

Meeting Date: 3/8/2016

Report Type: Public Hearing

Report ID: 2016-00188

Title: (City Council/Housing Authority) Lavender Courtyard by Mutual Housing - Tax Equity and Fiscal Responsibility (TEFRA) Hearing, Approval of Funding Commitment and Tax Exempt Bonds (Noticed 02/19/2016)

Location: 605 16th Street, 1612 F Street and 1616 F Street, District 4

Recommendation: Conduct a public hearing and upon conclusion pass 1) a City Council Resolution indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and financing of the Lavender Courtyard by Mutual Housing; 2) a City Council Resolution which authorizes the Sacramento Housing and Redevelopment Agency to a) approve a funding commitment of \$1,905,525 in City Home Investment Partnership (HOME) funds and \$873,942 (\$642,460 loan and \$231,482 rent subsidy grant) in Housing Opportunities for Persons with AIDS (HOPWA) funds to the project, b) execute a Funding Commitment Letter with Lavender Associates, L.P. (Mutual Housing California) or related entity, c) execute all necessary documents associated with this transaction, d) amend the Agency budget, and e) make related findings; 3) a Housing Authority Resolution a) indicating the intention of the Housing Authority of the City of Sacramento to issue up to \$13.5 million in tax-exempt mortgage revenue bonds to provide acquisition, construction and permanent financing for the Project, b) authorizing an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue bonds, and c) authorizing the Executive Director, or designee, to execute necessary documents associated with the transaction; and 4) a City Council Resolution supporting the application for funding from State Affordable Housing and Sustainable Communities program.

Contact: Christine Weichart, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Presenter: Christine Weichart, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Department: Sacramento Housing & Redevelopment Agency

Division: Sacramento Housing & Redevelopment Agency

Dept ID: 99991011

Attachments:

- 01-Description/Analysis
- 02-Lavender Courtyard Map
- 03-site Plan Maps
- 04-Project Rendering
- 05-Background
- 06-Project Summary
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- 10-Exhibit A (Funding Commitment Letter)
- 11-City Council Funding Commitment Letter
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- 13-City Council AHSC Support Lavender Ctyd

City Attorney Review

Approved as to Form
Sheryl Patterson
2/29/2016 10:42:53 AM

SHRA Counsel Review

Approved as to Form
David Levin
2/22/2016 2:57:22 PM

Approvals/Acknowledgements

Department Director or Designee: LaShelle Dozier - 2/22/2016 2:57:22 PM

Description/Analysis

Issue Detail: The proposed Lavender Courtyard by Mutual Housing (Project) is a new construction affordable senior housing development friendly to the Lesbian, Gay, Bisexual, and Transgender (LGBT) community. This Project is the first of its kind in the region. The development is located on approximately 0.59 vacant acres at 605 16th Street, 1612 F Street and 1616 F Street in Sacramento's historic Washington Park neighborhood. The proposed development has 53 units consisting of 49 one-bedroom units and four two-bedroom units in a four-story building, and includes a community room, leasing office, laundry facilities, and an 863 square foot commercial space. A vicinity map, site plans and project rendering are included as Attachments 1, 2 and 3.

Lavender Associates, L.P. (Mutual Housing California) acquired the property in July 2015. Mutual Housing California (Developer) has applied to the Agency for the issuance of up to \$13,500,000 in tax exempt mortgage revenue bonds, and a gap financing Agency loan of \$2,547,985, consisting of \$1,905,525 in Home Investment Partnership (HOME) funds and \$642,460 in Housing Opportunities for Persons with AIDS (HOPWA) funds, for the acquisition, construction and permanent financing of the Project. The Agency will also provide a rent subsidy reserve of \$231,482 in HOPWA funds that will provide a rental subsidy for four HOPWA eligible residents in the Project for a 15 year period.

In addition to the Agency loan and rental subsidy, the Project is anticipated to be funded with four percent Low Income Housing Tax Credits (LIHTC's), tax-exempt bond financing, Affordable Housing and Sustainable Communities Program (AHSC) loan, a bank loan, a deferred developer fee and a general partner capital contribution. The Developer will also be applying for a \$520,000 Affordable Housing Program (AHP) loan to allow for a greater construction contingency and associated financing expenses. The affordability schedule consists of 15 units affordable to seniors earning 35 percent or less of area median income (AMI), three units to seniors earning 40 percent or less of AMI, one unit to seniors earning 50 percent or less of AMI, and 33 units to seniors earning 60 percent or less of AMI.

Further background on the Project, Developer, property management, resident services, financing, and affordability requirements is included as Attachment 4. A project summary, including proposed sources and uses of funds, is included as Attachment 5. A project cash flow proforma and a schedule of maximum income and rents are included as Attachments 6 and 7.

Policy Considerations: The recommended actions are consistent with a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Funding Priority #4: Rehabilitation and New Production (Resolution No. 2009-148); b) the 2013-2021 Housing Element, encourages the development of senior housing, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainability Built Community sub-goal is to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and d) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by year 2025 (Resolution No. 2015-282).

Additionally, on November 30, 2015, the City of Sacramento approved the Project, including site plan and design review (File No. DR15-299).

Regulatory restrictions on the property will be specified in regulatory agreements between the Developer and the Agency for a period of 20 years on the HOME and HOPWA assisted units and 55 years on the mortgage revenue bond assisted units. Compliance with the regulatory agreements will be monitored by the Agency on an annual basis. All units will be regulated for a period of 55 years as a LIHTC funding requirement.

Economic Impacts: This multifamily residential project is expected to create an d estimated 115.28 total jobs (64.72 direct jobs and 50.56 jobs through indirect and induced activities) and create an estimated \$10,111,942 in total economic output (\$6,214,375 of direct output and another \$3,897,567 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA): This project is categorically exempt under the California Environmental Quality Act (CEQA) per Guidelines Section 15332 because it is an infill project and the site is not more than five acres, is substantially surrounded by urban uses, the project is consistent with the General Plan, and will not result in any significant impacts of noise, air quality or water quality. The project is also exempt under Guidelines Section 15194, Affordable Housing, because the project meets all of the conditions outlined in Guidelines Section 15192, is located in an incorporated city, the site has been previously developed with urban uses, and the project is less than 100 units and committed to the continued availability and use of the housing units for lower income households for a period of at least 30 years, at monthly housing costs deemed to be 'affordable rent' for lower income, very low income, and extremely low income households, as determined pursuant to Section 50053 of the Health and Safety Code.

Sustainability Considerations: The Project is considered to be an infill development and has been reviewed for consistency with the goals, strategies and policies of the 2035 General Plan. If approved, the Project will advance the following goals, strategies and policies that will directly or indirectly conserve energy resources and reduce greenhouse gas emissions, in part, from the 2035 General Plan: a) Housing Element - Strategies and Policies for Conserving Energy Resources - Climate Action Plan, subsection 7.2: Title 24 of the California Code of Regulations contains California's building standards for energy efficiency; and b) Environmental Resources - Air Quality and Climate Change sub-section 6.1.7: reduce greenhouse gas emissions from new development, promoting water conservation and recycling, promoting development that is compact, mixed use, pedestrian friendly, and transit oriented; and promoting energy-efficient building design and site planning.

