

## RESOLUTION NO. 2011-031

Adopted by the Redevelopment Agency  
of the City of Sacramento

June 21, 2011

**APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT AND SELLER  
CARRYBACK ACQUISITION LOAN OF \$470,120 BETWEEN THE REDEVELOPMENT  
AGENCY OF THE CITY OF SACRAMENTO AND 700 BLOCK, LLC OR RELATED ENTITY  
AND APPROVAL OF A COMMITMENT LETTER AND RELATED DOCUMENTS  
BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND  
THE DOWNTOWN SACRAMENTO REVITALIZATION CORPORATION FOR THE 700  
BLOCK OF K STREET**

### BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento (Agency) has adopted the Merged Downtown Sacramento Redevelopment Plan (Redevelopment Plan) and an Implementation Plan for the Merged Downtown Sacramento Redevelopment Project Area (Project Area).
- B. Portions of the 700 and 800 blocks of K Street are identified in the Amended Merged Downtown Sacramento Redevelopment Plan and Implementation Plan as having continuing blight conditions characterized by vacant parcels, deteriorating buildings, uneconomic land uses and unsafe sidewalks.
- C. In 2004, the JKL Corridor Workshop identified the 700/800 blocks of K and L streets as a critical location for revitalization of K Street, with a focus on mixed-use development including ground floor retail; housing; cultural and commercial uses envisioned on this property to eliminate blight, stimulate economic growth and provide for a range of housing types.
- D. In December 2009, the Agency, represented by the Economic Development Department, issued a Request for Qualifications (RFQ) soliciting qualifications and concept proposals for the development of a mixed-use project in the heart of downtown on the K Street Mall including properties on the southern half of the 700 blocks of K Street and portions of the 800 blocks of K and L streets. Four responses were received in February 2010.
- E. On July 13, 2010, the Agency Board selected D&S Development, Inc. and CFY Development, Inc. for the redevelopment of Agency-owned properties on the south side of the 700 block of K Street and the 800 Block LLC (David Taylor Interests, Inc., CIM Group, and Domus Development) for redevelopment of the Agency-owned properties in the 800 blocks of K and L Streets. The Agency Board directed staff to return with negotiated Exclusive Rights to Negotiate Agreements with each of the teams for Agency Board consideration.

- F. On August 24, 2010, the Agency Board directed the Executive Director, or her designee, to enter into an Exclusive Right-to-Negotiate with the 700 Block Investors, LP to allow the Agency to evaluate the development proposal, prepare environmental documents, and process entitlements.
- G. The project will assist with the elimination of blight in the Merged Downtown Redevelopment Project Area.
- H. An economically feasible alternative method of financing or assisting the residential units in this Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

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

- Section 1. The above statements are found to be true and correct.
- Section 2. The Redevelopment Agency has reviewed the Environmental Impact Report, which was certified by the City of Sacramento Planning Commission on May 12, 2011, and has considered the environmental effects of the proposed project in accordance with California Environmental Quality Act (CEQA) Guidelines §15096(f). The actions do not require further environmental review per CEQA Guidelines §§ 15162 or 15163. The Redevelopment Agency hereby adopts the Findings of Fact and Statement of Overriding Considerations prepared in accordance with CEQA Guidelines §§ 15091 and 15093, and attached as Exhibit A.
- Section 3. The statements and findings of the 33433 Report, a copy of which is attached as Exhibit C, are true and correct and are hereby adopted. The Project will assist in the elimination of blight as stated in the 33433 Report. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan. The DDA shall be deemed an implementing document approved in furtherance of the Redevelopment Plan, the Implementation Plan for the Project Area and all applicable land use plan, studies, and strategies.
- Section 4. Having held a public hearing after the proper notice of this action was given in accordance with the California Health and Safety Code Section 33431 and obtained approval of the 33433 report, the Executive Director is authorized to dispose of the property to the developer through the negotiated terms and conditions reflected in the Amended and Restated Disposition and Development Agreement (DDA) described in the public hearing and attached hereto as Exhibit D.
- Section 5. The consideration for the Agency's conveyance of the Property to Developer is the \$470,120 sales price combined with the Developer obligations under the DDA, and the fair reuse value of the Property at the use and with covenants, conditions, restrictions required by the DDA and Grant Deed is (\$22,344,111).

- Section 6. The project is consistent with the goals and objectives of the Merged Downtown Redevelopment Plan and Implementation Plan, as stated in the DDA attached as Exhibit D.
- Section 7. The Disposition and Development Agreement, Seller Carryback loan documents, and other related documents are approved and the Executive Director or her designee is authorized to execute the Development and Disposition Agreement, the loan documents and other related documents between the Agency and the Developer for the conveyance of the property in substantially the same form as that which is attached as Exhibit D and E and to take all such actions, execute said instruments, and documents that may be necessary to effectuate and implement this resolution and the Development and Disposition Agreement, to provide expenditures of \$3,600,000 from the Merged Downtown tax exempt bond funds and tax increment funds toward costs outlined in the Development and Disposition Agreement for the construction of commercial uses and market rate housing and \$10,100,000 of low and moderate income housing funds for the construction of affordable housing in the mixed-use project .
- Section 8. The Agency budget is amended to transfer \$3.6 million from the following Downtown redevelopment funds into the 700 K Street Project fund: \$196,357 from (Fund 100) 700/800 K Street Development, \$640,000 from (Fund 100) Downtown Acquisition, \$918,7586 from (Fund 355) Development Assistance, \$525,000 from (Fund 100) Pioneer Bridge, \$44,500 from (Fund 100) Predevelopment Services, \$50,000 from (Fund 100) Tower Bridge Landing, \$48,900 from (Fund 100) 10<sup>th</sup> Street Lighting, \$150,000 from (Fund 100) Downtown Infrastructure Assessment, and \$1,026,485 from (Fund 400) 700 Block K Street.
- Section 9. The Agency budget is amended to transfer \$10.1 million in Downtown low-moderate redevelopment funds into the 700 K Street Project fund in the following manner: 1) defund \$3,000,000 of Downtown low-moderate flow (Fund 102) from Downtown Housing NOFA and transfer this amount to the Township 9 project, 2) defund \$3,000,000 of 2002 Downtown low-moderate tax exempt bond funds (Fund 359) from the Township 9 project and transfer this amount to the 700 K Street Project fund, 3) transfer an additional \$3,159,738 of 2002 Downtown low-moderate tax exempt bond fund (Fund 359)—comprised of \$3,059,738 from Downtown Housing NOFA and \$100,000 from Housing Development Assistance—to the 700 K Street Project fund, 4) transfer \$3,940,262 of 2005 Downtown low-moderate tax exempt bond funds (Fund 402) from Downtown Housing NOFA to the 700 K Street Project fund.
- Section 10. The Executive Director is authorized to execute the Commitment Letter to the Downtown Sacramento Revitalization Corporation attached to and incorporated in this resolution as Exhibit F to provide a \$10.1 million grant from Downtown low-moderate tax-exempt bond funds and a forgivable loan of \$3.6 million from Downtown tax-exempt redevelopment bond funds and Downtown tax increment to the extent the terms are consistent with the approved commitment letter.

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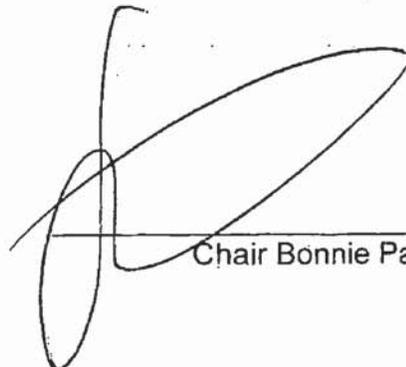
- Exhibit A – Findings of Fact and Statement of Overriding Considerations
- Exhibit B – Mitigation Monitoring Plan
- Exhibit C – 33433 Report
- Exhibit D – Disposition and Development Agreement
- Exhibit E – Seller Carryback Acquisition Loan
- Exhibit F – Commitment Letter

Adopted by the Redevelopment Agency of the City of Sacramento on June 21, 2011 by the following vote:

- Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy
- Noes: None.
- Abstain: None.
- Absent: Mayor Kevin Johnson

Attest:

  
Shirley Concolino, Secretary



Chair Bonnie Pannell



**CITY OF SACRAMENTO PLANNING COMMISSION  
RECORD OF DECISION**

New City Hall, 915 I Street, 3<sup>rd</sup> Floor, Sacramento, CA 95814

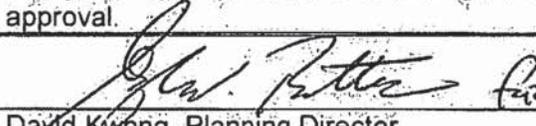
Project Name: 700 Block Project  
Project Number: P10-087  
Project Location: 700 K Street (APN: 006-0096-002, 006-0096-003, 006-0096-004, 006-0096-005, 006-0096-006, 006-0096-007, 006-0096-008, 006-0096-009, 006-0096-010, 006-0096-018, and 006-0096-019)

Action Status: Approved Project with Conditions Action Date: 05/12/2011

**REQUESTED ENTITLEMENT(S):** A request to redevelop the 700 K Street block with mixed use on 1.18± acres in the Central Business District (C-3) zone and located in the Central Business District Special Planning District. The proposal includes 137 rental apartments; 64,881 square feet of retail including restaurants and clubs, and a 27,828 square foot parking structure.

- A. Environmental Determination: Environmental Impact Report;
- B. Mitigation Monitoring Plan;
- C. Special Permit for a Major Project over 75,000 square feet in the C-3 zone;
- D. Special Permit to partially waive parking on the site for residents and residential guests.

**ACTIONS TAKEN:** On 05/12/2011, the Planning Commission took the following actions:  
Approved the project based on findings of fact and subject to conditions of approval.

Action certified by:   
David Kwong, Planning Director

By:   
Staff Signature

## Findings Of Fact

### **A&B. Environmental Impact Report and Mitigation Monitoring Program:**

1. The Planning Commission finds that the Environmental Impact Report for 700 Block of K Street (herein EIR) which consists of the Draft EIR and the Final EIR (Response to Comments) (collectively the "EIR") has been completed in accordance with the requirements of the California Environmental Quality Act (CEQA), the State CEQA Guidelines and the Sacramento Local Environmental Procedures.
2. The Planning Commission certifies that the EIR was prepared, published, circulated and reviewed in accordance with the requirements of CEQA, the State CEQA Guidelines and the Sacramento Local Environmental Procedures, and constitutes an adequate, accurate, objective and complete Final Environmental Impact Report in full compliance with the requirements of CEQA, the State CEQA Guidelines and the Sacramento Local Environmental Procedures.
3. The Planning Commission certifies that the EIR has been presented to it, that the Planning Commission has reviewed the EIR and has considered the information contained in the EIR prior to acting on the proposed Project, and that the EIR reflects the Planning Commission's independent judgment and analysis.
4. Pursuant to CEQA Guidelines sections 15091 and 15093, and in support of its approval of the Project, the Planning Commission adopts the attached Findings of Fact and Statement of Overriding Considerations in support of approval of the Project as set forth in Exhibit A of this Record of Decision.
5. Pursuant to CEQA section 21081.6 and CEQA Guidelines section 15091, and in support of its approval of the Project, the Planning Commission adopts the Mitigation Monitoring Program to require all reasonably feasible mitigation measures be implemented by means of Project conditions, agreements, or other measures, as set forth in the Mitigation Monitoring Program as set forth in Exhibit B of this Record of Decision.
6. Upon approval of the Project, the City's Environmental Planning Services shall file a notice of determination with the County Clerk of Sacramento County and, if the Project requires a discretionary approval from any state agency, with the State Office of Planning and Research, pursuant to the provisions of CEQA section 21152.
7. Pursuant to Guidelines section 15091(e), the administrative record of these proceedings is located, and may be obtained from, the City of Sacramento Community Development Department, Environmental Planning Services, 300 Richards Boulevard, Sacramento, CA 95811-0218. The custodian of these

documents and other materials is the Community Development Department, Environmental Planning Services.

**C&D.** The **Special Permits** for a Major Project over 75,000 square feet in the Central Business District (C-3 SPD) zone and to partially waive parking for new residential development are **approved** subject to the following Findings of Fact:

1. The project is based upon sound principles of land use in that:
  - a. the restaurant, retail, and residential uses are allowed by right in the Central Business District (C-3) zone;
  - b. the future owners of units without onsite parking are adopting a lifestyle that will not depend on automobiles in their daily life but instead will rely on public transportation;
  - c. the project will increase ridership of the lightrail and bus system and will contribute to the availability of housing options in the Central Business District.
2. The proposed use would not be detrimental to the public health, safety and welfare, nor result in a public nuisance in that:
  - a. the commercial storefronts and residential apartments will provide "eyes on the street," and will activate the streets increasing safety in the central core area;
  - b. the project includes the rehabilitation of the existing storefronts which are representative of the original historic fabric of K Street;
  - c. the project will not significantly impact the neighborhood parking situation since there is both onstreet parking and public parking garages in the nearby vicinity;
  - d. the parking structure is accessed from the alley and there are no proposed vehicular curb cuts along 7<sup>th</sup>, 8<sup>th</sup>, or K Streets that would negatively impact a pedestrian friendly environment.
3. The proposed project is consistent with the General Plan designation of Central Business District because the development: will meet the FAR (floor area ratio) requirements for a new mixed use project, will act as a catalyst for further infill development in the

area, and will locate new commercial and residential uses adjacent to existing light rail stations.

### **Conditions Of Approval**

**C&D.** The **Special Permits** for a Major Project over 75,000 square feet in the Central Business District (C-3 SPD) zone and to partially waive parking for new residential development are **approved** subject to the following conditions of approval:

### **Planning**

- CD1. The applicant shall obtain all necessary building and/or encroachment permits prior to commencing construction.
- CD2. A sign program shall be submitted to the Planning Director and Preservation/Design Review staff for review and approval before the issuance of any sign permits.
- CD3. The applicant shall meet all conditions of approval from the Preservation Commission decision.
- CD4. All rooftop mechanical equipment shall be completely screened from public street views.
- CD5. Rooftop landscaping shall be maintained in a healthy and serviceable condition.
- CD6. Decorative photocell light fixtures shall be provided on the building façade along the alley. The fixture shall be of a type that automatically comes on at dusk and goes off at dawn. The fixtures are subject to the review and approval of Preservation staff.
- CD7. Any changes or modifications to the plans shall require additional review and approval of Planning staff.
- CD8. A sign indicating a 24-hour emergency phone number and contact person shall be kept current and posted for residents of the building as a Good Neighbor Policy. The contact person shall be responsible for coordinating between the residential and K Street commercial uses to ensure there is no detrimental noise, light, or other issues that would affect the peace and welfare of the residents.
- CD9. Final mural designs shall be subject to the review and approval of Preservation staff.
- CD10. A signed copy of the Affidavit of Zoning Code Development Standards and each of the pages of this Record of Decision shall be scanned and inserted as a general sheet(s) in the plan set for any building permit submittal associated with this project.
- CD11. The applicant shall comply with the requirements of the Mitigation Monitoring Plan developed by and kept on file in the Community Development Department. (P10-087)

## Department of Transportation

- CD12. Construct standard improvements as noted in these conditions pursuant to chapter 18 of the City Code. Improvements shall be designed and constructed to City standards in place at the time that the Building Permit is issued. All improvements shall be designed and constructed to the satisfaction of the Department of Transportation. Any public improvement not specifically noted in these conditions shall be designed and constructed to City Standards. **This shall include street lighting and the repair or replacement/reconstruction of any existing deteriorated curb, gutter and sidewalk fronting the property along K street, 7<sup>th</sup> Street and 8<sup>th</sup> Street per City standards to the satisfaction of the Department of Transportation;**
- CD13. The applicant shall repair/reconstruct any deteriorated portions of the existing alley Per City Standards (In Concrete) and to the satisfaction of the Department of Transportation. The limit of work shall be from 7<sup>th</sup> Street to 8<sup>th</sup> Street along the projects frontage on the alley;
- CD14. A revocable encroachment permit is required if any portions of the building protrude onto the right of way. Prior to obtaining any building permits, the applicant shall apply for and obtain a revocable encroachment permit for such items (If any) and shall comply with all the requirements of such permit to the satisfaction of the Department of Transportation;
- CD15. Prior to obtaining any building permits, the applicant shall apply for, process and record a Lot Merger of the 11 existing parcels into one parcel to facilitate the project development as proposed;
- CD16. All new driveways shall be designed and constructed to City Standards to the satisfaction of the Department of Transportation;
- CD17. The site plan shall conform to A.D.A. requirements in all respects. This shall include the replacement of any curb ramp that does not meet current A.D.A. standards at the following intersections:
- a. South-East corner of K and 7<sup>th</sup> Street.
  - b. South-West corner of K and 8<sup>th</sup> Street.

## Building

- CD18. At all locations where wall openings are proposed in locations not allowed by 2010 CBC Table 705.8, parcels shall be merged in order to allow the openings.
- CD19. At any locations where buildings are bisected by a property line, parcels shall be merged.
- CD20. If any part of the structure has occupiable floor space more than 75 feet above the lowest level of Fire Department vehicle access, the structure shall comply with CBC Section 403.

CD21. This project shall comply with all applicable requirements of the 2010 California Code of Regulations Title 24 parts 2, 3, 4, 5, 6, 8, 9, 10, 11, and 12.

### **Regional Transit**

CD22. Transit information shall be displayed in a prominent location for renters, employees, and customers.

CD23. The project shall not disrupt transit service during construction.

### **Fire Department**

CD24. Provide the required fire hydrants in accordance with CFC 507 and Appendix C, Section C105.

CD25. Timing and Installation. When fire protection, including fire apparatus access roads and water supplies for fire protection, is required to be installed, such protection shall be installed and made serviceable prior to and during the time of construction. CFC 501.4

CD26. Provide a water flow test. (Make arrangements at the Permit Center walk-in counter: 300 Richards Blvd, Sacramento, CA 95814). CFC 508.4

CD27. Provide appropriate Knox access for site. CFC Section 506

CD28. An automatic fire sprinkler system shall be installed in any portion of a building when the floor area of the building exceeds 3,599 square feet.

CD29. Locate and identify Fire Department Connections (FDCs) on address side of building no further than 50 feet and no closer than 15 feet from a fire hydrant.

CD30. An approved fire control room shall be provided for all buildings protected by an automatic fire extinguishing system. Fire control rooms shall be located within the building at a location approved by the Chief, and shall be provided with a means to access the room directly from the exterior. Durable signage shall be provided on the exterior side of the access door to identify the fire control room. CFC 903.8

CD31. Structure shall comply with City Code 15.100 Highrise code if there are floors used for human occupancy that are located more than 75 feet above the lowest fire department access.

CD32. Building shall meet the requirements of Sacramento City Code 15.36.060 Public Safety Radio Communications. See attached letter from Scott C. Andrews, Department of Information Technology.

### **Utilities**

- CD33. The building pad elevation shall be approved by the DOU and shall be a minimum of 1.5 feet above the local controlling overland release elevation or a minimum of 1.2 feet above the highest adjoining back of sidewalk elevation, whichever is higher, unless otherwise approved by the Department of Utilities.
- CD34. The applicant must comply with the City of Sacramento's Grading, Erosion and Sediment Control Ordinance. This ordinance requires the applicant to show erosion and sediment control methods on the subdivision improvement plans. These plans shall also show the methods to control urban runoff pollution from the project site during construction.
- CD35. Foundation or basement dewatering discharges to the CSS will not be allowed. The CSS does not have adequate capacity to allow for dewatering discharges for foundations or basements. Foundations and basements shall be designed without the need for dewatering.
- CD36. This project is served by the Combined Sewer System (CSS). Therefore, the developer/property owner will be required to pay the Combined System Development Fee prior to recording the final map. The impact to the CSS is estimated to be 129 ESD's. The Combined Sewer System fee is estimated to be \$296,793.99 plus any increases to the fee due to inflation.

## **Environmental**

- CD37. All toilets on the project site shall be low-flow.
- CD38. The project shall include construction of a green roof to the satisfaction of the Planning Director. This does not preclude the ability of the applicant to construct other green roofs on the project site.
- CD39. High HTC-rated and energy efficient windows shall be installed in the residential and commercial areas and storefronts. For the four structures that are listed as historic per CEQA, the original windows will be repaired or replaced in accordance with the Secretary of the Interior's Rehabilitation Standards.

## **Advisory Conditions:**

### **Planning**

- ADV1. The proposed grocery store on 8<sup>th</sup> Street is less than 15,000 square feet therefore any proposal to sell alcohol will require a Planning Commission Special Permit.
- ADV2. Electronic billboard signs are prohibited by the Zoning Code. (Ordinance 2007-079) The LED panels shown on the 704 K Street façade elevation drawing will require review of the Planning Director for compliance with this prohibition.
- ADV3. The apartments are permitted by right in the central city subject to meeting the minimum noise standards found in 17.24.050 (76a) which requires the building design of all new residential structures located in areas of the city above sixty decibals to incorporate construction standards to reduce interior noise levels to the satisfaction of the environmental coordinator.

### **Parks**

- ADV4. As per City Code, the applicant will be responsible to meet his/her obligations regarding: Title 18, 18.44 Park Development Impact Fee, due at the time of issuance of building permit. The Park Development Impact Fee due for this project is estimated at \$441,907. This is based on 137 multi-family units at the Standard Rate of \$3,058 per unit and 63,780 square feet of Retail/Commercial at the Standard Rate of \$0.36 per square foot. Any change in these factors will change the amount of the PIF due. The fee is calculated using factors at the time that the project is submitted for building permit.

### **Utilities**

- ADV5. The proposed project is located in the Flood zone designated as Shaded X zone on the Federal Emergency Management Agency (FEMA) Federal Insurance Rate Maps (FIRMs) that have been revised by a Letter of Map Revision effective February 18, 2005. Within the Shaded X zone, there are no requirements to elevate or flood proof.
- ADV6. Prior to design of the subject project, the Department of Utilities suggests that the applicant request a water supply test to determine what pressure and flows the surrounding public water distribution system can provide to the site. This information can then be used to assist the engineers in the design of the fire suppression systems.

### **Sewer District**

ADV7. The subject property is outside the boundaries of the SASD but within the Urban Service Boundary and SRCSD shown on the Sacramento County General Plan. SRCSD will provide ultimate conveyance and treatment of the sewer generated from this site, but the Sacramento City Utilities Department's approval will be required for local sewage service. Developing this property will require the payment of SRCSD sewer impact fees. Impact fees shall be paid prior to issuance of Building Permits. Applicant should contact the Fee Quote Desk at 876-6100 for sewer impact fee information.

### PG&E

ADV8. To ensure consistent uses around PG&E's gas facilities, the City and or any developer(s) should work closely with PG&E in the development of their plans to ensure the safety and reliability of PG&E's facilities. PG&E may need to provide wheel loading requirements over the gas facilities during construction activities and will also need to ensure that adequate access is maintained for future maintenance, construction, reconstruction, repair, etc. on the gas lines. The requesting party will be responsible for the costs associated with the relocation of existing PG&E facilities to accommodate their proposed development. Because facilities relocation's require long lead times and are not always feasible, the requesting party should be encouraged to consult with PG&E as early in their planning stages as possible.

### Police Department

#### Roof Issues

ADV9. All air duct or air vent openings exceeding 8" x 12" on the roof or exterior walls should be secured to prevent unlawful entry from the roof.

ADV10. Air conditioning units in this part of town are favorite targets for thieves seeking to steal the recyclable material used in the condensers. Special care should be taken to prevent this type of theft.

ADV11. The Police Department recommends against exterior roof access ladders unless required by code. If they are required, then special measures should be taken to ensure a thief cannot climb up them.

#### Apartment Managers

ADV12. All on-site managers shall minimally meet the certification standards of the Rental Housing Association (RHA) of Sacramento as is outlined in their 5-day "Apartment Management Training Program" This comprehensive training includes: Detailed instruction in tenant screening, (i.e. criminal history checks,

credit checks & background checks). Detailed instruction on rental agreements, fair housing laws, customer service, rents & deposits. Detailed instruction on dealing with problem tenants, dealing with criminal activity and processing evictions.

- ADV13. Renting individual rooms in multi-room apartments is prohibited.
- ADV14. The lease / rental agreement shall contain an addendum that lists specific consequences for prohibited activities and criminal behavior. An addendum that states the policy for towing vehicles from the premises is recommended.

#### *Benches*

- ADV15. Benches, trash cans, and bicycle racks should be constructed in a manner consistent with crime prevention strategies and placed in highly visible locations. Exterior benches should be designed to discourage loitering and sleeping by utilizing partitions or circular designs that wrap around trees or poles. Wrought iron benches are desirable because they provide a fireproof design that is difficult to damage and is easily secured to the ground.

#### *Building Design*

- ADV16. Masonry walls and tall shrub lines are inconsistent with crime prevention by environmental design strategies. However, if they are essential and cannot be avoided, masonry walls should incorporate graffiti reducing art. Tall shrubs should be a hostile variety to reduce habitation by transients. Incorporating these principles early in the design process is highly recommended.
- ADV17. Sound attenuation for residential units is a paramount concern for the police department.

#### *Common Areas*

- ADV18. Any child play areas should be located in areas that have the maximum observation from adjacent units.
- ADV19. Community laundry rooms are frequent locations for violent crimes. If community laundry rooms are part of the design for this project, video cameras shall be positioned to record who enters and exits the laundry room.

#### *Doors*

- ADV20. A viewing device or peephole shall be installed in each individual unit entrance door and shall allow for 180-degree vision.

ADV21: Any rear door used to admit employees or deliveries shall be equipped with a 180 degree viewing device to screen persons before allowing entry.

### *Lighting*

ADV22: Parking lots shall have a minimum illumination intensity of 1.0 foot-candles per square foot at 36 inches above ground.

ADV23: Ground lights that illuminate the pedestrian zone around the building are highly recommended because they provide great light in the area where it is most needed and they are resistant to vandalism.

### *Parking Lots*

ADV24: Assigned parking spaces shall not be numbered to coincide with dwelling unit numbers.

### *Phones*

ADV25: Pay telephones have a history of contributing to crime issues. Staff recommends against installing public telephones on the premises.

### *Planters*

ADV26: Any exterior planters shall be designed with walls/edges that prevent skateboarders from grinding, riding or sliding on or along the planter.

ADV27: If exterior planters are part of the plan, staff would like to talk to the applicant or his representative about designs that will prevent transients from turning them into living space.

### *Postal Boxes*

ADV28: In order to prevent mail theft, mail/postal boxes shall be placed in a high traffic area.

### *Site Security*

ADV29: There shall be no video/arcade machines maintained upon the premises at any time without the review and approval of the Police Department.

### *Trash Receptacles*

ADV30: Dumpster enclosures shall be kept locked. Preferably, enclosures should be constructed with a vertical wrought iron design to allow visual access.

- ADV31. Trash cans should be visibly open to discourage unlawful use. As with benches, trash receptacles should be designed to be vandal resistant. Wrought iron designs are fireproof, can be easily secured to the ground and cannot be easily broken and utilized as a weapon or projectile.
- ADV32. Trash enclosure areas, such as those used for dumpsters, can be used as ambush points by criminals. The preferred option for these areas is wrought iron enclosures that remain locked. Any other non-transparent enclosure is not recommended, but if selected, must also remain locked.
- ADV33. Trash receptacles shall be bolted or affixed to the ground or other permanent structure. Only a plastic liner shall be removable.
- ADV34. Trash receptacles shall be constructed of materials that cannot be broken into smaller pieces that can be used as weapons.
- ADV35. Trash receptacles shall be made of fireproof materials.
- ADV36. Closed-circuit color video cameras shall be employed to monitor: a) the primary points of entry for vehicles into the parking lot and pedestrians into the building; b) main hallways; c) community laundry room entrances; and d) mail boxes.
- ADV37. The recording device shall be: a) located in the building control room; and b) a digital video recorder (DVR) capable of storing a minimum of 7 days worth of activity however, a DVR capable of storing 30 days worth of activity is greatly preferred.
- ADV38. Signs that say the property is monitored by video surveillance are recommended at the primary points of entry for vehicles and pedestrians.

#### *Alley*

- ADV39. The police department encourages the applicant to consider ways to utilize the alley for things other than storing trash cans. Uses that attract legitimate patrons to the alley will have a crime reducing effect.

#### Regional Transit

- ADV40. The developer should consider developing a program to offer transit passes at a 50% or greater discount to new renters for a period of six months or more. Employers should also consider offering employees subsidized transit passes at 50% or greater discount.

## Exhibit A: Findings and Statement of Overriding Consideration

### Exhibit A

#### CEQA Findings of Fact and Statement of Overriding Considerations for the 700 Block of K Street Project

##### Description of the Project

Currently, the project site is comprised of eleven underutilized parcels. The proposed project site is almost fully built out with a mix of buildings that were constructed beginning in the late 1800's through the 1950's. This portion of the block is representative of the original historic fabric of K Street, with some of the properties listed in the Sacramento Register of Historic and Cultural Resources. A small parcel at the south-westernmost edge of the site adjacent to the alley at 7<sup>th</sup> Street is vacant.

The 700 Block of K Street project proposes a mixed-use development with 137 residential units and retail/restaurant/entertainment uses and a parking garage. The development densities would be below those assumed for the site in the Master EIR for the City of Sacramento's 2030 General Plan.

As part of the proposed project, the majority of the existing building facades along K Street would be renovated in order to maintain the existing pedestrian scale and storefront characteristics. The proposed project would redevelop the existing structures along K Street with retail and restaurant uses, and convert the upper floors of several buildings to residential uses. The entire south half of the half block, along the alley, is proposed for demolition and construction of a single five-story residential building over a two-level parking garage. The first level of the garage would be below grade.

This proposed project would also install the infrastructure connections for development of the site.

