

REPORT TO REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

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**Sacramento
Housing &
Redevelopment
Agency**

CONSENT
March 14, 2006

Honorable Mayor and
Members of the City Council

Subject:

Amendments to the Disposition and Development Agreement (DDA) and Loan Documents for the 4th Avenue Lofts

Location/Council District: 3516 4th Avenue (corner of 4th Avenue and 35th Street)
Oak Park Redevelopment Area - District 5

Recommendation:

Adopt resolution authorizing the Redevelopment Agency of the City of Sacramento ("Agency") to amend the Disposition and Development Agreement and Loan Agreement and to enter into a new Promissory Note for the 4th Avenue Lofts development project.

Contact: Chris Pahule, Redevelopment Program Manager, 440-1399, ext. 1442
Emily Halcon, Housing Finance Analyst, 440-1399, ext. 1420

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Summary:

Due to construction cost increases, this report seeks authority to make modifications to the DDA, Loan Agreement and Promissory Note for the 4th Avenue Lofts. Specifically, the amendments relate to a release of the bonding requirements in the DDA, modifications to the project schedule and changes to the disbursement of net sales proceeds. None of these changes require additional Agency subsidy; the developer is bringing additional equity to the project to fill the gap created by the increased costs.

Committee/Commission Action:

At its meeting on March 1, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

Amendments to the Disposition and Development Agreement (DDA) and Loan Documents for the 4th Avenue Lofts

AYES: Burns, Burruss, Fowler, Gale, Gore, Hoag, Piatkowski, Shah, Simon, Stivers.

NOES: None.

ABSENT: Coriano.

Background Information:

In May, 2003, the Agency issued a Request for Qualifications/Proposals for the development of four parcels totaling 18,000 square feet in the Oak Park Redevelopment Area. Attachments A and B show the location of the project in relation to the larger vicinity and within the neighborhood, respectively. After review of three qualified submittals, the selection committee chose 4th Avenue Lofts, LLC ("Developer") to acquire the property and build ten loft-style homeownership units on the site. In November, 2004, the Agency entered into a Disposition and Development Agreement ("DDA") with 4th Avenue Lofts, LLC which detailed the parameters of the development, timing for development and estimated project budget. Since that time, the Agency has been working with the developer on a variety of tasks, including community review, narrowing the design and development scope, and processing of City entitlements.

At this time, the project has received all entitlements from the City, and the developer is ready to begin construction. However, after bidding the project to several contractors, the Developer found that construction costs were approximately 20 percent higher than originally anticipated. In addition to the hard construction cost increases, the developer was faced with an increase in insurance costs, due to the need for a more comprehensive "wrap" policy necessary for attached style homeownership units.

The total cost increase anticipated by the Developer is approximately \$500,000. The Developer has proposed to fill this gap with an increase in their private bank loan by approximately \$200,000 and an addition of approximately \$300,000 of Developer equity. With this addition, the Developer will have committed approximately \$440,000 of equity to the project. A financing matrix showing updated sources and uses can be found as Attachment C to this report.

While the Agency is not providing additional funding for the project, staff is proposing three modifications to the executed DDA and loan documents to help facilitate the changes as follows:

1. Removal of the bonding requirements from the DDA. This change represents an approximately \$50,000 savings to the Developer. In lieu of bonding, the Developer has provided a letter to the Agency documenting their ability to monetarily secure the project, and their personal liability for the \$2 million construction loan. Agency legal counsel has found this sufficient to release the Developer from the bonding requirements.

Amendments to the Disposition and Development Agreement (DDA) and Loan Documents for the 4th Avenue Lofts

2. Modification to the equity share provisions to allow the Developer to recapture all of their equity from net sales proceeds as well as their previously approved developer profit before sharing any excess proceeds with the Agency. The current Loan Agreement and Promissory Notes are silent as to how Developer equity is considered when calculating the cost sharing "split"; only senior loan payments, cost of sales and developer profit are included in the current definition. This modification recognizes the additional risk the Developer is contributing with an infusion of over 200 percent more equity than originally budgeted. The developer profit and split of any additional proceeds remains unchanged, as does the developer profit allowed.
3. Extension of the development schedule to recognize the time delays of the project associated with the difficulties in securing a construction bid within the previously estimated costs. The Developer is not proposing an extension to the time for construction and sales (16 months), simply an extension of actual dates to make the performance schedule current.