Other: An Environmental Assessment has been prepared in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40 and it was determined that the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required. A combined Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOIRROF) was published on January 15, 2015, and no comments were received.

Commission Action: It is anticipated that, at its meeting of March 2, 2016, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in event this does not occur.

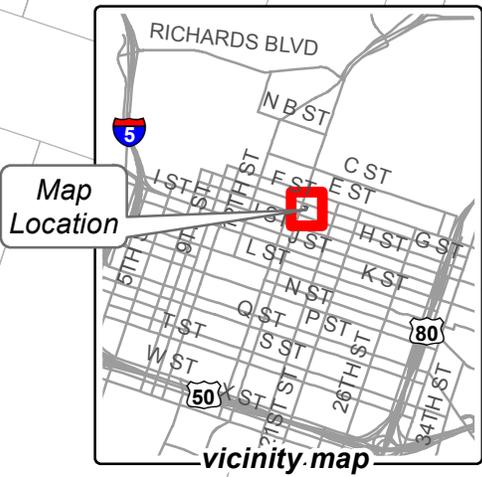
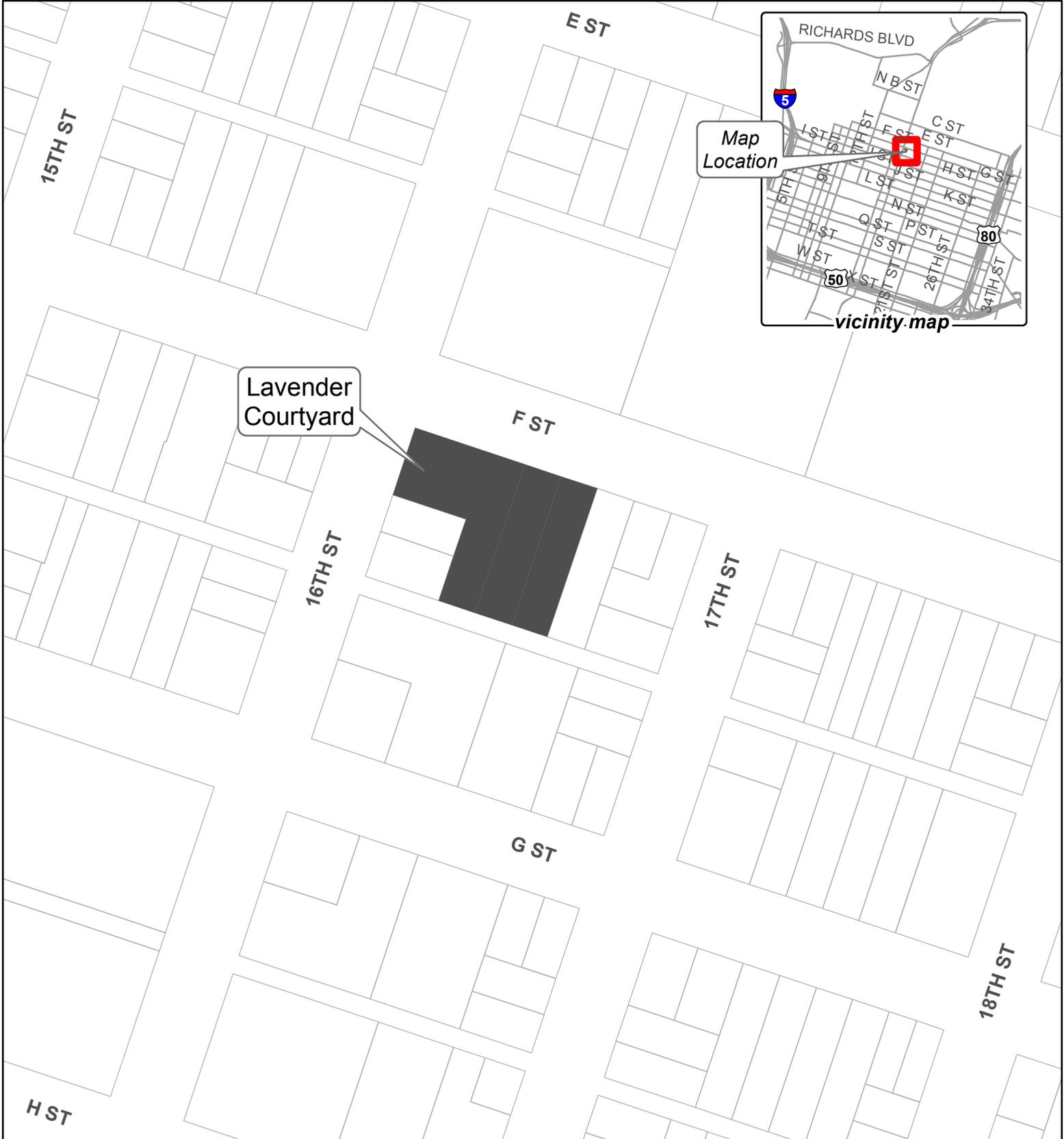
Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and are consistent with the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, Promise Zone Plans and Goals, and the Downtown Housing Initiative and Initiation of the Downtown Specific Plan.

Financial Considerations: The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing, and annual payment for monitoring the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage revenue bonds do not represent a financial obligation of the Agency, Housing Authority, or City of Sacramento. The Agency loan of \$2,547,985 is comprised of \$1,905,525 in HOME funds and \$642,460 in HOPWA funds. The Agency will also provide a rent subsidy reserve of \$231,482 in HOPWA funds that will provide a rental subsidy to four HOPWA residents in the Project for a 15-year period.

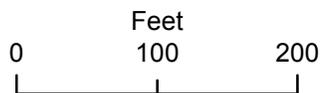
LBE/M/WBE/Section 3 and First Source Considerations: Local Business Enterprise does not apply to this report. Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent applicable. Developer will be encouraged to use the First Source Program for employment opportunities.