##### Findings Required Under CEQA

###### 1. Procedural Findings

The Planning Commission of the City of Sacramento finds as follows:

Based on the initial study conducted for 700 Block of K Street project, SCH # 2010112014, (herein after the Project), the City of Sacramento's Environmental Planning Services determined, on substantial evidence, that the Project is an anticipated subsequent project identified and described in the 2030 General Plan Master EIR; that the Project is consistent with the 2030 General Plan land use designation and the permissible densities and intensities of use for the project site; that the discussions of cumulative impacts, growth inducing impacts, and irreversible significant effects in the Master EIR are adequate for the Project; and that the Project will have additional significant environmental effects not previously examined in the Master EIR. Therefore, staff prepared a focused environmental impact report ("EIR") on the Project which incorporates by reference the Master EIR and analyzes only the project-specific significant environmental effects and any new or additional mitigation measures or alternatives that were not identified and analyzed in the Master EIR. Mitigation measures from the Master EIR have been applied to the project as appropriate. The

EIR was prepared, noticed, published, circulated, reviewed, and completed in full compliance with the California Environmental Quality Act (Public Resources Code §21000 *et seq.* ("CEQA"), the CEQA Guidelines (14 California Code of Regulations §15000 *et seq.*), and the City of Sacramento environmental guidelines, as follows:

a. A Notice of Preparation of the Draft EIR was filed with the Office of Planning and Research and each responsible and trustee agency and was circulated for public comments from November 1, 2010 through December 1, 2010.

b. A Notice of Completion (NOC) and copies of the Draft EIR were distributed to the Office of Planning and Research on February 16, 2011 to those public agencies that have jurisdiction by law with respect to the Project, or which exercise authority over resources that may be affected by the Project, and to other interested parties and agencies as required by law. The comments of such persons and agencies were sought.

c. An official 45-day public comment period for the Draft EIR was established by the Office of Planning and Research. The public comment period began on February 16, 2011 and ended on April 4, 2011.

d. A Notice of Availability (NOA) of the Draft EIR was mailed to all interested groups, organizations, and individuals who had previously requested notice in writing on February 15, 2011. The NOA stated that the City of Sacramento had completed the Draft EIR and that copies were available at the City of Sacramento, Development Services Department, New City Hall, 915 I Street, Third Floor, Sacramento, California 95814. The letter also indicated that the official 45-day public review period for the Draft EIR would end on April 4, 2011.

e. A public notice was placed in the Daily Recorder on February 15, 2011 which stated that the Draft EIR was available for public review and comment.

f. Following closure of the public comment period, all comments received on the Draft EIR during the comment period, the City's written responses to the significant environmental points raised in those comments, and additional information added by the City were added to the Draft EIR to produce the Final EIR.

## 2. Record of Proceedings

The following information is incorporated by reference and made part of the record supporting these findings:

a. The Draft and Final EIR and all documents relied upon or incorporated by reference;

b. The City of Sacramento 2030 General Plan adopted March 3, 2009 and all updates.

c. The Master Environmental Impact Report for the City of Sacramento 2030 General Plan certified on March 3, 2009, and all updates.

d. Findings of Fact and Statement of Overriding Considerations for the Adoption of the Sacramento 2030 General Plan adopted March 3, 2009, and all updates.

e. Zoning Ordinance of the City of Sacramento

f. Blueprint Preferred Scenario for 2050, Sacramento Area Council of Governments, December, 2004

g. The Mitigation Monitoring Program for the Project.

h. All records of decision, staff reports, memoranda, maps, exhibits, letters, synopses of meetings, and other documents approved, reviewed, relied upon, or prepared by any City commissions, boards, officials, consultants, or staff relating to the Project.

### 3. Findings

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, § 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, §§ 15093, 15043, sub. (b); see also Pub. Resources Code, § 21081, sub. (b))

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of *both* mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California ("Laurel Heights I")* (1986) 47 Cal.3d 376, 400-403.)

In these Findings, the City first addresses the extent to which each significant environmental effect can be substantially lessened or avoided through the adoption of feasible mitigation measures. Only after determining that, even with the adoption of all feasible mitigation measures, an effect is significant and unavoidable does the City address the extent to which alternatives described in the EIR are (i) environmentally superior with respect to that effect and (ii) "feasible" within the meaning of CEQA.

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Public Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15093, 15043, sub (b).) In the Statement of Overriding Considerations found at the end of these Findings, the City identifies the specific economic, social, and other considerations that, in its judgment, outweigh the significant environmental effects that the Project will cause.

The California Supreme Court has stated that "[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced." (*Goleta II* (1990) 52 Cal.3d 553 at 576.)

In support of its approval of the Project, the Planning Commission makes the following findings for each of the significant environmental effects and alternatives of the Project identified in the EIR pursuant to Section 21080 of CEQA and section 15091 of the CEQA Guidelines:

**A. Significant or Potentially Significant Impacts Mitigated to a Less Than Significant Level.**

The following significant and potentially significant environmental impacts of the Project, including cumulative impacts, are being mitigated to a less than significant level and are set out below. Pursuant to section 21081(a)(1) of CEQA and section 15091(a)(1) of the CEQA Guidelines, as to each such impact, the Planning Commission, based on the evidence in the record before it, finds that changes or alterations incorporated into the Project by means of conditions or otherwise, mitigate, avoid or substantially lessen to a level of insignificance these significant or potentially significant environmental impacts of the Project. The basis for the finding for each identified impact is set forth below.

**Cultural Resources**

**Impact 4.1-2: Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (hollow sidewalks) as defined in CEQA Guidelines Section 15064.5. Without mitigation this is a significant impact.**

**Mitigation Measure (From MMP):** The following mitigation measure has been adopted to address this impact:

***MM 4.1-2***

***If there are no feasible means of preserving the necessary character defining features of the resource, as part of the Disposition and Development or other activity that could adversely affect a feature of a hollow sidewalk, the applicant shall work with the City Preservation Director to determine an appropriate mitigation fee to cover the cost of preserving the same length of hollow sidewalk in a different location, based on the existing condition of the hollow sidewalks along K Street and the applicable Secretary of***

*Interior Standards for the preservation of such resource. This fee must be paid before permits for demolition and/or construction are issued. The mitigation fee may consist of a contribution to a City Preservation Fund, as established by the City Council as grant provider for historic buildings.*

**Finding:** With implementation of the mitigation measure(s), this impact is reduced to a *less than significant* level. Although not anticipated, the project could result in significant impacts to the hollow sidewalks fronting the proposed project site. Payment of the mitigation fee required by Mitigation Measure 4.1-2 would reduce the impact to a less-than-significant level by ensuring the preservation of the same length of another hollow sidewalk in another location in the City.

**Impact 4.1-3: Implementation of the 700 K Street project could cause a substantial change in the significance of an archaeological resource as defined in CEQA Guidelines Section 15064.5. Without mitigation this is a significant impact.**

**Mitigation Measure (From MMP):** The following mitigation measure has been adopted to address this impact:

**MM 4.1-3**

*The following shall apply to any ground disturbing activities associated with development of the project.*

a. *Prior to any excavation, grading or other construction on the project site, and in consultation with Native American Tribes and the City's Preservation Director, a qualified archaeologist will prepare a testing plan for testing areas proposed for excavation or any other ground-disturbing activities as part of the project, which plan shall be approved by the City's Preservation Director. Testing in accordance with that plan will then ensue by the qualified archaeologist, who will prepare a report on findings, and an evaluation of those findings, from those tests and present that report to the City's Preservation Director. Should any findings be considered as potentially significant, further archaeological investigations shall ensue as approved by the Preservation Director, by the qualified archaeologist, and the archaeologist shall prepare reports on those investigations and evaluations relative to eligibility of the findings to the Sacramento, California or National Registers of Historic Places and submit that report to the City's Preservation Director, State Historic Preservation Officer, and appropriate Native American Tribal representative/s if applicable, with recommendations for treatment, disposition, or reburials of significant findings, as appropriate. Also, at the conclusion of the pre-construction testing, evaluation and reports and recommendations, a decision will be made by the City's Preservation Director, based upon the findings of the reports, as to whether on-site monitoring during any project-related excavation or ground-disturbing activities by a qualified archaeologist will be required.*

b. *Discoveries during construction: For those projects where no on-site archaeological monitoring was required, in the event that any historic or prehistoric subsurface archeological features or deposits, including locally darkened soil ("midden"), that could conceal cultural deposits, animal bone, obsidian and/or mortars are discovered during construction-related earth-moving activities, all work within 50 meters of the resources shall be halted, and a qualified archeologist will be consulted to assess the significance of the find. Archeological test excavations shall be conducted by a qualified archeologist to aid in determining the nature and integrity of the find. If the find*

is determined to be significant by the qualified archeologist, representatives of the City, including the City's Preservation Director, and the qualified archeologist shall coordinate to determine the appropriate course of action. All significant cultural materials recovered shall be subject to scientific analysis and professional museum curation, or reburial in accordance with Tribal consultations if required. A report shall be prepared by the qualified archeologist according to current professional standards.

c. If a Native American site is discovered, the evaluation process shall include consultation with the appropriate Native American representatives.

d. If Native American archeological, ethnographic, or spiritual resources are involved, all identification and treatment shall be conducted by qualified archeologists, who are certified by the Society of Professional Archeologists (SOPA) and/or meet the federal standards as stated in the Code of Federal Regulations (36 CFR 61), and Native American representatives, who are approved by the local Native American community as scholars of the cultural traditions.

e. In the event that no such Native American is available, persons who represent tribal governments and/or organizations in the locale in which resources could be affected shall be consulted. If historic archeological sites are involved, all identified treatment is to be carried out by qualified historical archeologists, who shall meet either Register of Professional Archeologists (RPA), or 36 CFR 61 requirements.

If a human bone or bone of unknown origin is found during construction, all work shall stop in the vicinity of the find, and the County Coroner, and City's Preservation Director, shall be contacted immediately. If the remains are determined to be Native American, the Coroner shall notify the Native American Heritage Commission, who shall notify the person most likely believed to be a descendant. The most likely descendant shall work with the contractor to develop a program for re-interment of the human remains and any associated artifacts. No additional work is to take place within the immediate vicinity of the find until the identified appropriate actions have taken place. Work can continue on other parts of the project site while the unique archeological resource mitigation takes place.

**Finding:** With implementation of the mitigation measure(s), this impact is reduced to a *less than significant* level. Mitigation 4.1-3 outlines a plan to test the proposed project site prior to excavation or other ground-disturbing activities, and to address any uncovered archeological resources. While unforeseen archeological resources or Native American resources may still be found during any ground disturbing activities, the mitigation will significantly reduce potential impacts to resources by ensuring that construction is halted immediately upon discovery and the resources are appropriately handled.

#### **B. Significant and Unavoidable Impacts.**

The following significant and potentially significant environmental impacts of the Project, including cumulative impacts, are unavoidable and cannot be mitigated in a manner that would substantially lessen the significant impact. Notwithstanding disclosure of these impacts, the Planning Commission elects to approve the Project due to overriding considerations as set forth below in Section G, the statement of overriding considerations.

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**Impact 4.1-1: Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (700, 716, and 726 K Street and historic alley facades) as defined in CEQA Guidelines Section 15064.5. Without mitigation, this is a significant impact.**

**Mitigation Measure (From MMP):** The following mitigation measure has been adopted to address this impact:

***MM 4.1-1***

*(a) The following resources shall be removed and/or protected prior to any demolition or construction activities that could result in loss or damage. A demolition plan shall be reviewed and approved by the City's Preservation Director prior to construction. The resources shall be rehabilitated or reinstalled in locations approved by the City's Preservation Director.*

- *700 K Street: Interior multi-level volume of space alongside the arched windows on the west wall of the structure.*
- *Historic Alley Facades: rear wall of 712/ 714 K Street. In addition to the wall's re-installation at a new location, provide interpretation on-site of the historic 19<sup>th</sup> century alley district elements that are to be demolished. The interpretation shall include a permanent metal exhibit incorporating historic and current photographs and descriptions of all the 19<sup>th</sup> century alley facade district's features and their history. The exhibit's design and locations shall be approved by the City's Preservation Director.*

*(b) 716 K: Prior to submittal for building permits on this building, detailed design plans and elevations for the building's K Street entry and façade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated, and the missing original projecting bay will be reconstructed, in accordance with the Secretary of the Interior's Standards for Rehabilitation and for Reconstruction respectively.*

*(c) 726 K: Prior to submittal for building permits on this building, design plans and elevations for the building's K Street entry and façade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation, and that any additions or new construction at the façade or entry area will be designed in accordance with the Secretary of the Interior's Standards for Rehabilitation.*

**Finding:** The proposed demolition of the rear portions of the buildings at 704, 708, 712/ 714, 720, and 724 K Street would result in the loss of significant features and characteristics that contribute to the scale, size, and overall image of the potentially-eligible "Greyhound alley façade" district. The elements at the rear of these buildings convey a sense of time and place reflecting the City's unique early downtown history. Although no portion of the building at 716 K Street would be demolished in order to construct the proposed new structure because the building is shorter than the others fronting K Street, the building would no longer be adjacent to the alley. As defined by CEQA, the loss of these resources would be a substantial adverse change to these

historic resources, and mitigation that reduces the impact to a less-than-significant level has not been identified.

For these reasons, the impact remains *significant and unavoidable*.

Impact 4.1-4: Implementation of the 700 K Street project, in conjunction with other development in the City, could cause a substantial change in the significance of a historic resource as defined in CEQA Guidelines Section 15064.5. Without mitigation, this is a *significant impact*.

**Mitigation Measure (From MMP):** The following mitigation measure has been adopted to address this impact:

*MM 4.1-4  
Implement Mitigation Measure 4.1-1 and Mitigation Measure 4.1-2*

**Finding:** The potential for the continued loss of historic resources in the City was determined to be Significant and Unavoidable in the City's Master EIR for the General Plan. As noted in Impact 4.1-1, the proposed project would have significant and unavoidable impacts to specific historic resources. For this reason, development of the proposed project would result in a cumulatively considerable impact to historic resources.

For these reasons, the project's contribution to the cumulative loss or damage of historic resources would be *Significant and Unavoidable*.

**C. Findings Related to the Relationship Between Local Short-term Uses of the Environment and Maintenance and Enhancement of Long-term Productivity.**

Based on the EIR and the entire record before the Planning Commission, the Planning Commission makes the following findings with respect to the project's balancing of local short term uses of the environment and the maintenance of long term productivity:

- As the project is implemented, certain impacts would occur on a short-term level. Such short-term impacts are discussed above. Where feasible, measures have been incorporated in the project to mitigate these potential impacts.
- The project would result in the long-term commitment of resources to develop and operate the project including water, natural gas, fossil fuels, and electricity. The long-term implementation of the project would provide economic benefits to the City. The project would be developed within an existing urban area and not contribute to urban sprawl. Notwithstanding the foregoing, some long-term impacts would result.

Although there are short-term and long-term adverse impacts from the project, the short-term and long-term benefits of the project justify implementation.

## D. Project's Contribution of Greenhouse Gas Emissions

### Greenhouse Gas Emissions Discussion

As part of its action in approving the 2030 General Plan, the City Council certified the Master Environmental Impact Report (Master EIR) that evaluated the environmental effects of development that is reasonably anticipated under the new general plan. The Master EIR includes extensive discussion of the potential effects of greenhouse gas emissions. The Master EIR discussions regarding climate change are incorporated here by reference. See:

Draft EIR: 6.1 Air Quality (Page 6.1-1)

Final EIR: City Climate Change Master Response (Page 4-1)

Errata No. 2: Climate Change (Page 12)

These documents are available at:

[www.cityofsacramento.org/dsd/planning/environmental-review/eirs/](http://www.cityofsacramento.org/dsd/planning/environmental-review/eirs/) and at the offices of the Community Development Department at 300 Richards Boulevard, Third Floor, Sacramento, California.

The project-specific analysis of greenhouse gas emissions resulting from this proposed project is tiered from the Master EIR for the General Plan, as provided in Sections 15175 through 15179.5 and 15183.5 of the CEQA Guidelines. The City analyzed and mitigated the significant effects of greenhouse gas emissions at a programmatic level in the Master EIR for the 2030 General Plan.

As determined in the Initial Study, the proposed project, and the level of development proposed, is an anticipated subsequent project identified and described in the Master EIR. The proposed project is consistent with the General Plan designation for the project site (CBD); therefore, the greenhouse gas emission discussion in the General Plan Master EIR addressed the potential emissions from the proposed project site. Because the amount of emitted CO<sub>2</sub> can be calculated for a specific project on the site, the project's greenhouse gases (GHG) emissions (construction and operational emissions from mobile sources) are discussed below.

#### Short-term Construction Emissions

During construction of the project GHG emissions would be emitted from the operation of construction equipment and from worker and building supply vendor vehicles. The total CO<sub>2</sub> emissions generated by the construction of the project would be approximately 694.5 metric tons per year for construction of the project. These emissions would equate to approximately 0.0014 percent of the estimated GHG emissions for all sources in California (483 million metric tons).<sup>1</sup> Currently, construction is anticipated to take approximately two years.

#### Long-term Operational Emissions

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<sup>1</sup> See Appendix C for the URBEMIS modeling results for CO<sub>2</sub>.

The largest source of greenhouse gas emissions associated with the proposed project would be on- and off-site motor vehicle use. CO<sub>2</sub> emissions, the primary GHG emission from mobile sources, are directly related to the quantity of fuel consumed. CO<sub>2</sub> emissions during operation of the project at full build-out of the proposed project would be approximately 2,165 metric tons, which equates to 0.004 percent of California's total emissions.

The development would be required to comply with current California building codes that require structures to incorporate energy efficient materials and design.

#### Ongoing Activities for the Reduction of GHG Emissions in the City

The 2030 General Plan included direction to staff to prepare a Climate Action Plan for the City. Staff has continued work on this plan since adoption of the 2030 General Plan. The Climate Action Plan will provide additional guidance for the City's ongoing efforts to reduce GHG emissions. The tentative completion date for the Climate Action Plan is 2012. This Plan's purpose is to reduce the City's operational emissions.

Action continues at the State and federal level to combat climate change. In December 2009 the Environmental Protection Agency listed greenhouse gases as harmful emissions under the Clean Air Act. The EPA action could eventually result in regulations that would have as their purpose the reduction of such emissions.

In January 2011, changes were made to Title 24 of the California Code of Regulations (also known as the *California Green Building Standards Code and the CALGreen Code*). The purpose of the CALGreen Code is to enhance the design and construction of buildings to encourage sustainable construction practices in planning and design that result in energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality.

The Master EIR concluded that GHG emissions that could be emitted by all development within the City that is consistent with the 2030 General Plan would be cumulatively considerable and unavoidable (Errata No. 2, Page 12). The Master EIR includes a full analysis of GHG emissions and climate change, and adequately analyzes this impact.

The proposed 700 Block of K Street project is consistent with the 2030 General Plan, and would further advance the City's efforts to promote infill development and strengthening of the urban environment. Buildings constructed as part of the project would be required to comply with current California building codes that enforce energy efficiency, including the recently enacted CALGreen.

Attachment 1 to the Mitigation Monitoring Plan lists the 2030 General Plan Policies and Implementation Measures that Mitigate Climate Change. The proposed project is compliant with the following policies from the list:

- The project is considered infill development (LU 1.1.5) and the redevelopment of an existing urbanized area. The project optimizes the City's investments in infrastructure and community facilities, supports increased transit use, promotes pedestrian and bicycle friendly neighborhoods, ensures the integrity of historic districts, and enhances retail viability.

- The project is infill development where City services are in place (LU 1.1.9).
- The project proposes a mixed-use neighborhood that would accommodate local-serving commercial, employment, and entertainment uses, provides diverse housing opportunities, and would be efficiently served by transit (LU 2.1.4).
- Per Policy LU 2.1.5, the project proposes infill development, redevelopment, rehabilitation, and reuse efforts that contribute positively to existing neighborhoods.
- The project complies with Policy LU 2.6.1 in that it proposes a high density, compact development pattern in a mixed use project that reduces the dependence on automobiles of its future tenants, visitors, and residents.
- The project would revitalize a distressed and under-utilized area (LU 2.6.2).
- The project would incorporate buildings that use less water and energy and would effectively use daylight (LU 2.6.3).
- The project would retain and reuse existing buildings and make the existing structures more energy efficient (LU 2.6.4).
- The project would reduce the existing heat island effect through the installation of at least one green roof (LU 2.6.6).
- The project proposes to engage the street through façade articulations, ground floor transparency, and the location of the parking structure at the rear of the parcels (LU 2.7.7).
- The project proposes the vertical integration of a complementary mix of nonresidential uses that support the future residents (LU 4.4.6 and LU 5.1.5).
- The project proposes commercial and residential development that is adjacent to an existing light rail station, in compliance with LU 5.5.2.
- The project would result in the adaptive reuse of historic resources per Policy HCR 2.1.13.
- The project proposes that the pedestrian entrances to new residential structure face the streets and provide connections to sidewalks (M 2.1.6).
- As previously noted, there is a light rail station on 7th Street, fronting the proposed project site. The existing infrastructure would provide direct pedestrian and bicycle access to the station from the project site (M 3.1.12).
- The project proposes 84 parking spaces for the 137 dwelling units. This proposal complies with Policies M6.1.1 and M6.1.4 to reduce the amount of parking.

- The project proposes recycling and reusing materials from the demolished portions of the buildings to the extent feasible and cost effective (U5.1.11 and U5.1.12).
- The project would upgrade, through replacement, the appliances and HVAC systems in the existing structures so that they meet the new energy standards (U6.1.11).
- The project would not hinder the City's efforts to meet Statewide greenhouse reduction goals. (ER 6.1.3).
- Per Policy ER 6.1.5, the project would discourage auto-dependent sprawl and dependence on a private automobile, promote water conservation through the use of low flow toilets in a compact development that is mixed use, pedestrian- and transit-oriented.

The following Conditions of Approval are required to specifically further reduce the emissions of greenhouse gases from the proposed project:

All toilets on the project site shall be low-flow.

At a minimum, the project shall include construction of a green roof over the residential common area.

High HTC-rated and energy efficient windows shall be installed in the residential and commercial areas and storefronts. For the four structures that are historic per CEQA, the original windows will be repaired or replaced in accordance with the Secretary of the Interior's Rehabilitation Standards.

The project is consistent with the City's goals as set forth in the 2030 General Plan and Master EIR relating to reduction of GHG emissions. There are no uses proposed on the project site that could result in higher emissions of greenhouse gases than assumed for the type of development envisioned in the General Plan. The project would not impede the City's efforts to comply with AB 32 requirements. The project would not have any significant additional environmental effects relating to GHG emissions or climate change.

#### E. Project Alternatives.

The Planning Commission has considered the Project alternatives presented and analyzed in the final EIR and presented during the comment period and public hearing process. Some of these alternatives have the potential to avoid or reduce certain significant or potentially significant environmental impacts, as set forth below. The Planning Commission finds, based on specific economic, legal, social, technological, or other considerations, that these alternatives are infeasible. Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

## Alternative Considered and Dismissed from Further Consideration

### Alternative Site

Section 15126.6(f)(2)(B) requires that the Lead Agency disclose the reasons for not considering an alternative project site. This alternative for the proposed project was dismissed from further consideration. Such an alternative would eliminate the Significant and Unavoidable Impact to historic resources by not requiring the demolition of the K/L alley within the project boundary. However, the goal of the proposed project is the redevelopment of a specific block of the City.

The City's redevelopment strategy focuses on two nodes: the 10<sup>th</sup>/K block and the 700/800 blocks. Over the past several years the Redevelopment Agency acquired the parcels on the project site with the intent of redevelopment of the site. The site allows for a transit oriented development (with light rail on three sides of the site and bus service on two sides) creating housing near an employment base and supporting SMART growth principles.

### Facts in Support of Finding of Infeasibility

Because the Agency does not own adjoining parcels of sufficient size at the 10<sup>th</sup>/K block, this type of master planning for redevelopment of an entire one-half block is not possible.

## Summary of Alternatives Considered

### No Project Alternative

This alternative assumes that the project site would be developed consistent with the currently allowed land uses, zoning, and development intensities; however, the parcels would not be merged and there would not be a cohesive plan for development of the eleven parcels. Each parcel would be developed individually from the others. This alternative must consider the effects of forgoing the project. The purpose of analyzing this alternative is to allow decision-makers to compare the impacts of the proposed project to the impacts of not approving the project as proposed.

This alternative assumes development of the parcels that do not require demolition or disturbance to the historic façades in the K/L Alley.

It is important to note that the proposed project would not result in significant and unavoidable impacts to any environmental resource area except historic resources. As with this No Project/Existing Zoning Alternative, the proposed project would also develop in accordance with the existing land use and zoning designations for the site.

This alternative would result in essentially the same impacts as assumed for the project site in the Master EIR for the General Plan, as both analyses assumed development of the sites in accordance with the General Plan designations.

Because a variety of land uses and densities could be developed on the project site in accordance with the existing zoning, it is too speculative to determine development assumptions for the site for a quantitative comparison to the proposed project.

Therefore, the impacts are examined qualitatively. The traffic impacts are assumed to be the same since both the project and this alternative would comply with the development densities allowed by the Zoning Code.

The same footprint as the proposed project would be developed; therefore, the effects related to the location of development, such as the potential loss of archeological resources and exposure to hazards and hazardous materials would be the same.

It is assumed that the air impacts would be less with this alternative because no demolition would take place.

The impacts to public utilities (water, wastewater, and stormdrainage) are anticipated to be the same because of the need to supply fire flows to any structure that is renovated.

The impacts to noise are assumed to be less with this alternative when compared to the proposed project because it is not anticipated that the entertainment venue, roof top garden, and roof decks would be constructed without a single vision for the block.

The impacts to public services (police, fire, and schools) and the attendant environmental impacts could be similar with this alternative, because both the proposed project and the alternative could result in more residents in an area that has been determined to currently require more public service facilities.

Implementation of the mitigation measures to protect archeological resources identified in this DEIR would be required and the developers of the individual parcels would be required to comply with federal and State regulations and the City Code regarding such resources.

Potential impacts to hollow sidewalks could occur with this alternative because the development of a parcel could result in the need to make structural changes that could impact the hollow sidewalks. Implementation of the mitigation measure for this impact would reduce these impacts to a less-than-significant level.

#### **Facts in Support of Finding of Infeasibility**

This alternative would not meet any of the objectives established for this project. The individual parcels would develop individually, in accordance with the Zoning Code and the General Plan, without the benefit of an overall plan for an established vision. However, the alternative would eliminate the significant impact to historic resources because demolition of the K/L alley facades within the project boundary would not be required.

#### **Complete Historic Preservation Alternative**

This alternative would require the block to be developed without the significant and unavoidable impacts to the K/L alley facades within the project boundary.

This alternative assumes that the eleven parcels of the block would be merged and developed as a cohesive whole. As with the No Project/ Existing Zoning Alternative, the impacts associated with this alternative are described qualitatively because a variety of land uses and densities could be developed on the project site.

It is important to note that the proposed project would not result in significant impacts to any environmental resource area except historic resources. As with this alternative, the proposed project would also develop in accordance with the existing land use and zoning designations for the site.

This alternative would result in essentially the same impacts as assumed for the project site in the Master EIR for the General Plan, as both analyses assumed development of the sites in accordance with the General Plan designations.

#### **Facts in Support of Finding of Infeasibility**

This alternative would meet some of the objectives established for this project; however, without the development of the new structure that would house 134 residential units and provide parking for the residential uses, it is unlikely that high density, transit oriented development could be developed.

#### **F. Statement of Overriding Considerations:**

Pursuant to Guidelines section 15092, the Planning Commission finds that in approving the Project it has eliminated or substantially lessened all significant and potentially significant effects of the Project on the environment where feasible, as shown in Sections 5.0 through 5.6. The Planning Commission further finds that it has balanced the economic, legal, social, technological, and other benefits of the Project against the remaining unavoidable environmental risks in determining whether to approve the Project and has determined that those benefits outweigh the unavoidable environmental risks and that those risks are acceptable. The Planning Commission makes this statement of overriding considerations in accordance with section 15093 of the Guidelines in support of approval of the Project.

#### **Statement of Overriding Considerations**

Pursuant to Guidelines section 15092, the City Planning Commission finds that in approving the Project it has eliminated or substantially lessened all significant and potentially significant effects of the Project on the environment where feasible, as shown in Chapter 4.1 of the Draft EIR. The City Planning Commission further finds that it has balanced the economic, legal, social, technological, and other benefits of the Project against the remaining unavoidable environmental risks in determining whether to approve the Project and has determined that those benefits outweigh the unavoidable environmental risks and that those risks are acceptable. The City Planning Commission makes this statement of overriding considerations in accordance with section 15093 of the Guidelines in support of approval of the Project.

The project would bring high density, transit-oriented development to the Central Business District (CBD). The project would reactivate the 700 Block of K Street by replacing uneconomical land uses with a vibrant mixed-use community to help revitalize the entire downtown. A neighborhood retail center would be included, as would housing opportunities, in the CBD. The project would rehabilitate the K Street facades of Landmark buildings and would rebuild and/or renovate the other K Street facades in the block in order to retain the general scale and historic character of the block of buildings.

The City Planning Commission adopts the mitigation measures in the final Mitigation and Monitoring Program, incorporated by reference into these Findings (see Exhibit B), and finds that any residual or remaining effects on the environment resulting from the project, identified as significant and unavoidable in the Findings of Fact, are acceptable due to the benefits set forth in this Statement of Overriding Considerations. The City Planning Commission makes this Statement in accordance with section 10593 of the CEQA Guidelines in supporting approval of the project.

