



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



13

June 9, 1987

Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Execution of Disposition and Development Agreement with
Rural California Housing Corporation for Construction
of Eight Units of Self-Help Housing in Alkali Flat and
Approval and Adoption of Negative Declaration

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the Redevelopment Agency
of the City of Sacramento.

RECOMMENDATION

The staff recommends adoption of the resolutions authorizing
execution of the Disposition and Development Agreement.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



June 15, 1987

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Execution of Disposition and Development Agreement with Rural California Housing Corporation for Construction of Eight (8) units of Self-Help Housing in Alkali Flat [PUBLIC HEARING #1] and Approval and Adoption of Negative Declaration [PUBLIC HEARING #2]

SUMMARY

This report authorizes the Executive Director to enter into a Disposition and Development Agreement and all documents related thereto, with Rural California Housing Corporation (RCHC), in order to purchase certain vacant land in Alkali Flat (shown in the site Map attached as Exhibit A and fully described in Exhibit B) and construct eight affordable single family housing units using the self-help method. Upon completion, these houses will be individually purchased by the low-income families who assisted in the construction. This report further authorizes the Executive Director to file a Notice of Determination which approves and adopts the Negative Declaration and environmental mitigation measures contained therein.

BACKGROUND

On December 16, 1986 by Resolution No. 86-081 the Redevelopment Agency of the City of Sacramento approved the self-help housing concept for Alkali Flat and authorized execution of a predevelopment agreement with RCHC. This agreement granted RCHC an option on five (5) parcels of Agency-owned land. It also granted RCHC \$30,000 for securing architectural design services and providing administrative assistance to RCHC staff. The administrative assistance provided by RCHC included obtaining construction and permanent financing, requesting planning approvals and qualifying families to participate in

(1)

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the self-help construction project and ultimately purchase the completed houses. All subsequent actions are contingent upon successful negotiation and execution of a Disposition and Development Agreement (DDA) with the Redevelopment Agency.

Architectural Design

Following execution of the Predevelopment Agreement, RCHC drafted a Request for Qualification (RFQ) for architectural services. On February 20, 1987 NIIYA Architects were selected, and they immediately commenced meetings with the Project Area Committee (PAC), interested family participants, and City Planning staff. As a result, of their discussions, the architects designed three and four bedroom two-story homes with one car garages which are intended to meet both the space needs of the families and the exterior design needs of the community and the city. The three bedroom units are 1050 square feet and the four bedroom units are 1200 square feet. Site plans and elevations are attached.

Family Selection

RCHC staff and a PAC appointed committee then worked, under FHA/VA lending criteria, to qualify families who applied for the program. Alkali Flat residents were given first priority, and those who reside nearby or work in Alkali received second priority. Each family needed a gross income of between \$15,000 and \$25,000 per year and an ability to make mortgage payments of between \$350 and \$600 monthly. Approximately 75 applications were processed; and although many met the income test, most were disqualified as a result of a disproportionate amount of consumer debt. To date, eight families have been "qualified" of which four (4) are Alkali residents. These participant families will move into the houses for no money down, however they will pay closing costs of \$1,000 to \$1,200.

Construction and Permanent Financing

RCHC staff have submitted mortgage assistance applications to the California Housing Finance Agency (CHFA) and to Housing and Community Development (HCD). The HCD contract has been executed and is attached hereto.

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Planning Process

Finally, RCHC and architectural staff have been meeting with City Planning staff regarding lot line adjustments and building and planning approvals. We are pleased to report that approvals are in place. Proposed legal descriptions for the eight new parcels have been prepared and are also attached.

In December 1986, RCHC had submitted an Activity Schedule and Time Line for the six month predevelopment period, which culminates with Redevelopment Agency action and application for a building permit by June 30, 1987. Staff is pleased to report that the time line is being met and we are ready to recommend that the Agency enter into a DDA with terms and conditions as set forth under FINANCIAL DATA.

FINANCIAL DATA

The budget for the project has changed only slightly since it was presented in the December 1986 staff report. This is due to the addition of City permits and fees.