Lavender Courtyard by Mutual Housing

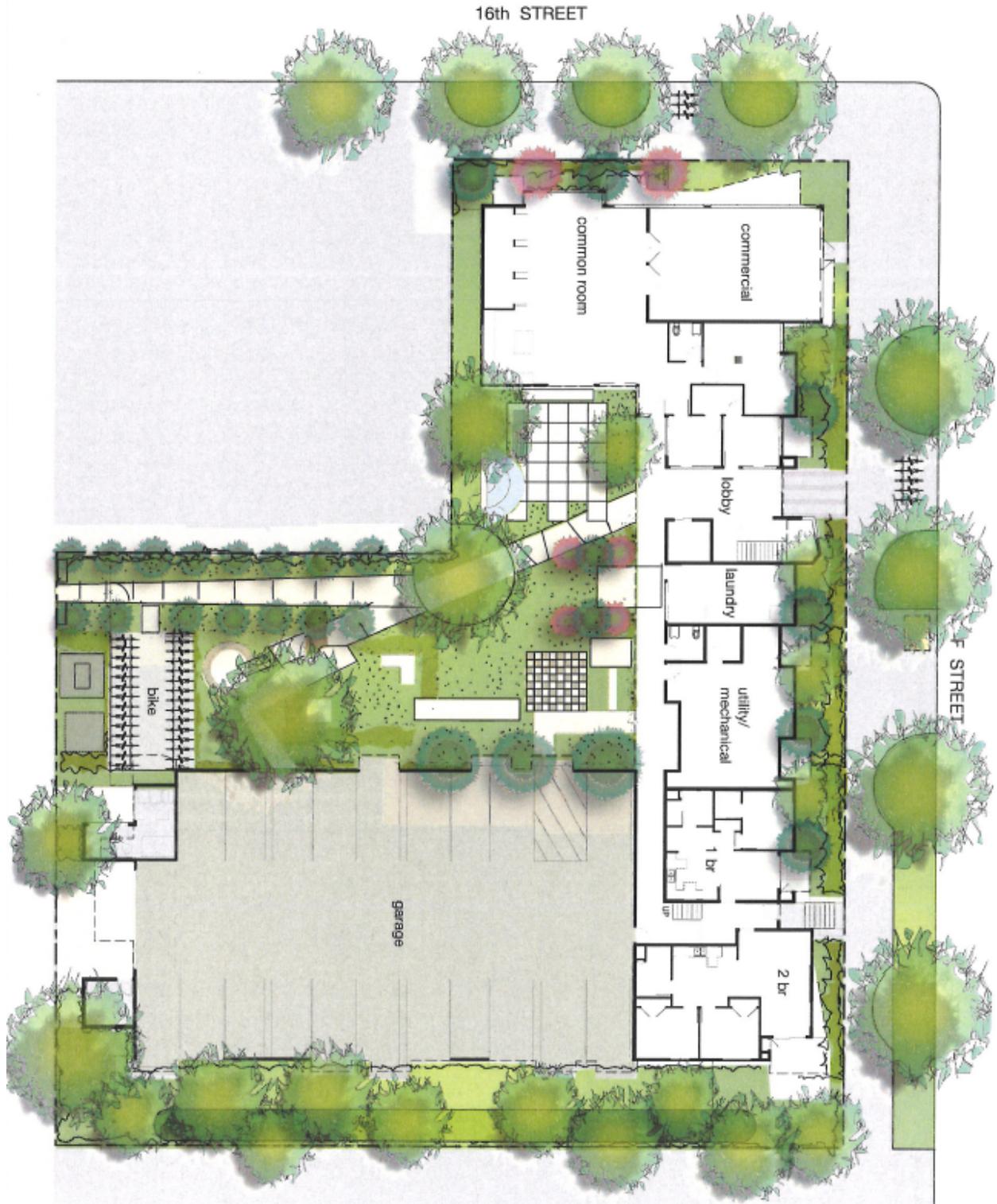


Lavender Courtyard

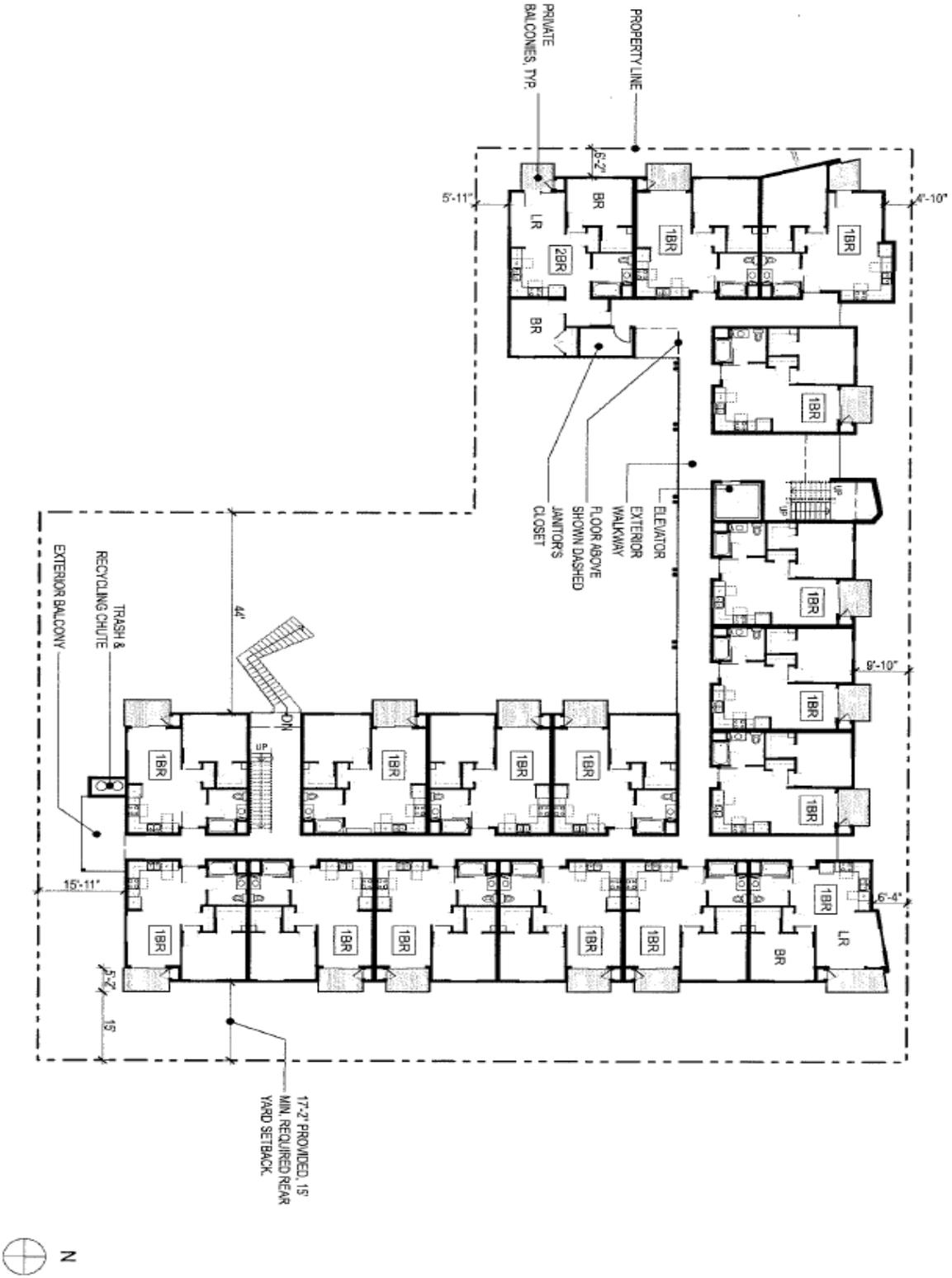


SHRA GIS
February 23, 2016

Lavender Courtyard by Mutual Housing Project
Site Plan – Ground Level



Lavender Courtyard by Mutual Housing Project Site Plan – Second Level



Lavender Courtyard by Mutual Housing
Project Rendering



Lavender Courtyard by Mutual Housing Project Background Information

Description of Development: Lavender Associates, L.P. (Mutual Housing California) acquired property at the southeast corner of 16th and F Streets in the Mansion Flats historic neighborhood of downtown Sacramento in July 2015. Mutual Housing California (Developer) proposes to develop Lavender Courtyard by Mutual Housing (Project), a new construction affordable senior housing development friendly to the Lesbian, Gay, Bisexual and Transgender (LGBT) community. This Project is the first of its kind in our region. The development will have a four-story wood frame building totaling approximately 35,000 square feet on 0.59 acres of undeveloped land.

The Project includes 53 residential units, consisting of 48 one-bedroom and four two-bedroom residential units for seniors age 62 years of age and over and a one-bedroom manager's unit. "Green" building materials, energy-efficient HVAC systems, kitchen appliances and lighting, as well as water-efficient plumbing fixtures will be used. All units provide one-bathroom, living space, storage and private outdoor balconies that have a minimum five foot depth.

The ground floor of the building will include a small 863 square foot commercial space at the corner of 16th and F Street where a neighborhood-serving use, such as a café, is planned. Also located on the ground floor is a 20-space gated parking garage accessed from the alley through a roll up door, trash enclosures, and fire, electrical and utility equipment areas. A rooftop photovoltaic system will also be installed.

Additional amenities include covered bicycle parking on the ground floor, an outdoor landscaped courtyard to provide socializing areas with bench seating, a barbeque area, management office, community space for resident services and activities, elevator, and security cameras with a digital video recording system. Similar "Green" materials and systems will be included in the common areas, the building's exterior and landscaped areas. A vicinity map, first two-level site plans and project rendering are included as Attachments 1, 2 and 3.

Developer: Mutual Housing California (MHC) is an experienced owner and manager of affordable rental housing projects. MHC owns and operates 18 communities, and houses more than 3,000 low income residents. Incorporated in 1988, MHC was formed as a partnership of neighborhood residents, business representatives, housing advocates and local government dedicated to improving housing opportunities for lower income families.

MHC is designed to offer a permanent solution to the housing needs of low-income residents with residents taking a key role in the management and maintenance of their homes and developing a vested interest in the success of their community. MHC is the