Exhibit B: Mitigation Monitoring Plan

Exhibit B:  
Mitigation Monitoring Plan

Impact	Mitigation Measure	Implementing Party	Timing	Verification of Compliance
<p>Impact 4.1-1 Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (700, 716, and 726 K Street and historic alley facades) as defined in CEQA Guidelines Section 15064.5.</p>	<p>4.1 Cultural Resources</p> <p>MM 4.1-1 (a) The following resources shall be removed and/or protected prior to any demolition or construction activities that could result in loss or damage. A demolition plan shall be reviewed and approved by the City's Preservation Director prior to construction. The resources shall be rehabilitated or reinstalled in locations approved by the City's Preservation Director.</p> <ul style="list-style-type: none"> <li>700 K Street: Interior multi-level volume of space alongside the arched windows on the west wall of the structure.</li> <li>Historic Alley Facades: rear wall of 712/714 K Street. In addition to the wall's re-installation at a new location, provide interpretation on-site of the historic 19th century alley district elements that are to be demolished. The interpretation shall include a permanent metal exhibit incorporating historic and current photographs and descriptions of all the 19th century alley facade district's features and their history. The exhibit's design and locations shall be approved by the City's Preservation Director.</li> </ul>	<p>Contractor and City's Preservation Director</p> <p>Contractor and City's Preservation Director</p>	<p>Prior to any demolition or construction activities.</p> <p>Prior to submittal for building permits.</p>	

<p>Impact 4-1-2 Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (hollow sidewalks) as defined in CEQA Guidelines</p>	<p>(b) 716 K: Prior to submittal for building permits on this building, detailed design plans and elevations for the building's K Street entry and facade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated, and the missing original projecting bay will be reconstructed, in accordance with the Secretary of the Interior's Standards for Rehabilitation and for Reconstruction, respectively.</p> <p>(c) 726 K: Prior to submittal for building permits on this building, design plans and elevations for the building's K Street entry and facade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation, and that any additions or new construction at the facade or entry area will be designed in accordance with the Secretary of the Interior's Standards for Rehabilitation.</p> <p>MM 4-1-2: If there are no feasible means of preserving the necessary character defining features of the resource, as part of the Disposition and Development or other activity that could adversely affect a feature of a hollow sidewalk, the applicant shall work with the City Preservation Director to determine an appropriate mitigation fee to cover the cost of preserving the same length of hollow sidewalk in a different location, based on the existing condition of the hollow sidewalks along K Street and the applicable Secretary of Interior Standards for the preservation of such resource. This fee must be paid before permits for demolition and/or construction are issued. The mitigation fee may consist of a contribution to a City Preservation Fund, as established by the City Council as grant provider for historic buildings.</p>	<p>Contractor and City's Preservation Director</p>	<p>Prior to submittal for building permits</p>	<p>Applicant and City's Preservation Director</p>
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<p>Section 15064.5:</p>	<p>Impact 4.1-3  Implementation of the 700 K Street project could cause a substantial change in the significance of an archeological resource as defined in CEQA Guidelines  Section 15064.5.</p>	<p>MM 4.1-3. The following shall apply to any ground disturbing activities associated with development of the project.</p> <p>a. Prior to any excavation, grading or other construction on the project site, and in consultation with Native American Tribes and the City's Preservation Director, a qualified archaeologist will prepare a testing plan for testing areas proposed for excavation or any other ground-disturbing activities as part of the project, which plan shall be approved by the City's Preservation Director. Testing in accordance with that plan will then ensue by the qualified archaeologist, who will prepare a report on findings, and an evaluation of those findings, from those tests and present that report to the City's Preservation Director. Should any findings be considered as potentially significant, further archaeological investigations shall ensue as approved by the Preservation Director, by the qualified archaeologist, and the archaeologist shall prepare reports on those investigations and evaluations relative to eligibility of the findings to the Sacramento, California or National Registers of Historic Places and submit that report to the City's Preservation Director, State Historic Preservation Officer, and appropriate Native American Tribal representative/s if applicable, with recommendations for treatment, disposition, or reburials of significant findings, as appropriate. Also, at the conclusion of the pre-construction testing, evaluation, and reports and recommendations, a</p>	<p>Contractor</p>	<p>Prior to any excavation, grading, or other construction.</p>	
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	<p>decision will be made by the City's Preservation Director, based upon the findings of the reports, as to whether on-site monitoring during any project-related excavation or ground-disturbing activities by a qualified archaeologist will be required.</p> <p>f. Discoveries during construction: For those projects where no on-site archaeological monitoring was required, in the event that any historic or prehistoric subsurface archaeological features or deposits, including locally darkened soil ("middens"), that could conceal cultural deposits, animal bone, obsidian and/or mortars are discovered during construction-related earth-moving activities, all work within 50 meters of the resources shall be halted, and a qualified archaeologist will be consulted to assess the significance of the find. Archeological test excavations shall be conducted by a qualified archaeologist to aid in determining the nature and integrity of the find. If the find is determined to be significant by the qualified archaeologist, representatives of the City, including the City's Preservation Director, and the qualified archaeologist shall coordinate to determine the appropriate course of action. All significant cultural materials recovered shall be subject to scientific analysis and professional museum curation, or reburial in accordance with Tribal consultations if required. A report shall be prepared by the qualified archaeologist according to current professional standards.</p> <p>g. If a Native American site is discovered, the evaluation process shall include consultation with the appropriate Native American representatives.</p> <p>h. If Native American archeological, ethnographic, or spiritual resources are involved, all identification and treatment</p>		
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<p>Impact 4.1-4 Implementation of the 700 K Street Block project in</p>	<p>shall be conducted by qualified archeologists, who are certified by the Society of Professional Archeologists (SOPA) and/or meet the federal standards as stated in the Code of Federal Regulations (36 CFR 61), and Native American representatives, who are approved by the local Native American community as scholars of the cultural traditions.</p> <p>i. In the event that no such Native American is available, persons who represent tribal governments and/or organizations in the locale in which resources could be affected shall be consulted. If historic archeological sites are involved, all identified treatment is to be carried out by qualified historical archeologists, who shall meet either Register of Professional Archeologists (RPA), or 36 CFR 61 requirements.</p> <p>If a human bone or bone of unknown origin is found during construction, all work shall stop in the vicinity of the find, and the County Coroner and City's Preservation Director, shall be contacted immediately. If the remains are determined to be Native American, the Coroner shall notify the Native American Heritage Commission, who shall notify the person most likely believed to be a descendant. The most likely descendant shall work with the contractor to develop a program for reinterment of the human remains and any associated artifacts. No additional work is to take place within the immediate vicinity of the find until the identified appropriate actions have taken place. Work can continue on other parts of the project site while the unique archeological resource mitigation takes place.</p> <p>MM 4.1-4 Implement Mitigation Measure 4.1-1 and Mitigation Measure 4.1-2</p>	<p>Contractor and City's Preservation Director</p>	<p>Prior to any demolition or construction activities.</p>
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<p>conjunction with other development in the City; could cause a substantial change in the significance of a historic resource as defined in CEQA Guidelines Section 15064.5.</p>			<p>and Part of the DDA.</p>	
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# Exhibit 2: Unit Summaries and Renderings

**700 BLOCK INVESTMENTS**

**700 BLOCK**  
700 A STREET, SACRAMENTO, CA

**UNIT SUMMARY AND RENDERINGS**

Kuchman

A0.1

VIEW TOWARD SOUTHWEST CORNER OF 7TH & K

VIEW TO SOUTH THROUGH NEW ROOMS TOWARD 7TH & K STREET

VIEW TO EAST FROM IN FRONT OF 7TH & K STREET

VIEW TOWARD SOUTHEAST CORNER OF 7TH & K

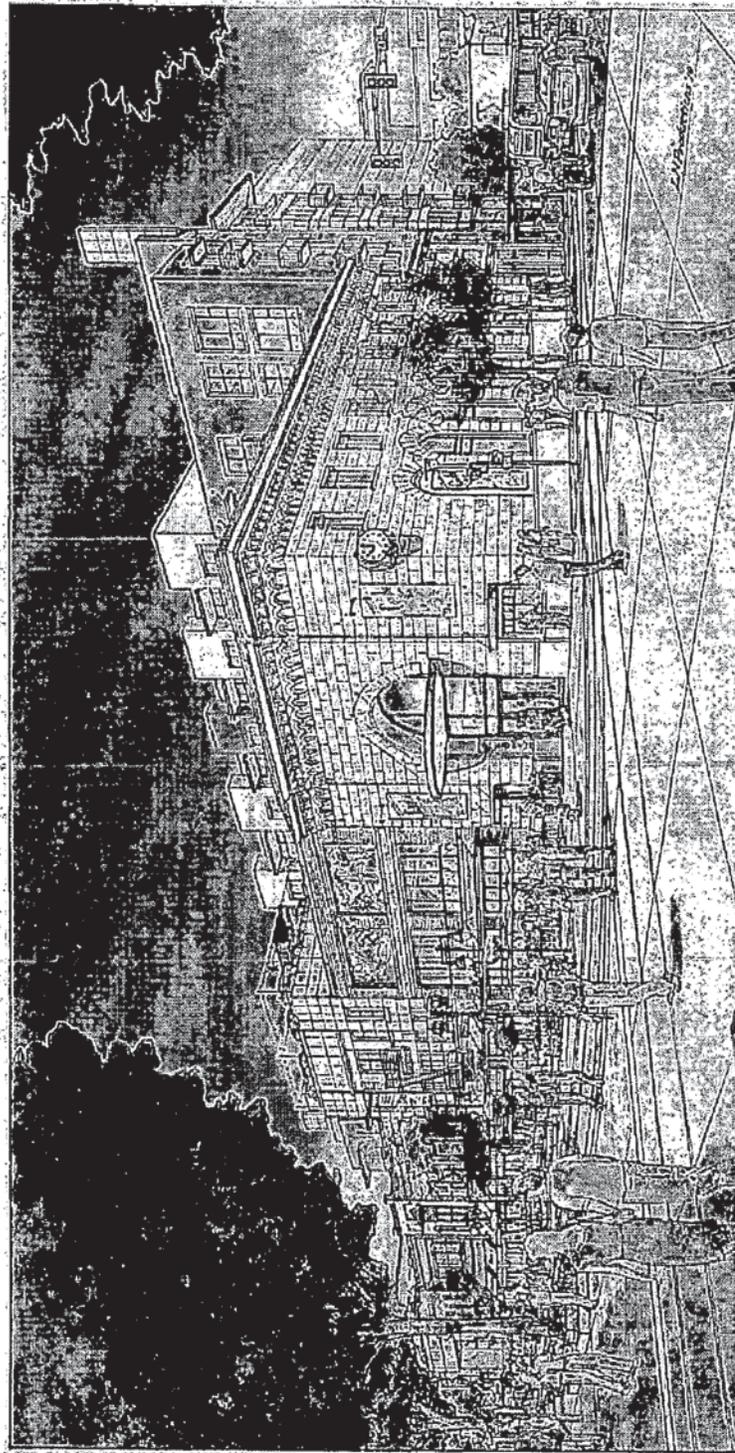
**700 BLOCK EXISTING AND NEW SJ**

NO.	DESCRIPTION	AMOUNT	DATE
1	...	...	...
2	...	...	...
3	...	...	...
4	...	...	...
5	...	...	...
6	...	...	...
7	...	...	...
8	...	...	...
9	...	...	...
10	...	...	...
11	...	...	...
12	...	...	...
13	...	...	...
14	...	...	...
15	...	...	...
16	...	...	...
17	...	...	...
18	...	...	...
19	...	...	...
20	...	...	...
21	...	...	...
22	...	...	...
23	...	...	...
24	...	...	...
25	...	...	...
26	...	...	...
27	...	...	...
28	...	...	...
29	...	...	...
30	...	...	...
31	...	...	...
32	...	...	...
33	...	...	...
34	...	...	...
35	...	...	...
36	...	...	...
37	...	...	...
38	...	...	...
39	...	...	...
40	...	...	...
41	...	...	...
42	...	...	...
43	...	...	...
44	...	...	...
45	...	...	...
46	...	...	...
47	...	...	...
48	...	...	...
49	...	...	...
50	...	...	...

**700 BLOCK UNIT SUMMARY**

UNIT NO.	TYPE	SQ. FT.	STATUS	REMARKS
1	...	...	...	...
2	...	...	...	...
3	...	...	...	...
4	...	...	...	...
5	...	...	...	...
6	...	...	...	...
7	...	...	...	...
8	...	...	...	...
9	...	...	...	...
10	...	...	...	...
11	...	...	...	...
12	...	...	...	...
13	...	...	...	...
14	...	...	...	...
15	...	...	...	...
16	...	...	...	...
17	...	...	...	...
18	...	...	...	...
19	...	...	...	...
20	...	...	...	...
21	...	...	...	...
22	...	...	...	...
23	...	...	...	...
24	...	...	...	...
25	...	...	...	...
26	...	...	...	...
27	...	...	...	...
28	...	...	...	...
29	...	...	...	...
30	...	...	...	...
31	...	...	...	...
32	...	...	...	...
33	...	...	...	...
34	...	...	...	...
35	...	...	...	...
36	...	...	...	...
37	...	...	...	...
38	...	...	...	...
39	...	...	...	...
40	...	...	...	...
41	...	...	...	...
42	...	...	...	...
43	...	...	...	...
44	...	...	...	...
45	...	...	...	...
46	...	...	...	...
47	...	...	...	...
48	...	...	...	...
49	...	...	...	...
50	...	...	...	...

Exhibit 3: View from Northwest Corner - 7th Street



**700 BLOCK**  
INVESTOR 3, LP  
700 K STREET, SACRAMENTO, CA

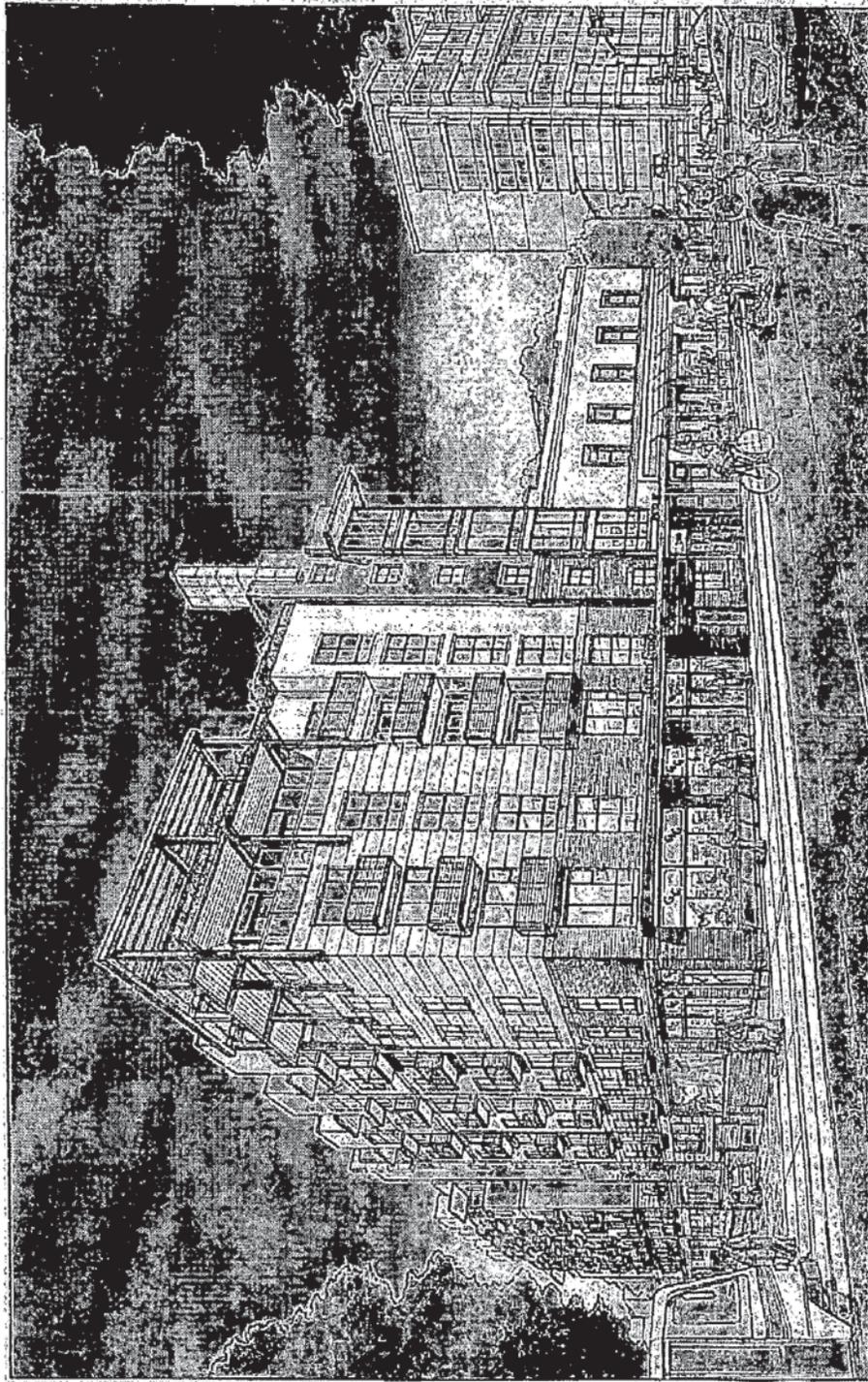
**700 BLOCK**  
700 K STREET, SACRAMENTO, CA

VIEW FROM NORTHWEST CORNER - 7th STREET

**Kuchman**  
ARCHITECTS

A02

Exhibit 4: View from Southeast Corner - 8<sup>th</sup> Street



700 BLOCK  
INVESTORS, LP

700 BLOCK  
700 & STREET, SACRAMENTO, CA

VIEW FROM SOUTHEAST CORNER - 8<sup>th</sup> STREET



Kuchman  
ARCHITECTS

A0.3

Exhibit 5: Site Plan

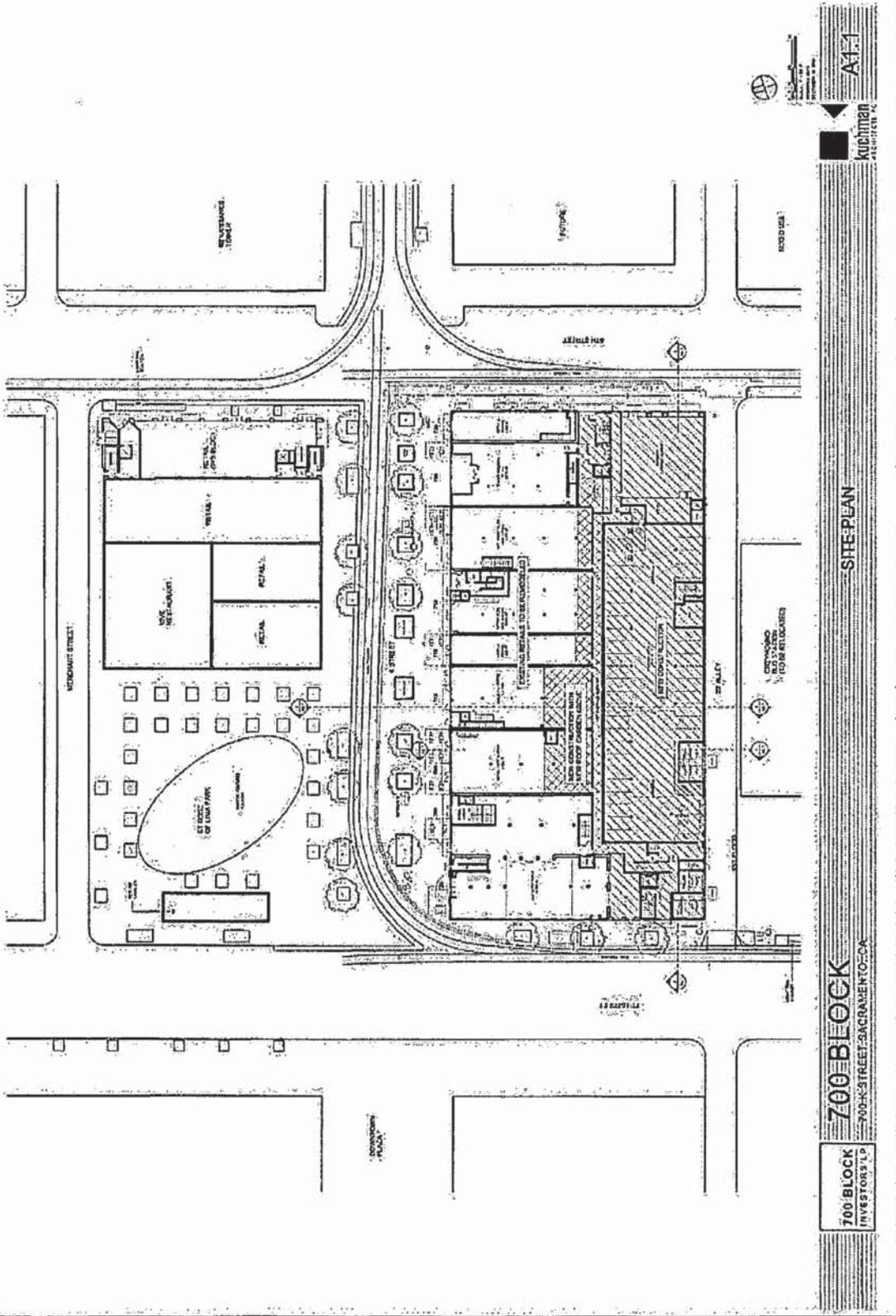


Exhibit 6: Existing Conditions- Basement

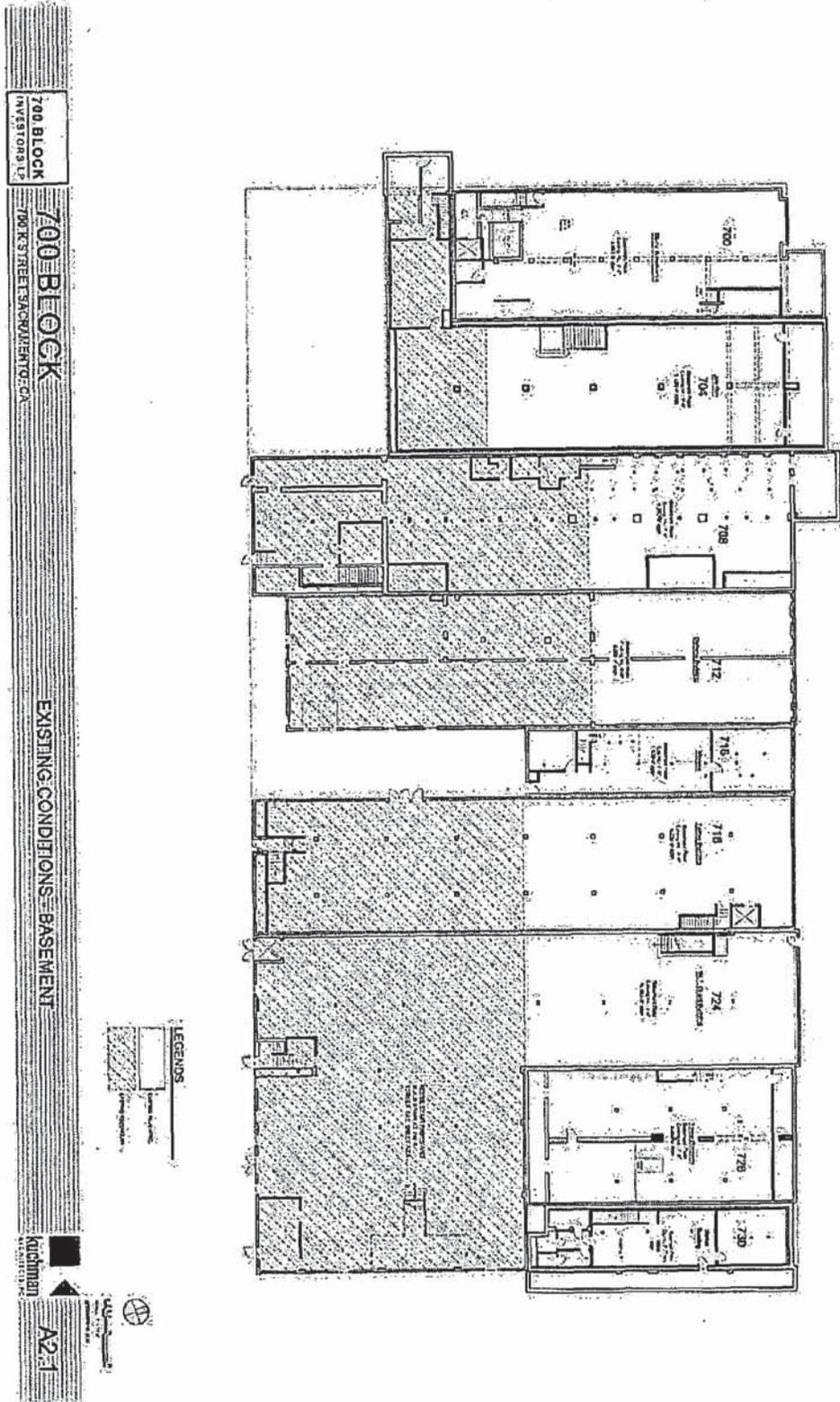


Exhibit 7: Existing Condition – First Floor

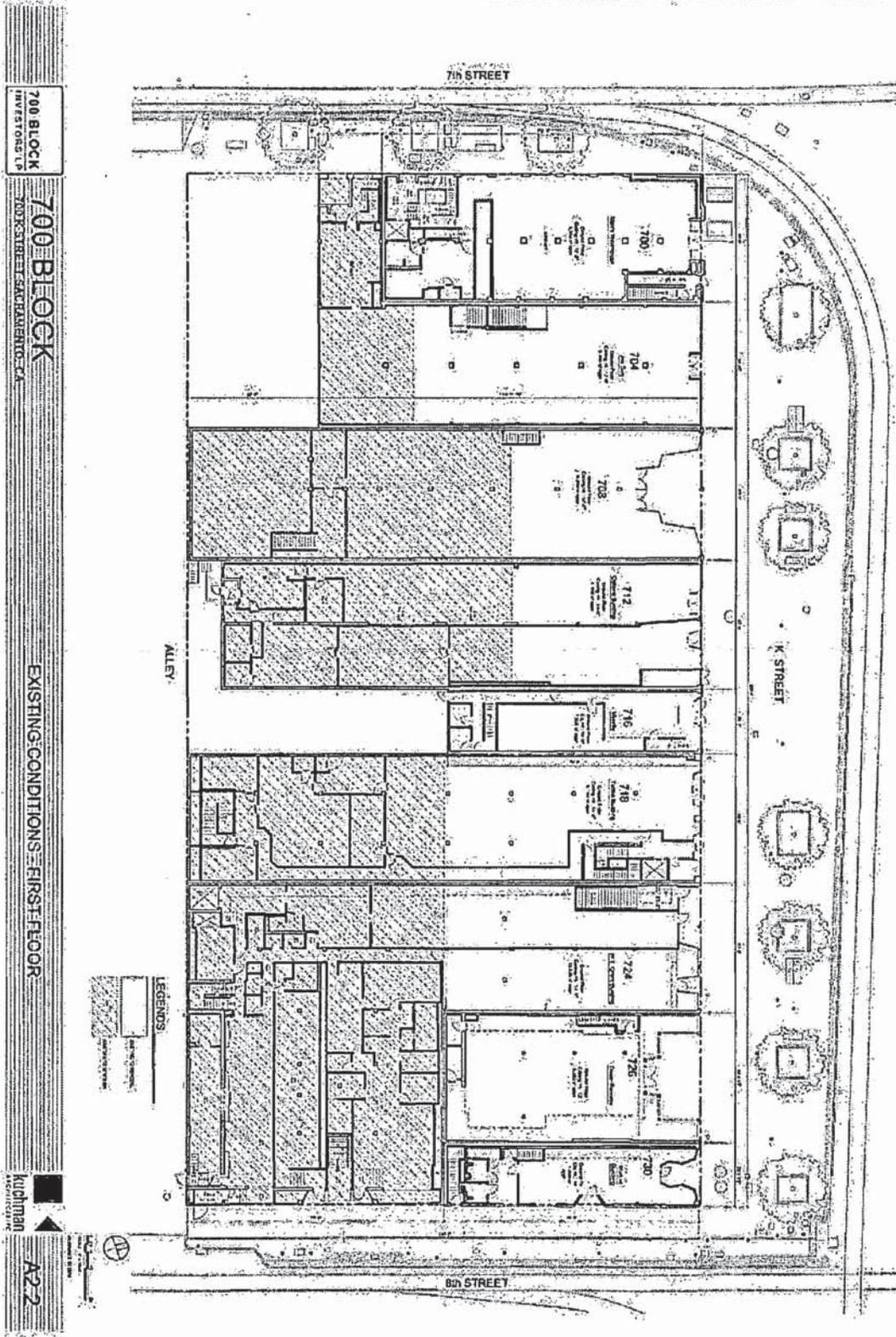
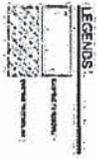
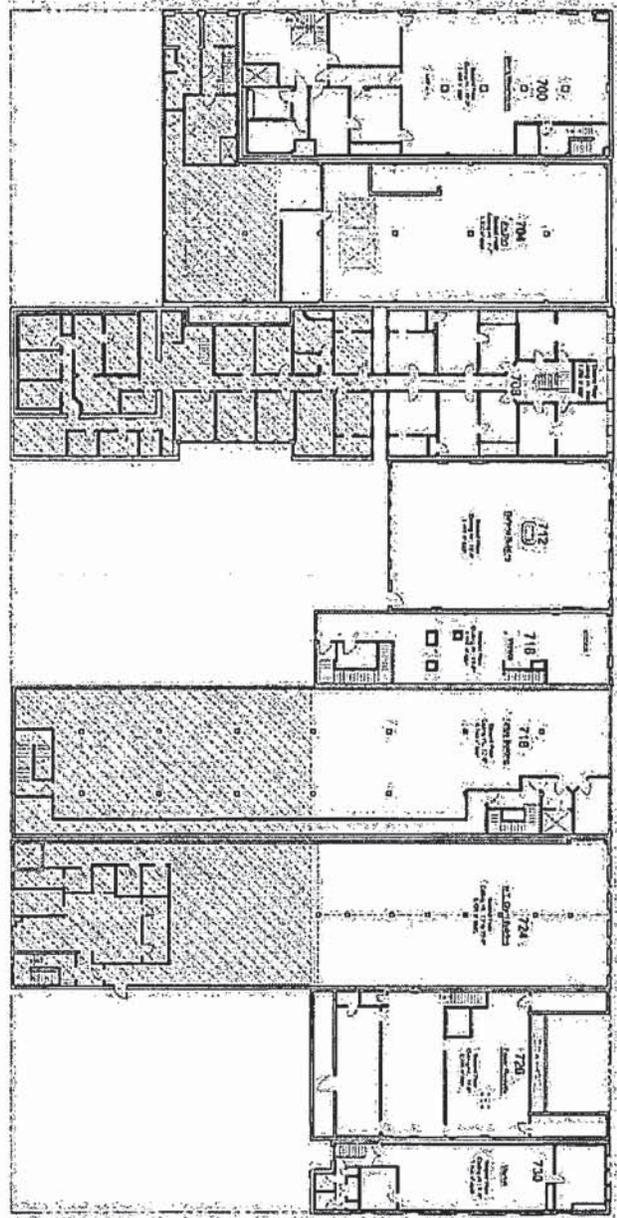


