

RESOLUTION NO. 2019-0327

Adopted by the Sacramento City Council

August 13, 2019

Arden Way Phase II: Approval of \$2,400,000 in City Home Investment Partnerships Program (Home); \$1,300,000 in City Housing Trust Funds and \$300,000 in City Mixed Income Housing Funds, Execution of a Loan Commitment and Related Documents with Community HousingWorks or Related Entity; Related Budget Amendment; and Environmental Findings

BACKGROUND

- A. Community HousingWorks (Developer) has applied for an allocation of \$4,000,000 to assist in funding the acquisition, construction and permanent financing of the Arden Way Phase II Project.
- B. Arden Way Phase II is consistent with: a) the Agency's previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority four, New Production (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, Goals H-1.1.1 Sustainable housing practices; H-1.3.2 Economic integration of new multifamily affordable housing projects; H-2.2.4, in part, Pursue and maximize the use of all appropriate state, federal, local and private funding for the development of housing affordable for extremely low-, very low-, and low-income households, while maintaining economic competitiveness in the region; H-3.1.1 Promote extremely low income housing; and H-5.1 to 5.4 Promote, preserve and create accessible residential development (Resolution No. 2013-415).
- C. Arden Way Phase II is also a) consistent with the Sacramento Promise Zone Plans and Goals, Sustainably Built Community sub-goal to increase housing types and transit growth to promote livability and connectivity within the Promise Zone (Resolution No. 2015-263); and b) located in an Opportunity Zone that provides a federal tax incentive for investors, who invest in real estate projects and operating businesses located in designated low-income communities through deferral and partial tax reductions of reinvested capital gains and forgiveness of tax on new capital gains (enacted into federal law through the Tax Cuts and Jobs Act of 2017).

- D. The Project has been reviewed pursuant to the California Environmental Quality Act (CEQA), and it has been determined that the project is exempt from CEQA review pursuant to two statutory provisions: Government Code section 65457 (project consistent with a specific plan) and Public Resources Code section 21155.4 (specific plan, transit priority area, consistency with regional planning).
- E. An Environmental Assessment (EA) was completed pursuant to the National Environmental Policy Act (NEPA), and it was found that with mitigation measures incorporated, the project will not result in a significant impact on the quality of the human environment.

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 stated above, including the environmental facts and findings, as stated above, are found to be true and correct.
- Section 2. The Agency is authorized to amend the Agency budget and allocate up to \$2,400,000 in HOME funds, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing Funds to Arden Way Phase II.
- Section 3. The Loan Commitment, included as Exhibit A, for financing the Arden Way Phase II with \$4,000,000, (comprised of \$2,400,000 in HOME funds, \$1,300,000 in Housing Trust Funds and \$300,000 in Mixed Income Housing Funds) is approved, and the Agency is delegated authority to execute and transmit the Loan Commitment to Community HousingWorks or related entity.
- Section 4. 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 Loan Commitment that accompany this resolution, in accordance with their terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, and extensions consistent with Agency adopted policy and with this resolution.

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Exhibit A – Arden Way Phase II Loan Commitment Letter

Adopted by the City of Sacramento City Council on August 13, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer,
Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.08.14 16:11:10 -07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.



Date: July 23, 2019

Susan M. Reynolds
President and Chief Executive Officer
Community HousingWorks
3111 Camino del Rio North, Suite 800
San Diego, CA 92108

RE: Conditional Funding Commitment for Arden Way Phase II

Dear Ms. Reynolds:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of a \$4,000,000 permanent loan funds (Loan) comprised of \$2,400,000 in City HOME Investment Partnership Program (HOME), \$1,600,000 in City Housing Trust Fund (HTF) and \$300,000 in Mixed Income Housing Funds for the purpose of financing the acquisition, construction and development of that certain real property known as Arden Way Phase II (Project) located at 880, 924 and 936 Arden Way, 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 is subject to the satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. Loan terms not in this funding commitment and the attached loan document forms shall not be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan 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 given at least sixty (60) days prior to close of escrow for the Property.

This commitment will expire **December 31, 2021** or extended upon mutual written agreement.



1. PROJECT DESCRIPTION: Arden Way Apartments Phase II is a new construction development on approximately 1.97 acres located in the Erikson Industrial Park area of the City of Sacramento (Project). The development consists of 67 units comprised of four (4) studio with one-bathroom, six (6) one-bedroom with one-bathroom, 24 two-bedroom with one-bathroom, and 33 three-bedroom with two-bathroom units. Inclusive of this unit mix, one two-bedroom unit will be exempt for management staff. The common areas and amenities include a community room with full kitchen, computer lab, two (2) conference rooms, central laundry facility, 34 long-term and seven (7) short-term bicycle parking, on-site parking, courtyard, barbeques, play area, swimming pool, exercise path, resident organic garden, and security cameras.

Further details are described in the Scope of Development (Attachment 1).