ALKALI FLAT SELF-HELP BUDGET

Development Funding

SHRA Land Acquisition	\$	223,600
HCD Mortgage Assistance		120,000
City Permits and Fees @ \$2000/unit		16,000
Bank Construction Loans		170,000
TOTAL DEVELOPMENT COSTS		<u>529,600</u>

Administrative Funding

Value of Sweat Equity	\$	60,000
HCD Technical Assistance		40,000
SHRA Technical Assistance		15,000
SHRA Architectural Request		15,000
TOTAL ADMINISTRATION	\$	<u>130,000</u>

TOTAL PROJECT COSTS	\$	659,600
LESS SWEAT EQUITY CREDIT TO BUYERS		- 60,000
	\$	<u>599,600</u>

AVERAGE COST PER HOME	\$	74,950
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Essentially, the financing plan for the Alkali Flat Self-Help Housing Program works as follows:

Land - Rural California Housing Corporation (RCHC) will purchase the two sites (five parcels) from the Redevelopment Agency of the City of Sacramento for \$223,600 with a zero-interest two year loan from the Agency. RCHC will hold title to the land during construction. After completion of construction and reimbursement for the land, the Agency will execute partial reconveyances for the respective homes. The Agency will be taking deferred payments loans from the project participants to the extent that other financing does not fully repay the cost of the land and construction, but such loans shall not exceed \$25,000 per participant.

Construction Financing - RCHC has obtained a \$120,000 loan from the California Self-Help Housing Program's Mortgage Assistance Program, and will draw down these funds for development costs. The balance of construction financing, will be borrowed from the River City Bank of Sacramento.

Mortgage Financing - Individual mortgage loans for self-help families will come from the California Housing Finance Agency (CHFA). These loans are FHA-insured. The average mortgage loan amount will be approximately \$40,000. The remainder of the housing cost will be carried by deferred payment loans from the Redevelopment Agency of Sacramento (for land costs), and the State's Self-Help Mortgage Assistance Program, which allows up to \$15,000 in a deferred payment loan to each qualified low-income family. (The mortgage assistance loan funds are used first in construction lending, as described above, then rolled over into individual family deferred loans).

Each family will receive its \$7,500 credit for sweat equity and will be required to save sufficient funds to pay approximately \$1,000 in closing costs. All participant families have been advised of this requirement. Those families with the lowest income will receive a \$15,000 deferred, forgiveable loan from the State and up to \$25,000 in a deferred forgiveable land loan from SHRA. Although families with higher incomes will be required to carry a larger mortgage and make a higher monthly payment, it is important to note that under this program all participant families will receive the benefit of home ownership which would not be available to them in the private real estate market.

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The Executive Director of RCHC has executed the DDA as confirmation of the terms; a copy of the executed DDA is on file with the Agency and the City Clerk's offices.

POLICY IMPLICATIONS

The above recommended actions are consistent with adopted policy and no new policies are being recommended. Staff is pleased to report that the grant of \$30,000 in administrative funds for retention of an architect and for provision of technical assistance by RCHC staff was extremely helpful in keeping this project moving forward in an efficient and professional manner.

ENVIRONMENTAL REVIEW

The Agency has conducted its environmental review of this activity and has determined that the project will not have a significant effect on the environment. Federal environmental review (i.e. National Environmental Protection Agency (NEPA) is unnecessary as no federal funds are involved). The Negative Declaration conducted under State California Environmental Quality Act (CEQA) guidelines does list two environmental mitigation measures:

- A. Prior to construction, project proponent shall submit final plans to the City's Design Review Board for review and approval.
- B. To ensure that those trees intended to be retained are not adversely affected by construction activities, trimming of any tree branches or cutting of roots greater than 2 inches in diameter should be overseen by the City arborist.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Mitigation measure A regarding the submission of final plans shall be satisfied as set forth in the Schedule Performance attached. The hearing date(s) for Design Review approval may be as early as June 17 or as late as July 8, 1987. Mitigation measure B regarding retention of the City arborist to oversee tree trimming shall be satisfied in conjunction with site development work. RCHC staff shall schedule time with the City arborist. As a result a Negative Declaration has been prepared and the required Legal Notice was published on or about June 12, 1987, in a newspaper of general circulation. A copy of the Negative Declaration is attached hereto. Staff recommends that you approve and adopt the Negative Declaration incorporating the environmental mitigation measures; and 2) authorize the Executive Director to file the Notice of Determination for the Alkali Flat Self Help Housing project with the County Clerk.