The amendment document reflecting the necessary changes to the text of the DDA, Loan Agreement and Promissory Note can be found as Attachment D.

Financial Considerations:

No additional Agency financing is being considered as a part of these modifications. However, the ability for repayment of the Agency loan is reduced by the modified definition of "net sales proceeds" to include all Developer equity. Should there be additional net sales proceeds after repayment of the senior loan, payment of cost of sales and repayment of all Developer equity, the Agency's share remains unchanged at 50 percent.

Environmental Considerations:

The project was previously determined to be exempt from environmental review per CEQA Guidelines Section 15332 and it is a continuing project, the scope of which remains unchanged. The National Environmental Policy Act does not apply.

Policy Considerations:

The action recommended in this report is consistent with community development goals listed in the Oak Park Redevelopment Area 2000-2004 Implementation Plan. They include promoting homeownership, promoting new construction on vacant lots, stabilizing and increasing property values, and increasing the percentage of owner-occupants.

This action is also consistent with the City's Strategic Plan goal to enhance and preserve the neighborhoods. The proposed action supports the Guiding Principle of that goal which states that programs and strategies should promote the maintenance and development of the fullest range of housing choices in every community in the City of Sacramento.

March 14, 2006

Amendments to the Disposition and Development Agreement (DDA) and Loan Documents for the 4th Avenue Lofts

M/WBE Considerations:

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

Respectfully Submitted by:  _____
ANNE M. MOORE
Executive Director

Recommendation Approved:

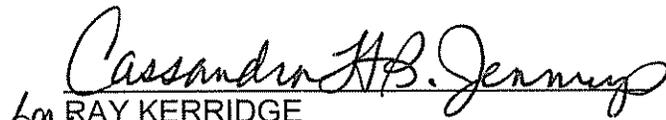
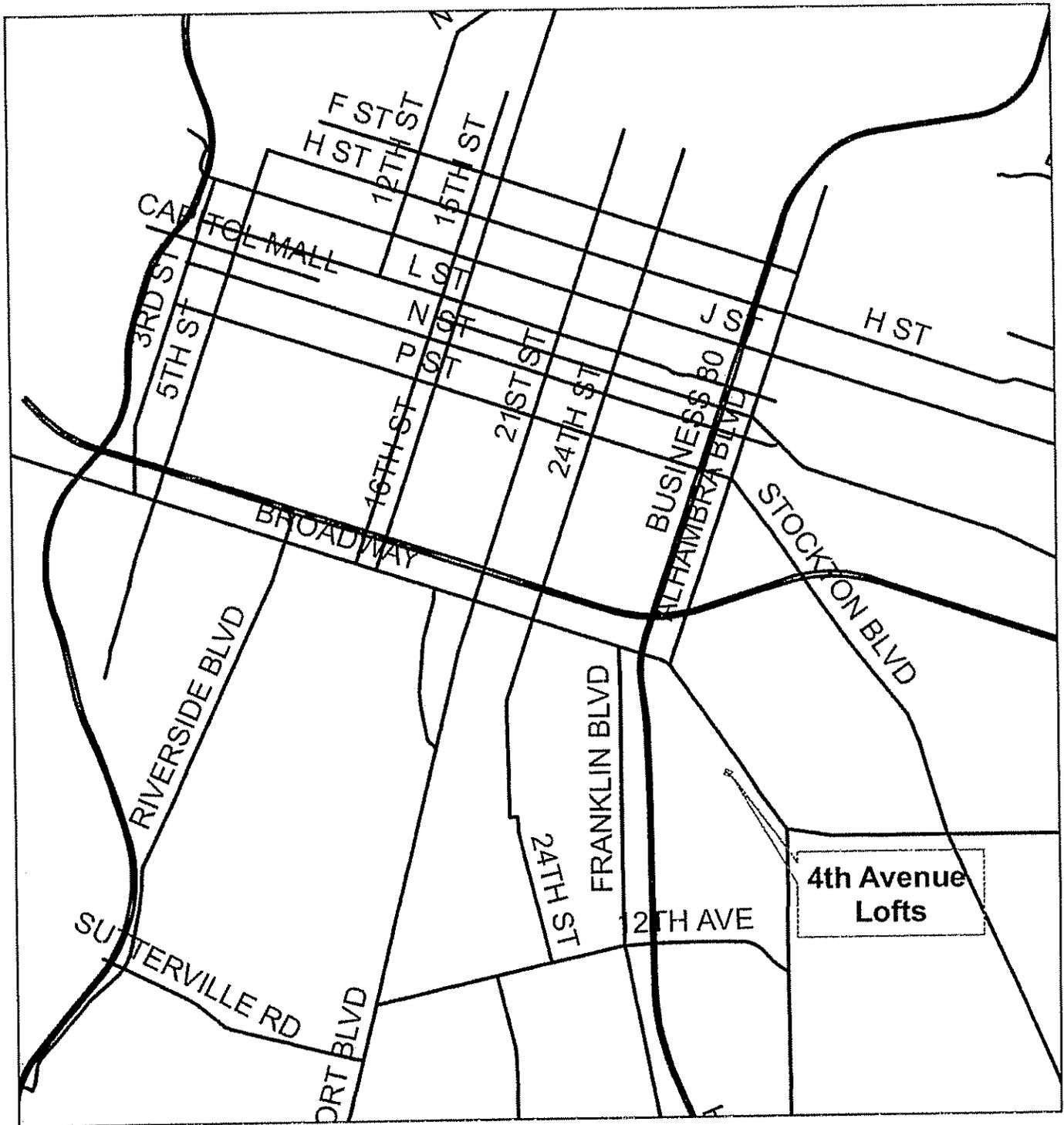