2. BORROWER: The name of the Borrower for the Loan is Arden Way Housing Associates, L.P., a California limited partnership (Community Housing Works or related entity).
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, development and for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of the funding source for the Loan.
4. PRINCIPAL AMOUNT: The combined principal amount of the Loan will be the lesser of (a) Four Million Dollars (\$4,000,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency.
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 three percent (3%) 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, installments for the loan are calculated to achieve an annual 1.15 debt coverage ratio. Annual payments will be made on a Residual Receipts, as defined below, basis until the maturity date. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.

“Residual Receipts” is defined as follows: After Month 204, annual installments (as described in Section [f] of this paragraph) are to begin on the first day of the first month (month 205) of the loan. Based on the annual audited financial statement from the preceding year, payments will be made upon a “Residual Cash Flow” basis meaning Net Operating Income (NOI) less: (a) debt service on the senior loan, and monitoring fees of the State of California Housing Community Development (HCD) loan and the City of Sacramento Housing Authority mortgage revenue bond issuance; (b) asset management



fees up to \$12,500 annually as of the Loan's Effective Date escalating at 3% annually; (c) partnership management fee up to \$7,500 annually as of the Loan's Effective Date escalating at 3% annually; (d) deferred developer fee; (e) fifty percent (50%) of the available cash flow from NOI to Borrower after Sections (a) through (d) of this paragraph are paid; (f) thirty-seven percent (37%), or the proportional share of HCD's public assistance, of the available cash flow from NOI towards loan repayment to HCD after Sections (a) through (e) of this paragraph are paid; and (g) the remaining thirteen percent (13%), or the proportional share of the Agency's public assistance, of the available cash flow from NOI towards loan repayment to the Agency after Sections (a) through (f) of this paragraph are paid.

The Net Operating Income is defined as periodic "Revenue" less "Operating Expenses." "Revenue" means all revenue from the leasing of the Project, including but not limited to all rents, fees, and charges paid by tenants as well as rental subsidy payments regardless of the source of these subsidies, forfeited tenant deposits, rent increases, proceeds from vending machines and laundry room machines. Revenue shall not include tenants' security deposits (unless forfeited), interest on those deposits, loan proceeds, capital contributions or similar advances, or amounts released from reserves or interest on reserves.

"Operating Expenses" shall mean actual costs, fees and expenses as evidenced by invoices attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including property management fees; taxes and assessments; payroll, benefits and payroll taxes of for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; recreational amenities and supplies; purchase, repair, servicing and installation of appliances; costs and expenses associated with the provision of social and/or community services to the residents of the Project; equipment, fixtures and furnishing; fire alarm and elevator monitoring; fees and expenses of accountants, attorneys, consultants and other professionals. The definition will include deposits into operating and/or replacement reserves maintained by the Borrower.

8. SOURCE OF LOAN FUNDS:

Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: City HOME Investment Partnership Program funds, Housing Trust Funds and Mixed Income Housing Funds. This Loan is conditioned upon Borrower'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; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower 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 Initials)

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 the commercial bank senior lender, HCD, and such other items 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 the acquisition, construction and development 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 shall not deviate from the rental schedule presented in Borrower's application for the Loan 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 (TCAC).
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$13,300,000 in Low Income Housing Tax Credit Equity, no less than \$400,000 in deferred developer fee, and no less than \$2,400,000 in general partnership equity. If LIHTC equity decreases below \$13,300,000, the equity must be offset by an increase in deferred developer fee, general partnership equity and/or other non-SHRA gap financing source. The estimated cash developer fee paid from the project funding sources shall be \$1,400,000 but may be allowed up to the maximum cash developer fee permitted by HCD and/or TCAC.
13. OTHER FINANCING: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower 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 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.
- (d) Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.
14. EVIDENCE OF FUNDS: Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower 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 has submitted to the Agency a hazardous substances report made in accordance with the American Society for Testing and Materials (ASTM) International, 2010, Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions (Designation E-2600-10) and ASTM, 2013, Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process (Designation E-1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan 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 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 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 application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower 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. The final plans shall incorporate all related mitigation measures, environmental conditions required, if any, for compliance with approvals under CEQA, and/or NEPA, or the U.S. Department of Housing and Urban Development as conditions of approval 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 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 to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower'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%) of the total amount of the Loan as retention and shall be released when the Agency determines all conditions to final disbursement of the Loan have been satisfied.
21. COST BREAKDOWN: Borrower 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 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 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. 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 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 permanent loan conversion, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency. The 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 Borrower shall seek Agency approval for Project-related use(s) of said aggregate savings. The Agency shall respond within 15 days to such request for approval. Upon receipt of such consent, the Borrower shall complete the Project-related use(s) in a 90 day period, with option to extend upon mutual agreement.