owner of a number of projects in the Sacramento area, including Evergreen Estates, Glen Ellen Estates, Mutual Housing at Lemon Hill, Norwood Avenue Apartments, Norwood Estates, River Garden Estates and Victory Townhomes.

Property Management: The Project will be managed by Mutual Housing Management, a property management company with staff experienced in operating affordable apartment communities. Agency staff has reviewed and approved the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, to ensure the company meets the Agency's requirements for property management.

Resident Services: Resident services will be provided by MHC which currently provides resident services to 18 properties serving low and very low income residents. The service provider will be required to provide at least 15 hours of services per week. Programs will be tailored to the needs of the residents. The Agency staff has reviewed and approved MHC's resident services plan detailing the scope and schedule of services to be provided. Examples of services include an on-site services coordinator, as well as educational and enrichment programs.

Project Financing: The Project's anticipated financing will include a combination of four percent Low Income Housing Tax Credits (LIHTC), tax-exempt bond financing, Affordable Housing and Sustainable Communities Program (AHSC) loan, a bank loan, a deferred developer fee, a general partner capital contribution, an Agency loan of \$2,547,985, consisting of \$1,905,525 in City HOME Investment Partnership (HOME) funds and \$642,460 in Housing Opportunities for Persons with AIDS (HOPWA) funds, and an Agency rent subsidy reserve of \$231,482 in HOPWA funds that will provide a rental subsidy for four HOPWA residents in the Project for a 15 year period.

The Developer will also be applying for a \$520,000 Affordable Housing Program (AHP) loan to allow for a greater construction contingency and associated financing expenses. The law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority. Funding sources and uses are provided in the Project Summary as Attachment 5. A Cash Flow Proforma is provided as Attachment 6.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that apartments be set-aside for targeted income groups. Income restrictions from LIHTC financing require that no households have income higher than 60 percent Area Median Income (AMI). The Agency further requires that 20 percent of the units be restricted to households with income no greater than 50 percent AMI. Maximum rent and income limits can be found in Attachment 7. Project affordability restrictions will be specified in regulatory agreements with the Developer. These anticipated sources and their affordability requirements are summarized in the following table:

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Low Income Housing Tax Credits, Tax-exempt Bonds and Agency loan and AHSC loan	28%	Extremely Low (35% AMI)	15	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds and Agency loan and AHSC loan	6%	Extremely Low (40% AMI)	3	55 years
Low Income Housing Tax Credits, Tax-exempt Bonds and Agency loan and AHSC loan	2%	Very Low (50% AMI)	1	55 years
Low Income Housing Tax Credits, Agency loan and AHSC loan	62%	Low (60% AMI)	33	55 years
Managers Unit	2%	Unrestricted	1	55 years
Total	100%		53	