Exhibit 8: Existing Conditions – Second Floor

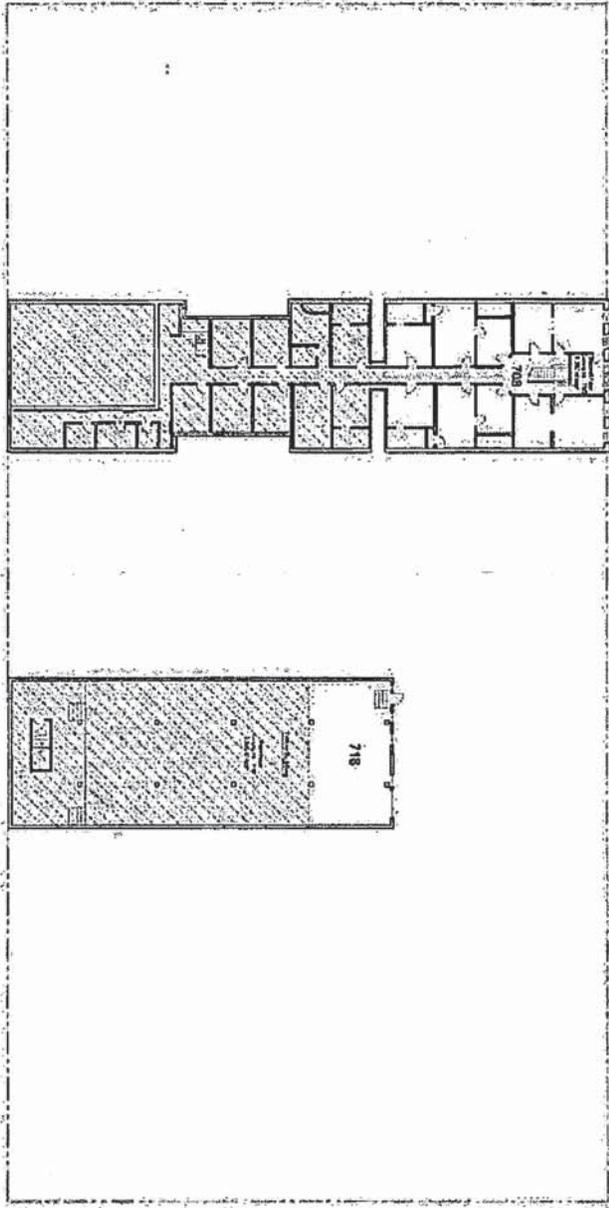
700 BLOCK INVESTORS LP  
700 BLOCK 700 K STREET - SACRAMENTO, CA  
EXISTING CONDITIONS - SECOND FLOOR  
Kuchman ARCHITECTS



A2.3

Exhibit 9: Existing Conditions – Third Floor

700 BLOCK INVESTIGATIONS LP  
700 BLOCK 700K STREET SACRAMENTO, CA  
EXISTING CONDITIONS - THIRD FLOOR  
Kuchman ARCHITECTS PC  
A2.4



LEGENDS:  
[Symbol] [Illegible]  
[Symbol] [Illegible]

North Arrow  
Scale: 1/8" = 1'-0"





Exhibit 12: Second Floor Plan

**WALL LEGENDS**

- 1/2" CMU
- 1/2" CMU
- 1/2" CMU

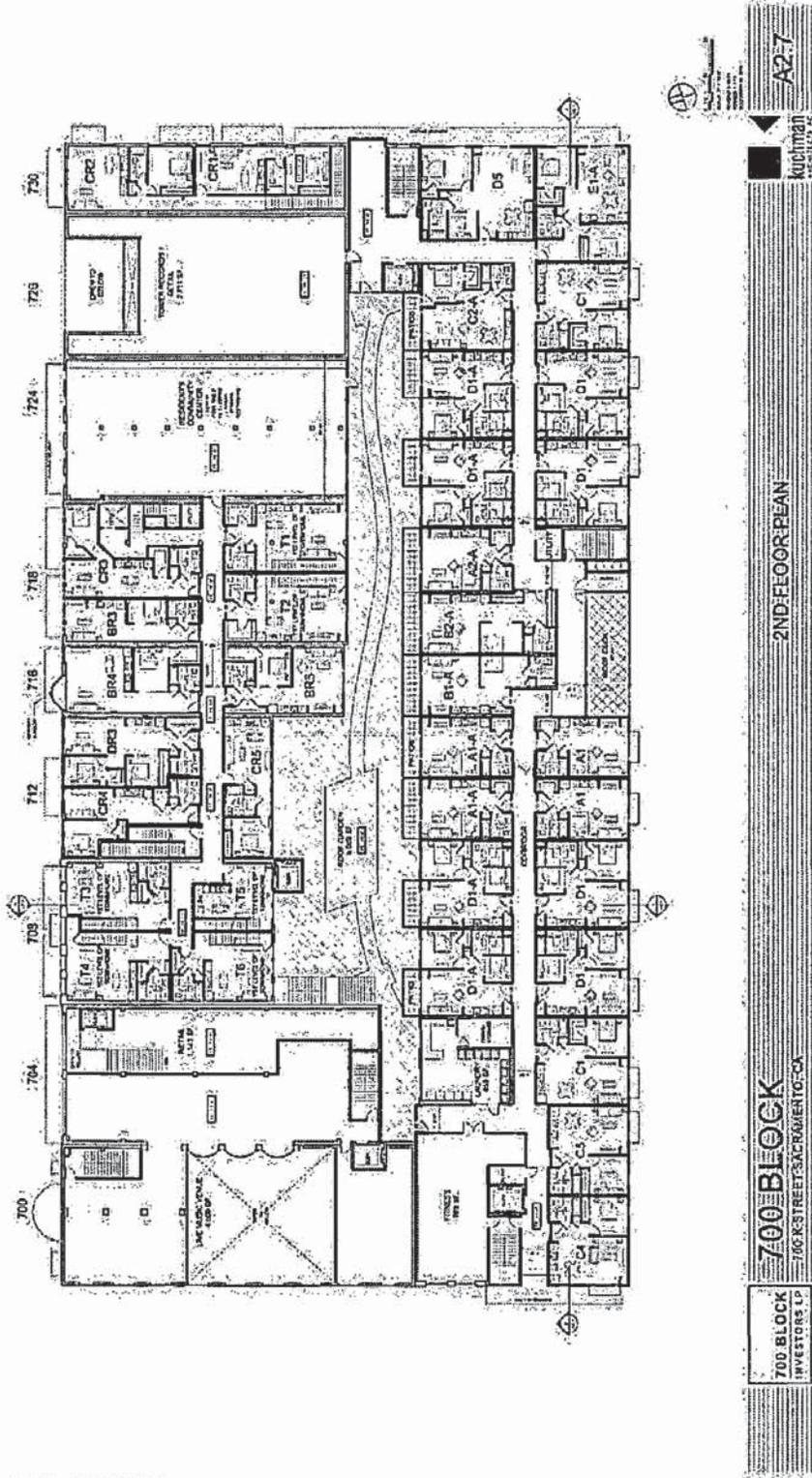
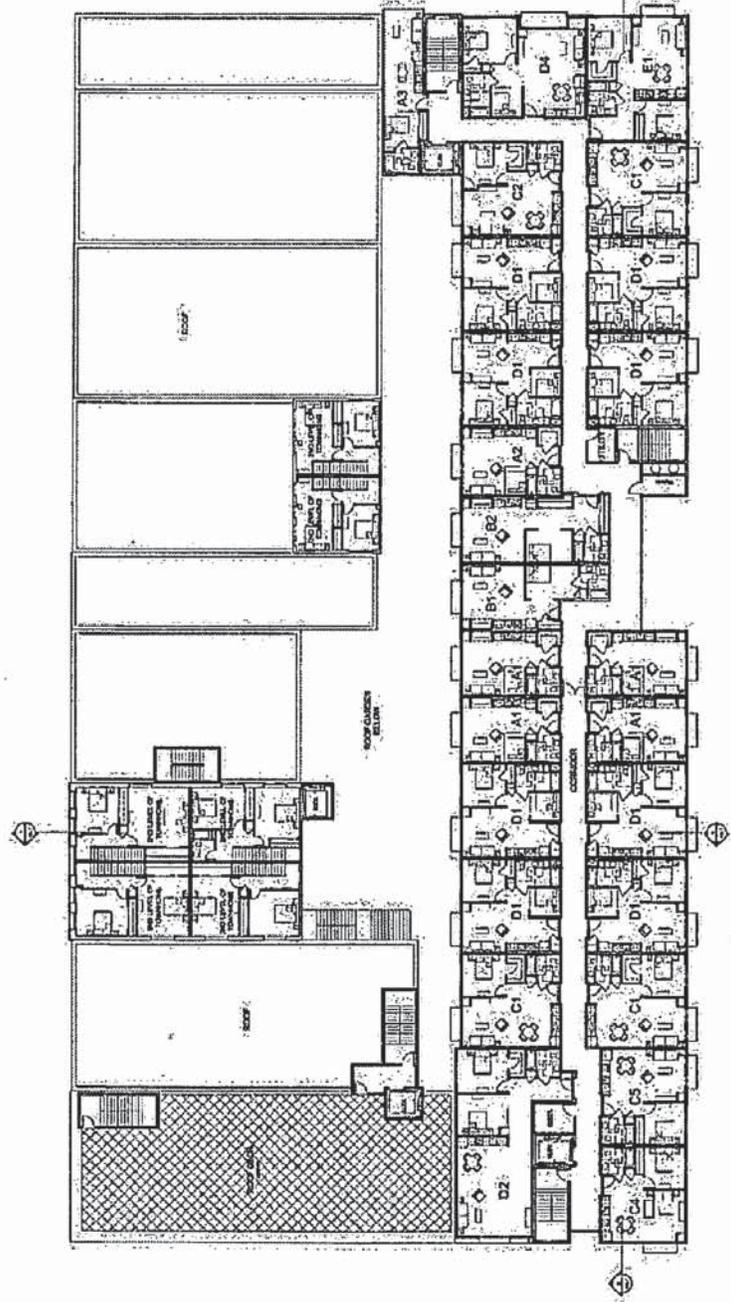


Exhibit 13: Third Floor Plan

**WALL LEGENDS**  
--- 0'-0" to 6'-0"  
--- 6'-0" to 12'-0"  
--- 12'-0" to 18'-0"  
--- 18'-0" to 24'-0"



700 BLOCK INVESTORS LP  
700 B STREET, SACRAMENTO, CA

**700 BLOCK**  
700 B STREET, SACRAMENTO, CA

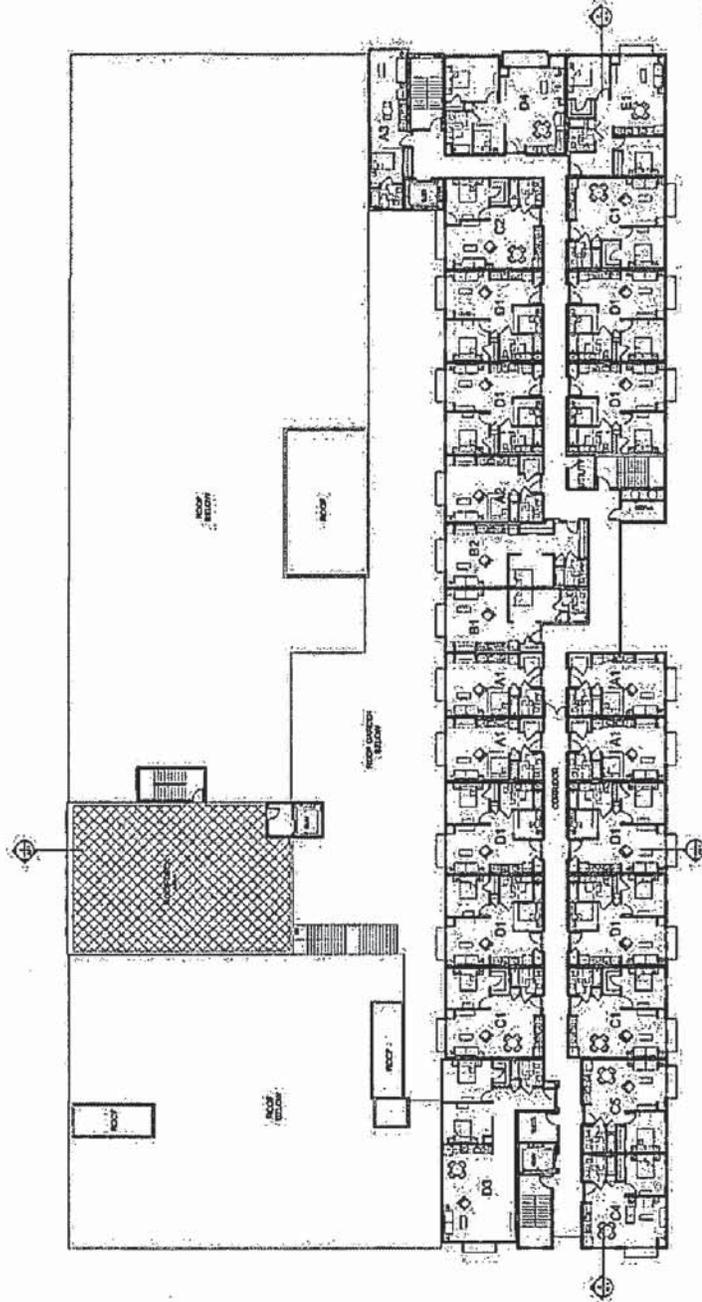
3RD FLOOR PLAN

A2.8  
Kuchman  
ARCHITECT, PC

Exhibit 14: Fourth Floor Plan

**WALL LEGENDS**

- Common Wall
- Demolition Wall
- Structural Wall



700 BLOCK INVESTORS, L.P.  
700 K STREET, SUITE 400, SACRAMENTO, CA

**700 BLOCK**  
700 K STREET, SUITE 400, SACRAMENTO, CA

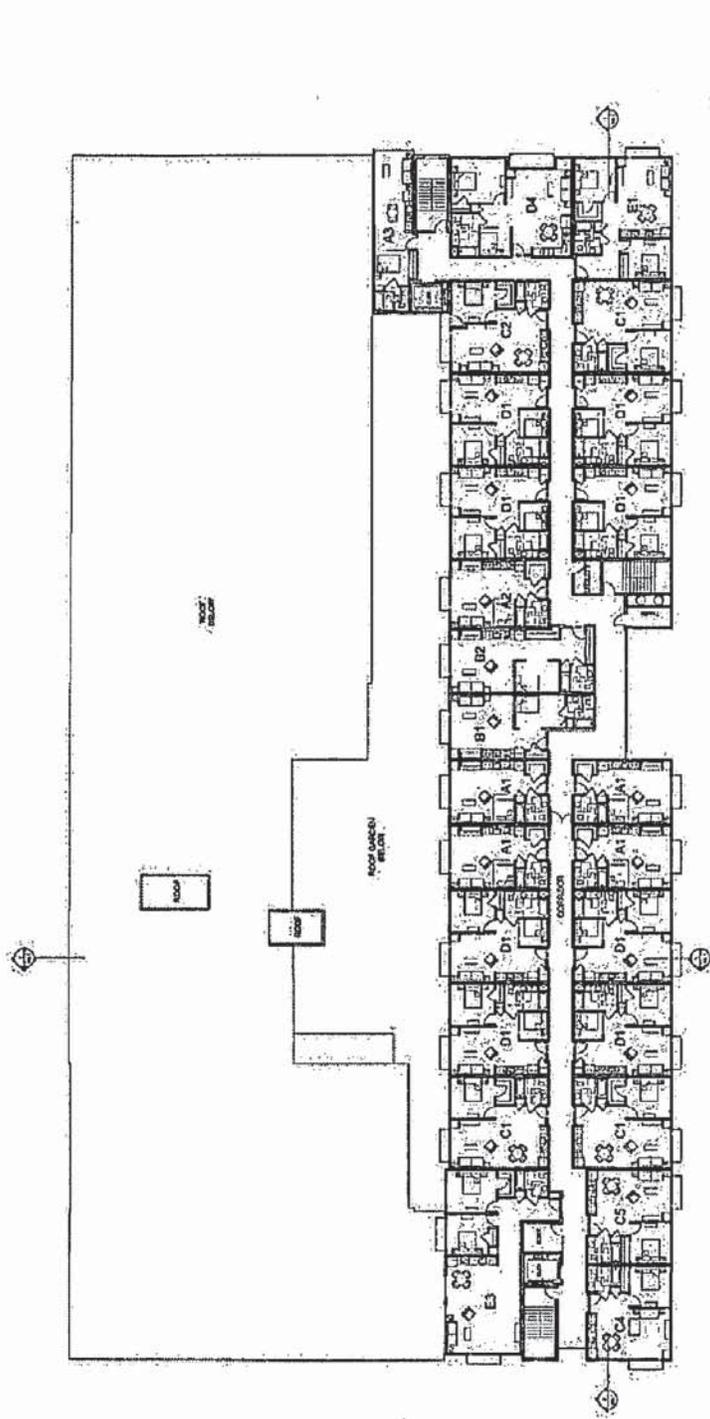
4TH FLOOR PLAN

Archiman ARCHITECTS

A2.9

Exhibit 15: Fifth Floor Plan

**WALL LEGENDS**  
1. Solid Wall  
2. Glass Wall  
3. Glass Wall with Muntins  
4. Glass Wall with Transoms

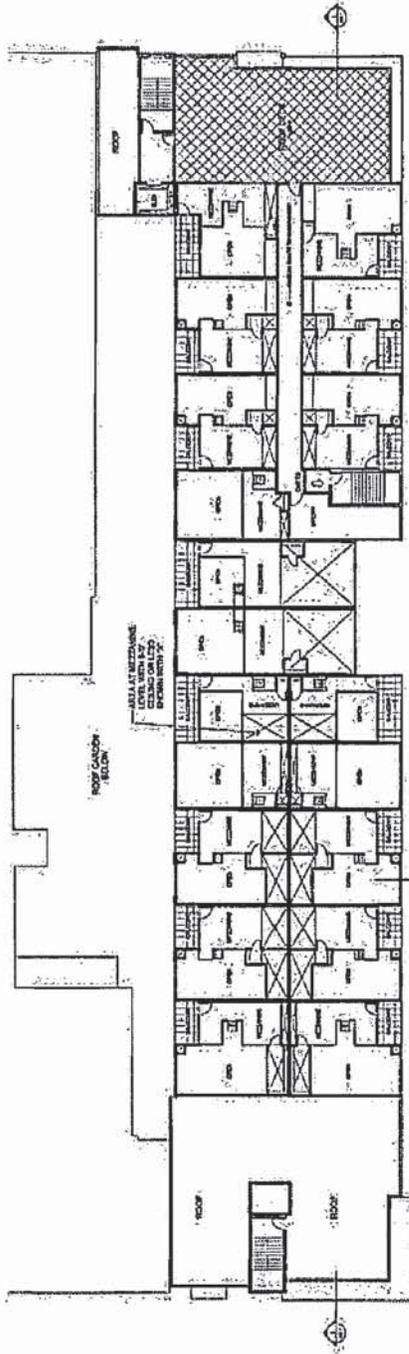


700 BLOCK  
INVEST TO RE-UP  
700 K STREET SACRAMENTO, CA

700 BLOCK  
5TH FLOOR PLAN

Kuchman  
ARCHITECTS  
A2-10

Exhibit 16: Sixth Floor Plan



MEZZANINE FLOOR / ROOF DECK PLAN

WALL LEGENDS:

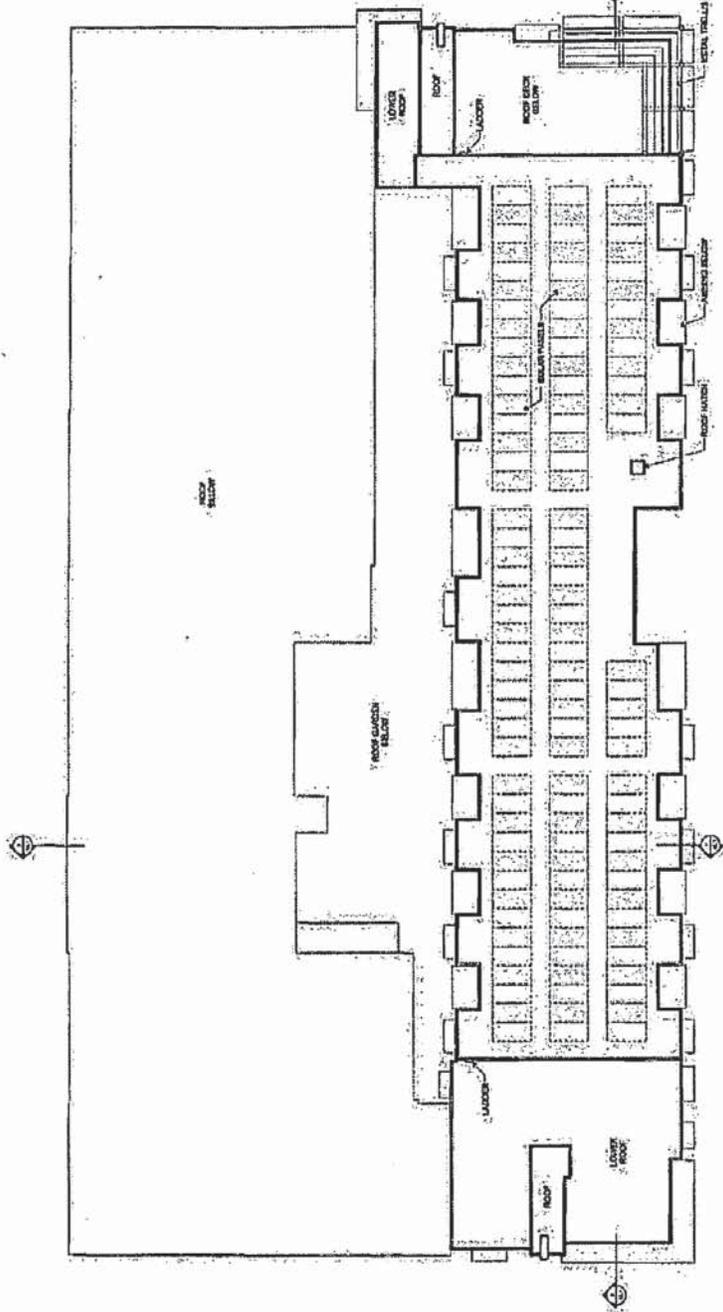


6TH FLOOR PLAN

700 BLOCK INVESTORS LP  
 700 C STREET, SACRAMENTO, CA  
 700 BLOCK  
 700 C STREET, SACRAMENTO, CA  
 6TH FLOOR PLAN AND MEZZANINE FLOOR  
 Kuchman  
 ARCHITECTS, PC  
 A2-E1

Exhibit 17: Roof Plan

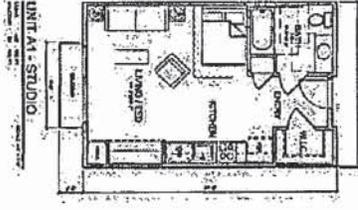
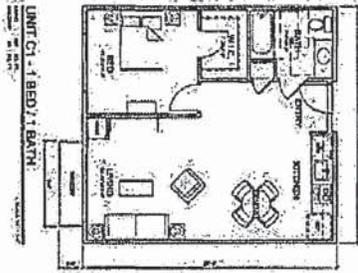
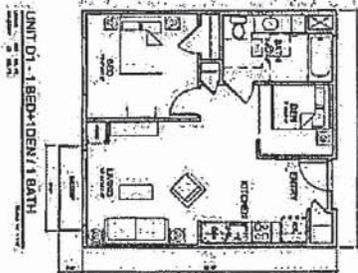
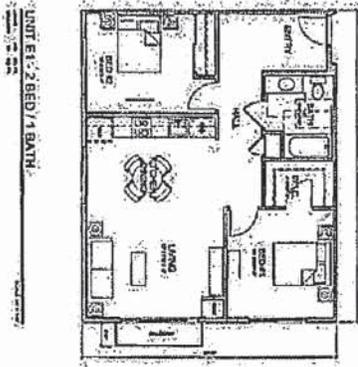
WALL LEGENDS  
1. 2" x 4" STUD WALL  
2. 2" x 6" STUD WALL  
3. 2" x 8" STUD WALL  
4. 2" x 10" STUD WALL  
5. 2" x 12" STUD WALL



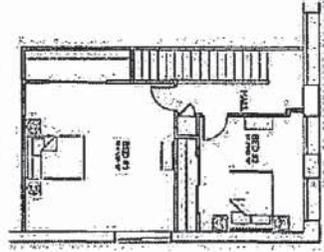
700 BLOCK INVESTORS L  
700 SIBREI-SACHALENTO-DR  
700 BLOCK  
ROOF-PLAN  
Kushman  
MANALAY LLC  
A2.12

# Exhibit 18: Typical Unit Floor Plans

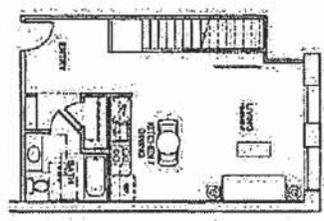
**700 BLOCK INVESTORS LP**  
**700 BLOCK**  
 INVESTMENT MANAGEMENT CO.  
**TYPICAL UNIT FLOOR PLANS**  
 Kitchman ARCHITECTS  
**A2-13**



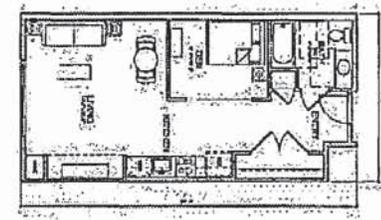
**UNIT T3 - 2ND LEVEL TOWNHOME - 2 BED / 1 BATH**



**UNIT T3 - 1ST LEVEL TOWNHOME - 2 BED / 1 BATH**



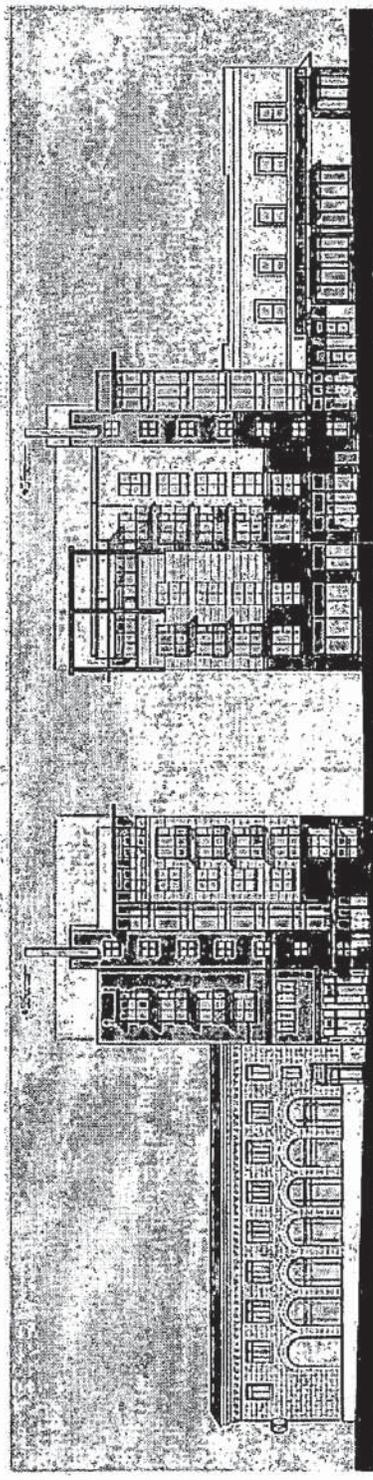
**UNIT B1 - 1 DEN / 1 BATH**



**WALL LEGENDS:**

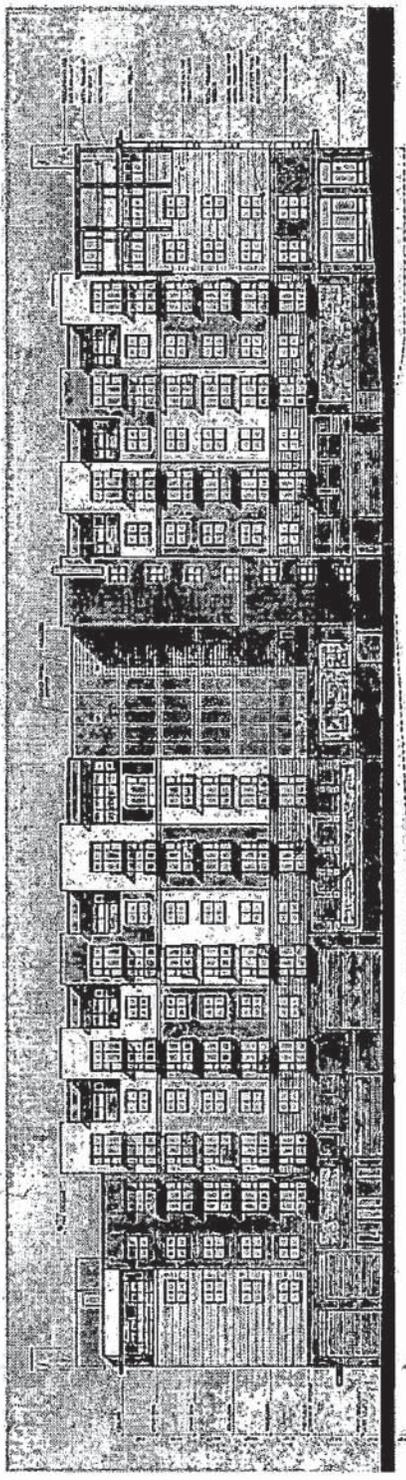
- 1/2" Gypsum Board
- 5/8" Gypsum Board
- 1" Gypsum Board
- 1/2" Gypsum Board
- 5/8" Gypsum Board
- 1" Gypsum Board

