

RESOLUTION NO. 2019-0302

Adopted by the Sacramento City Council

July 23, 2019

Whispering Pines: Approval of \$1,700,000 in City Home Investment Partnerships Program (Home) Funds; Execution of a Loan Commitment and Related Documents with Visionary Home Builders of California, Inc. or Related Entity; Related Budget Amendment; and Environmental Findings

BACKGROUND

- A. Visionary Home Builders of California, Inc. (Developer) has applied for an allocation of \$1,700,000 in Home Investment Partnership Program (HOME) funds to assist in funding the acquisition, rehabilitation and permanent financing of Whispering Pines.
- B. Whispering Pines is consistent with a) the Sacramento Housing and Redevelopment Agency's (Agency) previously approved Multifamily Lending and Mortgage Revenue Bond Policies, priority 2. Recapitalization (Resolution No. 2009-148); and b) the 2013-2021 Housing Element, which encourages the preservation and rehabilitation of existing housing to ensure neighborhood livability and promote housing affordability (Resolution No. 2013-415)
- C. This project is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301.
- D. This project is Categorically Excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to NEPA regulations at 24 CFR Section 58.35(a) subsection (a)(3)(ii) and converts to Exempt pursuant to 24 CFR Section 58.34 (a)(12).

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 Loan Commitment, attached as Exhibit A, for financing the Whispering Pines Project with \$1,700,000, which is comprised of \$1,700,000 in HOME funds is approved and the Agency is delegated authority to execute and transmit the Loan Commitment to Visionary Home Builders of California, Inc. or related entity.

Section 3. The Agency is authorized to enter into and execute other documents, as approved to form by Agency counsel, and perform other actions necessary to fulfill the intent of the Loan Commitment that accompanies this resolution, in accordance with its terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions consistent with Agency adopted policy and with this resolution.

Section 4. The Agency is authorized to amend the Agency budget and allocate up to \$1,700,000 in HOME Funds to Whispering Pines.

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Exhibit A – Whispering Pines Loan Commitment Letter

Adopted by the City of Sacramento City Council on July 23, 2019, by the following vote:

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

Noes: None

Abstain: None

Absent: Member Warren and Mayor Steinberg

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2019.07.25 16:36:29
-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

Visionary Home Builders of California, Inc.
C/O Carol Ornelas, CEO
2315 N. San Joaquin Street
Stockton, CA 95202

RE: Conditional Funding Commitment for Whispering Pines Apartments

Dear Ms. Ornelas:

On behalf of the Sacramento Housing and Redevelopment Agency (Agency), we are pleased to advise you of its commitment of \$1,700,000 in permanent loan funds (Loan) comprised of \$1,700,000 in City Home Investment Partnerships Program (HOME) for the purpose of financing the acquisition and development of that certain real property known as Whispering Pines Apartments located at 7610 Amherst Street, Sacramento, California (Property). **The Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of the Agency, this commitment is void.** Agency's obligation to make the Loan 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 July 23, 2020

1. **PROJECT DESCRIPTION:** Whispering Pines is an existing affordable housing development with 96 units, including two managers' units. The Project was built in 1971 and consists of 24 one-bedroom, 65 two-bedroom and 7 three-bedroom units in 12 separate two-story buildings. The project is located at 7610 Amherst Street in Sacramento on

approximately 4.1 acres and includes a community room with kitchen, computer room, laundry room and three playgrounds.

2. BORROWER: The name of the Borrower for the Loan is Visionary Home Builders of California, Inc. or related entity.
3. PURPOSE OF LOAN: The Loan is to be used by Borrower solely to pay the costs of acquisition, 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) One Million Seven Hundred Thousand (\$1,700,000), 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 42 years or 504 months from the date of closing, at which point any and all unpaid principal and interest on the loan will be due and payable.
6. INTEREST RATE: The Loan will bear simple interest at four percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual number of days elapsed.
7. ANNUAL REPAYMENT: Annual principal and interest payments shall be deferred from the Loan's Effective Date through the first 204 months. Beginning in month 205, annual installments shall be made according to the payment schedule contained in the Loan Agreement, calculated to achieve an annual 1.2 debt coverage ratio. Annual payments shall be applied first to outstanding interest accrued and unpaid and then to principal.
8. SOURCE OF LOAN 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 Partnerships Program. 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 Initial)



9. ACCELERATION: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. SECURITY: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a lien upon the Property and Improvements subject only to liens senior to the Agency's lien securing loans from the Banner Bank, N.A. 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 construction 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.
12. PROOF OF EQUITY: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$8,000,000 in Low Income Housing Tax Credit Equity and no less than \$870,000 in deferred developer fee. If LIHTC equity goes below \$8,000,000 the equity must be offset by an increase in deferred developer fee.
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 "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-13) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan 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 judgment 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%), not to exceed a total of ten percent (10.0%) of the total amount of the Loan.
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 completion of construction, Borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown and shall indicate the final sources of funding. If there is an aggregate savings, in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, after adjusting for any decrease in any funding source including any loss of any equity investment due to an adjustment in the allowable tax credits, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.