23. START OF CONSTRUCTION: Borrower 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 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, and security patrols, 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 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 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 TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with "Sacramento Housing and Redevelopment Agency and its constituent entities" 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 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 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 ALTA endorsement no. 101.1 and CLTA endorsement nos. 100, 116, and



102.5/102.7 and 124 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 must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower'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 must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
31. PURCHASE OF PROPERTY: Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.
32. FINANCIAL INFORMATION: During the term of the Loan, Borrower 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. Prior to close of the Loan and during its term, Borrower 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 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 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. AFFIRMATIVE FAIR MARKETING: Borrower agrees to submit an Affirmative Marketing Plan to Agency and to follow all Agency affirmative marketing requirements.
35. RESIDENT SERVICES AGREEMENTS: Prior to execution, Borrower must submit to Agency any agreements providing for the resident services by Community HousingWorks Achieve Resident Services, or related entity, and qualified third party service providers, which agreements and third party service providers are subject to Agency Approval. The agreement for Phase II must include a minimum of seventeen (17) hours per week of on-site resident services and staffing capacity to ensure on-site resident services continue without interruption due to short- and long-term absences (e.g., unplanned absences, paid time off, vacation time, resignation and/or termination of employment). Additional resident services



hours will be provided for Phase I with a total number of resident services hours at or above twenty (20) for both phases of Arden Way, collectively.

36. LOW INCOME HOUSING TAX CREDITS (LIHTC): Borrower represents that as a condition of closing this Loan 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.
37. SMOKE-FREE ENVIRONMENT: All of the buildings and units must be smoke free. All indoor and outdoor common areas must be smoke-free.
38. DOCUMENTATION: This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, 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 must promptly deliver to Agency any further documentation that may be required by Agency.
39. CONSISTENCY OF DOCUMENTS: As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
40. 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.
41. ACCEPTANCE OF THIS COMMITMENT: Borrower'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 acceptance.



Sincerely,

La Shelle Dozier
Executive Director

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

Dated: July 23, 2019

BORROWER:

Arden Way Housing Associates, L.P., a California limited partnership

By: Boxwood Street Housing LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Mary Jane Jagodzinski
Senior Vice President

The Exhibit listed below is incorporated in this Loan Commitment by this reference for the financing of the Arden Way Phase II:
Exhibit 1 - Scope of Development



Exhibit 1: Scope of Development

Arden Way Apartments Phase II is a new construction development on approximately 1.97 acres located in the Erikson Industrial Park area of the City of Sacramento (Project). The development consists of 67 units comprised of four (4) studio with one-bathroom, six (6) one-bedroom with one-bathroom, 24 two-bedroom with one-bathroom, and 33 three-bedroom with two-bathroom units. Inclusive of this unit mix, one two-bedroom unit will be exempt for management staff. The common areas and amenities include a community room with full kitchen, computer lab, two (2) conference rooms, mail, central laundry facility, 34 long-term and seven (7) short-term bicycle parking, on-site parking, courtyard, barbeques, play area, swimming pool, exercise path, resident organic garden, perimeter fencing and security cameras.

All work shall comply with Federal and State Americans with Disability Act (ADA) accessibility requirements, as well as any other requirements stipulated by the funding sources. When there are differences, the stricter shall prevail. The Borrower is responsible for notifying their architect and/or engineer of all funding sources used on the Project. The architect and/or engineer must indicate these funding requirements in the Project's plans/scope of work.

The Scope of Development is continued on the following page.



I. Mitigation Measures:

Law, Authority, or Factor	Mitigation Measure
<p>Noise Abatement and Control Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978; 24 CFR Part 51 Subpart B</p>	<p>The project site is predicted to be exposed to future exterior noise levels within the normally unacceptable 65-75 dBA DNL range for HUD projects. A noise assessment concluded that in order to reduce interior noise levels to below federal thresholds, certain design elements should be incorporated into the project. The specific design elements only apply to the units along the north side of buildings 1 and 2. The following noise control measures shall be incorporated into designs to the satisfaction of SHRA before construction begins on all units along the north side of building 1 and 2:</p> <ul style="list-style-type: none"> • Building facades shall include use of exterior stucco with RC channels and 5/8” interior gypsum board; • STC 35 rated windows shall be used; • STC 31 rated exterior doors. • Mechanical ventilation penetrations for exhaust fans should not face toward Arden Way. Where feasible, these vents should be routed towards the opposite side of the building to minimize sound intrusion to sensitive areas of the buildings. • Where vents must face toward Arden Way, it is recommended that the duct work be increased in length and make as many “S” turns as feasible prior to exiting the dwelling. This separates the openings between the noise source and the living space with a long circuitous route. Each time the sound turns a corner, it is reduced slightly. Flexible duct work is preferred ducting for this noise mitigation. Where the vent exits the building, a spring-loaded flap with a gasket should be installed to reduce sound entering the duct work when the vent is not in use. • Mechanical ventilation shall be provided to allow occupants to keep doors and windows closed for acoustic isolation. • In lieu of these measures, an interior noise control report may be prepared by a qualified acoustic engineer demonstrating that the proposed building construction would achieve the HUD interior noise reduction requirement of 25 dBA.
<p>TCR-1a: Conduct Cultural Resources and Tribal Cultural Resources Sensitivity and Awareness Training Program Prior to Ground-Disturbing Activities</p>	<p>The City shall require the applicant/contractor to provide a cultural resources and tribal cultural resources sensitivity and awareness training program (Worker Environmental Awareness Program [WEAP]) for all personnel involved in project construction, including</p>