RECOMMENDATION OF THE ALKALI FLAT PAC

At its regular meeting of June 3, 1987, the Alkali Flat PAC reviewed the final drawings and evidence of project financing and adopted a motion recommending that the Executive Director be authorized to enter into a DDA with RCHC for construction of eight homes, using the self-help concept.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of June 15, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the adoption of the attached resolutions. The votes were as follows:

AYES:

NOES:

ABSENT:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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RECOMMENDATION

The staff recommends adoption of the attached resolution, which (1) approves the final plans, (2) approves the evidence of financing, (3) approves the project and Negative Declaration, (4) authorizes the Executive Director to file a Notice of Determination with the County Clerk for the Alkali Flat Self-Help Housing Program, and (5) authorizes the Executive Director to execute a Disposition and Development Agreement with Rural California Housing Corporation for construction of eight (8) single family homes in Alkali Flat.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Trish Davey
440-1322

Attachments

0125Q

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

DISPOSITION AND DEVELOPMENT AGREEMENT WITH RURAL CALIFORNIA HOUSING CORPORATION FOR PURCHASE OF LAND AND CONSTRUCTION OF EIGHT HOUSES IN ALKALI FLAT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Executive Director is hereby authorized to execute a Disposition and Development Agreement as approved by Agency Counsel with Rural California Housing Corporation, a non-profit corporation, for the purchase of certain land described in the staff report filed with this resolution and the construction of eight (8) single family homes on such land in accordance with the California Self-Help Housing Program. The Executive Director is further authorized to prepare and execute a Declaration of Restrictions and other documents related to, and in connection with, said Disposition and Development Agreement.

Section 2: The scope of development, schedule of performance and evidence of financing for the purchase of land and construction of homes as submitted by the developer and attached to the staff report filed with this resolution, are hereby approved.

CHAIR

ATTEST:

SECRETARY

WPP102(L)
154WPP1

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

NOTICE OF DETERMINATION ON THE NEGATIVE DECLARATION FOR ALKALI FLAT SELF-HELP HOUSING PROJECT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Negative Declaration for the Alkali Flat Self-Help Housing project, incorporating the mitigation measures recommended in the Negative Declaration regarding submission of final plans to the City's Design Review Board and retention of the City arborist, is hereby approved and adopted.

