

2011 YEAR END REPORT



Capitol Area Development Authority

Sacramento, California
www.cadanet.org



Key actions and accomplishments



Ann Bailey
Chair
Appointed by the
State of California



Robert Lagomarsino
Vice Chair
Appointed by the City
of Sacramento



Ronald Alvarado
Appointed by the State
of California



Kristan Otto
Appointed by the City
of Sacramento



Page Robbins
Appointed by the
CADA Board



Paul Schmidt
Executive Director
(Retired December 31, 2011)

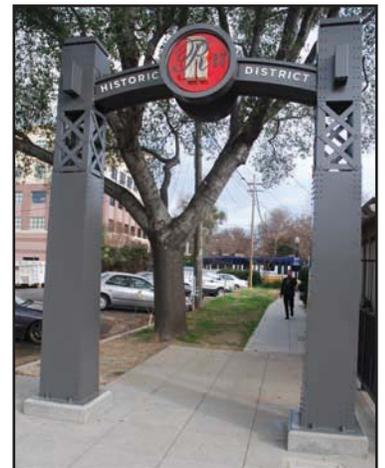


Jacqueline Whitelam
Interim Executive Director

To maintain momentum in a difficult lending environment, CADA assisted developers in their pursuit of project financing. Through these efforts the \$4.9 million Proposition 1C grant secured by CADA and Holliday Development from the State Department of Housing and Community Development for the Capitol Lofts project at 11th & R Streets was retained. Additionally, CADA worked with Ravel Rasmussen Separovich Domich on re-structuring their development agreement to secure financing from Union Bank for the East End Gateway Sites 2 and 3 project at 16th & O Streets. This was particularly significant because this project is the first large market-rate mixed-use apartment development to be privately financed in Sacramento in five years. On January 12, 2012, federal, state and local dignitaries joined CADA and the development team in celebrating the next stitch connecting the State Capitol Campus to the surrounding urban fabric.



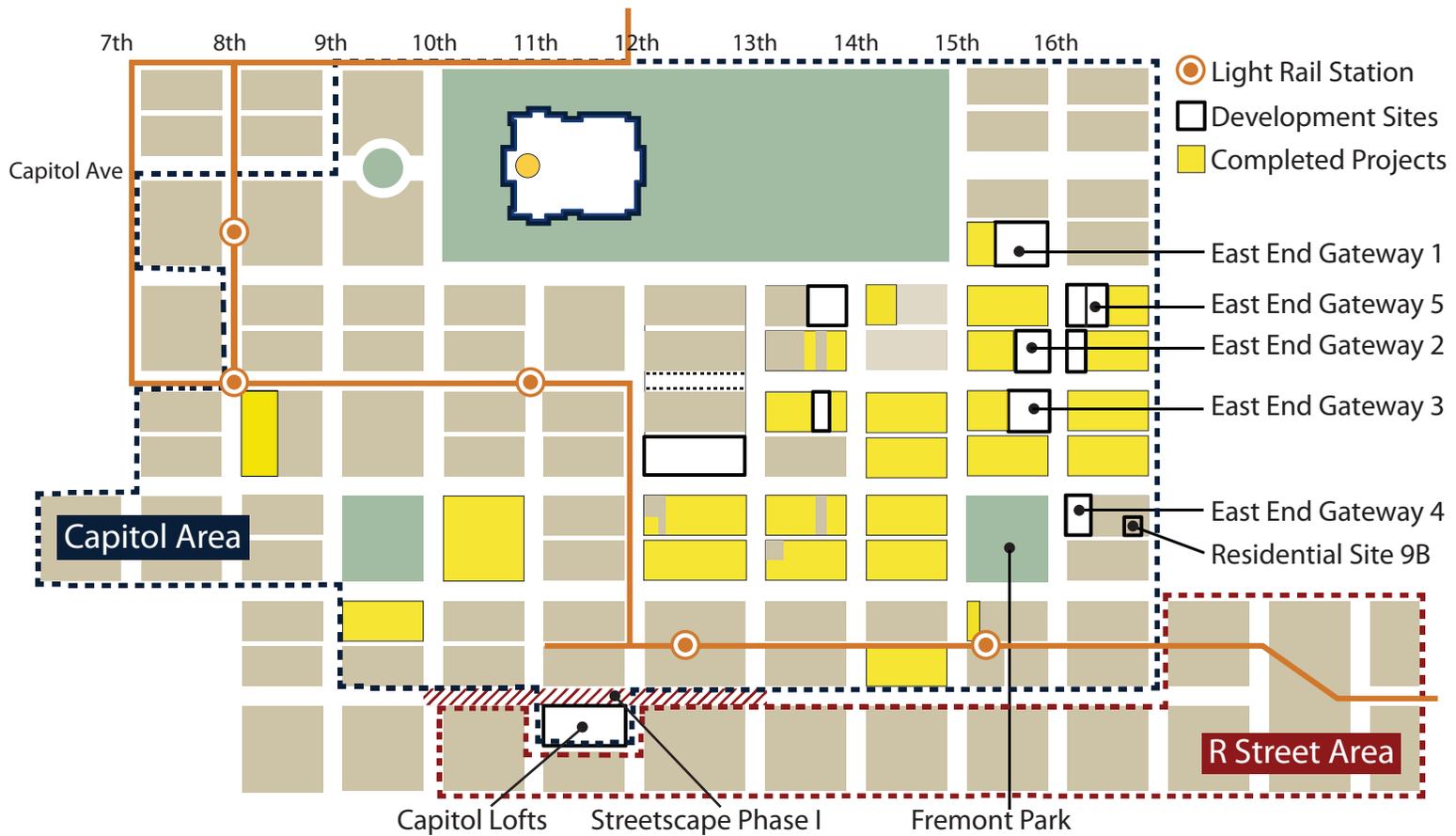
To improve the viability of the State Capitol Campus and encourage private investment, CADA constructed infrastructure and public right-of-way improvements. On R Street, working with the City of Sacramento, CADA rebuilt the public right-of-way between 10th and 13th Streets. CADA coordinated construction to minimize the impact on the operations of R Street businesses and, with savings realized on the construction, funded the fabrication and installation of public art. These efforts laid the groundwork for the anticipated establishment in 2012 of a Property Business Improvement District through which property and business owners will fund maintenance of these improvements. On 16th Street, CADA provided funds for 30% Streetscape Improvement Plan drawings allowing for the submittal of an application for a \$795,000 Proposition 84 Green Projects grant. Should these funds be secured from the State's Strategic Growth Council, final design and installation of intersection bulb-outs, storm water retention planters, and new trees will proceed in 2012 and 2013.