	<p>field consultants and construction workers. The WEAP will be developed in coordination with an archaeologist meeting the Secretary of the Interior’s Professional Qualifications Standards for Archeology, as well as culturally affiliated Native American tribes. The City may invite Native American representatives from interested culturally affiliated Native American tribes to participate. The WEAP shall be conducted before any project-related construction activities begin at the project site. The WEAP will include relevant information regarding sensitive cultural resources and tribal cultural resources, including applicable regulations, protocols for avoidance, and consequences of violating State laws and regulations.</p> <p>The WEAP will also describe appropriate avoidance and impact minimization measures for cultural resources and tribal cultural resources that could be located at the project site and will outline what to do and who to contact if any potential cultural resources or tribal cultural resources are encountered. The WEAP will emphasize the requirement for confidentiality and culturally appropriate treatment of any discovery of significance to Native Americans and will discuss appropriate behaviors and responsive actions, consistent with Native American tribal values.</p>
<p>TCR-1b: In the Event that Cultural Resources or Tribal Cultural Resources Are Discovered During Construction, Implement Avoidance and Minimization Measures to Avoid Significant Impacts and Procedures to Evaluate Resources.</p>	<p>If cultural resources or tribal cultural resources (such as structural features, unusual amounts of bone or shell, artifacts, or human remains) are encountered at the project site during construction, work shall be suspended within 100 feet of the find (based on the apparent distribution of cultural materials), and the construction contractor shall immediately notify the project’s City representative. Avoidance and preservation in place is the preferred manner of mitigating impacts to cultural resources and tribal cultural resources. This will be accomplished, if feasible, by several alternative means, including:</p> <ul style="list-style-type: none"> • Planning construction to avoid tribal cultural resources, archaeological sites and/or other cultural resources; incorporating cultural resources within parks, green-space or other open space; covering archaeological resources; deeding a cultural resource to a permanent conservation easement; or other preservation and protection methods agreeable to consulting parties and regulatory authorities with jurisdiction over the activity. • Recommendations for avoidance of cultural resources and tribal cultural resources will be reviewed by the City representative, interested culturally affiliated



Native American tribes and other appropriate agencies, in light of factors such as costs, logistics, feasibility, design, technology and social, cultural and environmental considerations, and the extent to which avoidance is consistent with project objectives. Avoidance and design alternatives may include realignment within the project site to avoid cultural resources or tribal cultural resources, modification of the design to eliminate or reduce impacts to cultural resources or tribal cultural resources or modification or realignment to avoid highly significant features within a cultural resource or tribal cultural resource.

- Native American representatives from interested culturally affiliated Native American tribes will be invited to review and comment on these analyses and shall have the opportunity to meet with the City representative and its representatives who have technical expertise to identify and recommend feasible avoidance and design alternatives, so that appropriate and feasible avoidance and design alternatives can be identified.
- If the discovered cultural resource or tribal cultural resource can be avoided, the construction contractor(s), will install protective fencing outside the site boundary, including a 100-foot buffer area, before construction restarts. The boundary of a cultural resource or a tribal cultural resource will be determined in consultation with interested culturally affiliated Native American tribes and tribes will be invited to monitor the installation of fencing. Use of temporary and permanent forms of protective fencing will be determined in consultation with Native American representatives from interested culturally affiliated Native American tribes.
- The construction contractor(s) will maintain the protective fencing throughout construction to avoid the site during all remaining phases of construction. The area will be demarcated as an “Environmentally Sensitive Area”.

If a cultural resource or a tribal cultural resource cannot be avoided, the following performance standard shall be met prior to continuance of construction and associated activities that may result in damage to or destruction of cultural resources or tribal cultural resources:

- Each resource will be evaluated for California Register of Historical Resources- (CRHR) eligibility through application of established eligibility criteria (California Code of Regulations 15064.636), in consultation with consulting Native American Tribes, as applicable.

If a cultural resource or a tribal cultural resource is determined to be eligible for listing in the CRHR, the



City will avoid damaging effects to the resource in accordance with California PRC Section 21084.3, if feasible. The City shall coordinate the investigation of the find with a qualified archaeologist (meeting the Secretary of the Interior's Professional Qualifications Standards for Archeology) approved by the City and with interested culturally affiliated Native American tribes that respond to the City's invitation. As part of the site investigation and resource assessment, the City and the archaeologist shall consult with interested culturally affiliated Native American tribes to assess the significance of the find, make recommendations for further evaluation and treatment as necessary and provide proper management recommendations should potential impacts to the resources be determined by the City to be significant. A written report detailing the site assessment, coordination activities, and management recommendations shall be provided to the City representative by the qualified archaeologist. These recommendations will be documented in the project record. For any recommendations made by interested culturally affiliated Native American tribes that are not implemented, a justification for why the recommendation was not followed will be provided in the project record.

