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 Agency Loan Commitment and Relocation Plan for Summerset Apartments

Location/Council District: 6267 Martin Luther King Boulevard / Franklin Redevelopment Area, County District 2

Recommendation: Adopt a **Redevelopment Agency Resolution** a) approving a loan commitment of $1,700,000 from 2008 Aggregate Housing Taxable Funds (TARBS); and b) approve the Relocation Plan for Summerset Apartments; and c) delegate to the Redevelopment Agency of the County authority to enter into and execute an Owners Participation Agreement with Summerset Apartments Investors LP, 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: None

Department: Sacramento Housing and Redevelopment Agency (Agency)

Description/Analysis

Issue: Summerset Apartments is a 120-unit multifamily complex located on 5.66 acres at 6267 Martin Luther King Boulevard in the County portion of the Franklin Boulevard Redevelopment Area, a joint city/county redevelopment area. The property's renovation is consistent with the Agency's efforts to spur investment, eliminate blight, and promote the renovation of the existing housing stock in the redevelopment area.

This report recommends approval of a $3,400,000 loan commitment consisting of $1,700,000 in 2008 Aggregate Housing Taxable Funds (TARBS) and $1,700,000 in County Home Investment Partnership (HOME) Funds and for the acquisition, rehabilitation and permanent financing of Summerset 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). In addition, the developer will make an equity contribution in the form of a deferred developer fee and net operating income during construction.

The property was developed in 1975 and needs substantial improvements to return it up to market standards. The project currently consists of 12 one-bedroom units, and 108 two-bedroom units, in 22 two-story buildings. One of the two-bedroom units is a manager's unit. Amenities include gated entry, swimming pool, laundry room and rental office. The wood frame buildings are constructed on concrete slabs with stucco siding and single-pane windows. Hot water is provided from a central boiler system.

The project will convert 120 market-rate units into 119 affordable units, including 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 managers unit.

The developer proposes a rehabilitation budget of approximately $4,000,000 to make necessary improvements. All apartment interiors will be renovated and upgraded as needed with replacement of flooring, kitchen cabinets, counter tops, showers, fixtures, older appliances. Exterior improvements include the following: addition of a community room, dual-pane windows, new roofs, security cameras, improved lighting and a children's playground. Site improvements include re-paving, replacement of damaged concrete, improved drainage and reduction of the current hardscape. Apartments will be painted throughout. In addition to these improvements, social services will be provided on-site at the newly constructed community room. 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 Agency loan will be partially funded with 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 for approval of the OPA after the Developer has secured their bond and tax credit allocations.

Further background on the project developer and the property is included as Attachment 1. The following attachments are provided for your review; Attachment 2, vicinity map; Attachment 3, location map; Attachment 4 site map; Attachment 5, community room rendering. 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.

Policy Considerations: While the recommended actions are consistent with approved Agency tax-exempt bond and multi-family loan policies, the term of the Agency loan is proposed to be extended to be consistent with the term of the senior loan. The proposed actions further the Agency goal to eliminate blight and promote affordable housing in the Franklin Boulevard Redevelopment Area.

Regulatory restrictions on the property will be specified in a Regulatory Agreement between the Developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis. As an affordable housing project, Summerset Apartments is exempt from the Art in Public Places requirement usually associated with projects funded with TI.

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 enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in Sacramento.

Financial Considerations: Staff recommends approval an Agency Loan commitment of up to $1,700,000 from County Home Investment Partnership (HOME) Funds and $1,700,000 from 2008 Aggregate Housing Taxable Funds (TARBS).

May 13, 2008

Approval of Agency Loan Commitment and Relocation Plan for Summerset Apartments

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: LaShelle Dozier
LA SHELLE DOZIER
Interim Executive Director

Recommendation Approved:

Cassandra H B Jenny
for RAY KERRIDGE
City Manager

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Summerset Apartments Project
Background Information

The Developer, InnerCity Housing Corporation, proposes to acquire and rehabilitate Summerset Apartments, an existing 120-unit market rate apartment complex at 6267 Martin Luther King Boulevard. The Developer is requesting issuance of up to $9,000,000 in tax-exempt mortgage revenue bonds and a $3,400,000 Agency loan comprised of $1,700,000 in County Home Investment Partnership (HOME) funds, $1,700,000 in 2008 Aggregate Housing Taxable Funds (TARBS). The loan will be contingent upon the allocation of mortgage revenue bonds and 4% Low-Income Housing Tax Credits to the project.

The project currently consist of 12 one-bedroom units, and 108 two-bedroom units, in 22 two-story buildings. One of the two-bedroom units is a manager's unit. Amenities include a swimming pool, laundry room, and security gates. The wood frame buildings are constructed on concrete slabs with stucco siding and single-pane windows. Hot water is provided from a central boiler system.

The project will convert 120 market-rate units into 119 affordable units, including 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 managers unit.

Description of Development: Summerset Apartments is a 120-unit multifamily complex located on 5.66 acres at 6267 Martin Luther King Boulevard in the Franklin Boulevard Redevelopment Area near the intersection of Martin Luther King and 47th Avenue.

The property was developed in 1975 and is located near transit, parks, shopping and schools. The project currently consists of 12 one-bedroom units and 108 two-bedroom units in 22 two-story buildings. The wood frame buildings are constructed on concrete slabs with stucco siding and single-pane windows.

All apartment interiors will be renovated and upgraded as needed with replacement of flooring, kitchen cabinets, counter tops, showers, fixtures, and older appliances. Exterior improvements that will be made to the property include the following: addition of dual-pane windows and new roofs. In addition, site improvements will include re-paving, replacement of damaged concrete, improved drainage, increased vegetation, security cameras, improved lighting and a children's playground. Apartments will be painted throughout. In addition to these improvements, social services will be provided on-site at the newly constructed community room. 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 managers unit.

The following attachments are provided as follows; vicinity map Attachment 2, location map Attachment 3, site map Attachment 4 and the new community room rendering as Attachment 5, project summary Attachment 6, cash flow Attachment 7, rent and income limits Attachment 8, relocation plan Attachment 9, Agency Resolution Attachment 10 and commitment latter Attachment 11.

This apartment complex is located in the heart of "the Avenues"; (please refer to attached map) 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.

Developer: The Developer, InnerCity Housing Corporation, is a limited partnership formed by the InnerCity Housing Corporation and the Community Revitalization & Development Corporation, a California Non-profit Public entity, together doing business as Summerset Apartments Investors LP.

Community Revitalization & Development Corporation has extensive experience in the development, renovation and operation of multifamily housing with over 3200 units developed. The corporation has development several complexes in the greater Sacramento area such as Auburn Square Senior and Southwind Apartments in Sacramento, Cordova Meadows in Rancho Cordova, and Shadowbrook Apartments in Redding.

Property Management: The project will be managed by the John Stewart Company, who has been providing management services for multifamily housing owners for over 30 years. Currently the John Stewart Company has in its inventory approximately 20,000 units located throughout California. The company employs over 1,000 field staff. The John Stewart Company's current

portfolio includes Senior Living, Commercial, Market Rate, Affordable, Cooperative, Condominiums. 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.

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. The service provider will tailor the program to the needs of the residents. Examples of services include after school programs, computer training, and English as a Second Language, along with coordinating social activities for the residents.

Project Financing: The developer has proposed to finance the Summerset Apartments through the issuance of $9,000,000 in tax-exempt mortgage revenue bonds, low income housing tax credits, and an Agency loan in the amount of $3,400,000 composed of $1,700,000 in County Home Investment Partnership (HOME) funds and $1,700,000 in 2008 Aggregate Housing Taxable Funds (TARBS). 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. Staff will return to obtain approval of the OPA at the time of final bond approval consideration.