Exhibit 19: South, East and West Elevations



WEST 7TH STREET ELEVATION

EAST 8TH STREET ELEVATION



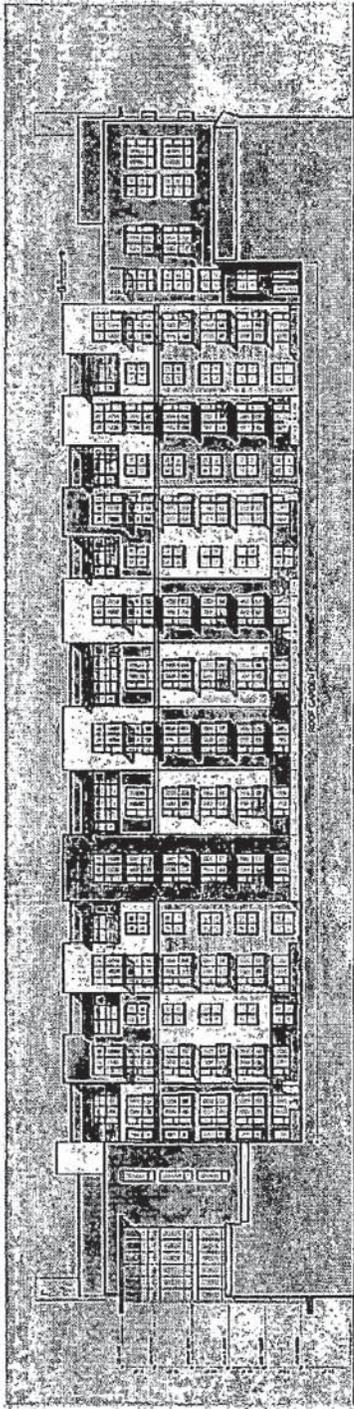
SOUTH ALLEY ELEVATION

SOUTH, EAST & WEST ELEVATIONS

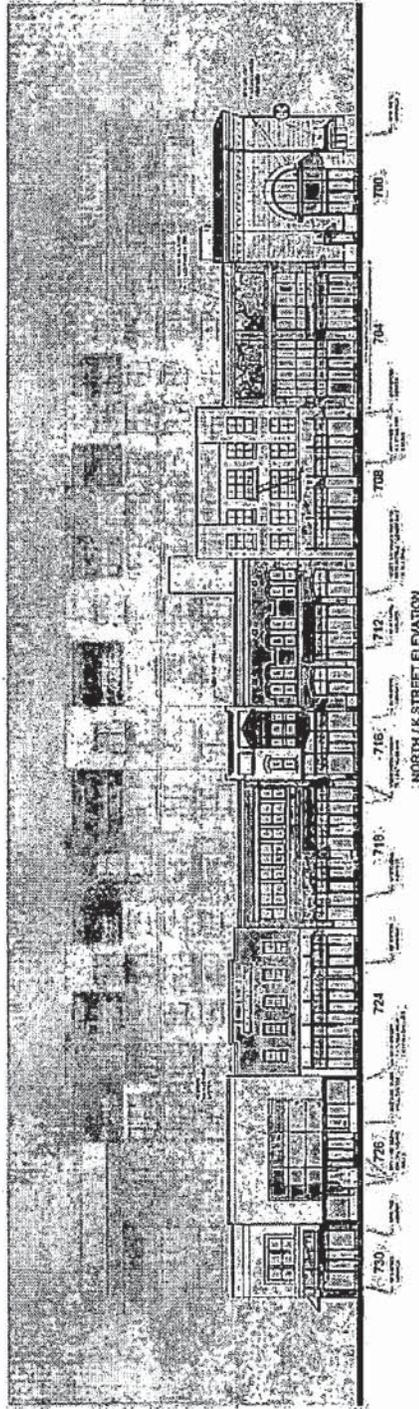
700 BLOCK  
700 F. STREET, SACRAMENTO, CA

700 BLOCK  
11/25/05 L.P.

A3.1  
Kuchman



1 NORTH ELEVATION AT ROOF GARDEN



NORTH / K STREET ELEVATION

700 BLOCK INVESTORS, L.P.  
700 K STREET, SACRAMENTO, CA

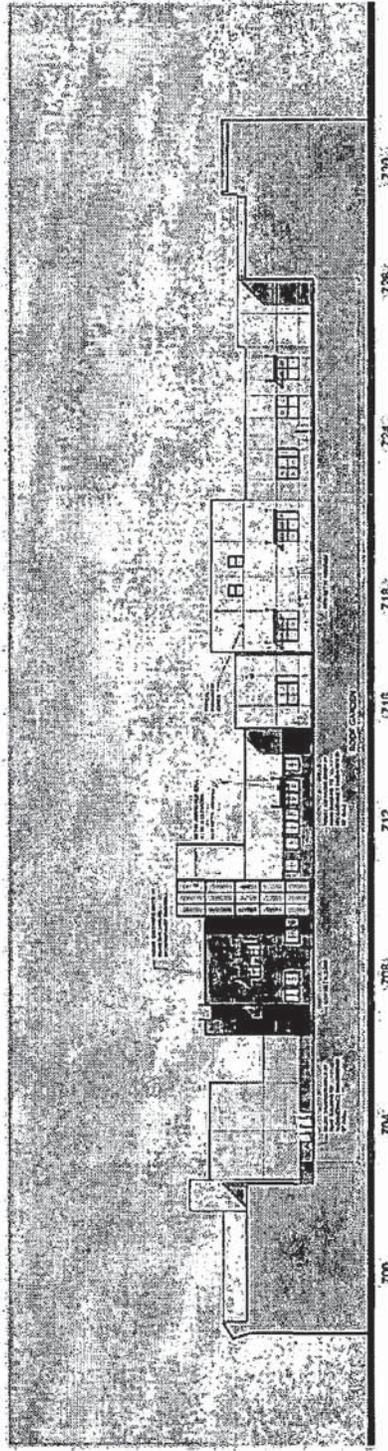
**700 BLOCK**

NORTH ELEVATIONS

Kuchman

A3.2

Exhibit 2-1: South / Roof Garden Levels



SOUTH / ROOF GARDEN ELEVATION:

**700 BLOCK INVESTORS LP**  
100 K STREET SACRAMENTO, CA

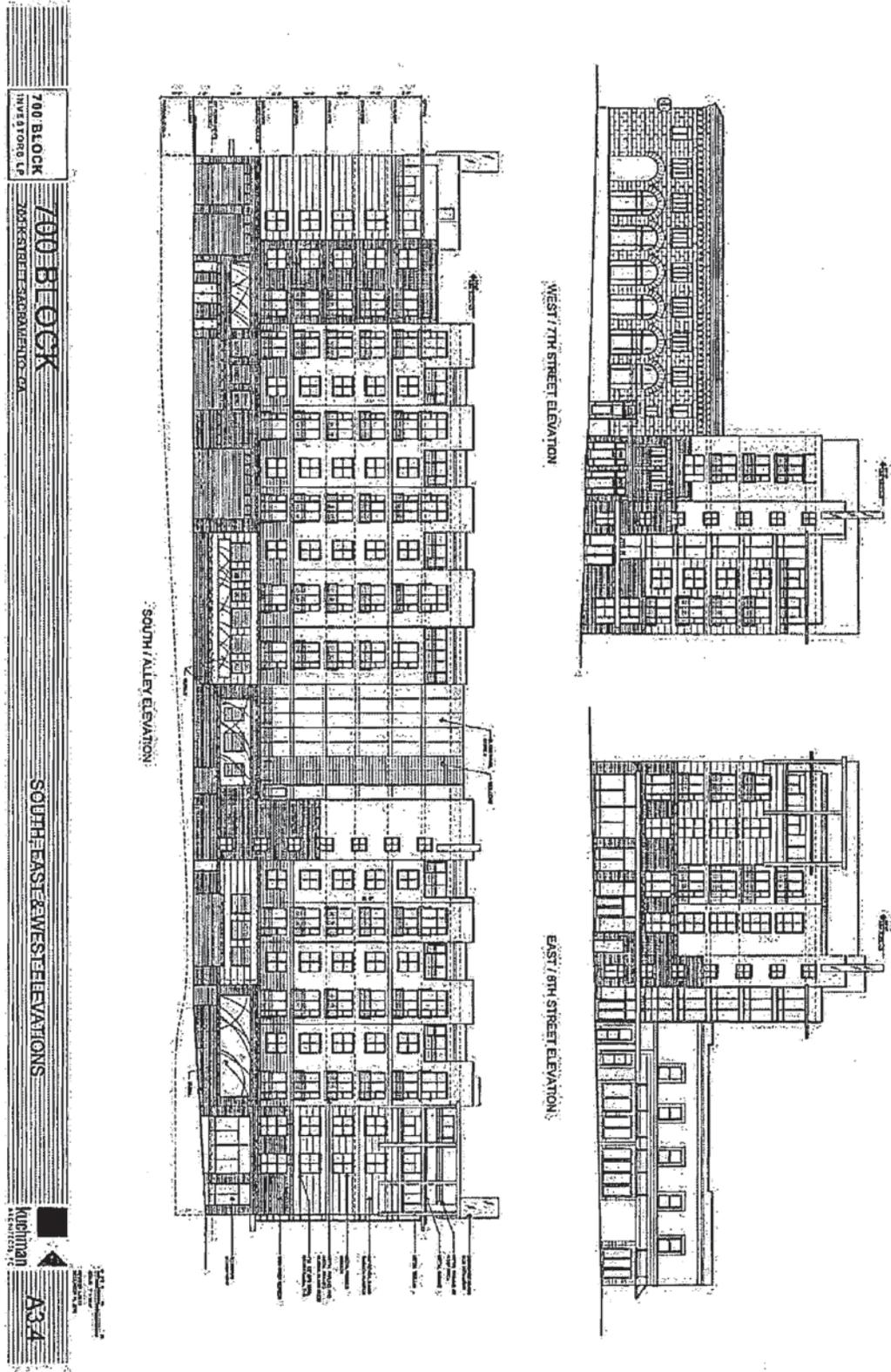
**700 BLOCK**  
100 K STREET SACRAMENTO, CA

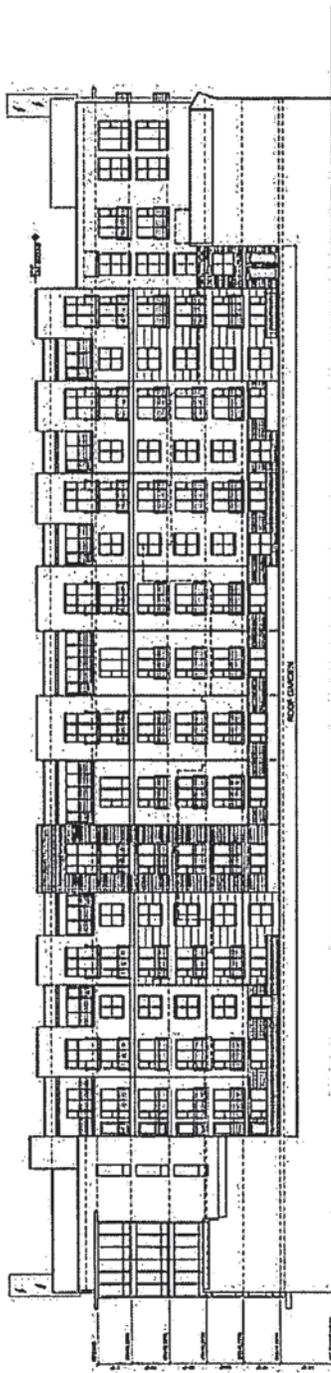
**SOUTH / ROOF GARDEN ELEVATION**

**Kuchman**  
ARCHITECTS

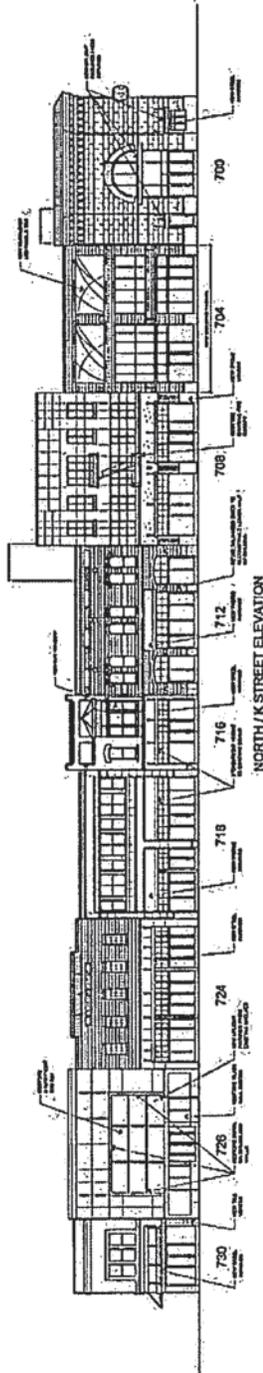
**A3-3**

Exhibit 22: South, East and West Elevations

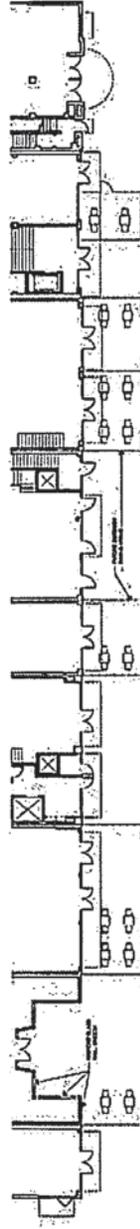




NORTH ELEVATION AT ROOF GARDEN



NORTH / K STREET ELEVATION



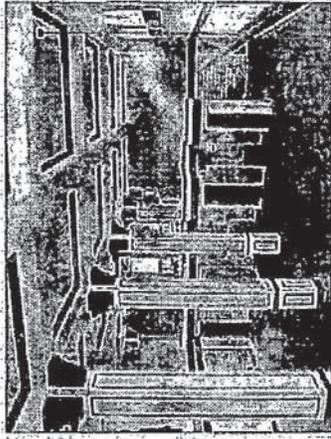
PARTIAL GROUND FLOOR PLAN AT K STREET

700 BLOCK INVESTORS LP  
 700 K STREET SACRAMENTO, CA

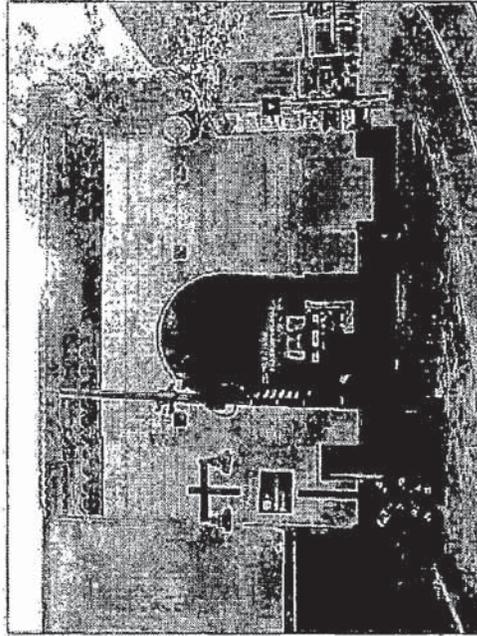
**700 BLOCK**

NORTH ELEVATIONS

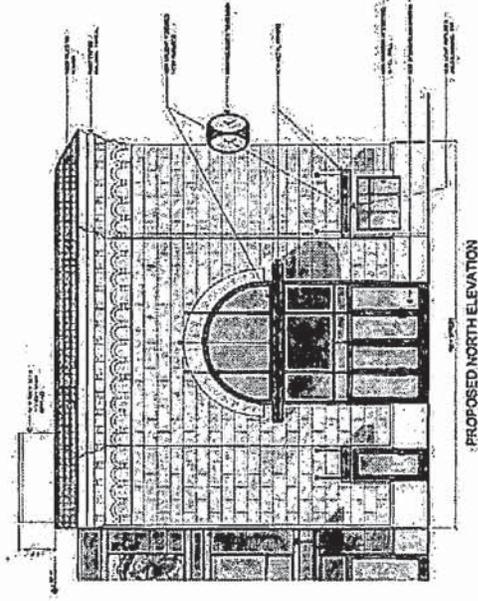
Archiman Architects PC  
 A3-5



EXISTING INTERIOR



EXISTING PHOTO



PROPOSED NORTH ELEVATION



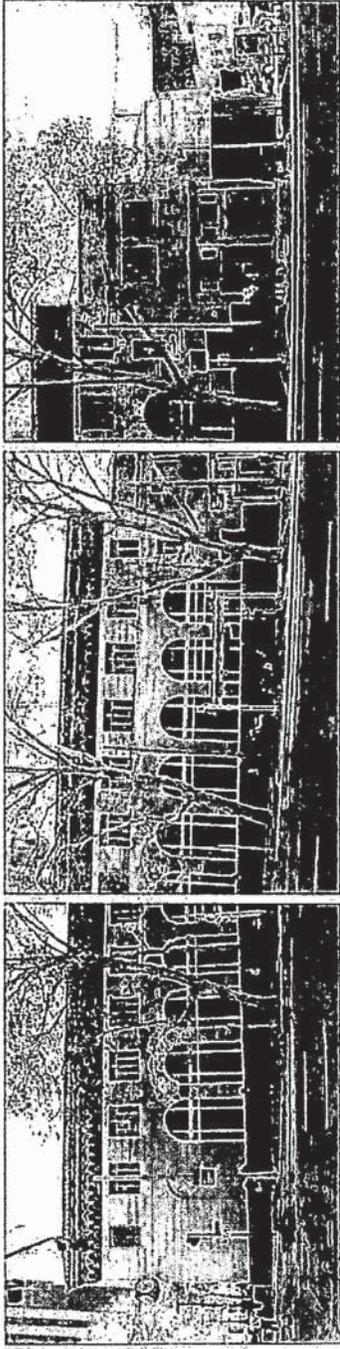
**700 BLOCK INVESTORS, LP**  
700 K STREET, SACRAMENTO, CA

**700 BLOCK**  
700 K STREET, SACRAMENTO, CA

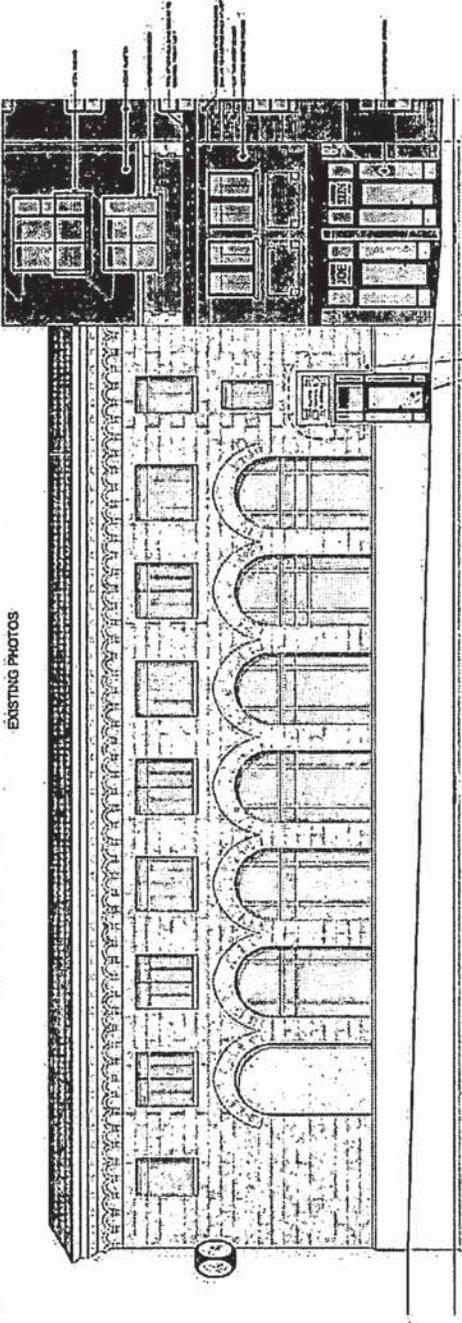
**700 K STREET - MENS WAREHOUSE**

**Kuchman**  
ARCHITECT, PC

**A4:1**



EXISTING PHOTOS

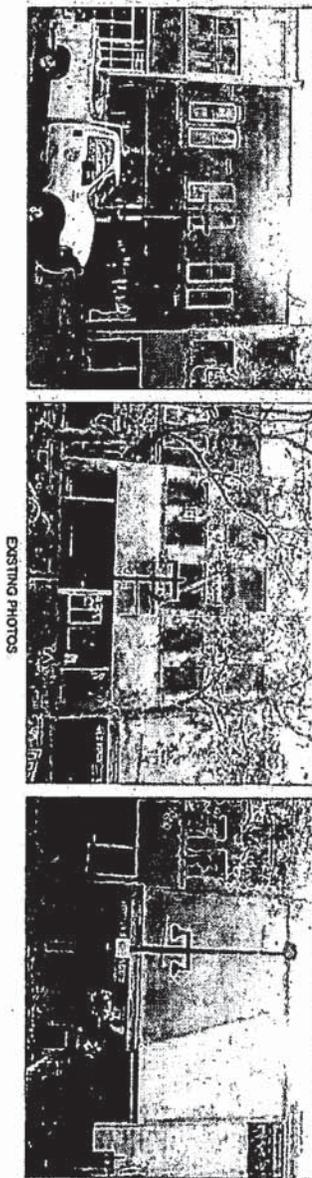
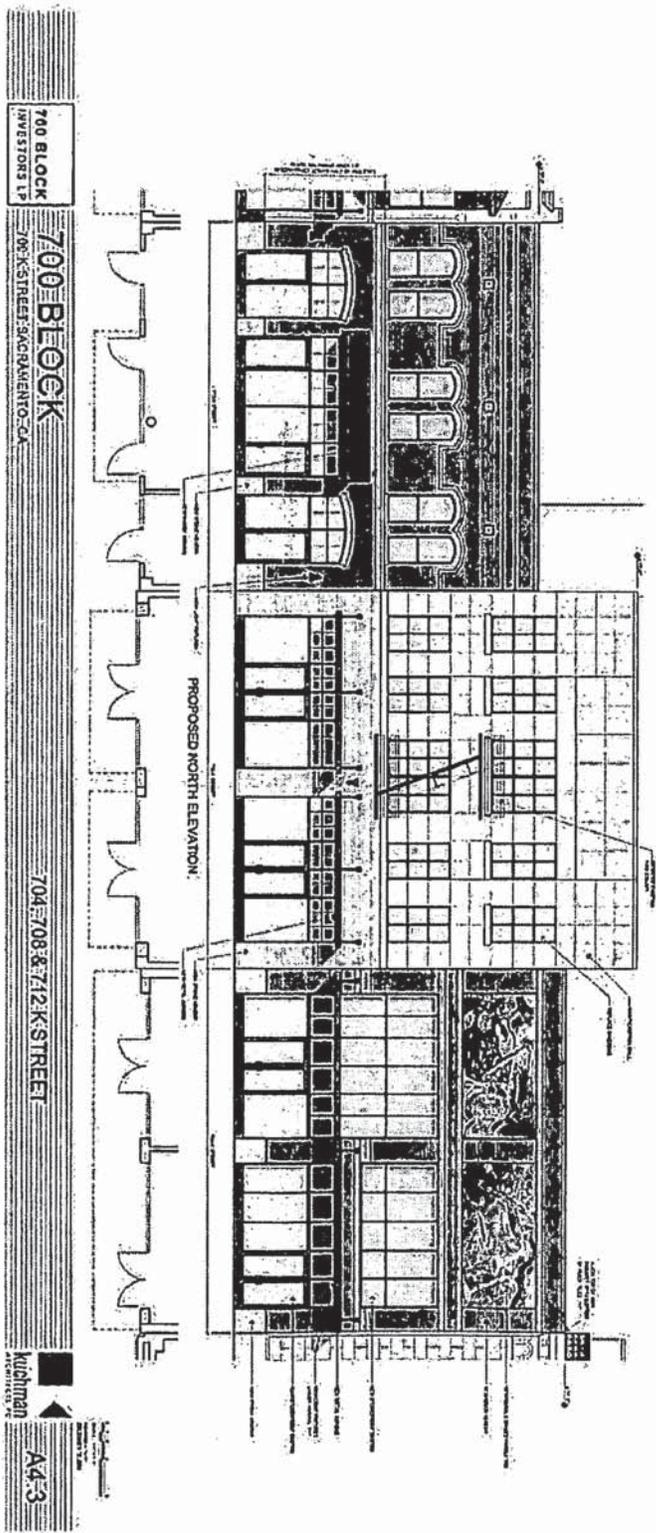


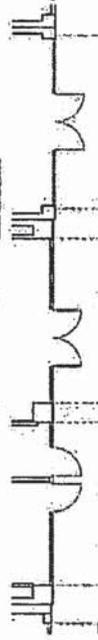
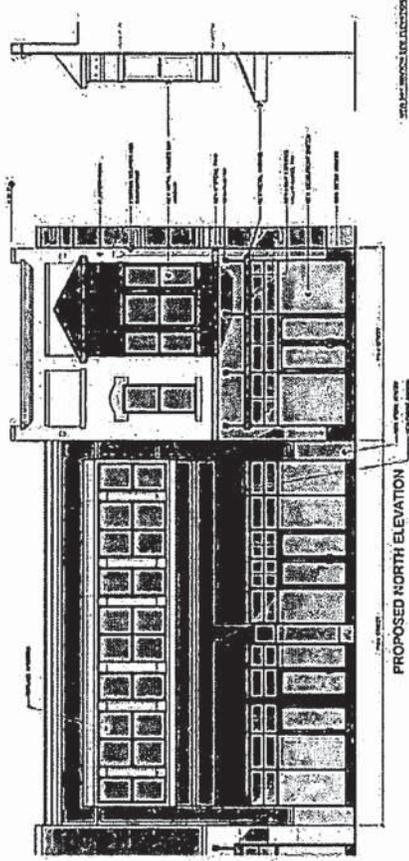
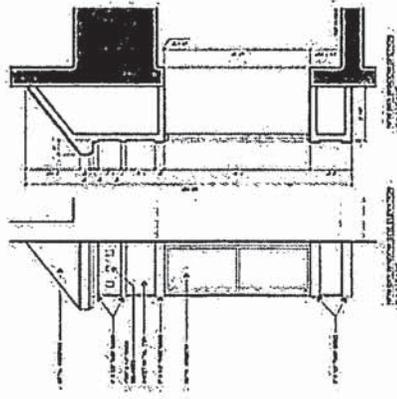
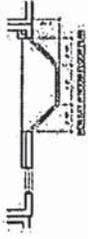
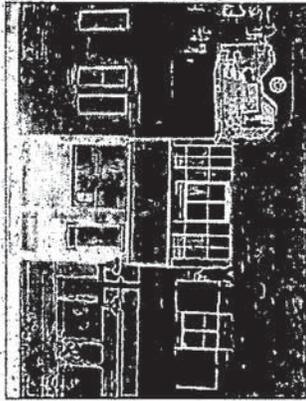
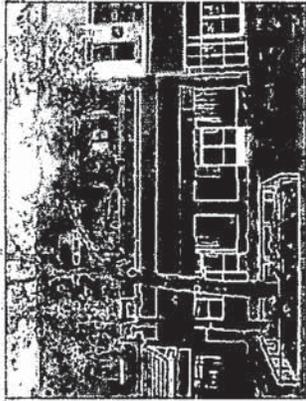
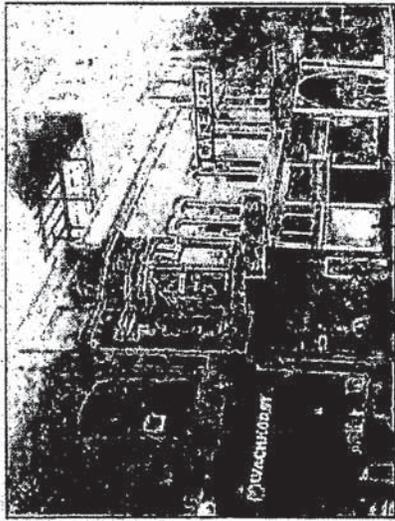
PROPOSED WEST ELEVATION