Native American representatives from interested culturally affiliated Native American Tribes and the City representative will also consult to develop measures for long-term management of any discovered tribal cultural resources. Consultation will be limited to actions consistent with the jurisdiction of the City and taking into account ownership of the subject property. To the extent that the City has jurisdiction, routine operation and maintenance within tribal cultural resources retaining tribal cultural integrity shall be consistent with the avoidance and minimization standards identified in this mitigation measure.

If the City determines that the project may cause a significant impact to a tribal cultural resource, and measures are not otherwise identified in the consultation process, the following are examples of mitigation capable of avoiding or substantially lessening potential significant impacts to a tribal cultural resource or alternatives that would avoid significant impacts to the resource. These measures may be considered to avoid or minimize significant adverse impacts and constitute the standard by which an impact conclusion of less-than significant may be reached:



	<ul style="list-style-type: none"> • Avoid and preserve resources in place, including, but not limited to, planning construction to avoid the resources and protect the cultural and natural context, or planning greenspace, parks, or other open space, to incorporate the resources with culturally appropriate protection and management criteria. • Treat the resource with culturally appropriate dignity taking into account the Tribal cultural values and meaning of the resource, including, but not limited to, the following: <ul style="list-style-type: none"> • Protect the cultural character and integrity of the resource. • Protect the traditional use of the resource. • Protect the confidentiality of the resource. • Establish permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or using the resources or places. • Protect the resource.
<p>TCR-1c: Implement Procedures in the Event of the Inadvertent Discovery of Human Remains.</p>	<p>If an inadvertent discovery of human remains is made at any time during project-related construction activities or project planning, the City the following performance standards shall be met prior to implementing or continuing actions such as construction, which may result in damage to or destruction of human remains. In accordance with the California Health and Safety Code (HSC), if human remains are encountered during ground-disturbing activities, the City shall immediately halt potentially damaging excavation in the area of the remains and notify the Sacramento County Coroner and a professional archaeologist to determine the nature of the remains. The Coroner is required to examine all discoveries of human remains within 48 hours of receiving notice of a discovery on private or State lands (HSC Section 7050.5[b]).</p> <p>If the human remains are of historic age and are determined to be not of Native American origin, the City will follow the provisions of the HSC Section 7000 (et seq.) regarding the disinterment and removal of non-Native American human remains.</p> <p>If the Coroner determines that the remains are those of a Native American, he or she must contact the Native American Heritage Commission (NAHC) by phone within 24 hours of making that determination (HSC Section 7050[c]). After the Coroner’s findings have been made, the archaeologist and the NAHC-designated Most Likely</p>



Descendant (MLD), in consultation with the landowner, shall determine the ultimate treatment and disposition of the remains. The responsibilities of the City for acting upon notification of a discovery of Native American human remains are identified in California PRC Section 5097.9 et seq.

III. Building Exteriors:

1. **Asphalt Pavements:** The development will include approximately 72 onsite in Phase II, uncovered surface parking spaces (Borrower will inform the Lender of the final parking count after the lot line adjustment is complete and prior to close of construction financing). There will be four (4) ADA parking spaces. The parking lot and drive aisles will include three pedestrian crosswalks using enhanced paving technique.
2. **Balconies and Patios:** All ground floor apartments will have patios and all upper floor apartments will have balconies.
3. **Site Lighting:** The site will be lit with Title 24 compliant wall packs, pole lights and other luminaires for all parking and outside public spaces, and will be of LED or similarly energy efficient type.
4. **Non-Smoking:** The Project is 100% non-smoking.
5. **Landscaping and Courtyard:** Landscaping is designed with drought tolerant plants and trees. Trees will be planted throughout the parking lot to meet City shading requirements. The U-shaped building has a center open-air landscaped courtyard with picnic area, swimming pool, children's play area, community garden, exercise path and mailboxes. The open area of the courtyard surrounding the play area and adjacent to the swimming pool will be comprised of synthetic turf. Borrower's Landscape Plan dated **February 28, 2019** was approved by the Lender (Landscape Plan). Any modifications to the Lender-approved Landscape Plan require Lender's written approval prior to implementation of changes.
6. **Picnic Area:** Barbeque and seating areas will be provided.
7. **Swimming Pool:** The swimming pool will extend to four feet deep and the pool area will be fenced with a self-closing gate. Borrower will ensure the pool and surroundings meet all applicable current codes and standards.
8. **Play Area:** The play area will have one (1) school age and one (1) toddler-appropriate play structures.
9. **Community Garden:** The southeast corner of the site will have a resident organic garden, gated with raised planter beds.
10. **Exercise Path:** An exercise path, comprised of decomposed granite, will follow the south property line.
11. **Mailboxes:** New mailboxes will be installed in a centralized location in the courtyard area.
12. **Site Fencing:** The sliding auto entry gate for the site is on Arden Way through the main entry drive across from Boxwood Street. The site will be gated and remain closed at all times. Residents and employees of the complex will have remote access to open the gate and park inside. There is a 12 foot wide turn around space outside the west drive gate as a pull in lane for rideshare and other drop-offs. Exit only will be allowed at the east drive gate across from Erickson Street. Pedestrian access to the site is through a person-gate and call box along the sidewalk on the east side of the main entry drive. The call box and gate are located just outside the manager's office and resident community space. Once inside the site fence, visitors can be buzzed in at the ground floor of the building. Perimeter site fencing is a combination of CMU, tubular steel, and chain link.