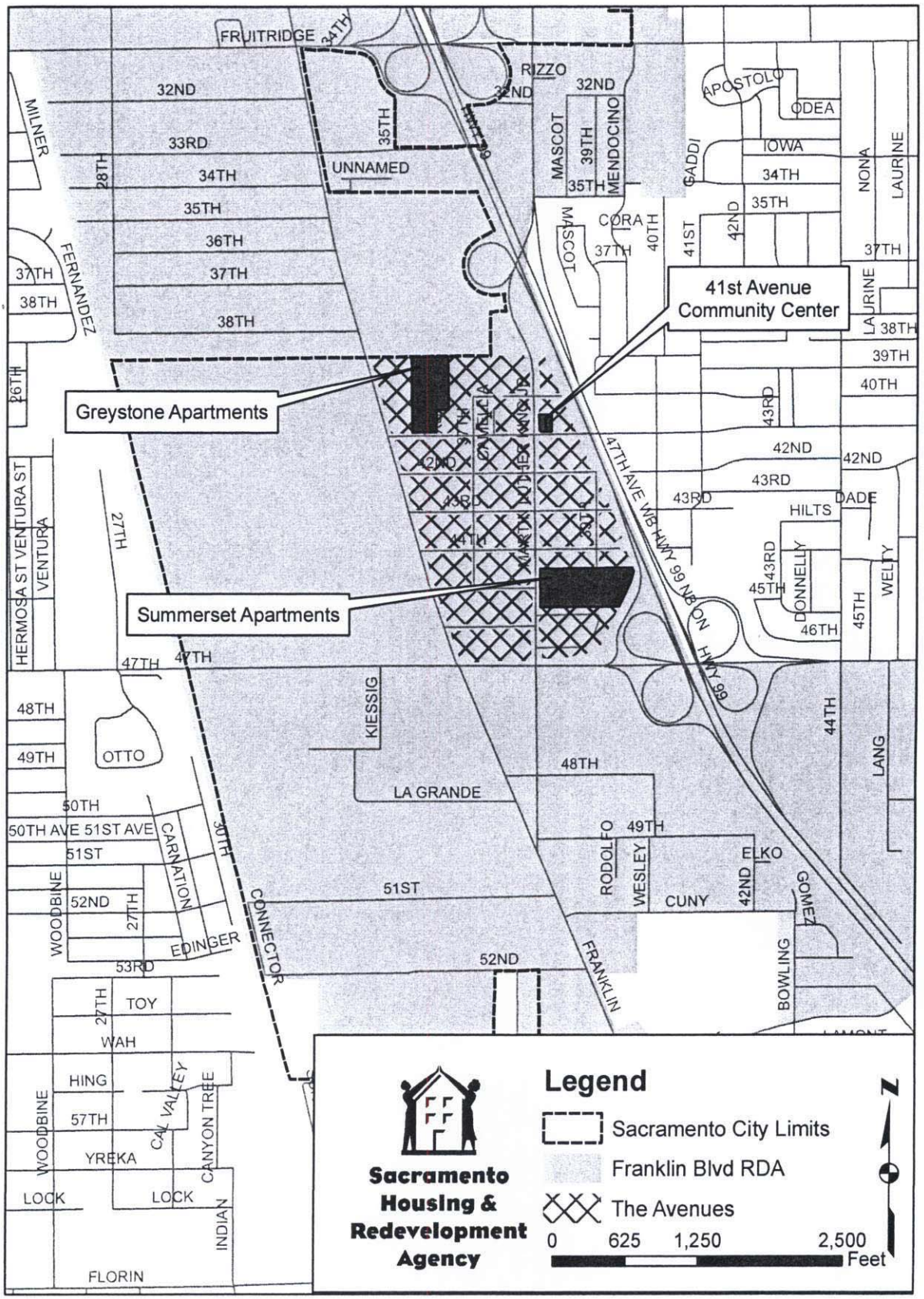
Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. The following chart summarizes the proposed affordability restrictions for the project.

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

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

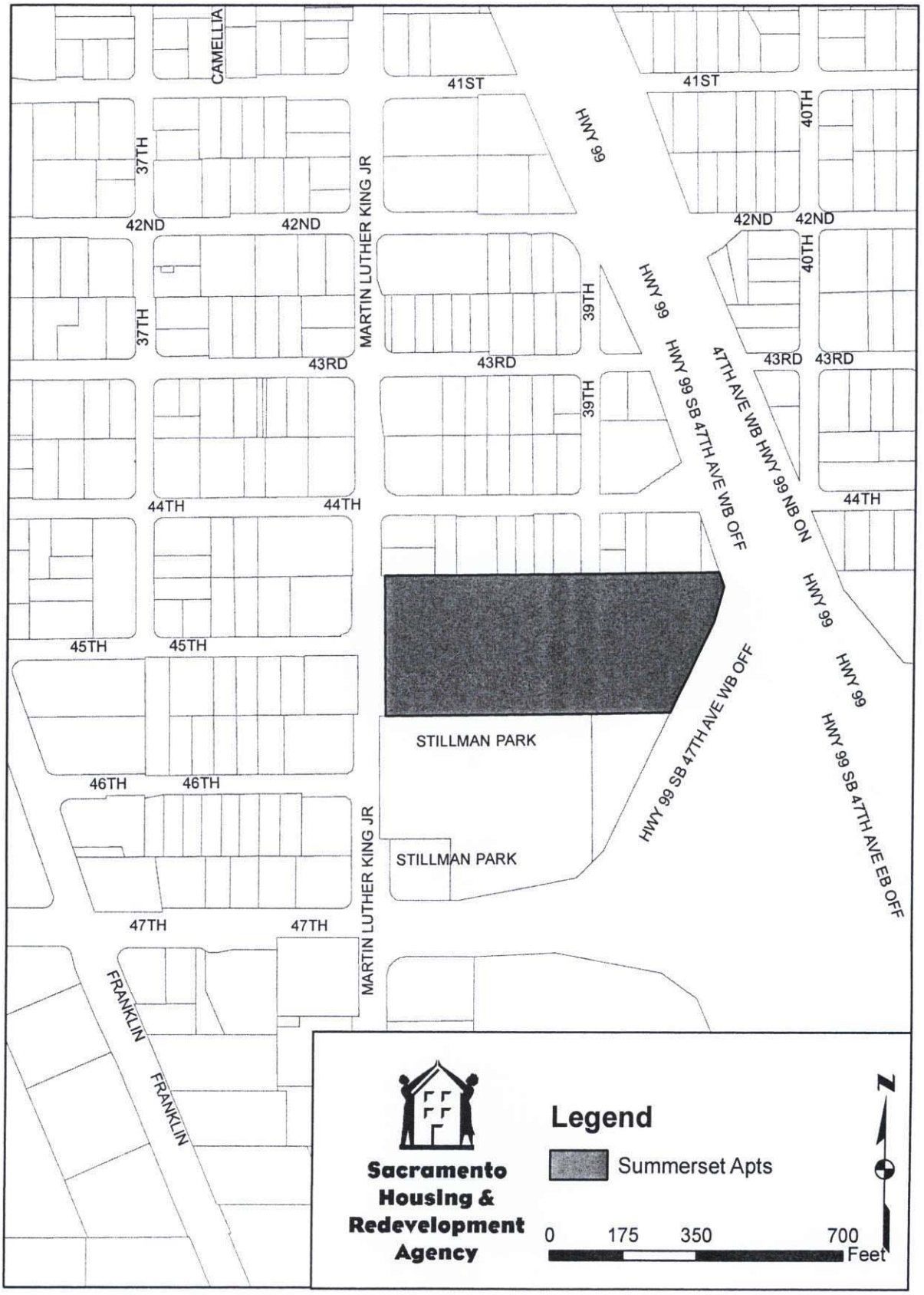
Relocation: State law requires the creation and adoption of a relocation plan, which outlines relocation procedures and tenant's rights whenever redevelopment projects result in the displacement of residents. This report recommends approval and adoption of the Relocation Plan (Plan) for 6267 Martin Luther King Boulevard, included as Attachment 9. The Plan was prepared by R.L. Hastings & Associates, LLC and conforms to State statutes and regulations governing relocation.