To further the environmental goals of Executive Order 2-20-04, with the assistance of incentive funds provided by the Sacramento Municipal Utility District (SMUD), CADA initiated HVAC improvements on its highest energy consuming properties identified through its work with the Department of General Services (DGS) Green Team. This work will address the executive order goal to reduce energy consumption in all state-owned buildings by 20% and will improve CADA's fiscal bottom line by reducing utility costs.

Actions taken to address State needs

CADA does not receive operational funding from the State and its actions do not contribute to the State budget deficit. The state-owned properties it manages, however, are being reviewed by DGS for possible sale in response to the May 2011 Budget Revise, in which the Governor directed DGS to review all state-owned property that may no longer be needed for a state programmatic use. With regard to state-owned properties managed by CADA, it is DGS' intention to develop a long term strategic plan that will allow CADA to complete its programmatic mission as set forth in the State Capitol Area Plan, including both building out remaining development sites and meeting affordable housing mandates. In 2011, CADA worked with DGS on the first step of this process, which is identifying the issues involved in the sale of individual properties. In 2012, this process will continue with a February 2012 public workshop. This workshop will serve as a precursor to the preparation of CADA's Strategic Plan for the period of 2013- 2018.



CADA is a disposition agent for state lands in the Capitol Area. Of the 33 acres that the State has leased to CADA since 1978, 19 acres have been either developed for state offices or sold for the construction of mixed-use residential development.

CADA has completed 836 new housing units and has 84 units under construction at East End Gateway Sites 2 & 3. Another 326 units are in development at the following sites: East End Gateway 1, 4 & 5; the Capitol Lofts and; Residential Site 9B. Development of the remaining 225 units needed to reach the goal of 1,471 units will proceed as the economy improves and the State makes land available to CADA.

In the Capitol Area, 25% of the units located on property leased by CADA from the Department of General Services or on property purchased by CADA from the Department of General Services must be maintained as affordable to low income households on a continuing basis. CADA meets this requirement by providing rent assistance to qualified residents occupying apartments it manages or by facilitating the inclusion of units affordable to low income residents on properties CADA has sub-leased or sold to other parties.

In the R Street Area, CADA is required by build-out in 2032 to ensure that at least 15% of all units developed by entities other than CADA are affordable to low and moderate income households with not less than 40% of these units affordable to very low income households. CADA is also required to ensure that at least 30% of all units that it

develops by build-out in 2032 are affordable to low or moderate income households with not less than 50% of these units affordable to very low income households. In 2010, CADA continued to set-aside tax increment funds generated by the R Street Area into a reserve to facilitate the future production of housing affordable to low and moderate income households.