23. START OF CONSTRUCTION: Borrower 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 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 TEN THOUSAND DOLLARS (\$10,000.00).
28. PUBLIC LIABILITY AND OTHER INSURANCE: Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: (1) Commercial General Liability insurance in Insurance Services Office (ISO) policy form CG 00 01 Commercial General Liability (Occurrence) or better with limits of liability, which are not less than \$1,000,000, per occurrence limit; \$5,000,000 general aggregate limit, and \$5,000,000 products and completed operations aggregate limit, all per location of the Project; (2) Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$1,000,000 aggregate; (3) Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$1,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and (4) Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower 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 CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deed of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
30. ORGANIZATIONAL AGREEMENTS: Borrower 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 AGREEMENT: Prior to execution and close of the Loan, Borrower must submit to Agency any agreement providing for the resident services by a third party



which agreement. The agreement, services, and service provider are all subject to Agency Approval. The agreement must include a minimum of fifteen (15) hours per week of on-site resident services.

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: At least 50% of the buildings but no less than 50% of the units must be smoke free. At least 50% of the floors must be smoke free. All indoor 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:

Visionary Home Builders of California, Inc.

By: _____
Carol Ornelas, CEO

Exhibit 1 – Scope of Development



Whispering Pines Scope of Development

The Whispering Pines Apartments project is an existing 96 unit development on approximately 4.14 acres located in the Meadowview area of the City of Sacramento. The development consists of 7 buildings. One building contains a Day Care Center and Community Room, one building contains a Laundry facility and the remaining 5 apartment buildings contain 24 one bedroom units, 64 two bedroom units, 7 three bedroom units, and 2 two bedroom manager's units. The project has on-site parking, three play structures, and a basketball court.

I. Building Exteriors:

1. **Asphalt Pavements:** Repair areas with alligator cracking estimated to be 28,000 sf. All asphalt will receive a seal coat and new striping.
2. **Stairs and Railings:** Existing exterior stairways will be replaced with stairways that have closed risers, cane detection and second handrails while meeting ADA clearance requirements.
3. **Entryway Doors:** The existing front entry doors and hardware will be replaced with 6 panel premium steel doors. Hardware will be replaced with Schlage satin nickel and single cylinder deadbolt with smart key security or equal. On ten ADA units, the front entry doors and thresholds will be replaced with ADA compliant entryways and doors.
4. **Landscaping Improvements:** Landscaping and irrigation improvements will address water efficiency. Irrigation system shall be tested to verify that it is functional. Real grass or drought tolerant plants will be used in landscaping improvements. Drought tolerant plantings to include the following trees, shrubs and ground covers in flats, one gallon and 15 gallon sizes – Evergreen Pear, Elegant Water Gum, Lily of the Nile, Dwarf Callistemon, Bush Anemone, Torch Lily, Dwarf Mat Rush, Oregon Grape Holly, Creeping Barberry, Star Jasmine, Kurapia and White Creeping Thyme. 30 existing trees will be removed due to root damage they have caused to water, sewer and drainage systems. Gazebos will be painted.
5. **Grading and Drainage:** Existing grading will be adjusted to divert water from the building foundations. Downspouts will be connected to storm drain lines where possible. Existing concrete mow bands, which hold water adjacent to buildings, will be removed.
6. **Roof:** Roofing will be replaced using Owen Corning Cool Roof Collection Composition Shingles or equal. Additionally, new gutters and downspouts will be provided. All existing roofing/gutters/downspouts will be replaced with the exception of one building that was rebuilt in 2011 after fire damage.
7. **Siding:** The existing stucco façade will be repaired where needed. Foam trim around windows and shutters will be provided at designated locations. All buildings will receive new exterior paint using Kelley Moore Exterior Paint. Colors to be determined by the owner.
8. **Concrete flatwork:** Much of the existing concrete sidewalks have heaved and are typically not compliant with current ADA standards. Removal and replacement of the damaged and non-



compliant sidewalks is included. The existing second floor concrete breezeway decks are generally in good condition and will receive a deck coating.

9. **Gable Roofs:** New gable end roofs will be installed on the buildings which will be re-roofed as an architectural enhancement.
10. **Office addition:** There will be an approximately 600 sf addition to the existing Laundry Room building to include a new Manager's Office that will meet the ADA Standards.
11. **Perimeter Fencing and Entry Gates:** Wrought iron perimeter fence will be painted. Wooden fence behind the laundry building will be replaced. The Entry Gates shall include 2 new motors. Card access for all pedestrian entrances will be upgraded.