Summerset Apartments
Vicinity Map

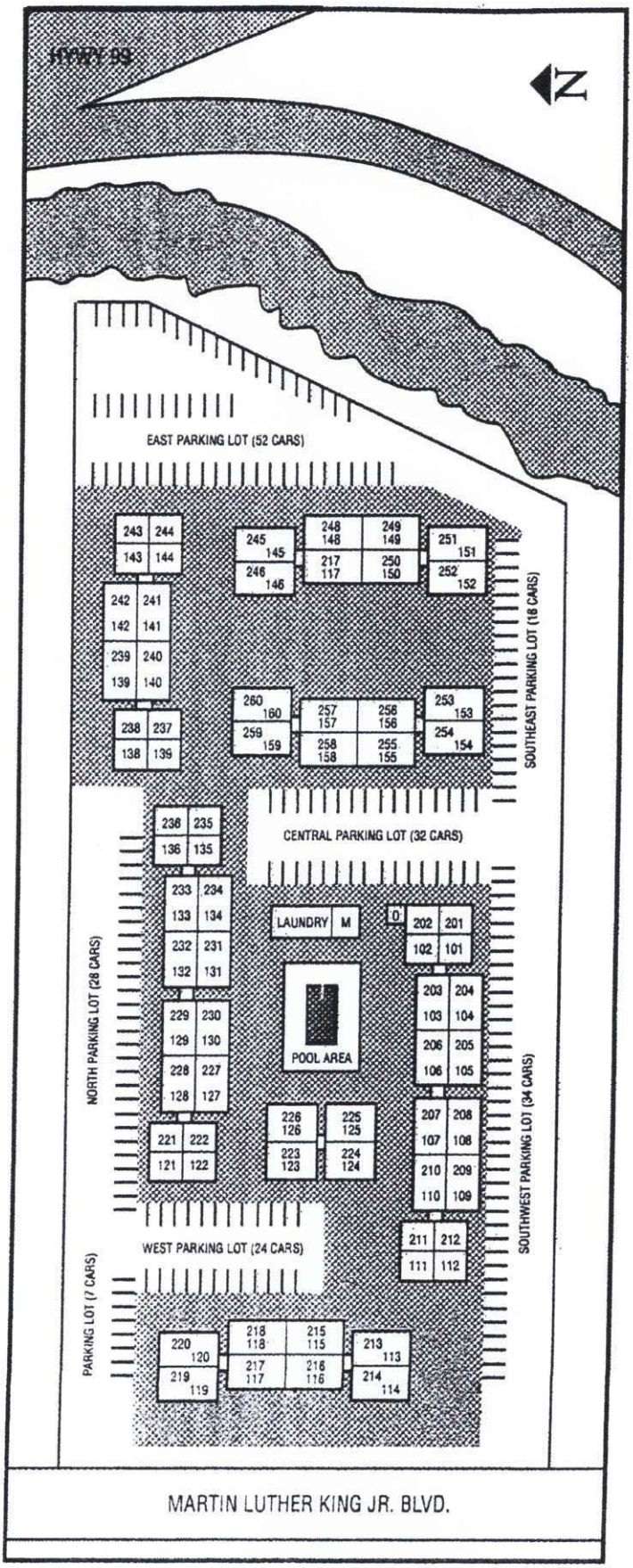


BA 4/3/08

Summerset Apartments
Location Map



BA 4/10/08


HYWY 99
N
EAST PARKING LOT (52 CARS)
SOUTHEAST PARKING LOT (18 CARS)
CENTRAL PARKING LOT (32 CARS)
NORTH PARKING LOT (28 CARS)
LAUNDRY
M
POOL AREA
SOUTHWEST PARKING LOT (34 CARS)
WEST PARKING LOT (24 CARS)
PARKING LOT (7 CARS)
MARTIN LUTHER KING JR. BLVD.

note:

revision

No	Description	Date

drawn by: Author

checked by: Checker

architect/consultant

Harrell
Architectural
Partnership
723 s street
sacramento, ca 95811
916 454 2051 p
916 454 1109 f
HAP@HAParchitects.com

project

COMMUNITY ROOM

6267 MARTIN LUTHER KING JR. BLVD,
SACRAMENTO, CA 95824

sheet title

CONCEPTUAL PERSPECTIVE

date: 11 APRIL 2008

sheet: HAP 4

ATTACHMENT 5

Summerset Apartments
Project Summary

Address	6267 Martin Luther King Blvd.,		
Number of Units	120		
Year Built	1970		
Acreage	5.66		
Affordability	24 units (20%) at or below 50% of Area Median Income (AMI) 106 units (80%) at or below 60% of AMI		
Unit Mix and Rents	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	3	9	
2 Bedroom / 2 Bath	21	86	
Manager's Unit			1
Total	24	95	120
Square Footage	*Per Unit*	*Total*	
1 BR / 1 BA	680	8,160	square feet
2 BR / 2 BA	740	79,180	square feet
Manager's	740	740	square feet
Total		88,080	square feet
Resident Facilities	The new community will include a swimming pool, and recreation facility. The recreation facility will include a computer lab & laundry facilities.		

Permanent Sources	*Total*	*Per Unit*	*Per Square Foot*
Senior MRB	$ 7,259,000	$ 60,492	$ 82.41
Tax Credit Equity	$ 5,608,000	$ 46,733	$ 63.67
Agency Loan	$ 3,400,000	$ 28,333	$ 38.60
Cash Flow During construction	$ 641,000	$ 5,342	$ 7.28
Deferred Developer Fee Note	$ 834,000	$ 6,950	$ 9.47
TOTAL SOURCES	**$ 17,742,000**	$ 147,850	$ 201
Permanent Uses			
Acquisition & Land	$ 9,600,000	$ 80,000	$ 108.99
Construction	$ 3,287,000	$ 27,392	$ 37.32
Development Impact Fees/Permits	$ 35,000	$ 292	$ 0.40
Contractor O&P	$ 342,000	$ 2,850	$ 3.88
Architecture, Engineering, Survey	$ 71,000	$ 592	$ 0.81
Contingency	$ 464,000	$ 3,867	$ 5.27
Financing Costs	$ 572,000	$ 4,767	$ 6.49
Total Reserves	$ 217,000	$ 1,808	$ 2.46
Legal Fees	$ 100,000	$ 833	$ 1.14
Developer Fee	$ 2,036,000	$ 16,967	$ 23.12
Relocation	$ 700,000	$ 5,833	$ 7.95
Other	$ 318,000	$ 2,650	$ 3.61
TOTAL USES	**$ 17,742,000**	$ 147,850	$ 201

Management / Operations		
Proposed Developer:	Innercity Housing Corporation	
Property Management Company:	The John Stewart Company	
Operations Budget:	$414,600	$3,455
Replacement Reserves:	$36,000	$300

Cash Flow Proforma
Summerset Apartments

Unit Type	Quantity	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Monthly Rent	Annual Rent
1 BD / 1 BA @ 50% AMI	3	680	2,040	$ 666	$ 49	$ 617	$ 0.91	$ 1,851	$ 22,212
1 BD / 1 BA @ 60% AMI	9	680	6,120	$ 679	$ 49	$ 630	$ 0.93	$ 5,670	$ 68,040
2 BD / 2 BA @ 50% AMI	21	740	15,540	$ 792	$ 58	$ 734	$ 0.99	$ 15,414	$ 184,968
2 BD / 2 BA @ 60% AMI	86	740	63,640	$ 794	$ 58	$ 736	$ 0.99	$ 63,296	$ 759,552
Managers Unit	1	740	740						
Total / Average	120	734	88,080	$ 2,931	$ 214	$ 2,717	$ 0.98	$ 86,231	$ 1,034,772