Lavender Courtyard by Mutual Housing
Residential Project Financial Summary

Address	605 16th Street, 1612 F Street and 1616 F Street				
Number of Units	53				
Year Built	New Construction				
Acreage	0.59				
Affordability	15 units at or below 35% of AMI 3 units at or below 40% of AMI 1 unit at or below 50% of AMI 33 units at or below 60% of AMI 1 unregulated Manager's Unit				
Unit Mix and Rents	(35% AMI)	(40% AMI)	(50% AMI)	(60% AMI)	Manager
1 Bedroom / 1 Bath	15	3	1	29	1
2 Bedroom / 1 Bath	0	0	0	4	
TOTAL	15	3	1	33	1
Square Footage		<i>Per Unit</i>	<i>Total</i>		
1 Bedroom / 1 Bath		585	28,665	square feet	
2 Bedroom / 1 Bath		875	3,500	square feet	
Common Areas			2,541	square feet	
TOTAL			34,706	square feet	
Resident Facilities	The project includes a community room, lounging room, and gated vehicle and bicycle parking.				
Permanent Sources	<i>Current Total</i>	<i>Per Unit</i>	<i>Per Sq Ft</i>		
Federal Tax Credit Equity	\$ 7,171,556	\$ 135,312	\$ 206.64		
Agency Loan	\$ 2,547,985	\$ 48,075	\$ 73.42		
AHSC Loan	\$ 5,027,502	\$ 94,859	\$ 144.86		
Private Term Loan	\$ 584,000	\$ 11,019	\$ 16.83		
Deferred Developer Fee	\$ 77,633	\$ 1,465	\$ 2.24		
GP Capital Contribution	\$ 699,876	\$ 13,205	\$ 20.17		
Sewer Fee Credits	\$ 64,235	\$ 1,212	\$ 1.85		
TOTAL SOURCES	\$ 16,172,787	\$ 305,147	\$ 465.99		
Permanent Uses					
Acquisition	\$ 857,223	\$ 16,174	\$ 24.70		
Construction	\$ 10,111,942	\$ 190,791	\$ 291.36		
Permits and Fees	\$ 829,892	\$ 15,658	\$ 23.91		
Architecture and Engineering	\$ 750,000	\$ 14,151	\$ 21.61		
Hard Cost Contingency	\$ 506,400	\$ 9,555	\$ 14.59		
Soft Cost Contingency	\$ 75,000	\$ 1,415	\$ 2.16		
Financing Costs	\$ 564,977	\$ 10,660	\$ 16.28		
Operating Reserves	\$ 160,938	\$ 3,037	\$ 4.64		
Legal Fees	\$ 160,000	\$ 3,019	\$ 4.61		
Developer Fee	\$ 1,899,876	\$ 35,847	\$ 54.74		
Insurance, Third Party, Marketing, Other	\$ 256,539	\$ 4,840	\$ 7.39		
TOTAL USES	\$ 16,172,787	\$ 305,147	\$ 465.99		
Management / Operations					
Proposed Developer:	Mutual Housing California				
Property Management Company:	Mutual Housing Management				
Operations Budget:	\$ 228,450	\$ 4,310			
Property Management	\$ 30,600	\$ 577			
Resident Services:	\$ 19,200	\$ 362			
Replacement Reserves:	\$ 31,800	\$ 600			
Agency HOPWA Rental Assistance	\$ 231,482	\$ 4,368			

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Maximum Net Rent	Rent per Sq Foot	Total Mo. Rent	Current Annual Rent
1 BD / 1 BA @ 35% AMI	15	585	8,775	\$ 469	\$ 25	\$ 444	\$ 0.76	\$ 6,660	\$ 79,920
1 BD / 1 BA @ 40% AMI	3	585	1,755	\$ 536	\$ 25	\$ 511	\$ 0.87	\$ 1,533	\$ 18,396
1 BD / 1 BA @ 50% AMI	1	585	585	\$ 670	\$ 25	\$ 645	\$ 1.10	\$ 645	\$ 7,740
1 BD / 1 BA @ 60% AMI	29	585	16,965	\$ 804	\$ 25	\$ 779	\$ 1.33	\$ 22,591	\$ 271,092
2 BD / 1 BA @ 60% AMI	4	966	3,864	\$ 966	\$ 45	\$ 921	\$ 0.95	\$ 3,684	\$ 44,208
Manager's Unit (unregulated)	1	585	585	\$ 804	\$ -	\$ 804	\$ 1.37	\$ 804	\$ 9,648
Totals/Averages	53	614	32,529					\$ 35,917	\$ 431,004

	annual rate	increase	per unit	2018 Year 1	2019 Year 2	2020 Year 3	2021 Year 4	2022 Year 5	2023 Year 6	2024 Year 7	2025 Year 8	2026 Year 9	2027 Year 10	2032 Year 15	2037 Year 20	2042 Year 25	2047 Year 30
Potential Gross Income		2.50%		440,519	451,532	462,820	474,390	486,250	498,406	510,867	523,638	536,729	550,147	622,441	704,235	796,778	901,481
HOPWA Rent Subsidy		1.85%		12,149	12,374	12,603	12,836	13,074	13,316	13,562	13,813	14,068	14,329	15,704	0	0	0
Other Income		2.50%		3,341	3,425	3,510	3,598	3,688	3,780	3,875	3,971	4,071	4,172	4,721	5,341	6,043	6,837
Less Vacancy	5.00%			22,800	23,367	23,947	24,541	25,151	25,775	26,415	27,071	27,743	28,432	32,143	35,479	40,141	45,416
Effective Gross Income				\$433,209	\$443,964	\$454,986	\$466,283	\$477,861	\$489,727	\$501,888	\$514,351	\$527,125	\$540,216	\$610,723	\$674,097	\$762,679	\$862,902
Operating Expenses																	
Operating Expenses		3.50%	4,217	239,419	247,798	256,471	265,448	274,739	284,354	294,307	304,608	315,269	326,303	387,546	460,283	546,672	649,275
Assessments		3.50%	93	5,303	5,488	5,680	5,879	6,085	6,298	6,518	6,746	6,982	7,227	8,583	10,194	12,107	14,380
Property Management		3.50%	577	32,779	33,927	35,114	36,343	37,615	38,932	40,294	41,705	43,164	44,675	53,060	63,019	74,846	88,894
Resident Services		3.50%	362	20,568	21,287	22,032	22,804	23,602	24,428	25,283	26,168	27,083	28,031	33,293	39,541	46,962	55,777
Replacement Reserves			600	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800
Total Expenses			6,224	\$329,868	\$340,301	\$351,098	\$362,274	\$373,840	\$385,812	\$398,202	\$411,026	\$424,299	\$438,037	\$514,282	\$604,837	\$712,388	\$840,125
Net Operating Income				\$103,340	\$103,663	\$103,888	\$104,010	\$104,021	\$103,915	\$103,686	\$103,325	\$102,826	\$102,179	\$96,441	\$69,261	\$50,291	\$22,777

Debt Service				amount	rate	amort													
Senior Loan			15	\$584,000	5.76%		58,221	58,221	58,221	58,221	58,221	58,221	58,221	58,221	58,221	58,221	0	0	0
AHSC Loan				\$5,027,502	0.42%		21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116	21,116
SHRA Monitoring Fee				\$11,617,000	0.15%		17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426	17,426
Debt Service Subtotal				\$96,762			\$96,762	\$96,762	\$96,762	\$96,762	\$96,762	\$96,762	\$96,762	\$96,762	\$96,762	\$38,541	\$38,541	\$38,541	
DCR on Senior Bonds							1.07	1.07	1.07	1.07	1.07	1.07	1.06	1.06	1.00	1.80	1.30	0.59	

Priority Distributions																	
Managing General Partner Fee				0	0	0	0	0	0	0	0	0	0	0	30,720	11,750	0
Priority Distributions Subtotal				0	0	0	0	0	0	0	0	0	0	0	30,720	11,750	0

Net Cash after Priority Distributions \$6,578 \$6,901 \$7,126 \$7,247 \$7,258 \$7,153 \$6,923 \$6,563 \$6,063 \$5,417 \$0 \$0 \$0 \$0

