibility is issued and the upper limit of relocation benefits is identified, the household may move to any decent, safe, sanitary and appropriately sized unit it chooses. Tenants can choose to move to another county or state.

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4. **Relocation Housing Resources:** In November 2007 a Market Study was conducted and an update to that Market Study was conducted February 2008, which included 19 properties within 2.8 miles of the project. The Market Study has been used to estimate the cost, location, size, availability, services, and amenities for comparable units. Local property management companies, newspapers, online resources, and the Market Study, updated in February 2008, will be used as resources to consider permanent, comparable, decent, safe and sanitary replacement homes at the time of permanent relocation, including single family rentals with three and four bedrooms. Because some tenants who qualify for relocation benefits may choose to purchase a home, home sale listings will also be used as a resource for those tenants. Listings of comparable replacement units, which are currently available for rent, are included in Attachment 3.

SHRA properties are not available. The waiting lists for both the Housing Choice Voucher and the Conventional [Public] Housing units are closed and it is not anticipated that those waiting lists will open until after February 2009, at the earliest.

5. **Advisory Services:** Laurin Associates relocation staff will be available to provide advisory services to the permanently relocated residents and to the nondisplaced or temporarily relocated tenants throughout the rehabilitation and relocation process. Property management staff under contract with the developer will coordinate with Laurin Associates for the on-site temporary relocation during construction.

Advisory services include meeting with households who will likely be permanently relocated and who therefore qualify for relocation benefits, assisting in locating replacement housing, providing information on applicable First Time Homebuyer programs, explaining claim forms and options, completing claim forms, ensuring timeliness of processing claim forms. Relocation staff will be available to answer questions and address issues.

Advisory services will also be provided to tenants that will qualify to stay at Greystone Apartments. These services will include meeting with tenants both individually and in group settings, explaining the rehabilitation process, scheduling of temporary moves, notices, instructions on packing and moving to a rehabilitated apartment, costs of the move that will be paid by the developer and the option to move back to the original unit, if feasible, or necessary, based on special household needs.

6. **Relocation Payments and Payment Plan:** It is the intent of the relocation personnel to make payments to relocated residents as quickly and easily as possible. Tenants who purchase a replacement home will receive one lump sum payment that will be placed in escrow. Tenants who rent a replacement home will receive their moving expenses and one third of their rental assistance (which, for low income households, will be equal to or more than their deposit) when they move and will receive the remainder of their rental assistance equally over two

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monthly payments. The preliminary calculations and estimated amount of financial cost for relocation are included above, in section 3b. Tenants who are eligible for rental assistance in excess of \$5,250, per the provisions of Title 25 Regulations, Article 4, will receive a first payment of no less than \$5,250, with the remainder payable in two monthly payments.

7. **Cost Estimate and Sources:** The total cost for the rehabilitation is estimated to be \$5,800,000. The total cost for permanent relocation is estimated to be \$530,673 and the total cost for on-site temporary relocation is estimated to be \$45,000. The proposed funding sources are 4 percent low income housing tax credits through the California Tax Credit Allocation Committee (CTCAC), tax exempt bonds through the California Debt Limit Allocation Committee (CDLAC), low/moderate tax increment funding from SHRA, and HOME funds from SHRA. This relocation cost estimate also reflects the cost to temporarily relocate income qualified tenants on site, including the 11 households that were not available for the February 2008 survey, but whose files indicate that they will qualify to remain tenants of Greystone Apartments.

8. **Replacement Housing of Last Resort:** Whenever comparable replacement units are not available, or are not available within the monetary limits of Government Code sections 7263 or 7264, as appropriate, which is \$5,250, the displacing agency shall provide additional or alternative assistance under the provisions of Title 25 Regulations, Article 4. Based on the February 2008 survey, it is estimated that all permanently relocated households will require rental assistance payments exceeding \$5,250. The estimated budget of \$530,673 includes these estimated payments. The relocation project will not be considered complete until all households qualifying for relocation have been relocated to comparable, decent, safe, and sanitary housing units.

9. **Information Statements:** Residents will receive a GIN and a copy of the Informational Statement, in their language of common usage, in April 2008. The purpose of this notice is to inform the residents of the potential new ownership and the submission of applications for funding assistance to rehabilitate the units, and that upon acquisition of funding sources and completion of the rehabilitation, all tenants will be subject to income eligibility requirements. The notice will also note that temporary, on-site relocation during the rehabilitation will be necessary.

Throughout the relocation process, the relocation specialist will coordinate with the households and other agencies to facilitate an uneventful move to comparable replacement housing.

10. **Temporary Relocation:** A resident is considered temporarily relocated if the relocation is less than a 12-month period. Due to the extensiveness of the rehabilitation and the concern for each tenant's health, safety, and welfare, it is anticipated that residents will be temporarily relocated on-site during the rehabilitation of the units. In order to limit inconvenience to the tenant, the affected residents will be moved into one of the vacant and newly rehabilitated

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units on-site at the cost of the project sponsor for approximately one month. The tenant will have the option to move back into their original and newly rehabilitated unit as soon as possible. Temporary relocation of tenants will begin once the vacant units are rehabilitated and available for occupancy and will continue until the project is completed, which is estimated to be by the end of 2009 or early 2010.

Each of the 30 two-story apartment buildings at Greystone Apartments contains 4, two-bedroom units. During rehabilitation, all four units of each building that is undergoing rehabilitation are planned to be vacant, so as not to disturb tenants. Temporary relocation is estimated to cost \$45,000. This dollar estimate accounts for the 11 households who were not available for the February 2008 survey, but whose files indicate that they will qualify to remain tenants of Greystone Apartments.

The estimate of \$45,000 for moving tenants within the complex includes packing and unpacking, telephone and cable disconnects and reconnects and all reasonable out-of-pocket costs to tenants.

11. **Relocation Office Procedures:** All mail and telephone contact with residents being permanently relocated will take place from Laurin Associates, a division of Raney Planning & Management, offices in Sacramento. A relocation specialist from Laurin Associates will travel to Greystone Apartments to meet personally with the permanently relocated households at least once during the relocation process and additionally as needed. The services of the Resident Manager and other management from the sponsor will be available to assist the residents.
12. **Citizen Participation:** A tenant meeting is tentatively scheduled in April 2008. Written information will be provided to tenants explaining the timing of and the eligibility for the project. Tenant meetings will be held as needed and translators will be available.