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	2026 Year 18	2028 Year 20	2038 Year 30	2043 Year 35	2044 Year 36	2045 Year 37
Potential Gross Income		2.50%		1,034,772	1,060,641	1,087,157	1,114,336	1,142,195	1,170,750	1,292,288	1,462,106	1,574,528	1,654,238	2,117,565	2,395,831	2,455,726	2,517,119
Other Income		2.50%		28,800	29,520	30,258	31,014	31,790	32,585	35,967	40,694	43,823	46,041	58,937	66,681	68,348	70,057
Less Vacancy	5.00%	10.00%	(Years 1 & 2)	106,357	109,016	55,871	57,268	58,699	60,167	66,413	75,140	80,918	85,014	108,825	123,126	126,204	129,359
Effective Gross Income				$957,215	$981,145	$1,061,545	$1,088,083	$1,115,285	$1,143,167	$1,261,843	$1,427,659	$1,537,433	$1,615,266	$2,067,677	$2,339,386	$2,397,871	$2,457,818
Operating Expenses																	
Operating Expenses		3.50%	350	357,000	369,495	382,427	395,812	409,666	424,004	486,554	577,874	640,699	686,333	968,140	1,149,847	1,190,092	1,231,745
Social Services		3.00%		22,800	23,484	24,189	24,914	25,662	26,431	29,749	34,487	37,685	39,980	53,730	62,287	64,156	66,081
Property Assessments		2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Management			480	57,600	60,480	63,504	66,679	70,013	73,514	89,357	114,044	132,020	145,552	237,089	302,593	317,722	333,609
Security		2.00%		15,000	15,300	15,606	15,918	16,236	16,561	17,926	19,792	21,004	21,852	26,638	29,410	29,998	30,598
Replacement Reserves			300	0	0	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Total Expenses			3,770	$452,400	$468,759	$521,726	$539,324	$557,577	$576,510	$659,586	$782,197	$867,408	$929,717	$1,321,597	$1,580,138	$1,637,969	$1,698,033
Net Operating Income				**$504,815**	**$512,386**	**$539,819**	**$548,759**	**$557,708**	**$566,657**	**$602,257**	**$645,462**	**$670,025**	**$685,548**	**$746,079**	**$759,249**	**$759,902**	**$759,785**
Debt Service	**amount**	**rate**	**amort**														
Senior Loan	$7,238,082	5.60%	40	0	0	451,799	451,799	451,799	451,799	451,799	451,799	451,799	451,799	451,799	451,799	451,799	451,799
SHRA Monitoring Fee	$9,000,000	0.15%		13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Debt Service Subtotal				$13,500	$13,500	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299	$465,299
DCR on Senior Bonds						1.16	1.18	1.20	1.22	1.29	1.39	1.44	1.47	1.60	1.63	1.63	1.63
Modified NOI for DCR Calculation				$426,315	$470,326	$45,389	$53,747	$62,101	$70,444	$103,495	$143,218	$165,519	$179,459	$231,057	$239,051	$703,905	$702,668
Priority Distributions																	
Asset Management Fee (Investor)		3.00%		5,000	5,150	5,305	5,464	5,628	5,796	6,524	7,563	8,264	8,768	11,783	13,660	14,069	14,491
Managing General Partner Fee		0.00%		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	19,218	20,191	25,846	29,242	29,973	30,723
PILOT Fee		2.00%		28,000	28,560	29,131	29,714	30,308	30,914	33,463	36,945	39,207	40,791	49,724	54,899	55,997	57,117
Priority Distributions Subtotal				53,000	53,710	54,436	55,177	55,936	56,711	59,986	64,508	66,689	69,749	87,352	97,801	100,040	102,331
Net Cash after Priority Distributions				$438,315	$445,176	$20,084	$28,283	$36,474	$44,647	$76,971	$115,655	$138,037	$150,500	$193,428	$196,149	$194,564	$192,155
Deferred Developer Fee																	
Principal Balance	$834,000	3.20%				834,000	840,604	845,824	841,637	717,528	348,645	0	0	0	0	0	0
Interest for Period						26,688	26,899	27,066	26,932	22,961	11,157	0	0	0	0	0	0
Accumulated Interest						26,688	33,503	32,287	26,932	22,961	11,157	0	0	0	0	0	0
Payment						20,084	28,283	36,474	44,647	76,971	115,655	0	0	0	0	0	0
Balance						$840,604	$845,824	$841,637	$823,922	$663,518	$244,146	$0	$0	$0	$0	$0	$0
Net Cash after Deferred Developer Fee				$438,315	$445,176	$0	$0	$0	$0	$0	$0	$138,037	$150,500	$193,428	$196,149	$194,564	$192,155
				588,994													
SHRA HOME loan																	
Principal Balance	$3,400,000	4.00%		3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Interest for Period				136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000
Accrued Interest				136,000	272,000	408,000	544,000	680,000	816,000	1,360,000	2,040,000	2,448,000	2,525,226	2,596,718	2,471,346	2,439,697	2,409,403
Payment				0	0	0	0	0	0	0	0	95,198	103,793	157,259	167,649	166,294	164,235
Balance				$3,536,000	$3,672,000	$3,808,000	$3,944,000	$4,080,000	$4,216,000	$4,760,000	$5,440,000	$5,752,802	$5,821,433	$5,839,459	$5,703,697	$5,673,403	$5,645,168
Combined Debt Coverage Ratio						1.16	1.18	1.20	1.22	1.29	1.39	1.20	1.20	1.20	1.20	1.20	1.21
Net Cash After Loan Repayment				$438,315	$445,176	$0	$0	$0	$0	$0	$0	$42,839	$46,707	$36,169	$28,500	$28,270	$27,920

ATTACHMENT 7

MAXIMUM RENT AND INCOME LEVELS 2008

Mortgage Revenue Bond Program
(Rents @ 50% of AMI)

Maximum Income Limits:		
		50% AMI
Family Size		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
1 Bedroom	$	710
2 Bedroom	$	799
3 Bedroom	$	888

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

Maximum Income Limits:				
		50% AMI		60% AMI
Family Size		Max Income		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
1 Bedroom	$	665	$	798
2 Bedroom	$	798	$	958
3 Bedroom	$	923	$	1,107

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

Maximum Income Limits:				
		Low HOME 50% AMI		High HOME 65% AMI
Family Size		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:				
		Gross Rent		Gross Rent
Unit Size				
1 Bedroom	$	665	$	798
2 Bedroom	$	798	$	958
3 Bedroom	$	923	$	1,107

RELOCATION
&
AFFORDABLE HOUSING CONVERSION PLAN

For the Rehabilitation and Conversion of the:

SUMMERSET APARTMENTS

6267 Martin Luther King Blvd
Sacramento, California 95824

MARCH 11, 2008

Prepared For:

InnerCity Housing Corporation
770 'L' Street, Suite 950
Sacramento, CA 95814
916.449.3992 - phone
916.392.5638 - fax

By:

R.L. Hastings & Associates, LLC
Sacramento, California
916.359.0626 - phone
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SUMMERSET APARTMENTS

PROJECT SUMMARY INFORMATION

PROJECT NAME: Summerset Apartments

PROJECT ADDRESS: 6267 Martin Luther King Blvd
Sacramento, California 95824
916.424.9413 - phone

PROJECT TYPE/UNITS: 120-Unit Acquisition and Rehabilitation project with 119 units being converted to rent-restricted units and one manager's unit

- 12 One-bedroom/one-bath units (1/1)
- 108 Two-bedroom/one-bath units (2/1)

OCCUPANCY LEVEL: 93% with 9 vacancies (111/120 occupied effective 2-20-08)

PROJECT DEVELOPER: InnerCity Housing Corporation
770 'L' Street, Suite 950
Sacramento, CA 95814
916.449.3992 - phone
916.392.5638 - fax

Contact Person:
Sam Walton
916.449.3992 - phone
916.201.1383 - cell
916.392.5638 - fax

PROPOSED OWNERSHIP: Summerset Apartments Investors, LLC
770 'L' Street, Suite 950
Sacramento, CA 95814
916.449.3992 - phone
916.392.5638 - fax

OWNER CONTACT: Sam Walton
770 'L' Street, Suite 950
Sacramento, CA 95814
916.449.3992 - phone
916.201.1383 - cell
916.392.5638 - fax

DEVELOPMENT TIME-LINE:

Acquire Project:	September 1, 2008
Begin Rehabilitation:	September 15, 2008
Complete Rehabilitation:	July 2009
Full Lease-Up:	August 2009

REHABILITATION DEVELOPMENT BUDGET: $17,846,197 (acquisition & rehab)

PROJECT FINANCING:
1 - Sacramento Housing and Redevelopment Agency (SHRA) Redevelopment Tax Increment Funds
2 - Sacramento Housing and Redevelopment Agency (SHRA) HOME Program Funds
3 - Tax-Exempt Mortgage Revenue Bonds
4 - Low-Income Housing Tax Credits (4%)
5 - Deferred Developer Fee
6 - Cash Flow During Construction

PROPERTY MANAGEMENT: The John Stewart Company
Steve McElroy, Vice President
1455 Response Road, Suite 140
Sacramento, CA 95815
916.561.0323 - phone

ON-SITE MANAGEMENT: Arlene Garcia
916.424.9413

GENERAL CONTRACTOR: Precision General Commercial Contractors
West Coast Regional Office
5580 Power Inn Road, Suite G
Sacramento, CA 95820
916.381.4640 - phone
916.381.4819 - fax