13. **Stormwater:** The development will meet storm water requirements through use of on-site storm water planters and/or bioswales along the project perimeter. An existing City-owned drainage facility located on the eastern portion of the property will be relocated further to the east, within a newly defined drainage easement.
14. **Roof:** Buildings are planned with flat roofs and parapets in order to provide a platform for solar hot water panels, potential PV panels, and mechanical equipment. Buildings include cool roofs, planned to passively counteract the warm conditions of Sacramento County. The material on the roof will be Thermoplastic Polyolefin (TPO).
15. **Siding:** The building skin will be painted stucco.
16. **Offsite Improvements:** Public offsite improvements consist of street frontage improvements along Arden Way, including new sidewalks, curbs, gutters, landscaping, and lighting. Additionally, eight new parallel parking spaces will be created along Arden Way as well as replacement of the bike lane.

IV. Building Interiors

1. **Americans with Disabilities Act (ADA) Units:** There will be seven (7) units, 10% of the units, accessible with mobility features, and an additional three (3) units, 4% of the units, will include communications features for persons with hearing or vision impairment.
2. **Non-Smoking:** The Project will have 100% non-smoking units.
3. **Smoke Detectors:** All units, offices and interior common areas will have a smoke/carbon monoxide detector installed in accordance with current code requirements.
4. **Appliances:** All apartment kitchens will have brand new Energy Star rated appliances including, refrigerator with freezer combination, electric stove and range, dishwasher and garbage disposal.
5. **Bathtubs and Toilets:** All apartments will have a bathtub or shower. Restrooms will have water efficient toilet and fixtures, and bath accessories.
6. **Doors (Interior, Exterior and Sliding Glass):** All interior and exterior doors will have matching hardware finishes. All exterior doors will have deadbolt locks, keyed latch assemblies, viewers, and screws in strike plates long enough to penetrate the door jamb framing by at least one inch. The dwelling entry door hardware shall have single action hardware to release deadbolt and latch assembly. All doors will meet current egress standards.
7. **Cabinets, Counters and Sinks:** All apartment kitchens will have modular all plywood construction cabinets, solid surface countertops, and stainless steel sink. Microwave shelving will be provided (except in ADA units) either above the counter, or on the pantry shelving with electrical outlet for microwave. All apartment bathrooms will have all wood vanity, and solid surface cultured marble vanity top with integral sink. All cabinetry face frames, doors and drawer faces will be solid hardwood.
8. **Ceilings and Walls:** Low or no VOC paint will be used in building interiors.
9. **Windows:** All apartments will have energy efficient vinyl dual pane windows. Windows designed to open will have screens. The Borrower is responsible for providing an Operating Procedure Outline Sheet (OPOS) for window washing systems where applicable, per Cal-OSHA requirements. All windows will meet current egress standards.
10. **Blinds:** Vertical blinds will be provided in all apartment windows and sliding glass doors.
11. **Electrical and Lighting:** All apartments will have high efficiency lighting, ceiling fans, exhaust fans vented to the exterior and bathroom humidistat fans. Central air conditioning and forced air heat will be



provided. Any exterior mounted electrical, mechanical and plumbing systems will be protected from vandalism. Wiring from telephone/data/cable suppliers will be installed within walls, attic spaces, and/or crawl spaces. Conduits are not allowed to be mounted on the exterior of the buildings.

12. **Flooring:** Apartment interiors will have luxury vinyl plank (LVP) flooring throughout, except in bathrooms where they will have vinyl sheet flooring.
13. **Plumbing Fixtures:** All apartments will have new water efficient plumbing fixtures.