Tenants of Greystone Apartments are encouraged to voice their concerns and provide input on the contents of the Draft Relocation Plan by responding during the 30-day review period. Notice of the availability of the Draft Relocation Plan will be posted in the manager's office and copies will be made available to interested tenants. Additionally, information concerning the Draft Relocation Plan and its availability will be discussed during the first tenant meeting, tentative scheduled for April 2008, and subsequent meetings. Tenants are encouraged to establish a relocation committee to review this Draft Relocation Plan collectively. If a group of tenants wishes to form such a committee, the relocation specialist will provide assistance.

Upon request, tenants shall be provided timely and full access to all non-confidential documents relevant to the relocation.

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13. **Coordination Activities:** The relocation will be coordinated with SHRA and will follow regulations as noted above. Conducting surveys and analysis of relocation needs will be completed per Section 6048 to plan for replacement housing needs, coordination with social service agencies and follow-up, information to persons to be relocated, and preparation and maintenance of relocation records.

Relocated persons will be interviewed personally to determine the household's needs including household size and age of persons in household, income, housing preferences, and special needs.

Survey and analysis of available relocation resources per Title 25 Regulations in Section 6052, will include a written analysis of comparable replacement housing per Section 6008 definition of comparable replacement dwelling units. This will include available housing resources, identifying the name of the rental complex, unit types, rents, and vacancy. Location in relation to Greystone Apartments and in relation to services will also be provided. The Notice of Eligibility will identify a minimum of three vacant (as of the date of the notice) comparable replacement units and the upper limit of relocation benefits will be provided to tenant's being permanently relocated.

14. **Relocation Committee:** The comments of the relocation committee, if established and/or comments by individual tenants that are received during the 30-day review period will be included as an attachment in the Final Relocation Plan that will be submitted to the County Board of Supervisors for filing.
15. **Written Determination by Public Entities:** The Sacramento County Board of Supervisors resolution approving the Draft Relocation Plan will be included as an attachment to the Final Relocation Plan.
16. **Grievance Procedures:** Within eighteen (18) months of the date of relocation or receipt of final compensation (whichever is later), any person who believes themselves aggrieved in the relocation process, the amount of payment, relocation practices or replacement housing, may have their claim reviewed and reconsidered by (1) the relocation manager, or (2) the representative of SHRA and/or (3) the Relocation Appeals Board established by SHRA, pursuant to procedures established for such review and reconsideration. Review will not be done by the person who made the determination in question.

The review may be formal or informal and every attempt will be made to constrain or mitigate disputes between parties prior to any review.

If the relocation manager, the representative of the SHRA, and/or the Relocation Appeals Board denies or refuse to consider the claim, the complainant will be informed of the reasons in writing. The complainant will be referred to the State of California for arbitration and further determination. Failure of the complainant to petition the State of California will not limit the complainant's right to seek judicial review.

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The public entities may request additional information. Upon request of the complainant, the public entity will provide a full written explanation of its determination within three weeks of its receipt of the request.

The complainant may request an informal oral presentation before seeking formal review and reconsideration. The public entity will hear such presentation within fifteen (15) days of the request by complainant. The complainant may be represented by an attorney or other person of their choosing.

At any time within the eighteen (18) month appeal period, the complainant may file a written request for formal review and reconsideration.

CONCLUSION

A copy of this Draft Relocation Plan is being submitted to SHRA for review and comment prior to release to the tenants. Following review by SHRA, notice of the availability of the Relocation Plan will be given to all households of Greystone Apartments. Any comments received by tenants will be included as an addendum.

The Relocation Plan will be given a 30-day review period to allow for comment by the affected parties. After the 30-day period, SHRA will submit the Plan to the County Board of Supervisors for adoption. A copy of the Final Relocation Plan will be forwarded to SHRA.

GREYSTONE APARTMENTS

DRAFT RELOCATION PLAN

ATTACHMENT 1:

PROJECT MAP



GREYSTONE APARTMENTS

DRAFT RELOCATION PLAN

**ATTACHMENT 2:
SAMPLE NOTICES**

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT NOT DISPLACED

(Grantee or Agency Letterhead)

(date)

Dear _____:

(City, Co, State, Public Housing Authority, other), is interested in rehabilitating the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from _____ under the _____ program.

The purpose of this notice is to inform you that you will not be displaced in connection with the proposed project.

If the project application is approved and public financial assistance provided, you may be required to move temporarily so that the rehabilitation can be completed. If you must move temporarily, suitable housing will be made available to you and you will be reimbursed for all reasonable out of pocket expenses, including moving costs and any increase in housing costs. You will need to continue to pay your rent and comply with all lease terms and conditions.

Upon completion of the rehabilitation, you will be able to lease and occupy your present apartment or another suitable, decent, safe and sanitary apartment in the same building/complex under reasonable terms and conditions.

If public financial assistance is provided for the proposed project, you will be protected by the California Code of Regulations Title 25, Division 1, Chapter 6 (Title 25 Regulations) and URA and HUD HOME guidelines. One of the regulations protections for persons temporarily relocated is that such relocations shall not extend beyond one year. If the temporary relocation lasts more than one year, you will be contacted and offered all permanent relocation assistance as a displaced person under the regulations. This assistance would be in addition to any assistance you may receive in connection with temporary relocation and will not be reduced by the amount of any temporary relocation assistance previously provided. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered.

We urge you not to move at this time. If you choose to move, you will not be provided relocation assistance.

Please remember:

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

You will be contacted soon so that we can provide you with more information about the proposed project. If the project is approved, we will make every effort to accommodate your needs. In the meantime, if you have any questions about our plans, please contact: (name), (title), (address), (phone).

Sincerely,

(name and title)

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT TO BE DISPLACED

(Grantee or Agency Letterhead)

(date)

Dear _____:

(City, Co, State, Public Housing Authority, other), is interested in (acquiring, rehabilitating, demolishing) the property you currently occupy at (address) for a proposed project which may receive funding assistance from _____ under the _____ program.

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under the California Code of Regulations Title 25, Division 1, Chapter 6 (Title 25 Regulations) and URA and HUD HOME guidelines. You may be eligible for relocation assistance and payments under the regulations, if the proposed project receives public funding and if you are displaced as a result of acquisition, rehabilitation or demolition for the project.

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to you find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent, or if you prefer to purchase, a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed Informational Statement, "Relocation Assistance to tenants displaced from their Homes" provides an explanation of this assistance and other helpful information.

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move or if you are evicted prior to receiving a formal notice of relocation eligibility you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time. If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

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

Sincerely,

(name and title)

GUIDEFORM NOTICE OF ELIGIBILITY FOR
RELOCATION ASSISTANCE
RESIDENTIAL TENANT

(Grantee or Agency Letterhead)

(date)

Dear _____:

On (date), the (City, Co, State, Public Housing Authority, other), notified you of proposed plans to (acquire, rehabilitate, or demolish) the property you currently occupy at (address) for a project which could receive funding assistance from the _____ under the _____ program. On (date), the project was approved and will receive public funding.