Contact Person:
Chuck Ptacek, Manager
West Coast Regional Office
916.381.4640 - phone
913.381.4819 - fax

RELOCATION CONSULTANT:

R.L. Hastings & Associates, LLC
Roy Hastings, MPPA
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916.397.6795 - cell
Rlhastingsassociates@surewest.net
Roy.hastings@rlhastingsassociates.com

RELOCATION NEEDS SUMMARY

Household Income Characteristics

Summerset Apartments Tenant Income Characteristics	
Below 25% AMI	49
Below 30% AMI	19
Below 35% AMI	15
Below 40% AMI	12
Below 45% AMI	5
Below 50% AMI	2
50% - 60% AMI	1
Income-Qualified	**103**
Above 60% AMI **(OQ)**	**7**
Unknown	0
Other (Manager)	1
Total Occupied Units	**111**

Estimated Permanent Relocation Benefits Calculation - 22 Identified Households

Permanent Relocation Benefits		
Factor	**1-Bd/1 Bath**	**2 Bd/1 Bath**
Number of Households Eligible for Relocation Benefits	7	15
*(times) Moving Expenses	$1,000	$1,175
Total Moving Expenses	$7,000	$17,625
Calculated Relocation Benefits –	$86,365	$289,901
Total Benefits by Bedroom	$93,365	$307,526
Combined Total Benefits	**$400,891**	
*Relocation Benefits are calculated based on the following median comparable rents: 1/1 - $673.00; 2/1 - $785.00; 3/1.5 - $1,000; 3/2 - $1,045; 4/2 - $918 based on the rents at 16 comparable apartment projects: 4 - 1/1; 3 - 2/2; 4 - 3/1.5; 7 - 3/2; 1 - 4/2		

Estimated Temporary Relocation Benefits - 88 Identified Households

Temporary Relocation Costs	
Factor	
Number of Households Eligible for Temporary Relocation	88
*(times) Moving Expense Payment	$1,200
Total Temporary Relocation Expenses	**$105,600**
*Relocation Benefits are calculated based on the following assumptions: - Each HH will move twice; once to a newly rehabilitated unit and once back to the HH's original unit; - Each move is projected to cost $600 for moving expenses including utility connection fees	

Estimated Total Relocation Costs

Estimated Total Relocation Costs	
Factor	
Permanent Relocation of 22 HH's	$400,891
Temporary Relocation of 88 HH's	$105,600
Relocation Implementation (inc. Plan)	$45,000
Total Relocation Expenses	**$551,491**

Annual Income Limits

AMI/HH Size	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
100%	49,700	56,800	63,900	71,000	76,700	82,400	88,000	93,700
80%	39,750	45,450	51,100	56,800	61,350	65,900	70,450	75,000
60%	29,820	34,080	38,340	42,600	46,020	49,440	52,800	56,220
55%	27,335	31,240	35,145	39,050	42,185	45,320	48,400	51,535
50%	24,850	28,400	31,950	35,500	38,350	41,200	44,000	46,850
45%	22,365	25,560	28,755	31,950	34,515	37,080	39,600	42,165
40%	19,880	22,720	25,560	28,400	30,680	32,960	35,200	37,480
35%	17,395	19,880	22,365	24,850	26,845	28,840	30,800	32,795
30%	14,900	17,050	19,150	21,300	23,000	24,700	26,400	28,100
25%	12,425	14,200	15,975	17,750	19,175	20,600	22,000	23,425

RELOCATION PLAN

A. Introduction

This Relocation Plan is being prepared to comply with requirements that an Agency determine or estimate the relocation resource needs of a project including, as necessary and feasible, the following:

1. The number of households to be displaced; tenant incomes; purchase cost or rent/utility costs; family characteristics; and impacts on minorities, the elderly, large families and persons with disabilities, and compare this information with the availability of reasonably priced comparable replacement dwellings;

2. The need for providing advisory services to those households which will not be displaced and other persons in the neighborhood who might be adversely affected by the project.

B. Governing Laws

Federal Relocation Law

The presence of federal funds (HUD/HOME Program) in the project triggers the following federal relocation laws and regulations:

The Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended by the URA Amendments of 1987, and the implementing regulations at 49 CFR Part 24, and specific requirements for the HOME Program contained in HUD Handbook 1378.

State of California Relocation Law

The presence of local Redevelopment Tax Increment funds in the project triggers the following state relocation laws and regulations:

California Government Code Sections 7260 - 7267 (Relocation Assistance); and California State Regulations – Relocation Assistance and Real Property Acquisition Guidelines (Title 25, California Administrative Code, Division 1, Chapter 6, Subchapter 1, Article 1, Section 6000 et seq.).

Application of Federal v. State Relocation Law

Title 25, California Administrative Code, Chapter 6, Article 1, Section 6018 establishes the "Priority of Federal Law" when both federal and state relocation laws and regulations apply. However, United Auto Workers, Local 887 v. Department of Transportation, 20 Cal. App. 4th 1462 (1993) found that in cases where both federal and state relocation requirements apply, the

federal requirement establishes a minimum benefit level and the state public agency, as the displacing entity, must provide the maximum benefit required under federal or state law (Goldfarb & Lipman NAHRO presentation, May 2000). Therefore, both federal and state relocation benefits will be calculated in each case and the higher of the two will utilized. This will generally apply to the cases of displaced households who earn greater than 80% AMI and are, therefore, not defined as low-income households.

C. Project Description Narrative

The Summerset Apartments is a 120-unit, 100% market-rate rental apartment project located at 6267 Martin Luther King Blvd in Sacramento, California. The tenant base is currently comprised primarily of low-income households (HH) which should minimize displacement. Currently only seven (7) HH's appear to be overqualified based on the income information we received, though there will be additional relocation due to approximately fifteen (15) HH's with HH sizes which exceed SHRA occupancy standards. The project is currently under contract to be purchased by InnerCity Housing Corporation (ICHC) with the purchase projected to be completed in September 2008. Following purchase of the property, ICHC intends to convert the complex from a 100% market-rate project into a 100% rent-restricted affordable housing project (excluding the manager's unit). The project will undergo rehabilitation of the unit interiors and the building exteriors on an as-needed basis.

The Summerset Apartments complex was originally built in1970 and consists of twenty-two (22) one-story structures containing 12 one-bedroom/one bath units (1/1) and 108 two-bedroom/one bath units (2/1). The one-bedroom units are 680 square feet while the two bedroom units are 740 square feet. The project is currently 93% occupied with 9 vacant units (effective 2/20/08).

ICHC intends to acquire the project and perform extensive external and internal rehabilitation of the project and convert all but the manager's unit to rent-restricted units affordable to households with incomes at or below Fifty (50) percent and Sixty (60) percent of the Sacramento Area Median Income (AMI). No less than 12 units (10%) will be reserved for households with incomes at or below Fifty (50) percent of AMI and 108 units (90%) reserved for households with incomes at or below Sixty (60) percent of AMI. These income restrictions are required by the financing being obtained for the acquisition and rehabilitation of the project. Project financing includes federal HOME funds and Redevelopment Tax Increment funds from the Sacramento Housing and Redevelopment Agency, tax-exempt mortgage revenue bonds, and low-income housing tax credits. 119 units will be rent-restricted units following rehabilitation.

ICHC intends to begin rehabilitation of the project by rehabilitating any units which are vacant at acquisition followed by rehabilitation of one building at a time. Households who are determined to be eligible to remain in the project will be relocated to another unit on site as rehabilitated units become available. Households will be encouraged to move permanently to the units which they are relocated to but will have the option to return to their prior unit if they so choose. Households which desire to return to their original units following rehabilitation of those units will be relocated on-site for approximately 30 days during the rehabilitation. Households will be

relocated off-site if necessary but it is the intent of the prospective owner to perform all relocations on-site.

The household information necessary to complete this Relocation Plan was gathered through an initial review of all tenant files followed by a review of HH information gathered by the current management team on household size and income. The current ownership did not authorize direct access to tenants which would have allowed for personal interviews of each HH. It is our understanding that the information we received and based this plan on is fairly recent and should, therefore, be fairly reliable in respect to not being dated. Nine (9) units were vacant at the time the information was gathered. Additionally, one (1) HH is the manager's unit and is not addressed. Information was available on a total of 110 households.