for RAY KERRIDGE
Interim City Manager

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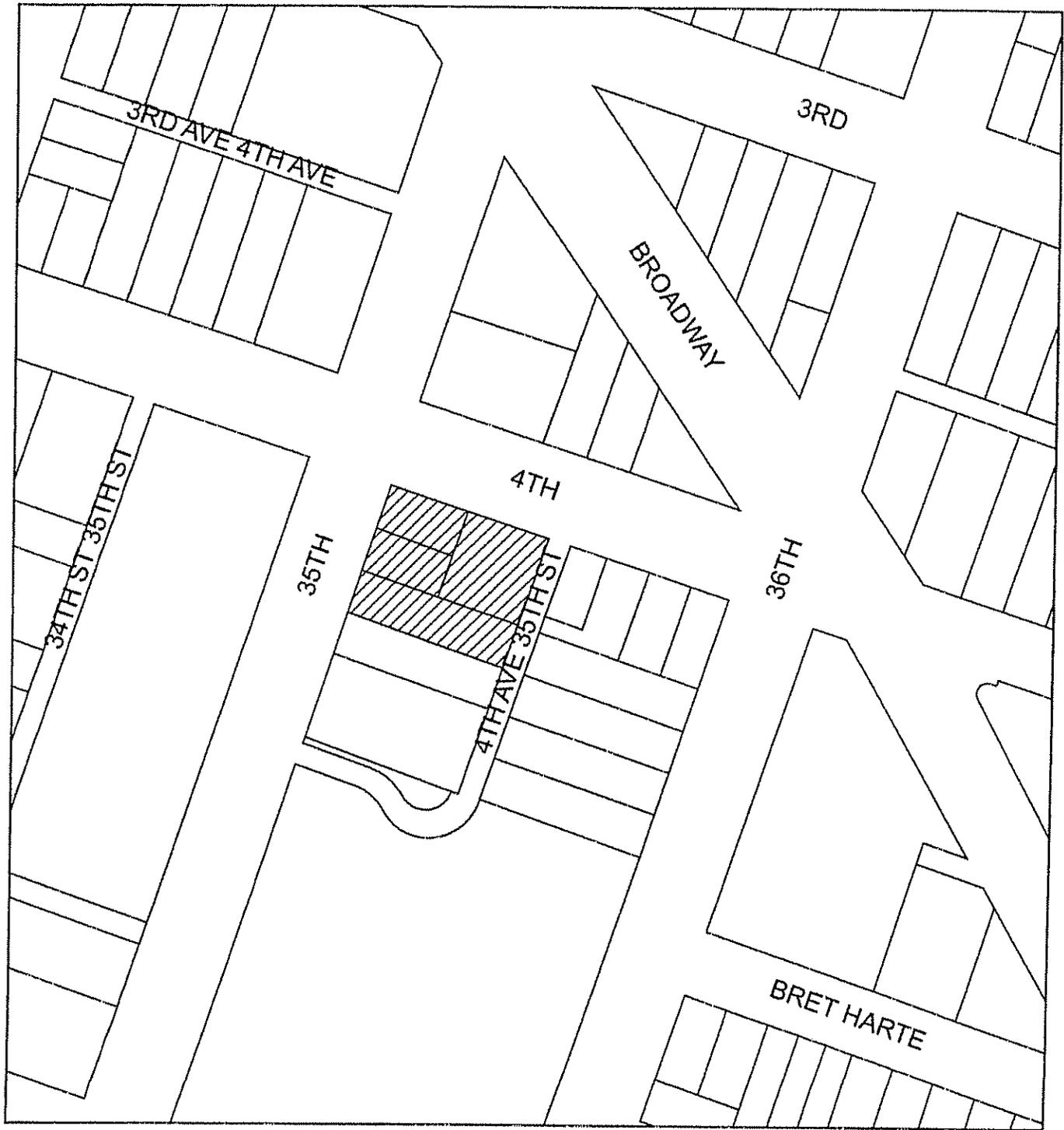
4th Avenue Lofts Vicinity Map