V. Community Amenities

1. **Management Office and Lobby:** The furnished management office and lobby will have stained concrete flooring, energy efficient lighting and HVAC systems.
2. **Ceilings and Walls:** Low or no VOC paint will be used in all building interiors.
3. **Community Restrooms:** The two community restrooms on the first floor will be ADA compliant, have low-flow bathroom fixtures, sink, solid surface countertop, and bathroom accessories. Bathroom walls will have glazed wall tile to 48 inches high.
4. **Community Room located on the 1st Floor:** The community room, computer room, and conference rooms will have stained concrete flooring energy efficient lighting, all furnishings and HVAC systems. The community room will be 1,312 square feet, computer room 430 square feet, and conference rooms 387 square feet. These spaces will be ADA compliant.
5. **Community Room Kitchen:** The community room kitchen will be ADA compliant and include all plywood construction cabinets with solid hardwood faces, solid surface countertop, and stained concrete New Energy Star rated appliances (refrigerator, electric stove, electric oven, microwave, garbage disposal and dishwasher), energy efficient lighting, HVAC system and water efficient plumbing fixtures will be installed.
6. **Elevator:** One hydraulic elevator will be installed. The elevator floor surface area will be a minimum of 28 square feet.
7. **Hallways and Stairs (open corridor style):** Residential hallways and stairs will be of durable flooring made of concrete flooring type. Stairs will be located near the elevator to encourage use for those that can forgo the elevator. Stairs will have non-slip concrete treads, landings and closed risers. All hallway floorings will be exterior finish due to open corridor design. The first floor hallways will be stained concrete. The 2nd, 3rd, and 4th floor hallways will be a sealed concrete topping slab.
8. **HVAC & Plumbing Systems:** Each apartment will have its own split system air conditioning and forced air heat with its own thermostat. Residential hallways will not have heating and air conditioning, due to open corridor ends designed to allow natural airflow. Stairwells will not have heating or air conditioning. A gas-fired central boiler augmented by solar thermal panels will provide hot water for the development. Bathroom exhaust fans will be humidistat controlled.
9. **Laundry Facility:** The laundry room accommodates seven (7) washers and seven (7) dryers, which will include one set of ADA accessible laundry machines.
10. **Signage:** A comprehensive signage package will be implemented throughout the development including all common area signage, unit ID, wayfinding, code, fire, life and safety signage.
11. **Trash Room:** One trash chute and one recycle chute will be located on each floor. A trash and recycle room is located on the ground floor within the building envelope with a concrete apron at the exterior for trash pick-up.



12. **Recycle:** One recycle chute will be located on each floor, emptying into the ground floor trash and recycle room.
13. **Bicycle parking:** A minimum of thirty-four (34) long-term and seven (7) short-term bicycle parking will be provided. Long-term bicycle parking will be provided within the building on the ground floor and upper residential floors, and short-term bicycle parking will be provided on the exterior of the building.
14. **Security Cameras:** there will be interior and exterior web-based security cameras; the equipment will record events for primary ingress/egress points to and from the site, parking lots and indoor and outdoor common areas where people will be congregating.

Attachment 1: Lender's Minimum Construction Standards exhibit is on the following page.



Attachment 1: Lender's Minimum Construction Standards

This attachment is from Exhibit 5 from the Lender's Multifamily Lending Policies.

Rev. 12/2016
Technical Correction 11/2018

EXHIBIT 5

RENTAL PROPERTY MINIMUM CONSTRUCTION STANDARDS

The following is a list of the required construction standards that must be incorporated into projects participating in the Agency's investor assistance programs. All rental units and sites associated with these projects must meet or exceed these standards.

General Requirements

- A. Any component of the project which does or may present a health or safety hazard to the public or tenants shall be corrected to the satisfaction of the local building department.
- B. A useful life of 15 years for all systems located within the approved complex. This can be met in one of two ways, installing and maintaining systems with at least a 15-year scheduled life or install, maintain and replace as needed for a period of 15 years.

Any component of a rehabilitation project whose useful life expectancy has exceeded the useful life identified in the section, "Useful Life Expectancy," shall be replaced unless waived by the Agency in writing. It is not the intent of the Agency to replace systems that appear to have some economic life remaining and appear to be maintained and functioning effectively. It is the intent of the Agency to be assured that systems will be maintained and replaced as needed for a period of 15 years. The preferred method is by replacement and maintenance at the outset of the project; and by setting aside replacement reserves sufficient to address the needs based on current and projected conditions.

- C. A clear pest inspection report will be required at the conclusion of the construction work.
- D. All materials funded under this loan must be new unless previously approved. Recycled items must be approved in writing by the Agency prior to their use.
- E. All work shall comply with Federal and State ADA accessibility requirements. When there are differences the stricter of the two shall apply. Special attention needs to be applied when federal funding is involved.
- F. For all structures built before 1979, a report of compliance with the initial certified inspection report of lead-based paint and asbestos is required.
- G. All units shall be approved for occupancy by the local building department at the conclusion of the work and prior to occupancy, if applicable.
- H. Web-based security cameras and the equipment to record events are required for primary ingress/egress points to and from the site and for the principal parking and common areas.
- I. Site lighting is required for all parking and outside public spaces.