Deferred Developer Fee																	
Principal Balance	\$77,633	3.00%		77,633	73,384	68,685	63,620	58,281	52,772	47,202	41,695	36,383	31,411	0	0	0	0
Interest for Period				2,329	2,202	2,061	1,909	1,748	1,583	1,416	1,251	1,091	942	0	0	0	0
Accumulated Interest				2,329	2,202	2,061	1,909	1,748	1,583	1,416	1,251	1,091	942	0	0	0	0
Payment				6,578	6,901	7,126	7,247	7,258	7,153	6,923	6,563	6,063	5,417	0	0	0	0
Balance				\$73,384	\$68,685	\$63,620	\$58,281	\$52,772	\$47,202	\$41,695	\$36,383	\$31,411	\$26,936	\$0	\$0	\$0	\$0

Net Cash after Deferred Developer Fee \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0

SHRA HOME loan																	
Principal Balance	\$2,547,985	4.00%		2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985	2,547,985
Interest for Period				101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919	101,919
Accumulated Interest				101,919	203,839	305,758	407,678	509,597	611,516	713,436	815,355	917,275	1,019,194	1,528,791	2,038,388	2,547,985	3,057,582
Payment				0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance				\$2,649,904	\$2,751,824	\$2,853,743	\$2,955,663	\$3,057,582	\$3,159,501	\$3,261,421	\$3,363,340	\$3,465,260	\$3,567,179	\$4,076,776	\$4,586,373	\$5,095,970	\$5,605,567

Lavender Courtyard by Mutual Housing
Cash Flow Proforma

Attachment 7

MAXIMUM LIHTC INCOME AND RENT LEVELS 2015
Rents at 35%, 40%, 50% and 60% of Area Median Income (AMI)

Maximum Income Limits:

Family Size	35% AMI	40% AMI	50% AMI	60% AMI
1 person	\$ 17,535	\$ 20,040	\$ 25,050	\$ 30,060
2 person	\$ 20,020	\$ 22,880	\$ 28,600	\$ 34,320
3 person	\$ 22,540	\$ 25,760	\$ 32,200	\$ 38,640
4 person	\$ 25,025	\$ 28,600	\$ 35,750	\$ 42,900
5 person	\$ 27,055	\$ 30,920	\$ 38,650	\$ 46,380
6 person	\$ 29,050	\$ 33,200	\$ 41,500	\$ 49,800

Maximum Rent Limits:

Low Income Housing Tax Credits (LIHTC's)/HOME/HOPWA

Unit Size	Gross Rent			
	35% AMI	40% AMI	50% AMI	60% AMI
1 Bedroom	\$ 469	\$ 536	\$ 670	\$ 804
2 Bedroom	\$ 563	\$ 644	\$ 805	\$ 966

RESOLUTION NO. 2016-

Adopted by the Sacramento City Council

On date of

**LAVENDER COURTYARD BY MUTUAL HOUSING PROJECT:
APPROVAL OF THE ISSUANCE OF OBLIGATIONS BY THE HOUSING
AUTHORITY OF THE CITY OF SACRAMENTO ON BEHALF OF
LAVENDER HOUSING ASSOCIATES, L.P., A CALIFORNIA LIMITED
PARTNERSHIP (MUTUAL HOUSING CALIFORNIA) OR RELATED
ENTITY**

BACKGROUND

- A. The Housing Authority of the City of Sacramento, a housing authority organized and existing under the laws of the State of California (the "Authority"), proposes a plan of financing for the issuance of multifamily housing revenue obligations (the "Obligations") in an amount not to exceed \$13,500,000 and to lend the proceeds thereof to Lavender Housing Associates, L.P., a California limited partnership (the "Borrower") to be used to provide funds for the acquisition, construction and development of a 53-unit multifamily housing residential facility to be located at 605 16th Street, 1612 F Street and 1616 F Street, Sacramento, California, to be owned by the Borrower and operated by Mutual Housing Management.
- B. Section 147(f) of the Internal Revenue Code of 1986 requires the execution and delivery of the Obligations to be approved by the City Council of the City (the "City Council"), as the elected representative of the City of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, after a public hearing has been held following reasonable and proper notice.
- C. A public hearing was held by the City Council on the 8th day of March, 2016, following duly published notice thereof, and all persons desiring to be heard have been heard.
- D. It is in the public interest and for the public benefit that the City Council, as the elected representative of the City of Sacramento, the host jurisdiction of the subject multifamily housing residential facility, approve the execution and delivery by the Authority of the Obligations.

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

- Section 1. The City Council of the City of Sacramento hereby finds, determines and declares that issuance by the Authority of the Obligations in the maximum

principal amount of \$13,500,000 for the purposes described above is hereby approved.

Section 2. This resolution shall take effect immediately upon its adoption.

Adopted by the City of Sacramento City Council on March 8, 2016, by the following vote:

Ayes: Members,

Noes: Members,

Abstain: Members,

Absent: Members,

Attest:

Shirley Concolino, City Clerk

Date: March 8, 2016

Mutual Housing California
c/o Rachel Iskow, Executive Director
8001 Fruitridge Road, Suite A
Sacramento, CA 95820

RE: Conditional Funding Commitment for Lavender Courtyard by Mutual Housing

Dear Ms. Iskow:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of permanent loan funds (Loan) comprised of \$2,547,985 in City HOME Investment Partnership Program (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) and a \$231,482 HOPWA rental subsidy grant (Grant) for the purpose of financing the costs of acquisition, construction and rent subsidy of that certain real property known as Lavender Courtyard by Mutual Housing located at 605 16th Street, 1612 F Street and 1616 F Street, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan/Grant is subject to the satisfaction of all the following terms and conditions and Borrower's/Grantee's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan and Grant shall be made on standard Agency loan/grant documents. No loan/grant terms not in this funding commitment and the attached loan/grant document forms shall be included in the final loan/grant documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan/grant documents, the terms stated in the loan/grant commitment letter shall be deemed to be terms of this commitment.

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

This commitment will expire March 8, 2017.

1. **PROJECT DESCRIPTION:** Lavender Courtyard by Mutual Housing (Project) is a new construction affordable senior housing development friendly to the Lesbian, Gay, Bisexual and Transgender (LGBT) community. It is the first of its kind in our region. The Project is located at the southeast corner of 16th and F Streets in downtown Sacramento. The Project will be a four-story building constructed on a currently vacant 0.59 acre lot. There will be 53 units consisting of 49 one-bedroom units and four two-bedroom units. On-site amenities include a community room, management office, laundry facility, elevator, courtyard, parking garage and bicycle parking. Plans include commercial space on the ground level.
2. **BORROWER/GRANTEE:** The name of the Borrower/Grantee for the Loan/Grant is Lavender Housing Associates, L.P., a California limited partnership (Mutual Housing California, or related entity).
3. **PURPOSE OF LOAN/GRANT:** The Loan/Grant are to be used by Borrower/Grantee solely to pay the costs of acquisition, construction, and rent subsidy or for such purposes as Agency expressly agrees to in the loan and grant agreements, and such other agreements as may be generally required by the Agency for the use of the funding sources for the Loan/Grant.
4. **PRINCIPAL AMOUNT:** The Agency's Loan and Grant commitments are as follows:
 - a) The combined principal amount of the acquisition, construction and permanent Loan will be the lesser of (i) \$2,547,985 (consisting of \$1,905,525 in HOME funds and \$642,460 in HOPWA funds) or (ii) an amount to be determined prior to close of the Loan based on a Project budget approved by Agency.
 - b) The HOPWA Grant of \$231,482 will provide a rental subsidy for four HOPWA residents in the Project for a 15 year period, starting from the Project's placed in service date. The funds will be disbursed subject to Agency review and approval. No repayment is required conditional upon authorized rental subsidy payments.
5. **TERM OF LOAN:** The Loan shall mature 57 years or 684 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. **INTEREST RATE:** The Loan will bear simple interest at four percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. **ANNUAL REPAYMENT:** Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the

Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.