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4th Avenue Lofts Location Map

Attachment B



Legend

 4th Avenue Lofts 6

		Fourth Avenue Lofts			
Address		Southeast corner of 35th Street and 4th Avenue			
Number of Units		10			
Unit Mix and Proposed Sales Prices		Number		Average Proposed Sales Price	
Lofts		7		\$297,500	
Live/Work Lofts		3		\$311.333	
Square Footage					
Lofts		1,150			
Live/Work Lofts		1,400			
Site Amenities		The project will include on-site parking, including both garages and open air sites The site will feature a secure private drive court, providing rear access to the housing units, and access to parking			
Sources and Uses of Funds					
Construction Sources				<i>Per Unit</i> <i>Per Square Foot</i>	
Private Construction Loan		\$ 1,960,000		\$ 196,000	\$ 160.00
Developer Equity		\$ 442,666		\$ 44,267	\$ 36.14
SHRA Loan		\$ 979,420		\$ 97,942	\$ 79.95
Total Sources of Funds		\$ 3,382,086		\$ 338,209	\$ 276.09
Uses				<i>Per Unit</i> <i>Per Square Foot</i>	
Site Acquisition		\$ 1.00		\$ 0	\$ 0.00
Construction		\$ 2,495,050		\$ 249,505	\$ 203.68
Construction Contingency		\$ 180,000		\$ 18,000	\$ 14.69
Construction Financing		\$ 89,250		\$ 8,925	\$ 7.29
Overhead and Insurance		\$ 163,340		\$ 16,334	\$ 13.33
Predevelopment/Soft Costs/Indirects		\$ 154,481		\$ 15,448	\$ 12.61
Building Permits		\$ 223,783		\$ 22,378	\$ 18.27
Marketing and Administration		\$ 51,181		\$ 5,118	\$ 4.18
Soft Cost Contingency		\$ 25,000		\$ 2,500	\$ 2.04
Developer Fee ⁽¹⁾		\$ -		\$ -	\$ -
Total Uses of Funds		\$ 3,382,086		\$ 338,209	\$ 276.09
⁽¹⁾ Developer fee is not represented in the uses, because it is paid out of net sales proceeds, not from construction financing. Developer fee will be equal to 17% of gross sales proceeds, currently estimated to be approximately \$512,800.					

NO FEE DOCUMENT:
 Entitled to free recording
 Under Government Code 6103
 When recorded, return to:
 SACRAMENTO HOUSING AND
 REDEVELOPMENT AGENCY
 630 "I" Street
 Sacramento, CA 95814
 Attention: Portfolio Management

**FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT,
 CONSTRUCTION AND PERMANENT LOAN AGREEMENT, REGULATORY AGREEMENT AND RELATED
 DOCUMENTS NOTICE OF ISSUANCE OF FIRST AMENDED NOTE TO REPLACE NOTE SECURED BY DEED
 OF TRUST**

AS OF THE EFFECTIVE DATE, AND IN CONSIDERATION OF THEIR MUTUAL OBLIGATIONS, the "Agency "and "Developer" enter into this "Amendment" and amend the "Original Loan", as follows. Terms in parentheses are defined terms and shall have the meanings so ascribed to them in the table below. If an item in the following table is marked "None, Not Applicable, N/A, or equivalent or is left blank, that defined term is not applicable to this Amendment or the referenced item is not required or is not included in this Amendment, as the context may indicate.