It has been determined that you will be displaced by the project. Since you are being displaced in connection with this publicly funded project, you will be eligible for relocation assistance and payments under the California Code of Regulations Title 25, Division 1, Chapter 6 (Title 25 Regulations) and URA and HUD HOME guidelines.

- **This is your Notice of Eligibility for relocation assistance**
- **The effective date of your eligibility is _____.** *(Insert date of Initiation of Negotiations)*

To carry out the project, it will be necessary for you to move. However, **you do not need to move now.** You will be provided written notice of the date by which you will be required to move. This date will be no less than 90 days from the date comparable replacement housing has been made available to you.

Enclosed is an Information Statement entitled, "Relocation Assistance to Tenants Displaced From Their Homes." Please read the brochure carefully. It explains your rights and provides additional information on eligibility for relocation payments and what you must do in order to receive these payments.

The relocation assistance to which you are entitled includes:

Relocation Advisory Services. Including counseling and other assistance to help you find another home and prepare to move.

Payment for Moving Expenses. You may choose: (1) a payment for your actual reasonable moving and related expenses, or (2) a fixed moving payment in the amount of \$_____ based on the Fixed Residential Moving Cost Schedule.

Replacement Housing Payment. You may be eligible for a replacement housing payment to rent or buy a replacement home. The payment is based on several factors including: (1) the monthly rent and cost of utility services for a comparable

replacement dwelling, (2) the monthly rent and cost of utility services for your present home, and (3) for low-income persons, 30 percent of your average monthly gross household income. This payment is calculated on the difference in the old and new housing costs for a one-month period and multiplied by 42.

Listed below are three comparable replacement dwellings that you may wish to consider for your replacement home. If you would like, we can arrange transportation for you to inspect these and other replacement dwellings.

	Address	Rent & Utility Costs	Contact Info
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

We believe that the dwelling located at (address) is the most representative of your present home. The monthly rent and the estimated average monthly cost of utilities for this dwelling is \$ _____ and it will be used to calculate your maximum replacement housing payment. Please contact us immediately if you believe this dwelling is not comparable to your current home. We can explain our basis for selecting this dwelling as most representative of your current home and discuss your concerns.

Based on the information you have provided about your income and the rent and utilities you now pay, you may be eligible for a maximum replacement housing payment of approximately \$ _____ (42 x \$ _____), if you rent the dwelling identified above as the most comparable to your current home or rent another dwelling of equal cost.

Replacement housing payments are not adjusted to reflect future rent increases or changes in income. This is the maximum amount that you would be eligible to receive. If you rent a decent, safe and sanitary home where the monthly rent and average estimated utility costs are less than the comparable dwelling, your replacement housing payment will be based on the actual cost of the dwelling. We will not base your payment on any dwelling that is not a comparable replacement home. All replacement housing payments must be paid in installments. Your payment will be paid in # installments.

Should you choose to purchase (rather than rent) a decent, safe and sanitary replacement home, you would be eligible for a downpayment assistance payment which is equal to your maximum replacement housing payment, \$ _____. Let us know if you are interested in purchasing a replacement home and we will help you locate such housing.

Please note that all replacement housing must be inspected in order to ensure it is decent, safe and sanitary before any replacement housing payments are made.

If you have any questions about this letter and your eligibility for relocation assistance and payments, please contact (name), (title) at (phone), (address) before you make any moving plans.

He/she will assist you with your move to a new home and help ensure that you preserve your eligibility for all relocation payments to which you may be entitled.

Remember, do not move or commit to the purchase or lease of a replacement home before we have a chance to further discuss your eligibility for relocation assistance. This letter is important to you and should be retained.

Sincerely,

(name & title)

RELOCATION ASSISTANCE TO TENANTS DISPLACED FROM THEIR HOMES

Introduction

This Information Statement describes the relocation payments and other relocation assistance provided under the California Code of Regulations Title 25, Division 1, Chapter 6 (Title 25 Regulations) and URA and HUD HOME guidelines to tenants displaced from their homes. This includes any family or individual that must move as a direct result of rehabilitation, demolition or acquisition for a project in which public funds are used.

If you are notified that you will be displaced, it is important that you **do not move** before you learn what you must do to receive the relocation payments and other assistance to which you are entitled.

This Informational Statement may not answer all of your questions. If you have more questions about your relocation, contact the Relocation Specialist responsible for the project. (Check the end of this Informational Statement for the name of the person to contact.) Ask your questions before you move. Afterwards, it may be too late.

Summary of Relocation Assistance

As an eligible tenant displaced from your home, you will be offered the following advisory and financial assistance:

- **Advisory Services.** This includes referrals to comparable and suitable replacement homes, the inspection of replacement housing to ensure that it meets established standards, help in preparing claim forms for relocation payments and other assistance to minimize the impact of the move.
- **Payment for Moving Expenses.** You may choose either a:
 - * **Payment for Your Actual Reasonable Moving and Related Expenses,** or
 - * **Fixed Moving Expense and Dislocation Allowance.**
- **Replacement Housing Assistance.** To enable you to rent, or if you prefer, buy a comparable or suitable replacement home, you may choose either:
 - * **Rental Assistance,** or
 - * **Purchase Assistance.**

If you disagree with the Agency's decision as to the relocation assistance for which you are eligible, you may appeal that decision.

General Questions

How Will I Know I Am Eligible For Relocation Assistance?

You should receive a written notice explaining your eligibility for relocation assistance. You should not move before receiving that notice. If you do, you may not receive relocation assistance.

How Will The Agency Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by the Relocation Specialist to determine your relocation needs and preferences for replacement housing and advisory services. The interviewer will ask certain questions about you and other members of your household, including questions about your income. It is to your advantage to provide the information so that the Agency can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have To Move?

If possible, a mutually agreeable date for the move will be worked out. You will be given enough time to make plans for moving. Unless there is a health or safety emergency, you will not be required to move without at least 90 days advance written notice.

What Is A Comparable Replacement Home?

A comparable replacement home is:

- Decent, safe, and sanitary.
- Functionally equivalent to (and equal or better than) your present home.
- Actually available for you to rent.
- Affordable.
- Reasonably accessible to your place of employment.
- Generally as well located with respect to public and commercial facilities, such as schools and shopping, as your present home.
- Not subject to unreasonable adverse environmental conditions.
- Available to all persons regardless of race, color, religion, sex, or national origin.