700 BLOCK INVESTORS LP  
700 K STREET  
700 K STREET MEN'S WAREHOUSE  
Kuchman Associates, Inc.  
A4-2

Exhibit 26: 704, 708, and 712 K Street





700 BLOCK INVESTORS LP

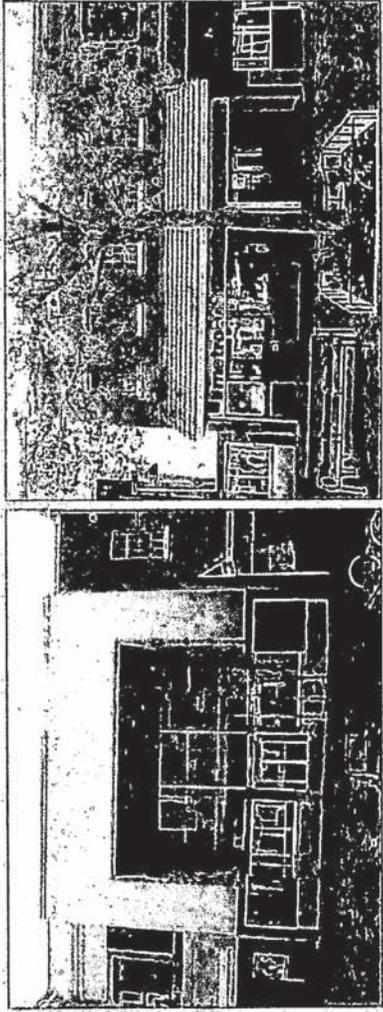
700 BLOCK

700 K STREET SACRAMENTO CA

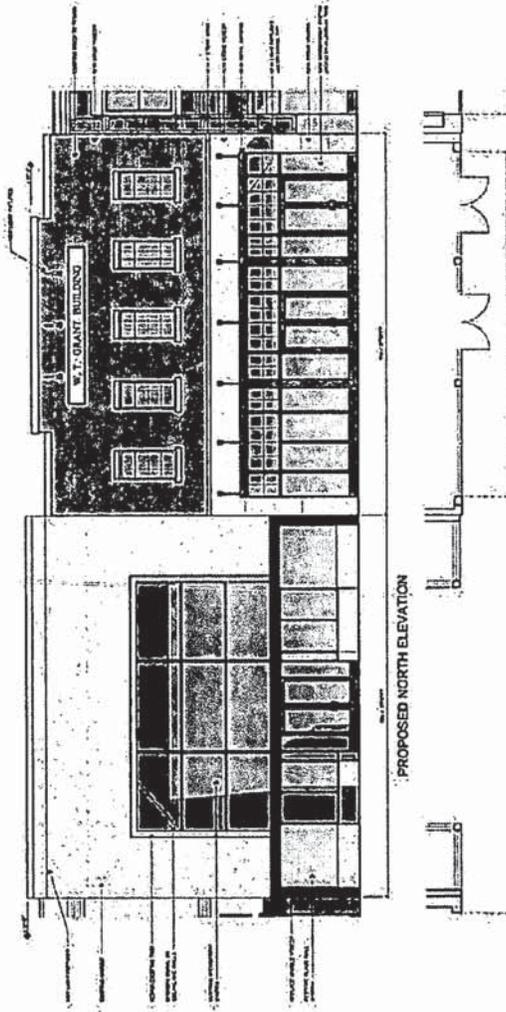
716 - 718 K STREET

Kuchman ARCHITECT

A4-4



EXISTING PHOTOS



700 BLOCK INVESTORS LP

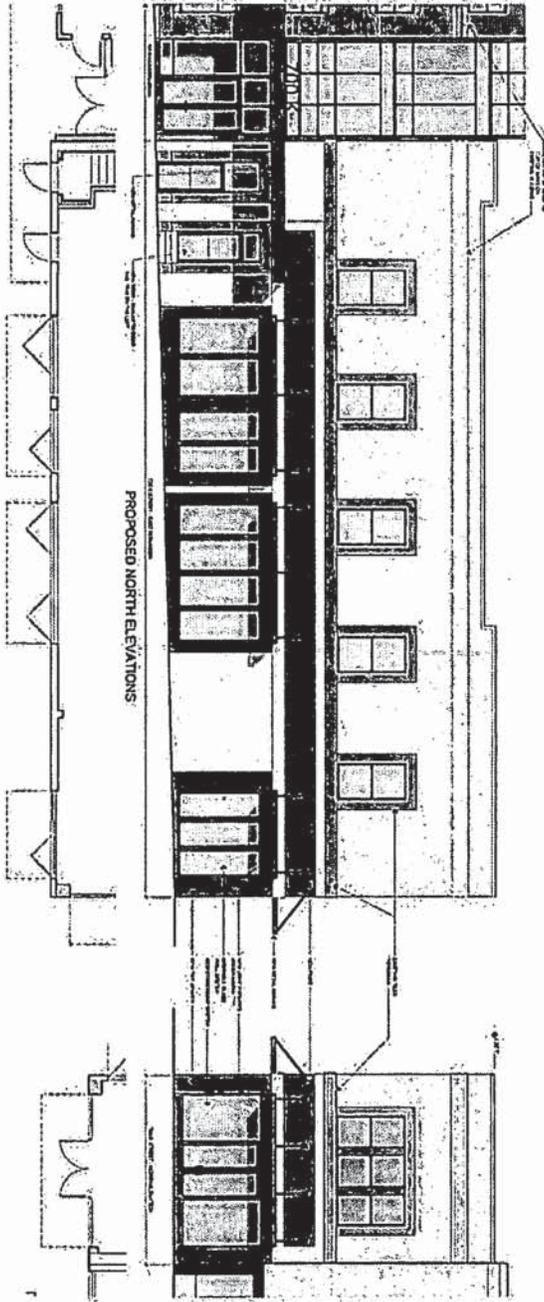
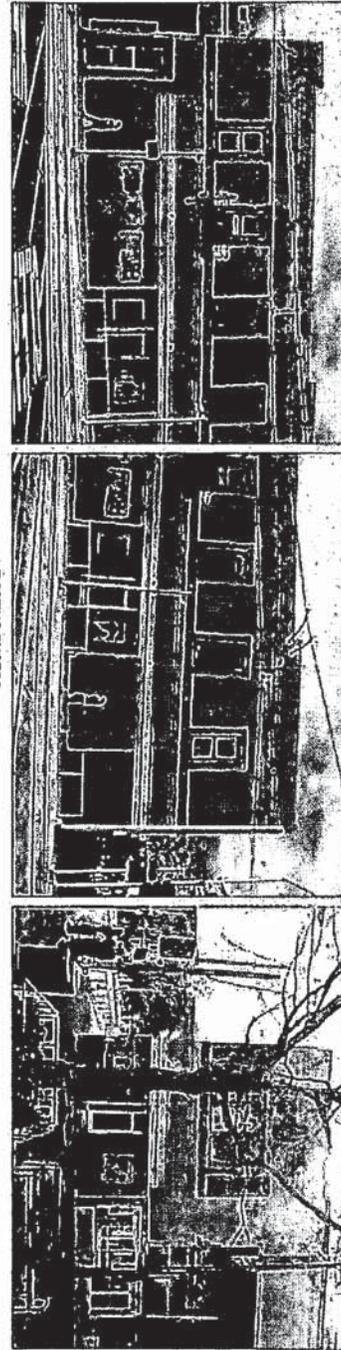
700 BLOCK 700 K STREET SACRAMENTO, CA

724 - 726 K STREET

A4-5

Kuchman ARCHITECTS

Exhibit 29: 730 K Street

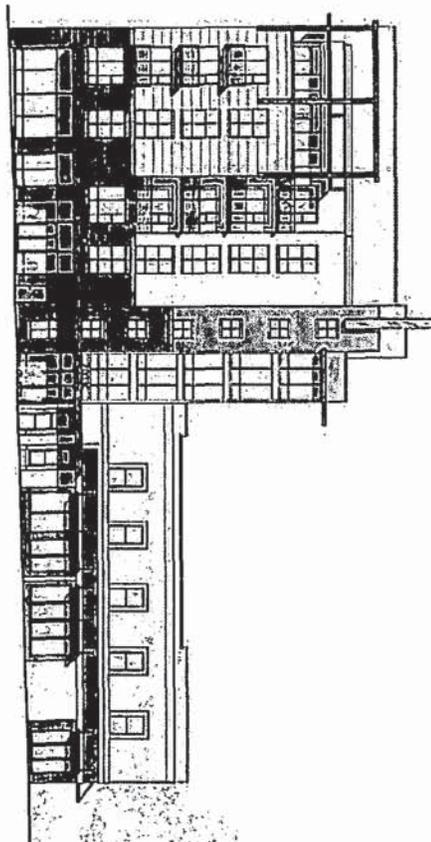


700 BLOCK INVESTORS LP  
700 K STREET, SACRAMENTO, CA  
730 K STREET  
Kutchnan  
A4-6

Exhibit 30: 730 K Street



EXISTING PHOTOS



PROPOSED EAST ELEVATION

700 BLOCK INVESTORS LP

700 BLOCK 3015 K STREET, S.W. WASHINGTON, DC

730 K STREET TEXMEX

Kushman  
ARCHITECTS

A4-7

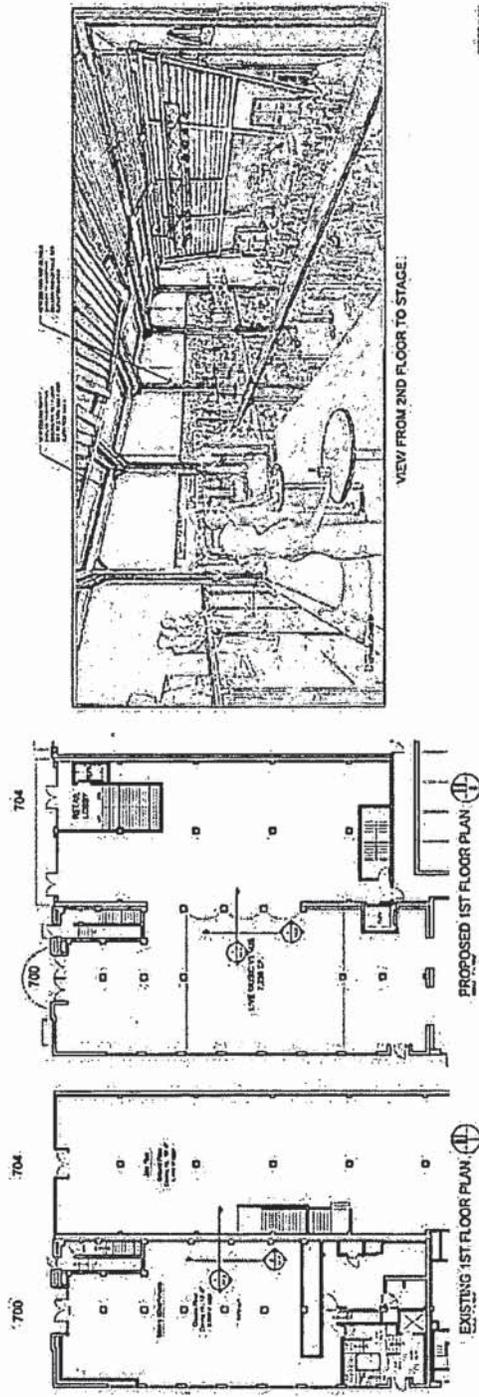
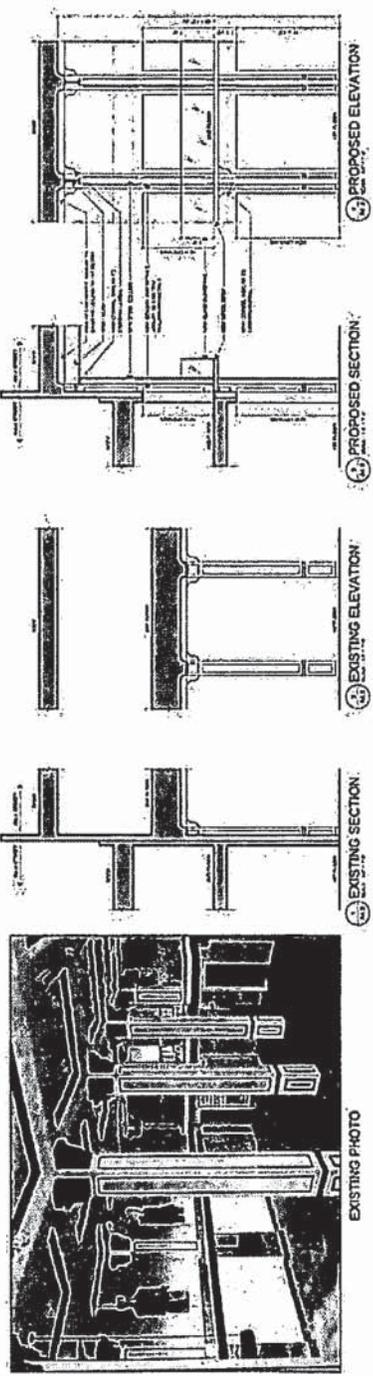


Exhibit 32: Interior Stairs at 700 K Street



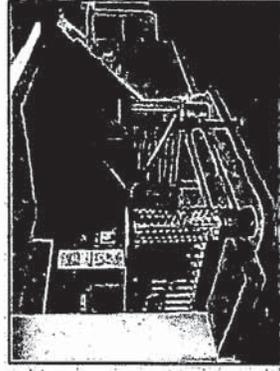
EXISTING STAIR AT 739 K ST.



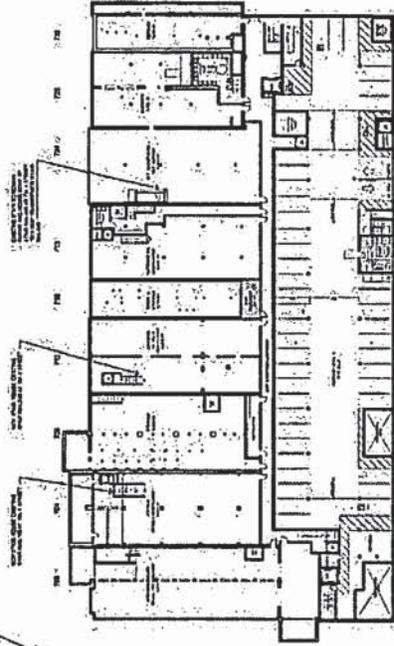
EXISTING STAIR AT 750 K ST.



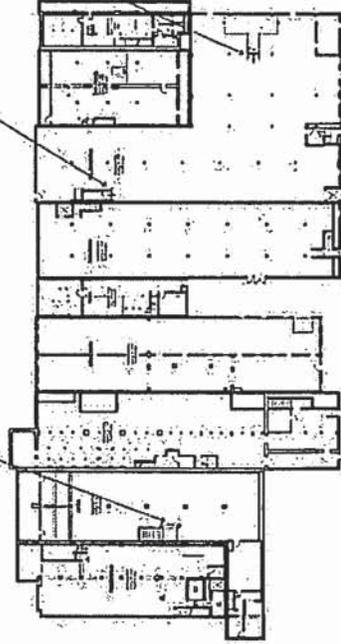
EXISTING STAIR AT 704 K ST.



EXISTING STAIR AT 704 K ST.



PROPOSED BASEMENT FLOOR PLAN



EXISTING BASEMENT FLOOR PLAN

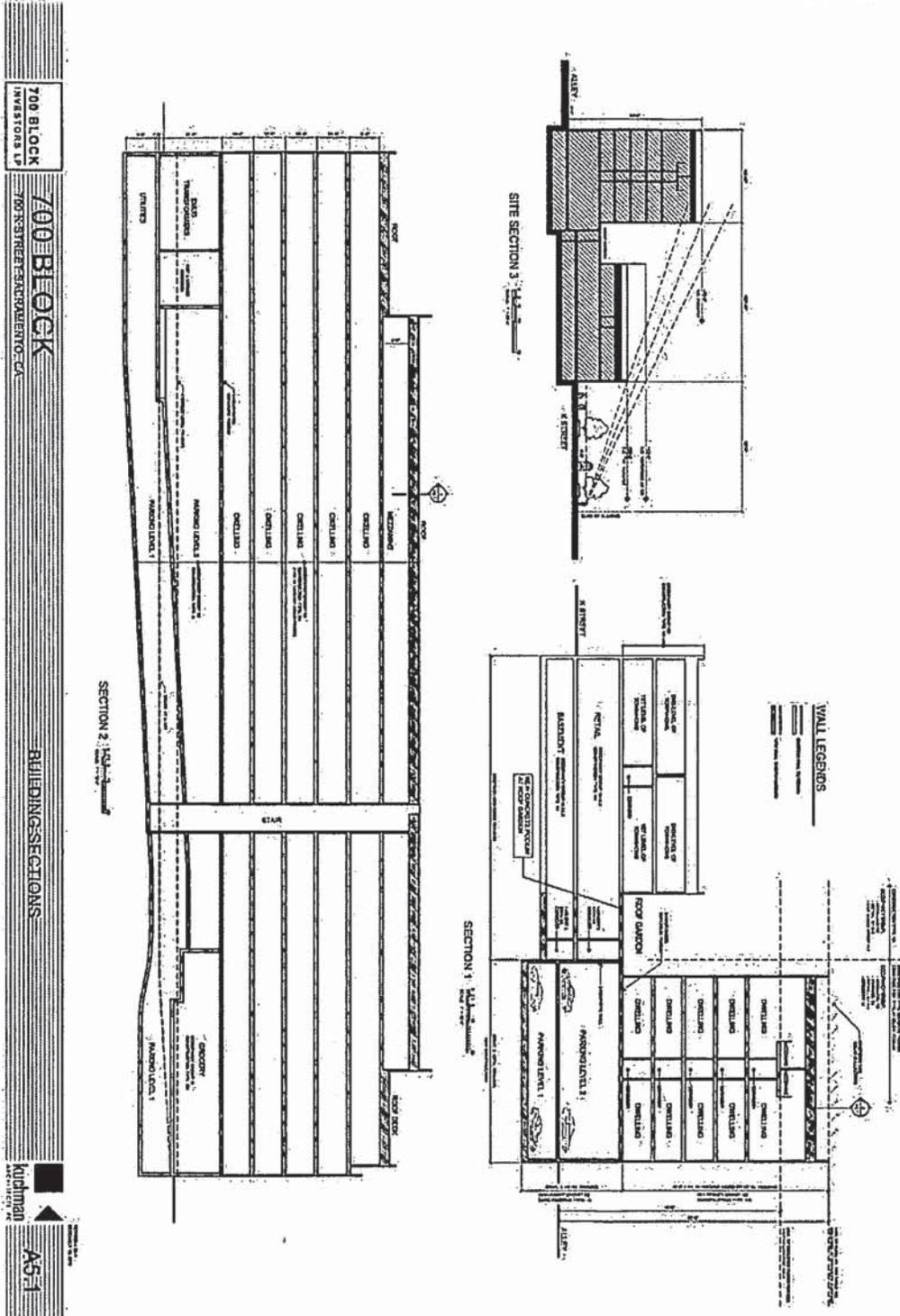

**700 BLOCK**  
 INVESTORS LP  
 700 P STREET, SUITE 100, WASHINGTON, DC

**700 BLOCK**  
 INVESTORS LP  
 700 P STREET, SUITE 100, WASHINGTON, DC

**INTERIOR STAIRS**

**A4-9**

# Exhibit 33: Building Section and Line of Sight Drawing





700 Block of K Street  
Mitigation Monitoring Program

Impact	Mitigation Measure	Implementing Party	Timing	Verification of Compliance
<p>Impact 4.1-1</p> <p>Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (700, 716, and 726 K Street and historic alley facades) as defined in CEQA Guidelines Section 15064.5.</p>	<p>4.1 Cultural Resources</p> <p>MM 4.1-1</p> <p>(a) <i>The following resources shall be removed and/or protected prior to any demolition or construction activities that could result in loss or damage. A demolition plan shall be reviewed and approved by the City's Preservation Director prior to construction. The resources shall be rehabilitated or reinstalled in locations approved by the City's Preservation Director.</i></p> <ul style="list-style-type: none"> <li>• 700 K Street: Interior multi-level volume of space alongside the arched windows on the west wall of the structure.</li> <li>• Historic Alley Facades: rear wall of 712/ 714 K Street. In addition to the wall's re-installation at a new location, provide interpretation on-site of the historic 19th century alley district elements that are to be demolished. The interpretation shall include a permanent metal exhibit incorporating historic and current photographs and descriptions of all the 19th century alley facade district's features and their history. The exhibit's design and locations shall be approved by the City's Preservation Director.</li> </ul> <p>(b) 716 K: Prior to submittal for building permits on this building, detailed design plans and elevations for the building's K Street entry and facade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated, and the missing original projecting bay will be reconstructed, in accordance with the Secretary of the Interior's Standards for Rehabilitation and for Reconstruction respectively.</p> <p>(c) 726 K: Prior to submittal for building permits on this building, design plans and elevations for the building's K Street entry and facade will be submitted for review and approval by the Preservation Director such that original materials and character-defining features will be retained and rehabilitated in accordance with the Secretary of the Interior's Standards for Rehabilitation, and that any additions or new construction at the facade or entry area will be designed in accordance with the Secretary of the Interior's Standards for Rehabilitation.</p>	<p>Contractor and City's Preservation Director</p> <p>Contractor and City's Preservation Director</p> <p>Contractor and City's Preservation Director</p>	<p>Prior to any demolition or construction activities.</p> <p>Prior to submittal for building permits</p> <p>Prior to submittal for building permits</p>	

**700 Block of K Street  
Mitigation Monitoring Program**

<p>Impact 4.1-2 Implementation of the 700 K Street project could cause a substantial change in the significance of historical resources (hollow sidewalks) as defined in CEQA Guidelines Section 15064.5.</p>	<p>MM 4.1-2 <i>If there are no feasible means of preserving the necessary character defining features of the resource, as part of the Disposition and Development or other activity that could adversely affect a feature of a hollow sidewalk, the applicant shall work with the City Preservation Director to determine an appropriate mitigation fee to cover the cost of preserving the same length of hollow sidewalk in a different location, based on the existing condition of the hollow sidewalks along K Street and the applicable Secretary of Interior Standards for the preservation of such resource. This fee must be paid before permits for demolition and/or construction are issued. The mitigation fee may consist of a contribution to a City Preservation Fund, as established by the City Council as grant provider for historic buildings.</i></p>	<p>Applicant and City's Preservation Director</p>	<p>Part of the DDA</p>
<p>Impact 4.1-3 Implementation of the 700 K Street project could cause a substantial change in the significance of an archeological resource as defined in CEQA Guidelines Section 15064.5.</p>	<p>MM 4.1-3 <i>The following shall apply to any ground disturbing activities associated with development of the project.</i></p> <p>a. <i>Prior to any excavation, grading or other construction on the project site, and in consultation with Native American Tribes and the City's Preservation Director: a qualified archaeologist will prepare a testing plan for testing areas proposed for excavation or any other ground-disturbing activities as part of the project, which plan shall be approved by the City's Preservation Director. Testing in accordance with that plan will then ensue by the qualified archaeologist, who will prepare a report on findings, and an evaluation of those findings, from those tests and present that report to the City's Preservation Director. Should any findings be considered as potentially significant, further archaeological investigations shall ensue as approved by the Preservation Director, by the qualified archaeologist, and the archaeologist shall prepare reports on those investigations and evaluations relative to eligibility of the findings to the Sacramento, California or National Registers of Historic Places and submit that report to the City's Preservation Director, State Historic Preservation Officer, and appropriate Native American Tribal representative/s if applicable, with recommendations for treatment, disposition, or reburials of significant findings, as appropriate. Also, at the conclusion of the pre-construction testing, evaluation and reports and recommendations, a decision will be made by the City's Preservation Director, based upon the findings of the reports, as to whether on-site monitoring during any project-related excavation or ground-disturbing activities by a qualified archaeologist will be required.</i></p> <p>b. <i>Discoveries during construction: For those projects where no on-site archaeological monitoring was required, in the event that any historic or prehistoric subsurface archaeological</i></p>	<p>Contractor</p>	<p>Prior to any excavation, grading, or other construction</p>

700 Block of K Street  
Mitigation Monitoring Program

features or deposits, including locally darkened soil ("middens"), that could conceal cultural deposits, animal bone, obsidian and/or mortars are discovered during construction-related earth-moving activities, all work within 50 meters of the resources shall be halted, and a qualified archeologist will be consulted to assess the significance of the find. Archeological test excavations shall be conducted by a qualified archeologist to aid in determining the nature and integrity of the find. If the find is determined to be significant by the qualified archeologist, representatives of the City, including the City's Preservation Director, and the qualified archeologist shall coordinate to determine the appropriate course of action. All significant cultural materials recovered shall be subject to scientific analysis and professional museum curation, or reburial in accordance with Tribal consultations if required. A report shall be prepared by the qualified archeologist according to current professional standards.

c. If a Native American site is discovered, the evaluation process shall include consultation with the appropriate Native American representatives.

d. If Native American archeological, ethnographic, or spiritual resources are involved, all identification and treatment shall be conducted by qualified archeologists, who are certified by the Society of Professional Archeologists (SOPA) and/or meet the federal standards as stated in the Code of Federal Regulations (36 CFR 61), and Native American representatives, who are approved by the local Native American community as scholars of the cultural traditions.

e. In the event that no such Native American is available, persons who represent tribal governments and/or organizations in the locale in which resources could be affected shall be consulted. If historic archeological sites are involved, all identified treatment is to be carried out by qualified historical archeologists, who shall meet either Register of Professional Archeologists (RPA), or 36 CFR 61 requirements.

If a human bone or bone of unknown origin is found during construction, all work shall stop in the vicinity of the find, and the County Coroner, and City's Preservation Director, shall be contacted immediately. If the remains are determined to be Native American, the Coroner shall notify the Native American Heritage Commission, who shall notify the person most likely believed to be a descendant. The most likely descendant shall work with the contractor to develop a program for re-interment of the human remains and any associated artifacts. No additional work is to take place within the immediate vicinity of the find until the identified appropriate actions have taken place. Work can continue on other parts of the project site while the unique archeological resource mitigation takes place.

**700 Block of K Street  
Mitigation Monitoring Program**

<p>Impact 4.1-4 Implementation of the 700 K Street Block project, in conjunction with other development in the City, could cause a substantial change in the significance of a historic resource as defined in CEQA Guidelines Section 15064.5.</p>	<p><i>MM 4.1-4 Implement Mitigation Measure 4.1-1 and Mitigation Measure 4.1-2</i></p>	<p>Contractor and City's Preservation Director</p>	<p>Prior to any demolition or construction activities. and Part of the DDA</p>	
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**Chapter 4**

**Mitigation Monitoring Plan**

Section 21081.6 of the Public Resources Code requires reporting on, monitoring of, mitigation measures adopted as part of the environmental review process. This Mitigation Monitoring Plan (MMP) is designed to aid the City in its implementation and monitoring of mitigation adopted for the 700 Block of K Street project.

The mitigation measures are taken from the 700 Block of K Street Draft EIR, as revised in the Final EIR.

The components of the MMP are:

1. **Impacts.** Each impact is numbered as they appeared in the Draft EIR.
2. **Mitigation Measures.** Each mitigation measure is numbered as they appeared in the Draft EIR. Any revisions to the text of a mitigation measure, as shown in Chapter 2 of this Final EIR, are included in this MMP.
3. **Implementing Party.** Identifies the entity that will be responsible for implementing the mitigation.
4. **Timing.** Each action must take place prior to the time at which a threshold could be exceeded. Implementation of the action must occur prior to, or during, some part of approval, project design, or construction on an ongoing basis. The timing for each measure is identified.
5. **Verification of Compliance.** Provides an area for verification of compliance.

359)—comprised of \$3,059,738 from Downtown Housing NOFA and \$100,000 from Housing Development Assistance—to the 700 K Street Project fund, 4) transfer \$3,940,262 of 2005 Downtown low-moderate tax exempt bond funds (Fund 402) from Downtown Housing NOFA to the 700 K Street Project fund.

**Section 10.** The Executive Director is authorized to execute the Commitment Letter to the Downtown Sacramento Revitalization Corporation attached to and incorporated in this resolution as Exhibit F to provide a \$10.1 million grant from Downtown low-moderate tax-exempt bond funds and a forgivable loan of \$3.6 million from Downtown tax-exempt redevelopment bond funds and Downtown tax-increment to the extent the terms are consistent with the approved Commitment Letter.

**Table of Contents**

Exhibit A – Findings of Fact and Statement of Overriding Considerations

Exhibit B – Mitigation Monitoring Plan

Exhibit C – 33433 Report

Exhibit D – Disposition and Development Agreement

Exhibit E – Seller Carryback Acquisition Loan

Exhibit F – Commitment Letter



**Findings Of Fact**

**A&B. Environmental Impact Report and Mitigation Monitoring Program:**

1. The Planning Commission finds that the Environmental Impact Report for 700 Block of K Street (herein EIR) which consists of the Draft EIR and the Final EIR (Response to Comments) (collectively the "EIR") has been completed in accordance with the requirements of the California Environmental Quality Act (CEQA), the State CEQA Guidelines and the Sacramento Local Environmental Procedures.
2. The Planning Commission certifies that the EIR was prepared, published, circulated and reviewed in accordance with the requirements of CEQA, the State CEQA Guidelines and the Sacramento Local Environmental Procedures, and constitutes an adequate, accurate, objective and complete Final Environmental Impact Report in full compliance with the requirements of CEQA, the State CEQA Guidelines and the Sacramento Local Environmental Procedures.
3. The Planning Commission certifies that the EIR has been presented to it, that the Planning Commission has reviewed the EIR and has considered the information contained in the EIR prior to acting on the proposed Project, and that the EIR reflects the Planning Commission's independent judgment and analysis.
4. Pursuant to CEQA Guidelines sections 15091 and 15093, and in support of its approval of the Project, the Planning Commission adopts the attached Findings of Fact and Statement of Overriding Considerations in support of approval of the Project as set forth in Exhibit A of this Record of Decision.
5. Pursuant to CEQA section 21081.6 and CEQA Guidelines section 15091, and in support of its approval of the Project, the Planning Commission adopts the Mitigation Monitoring Program to require all reasonably feasible mitigation measures be implemented by means of Project conditions, agreements, or other measures, as set forth in the Mitigation Monitoring Program as set forth in Exhibit B of this Record of Decision.
6. Upon approval of the Project, the City's Environmental Planning Services shall file a notice of determination with the County Clerk of Sacramento County and, if the Project requires a discretionary approval from any state agency, with the State Office of Planning and Research, pursuant to the provisions of CEQA section 21152.
7. Pursuant to Guidelines section 15091(e), the administrative record of these proceedings is located, and may be obtained from, the City of Sacramento Community Development Department, Environmental Planning Services, 300 Richards Boulevard, Sacramento, CA 95811-0218. The custodian of these documents and other materials is the Community Development Department, Environmental Planning Services.