GENERAL		
"Effective Date"	The Effective Date is the effective date of this Amendment, which is the following.	
"Agency"	Redevelopment Agency of the City of Sacramento, a political body, corporate and politic, whose address is 630 I Street, Sacramento, California 95814	
"Developer"	Name	4th Avenue Lofts, LLC, California limited liability company
	Address	1221 18th Street, Sacramento, California 95814

ORIGINAL LOAN			
"Original Loan"	Original Loan is the loan made by the Loan Agreement but without regard to this Amendment.		
"Loan"	Loan is the loan made by the Loan Agreement as amended by this Amendment.		
"DDA"	DDA is the "Disposition and Development Agreement", which is the agreement between Agency and Developer made as of the following date for the transfer of the Property, and for the making of the Loan.	Date	December 8, 2004
		Recording Date	December 17, 2004
		Book No.	2004-12-17
		Page No.	527
"Loan Agreement"	Loan Agreement is the "Construction and Permanent Loan Agreement", which is the loan agreement between Agency and Developer made as of the following date to construct the project described in the DDA on the Property.	Date	December 8, 2004
"Note"	Note is the Promissory Note made by Developer in favor of Agency, evidencing the Original Loan, and dates as of the following date:	Date	December 8, 2004
"Deed of Trust"	Deed of Trust is the deed of trust executed by Developer securing the Original Loan in favor of Agency, dated as the of the following date and recorded against the Property in the Office of the County Recorded of Sacramento County on the recording date, series and document number as follows:	Date	December 8, 2004
		Recording Date	December 17, 2004
		Book No.	2004-12-17
		Page No.	530

"Regulatory Agreement"	Regulatory Agreement is the regulatory agreement containing covenants, conditions, restrictions and regulations, executed by Developer in favor of Agency, required by the DDA and as a condition of the Loan, dated as the of the following date and recorded against the Property in the Office of the County Recorded of Sacramento County on the recording date, and series and document number as follows.	Date	December 8, 2004
		Recording Date	December 17, 2004
		Series No.	2004-12-17
		Document No.	525
"Property"	The Property is that certain real property that is security for the Loan located at the following address, and more specifically described as set out in Exhibit 1 Legal Description that is attached to this Amendment and incorporated in it by this reference.		

AMENDMENTS AND CHANGES

All Documents	References in the DDA and all of the documents included in DDA, including the Loan Agreement and Note, shall be construed to mean such documents as amended by this Note.
"First Amended Promissory Note" or "Amended Note"	The Note is replaced by the First Amended Promissory Note. A copy of the First Amended Promissory Note is attached to this Amendment as Exhibit 2 Amended and Restated Promissory Note .
"DDA Changes"	<ol style="list-style-type: none"> 1. The new Effective Date of the Agreement shall be March 14, 2006 2. Section 5.5 regarding Payment and Performance Bonds is deleted. 3. In the Schedule of Performances, the Contractor Bidding/Selection dates are changed to "07/2005" to commence and "03/2006" to complete, the Project Construction dates are changed to "04/2006" to commence and "01/2007" to complete, the Loft Sales dated are changed to "01/2007" to commence and "06/2007" to complete, and the Entire Project dates are changed to "06/2007" to complete with a 34 month duration. 4. The Scope of Development is changed as follows: <ol style="list-style-type: none"> a. Project Components Section, second paragraph is changed to indicate <i>three</i> Live/Work "Commercial" Units and <i>seven</i> Rowhouse Lofts. b. Rowhouse Lofts Section is changed, first sentence is changed to read: "The project will have Rowhouse Lofts flanking each of the corner Live/Work units; there will be four fronting 4th Avenue and three fronting 35th Street." c. The Project Materials Section is changed to indicate that the Rowhouse Lofts will contain <i>1,150</i> square feet and that there will be <i>ten</i> garages in the Drive Court.
"Loan Agreement Changes"	<ol style="list-style-type: none"> 1. Article 1 Section H of the Loan Agreement is changed to indicate a Completion Date of "January 31, 2007" and to name the General Contractor as "Cimorelli Construction Company". 2. The first sentence of Paragraph 4 of Article 1 Section I is changed to read: "All sales proceeds from the sale of each residential unit remaining after payment of construction loans other than the Loan, usual and customary costs of sale, and the actual amount of developer equity contributions as confirmed by a cost certification prepared by a qualified, independent auditor acceptable to Lender." 3. Article 2 Section 13.3 is changed in pertinent part to read "\$2,000,000 general aggregate limit, and \$2,000,000 products and completed operations aggregate limit".