The Plan provides a good picture of the likely relocation needs that will be encountered as a result of HH's which are not qualified to remain in the project following rehabilitation. As noted above, there appears to be only seven (7) HH's which appear to be overqualified to remain in the project following rehabilitation and 15 HH's which appear to violate occupancy standards and will need to be permanently relocated. Two of the overqualified households currently live in one-bedroom units with five (5) persons in each unit and will need to be relocated to two-bedroom units to meet SHRA occupancy standards.

D. Planned Renovations

The Summerset Apartments were constructed in 1970. The condition of the units varies across units and units will be rehabilitated based on the need of the specific unit, with some items being rehabilitated across all units. Rehabilitation will upgrade both the interior and exterior of the apartments. Acquisition and Rehabilitation of the project is estimated to cost a total of $17,846,197. Acquisition of the project is scheduled for September 2008 with rehabilitation also scheduled to begin in September 2008. Rehabilitation is projected to take approximately ten (10) months and be completed by July 2009 with full lease-up projected for August 2009. Planned renovations are contained in Appendix B.

E. Rehabilitation Schedule

3. Acquire Project:	September 2008
4. Begin Rehabilitation:	September 15, 2008
5. Complete Rehabilitation:	July 2009
6. Full Lease-Up:	August 2009

F. General Information Notice

Tenants of the Summerset Apartments will be sent a General Information Notice (GIN) informing them of the planned acquisition and rehabilitation of the Summerset Apartments, and their rights under Federal and State of California relocation laws and regulations (see Section B above) in April or May 2008 contingent on receipt of authorization to do so from the current ownership. If authorization is not received to do so at that time, the GIN will be delivered to tenants immediately following acquisition of the project in September 2008. The purpose of the notice will be to inform residents that The Summerset Apartments are in the process of being sold to new owners, that the prospective owners have received Federal HOME funds and Redevelopment Tax Increment funds to rehabilitate the interior and exterior of the apartments and that, after the rehabilitation is complete, 119 of the 120 units will be converted from market-rate to rent-restricted units, with the remaining unit the manager's unit. The Notice will clearly inform tenants that it is not a notice to move and that they should not move at this time. The Notice will further inform tenants that they should not move until they receive a notice from the new ownership informing them that they are either eligible to remain as tenants of the Summerset Apartments or that they must move and are eligible for relocation benefits. The Notice will inform them that they should continue to pay rent to their current landlord and meet all of their other current obligations. Additionally, the Notice will inform tenants of the relocation benefits that might be available to them following the acquisition of the project. Finally, two copies of the Notice will be provided and tenants will be requested to sign both Notices and keep one copy for themselves and return the second copy in the enclosed postage-paid envelope. Tenants may also return the Notice to the rental office. A copy of the Notice is included as Appendix C to this Plan.

G. Other Notices

Immediately following acquisition of the project in September 2008, the new ownership and property management company will begin interviewing tenants to verify which households are income-qualified to remain in the project based on TCAC eligibility requirements and which households are over-qualified and eligible for relocation benefits. A Notice of Eligibility for Relocation Assistance will be provided to all HH's which will be displaced from the project due to not income-qualifying to remain in the project after rehabilitation or which are identified as being in overcrowded units. Each of these HH's will be referred to the Relocation Specialist. The Notice of Eligibility will clearly identify the benefits to which the tenant is eligible, including advisory services, the exact amount of the moving allowance, and at least three comparable units that are actually available for rent at the time the Notice is delivered. The Notice will identify what has been determined to be the most comparable unit of the three and the maximum amount of rental assistance to which the tenant is eligible. A personal interview will be scheduled with each HH determined to be eligible for relocation assistance. Following issuance to the tenant of the Notice of Eligibility for Relocation Assistance, a 90-Day Notice to Vacate will be provided to each HH as required.

Prior to releasing any rental assistance payments to tenants, the Relocation Specialist will inspect the unit the tenant chooses to rent to ensure that it meets relocation standards of being decent,

safe, and sanitary. Once the tenant provides satisfactory evidence to the Relocation Specialist of having leased the unit, the moving expense payment and the first installment (50%) of any relocation assistance the tenant is eligible for will be released. A second, and final, installment will be released to the tenant within ninety (90) days after the tenant has vacated their current unit at the Summerset Apartments.

Following final income certification of each household, a Notice of Nondisplacement will be issued to those households who are determined to be income-qualified to continue residing in the project after the units are rehabilitated and converted to rent-restricted units. All notices will request the signatures of residents for acknowledgment of receipt.

Those residents which are income-qualified to remain in the project and will be moving to a new unit once a newly renovated unit is available to them will receive an additional 30-day Notice informing them of the unit they will be moving to and informing them of the date by which they need to vacate their present unit. The Relocation Specialist will contact each household individually and provide advisory services and assistance as needed. Each household will be eligible for reimbursement of reasonable documented expenses incurred in the move and any additional costs they will incur while living in the temporary unit.

H. Relocation Needs Assessment

As noted above, a review of tenant files followed by a review of HH income and size information provided by the current management team was performed to gather information on HH income, HH size, and any special needs to be considered in replacement homes for each current tenant in order to estimate how many HH's will be income-qualified to continue residing in the project and how many HH's will be eligible for relocation benefits and need to be permanently relocated. This information is necessary to prepare an estimate of the number of HH's that will potentially need to be relocated and the amount of funds necessary to appropriate for relocation benefits. On February 20, 2008, 9 of the 120 units were vacant leaving 111 occupied units including the manager's unit.

Based on the information we reviewed seven (7) of the 110 HH's (6.4%) currently residing in the Summerset Apartments will be eligible for relocation benefits due to the HH income being greater than 60% of AMI and 15 HH's will be eligible for relocation benefits due to residing in over-crowded units . The remaining 88 HH's appear eligible to continue residing in the project.

Please note that although this is a "soft" estimate in that income-eligibility was determined based on the HH income and size information provided to us by the current management and not determined through a full interview and inspection of records verifying eligibility based on TCAC eligibility rules, the data indicate few HH's with incomes near the income threshold that might result in them being found eligible for relocation during the income certification process. Households which are not income-eligible to remain in the project based on TCAC eligibility rules will be displaced by the purchase of the project and therefore be eligible for relocation benefits as a displaced household.

I. Tenant Characteristics

Total Units – 120

Total Vacant Units – 9

Total Occupied Units – 110 (111 including manager's unit)

Household Information Reviewed – 110

Household Composition and Size –
Residents – 451
Adults – 313
Children – 138

Average HH Size – 4.1

Overcrowding – 17 units
One-bedroom HH's with more than 3 occupants – 7 (2 HH's are also over-qualified)
Two-bedroom HH's with more than 5 occupants – 10

Primary Languages – English and Spanish

Disabilities – Unknown

Household Income Characteristics Summary Table –

Summerset Apartments Tenant Income Characteristics	
Below 50% AMI	102
50% - 60% AMI	1
Income-Qualified	**103**
Above 60% AMI **(OQ)**	**7**
Unknown	0
Other (Manager)	1
Total Occupied Units	**111**

* Please note: When reviewing these numbers it is important to note several items, including the following:

1. Two of the over-income HH's appear to be living in undersized units for the HH size (5 persons in one-bedroom units) and will need to be relocated from one-bedroom to two-bedroom units in order to place them in comparable replacement housing;

2. There are an additional 10 two-bedroom HH's and 5 one-bedroom HH's which appear to be income-eligible to remain in the project but which appear to be living in undersized units, with 6-8 persons in each two-bedroom unit and 4-5 persons in each one-bedroom unit. These HH's will need to be relocated to three- and four-bedroom units.

J. Relocation and Household Size Standards

The project contains all one-bedroom and two-bedroom units. SHRA standards allow 2+1 occupants per bedroom; therefore, one-bedroom units are allowed a maximum of 3 occupants and two-bedroom units are allowed a maximum of 5 occupants.

The project currently has 17 units which do not meet these standards and will need to be relocated. Two (2) of these are also over-qualified based on income resulting in an additional 15 units which will need to be relocated due to HH size.