What is Decent, Safe, and Sanitary Housing?

Decent, safe, and sanitary housing is housing that:

- Meets applicable housing and occupancy requirements.
- Is structurally sound, weather tight, and in good repair.
- Contains a safe, adequate electrical wiring system.
- Has adequate living space for the occupants.

- Has a kitchen with a sink, hot and cold running water, and connections for a stove and refrigerator (if you were displaced from a housekeeping unit).
- Has a separate, complete bathroom with hot and cold running water.
- Has heating as required by climatic conditions.
- Has an unobstructed exit to safe, open space at ground level.
- Meets standards protecting occupants from lead-based paint hazards.

Will I Receive Help Finding A Replacement Home?

Yes. You will be provided with referrals to housing that has been inspected to ensure that it meets established standards. If possible, you will be referred to at least three comparable replacement homes. The maximum financial assistance for which you may qualify will be based on the cost of the most representative comparable replacement home that is available to you. Promptly after you become eligible for relocation assistance, the Agency will inform you of such unit and the maximum payment available.

Once the Agency representative has a clear understanding of your needs and preferences, he or she will work with you to assure that you are given the best possible choice of housing.

Generally, an eligible displaced person receives preference for housing assistance (low income housing). You will be given assistance in completing any required application forms.

What If I Find My Own Replacement Housing?

You have every right to find your own replacement housing. However, before you rent or buy, ask the Relocation Specialist to inspect the unit to make sure that it is decent, safe, and sanitary. If the housing unit is not decent, safe, and sanitary, you will not receive a replacement housing payment.

What If I Encounter A Problem In Obtaining Housing Of My Choice?

If you encounter a problem in buying or renting housing of your choice, notify the Relocation Specialist immediately. The Relocation Specialist will look into the matter and try to resolve it. You will receive this help whether you were referred to the housing unit or found it yourself.

If you are unable to buy or rent a housing unit because of discriminatory practices on the part of a real estate broker, rental agent, lender, or a property owner, the Relocation Specialist will help you file a formal housing discrimination complaint with the appropriate State or local fair housing agency.

What Other Services Will I Receive?

In addition to help in obtaining a comparable replacement home, other assistance, as necessary, will be provided in order to minimize the impact of your move. This assistance may include referral to appropriate public and private agencies that provide services concerning housing

financing, employment, health, welfare, or legal assistance. The range of services depends on the needs of the person being displaced. You should ask the Relocation Specialist to tell you about the specific services that will be available to help you and your family.

What Is a Payment For Actual Reasonable Moving and Related Expenses?

You may choose to receive a relocation payment to cover the reasonable cost of your move. If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may include in your claim, the reasonable and necessary costs for:

- Transportation for you and your family.
- Packing, moving and unpacking of your household goods.
- Disconnecting and reconnecting household appliances and other personal property (e.g., telephone and cable TV).
- Storage of household goods, as may be necessary.
- Insurance for the replacement value of your property during the move and necessary storage.
- The replacement value of property lost, stolen or damaged in the move (but not through your neglect) if insurance is not reasonably available.

The Relocation Specialist will explain all eligible moving costs, as well as those that are not eligible. You must be able to account for any costs that you incur, so keep all your receipts. Select your mover with care. The Relocation Specialist can help you select a reliable and reputable mover.

You may elect to pay your moving costs yourself and be reimbursed or, if you prefer, you may have the mover paid directly. In either case, let the Relocation Specialist know before you move.

What Is A Fixed Moving Expense And Dislocation Allowance?

If you choose a Fixed Moving Expense and Dislocation Allowance, you will receive an allowance that is based on the number of rooms in your home or the number of rooms of furniture you will be moving, as shown on a schedule. The Agency has a copy of the schedule and will help you decide whether choosing this allowance is in your best interest.

If you do not have a large amount of personal property to move, this payment should be more advantageous. No special documentation is required to support your claim. You need only move your personal property and complete the appropriate claim form in order to receive your payment. The Relocation Specialist will assist you in completing the appropriate claim form.

How Much Rental Assistance Will I Receive?

Depending on the monthly income of all adults in your household, you may be eligible to receive Rental Assistance for 42 months. The assistance is computed in the following manner:

The assistance needed for one month is determined by subtracting the "base monthly rent" for your

present home from the cost of rent and utilities for your new home (or a comparable replacement home, if that cost is lower). That monthly need, if any, is multiplied by 42, to determine the total amount that you will receive. This amount will be paid directly to you in monthly installments or other periodic payments. Generally, the base monthly rent for your present home is the lesser of: (1) the monthly rent and average monthly cost for utilities, or (2) thirty percent of your average monthly gross household income.

If I Decide to Buy, Rather Than Rent, How Much Assistance Will I Receive?

If you buy a replacement home, you may be eligible for assistance to make a down payment equal to the amount you would receive if you rented a comparable replacement home (i.e., 42 times the amount obtained by subtracting the "base monthly rent" for your present home from the monthly rent and estimated average monthly utility costs for a comparable replacement home). A down payment assistance payment will be paid in a lump sum. The full amount of the payment must be applied to the down payment.

Must I File A Claim To Obtain A Relocation Payment?

Yes. You must file a claim for each relocation payment. The Relocation Specialist will, however, provide you with the required claim form, help you to complete it, and explain the type of documentation, if any, that you must submit in order to receive the payment.

If you must pay any relocation expenses before you move (e.g., a security deposit when you sign a lease for your new home), discuss your financial needs with the Relocation Specialist. You should be able to obtain an advance payment to meet these costs. An advance payment may be placed in "escrow" or paid directly to a contractor to ensure that the move will be completed on a timely basis.

You must file your claim within 18 months after the date you move. However, it is to your advantage to file as soon as possible after you find replacement housing. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, ask the Relocation Specialist to extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

Will I Have To Pay Rent Before I Move?

You are required to pay rent as normal while residing at your apartment.

Do I Have To Pay Federal Income Taxes On My Relocation Payments?

No. You need not report relocation payments as part of your gross income for Federal tax purposes. For information on State or local income taxes, you should check with the State or local income tax office in your area or with your personal tax advisor.

What If I Don't Receive The Required Assistance? Can I Appeal?

If you disagree with the decision as to your right to relocation assistance or the amount of a payment, or the adequacy of the housing to which you have been referred, you may appeal the decision.

You will be informed of the appeal procedures. At a minimum, you will have 60 days to file your appeal after you receive written notification of the determination on your claim. Your appeal must be in writing. However, if you need help, the Relocation Specialist will assist you in preparing your appeal.