1. DEVELOPER REPRESENTATIONS AND WARRANTIES. As of the Effective Date, Developer represents and warrants that Developer has made no other loan secured by or purporting to be secured by the Property, whether or not of record, except as approved by Agency as of the making of the Original Loan and that no other liens, judgments, orders, attachments, or claims have been made and remain against the Property. Developer's signatory, for himself or herself, and Developer represents and warrants that said signatory has the requisite authority to execute this amendment on behalf of Developer

2. **NOTE AMENDMENT.** The Note is amended and restated to conform to this Amendment and to contain such other Note terms as are being amended in conjunction with this Amendment. A copy of the Amended Note is attached as **Exhibit 2 Amended and Restated Promissory Note**. Developer shall execute the Amended Note concurrently with the execution of this Amendment. Upon delivery by Developer of the duly executed Amendment and Amended Note to Agency, Agency shall cancel the Note and deliver the cancelled Note to Developer.

3. **OTHER AMENDMENTS AND CHANGES.** The DDA and Loan documents shall be amended to reflect the respective changes indicated above as Amendments and Changes.

4. **GENERAL PROVISIONS.**

a) No rights, obligations, or defaults of the parties are waived by this Amendment, except as expressly stated in this Amendment.

b) All other terms of the Loan documents shall remain the same.

c) If any term, provision, covenant, or condition or any application is held by a court of competent jurisdiction to be invalid, void, or unenforceable, all terms, provisions, covenants, and conditions and all applications not held invalid, void, or unenforceable will continue in full force and will in no way be affected, impaired, or invalidated.

Executed on _____, in Sacramento, California.

DEVELOPER
4th Avenue Lofts, LLC,
limited liability company

By:

Ron Vrillakas and Skip Rosenbloom
Members
Authorized Signatory

AGENCY
Redevelopment Agency of the City of Sacramento

By:

Anne M. Moore
Executive Director

Approved as to form:

Agency Counsel

CONSENT OF SENIOR AGENCY

The undersigned, being a lender having a lien that is senior in interest to the lien of Redevelopment Agency of the City of Sacramento, have reviewed the amendment of the Redevelopment Agency of the City of Sacramento loan as represented by this Amendment, and do hereby approve and consent to the Amendment

Senior Agency:

By:

Name:
Title:

[ACKNOWLEDGMENTS]

EXHIBIT 1 LEGAL DESCRIPTION

EXHIBIT 2 AMENDED AND RESTATED PROMISSORY NOTE

**FIRST AMENDED PROMISSORY NOTE
FOR 4TH AVENUE LOFTS PROJECT
CONSTRUCTION AND PERMANENT LOAN AGREEMENT**

BORROWER HAS MADE THIS PROMISSORY NOTE ("NOTE") AS OF THE EFFECTIVE DATE. The Lender is making the Loan pursuant to the terms and conditions of the Loan Agreement and this Note. This Note includes all attachments and Exhibits listed below, which are attached to and incorporated in this Note by this reference. The capitalized terms in this Note shall have the meanings assigned in the following table of definitions and as defined in the body of the Note. (Terms being defined are indicated by quotation marks. If an item in the table is marked "None, Not Applicable, N/A or equivalent or is left blank, that defined term is not applicable to this Note or the referenced item is not required or is not included in this Note as the context may indicate.) The Lender is making the Loan to Borrower in consideration of Borrowers making this Note and delivering it to Lender.