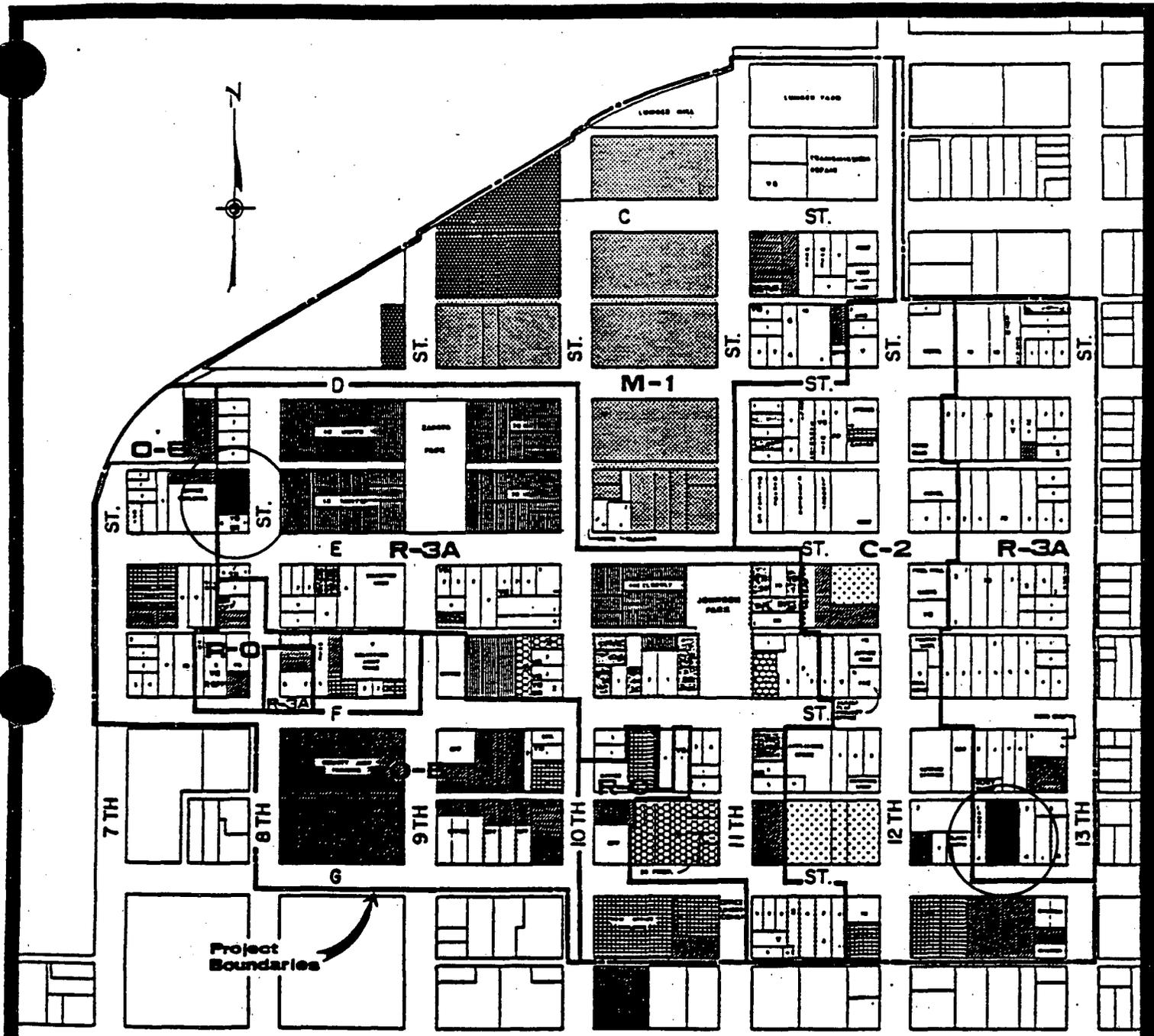
Section 2: The Executive Director is authorized to file a Notice of Determination on the Negative Declaration for the Alkali Flat Self-Help Housing Project with the County Clerk.

CHAIR

ATTEST:

SECRETARY

WPP102(L)
154WPP1



Legend:

- | | | | | |
|--------------------|-----------------|--------------|-----------------|--|
| RCRA | Mini Center | See Heritage | Being Redevel | Restaurant |
| Crystal | Parking | Retail | Vacant | Greeny |
| 312 | Office Building | Retail | Vacant Building | Paved |
| Low Income Housing | Commercial | Zoning Area | Small Office | NOTE: |
| | | | Demolished | Number in Circle |
| | | | Warehouse | Indicates number of residential dwellings. |

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 1984 PLAN AMENDMENT
 ALKALI FLAT REDEVELOPMENT
 Project No. 6
**ZONING & EXISTING
 PARCEL USES**
 JULY 1984

PROPOSED
LEGAL DESCRIPTIONS

416 8th Street

The North 28 feet of Lot 5, in the block bounded by D and E, 7th and 8th Streets of the City of Sacramento, according to the map or plan thereof.

418 8th Street

The South 27 feet of the North 55 feet of Lot 5 in the Block bounded by 7th and 8th and D and E Streets of the City of Sacramento, according to the map or plan thereof.

420 8th Street

The South 27 feet of the North 82 feet of Lot 5 in the Block bounded by D and E, 7th and 8th Streets of the City of Sacramento, according to the map or plan thereof.

426 8th Street

The South 30 feet of the North 112 feet of Lot 5 in the Block bounded by D and E, 7th and 8th Streets of the City of Sacramento, according to the map or plan thereof.

Easement pertaining to 418, 420, and 426 8th Street

An easement of 5 feet in width shall be granted to the adjoining property owner for maintenance access to the zero lot line wall located on the common side lot line between the zero lot line dwelling and that of the adjoining property owner.