Site Work

- A. All landscaping and irrigation systems must be in a well-maintained condition. Trees and large shrubs must be trimmed, grass areas must be mowed, and all planter areas must be weed-free. All landscaped areas must be served by a programmable automated irrigation system. Irrigation cannot be spraying on building. Sprinklers should minimize overspray that runs to storm drain drop inlets. Areas that show evidence of erosion of soil shall be landscaped to eliminate problem.
- B. All fencing must be in good and serviceable condition.
- C. All driveways and sidewalks must be in good condition. All cracked or uplifted areas (more than ¼") determined in need of repair by the Agency shall be repaired or replaced.
- D. All projects shall meet the parking requirements of the local Agency having jurisdiction over the project. "Grandfathered Projects" will need to show that they are in fact "Grandfathered" by the Local Agency having jurisdiction. All projects shall meet the governing ADA requirements for parking.
- E. A two percent (2%) slope shall be maintained for a distance of five feet from all structures and no standing water shall remain on the site. Provide an on- site drainage system if necessary.

Building Envelope and Moisture Protection

- A. All wet areas must be sealed and watertight.
- B. Roofs must have 15 years or more of remaining life with no visible signs of leakage. A third layer of shingles is not allowed. Provide a 15 year certification if requested by the Agency.
- C. All siding must have 15 years or more of remaining life. Provide a 15 year certification if requested by the Agency.

Doors and Windows

- A. All units must have screens on all windows that are designed to open. Windows designed to open must have functional locks and must operate freely without excessive effort. All windows must at least be low e, double pane energy efficient.
- B. All doors and doorjamb must be in good condition. No damaged or worn doorjamb or doors are allowed.
- C. All exterior doors must have deadbolt locks, keyed latch assemblies, viewers, and 2-inch screws in strike plates.
- D. All sliding exterior doors shall have screen doors and shall have functional locks and must operate freely without excessive effort.
- E. All doors and windows must meet current egress standards.

Casework

- A. All cabinets shall be in very good condition both structurally and in appearance.
- B. All counter tops shall be in very good condition with no significant imperfections, scratches, burns, or other imperfections.

Finishes

- A. Floor coverings must be in good, useable condition - no holes, tears, rips, or stains.
- B. All kitchens and bathrooms must be floored in sheet goods or tile to provide a cleanable, impervious surface.
- C. All exterior and interior surfaces must be painted. No peeling, cracking, chipping, or otherwise failing paint will be allowed. All painted surfaces must be new, or in near new condition and appearance.

Equipment

- A. All appliances must be new or in very good operating condition. All new appliances must be energy star.
- B. Dishwashers are required in all non- permanent supportive housing, disabled, SRO, and homeless projects unless a waiver has been granted by the Executive Director. Permanente supportive, disabled, and homeless projects will be encouraged to provide dishwashers in each unit but will be reviewed and approved on a case-by case basis.
- C. All kitchens must have adequate cabinet and counter space.

Furnishings

- A. All units must have window coverings on all windows.

Special Construction

- A. Non-habitable structures on property must be painted to match primary buildings and must be structurally sound.
- B. Laundry facilities must be provided on the basis of one washer and dryer for every ten units, consistent with CTCAC requirements. If the project is more than 20 units, then 1 set of ADA accessible laundry machines must be provided.
- C. Laundry facilities must be provided on the basis of one washer dryer for every ten units, consistent wit the TCAC requirements. If a project is more that 20 units, then 1 set of ADA accessible laundry machines must be provided
- D. Public pools will have a self-closing gate. Fence and gate shall meet applicable current codes and standards. Joints between coping and concrete deck shall be appropriately caulked.

- E. In the case of new construction or substantial upgrade to existing pool, a handicap chair lift is the minimum requirement. The pool will meet applicable standards and codes.

Mechanical/Plumbing

- A. Water heaters must be in enclosures in all habitable rooms and must be insulated and have earthquake strapping and pressure relief valves with lines that terminate to the exterior.
- B. All units must have heating and air conditioning. Wall mount or central systems are acceptable. Evaporated coolers are not acceptable.
- C. All plumbing fixtures shall be new or in very good working condition.
- D. All toilets, sinks, and tubs shall be chip and stain free.

Electrical

- A. All new electrical panels must be of the breaker type. Fused disconnects must be approved by the Agency.
- B. All units must have at least one hard-wired smoke detector per bedroom corridor and a minimum of one battery-operated smoke detector per bedroom.
- C. All bathrooms must have at least one GFCI protected outlet, and tub surrounds must be a minimum of 1/8" laminated plastic.
- D. Kitchens must have all GFCI protected outlets within 6 feet of the sink.

Resident Services Community Space

All properties, regardless of project type (i.e. senior, family, or large family), must devote space to actual resident services in the following minimum amounts:

Less than 100 units: 12 s.f. per unit (but no less than 400 s.f. in total)
100 units and over: 1,200 s.f.

Resident services space includes common kitchens, computer rooms, meeting rooms and general gathering space. It does not include public restrooms, leasing offices, laundry facilities and lobbies.

Useful Life Expectancy

A useful life expectancy list has been established and is available upon request to benchmark the lives of certain components on a multifamily site.

End of Scope of Development