8. SOURCE OF LOAN/GRANT FUNDS:

Agency is making the Loan/Grant from the following sources of funds, and the Loan/Grant are subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME Investment Partnership Program (HOME) and Housing Opportunities for Persons with AIDS (HOPWA). The Loan and Grant are conditioned upon Borrower's/Grantee's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the required forms of agreements for the Loan/Grant; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

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

_____ (Borrower/Grantee Initial)

9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.

10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from a conventional and Affordable Housing and Sustainable Communities loan, and such loans as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of construction and permanent financing of the Property.

11. LEASE AND RENTAL SCHEDULE: All leases of the Property and Improvements shall be subject to Agency's review and approval prior to execution. Borrower/Grantee shall not deviate from the rental schedule presented in Borrower's/Grantee's application for the Loan/Grant without Agency's prior written approval; provided, however, that such approval shall not be required for annual adjustments to rental rates as permitted by the California Tax Credit Allocation Committee, Affordable Housing and Sustainable Communities loan, and/or other funding sources.

12. PROOF OF EQUITY: Borrower/Grantee shall provide proof of equity for the Property and Improvements in the amount of no less than \$7,100,000 in Low Income Housing Tax Credit Equity and no less than \$77,000 in deferred developer fee. If LIHTC equity goes below \$7,100,000 it must be offset by an increase in deferred developer fee or other funding source provided by Borrower/Grantee.
13. OTHER FINANCING: Borrower/Grantee, as a requirement of the Loan/Grant, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower/Grantee has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:
 - (a) As a condition precedent to disbursement of the remainder of the Agency loan, construction financing from a public/private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.
 - (b) Commitments for permanent financing sufficient to "take out" all liens senior to the Agency's lien.
 - (c) Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower/Grantee must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's/Grantee's evidence of available funds must include only one or more of the following: a) Borrower/Grantee equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency's contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. SOILS AND TOXIC REPORTS: Borrower/Grantee has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan/Grant closing. Borrower/Grantee must, as a condition of disbursement of Loan/Grant funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property will be remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. LOAN IN BALANCE: Borrower/Grantee will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds,

the remaining sums to be provided by the Borrower/Grantee and the loan funds from other Project lenders or the equity investor are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the Project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.

17. PLANS AND SPECIFICATION: Final plans and specifications, if any, for the Project must be in accord with the proposal approved as part of the Loan/Grant application. Final plans and specifications will be subject to Agency's final approval prior to the disbursement of Agency Loan/Grant funds. Borrower/Grantee must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the Project.
18. ARCHITECTURAL AGREEMENT: The architectural agreement (Agreement), if any, for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's/Grantee's interest in and to the Agreement as security for the Loan.
19. CONSTRUCTION CONTRACT: The construction contract (Contract), if any, and any change orders issued thereunder, and the contractor (Contractor) to be retained by Borrower/Grantee to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's/Grantee's interest in and to the Contract as security for the Loan. Agency may require Contractor to provide a performance and payment bond in a form acceptable to Agency for the amount of the Contract.
20. RETENTION AMOUNT: The Agency shall retain ten percent (10.0%) as retention from each disbursement, not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
21. COST BREAKDOWN: Borrower/Grantee shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the Project plans and specification and the budget approved with this commitment. Borrower/Grantee shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency, Borrower/Grantee shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

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

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

22. COST SAVINGS: At completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the Project.
23. START OF CONSTRUCTION: Borrower/Grantee shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than sixty (60) days following the close of construction financing.
24. COMPLETION OF CONSTRUCTION: Borrower/Grantee shall complete the construction of the Improvements no later than 24 months following the close of construction financing.
25. SECURITY CAMERAS AND OUTSIDE LIGHTING: Project shall include installation of a security camera system at vehicular driveways and additional exterior lighting, all as approved by the Agency.
26. INSURANCE PROVIDER: Each policy of insurance required under the Loan shall be obtained from a provider licensed to do business in California and having a current Best's Insurance Guide rating of A+ VII, which rating has been substantially the same or increasing for the last five (5) years, or such other equivalent rating, as may reasonably be approved by Lender's legal counsel.
27. HAZARD INSURANCE: Borrower/Grantee shall procure and maintain fire and extended coverage insurance and during construction Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower/Grantee shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall

be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).

28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower/Grantee must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower/Grantee must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
29. TITLE INSURANCE: Borrower/Grantee must procure and deliver to Agency an ALTA Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower/Grantee must submit to Agency certified copies of all of Borrower's/Grantee's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's/Grantee's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower/Grantee must submit a corporate borrowing resolution referencing this Loan. If Borrower/Grantee is other than a corporation, Borrower/Grantee must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower/Grantee shall provide Agency with copies of all documents relating to Borrower's/Grantee's purchase of the Property.

32. FINANCIAL INFORMATION: During the term of the Loan, Borrower/Grantee shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower/Grantee. Prior to close of the Loan and during its term, Borrower/Grantee must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower/Grantee must deliver to Agency a monthly rent-roll including household composition information and operating statements with respect to the Property and Improvements, as Agency may request.
33. MANAGEMENT AGREEMENT: Prior to execution, Borrower/Grantee must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
34. RESIDENT SERVICES AGREEMENT: Prior to execution, Borrower/Grantee must submit to Agency any agreement providing for the resident services by a third party which agreement is subject to Agency Approval. The agreement must include a minimum of fifteen (15) hours of on-site resident services per week consisting of four (4) hours of a resident services coordinator, eight (8) hours of senior activities and three (3) hours of additional resident services.
35. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower/Grantee represents that as a condition of closing this Loan/Grant it is applying for an allocation of LIHTC's and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
36. SMOKE-FREE ENVIRONMENT: At least 50% of the units must be smoke free. All indoor common areas must be smoke-free.
37. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan/Grant, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower/Grantee must promptly deliver to Agency any further documentation that may be required by Agency.
38. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower/Grantee shall assure that the loan/grant documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.