ALKALI FLAT SELF-HELP HOUSING

PROPOSED LEGAL DESCRIPTION

1221 G Street

Parcel One:

The North one-half of the East one-half of Lot 8, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan thereof.

Parcel Two:

The South one-half of the East one-half of Lot 8, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan thereof.

Parcel Three:

The North one-half of the West one-half of Lot 7, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan thereof.

Parcel Four:

The South one-half of the West one-half of Lot 7, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan thereof.

Easement:

Parcels One and Two: A six-foot width along the eastern boundaries of Parcels One and Two shall be given as an easement to the owners of the others parcels at 1221 G Street for purposes of ingress and egress along a walkway.

Parcels Three and Four: A six-foot width along the western boundaries of Parcels Three and Four shall be given as an easement to the owners of the other parcels at 1221 G Street for purposes of ingress and egress along a walkway.

RURAL CALIFORNIA HOUSING CORPORATION
PROGRAM STATEMENT

Rural California Housing Corporation (RCHC) is a nonprofit housing development corporation organized in 1967 to construct new housing and rehabilitate older homes throughout northern California for low and moderate income families. With an annual operating budget of \$800,000, the corporation has generated over \$45,000,000 in mortgage financing for low income households willing to build their own homes through self-help construction. Through contracts with city and county governments during the past four years, RCHC has helped finance \$1,250,000 worth of improvements to preserve older homes for the benefit of their current residents.

SELF-HELP HOUSING

RCHC is the second largest self-help housing producer in the United States. Using the resources of the Farmers Home Administration (FmHA), an agency of the United States Department of Agriculture, RCHC has supervised the development of 1,200 single-family homes for rural Californians willing to help themselves.

Self-help housing is a cooperative, mutual assistance process where groups of 6-10 families contribute 35 hours of work per week to build one another's homes, earning "sweat equity" and many marketable construction skills in the process. With funding from FmHA, RCHC secures and develops the lots, provides financial counseling, packages the mortgage financing to obtain FmHA loans, supervises construction to ensure the homes meet all local and federal building requirements, purchases materials, and oversees subcontracting.

The average family will work eight or nine months in the construction of their home. Pride of ownership is evident. A recent study at California State University in San Francisco documented that 87% of self-help families still live in their homes after 15 years.

The self-help program has also been successful in providing equal opportunity in housing. Single-parent households as well as many minority families have been successful owner-builders.

URBAN SELF-HELP

In 1986, RCHC initiated self-help construction in urban areas with a project in Stockton. By the end of the year the program had expanded to the cities of Sacramento and Davis.

In both Stockton and Davis, RCHC provided technical and construction assistance through contracts with local nonprofit corporations. In Sacramento RCHC contracted directly with the Sacramento Housing and Redevelopment Agency for predevelopment work in a historic residential neighborhood in one of the city's redevelopment areas. RCHC has secured FHA-insured mortgages from the California Housing Finance Agency for its urban projects. In all three cities, Community Development Block Grant or redevelopment agency tax increment funds are being used to ensure housing affordability to lower income families, supplemented by deferred payment mortgage assistance from the State of California's Self-Help Housing Program.

HOUSING REHABILITATION

Preserving and improving 150 older homes for lower income residents has been accomplished by RCHC in less than three years. Funding for rehabilitation programs came initially from the federal Office of Community Services but quickly diversified. Now it includes contracts with communities receiving Community Development Block Grant (CDBG) funds under the state-administered Small Cities program or the Entitlement CDBG program administered by the Department of Housing and Urban Development.

Within three years, RCHC successfully administered seven housing rehabilitation programs in northern California and demonstrated its expertise in generating additional resources for the towns and cities being served. Thousands of dollars in leveraged funding has been obtained from the California Farmworker Housing Grant Program, Special Shelter/Special Circumstances funds from county welfare departments, weatherization financing from PG&E, Farmers Home Administration housing repair grants and loans, and private bank home improvement loans.

When the devastating flood hit northern California in 1986, RCHC found funding to address the critical housing repair needs of some of the flood's low-income victims. Funding came from diverse sources, and although complicated by the gaps and complexity of federal assistance, ultimately reached six northern California counties.