Capitol Area Affordable Housing

Dwelling Units	Affordable	Market	Total
Managed by CADA	210	574	784
Developed by CADA*	136	464	600
Total	346	1038	1384
Percentage Split	25%	75%	100%

R Street Area Affordable Housing

Dwelling Units	Total	Affordable
Produced since 2002	22	0
Projected at Build-Out**	797	119 (48 very low, 71 low /mod)

* Units developed on property leased or purchased by CADA from the Department of General Services that CADA subsequently sub-leased or sold to other parties.

** Assumes all units built on R Street are developed by entities other than CADA.

CADA is a joint powers authority created in 1978 by the State of California and the City of Sacramento to implement the residential and neighborhood commercial components of the State's Capitol Area Plan – a progressive smart growth plan for state-owned properties blighted by acquisition and demolition activities undertaken in the sixties for the construction of a State Capitol office campus. Rather than setting a static blueprint, the Plan set goals and an implementation structure allowing it to be effected through changing political and economic conditions. This structure called for the creation of CADA.

In 2002, after the City of Sacramento adopted the R Street Corridor Master Plan, and because of CADA's successes in the Capitol Area, CADA was charged with the additional responsibility of maximizing transit-oriented development in the R Street Area – a blighted warehouse area adjacent to the Capitol Area in which two major light rail lines serving the metropolitan Sacramento region converge.

CADA does not receive operational support from either the State or the City. CADA's primary revenue is the rental income it generates from maintaining and managing apartment buildings that survived the State's acquisition and demolition activities. Since 1978, CADA has preserved critically needed rental housing and has built over 800 new dwelling units through public private partnerships. Twenty-five percent (25%) of all CADA units are affordable to extremely low, very low and low income households. CADA also supports neighborhood retail development and undertakes other neighborhood-building projects including toxic site remediation; new streetlights; community gardens; the rebuilding of storm-sewer pipes, alleys and sidewalks; and the undergrounding of utility lines.

CADA's secondary revenue is the tax increment generated from new mixed-use, mixed income developments. CADA must separately account for the utilization of the tax increment in the Capitol Area and R Street Area. Twenty percent (20%) is set-aside to increase and improve the supply of affordable housing. Eighty percent (80%) is used for CADA's other neighborhood-building development projects.

Because development projects require advance funding and the timing and level of tax increment is uncertain, CADA maintains a ten-year financial forecast that analyzes the impact of all development projects and anticipated contextual changes on CADA's overall operations. This projection is updated annually prior to the preparation of the upcoming fiscal year budget and reviewed whenever CADA makes a decision concerning a significant development project.

CADA policy decisions are made by a publicly appointed 5-member board. CADA staff members are at-will employees serving at the discretion of an Executive Director hired by its board. CADA is currently staffed by 24 administrative employees, an 8-member maintenance crew, 9 on-site apartment managers and 6 part-time employees. Legal counsel for CADA is provided through a contract with a private firm.

Statement of Revenue and Expenses for year ending 6/30/2011	
Revenues	
Rental of property and equipment	\$7,852,800
Less: low –income rent assistance	(787,448)
Tax increment revenue	2,798,165
Interest on investments	501,300
Development revenue and grants	160,574
Other	63,980
Total Revenues	\$10,589,371
Expenses	
Employee salaries and benefits	\$3,402,479
Services and supplies	2,150,032
Development projects	524,703
Repairs and maintenance	1,082,249
Allowance for Uncollectibles	16,272
Amortization and depreciation	1,049,401
Interest expenses	993,019
Total Expenses	\$9,218,155
Net Results	\$1,371,216

Capitol Area Tax Increment	Set-Aside	Unrestricted
Sources (year ending 6/30/2011)		
Current Year	\$389,844	\$1,559,380
Prior Year (unexpended)	16,802	401,326
Total	\$406,646	\$1,960,706
Uses		
Bond Debt Service	\$163,201	\$630,355
Direct Expenditures	215,490	1,188,238
Reserved	27,955	142,113
Total	\$406,646	\$1,960,706
Net	-	-

R Street Area Tax Increment	Set-Aside	Unrestricted
Sources (year ending 6/30/2011)		
Current Year	\$169,788	\$679,153
Prior Year (unexpended)	-	135,469
Total	\$169,788	\$814,622
Uses		
Bond Debt Service	\$10,152	\$42,904
Direct Expenditures	8,000	771,718
Reserved	151,636	-
Total	\$169,788	\$814,622
Net	-	-