If you are a low- or moderate-income person and are dissatisfied with the determination on your appeal, you may have an additional right to request administrative review of that decision (e.g., by the State).

You can expect a fair decision on any appeal. However, if you are not satisfied with the final administrative decision on your appeal, you may seek review of the matter by the courts.

I Have More Questions. Who Will Answer Them?

If you have further questions after reading this Informational Statement, contact the Relocation Specialist to discuss your concerns.

Person to Contact during Normal Business Hours: Ms. Suzanne Gottier, 800-424-1193

GREYSTONE APARTMENTS

DRAFT RELOCATION PLAN

**ATTACHMENT 3:
COMPARABLE AVAILABLE REPLACEMENT
HOUSING**

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
March 2008

SUMMARY OF PERMANENT RELOCATION NEEDS

A summary of household needs and estimated costs for the anticipated 14 households that will need to be permanently relocated due to either overcrowding or exceeding the maximum income allowable at Greystone after rehabilitation is shown in Section 3b of the Draft Relocation Plan.

As shown below, there are a total of six households who are over 60 percent of AMI, the maximum income limit. Five of those households will need two-bedroom units and one will need a three-bedroom unit. There are a total of eight households who have six or more persons in the household, which is considered overcrowded. All eight of those households reported very low income per their household size. Five of the overcrowded households will need a three-bedroom unit and three households will need a four bedroom unit.

TABLE 1
SUMMARY OF PERMANENT RELOCATION NEEDS
BY UNIT TYPE AND AFFORDABILITY

UNIT TYPE	MARKET RATE UNITS NEEDED	AFFORDABLE OR SUBSIDIZED UNITS NEEDED	TOTAL NO. OF UNITS NEEDED
2BR	5	0	5
3BR	1	5	6
4BR	0	3	3
TOTAL	6	8	14

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
March 2008

VACANT RENTAL UNITS

The February 2008 Market Study Update, along with additional efforts searching for three and four bedroom single family homes, found a total of 58 vacant two, three, and four bedroom units within 8.9 miles of Greystone. Of the 66 vacant units, 50 are market rate and 16 are affordable, including 6 vacant rental assisted units. Ten of the vacant 16 affordable units are affordable through the Low Income Housing Tax Credit Program.

Although vacancies change daily and will be different when each household is permanently relocated, this gives a point in time idea of what rental vacancies and rents are like near Greystone. Rental and purchase assistance will be based on the actual cost of a comparable at the time of relocation.

In addition to the vacancies summarized in Table 2 and Table 3, there are also three and four-bedroom affordable townhome rentals available at 4400 Shining Star in Sacramento, 2.2 miles from Greystone. Three-bedroom units are \$750 and four-bedroom units are \$900 per month. Management was not available to give the exact number of vacancies. Therefore, they were not included in the summary tables below. As of February 20, 2008, there were also 17 low and very low income units vacant at Acacia Meadows Apartments, which is located at 7710 Stockton Boulevard, 4.7 miles from the site. Rents at Acacia Meadows range from \$692 to \$927 for two and three-bedroom units. However, because management was not available to give the exact number of vacancies per unit type, these units were not included below.

TABLE 2
VACANT REPLACEMENT RENTAL UNITS BY TYPE AND AFFORDABILITY

UNIT TYPE	MARKET RATE VACANT UNITS	LIHTC VACANT UNITS	RENTAL ASSISTED VACANT UNITS	TOTAL VACANT UNITS
2BR	36	8	2	46
3BR	9	2	3	14
4BR	5	0	1	6
TOTAL	50	10	6	66

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
March 2008

The following vacant comparable rentals were found in February and March 2008 through searching classified advertisements, home rental listings, SHRA affordable rental listings, contacting property management companies, and referencing the Greystone Market Study.

TABLE 3
LOCATION OF REPLACEMENT UNITS BY TYPE AND AFFORDABILITY

NAME/ADDRESS/PHONE NUMBER	DISTANCE FROM GREYSTONE	AFFORDABILITY	RENT BY TYPE	VACANT UNITS BY TYPE
Summerset 6297 Martin Luther King Jr. Blvd. 916-424-9413	0.5 miles	MR	2/1 - \$730	2/1 - 2
Hampton Park 4050 Cuny Avenue 916-424-3302	1.0 miles	MR	2/1 - \$850 3/2 - \$900	2/1 - 1 3/2 - 1
Bowling Green Village 4100 49 th Avenue 916-427-5830	1.1 miles	MR	2/1 - \$650	2/1 - 7
Rosedown 6500 47 th Street 916-392-8644	1.4 miles	MR	2/1 - \$835	2/1 - 1
Greenridge 5351 47 th Avenue 916-393-0963	1.7 miles	MR	2/1 - \$830	2/1 - 5
Pinewood Apartments 7051 Bowling Drive 916-422-6807	1.7 miles	MR	2/1.5 - \$800	2/1.5 - 1
Southgate Apartments 7006 East Parkway 916-421-6320	2.4 miles	MR	2/1 - \$725	2/1 - 19
SFH Freeport Boulevard and Fruitridge Road Hous-616637113@craigslist.org	2.0 miles	MR	3/1 - \$1,150	3/1 - 1
SFH 4921 48 th Street Vasquez.leo@hotmail.com	2.2 miles	MR	3/1 - \$1,100	3/1 - 1
SFH Santa Rosa and 42 nd Ave. 916-922-2085	2.6 miles	MR	3/2 - \$1,000	3/2 - 1
SFH 3371 Jola Circle 916-351-9338	3.2 miles	MR	4/2 - \$1,100	4/2 - 1
SFH 2 Eagle Rock Court 916-429-1302	3.3 miles	MR	4/2 - \$1,275	4/2 - 1
SFH 5821 Lonsdale Drive 916-395-7703	3.4 miles	MR	3/2 - \$1,195	3/2 - 1