K. Relocation Housing Resources

Sixteen (16) apartment complexes with permanent, decent, safe and sanitary comparable replacement dwellings have been identified along with the number of available one-bedroom/one-bath (1/1), two-bedroom/two-bath (2/2), three-bedroom/one and one-half bath (3/1.5), three-bedroom/two-bath (3/2) and four-bedroom/2 bath (4/2) units. All identified complexes are located within a three (3) mile radius of the project site. A total of ten (10) one-bedroom, nine (9) two-bedroom, sixteen (16) three-bedroom, and one (1) four-bedroom comparable units have been identified as currently available. The one-bedroom units range from $599-$710/month with a median rent of $673/month; the two-bedroom units range from $650-$830/month with a median rent of $785/month; the three- bedroom units range from $860-$1,175/month; and the four-bedroom units are $918/month (see Comparable Units Table). Rents at the Summerset Apartments range from $600-$730/month for one-bedroom units and $630-730/month for the two-bedroom units.

Comparable Units Table		
Configuration	**Availability**	**Median Rent**
1-Bedroom/1-Bath	10	$673
2-Bedroom/1-Bath	9	$785
3-Bedroom/1.5-Bath	6	$1,000
3-Bedroom/2-Bath	10	$1,045
4-Bedroom/2-Bath	1	$918
TOTAL UNITS	**36**	

This list will be reviewed and updated prior to the commencement of relocation activities. Each HH to be relocated will be provided with a minimum of three comparable units to choose from.

Households may choose their own permanent, decent, safe and sanitary replacement dwelling to rent or to purchase. However, replacement payments will be based on comparable units.

L. Projected Dates of Displacement

The process of permanently relocating over-qualified tenants will begin in September 2008, immediately following acquisition of the project. The final income certification interview process will begin within one or two days of project acquisition and relocation will proceed according to Federal and State of California relocation laws and regulations (see Section B above) until all affected households have been moved to comparable replacement housing.

M. Temporary and Permanent Relocation of Income-Eligible Households

Short-term temporary relocation of income-eligible HH's will be necessary to facilitate the rehabilitation of the project. ICHC intends to begin rehabilitation of the project by rehabilitating any units which are vacant at acquisition followed by rehabilitation of one building at a time. Households who are determined to be eligible to remain in the project will be relocated to another unit on site as rehabilitated units become available. Households will be encouraged to move permanently to the units which they are relocated to but will have the option to return to their prior unit if they so choose. Households which desire to return to their original units following rehabilitation of those units will be relocated on-site for approximately 30 days during the rehabilitation. Households will be relocated off-site if necessary but it is the intent of the prospective owner to perform all relocations on-site. Households being relocated temporarily will be eligible to have their moving costs reimbursed and payment of any rent or other charges that exceed what they were paying in their original units prior to temporary displacement.

Temporary relocation is expected to last no more than 30 days but in no case can exceed one year.

N. Advisory Services

Each HH will be provided with the HUD "Relocation Assistance To Tenants Displaced From Their Homes" when they are provided with the GIN notice. A tenant meeting to advise residents of the rehabilitation, relocation and their rights under relocation laws will be held at the subject property immediately following acquisition of the project. Relocation staff, in-coming management representatives, and project sponsor representatives will be available at the meeting to provide information and respond to tenant questions and concerns. Relocation Specialists will be available to provide advisory services to the residents during the entire process.

O. Relocation Benefits

Eligible HH's shall be entitled to Moving Expenses and Relocation Benefits as defined below:

Payment for Moving and Related Expenses

Tenants may choose either (1) a payment for actual reasonable moving and related expenses, or (2) a fixed moving expense and dislocation allowance of $1,000 for a one-bedroom unit (3 rooms) and $1,175 for a two-bedroom unit (4 rooms).

Replacement Housing Payment.

Households with Incomes Greater than 80% of AMI.

Under federal rules, payments for HH's with annual gross incomes above 80 percent of AMI are equal to 42 times the difference in the base monthly rent (defined as rent plus average utility costs) that the tenant is paying at the Summerset Apartments and the monthly rent and estimated average monthly utility costs of the lesser of:

a) The monthly rent and estimated average utility costs for the most comparable replacement dwelling; or

b) The monthly rent and estimated average utility costs for the decent, safe, and sanitary replacement dwelling actually occupied by the displaced household.

Calculation:

Payment for HH's with Incomes Greater than 80% of AMI =

(Lesser of (a) or (b) – Summerset Apartments Rent + average monthly utility costs) x 42

Under State of California rules, relocation benefits for all HH's, regardless of income level, follow the rule below for HH's with incomes between 60% and 80% of AMI; therefore, the benefit which is the higher of the two calculations will be paid

This payment will be paid in two installments. Should the HH choose to and qualify for purchase of a replacement home, one lump sum payment would be made towards escrow.

Households with Incomes Between 60% and 80% of AMI.

For low-income HH's with incomes between 60% and 80% of AMI, payment will be calculated the same as for HH's with incomes greater than 80% of AMI (see above), but prior to making this calculation each HH's base monthly rent must be determined. A HH's base monthly rent will be equal to the lesser of:

(a) The monthly rent and average utility costs at the current dwelling; or

(b) Thirty (30) percent of the HH's monthly gross income. If sufficient evidence of income is not provided, or the occupant is a dependent, then (a) will be followed.)

Once the base monthly rent is established, payment will be equal to 42 times the difference in the base monthly rent that the HH is paying at the Summerset Apartments and the monthly rent and estimated average monthly utility costs of the lesser of:

1) The monthly rent and estimated average utility costs for the most comparable replacement dwelling; or

2) The monthly rent and estimated average utility costs for the decent, safe, and sanitary replacement dwelling actually occupied by the displaced HH.

This payment will be paid in two installments. Should the HH choose to and qualify for purchase of a replacement home, one lump sum payment would be made towards escrow.

Calculation:

Payment for HH's with Incomes Between 60% and 80% of AMI =

(Lesser of (a) or (b) – The Summerset Apartments Rent + average monthly utility costs) x 42

P. Relocation Payments and Payment Schedule

Households eligible to receive relocation benefits will be paid for moving expenses and the first one-half of replacement housing payments at the time they relocate. The second one-half of replacement housing payments will be paid approximately one month after they relocate. The Relocation Specialist will assist tenants in preparing the required claim forms for submission once the tenant provides adequate documentation to the Relocation Specialist of having leased a replacement home or entered into an agreement to purchase a replacement home. Benefit checks will be delivered in a timely manner with delivery receipts requested with receipts filed with the Relocation Plan.

Q. Estimated Relocation Benefits

Assumptions:

1 – The income and household size information provided and relied on is reliable and only seven (7) of the HH's currently residing in the Summerset Apartments are eligible for relocation benefits.

2 – All nine (9) currently vacant units will either remain vacant until rehabilitation is complete, if they do not remain vacant will only be filled with income-eligible households, or will be provided a Move-In Notice prior to signing a lease informing them that if they are determined to not be income-eligible to remain in the project following rehabilitation they will be required to move and will not be eligible to receive relocation benefits.

3 - Fifteen (15) HH's are overcrowded exceeding SHRA occupancy limits.

Estimated Permanent Relocation Benefits Calculation - 22 Identified Households

Permanent Relocation Benefits Calculation		
Factor	**1-Bd/1 Bath**	**2 Bd/1 Bath**
Number of Households Eligible for Relocation Benefits	7	15
*(times) Moving Expenses	$1,000	$1,175
Total Moving Expenses	$7,000	$17,625
Calculated Relocation Benefits –	$86,365	$289,901
Total Benefits by Bedroom	$93,365	$307,526
Combined Total Benefits	**$400,891**	
*Relocation Benefits are calculated based on the following median comparable rents: 1/1 - $673.00; 2/1 - $785.00; 3/1.5 - $1,000; 3/2 - $1,045; 4/2 - $918 based on the rents at 16 comparable apartment projects: 4 - 1/1; 3 - 2/2; 4 - 3/1.5; 7 - 3/2; 1 - 4/2		

This is an estimate only as the total relocation benefits due can increase or decrease based on the actual availability of units once relocation is underway based on the unit which is determined to be the most comparable unit at that time.

The actual relocation benefits due can also vary based on the accuracy of the information relied in preparing the Plan or if substantive changes occur in available comparables, rent levels, or HH information.

Estimated temporary relocation benefits calculated at $600 per move, with each HH projected to move two times, are shown in the Table below. Although HH's will be encouraged to move permanently to the newly rehabilitated unit they are moved to, each HH will retain the option to move back to their original unit.