For purposes of this Note, the following terms shall have the following meanings:

DEFINED TERM:	DEFINITION:
"Effective Date"	December 8, 2004
"Lender"	Redevelopment Agency of the City of Sacramento
"Borrower"	4th Avenue Lofts, LLC
"Borrower Legal Status"	A California limited liability company
"Loan Agreement"	The Loan Agreement between the Borrower and Lender as of the Effective Date for making of the loan ("Loan") evidenced by this Note.
"Principal Amount"	Nine Hundred Seventy-Nine Thousand Four Hundred Twenty Dollars (\$979,420)
"Interest Rate"	This Note shall not bear interest, except as herein provided in the event of default.
"Accrual Date"	Interest shall accrue starting on the following "Accrual Date": The Effective Date
"Special Terms"	<p>1. All sales proceeds from the sale of each residential unit remaining after payment of construction loans other than the Loan, usual and customary costs of sale, and the actual amount of developer equity contributions as confirmed by a cost certification prepared by a qualified, independent auditor acceptable to Lender (collectively, "Net Sales Proceeds") shall be placed in a joint escrow account ("Closing Account"), to be divided between Lender and Borrower as follows: The funds shall be disbursed first to Borrower until Borrower has received an amount equivalent to Seventeen Percent (17%) of the gross selling price of all of the residential units in the Project. Thereafter, any remaining Net Sales Proceeds shall be disbursed One Half (½) to Borrower, and One Half (½) to Lender until Lender receives all of the outstanding balance of the Loan, including without limitation all accrued interest. After disbursement of the Net Sales Proceeds pursuant to this Section, any portion of the Loan balance remaining after such disbursement shall be forgiven.</p> <p>2. Upon the sale of each unit, the Net Sales Proceeds from the sale of each unit in the Project shall be deposited in the Closing Account. The funds in the Closing Account shall be disbursed within thirty (30) days after the sale of all of the units, conditioned upon the delivery to the account holder of a joint written request for disbursement from Borrower and Lender stating the amounts due each of them from the Closing Account. Such disbursement shall be made strictly in accordance with the terms of such written request.</p> <p>3. This Note shall replace the original note, dated December 8, 2004, evidencing the Loan. Upon execution and delivery of this Note to Lender, the original note is cancelled, and Lender shall so mark the original note and return it to Borrower.</p>
PAYMENT SCHEDULE. Repayment of this Note shall be made the following amounts:	
"Payment Start Date"	Maturity Date

"Maturity Date"	Thirty (30) days after the close of the sale of the last residential unit within the Project.
"Payment Amount(s)"	The Loan shall be repaid in one payment on the Maturity Date from the proceeds of the Closing Account as detailed in the Special Terms, above.

FOR VALUE RECEIVED, THE UNDERSIGNED, JOINTLY AND SEVERALLY, PROMISES TO PAY to Lender, or its successors or assigns, the Principal Amount or such lesser amount as may be endorsed on this Note on behalf of Lender. The Loan shall bear interest on the outstanding principal balance, computed from the date of each advance by Lender to Borrower at Interest Rate.

1. This Note evidences the obligation of Borrower to Lender for repayment of funds loaned to Borrower under a loan agreement between Borrower and Lender dated as of the Loan Date ("Loan Agreement"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference. The Loan Agreement provides for and incorporates the Regulatory Agreement ("Regulatory Agreement"), the making of which is further consideration for this Note.

All payments on this Note shall be applied first to fees and charges due under the Loan Agreement, if any, then interest and then to the principal due on this Note. Borrower shall make the payments to the Lender at 630 "I" Street, Sacramento, CA 95814-2490, or to such other person or organization as may be designated by Lender to Borrower and noticed as provided in the Loan Agreement.

2. This Note is secured by a Deed of Trust with Assignment of Rents against the real property described in the Loan Agreement ("Property"), recorded in the office of the County Recorder of Sacramento County ("Trust Deed"). The Trust Deed securing this Note provides that Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable, if any interest in the real property is sold, transferred or conveyed to any person, whether voluntarily or involuntarily. The Trust Deed further provides that if Borrower does not comply with the requirements of the Regulatory Agreement and fails to come into compliance with the Regulatory Agreement within thirty (30) days after Lender's written notice to Borrower of such failure, Lender may at its option, declare all funds secured by the Trust Deed immediately due and payable.