II. Building Interiors

1. **Americans with Disabilities Act (ADA) Standard Units:** There will be a total of 10 Americans with Disabilities Act (ADA) Standard compliant units. Bathrooms, switches, refrigerators, dishwashers, hardware, cabinets and flooring will meet the requirement. Solid surface countertops, such as Corian or equal, will be used for countertops.
2. **Demolition, Site Prep and Haz Mat Abatement:** Acoustic ceiling texture which tests positive for asbestos containing materials (ACM) will be scraped, removed and replaced with a smooth finish. This work will be done by an ACM abatement certified contractor outside of the general contractor's contract. General contractor will then install finish drywall after acoustic tile removal.
3. **Appliances:** All units will have new Energy Star GE or equal 18.2 cu. Ft. Top Freezer Refrigerator, GE or equal 30" Electric Ranges/hoods and GE or equal Energy Star Dishwashers installed. The ADA units will receive Energy Star, GE or equal appliances that comply with current ADA standards. Microwave shelves shall be installed in all units.
4. **Blinds, Shades and Curtains:** Except for the recently refurbished Buildings 7614 and 7616, all units will have new window coverings.
5. **Bathtubs and Toilets:** With exception of the 16 rebuilt units from the 2011 fire repair, all units will have new Sterling tub/shower enclosures or equal with glass shower doors. Sterling EPA Water Sense toilets with max 1.28-GPF or equal will be installed. New bathroom accessories will also be installed.
6. **Cabinets, Counters and Sinks:** All units will have new Armstrong Coronet cabinets or equal, solid surface countertops and Elkay Stainless Steel sinks in the kitchen and round vitreous china drop in sinks for the bathrooms. Kohler or Sterling new faucets for kitchen and bathroom sinks will be installed.
7. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New Kelly Moore eggshell or semi-gloss paint will be applied on the ceilings, walls, doors, door frames, and trim in the interiors of all units. Ceilings with popcorn texture will remain in place.



8. **Electrical and Lighting:** All units will have all lighting replaced with LED light fixtures. All units, with exception of the 16 units renovated after the 2011 fire, will receive new electrical panels to meet correct loads and current electrical codes.
9. **Flooring:** The living area floors and bedrooms of all units will have new carpet installed. Kitchens flooring will be Luxury Vinyl Plank (LVP) flooring, while bath flooring will be sheet vinyl. Some of the concrete slab will need to be repaired to accommodate for installation of LVP flooring. Carpet selection will be Shaw “Full of Life” or equal. Sheet Vinyl will be Armstrong “Station Square” or equal.
10. **HVAC Units:** With exception of the 16 rebuilt units from the 2011 fire repair, all units will receive new forced air units, condensing units and humidistat bath fans per current building codes. These new units will feature 337KwHW/year Energy Star condensers.
11. **Plumbing Fixtures:** All units will have new water efficient plumbing fixtures.
12. **Doors and Hardware:** All units will receive new door hinges and lever handles on interior doors. Existing doors that are damaged will be replaced with a textured 6-Panel Hollow Core Primed Composite Interior door. Interior door handles will be Schlage Accent Satin Nickel Door Levers or equal. All units will receive a new screen door.
13. **Insulation:** R-38 attic insulation will be blown in to all existing buildings except the building that was renovated after the fire of 2011.

III. Community Amenities

1. **Ceilings and Walls:** Damaged ceilings and walls will be repaired consistent with the existing surface texture. New Kelley Moore paint will be applied on the ceilings, walls, doors, door frames, and trim throughout the building.
2. **Community Restrooms:** The restrooms in the building will have new low-flow bathroom faucets, and low-flow toilets installed. Restrooms shall have new toilet accessories.
3. **Daycare /Community Building:** Due to existing structural deficiencies, the building will be repaired to include a new concrete slab on the first floor. The second floor will be repaired to correct the warped existing floors. Drainage problems at back the Community building will be corrected.
4. **Elevator:** Necessary upgrades and repairs will be made to the existing elevator.
5. **Laundry Facility:** The laundry facility will receive new flooring and interior paint. Two central Boilers located in this building will be replaced per current plumbing codes.
6. **Basketball Court:** The basketball court will be resurfaced and re-striped. New basketball hoop equipment will be provided.



7. **Signage:** All unit numbers will be replaced to meet the requirements of the City, Fire and ADA standards. New signage for the property will meet the requirements of HUD and TCAC.
8. **Playground Surfacing:** The three existing playgrounds will be replaced and receive new poured in place rubber surfacing. The playground surfacing will be placed on a concrete base with a drain installed. ADA compliant ramps will be installed to access the playgrounds.
9. **Mailboxes:** New, Auth Florence or equal, centrally located mailbox cluster units will be provided for all units.

Attachment 1: Lender's Minimum Construction Standards begins 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