Estimated Temporary Relocation Benefits Calculation: 88 Identified Households

Temporary Relocation Costs	
Factor	
Number of Households Eligible for Temporary Relocation	88
*(times) Moving Expense Payment	$1,200
Total Temporary Relocation Expenses	**$105,600**
*Relocation Benefits are calculated based on the following assumptions: - Each HH will move twice; once to a newly rehabilitated unit and once back to the HH's original unit; - Each move is projected to cost $600 for moving expenses including utility connection fees	

R. Last Resort Housing

No household eligible for relocation benefits will be required to move from their unit unless comparable replacement housing is available to them. If comparable housing cannot be found, the project will not proceed until such housing is found.

Additionally, relocation benefit payments in excess of the $5,250 monetary limit will be paid if necessary in order to provide comparable replacement housing. If required, $5,250 will be paid in a lump sum upon displacement and the remainder of the payments will be paid within 90 days of displacement from the unit. Current estimates are that 16 of the 22 HH's which will be eligible for relocation benefits will be eligible for last resort housing payments in excess of the $5,250 monetary limit.

S. Payment of Relocation Benefits to Illegal Aliens

Federal relocation law does not allow the payment of relocation benefits to illegal aliens. State of California relocation law does allow the payment of relocation benefits to illegal aliens if not doing so would create a hardship for the family. Therefore, any relocation benefits to be paid to illegal aliens will be paid from Redevelopment Tax Increment funds and will not be paid from federal HOME funds.

T. Relocation Assistance Procedures

A Relocation Specialist will either travel to the site as needed or open a temporary office on-stie to assist tenants who have been determined to be eligible to receive relocation benefits. The relocation specialist will work out of the rental office or out of a unit made available on site. Additionally, residents will be provided with a local phone number with voice-mail available after normal business hours to contact a Relocation Specialist with questions and concerns. A Relocation Specialist will fully inform tenants of procedures and the current time-line of the project, provide and assist in filing forms to obtain relocation benefits, determine the needs of tenants eligible for relocation assistance, provide comparables that are decent, safe and sanitary, provide a minimum 90-day written notice to vacate, and provide referrals for both rental and ownership possibilities and government agencies.

No mandatory displacement of households will occur until comparable replacement housing has been identified for each household to be displaced.

U. Conclusion

This Relocation Plan has determined a preliminary estimate of the number of households and costs required to permanently relocate tenants who will no longer be income-qualified to continue residing at the Summerset Apartments after acquisition and rehabilitation or exceed SHRA occupancy standards.

Information provided by the current management team on all 110 occupied units was reviewed for the preparation of this Plan. Based on this information we project that seven (7) of the 110 HH's (6.4%) currently residing in the Summerset Apartments will be eligible for relocation benefits due to the HH income being greater than 60% of AMI. These HH's have current projected incomes ranging between 63% and 85% of AMI for Sacramento which exceed the TCAC maximum allowable rents of 60% of AMI. An additional 15 HH's exceed SHRA occupancy standards and will need to be relocated. The remaining 88 households appear to be eligible to continue residing in the project.

We assume that the vacant units will not be filled prior to acquisition of the property and rehabilitation of the units and that if they are filled they will be filled by income-eligible households. Total estimated benefits including both the fixed moving expense payment and replacement housing payment for the seven (7) over-qualified households equals $32,445 which includes moving two HH's from one-bedroom to two-bedroom units. The estimated benefits including the fixed moving expense payment and replacement housing payment for the fifteen (15) over-crowded HH's equals $368,445 for total permanent relocation benefits of $400,890. As discussed above, this amount may increase or decrease depending on which comparable units are available at the time of relocation and which unit is determined to be the most comparable to the household's current unit. The actual benefits due may also go higher if actual reasonable moving expenses are chosen by the eligible households rather than the fixed moving allowance and those expenses exceed the fixed moving allowance.

Temporary relocation expenses are estimated to be $105,600 for two moves by each of the 88 HH's eligible to remain in the project at a cost of $600 per move including utility connection expenses. There will be additional costs involved in implementing the relocation of tenants which is estimated to be $45,000. These estimates may vary from actual costs if less temporary relocations are made or if more or less actual permanent relocations are necessary.

Estimated Total Relocation Costs

Estimated Total Relocation Costs	
Factor	
Permanent Relocation of 22 HH's	$400,891
Temporary Relocation of 88 HH's	$105,600
Relocation Implementation (inc. Plan)	$45,000
Total Relocation Expenses	**$551,491**

Finally, it is the intent of the prospective owner to follow all of the applicable federal rules and regulations as contained in the URA, as amended, and of the State of California as contained in Government Code Section 7260 et seq. in the relocation process to ensure the protection of each tenant's rights.

APPENDICES

APPENDIX A

HOUSEHOLD/UNIT INFORMATION

UNIT #	Bds	HH Size	CURRENT RENT	ANNUAL INCOME	MONTHLY INCOME	% AMI*
101	2	2	730	$ 18,000	$ 1,500	35
102	1	N/A	N/A	Asst. Manager	Asst. Manager	N/A
103	2	0	Vacant	Vacant	Vacant	V
104	2	0	Vacant	Vacant	Vacant	V
105	2	5	730	$ 10,728	$ 894	25
106	2	4	730	$ 16,320	$ 1,360	25
107	2	5	730	$ 21,600	$ 1,800	30
108	2	5	730	$ 63,600	$ 5,300	83
109	2	5	730	$ 8,400	$ 700	25
110	2	4	730	$ 12,768	$ 1,064	25
111	2	5	730	$ 13,200	$ 1,100	25
112	2	4	730	$ 19,200	$ 1,600	30
113	2	3	730	$ 24,000	$ 2,000	40
114	1	5	700	$ 12,480	$ 1,040	25
115	2	4	730	$ 25,488	$ 2,124	40
116	2	4	730	$ 13,368	$ 1,114	25
117	2	5	730	$ 30,000	$ 2,500	40
118	2	8	730	$ 13,200	$ 1,100	25
119	2	7	730	$ 19,200	$ 1,600	25
120	2	3	730	$ 11,136	$ 928	25
121	2	7	730	$ 16,512	$ 1,376	25
122	2	0	Vacant	Vacant	Vacant	V
123	1	5	630	$ 59,424	$ 4,952	77
124	1	5	630	$ 48,000	$ 4,000	63
125	1	3	600	$ 21,600	$ 1,800	35
126	1	5	630	$ 13,920	$ 1,160	25
127	2	2	730	$ 24,000	$ 2,000	45
128	2	3	730	$ 6,000	$ 500	25
129	1	1	700	$ 8,856	$ 738	25
130	2	4	730	$ 22,800	$ 1,900	35
131	2	4	730	$ 31,200	$ 2,600	45
132	2	4	730	$ 19,200	$ 1,600	30
133	2	5	730	$ 23,796	$ 1,983	35
134	2	5	730	$ 18,000	$ 1,500	25
135	1	5	630	$ 28,800	$ 2,400	40
136	1	5	630	$ 12,228	$ 1,019	25
137	2	7	700	$ 21,600	$ 1,800	25
138	2	7	730	$ 13,200	$ 1,100	25
139	1	3	700	$ 13,512	$ 1,126	25
140	2	4	730	$ 21,000	$ 1,750	30
141	2	3	730	$ 19,200	$ 1,600	30
142	2	2	730	$ 19,632	$ 1,636	35
143	2	3	730	$ 25,200	$ 2,100	40
144	2	5	730	$ 20,640	$ 1,720	30
145	2	2	730	$ 13,200	$ 1,100	25
146	2	5	730	$ 13,200	$ 1,100	25
147	2	3	730	$ 43,200	$ 3,600	68
148	2	5	730	$ 18,360	$ 1,530	25
149	2	5	730	$ 21,600	$ 1,800	30
150	2	6	730	$ 14,400	$ 1,200	25

Summary Statistics	
AMI Level	# HH
< 25	49
30	19
35	15
40	12
45	5
50	2
55	1
60	0
OQ @>60	7
Not Available	0
Manager	1
Moving	0
Vacant	9
Total	120

Household Size	
1-Person	2-Person
3	9
3-Person	4-Person
22	33
5-Person	6-Person
33	4
7-Person	8-Person
5	1
>8-Person	Vacant/Mgr
0	10