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

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

Sincerely,

La Shelle Dozier
Executive Director

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

Dated: March 8, 2016

BORROWER/GRANTEE:

Lavender Housing Associates, L.P., a California limited partnership
(Mutual Housing California, or related entity)

By: _____
Rachel Iskow, Executive Director

RESOLUTION NO. 2016 -

Adopted by the Sacramento City Council

on date of

LAVENDER COURTYARD BY MUTUAL HOUSING PROJECT: AUTHORIZING A \$2,779,467.00 FUNDING COMMITMENT CONSISTING OF \$1,905,525.00 IN CITY HOME INVESTMENT PARTNERSHIP FUNDS AND \$873,942.00 OF HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS FUNDS; EXECUTION OF COMMITMENT AND RELATED DOCUMENTS WITH LAVENDER ASSOCIATES, L.P. /MUTUAL HOUSING CALIFORNIA OR RELATED ENTITY; RELATED BUDGET AMENDMENT; AND ENVIRONMENTAL FINDINGS

BACKGROUND

- A. Mutual Housing California (Developer) has applied for an allocation of \$1,905,525.00 in City HOME Investment Partnership (HOME) funds and \$642,460.00 in Housing Opportunities for Persons with AIDS (HOPWA) funds to assist in funding the acquisition, construction and permanent financing of the 53-unit Lavender Courtyard by Mutual Housing (Project). Additionally, the Developer has applied for an allocation of \$231,482.00 in HOPWA grant funds that will provide a rental subsidy for four HOPWA residents in the Project for a 15 year period. The Project is a new construction affordable senior housing development friendly to the Lesbian, Gay, Bisexual and Transgender (LGBT) community. It is the first of its kind in our region.
- B. The Lavender Courtyard by Mutual Housing Project is consistent with a) the Sacramento Housing and Redevelopment Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, Funding Priority #4: Rehabilitation and New Production (Resolution No. 2009-148); b) the 2013-2021 Housing Element, encourages the development of senior housing, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities (Resolution No. 2013-415); c) the Sacramento Promise Zone Plans and Goals, Sustainability Built Community sub-goal is to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and d) the Downtown Housing Initiative and Initiation of the Downtown Specific Plan, to bring 10,000 places to live to Downtown Sacramento by year 2025 (Resolution No. 2015-282).
- C. On November 30, 2015, the City of Sacramento approved the Project, including site plan and design review (File No. DR15-299).
- D. This Project is categorically exempt under the California Environmental Quality Act (CEQA) per Guidelines Section 15332 because it is an infill project and the site is not more than five acres, is substantially surrounded by urban uses, the project is consistent with the General Plan, and will not result in any significant impacts of noise, air quality or water quality. The project is also exempt under Guidelines Section 15194, Affordable Housing, because the project meets all of

the conditions outlined in Guidelines Section 15192, is located in an incorporated city, the site has been previously developed with urban uses, and the project is less than 100 units and committed to the continued availability and use of the housing units for lower income households for a period of at least 30 years, at monthly housing costs deemed to be 'affordable rent' for lower income, very low income, and extremely low income households, as determined pursuant to Section 50053 of the Health and Safety Code.

- E. An Environmental Assessment has been prepared in accordance with the National Environmental Policy Act (NEPA) pursuant to 24 CFR 58.40 and it was determined that the project will have no significant impact on the environment and preparation of an Environmental Impact Statement (EIS) is not required. A combined Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request a Release of Funds (NOIRROF) was published on January 15, 2016.

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

- Section 1. All of the evidence having been duly considered, the facts as presented and as stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Funding Commitment, attached as (Exhibit A), for financing the Project with \$1,905,525 in City HOME funds and \$873,942.00 (\$642,460.00 loan and \$231,482.00 rental subsidy grant) in HOPWA funds is approved, and the Sacramento Housing and Redevelopment Agency (Agency) is delegated the authority to execute and transmit the Funding Commitment to the Lavender Associates, L.P. (Mutual Housing California) or related entity.
- Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by Agency Counsel, and perform other actions necessary to fulfill the intent of the Funding Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions consistent with Agency adopted policy and with this resolution.
- Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,905,525.00 in City HOME funds and \$873,942.00 (\$642,460.00 loan and \$231,482.00 rental subsidy grant) in HOPWA funds to the Lavender Courtyard by Mutual Housing Project.

TABLE OF CONTENTS:

Exhibit A - Funding Commitment Letter

RESOLUTION NO. 2016 -

Adopted by the Housing Authority of the City of Sacramento

on date of

LAVENDER COURTYARD BY MUTUAL HOUSING PROJECT: A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the Authority) intends to issue tax-exempt obligations (the Obligations) for the purpose, among other things, of making a loan to Lavender Housing Associates, L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by Mutual Housing California (the Developer), the proceeds of which shall be used by the Developer to finance the acquisition, construction and development of a 53-unit multifamily housing residential facility to be located on 605 16th Street, 1612 F Street and 1616 F Street, Sacramento, California (the Project); and
- B. United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and
- C. it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition, construction and development of the Project.
- Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition, construction and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$13,500,000.00.
- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the

acquisition, construction and development of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The appropriate officers or the staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 7. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition, construction and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or operation of the Project.

Section 8. This resolution shall take effect immediately upon its adoption.

Adopted by the Housing Authority of the City of Sacramento on March 8, 2016, by the following vote:

Ayes: Members,

Noes: Members,

Abstain: Members,

Absent: Members,

Attest:

Shirley Concolino, Secretary

RESOLUTION NO. 2016-

Adopted by the Sacramento City Council

On date of

LAVENDER COURTYARD BY MUTUAL HOUSING PROJECT: SUPPORT OF APPLICATION FOR FUNDING FROM STATE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

BACKGROUND

- A. On January 29, 2016, the California Strategic Growth Council and the Department of Housing and Community Development issued a Notice of Funding Availability (NOFA) and application for the State Affordable Housing and Sustainable Communities (AHSC) program.
- B. The AHSC program is intended to invest in projects that reduce greenhouse gas emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and promoting affordable housing. Concept proposals must be submitted to the State by March 16, 2016.
- C. The Lavender Courtyard by Mutual Housing project, a 53-unit multifamily housing residential facility to be located at 605 16th Street, 1612 F Street and 1616 F Street, is an affordable housing project located near public transit. The project meets or exceeds all the grant objectives. Mutual Housing is seeking funding from the AHSC program to address projecting funding and to construct transportation enhancements to improve active transportation opportunities and to enhance access to the light rail station.
- D. On November 30, 2015, the City of Sacramento approved the Project, including site plan and design review.

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

- Section 1. The City Council of the City of Sacramento supports the application of the Lavender Courtyard by Mutual Housing project and associated transportation improvements for an AHSC grant and finds that it is consistent with the housing policies and development standards of the City of Sacramento.

Adopted by the City of Sacramento City Council on March 8, 2016, by the following vote:

Ayes: Members,

Noes: Members,

Abstain: Members,

Absent: Members,

Attest:

Shirley Concolino, City Clerk