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
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SFH 1470 Mathews Way 510-967-3888	3.7 miles	MR	3/1.5 - \$1,350	3/1.5 - 1
SFH 1348 Las Lomitas Circle 916-395-7703	4.4 miles	MR	3/1 - \$980	3/1 - 1
SFH 5609 Stacy Avenue 707-322-7434	4.5 miles	MR	3/2.5 - \$1,450	3/2.5 - 1
SFH 8130 Gandy Dancer Way 916-683-8369	5.2 miles	MR	4/2.5 - \$1,550	4/2.5 - 1
SFH 5231 Crystal Hill Way 916-395-7703	5.4 miles	MR	4/2.5 - \$1,395	4/2.5 - 1
SFH 42 Stanislaus Circle 916-395-7703	6.6 miles	MR	3/2 - \$1,150	3/2 - 1
SFH 1909 Bowling Green Drive 916-395-7703	8.9 miles	MR	4/2 - \$1,195	4/2 - 1
Greenway Village 6311 Sampson Blvd. 916-399-8644	1.6 miles	LIHTC	2/1 @ 35% - \$451 2/1 @ 50% - \$670 2/1 @ 60% - \$819	2/1 - 8
Meadow Glen Apartments 2451 Meadowview Road 916-669-1308	2.8 miles	LIHTC	3/2 @ 40% - \$618	3/2 - 2
Gaddy Grove 4140 Gaddi Drive 916-429-1265	1.1 miles	Section 8	30% of income	2/1 - 1
Saybrook Apartments 4390 47 th Avenue 916-395-1278	1.1 miles	Section 8	30% of income	2/1 - 1
Shiloh Arms 4009 23 rd Avenue 916-451-1441	1.6 miles	Section 8	30% of income	3/2 - 3 4/2 - 1

The vacant market rate two-bedroom units found in the south Sacramento area range from \$650 to \$850 per month. The three-bedroom units range from \$980 to \$1,450 and the four-bedroom units range from \$1,100 to \$1,550. The median market rents for the vacant two-bedroom units found in south Sacramento are \$800. Three-bedroom units are \$1,150 and four-bedroom units are \$1,275.

TABLE 4
SUMMARY OF REPLACEMENT RENTAL UNITS AND COST
SOUTH SACRAMENTO AREA

UNIT TYPE	# FOUND (# NEEDED)	MARKET RENTS	MEDIAN MARKET RENTS
2BR	46 (5)	\$650-\$850	\$800
3BR	14 (6)	\$980-\$1,450	\$1,150
4BR	6 (3)	\$1,100-\$1,550	\$1,275

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
March 2008

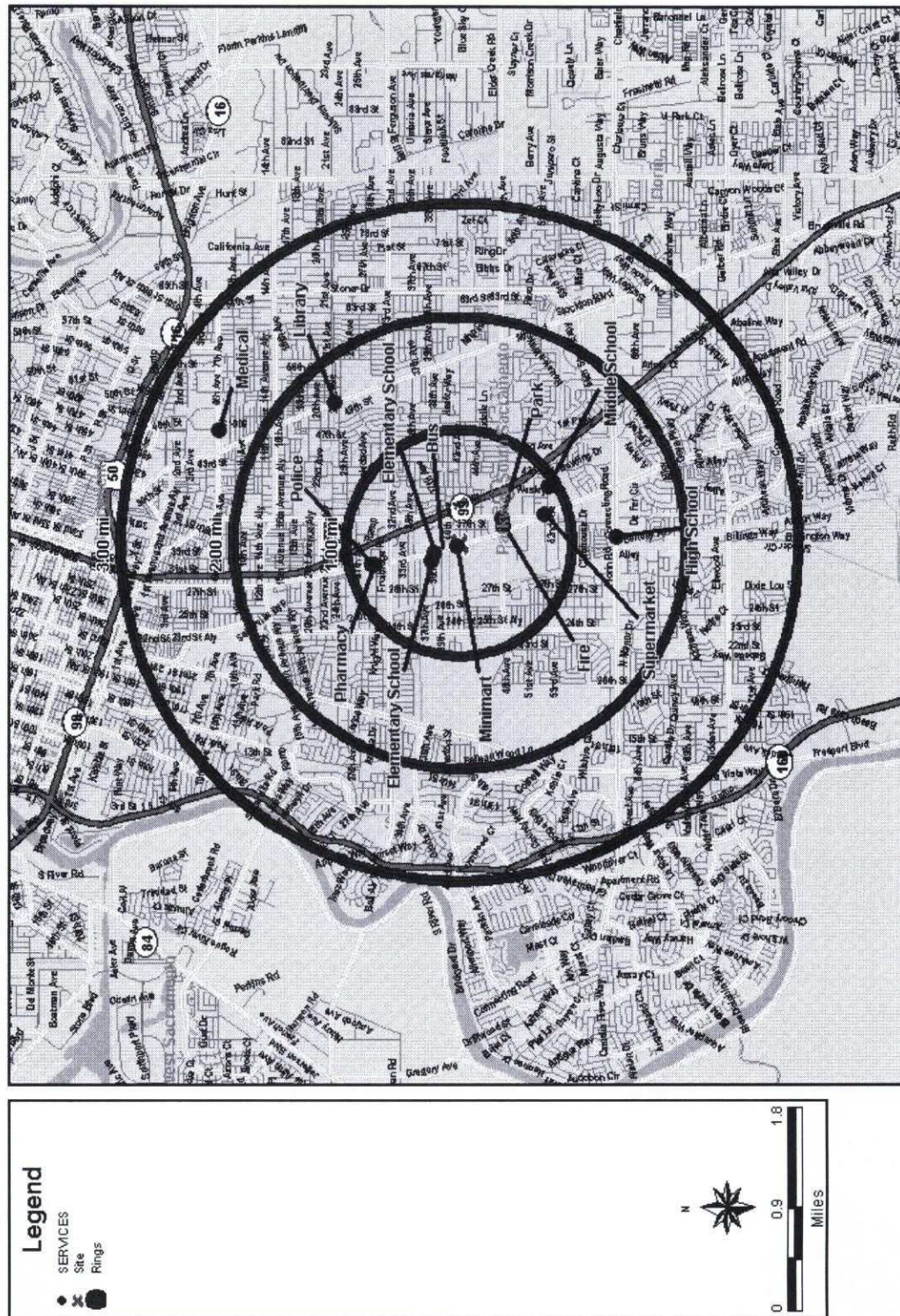
SERVICES AND FACILITIES

Distances for the surrounding services and facilities, which are listed below, are given from Greystone. As noted in Table 3, all above listed comparables are within 8.9 miles of Greystone.