**Chapter 4****Mitigation Monitoring Plan**

Section 21081.6 of the Public Resources Code requires reporting on, monitoring of, mitigation measures adopted as part of the environmental review process. This Mitigation Monitoring Plan (MMP) is designed to aid the City in its implementation and monitoring of mitigation adopted for the 700 Block of K Street project.

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5. **Verification of Compliance.** Provides an area for verification of compliance.

**SUMMARY REPORT PURSUANT TO SECTION 33433 OF  
THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW  
IN CONNECTION WITH A DISPOSITION AND DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO  
AND  
700 BLOCK LLC  
FOR PROPERTIES IN THE 700 BLOCK OF K STREET**

**July 21, 2011**

**SUMMARY REPORT PURSUANT TO SECTION 33433 OF THE CALIFORNIA COMMUNITY REDEVELOPMENT LAW IN CONNECTION WITH A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND 700 BLOCK INVESTORS LP**

**1. INTRODUCTION**

The California Health and Safety Code, Section 33433, requires that if a redevelopment agency wishes to sell or lease property to which it holds title and if that property was acquired in whole or in part with property tax increment funds, the agency must first secure approval of the proposed sale or lease agreement and a summary report that describes and contains specific financing elements of the proposed transaction shall be available for public inspection prior to the public hearing. As contained in the Code, the following information shall be included in the summary report:

1. The cost of the agreement to the redevelopment agency, including land acquisition costs, relocation costs, the costs of any improvements to be provided by the Agency, plus the expected interest on any loans or bonds to finance the agreement;
2. The estimated value of the interest to be conveyed;
3. The estimated value of the interest to be conveyed in accordance with the uses, covenants, and development costs required under the proposed agreement with the Agency, i.e. the reuse value of the site;
4. An explanation of why the sale of the site will assist in the elimination of blight, as required by Section 33433; and
5. If the sale price is less than the fair market value of the interest to be conveyed, determined to be consistent with the redevelopment plan, then the agency will provide as part of the summary an explanation of the reasons for the difference.

This report outlines the significant parts of the proposed Disposition and Development Agreement ("Agreement") by and between the Redevelopment Agency of the City of Sacramento ("Agency") and 700 Block LLC a partnership between D&S Development, Inc. and CFY Development, Inc. ("Buyer"), whose principals, in connection with the disposition of the Agency's property located between 700 and 730 K Street in the City of Sacramento ("Site") to the Buyer, intend to renovate and re-tenant storefronts located on K Street between 700 and 730 K Street with retail, restaurant/lounge, and live music venues and develop 15 residential units above the commercial uses; and intend to remove the rear ± 60 feet of the buildings to construct and operate a new building along the alley to house 122 residential units over two levels of parking. This report is based upon information in the proposed Agreement and is organized into the following six sections:

1. **Summary of the Proposed Agreement** – This section includes a description of the site, the proposed development and the major responsibilities of the Agency and the Buyer.
2. **Estimated Value of the Interest to be Conveyed** – This section summarizes the value of the interests to be conveyed to the Buyer.
3. **Summary of terms of Disposition and Estimated value of Interest** – This section contains the provisions of the disposition and development agreement and outlines the estimated value of the land under the proposed Project.
4. **Consideration Received and Reasons Therefore** – This section describes the consideration to be paid by the Buyer to the Agency. It also contains an analysis of the consideration and the fair market value at the highest and best use consistent with the redevelopment plan for the interests conveyed.
5. **Elimination of Blight** – This section includes an explanation of why the sale of the site will assist in the elimination of blight and the supporting facts and materials.
6. **Conformance with the Five-Year Implementation Plan** – This section describes how the Agreement is in conformance with the Agency's Five-Year Implementation Plan.

**1. SUMMARY OF THE PROPOSED AGREEMENT**

**a) Description of the Site and Project**

**Site/Location**

The subject property includes 11 parcels on the south side of the 700 block of K Street in the City of Sacramento and the County of Sacramento. It is located in the Merged Downtown Redevelopment Project Area. It is currently occupied by 9 buildings and is comprised of 1.175± acres. The buildings are currently vacant with the exception of one tenant at 724 K Street.

The site is currently zoned C-3 SPD, Commercial Zone – Special Planning District. The C-3 zone applies to the Central Business District. This commercial zone allows for the most intense retail, commercial and office development in the City while allowing for urban residential uses.

APN	Address	Lot Sq Ft	Building Sq Ft
006-0096-018	1113 7 <sup>th</sup> Street	3,187	N/A
006-0096-019	1111 7 <sup>th</sup> Street	3,026	N/A
006-0096-002	700 K Street	4,000	8,000
006-0096-003	704 K Street	5,348	10,876
006-0096-004	708 K Street	6,400	6,400
006-0096-005	712 K Street	6,400	8,400
006-0096-006	716 K Street	3,200	3,200
006-0096-007	718 K Street	6,400	16,060
006-0096-008	724 K Street, 1114 8 <sup>th</sup> Street	11,200	17,600
006-0096-009	726 K Street	3,200	5,255
006-0096-010	730 K Street	1,600	3,200

In the 2030 General Plan, the site is designated Central Business District (CBD). The CBD classification supports a mixture of retail, office, government, entertainment and visitor service uses. It also supports increasing the residential population to add to the vitality of the Central Business District, support extending the hours of activities, and provide a built in market for retail, services and entertainment.

The site is more or less level and generally slopes gently to the north.

**b) Background and Estimated Value of the Site**

The 700 and 800 blocks of K Street were identified in the Second Amendment to the Merged Downtown Sacramento Redevelopment Plan as having continuing blighted conditions characterized by vacant and deteriorating buildings, uneconomic land uses, and small and irregularly sized lots not suitable for modern use. The

properties on the 700/800 blocks of K Street are possibly one of the most deteriorated properties on K Street.

In 2002, a series of City Council and Sacramento Housing and Redevelopment Agency workshops about funding priorities resulted in the K Street corridor being identified as one of the top priorities for the City with a focus on developing “destination retail” that would invigorate street life and attract shoppers. Resources were to be focused on projects that met multiple redevelopment goals such as blight removal, retail revitalization and residential development to support downtown activities.

In October 2004, City Council in conjunction with the Economic Development Department conducted the JKL Workshop with the goal of developing a common vision for these streets. In 2005, the City Council approved a JKL Workshop Action Plan. The 700/800 blocks of K Street are identified as a focal catalyst node with the direction to provide mixed-use projects that would include retail and residential uses. As part of the Action Plan approval, the City Council approved the issuance of an RFP and Zeiden Properties was selected to develop the 700 block of K Street and the Evergreen Group/Mohanna for the 800 block. As a part of the ERN process, a real estate strategy was established to assemble properties on these blocks which included:

- A Land Exchange Agreement (signed April 2006) to provide for a “land swap” concept with properties in the 800 block. The amount of the land required for acquisition was determined based on a “Value for Value” concept in which Mohanna would exchange his holdings on the 700 block for equitable properties on the 800 block, allowing both development projects to proceed.
- Purchase of additional property to ensure reuse of small underutilized sites and to assure that sufficient square footage was available to embark on a catalytic retail development

In June 2006, Zieden Properties signed a Disposition and Development Agreement to provide property and funding for the rehabilitation of properties on the south side of the 700 Block of K Street.

By 2006-2007, the Agency was able to acquire three lots including 700 K Street, 704 K Street, 730 K Street. In addition, Zeiden Properties also purchased 708 K Street. The Acquisition cost is outlined below:

Address	Acquisition Date	Acquisition Price
700 K Street	6/30/2006	\$2,500,000
704 K Street	2/16/2007	\$3,100,000
730 K Street	6/30/2006	\$ 890,000
<b>Total</b>		<b>\$6,490,000</b>

In addition, tenants in the 700 block were relocated to prepare for the construction process. Relocation Costs included:

Address	Business	Relocation Costs
700 K Street	Men's Wearhouse	\$61,955
704 K Street	Joe Sun	\$2,800,000
710 K Street	Record Store	\$49,529
712 K Street	Serloff & Company	\$21,180
714 K Street	Sub Q	\$20,000
716 K Street	Morelia's Taqueria	\$43,486
718 K Street	James Rothery, Attorney	\$20,000
718 K Street	Junta Night Club	\$95,167
718 K Street	Big Brother Comics	\$20,000
718 K Street	Bonehead Tattoo	\$126,445
720 K Street	Frank's Watch Repair	\$20,000
722 K Street	Go Games & Bling Bling	\$20,000
730 K Street	K Mini Mart	\$101,275
1104 8th Street	BAM Potpourri	\$20,000
1110 8th Street	June's Hair Salon; Image Makers; Johnny in Hair; MB Juarez; Sunda Hanson	\$80,379
1114 8th Street	Texas Mexican Rest.	\$61,955
<b>TOTAL</b>		<b>\$3,547,504</b>

In November 2006, a fire broke out at 810 K Street, which resulted in subsequent demolitions of 810, 812, 802 and 804 K Street properties once the City's Dangerous Buildings Department deemed these properties structurally unsafe. After that the 800 Block team was unwilling to undertake the property exchange. In February 2007, the Agency filed a suit against the 800 Block team for Non Performance under the Land Exchange Agreement and Breach of Contract.

In December 2008, the Agency adopted a Resolution of Necessity to acquire nine parcels in the 700 and 800 blocks of K Street, five of which were in the 700 block. A final settlement was reached and the Agency received title to the properties at a settlement cost of \$19.1 million, the estimated settlement value for 712, 716, 718, 724 and 726 was \$14,149,118. This settlement value included all legal costs. These properties transferred in October 2008.

In 2008, in order to complete acquisition of the entire half-block the Agency negotiated a \$2,100,000 settlement price for 708 K and 1111 7<sup>th</sup> Street, both owned by Mr. Zeiden.

Approximately, \$470,000 of taxable bond funds were used to purchase properties within the 700 block of K Street. The remainder of the funds used to purchase properties were tax-exempt bond funds.

## 2. SUMMARY OF TERMS OF DISPOSITION

A copy of the Disposition and Development agreement ("Agreement) disposing of an interest in Agency real property is attached to this report.

### ***Buyer***

The buyer is 700 Block LLC, which is a partnership between D&S Development, Inc. and CFY Development, Inc.

### ***Project***

The 700 Block LLC intend to restore the historic storefronts along K Street, rehabilitate these commercial spaces and bring new retail to the block and develop 15 residential units above the commercial uses. Demolition of the back 60 feet of some of the structures will allow for the construction of a new 6-story residential building over two levels of parking. Approximately 122 units will be developed in this new residential structure with 84 parking spaces. The parking spaces will only be available to residential tenants.

### **a) Agency Responsibilities**

Subject to the specific terms and conditions stated in the Agreement, the Agency's responsibilities under the proposed Agreement are as follows:

1. Delivery of Site. Deliver the subject property in "as is" condition on an agreed upon date with an agreement that the Agency will fund costs related to hazardous materials abatement.
2. Approval of plans. Agency must approve the proposed improvement project submitted by Buyer.
3. Regulatory Agreement: Record a Regulatory Agreement requiring the regulated units in the residential development to remain affordable for a period of 55 years and that the commercial uses or similar uses to remain in operation for a period of 30 years.
4. Funding: The Agency will provide a loan of \$2.7M of commercial taxable bond commercial funds and a grant of at least \$11.3M of tax exempt bond funds in accordance with the provisions of the Disposition and Development Agreement and the provisions of the Letter of Commitment to provide funding for the Project.

5. Closing costs. Agency will pay the cost of drawing the grant deed, and will share in the cost of escrow fees and recording fees, its respective notary fees and any state, county, or city documentary transfer tax.

6. Certificate of Completion. At the completion of the Project and upon written request of the Buyer, the Agency shall furnish the Buyer with a Certificate of Completion for the Project.

**b) Buyer Responsibilities**

Subject to the specific terms and conditions stated in the Agreement, the Buyer's responsibilities under the proposed Agreement are as follows:

1. Plan Review: Submit plans and tenant uses for the improvement project to the Agency for approval.
2. Closing costs: Agency will pay the cost of drawing the grant deed, escrow fees and recording fees, its respective notary fees and any state, county, or city documentary transfer tax.
3. Entitlements: Obtain required land use and zoning approvals, and comply with the requirements of the California Environmental Quality Act (CEQA).
4. Funding: Secure New Market Tax Credit (NMTC) proceeds for at least \$11,900,000; provide developer equity of at least \$3,031,000, and a bank loan of \$18,250,000. Funding will not be released until developer has secured a building permit for the project and has evidenced that all funding sources are secured. A loan of \$2.7M taxable and a grant of at least \$11.3M from the Sacramento Downtown Revitalization Corporation shall be utilized to acquire the NMTC proceeds.
5. Land Loan: Secure a land loan with the agency of \$470,120. The land loan will not be released or property transferred until the building permits have been pulled and all funding secured.
6. Project: Within two years of the land transfer and distribution of funding, the Buyer must complete all required improvements including rehabilitation of the commercial spaces, demolition of the rear 60 feet of the building and the construction of a new 6-story residential building along the alley over two levels of parking.
7. Costs and Fees: Pay all development and construction costs and fees in a timely manner, including prevailing wages for construction of the Project.

### 3. EXPLANATION OF DISPOSITION FOR LESS THAN FULL VALUE

The Agency has estimated the value of the interest being conveyed to the Buyer if sold by the Agency at its highest and best use allowed under the Redevelopment Plan. The Site is an irregular, long, narrow parcel that is not desirable for commercial uses. This block of K Street has experienced one of the highest vacancy rates in the last decade.

Agency and Buyer have a sale through a Disposition and Development Agreement. In the Agreement, Buyer has agreed to an improvement program as well as other restrictions, which provide the Agency with considerable consideration that compensates for this difference. Below is a list of additional considerations and restrictions placed on the subject property. The fair reuse value is also a function of the use of the property given the property's covenants, conditions, and easements as well as restrictions placed on the property in the Agreement.

#### ***Improvement Project***

The Regulatory Agreement and Disposition and Development Agreement require the Developer to rehabilitate the commercial retail spaces along K Street to create 63,000 sq ft of retail, demolish the rear 60 feet of the building, and construct a new 6-story residential building over 2 levels of parking. The total cost of constructing this project is \$47,262,500.

#### ***Property and other Taxes***

The Buyer will be responsible for payment of property and other taxes and fees once the property transfers, which will benefit the various taxing entities.

#### ***Ten (30) Year Business Provision and Fifty-five (55) Year Restricted Units***

A commercial Regulatory Agreement that runs for a period of 30 years will restrict the ground floor retail space to retail, restaurant and live music venue uses. A similar residential Regulatory Agreement will run provisions that run with the land will restrict the affordable housing units for a period of 55 years. The regulatory agreement limits the amount of rents that can be collected for 60% of the 137 units to rents that are affordable. The restrictions are for 72 of the units to be affordable to those at 60% of area median income and 11 of the units affordable to those at 80% of the area median income.

#### ***Development of Vacant Property***

Buyer shall improve nine deteriorated buildings, which are currently unattractive nuisances and underutilized blighted properties. The developer will convert undesirable spaces (20x160 in some cases) and will create more marketable retail spaces by demolishing the rear 60 feet of the building.

#### ***CEQA and Zoning and Land Use Compliance***

Buyer shall obtain required land use and zoning approvals, and have complied with the requirements of the California Environmental Quality Act (CEQA).

**Prevailing Wages**

Buyer shall pay all development and construction costs in a timely manner, including prevailing wages for construction of the Project.

**Job Creation**

Buyer will be able to attract new businesses to downtown which will result in the creation of an estimated 500 new jobs

**Project Benefits**

The project will eliminate blight and the development of the project will result in the following benefits:

- Revitalizes and removes blight from an entire half block on K Street
- Preserves the historic character of the block
- Creates unique destination retail and housing in a transit-oriented, mixed-use pedestrian friendly development
- Attracts \$12 million in New Markets Tax Credit equity and \$21,262,500 (\$18,250,000 bank loan and \$3,031,500 in developer equity) of additional private investment for \$13.9 million of public investment (including the predevelopment funds)
- Allows for repayment of a portion of the loan to the DSRC to reinvest in Downtown projects
- Creates rental housing units with a mix of affordability including 60% affordable units (at 60% and 80% of AMI) and 40% market rate units
- Bolsters investments made in the downtown area including the Citizen Hotel, the Crest, the Cosmopolitan, the Sheraton, the three new venues on K Street among other businesses on J, K and L Streets and attracts additional investment to the Downtown area
- Creates 500 permanent jobs
- Generates approximately \$1.6 million in annual sales tax
- Brings an estimated additional 5,000-6,000 patron to K Street each week.

**4. CONSIDERATION RECEIVED AND REASONS THEREFORE**

The Agency has determined that the highest and best use of the subject property is for a commercial/residential use, such as that proposed by the Buyer. The consideration being given to the Agency is not less than the reuse value. Although the Agency will receive less than the purchase price for the subject property, it does not take into account the other considerations, described above, that the Agency receives in this transaction.

The consideration being paid to the Agency is also not less than the consideration that the Agency could receive under the highest and best use with the conditions that an investment be made to reuse the Site, more than 60% of the units are restricted as

affordable for 55 years, and commercial uses must remain in place for at least thirty years.

As outlined in the background section, the properties on the south side of the 700 block of K Street between 7<sup>th</sup> and 8<sup>th</sup> Street were acquired over a period of time from 2006 through 2008. The total acquisition costs to the Agency for land and relocation costs are listed below.

<b>AGENCY'S ESTIMATED COST OF ACQUIRING THE LAND</b>	
Purchase Price	\$22,739,118
All Relocation Costs	\$ 3,567,504
<b>Total</b>	<b>\$26,286,622</b>

One element to take into consideration in evaluating the reuse of these sites is the condition of the properties. The majority of properties have been vacant for a several years. Currently many of the properties are below standard and are not in a condition that they could be tenanted. Roof deterioration has led to water damage within the building. In addition, hazardous materials have been identified that require abatement. Additional shell and core and tenant improvements would be required to provide warm shells spaces for tenants. The anticipated work/construction required to provide rentable tenant spaces would cost approximately \$21,600,000.

In establishing the reuse or resale value of the subject site, a pro-forma analysis was completed on the proposed project. Assuming the development specifications as contained in the Development and Disposition Agreement, and assuming development in the near-term, the cost to complete construction of the project is estimated at \$47,200,00. The resale value upon completion, based upon the capitalized income approach and with consideration of the regulatory restrictions for affordable housing for 55 years and the limitations on commercial uses, is estimated at \$19,363,888 netting a negative potential resale value after the retirement of debt on the property at (22,344,111).

While there is a negative potential resale value, as a part of the deal, the Developer has agreed to secure a loan with the Agency of \$470,120, which will be paid back in full over a 40 year period.

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of the property determined with consideration of the restrictions and development costs imposed by the Agreement	(22,344,111)

<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price to the Agency under the Agreement	\$470,120

The Agency has determined that this Project as provided in the Agreement offers the best use for the Site.

## **5. ELIMINATION OF BLIGHT**

The site contains vacant deteriorated buildings that have suffered from the lack of maintenance over the years and this block has experienced high vacancy rates. Dilapidated systems and antiquated lot configurations add to its role as a major blighting influence in the area. The proposed project as detailed in the Agreement will eliminate blight within the Merged Downtown Redevelopment Area by:

- Reconfiguring the buildings that had limited reuse potential due to small lots, irregular shaped lots and long narrow lots to attract viable commercial uses that will job-generating businesses;
- Providing a mixed-use development will strengthen the commercial and retail uses in the downtown area and provides a project that bolsters current and future investment in downtown;
- Providing for viable transit-oriented uses improving the pedestrian environment in the downtown area;
- Rehabilitating unsafe buildings, damaged exteriors and interiors;
- Converting buildings that contained marginal uses with frequent tenant turnovers and high vacancy rates and converts these buildings into viable uses;
- Providing uses that will provide for additional lighting, security, and provides for residential uses that will provide more additional eyes on the street reducing crime within one of the highest crime rate area in downtown; and
- Eliminating both physical and economic blight to stimulate new commercial expansion and economic growth

## **6. CONFORMANCE WITH FIVE-YEAR IMPLEMENTATION PLAN**

The major goals of the Redevelopment Plan for the Merged Downtown Redevelopment Project Area are:

- Elimination of deficiencies including small and irregular lots, obsolete, aged and deteriorated building types;
- Assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation;
- Re-plan, redesign and develop areas which are stagnant or improperly utilized; and
- Strengthen retail and other commercial functions in the downtown area.

The Redevelopment Plan proposed to achieve these goals by acquiring real property and disposing of properties in accordance with the Redevelopment Plan, rehabilitating structures and assembling adequate sites for development and construction of residential and commercial facilities. Subsequent amendments to the Redevelopment Plan affirmed these goals and identified the continuing presence of blight in the

downtown area. The Plan amendments identified the ongoing need for redevelopment. The analysis for the Third Amendment in 2005 specifically identified buildings on the 700 and 800 block of K Street with unsafe structural conditions, deterioration and commercial obsolescence as blight.

Implementation plans identifying specific strategies and projects to address blight have been adopted and updated every five years by the Agency. The most recently adopted Implementation Plan for the Merged Downtown Sacramento Redevelopment Project Area identifies specific projects and strategies which focuses from 2009-2014. K Street was noted in the 2009-2014 Implementation Plan as having some of the most significantly blighted properties in the Project Area and needing focused revitalization efforts. Specific projects included revitalizing the southern half of the 700 block to attract quality retailers while retaining its historic character, and introducing mixed-use projects with housing.

By soliciting RFQ, selecting the development team 700 Block LLC, and with the Agency approval of a mixed-use project to include a mix a retail and residential uses with parking, selling the Site for reuse, and develop the project accomplishes the following implement plan goals.

- Eliminates blight by providing for the reuse of obsolete aged and deteriorated buildings;
- Provides uses that will strengthen the downtown area and other retail uses in the immediate vicinity including Downtown Plaza through the attraction of new business and by providing housing units within the immediate vicinity as the retail uses;
- Creates a range of housing options including affordable and market rate units within the downtown area including affordable housing;
- Attracts additional private sector funding and new market tax credit funding by providing some public sector funding;
- Preserves the historic character of the 700 block buildings by restoring and rehabilitating the storefronts along K Street;
- Improves the visual and aesthetic appearance of downtown through quality design; and
- Stimulates economic growth by providing for commercial expansion and employment

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY  
801 12th Street  
Sacramento, CA 95814  
Attn: Joel Riphagen

With copy to

Economic Development Department  
915 I Street, Third Floor  
Sacramento, CA 95814  
Attn: \_\_\_\_\_

**DISPOSITION AND DEVELOPMENT AGREEMENT**

**700 K STREET, 704 K STREET 712 K STREET, 716 K STREET 718K STREET,  
724 K STREET, 726 K STREET, AND 730 K STREET, 1111 AND 1113 7<sup>TH</sup> STREET,  
AND 1114 8<sup>TH</sup> STREET**

**MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA**

**REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**

**700 K STREET, 704 K STREET, 712 K STREET, 716 K STREET 718K STREET,  
724 K STREET, 726 K STREET, 730 K STREET, 1111 AND 1113 7<sup>TH</sup> STREET,  
AND 1114 8<sup>TH</sup> STREET**

**700 BLOCK, LLC**

June \_\_, 2011

## DISPOSITION AND DEVELOPMENT AGREEMENT

### Merged Downtown Sacramento

THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, and 700 BLOCK, L.L.C, a California limited liability company, also called Agency and Developer, respectively, enter into this Disposition and Development Agreement, also called DDA, as of \_\_\_\_\_, 2011. For purposes of this Agreement, the capitalized terms shall have the meanings assigned in Section 15.

### RECITALS

- A. Agency is the owner of real property located at 700, 704, 712, 716, 718, 724, 726, 730 K Street, 1111 and 1113 7<sup>th</sup> Street, and 1114 8<sup>th</sup> Street in the City of Sacramento, State of California, more particularly described in the Property.
- B. The Property is located in the Merged Downtown Sacramento Redevelopment Project Area and is subject to the redevelopment plan for the Project Area. Further, Developer acknowledges that Developer is purchasing the Property from Agency which is a Redevelopment Agency formed and acting under the Community Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*) and that this document is governed by the Community Redevelopment Law. This DDA is consistent with, and furthers, the Redevelopment Plan and the "Implementation Plan" adopted for the Project Area in that it meets the following implementation plan goals: creating places and destinations-retail and entertainment, and new urban-style housing to the area's core, and elimination of blight and the provision of affordable housing by revitalization of the 700 block of K Street with a mixed use project.
- C. The primary purpose of this DDA is the elimination of the following blighting influences: low values and impaired investment, low property values, deficient buildings and obsolete uses or parcels. In order to accomplish such purpose, the DDA provides that the Agency will transfer the Agency's interests in the Property to Developer upon the express condition that Developer will redevelop the Property for the uses described in this DDA. This DDA is intended to assure that the Developer will redevelop the Property and that the Developer is not merely speculating in land.
- D. Developer desires to purchase and develop the Property, and Agency desires to sell the Property for development, on the terms and conditions in this DDA.

### AGREEMENT

NOW THEREFORE, the parties acknowledge that the foregoing Recitals are true and correct, and based upon such Recitals and in consideration of the following mutual covenants, obligations

and agreements and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **PERFORMANCE.** The parties shall perform their obligations at the times and in the manner specified in this DDA. The time for performance is stated in this DDA and in the Schedule of Performances; provided, however that such times shall be extended for periods of Unavoidable Delay.

2. **PROJECT DESCRIPTION.** Agency is entering into this DDA and conveying the Property to Developer solely for the purposes of developing the Project. The Project shall be the following: rehabilitation of nine commercial buildings on the south side of the 700 block of K Street (700-730 K Street) to re-tenant each retail space with a live music venue, restaurants and retail uses. Demolition of approximately sixty feet (60') of the building from the rear of the buildings (along the alley) to towards K Street to provide a five (5) story residential development over two levels of parking creating one hundred and thirty-seven (137) units and ninety-one (91) parking spaces.

3. **PURCHASE AND SALE.** Agency agrees to sell and Developer agrees to purchase the Property subject to the terms and conditions in this DDA. This DDA, if executed by Developer only, constitutes Developer's offer to purchase the Property on the terms and conditions contained in this DDA and subject to the covenants, conditions and restrictions contained in the Regulatory Agreement to be executed by the Agency and Developer and recorded on the Property upon conveyance of the Property to Developer.

4. **PURCHASE PRICE.** The Property shall be conveyed subject to the Regulatory Agreements and at a purchase price of Four Hundred and Seventy Thousand, One Hundred Twenty Dollars, pursuant to the terms and conditions of this DDA.

4.1 **ESCROW.** Developer and Agency have opened, or within ten (10) days after the Effective Date, shall open, the Escrow account subject to the provisions of the Escrow Instructions. Agency and Developer shall execute and deliver the Escrow Instructions to Title Company within ten (10) days after the Effective Date.

4.2 **CONDITIONS TO AGENCY'S PERFORMANCE.** Agency's obligation to perform under this DDA is subject to all of the following conditions:

4.2.1. Agency and Developer acknowledge and understand that New Markets Tax Credit ("NMTC") financing is a critical component of funding the development, construction and operation of this Project. Developer shall be an eligible Qualified Active Low Income Community Business ("QALICB") or "QB") as defined under Section 45D of the Internal Revenue Code of 1986 (as amended, the "Code") for the purpose of receiving one or more Qualified Low Income Community Investments ("QLICI") from a Community Development Entity (CDE) through a leveraged NMTC investment established for this Project as contemplated by this DDA.

4.2.2. Evidence of Project funding has been provided, including Developer Equity, funding from US Bank National Association or another financial institution (Leverage Lender), and the provision of NMTC allocation for financing the Project. All documents evidencing the actual structure of New Markets Tax Credit have been executed, including the funding agreements between the entities within that structure that provides the tax credits, the capital contributions and loans, as well as all appropriate security pledges in the Investment Fund; executed agreement(s) on commercially reasonable terms between the Downtown Sacramento Revitalization Corporation and Investment Fund within the NMTC structure established for this Project with appropriate security pledges; the funding agreements between the Investment Fund and the community development entity(ies) (CDE); the loan(s) from the CDE to the Qualified Active Low Income Business (QALICB) controlled by the CFY Development/D & S Development entity for this Project; and, a disbursement agreement entered into by Agency, CDE's, other lenders and funding entities with respect to the development and construction period disbursement of funds.

4.2.3. Developer has performed all of the obligations that it is required to perform pursuant to this DDA, including without limitation, obtaining all required approvals of the Plans; obtaining building permits sufficient to commence Project construction; providing all required budgets, reports and evidence of insurance; and providing required construction contracts.

4.2.4. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.2.5. Developer's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.2.6. The DDA is in full force and effect, no default on the part of Developer having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Developer under the DDA.

**4.3. CONDITIONS TO DEVELOPER'S PERFORMANCE.** Developer's obligation to perform under this DDA is subject to satisfaction of all of the following conditions:

4.3.1. Agency has performed all of the obligations that it is required to perform pursuant to this DDA.

4.3.2. The closing conditions as defined in the Escrow Instructions are fulfilled as of Close of Escrow.

4.3.3. Agency's representations and warranties in this DDA are true and correct as of the date of this DDA and as of the Close of Escrow.

4.3.4. The DDA is in full force and effect, no default on the part of Agency having occurred under the DDA, and no event having occurred, which, with the giving of notice or the passage of time, will constitute default by Agency under the DDA.