3. Borrower shall comply with and fulfill the Special Terms.

4. Upon occurrence of any one or more of the following, Lender may, at its sole discretion, declare all unpaid principal immediately due and payable, together with all unpaid interest at the stated rate from the date of the advancement of the Loan's proceeds, subject to applicable cure periods, if any:

- a. Borrower defaults in the payment of any principal or interest when due.
- b. Lender discovers that Borrower, in any application to Lender in connection with the Loan, had failed to disclose or misrepresented any fact that would have prevented Borrower from being eligible for the Loan.
- c. Lender discovers that Borrower had made any misrepresentations or failed to disclose any fact in the Loan Agreement, this Note or the Trust Deed that would affect the interests of Lender.
- d. Borrower defaults or breaches any of the terms of Loan Agreement, this Note, the Trust Deed or the Regulatory Agreement.
- e. Borrower fails to perform any covenant, term or condition in any instrument creating a lien upon the Property which is the security under the Trust Deed, or any part thereof, which lien shall have priority over the lien of the Trust Deed securing this Note.
- f. The sale, transfer of title, conveyance or further encumbrance of the Property, whether by sale, exchange, gift, inheritance or other means, without prior written consent of Lender.
- g. The occurrence of any of the following:
 - 1) Borrower becoming insolvent or bankrupt or being unable or admitting, in writing, his/her inability to pay his/her debts as they mature or making a general assignment of or entering into any arrangement with creditors.
 - 2) Proceedings for the appointment of a receiver, trustee or liquidator of the assets of Borrower or a substantial part of such assets, being authorized or instituted by or against the Borrower.
 - 3) Proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against Borrower.

5. No waiver of any default or breach by Borrower under this Note shall be implied from any omission by Lender to take action on account of such default, and no express waiver shall affect any default, other than the default specified in the waiver. Such waiver shall be in writing and shall be operative only for the time and to the extent therein stated.
6. Borrower may prepay this Note in full or in part at any time, without any prepayment penalty being charged by Lender.
7. During the existence of default or delinquency under the terms of this Note or the Trust Deed, the Lender is expressly authorized to apply all payments made on this Note to the payment of all or part of the delinquency, as it may elect.
8. It is the intent of the parties that this Loan be a nonrecourse loan, and notwithstanding any provision of this Note or any document evidencing or securing this Loan, Borrower, and Borrower's principals, agent, officer, and successors in interest shall not be personally liable for the payment of the Loan or any obligation of the Loan.
9. Borrower shall pay to Lender all costs of enforcement of all or any portion of this Note and the Trust Deed, including attorney's fees, witness fees, investigator fees and court costs, incurred by Lender, whether or not litigation is commenced.

IN WITNESS WHEREOF, Borrower has executed this Note as of the Loan Date.

Borrower:

4TH AVENUE LOFTS, a California Limited Liability Company

By:

Ron Vrilakas, Managing Member
and
Concentric Health, Inc., a California corporation, Managing Member

E. Scott Rosenbloom, President

RESOLUTION NO. _____

Adopted by the Redevelopment Agency of the City of Sacramento

ON DATE OF

APPROVAL OF AMENDMENTS TO THE DISPOSITION AND DEVELOPMENT AGREEMENT, LOAN AGREEMENT AND PROMISSORY NOTE WITH 4TH AVENUE LOFTS, LLC FOR DEVELOPMENT OF THE 4TH AVENUE LOFTS PROJECT AT 3516 4TH AVENUE

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Oak Park Redevelopment Plan ("Redevelopment Plan") and an Implementation Plan for Oak Park Project Area ("Project Area").
- B. Agency and 4th Avenue Lofts, LLC ("Developer") have entered into a Disposition and Development Agreement ("DDA") conveying the Property to Developer for construction of ten single family, loft homes to be sold to purchasers; as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").
- C. The Developer has encountered cost increases in the project of approximately \$500,000, of which \$200,000 can be covered by an increase in the private bank loan for the Project.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

- Section 1. The amendments to the Disposition and Development Agreement and the Loan Agreement and the Amended Promissory Note, copies of which are attached to the staff report that accompanies this resolution, are approved and the Executive Director is authorized to execute the amendments, and to perform other actions as necessary to implement the terms of the DDA.