Bus:	The nearest bus stop with access to routes 67 operated by Sacramento Regional Transit, is located 0.2 miles from the site.
Police:	The Sacramento Police Department is located at 5303 Franklin Blvd, 0.8 miles from the site.
Fire:	The closest fire station is located at 3720 47 th Avenue, approximately 0.4 miles from the site.
Medical:	The nearest medical facility is the U.C. Davis Medical Center located at 4800 Broadway, 2.3 miles from the proposed project.
Grocery:	The nearest minimart is located at 6035 Franklin Blvd, 0.1 miles from the project site. The nearest supermarket is Asian Supermarket located at 6701 Franklin Blvd, 0.7 miles from the proposed project.
Schools:	Maple Elementary is located at 3301 37 th avenue, is 0.3 miles from the site. Fern Bacon Middle School is located 0.9 miles from the site at 4140 Cuny Ave. Luther Burbank High School, located at 3500 Florin Road, is 1.4 miles from the site. In addition, St. Patrick's Private Elementary School is located behind the site at 5945 Franklin Blvd.
Recreation:	Rainbow Park is located at the intersection of Martin Luther King Jr. Blvd and 42 nd Avenue, 0.2 miles from the site.
Library:	The Colonial Heights Community Library is located at 4799 Stockton Blvd, 1.6 miles from the proposed project.
Pharmacy:	The closest pharmacy is South Sacramento Pharmacy located at 5385 Franklin Blvd, 0.7 miles from the proposed project.

DRAFT RELOCATION PLAN, ATTACHMENT 3
Greystone Apartments
March 2008

EXHIBIT 1 – LOCATION OF SERVICES



GREYSTONE APARTMENTS

DRAFT RELOCATION PLAN

**ATTACHMENT 4:
HOUSEHOLD SIZE AND INCOME**

Unit # _____

HOUSEHOLD SIZE AND INCOME

Names of all Members	Relationship	Age	Source of Income				Gross Monthly Income
			Employ.	Welf.	Emp. Wel. Pen.	Pens. Other (ID)	
	Head of Household		\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$
			\$	\$	\$	\$	\$

RACIAL/ETHNIC CLASSIFICATION

Please circle:

- Hispanic: Y N
 White
 Black/African American
 Asian
 American Indian/Alaska Native
 Native Hawaiian/Other Pacific Islander
 American Indian/Alaska Native & White
 Asian & White
 Black/African American & White
 Amer. Indian/Alaska Native & Black/African Amer.
 Other Multi Racial

Tenant Name: _____ Date _____

May 13, 2008

Avalon Communities, LLC
DAVCO Communities, LLC
DBA Greystone Apartments - Sacramento, LP
261 North Van Ness Avenue
Fresno , CA 93701
Attn: Leo Puig / Tom Davis

RE: Conditional Funding Commitment, Greystone Apartments

Dear Mr. Puig and Mr. Davis:

On behalf of the Sacramento Housing and Redevelopment Agency and the Redevelopment Agency of the City of Sacramento (Together "Agency"), we are pleased to advise you of its commitment of acquisition, rehabilitation and permanent loan funds ("Loan") from Franklin Boulevard Low/Mod Tax Increment funds, County Aggregated Housing Taxable TARF funds, County Aggregate Tax Increment Low-mod Set-Aside funds and County Home Investment Partnership funds for the purpose of financing the acquisition, rehabilitation, and permanent financing of that certain real property known as Greystone Apartments located at 3545 41st Street in Sacramento, California ("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 Agency, this commitment is void. Agency's obligation to make the Loan is subject to 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. No loan terms not in this funding commitment and the attached loan document forms shall 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 Loan Commitment Letter 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 days prior to close of escrow for the Property.

This commitment is subject to approval by the Board of Supervisors of the County of Sacramento and the City Council of the City of Sacramento.

This commitment will expire May 13, 2009.

1. PROJECT DESCRIPTION: The project is the acquisition and rehabilitation of a 120-unit apartment complex. The new project will have 119 regulated apartment units. A total of 24 units will be affordable to families earning less than 50 percent of the Area Median Income (AMI) and an additional 95 units will be affordable to families earning less than 60 percent of AMI. One unit will be an unrestricted manager's unit.
2. BORROWER: The name of the Borrower for the Loan is Greystone Apartments – Sacramento, L.P. or a limited liability company or limited partnership to be formed by Avalon Communities, LLC and DAVCO Communities, LLC.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, rehabilitation and permanent financing or 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 funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Four Million One Hundred Seventy Thousand Dollars (\$4,170,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value.
5. TERM OF LOAN: The unpaid balance of the Loan will be all due and payable in month 384.
6. INTEREST RATE: The Loan will bear interest at Four Percent (4%) simple interest per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. AMORTIZATION: The Loan shall be paid in monthly installments with a balloon payment due in month 384.
8. MONTHLY PAYMENTS: Payments shall be applied first to outstanding interest accrued and unpaid and then to principal. Interest and principal payments shall be deferred from the date of loan closing through the first 204 months. Beginning in month 205, monthly installments shall be made according to the following schedule:

Months 205-216	\$13,086.00 per month
Months 217-228	\$13,990.00 per month
Months 229-240	\$14,953.00 per month
Months 241-252	\$15,992.00 per month
Months 253-264	\$16,897.00 per month
Months 265-276	\$17,805.00 per month
Months 277-288	\$18,649.00 per month
Months 288-300	\$19,487.00 per month
Months 301-312	\$20,320.00 per month
Months 313-324	\$21,146.00 per month
Months 325-336	\$21,963.00 per month

Months 337-348	\$22,771.00 per month
Months 349-360	\$23,568.00 per month
Months 361-372	\$24,353.00 per month
Months 373-383	\$25,125.00 per month
Month 384	All unpaid principal and interest due

9. 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: \$1,000,000 Franklin Boulevard Low/Mod Tax Increment funds, \$1,320,000 in 2008 County Aggregated Housing Taxable TARB funds, \$350,000 in County Aggregate Low/ Mod Tax Increment funds and \$1,500,000 in County Home Investment Partnership 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.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

Borrower acknowledges that every contract for new construction or rehabilitation construction of housing that includes 12 or more units assisted with HOME funds will contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety standards Act (40 U.S.C. 327-332). (24 C.F.R. 92.354). Borrower also acknowledges that any project containing a "subsidy" may be subject to state prevailing wages, which are the responsibility of the Borrower and Borrower's contractor.

_____ (Borrower Initial)

10. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
11. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and

Improvements, which shall be a second lien upon the Property and Improvements subject only to senior bond debt 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 Property.

12. LEASE AND RENTAL SCHEDULE: The form of all leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
13. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$6,500,000 in Low Income Housing Tax Credit Equity and no less than \$890,000 in deferred developer fee.
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:

Construction Financing from a private lender in an amount sufficient to complete rehabilitation 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.

Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien and for a term of not less than 30 years with a 35 year amortization.

Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

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 loan or regulatory 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 must submit to 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 E1527-93) 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, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been 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 are sufficient, in the sole and reasonable judgment 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 SPECIFICATIONS: Final plans and specifications 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.
19. ARCHITECTURAL AGREEMENT: The architectural agreement ("Agreement") 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"), 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.
21. RETENTION AMOUNT: The Agency shall retain ten percent (10%) as retention from each disbursement, not to exceed a total of ten percent (10%) of the total amount of the Loan.
22. 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.

23. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the projected final sources of funding. If there is an aggregate savings, net of any increases or decreases in sources of funding, from the original budget approved by the Agency, that results in a reduction in the amount of deferred fees payable to the developer, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification, the projected final sources of funding, and the original approved budget for the project.
24. APPROVAL OF DISBURSEMENTS: Borrower shall submit all disbursement requests to the Agency simultaneous to lender, tax credit investor, and/or any other funding source for the project for approval. Agency shall have five business days from the date of a complete disbursement request to approve or deny, in whole or part, such disbursement request. Borrower shall ensure that appropriate language to this effect is included in lender and partnership documents.

Agency shall only approve disbursements of the Loan based on a cost breakdown that restricts disbursements to line items in cost categories in Agency approved budget. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds. Agency shall conduct inspections of the Property prior to disbursing, or approving disbursement requests, of Loan funds.

If the Agency does not approve a draw request, in whole or part, or the Borrower fails to submit a draw request to the Agency for approval, the Agency loan shall be reduced by the same amount of the disallowed draw item(s).

prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items based on the original approved budget for the project, the Agency shall withhold for itself, as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion,

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

25. CONSTRUCTION CONTINGENCY: Within the Development Budget there will be 5% construction contingency. This contingency can only be spent by change order request with Agency approval. Any unspent funds will be split between the Developer (50%) and Agency (50%).
26. 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 June 1, 2009.
27. COMPLETION OF CONSTRUCTION: Borrower shall complete the construction of the Improvements no later than December 10, 2010.
28. HAZARD INSURANCE: Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, 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 TEN THOUSAND DOLLARS (\$10,000.00).
29. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: Bodily injury liability of \$1,000,000 each occurrence and \$5,000,000 Aggregate, Products and Completed Operations; Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$5,000,000 aggregate; Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$5,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
30. TITLE INSURANCE: Borrower must procure and deliver to Agency a 1970 or 1987 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a second 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.

31. 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.
32. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
33. 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.
34. 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.
35. TENANT SERVICES PLAN: Prior to the closing of the Loan the Borrower will submit to the Agency for approval a Tenant Services Plan. The Tenant Services Plan must provide a description of the services or activities to be provided as well as their goals and objectives. Additional information such as the name of the service provider, the number of staff persons facilitating the services, and how regularly the services will be offered must be included.
36. LOW INCOME HOUSING TAX CREDITS ("LIHTC"): Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
37. 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.

38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, 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 letter.
39. 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.
40. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
41. 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.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

La Shelle Dozier
Interim Executive Director

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

La Shelle Dozier
Interim Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER'S REPRESENTATIVE
Avalon Communities, LLC

By: _____
Name: Leo Puig
Title: Authorized Member

DAVCO Communities, LLC

By: _____
Name: Tom Davis
Title: Authorized Member

RESOLUTION NO. 2008 – _____

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

GREYSTONE APARTMENTS: APPROVAL OF \$2,670,000 LOAN COMMITMENT (REDEVELOPMENT PROJECT AREA FUNDS); EXECUTION OF LOAN COMMITMENT AND RELATED DOCUMENTS WITH AVALON COMMUNITIES, LLC AND DAVCO COMMUNITIES, LLC, OR RELATED ENTITY; AUTHORIZATION AND DELEGATION OF AUTHORITY TO REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO TO EXECUTE OWNERS PARTICIPATION AGREEMENT AND RELATED DOCUMENTS WITH AVALON COMMUNITIES, LLC AND DAVCO COMMUNITIES, LLC, OR RELATED ENTITY

BACKGROUND

- A. The Redevelopment Agency of the County of Sacramento has adopted the Franklin Boulevard Redevelopment Plan (Redevelopment Plan) and an implementation Plan for the Franklin Boulevard Project Area:
- B. Avalon Communities, LLC and DAVCO Communities, LLC, has applied for an Agency Loan in the amount of Four Million One Hundred Seventy Thousand Dollars (\$4,170,000) to assist in funding the acquisition and rehabilitation of the 120-unit Greystone Apartments ("Project"), which is comprised of One Million Five Hundred Thousand Dollars (\$1,500,000) in County Home Investment Partnership Funds, One Million (\$1,000,000) in Franklin Boulevard Low/Mod Tax Increment Funds, One Million Three Hundred Twenty Thousand (\$1,320,000) in 2008 County Housing Aggregated Taxable TARF funds and Three Hundred Fifty Thousand (\$350,000) in County Aggregate Low/Mod Tax Increment Funds ;
- C. The Agency desires to utilize County Aggregated Redevelopment Project Area funds for the development of the Project;
- D. The Agency finds that the Project will eliminate blight and promote affordable housing in the Franklin Blvd. Redevelopment Area and preserve the community's supply of low income housing available at an affordable housing cost to persons that are very low and low income households which is located outside of the City Limits but within the project area's jurisdiction;
- E. The Agency finds that the Tax Increment set-aside funds used to fund the Project are needed to make the housing units affordable. Therefore, the project is not required to provide Art in Public Places.

- F. The Sacramento Housing and Redevelopment Agency has determined that the project is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES
AS FOLLOWS:**

- Section 1. The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged. The project consists of the rehabilitation of a multi-family residential complex in which the unit density will not be changed and the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation. Therefore, the proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3).
- Section 2. It is found and determined that the use of Project Area funds to develop the Project will benefit very low and low income individuals.
- Section 3. It is found and determined that the Tax Increment housing set-aside funds that will be used for the project are needed to make the units affordable and therefore the Project is exempt from providing Art in Public Places.
- Section 4. The Loan Commitment, attached to and incorporated in this resolution by this reference (Exhibit A), for financing the Greystone Apartments project with TI Funds not to exceed \$2,670,000 (a total of loan commitment not more than \$4,170,000 including not more than \$1,500,000 in HOME Funds) is approved and the Agency is authorized to execute and transmit the Loan Commitment to Avalon Communities, LLC and DAVCO Communities, LLC or related entity.
- Section 5. The Redevelopment Agency of the County is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the staff report and the Loan Commitment that accompany this resolution including but not limited to an Owners Participation Agreement between the Redevelopment Agency of the County and Avalon Communities, LLC and DAVCO Communities, LLC, or related entity, in accordance with their respective terms, and to ensure proper repayment of the Agency funds, including without limitation, subordination, extensions, and restructuring of such a loan.

Section 6. The Redevelopment Agency of the County is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution, with good legal practices for making of such a loan.