**4.4. GENERAL COVENANTS AND REPRESENTATIONS AND WARRANTIES.** The parties make the following covenants, representations and warranties regarding the Property and the Project:

**4.4.1. AGENCY'S REPRESENTATIONS AND WARRANTIES.** Agency represents and warrants to Developer that as of the date of this DDA and as of the Close of Escrow, the date for which is set forth on the Schedule of Performances, to the knowledge of Agency's legal department, its Executive Director, and its staff with responsibility for development of the Property:

a) Agency has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are in violation of any applicable laws regarding Hazardous Substances, or informing Agency that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property.

b) Agency has caused a Phase I environmental study to be performed for Property. Agency has provided Developer with a copy of said study and Developer agrees that as to this study, Developer acquires no rights against either the Agency or those individuals or firms who prepared the study. To the extent, if any, that Developer relies on the study, Developer does so at Developer's own risk.

c) To the best of Agency's knowledge, there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property or with respect to Agency that would affect the Property.

d) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Agency; are binding obligations of Agency; and do not violate the provisions of any agreements to which Agency is a party.

**4.4.2. AGENCY'S COVENANTS.** Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Agency shall promptly notify Developer of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

b) Agency shall not permit any liens, encumbrances, or easements to be placed on the Property, other than the approved exceptions named as acceptable in the Escrow Instructions or as identified and approved in this DDA.

c) Agency shall not, without Developer's written consent, enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Property that would be binding on Developer or the Property after the Close of Escrow without the prior written consent of Developer, except as otherwise agreed in this DDA.

d) Agency shall not permit any act of waste or act that would tend to diminish the value of the Property for any reason, other than ordinary wear and tear.

Agency shall convey the Property to Developer pursuant to the terms and conditions contained in this DDA.

**4.4.3. DEVELOPER'S REPRESENTATIONS AND WARRANTIES.** Developer, for itself and its principals, represents and warrants to Agency that as of the date of this DDA and as of the Close of Escrow:

a) Developer has reviewed the condition of the Property, including without limitation, the physical condition of the Property (above and below the surface) and issues regarding land use and development of the Property, and if Developer closes Escrow for the acquisition of the Property, Developer shall be deemed to be satisfied that the Property is suitable in all respects for its intended development and uses.

b) Developer's agreement to close the Escrow for the acquisition of the Property serves as Developer's representation that Developer has obtained all additional information regarding the Property that Developer considers necessary for its due diligence in acquiring the Property.

c) To the best of Developer's knowledge, there is no pending or threatened litigation, administrative proceeding or other legal or governmental action with respect to Developer which would affect its ability to fulfill its obligations under this DDA and acquire the Property or which may constitute a lien against Developer's equity or Developer's interests in the Property, now or in the future.

d) Any information that Developer has delivered to Agency, either directly or through Developer's agents, is, to the best of Developer's knowledge, accurate, and Developer has disclosed all material facts concerning the operation, development, or condition of the Property.

e) Developer has the financial capacity, the equity and the financing necessary to fulfill its obligations under this DDA and acquire the Property. Developer represents that any equity and funding commitments represented by Developer to Agency as available to the Project are unencumbered and that Developer has not represented to any other party that it will use such funds for any purpose other than the Project (and covenants that it will not use them for any other purpose) without prior written Agency consent.

f) This DDA and all other documents delivered for the Close of Escrow have been duly authorized, executed, and delivered by Developer, are binding obligations of Developer, and do not violate the provisions of any agreements to which Developer is a party.

**4.4.4. DEVELOPER'S COVENANTS.** Commencing with the full execution of this DDA by both parties and until the Close of Escrow:

a) Developer covenants by and for itself and assigns, and all persons claiming under or through it, that it shall not discriminate on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of

the Government Code in the sale, lease, or rental or in the use or occupancy of the Property hereby conveyed or any part thereof. Grantee covenants by and for himself, his heirs, executors, administrators, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land. (See Section 15.1, below).

b) Developer shall promptly notify Agency of any facts that would cause any of the representations contained in this DDA to be untrue as of the Close of Escrow.

c) Developer shall not cause any liens, encumbrances, or easements to be placed on the Property prior to Close of Escrow, except as otherwise permitted by this DDA or approved in writing by Agency.

d) Developer shall not cause any act of waste or act that would tend to diminish the value of the Property for any reason, except that caused by ordinary wear and tear.

e) Developer shall complete the development of the Project at Developer's cost and without requesting or receiving additional Agency or City contributions to the Project other than as provided in this DDA.

f) Developer shall comply with all provisions of the Regulatory Agreement, and cause any subsequent purchaser of the property to so comply.

**4.4.5. CLOSE OF ESCROW.** The Escrow shall not close, and the Property shall not be conveyed to Developer unless the preceding conditions have been satisfied together with all other conditions stated in the Escrow Instructions for Close of Escrow. The Escrow shall close on or about the date shown on the Schedule of Performances.

**4.5. DAMAGE, DESTRUCTION AND CONDEMNATION BEFORE CLOSE OF ESCROW.** If, prior to the Close of Escrow: (a) damage occurs to any portion of the Property by earthquake, mudslide, fire, release of or exposure to any Hazardous Substances, or any other casualty (other than any damage caused by Developer or its employees, agents, Contractor or subcontractors) resulting in repairs or remediation costs that will exceed twenty percent (20%) of the Purchase Price; or (b) any portion of the Property is taken by eminent domain or otherwise, or is the subject of a threatened or pending taking action resulting in a twenty percent (20%) or more decrease in the after-taking value of the Property, Agency shall notify Developer in writing of the damage, destruction or condemnation. Developer may, within fifteen (15) days after such notice, elect to terminate this DDA by written notice to Agency.

**4.5.1.** If this DDA is to continue in full force and effect after any such damage or destruction, Agency shall do one of the following:

a) Agency shall pay or assign to Developer any amount due from or paid by any insurance company or any other party as a result of the damage; and the amount of any deductible under Agency's insurance policy; or

b) Agency shall pay to Developer through credit in Escrow against the cash portion of the Purchase Price for the cost of repairing or correcting such damage not covered by insurance, provided, however, that the amount of any payment of such credit against the Purchase Price pursuant to this clause shall not exceed thirty percent (30%) of the Purchase Price. If this DDA is to continue in full force and effect after such condemnation action, Agency shall pay any amounts received on account of, and assign to Developer all of Agency's rights regarding, any awards for such taking.

**4.5.2. COMMISSIONS.** Agency is not responsible, by this DDA or otherwise, to pay commissions on this transaction or any related transaction.

**5. AGENCY FUNDING.** The Agency shall provide funding for the Project as provided in the Commitment Letter, which has been authorized by the Agency's governing board at the same time as this DDA. The Commitment Letter for funding requires a grant and forgivable loan to the Downtown Sacramento Revitalization Corporation ("DSRC") for the specific purpose of the DSRC to fund, loan, grant or otherwise participate in a manner that commits one hundred percent of this funding to the New Markets Tax Credit structure created for the purpose of the implementing the Project as contemplated by this DDA. All terms regarding Agency funding are in the Funding Agreement (s), including without limitation, the source and use of funds. Agency funding of the purchase price shall be subject to a separate Funding Agreement in the form of an Permanent Loan.

**6. PREPARATION AND APPROVAL OF PLANS AND RELATED DOCUMENTS.** The Agency shall have the right, but not the obligation, to review Plans to assure their conformity with the provisions of this DDA. Based upon such review the Agency shall have the right to approve or reject the Plans for reasonable cause.

**6.1. EXTENT AND CHARACTER OF PLAN REVIEW.** Agency's right of review includes, without limitation, the right to review architectural and engineering plans and specifications, off-site plans and specifications, and landscaping designs and specifications. Agency's approval of Plans is neither a representation of nor an assurance of their adequacy or correctness. Agency has reserved approval rights solely (a) to assure that the Plans further the Redevelopment Plan; (b) to assure that the Final Plans conform to the Plans; and (c) to assure that Agency's purposes are fulfilled and any Agency funds which may be obligated under this DDA are used as intended by the Agency. This DDA is a financing document and not a land use or planning document. Approval of the Project and Plans under this DDA is only an approval by Agency of the Project design "concept" as presented in this DDA. Such approval by Agency is not and shall not be considered an approval of land use entitlements, structural design of the Project, or the aesthetic design of the Project. Developer shall comply with all applicable land use, planning and design laws, rules and regulations of each governmental agency acting in proper exercise of its respective jurisdiction, including without limitation, departments, staff, boards and commissions of the City.

**6.2. CONCURRENT REVIEW.** Agency agrees that its review of the Final Plans shall occur before or concurrently with City's review of such plans, so as not to delay the commencement and progress of Project development.

**6.3. PLANS.** Developer has provided Agency with Plans, and the Agency has approved the Plans concurrently with this DDA. The Agency has been induced to undertake its obligations under this DDA by Developer's promise to develop the Project in accordance with the Plans, the Scope of Development and the provisions of this DDA.

**6.4. PREPARATION OF FINAL PLANS AND RELATED DOCUMENTS.** Developer shall prepare the Final Plans that shall include all construction plans, drawings, specifications and other documents necessary to obtain all required building permits for the construction of the Project. Developer shall submit the Final Plans to the Agency for Agency's review. The Final Plans shall conform in all material respects to this DDA, including without limitation, Plans and the Scope of Development. To the extent that the DDA has insufficient detail or is unclear, the DDA shall be deemed to provide that the Project shall contain high-quality materials, and shall conform to all applicable laws, regulations, zoning, design and usage guidelines. The Final Plans shall be considered to include all changes or corrections approved as provided in this DDA. The Final Plans shall incorporate all related mitigation measures required for compliance with approvals under CEQA and any conditions of City approval of the project, unless otherwise fulfilled. Developer agrees that it will comply with the requirements of the City of Sacramento Design Review/Preservation Board to the extent of its jurisdiction.

**6.5. DELIVERY.** Developer shall deliver the Final Plans or changes to the Final Plans for Agency review as soon as available. Said delivery shall be made to the office of the City of Sacramento Economic Development Department, which is staff to the Agency for Project Area at the address for notices and shall have clearly marked on its exterior "URGENT: Southern Portion of 700 Block of K PROJECT PLAN REVIEW" or the equivalent.

**6.5.1. DEEMED APPROVAL.** If duly marked and delivered, the Final Plans or changes to the Final Plans shall be deemed approved unless disapproved in whole or in part, in writing, within thirty (30) days after their proper delivery to Agency.

**6.5.2. AGENCY DISAPPROVAL.** If Agency disapproves, in whole or in part, the Final Plans or any change to the Final Plans, Agency shall state, specifically and in writing, at the time of disapproval, the reasons for disapproval and the changes that the Agency requests to be made. Agency's reasons for disapproval and such Agency-requested changes shall be consistent with this DDA, including without limitation, the Plans, the Final Plans, the Scope of Development and with any items previously approved in accordance with this DDA. If the Agency rejects the proposed Final Plans, Developer shall obtain no rights to develop the Property under this DDA and Agency shall have no obligations regarding the Project until such time as Developer has modified the proposed Final Plans and received the Agency's approval of the Final Plans as modified.

**6.6. GOVERNMENTAL CHANGES.** If any revisions or corrections of the Final Plans shall be required by any government official, agency, department or bureau in exercise of its proper

jurisdiction, the Developer shall inform the Agency. If Agency and Developer concur in writing with the required change, Developer shall incorporate the change and it shall be deemed approved by Agency. If Agency or Developer reasonably disagrees with the required change, they shall reasonably cooperate with the agency requiring the change in efforts to develop a mutually acceptable alternative.

**6.7. APPROVAL OF SUBSTANTIAL CHANGES TO FINAL PLANS.** If the Developer desires to make any substantial changes in the Final Plans, Developer shall submit such proposed changes, in writing, to the Agency for its approval. The Agency shall approve or disapprove the proposed change as soon as practicable. The Final Plans shall be construed to include any changes approved in the same manner as for approval of the original Final Plans under this section. The Final Plans shall be construed to include any such changes. Nothing in this Section shall be construed to relieve Developer of its obligations under all applicable laws regarding such changes.

**6.7.1. SUBSTANTIAL CHANGE.** A substantial change in the Final Plans shall include, without limitation, the following changes, excluding those items generally considered to be tenant improvements:

- a) Material changes in the layout, elevation design, functional utility or square footage
- b) Material changes in use of exterior finishing materials substantially affecting architectural appearance or functional use and operation.
- c) Any change that reduces the effectiveness of any mitigation measure required for CEQA approval of the Project.
- d) Material changes in site development items for the Property that are specified in the Final Plans.

Material changes in the type, location, visibility, accessibility, size, design or artist for any artwork shown in the Final Plans or otherwise accepted by the Agency under the Art in Public Places Program.

- e) Material changes in quality of project or landscaping materials.
- f) Any change in public amenities specified in the Final Plans.
- g) Any changes requiring approval of, or any change required by, any city, county or state board, body, commission or officer.
- h) Any change that would preclude or materially reduce the ability to use the Project as intended by this DDA.

**6.7.2. MISREPRESENTATION.** If the Agency's approval of the Final Plans is reasonably based upon a material misrepresentation to Agency by Developer or by anyone on Developer's

behalf, the Agency may, within a reasonable time after discovery of the misrepresentation, take any action permitted by law with regard to any such misrepresentation, notwithstanding Agency's prior approval, including without limitation, rescission of the approval or such other equitable remedies as may then be appropriate to such rescission.

**7. DEVELOPMENT PROVISIONS.** As stated in detail in this Section 7, Developer shall construct and manage the Project according to the requirements established in this DDA, which includes, without limitation, the Scope of Development, the Schedule of Performances and the Plans. Developer shall promptly begin, diligently prosecute and timely complete the construction of the Project. In interpreting the provisions of this DDA, the provisions that specifically enforce the Redevelopment Plan and the applicable provisions of the California Redevelopment Law (commencing at Health and Safety Code Section 33000) shall control.

**7.1. NOTICE TO PROCEED.** Developer shall not enter the Property or begin work on the Project until the Agency has issued to Developer a written notice to proceed with the work. Agency will issue a notice to proceed after Agency approval of the Final Plans, City's issuance of a building permit for substantially more than the Project foundations, Developer's compliance with all governmental requirements for start of construction, Developer's provision of required policies of insurance, and Developer's provision of proof of construction financing in an amount adequate to begin the Project work.

**7.2. CONSTRUCTION CONTRACTS.** Developer shall submit to Agency the construction contract or contracts for the Project. Agency's review of the construction contract shall be only for determining its compliance with this DDA. If the cost of construction of the Project or any part of the Project exceeds the costs projected by Developer, Developer shall, nevertheless, bear the responsibility to complete, at Developer's cost, the construction of the Project in accordance with this DDA. If the property is revested in the Agency pursuant to Section 13.1, Developer shall assign all rights under the construction contracts to Agency.

**7.3. GOVERNMENTAL REVIEW PROCESS.** Notwithstanding any other provision of this DDA, Developer is subject to all building, planning, design and other plan review requirements that are otherwise applicable to the project, including without limitation those of the City of Sacramento. To assure proper review by the City, Developer shall, within thirty (30) days of the date of this DDA, make an initial deposit toward "plan check fees" with the City's Planning Department. In addition, Developer shall, as applicable, take designs before the City's Design Review/Preservation Board or its appropriate subcommittee for comment as soon as practicable. Conditions to the project imposed by the City shall be considered obligations of the Developer under this DDA. If a dispute with City staff arises regarding such City conditions, Developer shall accept the decision of the City's Planning Commission interpreting, imposing and enforcing such City conditions, subject to any applicable appeals process of the Planning Commission.

**7.4. ART IN PUBLIC PLACES.** The Project is a private project subject to the Art in Public Places Program. Developer shall comply fully with the Art in Public Places Program, and pursuant to such policy, Developer shall expend, for the acquisition and installation of Aesthetic Improvements, not less than two percent (2%) of the construction contract price. Art in Public

Places applies only to the market rate residential portion of the Project and more specifically in the area designated for new construction. The low- and moderate income residential portion of the Project improves and increases the stock of affordable housing in the community. Imposition of the Art in Public Places Program would increase the cost of the Project substantially and reduce either the number of affordable units available in the Project or the affordability of those units. Therefore, the Aesthetic Improvement Policy requirements are not applicable.

**7.5. SUBSTANTIAL CHANGES.** Developer covenants and agrees that Developer shall not make or permit to be made any construction of the Project which incorporates a substantial change in the Final Plans, as described in Section 6.7, without Agency approval of such changes as provided in Section 6.7.

**7.6. LOCAL, STATE AND FEDERAL LAWS.** The Developer shall assure that the construction of the Project is carried out in conformity with all applicable laws and regulations, including all applicable federal and state labor standards. Before commencement of construction or development of any buildings, structures or other work of improvement upon the Property, Developer shall at its own expense secure any and all certifications and permits which may be required by any governmental agency having jurisdiction over such construction, development or work. Agency shall cooperate in securing certifications and permits which require consent of the owner of the property. Developer shall permit only persons or entities which are duly licensed in the State of California, County of Sacramento and City of Sacramento, as applicable, to perform work on or for the Project.

**7.7. PREVAILING WAGES.** Agency advises Developer that the Project is subject to the payment of prevailing wages under California law. Developer shall inform the Contractor and shall require the Contractor to inform all subcontractors and materialmen furnishing goods or services to the Project of Agency's determination of the applicability of California prevailing wage requirements. Developer and Contractor have had the opportunity to meet with their respective legal counsel and to request a determination of the matter before the California Department of Industrial Relations and any other appropriate governmental bodies. Developer and Contractor have made their own independent determinations of the applicability of prevailing wage laws and have independently implemented such determinations. Developer indemnifies, holds harmless and defends the Agency from all additional wages, benefits, fees, penalties, fines, legal fees, court costs, arbitration costs, and other costs arising from the improper application of California prevailing wage laws to the Project by Developer or Contractor or both of them.

**7.8. PUBLIC SAFETY PROTECTIONS.** Developer shall assure that all necessary steps are taken (including the erection of fences, barricades and warning devices) to protect private contractors and their employees and the public from the risk of injury arising out of the condition of the Property or Developer's activities in connection with the Property, including without limitation, fire, or the failure, collapse or deterioration of any improvements or buildings.

**7.9. NO DISCRIMINATION DURING CONSTRUCTION.** Developer for itself, the general contractor and their respective successors and assigns, agrees that the following provisions shall apply to, and be contained in all contracts and sub-contracts for the construction of the Project:

**7.9.1. EMPLOYMENT.** Developer shall not discriminate against any employee or applicant for employment because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation. Such action shall include, but not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.

**7.9.2. ADVERTISING.** Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, marital status, national origin, ancestry, familial status, or disability.

**7.9.3. MONITORING PROVISIONS.** Developer, Contractor and subcontractors shall comply with the requirements of the Agency for monitoring the anti-discrimination and all applicable labor requirements.

**7.10. PUBLIC IMPROVEMENTS.** Developer shall, at Developer's expense, undertake and complete any modification, construction, relocation or improvement of public facilities, improvements and utilities for the development of the Property.

**7.11. AGENCY ACCESS TO THE PROPERTY.** Developer shall permit Agency representatives access, without charge, to the entire Property at any time and for any purpose which Agency reasonably considers necessary to carry out its obligations and protect its interests under the DDA. Purposes for Agency entry may include, without limitation, inspection of all work being performed in connection with the construction of the Project.

**7.12. PROJECT SIGN.** If Developer places a sign on the Property during construction stating the names of the Project participants, it shall also name "Redevelopment Agency of the City of Sacramento" as a participant in the Project. The Agency name on the sign shall be in letters not less than the size of letters used to name any of the other participants.

**7.13. CERTIFICATE OF COMPLETION.** After the Agency has determined that Developer has completed the construction of the Project in accordance with the Final Plans and Developer's obligations under this DDA, the Agency will furnish the Developer with the Certificate of Completion certifying such completion. The Agency's issuance of the Certificate of Completion shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the DDA with respect to the obligations of the Developer to construct the Project as

of the Completion Date specified in the Schedules of Performances, subject to any qualifications or limitations stated in such certification. Agency shall prepare and execute the Certificate of Completion in a form suitable for recording in the Official Records of Sacramento County.

7.13.1. The Certificate of Completion shall not constitute evidence of compliance with any governmental requirements regarding the Project other than those of Agency or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance all or any part of the Project. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any provision of this DDA that is not related to construction of the Project.

7.13.2. If the Agency fails to provide a Certificate of Completion within fifteen (15) days after written request by Developer, the Agency shall, within an additional fifteen (15) days after a second written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Project in accordance with the provisions of the DDA, or is otherwise in default, and what measure or acts it will be necessary, in the opinion of the Agency, for the Developer to take or perform in order to obtain such certification.

7.14. **CONSTRUCTION PERIOD EXTENSION FEE.** If Developer does not complete the construction of the Project on or before the completion date set forth in the Schedule of Performances, Developer shall pay to Agency, monthly, in advance, on the first day of each month beginning the calendar month following said completion date, a construction period extension fee of Fifty Dollars and No Cents (\$50.00) for each day by which the completion of construction is delayed beyond said completion date. Such construction period extension fee due for days of delay occurring prior to the first payment date shall be paid in arrears at the time of the first payment under this Section. The number of days used in computation of the construction period extension fee shall be reduced by the number of days of Unavoidable Delay. Failure to pay such construction period extension fee when due is a material default of this DDA. Any unearned portion of an advance payment of any such extension fee shall be refunded by the Agency within thirty (30) days of completion of construction, or of termination of the DDA. Agency shall have the option to terminate, upon ten (10) days prior written notice, Developer's rights to such unpaid construction extension fee and to declare Developer in material default of this DDA. In any event, such construction extension fees shall not be accepted for a time period greater than six (6) months excluding any period of Unavoidable Delay, at which time Developer shall be deemed in material default of this DDA.

7.15. **REPORTS.** During the period of construction, the Developer shall submit to the Agency a written report of the progress of the work as and when reasonably requested by the Agency, but not more often than once each month.

7.16. **NOTIFICATION OF GENERAL CONTRACTORS, ARCHITECTS AND ENGINEERS.** Developer shall assure notification of the Project contractors, architects and engineers for the Project of the requirements of this DDA. Developer shall include, where applicable, the provisions of this DDA in construction contracts, subcontracts, materials and supplies contracts

and services and consulting contracts for the Project, and Developer shall undertake the enforcement of such provisions.

**7.17. PROPERTY CONDITION.** Developer, at Developer's expense, shall conduct any Property investigation beyond those provided by Agency under this DDA and which Developer may consider necessary to determine the condition of the Property for the development of the Project. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of such investigations. Except as provided in this DDA, if the condition of the Property is not in all respects entirely suitable for the use or uses to which the Property will be put, it is the sole responsibility and obligation of the Developer to take such reasonable actions as may be necessary to place the condition of the Property in a condition which is entirely suitable for its development in accordance with the construction plans and drawings approved by Agency. Agency shall not be responsible for removing any surface or subsurface obstructions, or structures of any kind on or under the Property.

**7.18. ZONING OF THE PROPERTY.** Agency exercises no authority with regard to zoning of the Property. Developer shall assure that zoning of the Property at the time of development shall be such as to permit the development and construction, use, operation and maintenance of the Project in accordance with the provisions of this DDA.

**7.19. HAZARDOUS SUBSTANCES.** Agency has obtained a Phase I and Phase II Hazardous Substances assessment, and has delivered them to Developer. In any event, Developer shall obtain such Hazardous Substances assessments as Developer deems reasonably necessary to assure the development of the Project in accordance with all applicable laws, rules and regulations; provided, however that such assessments are prepared by a qualified environmental specialist in accordance with nationally recognized standards to determine the existence of and to quantify the extent of Hazardous Substances on the Property. As between the Agency and Developer, Developer shall be solely responsible for the adequacy of any Hazardous Substances investigations obtained by Developer. If Hazardous Substances are known to be on the Property, Developer shall remediate such Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer, Developer shall remediate all Hazardous Substances on the Property as and to the extent required by any federal, state or local agency having jurisdiction regarding Hazardous Substances standards or remediation and as may be necessary to avoid incurring liability or further liability under any federal, State and local law or regulation. If Hazardous Substances are discovered on the Property after conveyance to Developer and have not been released on the Property after conveyance to Developer and the cost to remediate such Hazardous Substances is reasonably estimated to exceed Twenty-Five Thousand Dollars (\$25,000), Developer may elect to terminate this DDA, upon reconveyance of the Property to Agency and return of all monies and properties delivered pursuant to or in furtherance of this DDA. Developer shall bear One Hundred percent of the costs related to such remediation.

**7.20. DEVELOPER ACCESS TO PROPERTY.** Prior to the conveyance of the Property by Agency to Developer, the Agency shall permit representatives of Developer to have access, without charge, to the Property, at all reasonable times for the purpose of obtaining data and making various tests necessary to carry out Developer's obligations under the DDA; provided, however, that Developer shall not enter the Property except (a) after execution by Developer and Agency of Agency's standard "Permit for Entry" and (b) after Developer has obtained insurance coverage then required by Agency. No work shall be performed on the Property until a "Notice of Nonresponsibility" has been recorded and posted in accordance with applicable laws, assuring that Agency interest in the Property shall not be subject to mechanic's liens related to such work. Developer shall not commence any work on the Property without Agency's written approval of the work to be done, and in any event, Developer shall not commence any work which might be construed as commencement of the work of the Project for establishment of mechanic's lien rights.

**8. RELOCATION.** Agency is required by law to provide relocation services and make relocation payments to eligible tenants, if any, that are displaced as a result of the Project. Developer shall comply fully with all relocation laws that are the obligation of Agency or are otherwise applicable to the Project. Developer's compliance with the relocation requirements as stated in this Section 8 is a material element of this DDA. Developer's failure to comply with the relocation requirements as stated in this Section 8 is an Event of Default, subject to Developer's opportunity to cure in accordance with applicable law.

**8.1. RELOCATION COSTS.** Unless otherwise stated in this Agreement, any amounts paid by Agency for relocation costs and services shall be considered advances under the Agency funding.

**8.2. COOPERATION AND ACCESS.** Developer shall cooperate fully with Agency in complying with such relocation laws, including without limitation, providing Agency access to all tenants of the Property, to all books and records related to the tenants of the Property and to all properties offered for temporary or permanent relocation. Prior to taking any action with respect to relocation of tenants, Developer shall meet with Agency to establish reasonable protections for tenants and related reporting requirements for Developer.

**8.3. DEVELOPER AS RELOCATION AGENT.** With the approval of Agency, Developer may act as Agency's agent in accomplishing such relocation. Agency and Developer by memorandum in writing shall establish their respective duties related to such relocation. If Agency and Developer agree that Developer will act as Agency's agent for purposes of this DDA, Developer may enter into agreements for the provision of relocation services, or Developer may perform such services directly. Developer shall, by provisions in its agreements or by direction to its staff, assure that the entity performing the relocation services: (a) complies with all applicable laws; (b) fully informs Agency of all relocation activities; (c) makes all requests for direction or clarification to Agency; and (d) responds to and follows the Agency's instruction and direction.

**9. DEVELOPMENT FINANCING.** Except as specifically provided in this DDA, Developer shall be responsible for and shall pay all costs of developing the Project in accordance with this DDA. As a condition precedent to Agency's conveyance of the site to Developer, Developer shall provide the Agency with a complete and firm Project budget including all proposed sources and

uses of funds, all "hard" and "soft" costs and contingencies and reflecting, as possible, firm bids or accepted contracts and with evidence of sufficient funds to meet all budget requirements. To the extent that funds specified in this DDA for the Project are insufficient to fully fund the Project, the Developer shall provide evidence, satisfactory to the Agency, of the additional required construction and permanent financing. Except as expressly provided in this DDA, no party shall have the right of reimbursement for any funds expended by them for the Project, whether prior to execution of this DDA or otherwise. Agency is not obligated by this DDA or otherwise to make any contribution beyond its obligations stated in this DDA.

**9.1. EVIDENCE OF AVAILABLE FUNDS.** Unless otherwise approved by the Agency, Developer's evidence of available funds, as required in the preceding section, must include only the following: (a) Developer equity (as provided in Section 9.3); (b) firm and binding loan commitments (as provided in Section 9.2) from each Lender, in form and content acceptable to Agency; and (c) Agency contribution, if any, as specified in this DDA. Within ten (10) days after Agency's request, Developer shall provide all additional information requested by the Agency for evaluation of the actual availability of funds included in such evidence, including without limitation, requests for clarification, further evidence or audited financial reports.

**9.2. COMMITMENT AND LOAN REQUIREMENTS.** As a material obligation under this DDA, Developer shall assure that the loan or funding documents for the Project are consistent with the Lenders' and NMTC commitments approved by the Agency and comply, in all respects, with this DDA. The Agency may reject a loan or funding commitment unless such commitment: (a) is subject only to Lender's reasonable conditions of title and Developer's execution of standard loan documents (copies of which have been previously provided to and approved by the Agency); (b) contains only usual, customary, and commercially reasonable loan terms; (c) continues in effect until a time when subject financing is reasonably expected to be required; and (d) for construction financing, provides for a construction loan term not less than that specified in the Schedule of Performances for completion of construction and any additional time necessary to fulfill all conditions precedent to funding of permanent financing. The Agency may also reject any commitment if it is based upon sources and uses of Project funds that are different from those approved by Agency for the Project. The Agency may also reject any commitment that requires changes to the Project which conflict with this DDA, that require a material amendment of this DDA or that require the Agency to enter into agreements with any Lender, guarantor, equity partner or any other third-party, (other than customary estoppel certificates or clarification of terms) except that the Agency will enter into Funding Agreements with the Downtown Sacramento Revitalization Corporation ("DSRC") for the purpose of providing funding towards the construction of this Project pursuant to the Commitment Letter and the Agency. The Agency will also enter into a disbursement agreement with the CDE(s) and other relevant funders or servicers of any Project financing regarding the disbursement of QLIC proceeds for Project; uses from the CDE to the Developer.

**9.3. EVIDENCE OF DEVELOPER EQUITY.** Unless otherwise agreed in writing by the Agency, Developer may provide evidence of equity ("Developer Equity") in the amount of Three Million Thirty One Thousand Four Hundred and Fifty Five Dollars No Cents (\$3,031,455.00) by any one of the following actions: (a) deposit of the required equity in a joint account with the Agency, which funds shall be released only upon the joint signatures of the Agency and the Developer;