Most recently, RCHC became a partner in a highly innovative and cooperative venture in Sacramento. It acquired ten boarded and flood-damaged properties from the California Housing Finance Agency and organized families to rehabilitate the homes through a mutual self-help effort. Administrative funding was provided by the Sacramento Housing and Redevelopment Agency.

RCHC's housing rehabilitation services throughout these programs include marketing, loan packaging, housing inspections, work write-ups, cost estimating, and self-help construction supervision.

NARRATIVE SCOPE OF DEVELOPMENT FOR
SELF HELP HOUSING IN ALKALI FLAT

The Rural California Housing Corporation (RCHC) a private non-profit, is to construct eight (8) single family housing units on two specific sites in the Alkali Flat Redevelopment Project Area.

RCHC will oversee the construction of four, three-bedroom two-bath homes consisting of 1050 square feet each, and four, four-bedroom two-bath homes consisting of 1200 square feet each. These homes will be equally divided between the 12th and G Street site and the 8th and E Street site. Houses will be of wood frame construction with high-pitched roofs to match the Victorian neighborhood. Each house will have carpets, linoleum, heating and air conditioning, dishwashers and ovens. Individual houses will sit on lots averaging 3000 square feet. The houses will be two story and feature one-car garages and washer/dryer hookups. Yards will be landscaped. The 12th and G Street site will have a common walkway.

CALIFORNIA HOUSING FINANCE AGENCY

June 9, 1987

Mr. Stanley Keasling, Executive Director
Rural California Housing Corporation
2125 19th Street, Suite 101
Sacramento, CA 95818

Re: CHFA Letter of Intent for
Alkali Flat Self-Help Homes, Sacramento

Dear Stan:

This letter is to inform you that the California Housing Finance Agency (CHFA) intends to provide a commitment under the Home Mortgage Purchase (HMP) Program of up to \$320,000 for 8 single family houses to be located at the following addresses 8th Street (416, 418, 420, 426) and 1221 "G" Street near (near cross streets 12th and "G" Street and 8th and E Street). The Agency is currently processing your commitment request for a July 1, 1987, commitment.

CHFA intends to provide thirty year fixed-rate loans at the most favorable rate available at the time a formal commitment is made. The commitment will be for FHA mortgage-insured loans and may be requested for a 12- or 18-month term. The fees for the commitment will depend upon the particular program that we will be able to offer RCHC at the time the commitment is made.

The commitment is issued under the Agency's Specialty Lending Program to non-profit developers, including self-help entities. The loans are available to borrowers who meet CHFA requirements and whose income does not exceed the following current income limits:

County	1 Person Household (80% of Median)	2-3 Persons (90% Median)	4+ Persons (100% Median)
Sacramento	\$25,300	\$28,400	\$31,600

Loans on which borrowers' income exceeds these limits, but do not exceed the standard (higher) income limits for other borrowers established for the Home Mortgage Purchase Program, will qualify for the standard (higher) commitment terms and interest rate for an FHA-insured commitment.

This Letter of Intent is subject to the following terms and conditions:

1. The terms of this Letter of Intent expire on July 1, 1987.
2. Developer to provide evidence of construction financing.

Mr. Keasling
June 9, 1987
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3. The maximum sales price for any unit financed by CHFA is to be \$81,600 for the 3 bedroom, 2 bathroom model and \$84,000 for the 4 bedroom. 2 bathroom model.
4. One-bedroom or studio units will not be eligible for financing by CHFA.
5. CHFA must approve the FHA Master Conditional Commitment Appraisals prior to the start of construction.
6. Each loan package is to be submitted to the Agency for review and conditional approval prior to the start of construction.
7. No units may be occupied prior to the Notice of Completion from the local building department and prior to the close of escrow.
8. Developer to submit any resale restrictions and any promissory notes and deeds of trust, or loan/grant agreements for any secondary financing or liens against the properties for review and approval by CHFA prior to request for conditional loan approval.
9. Developer understands that FHA insured-loans will be subject to the requirements and the underwriting standards of FHA. Developer is aware that any secondary liens on the units will have to be included in the loan-to-value ratios and that the CHFA first deed of trust plus any subsequent lien(s) cannot exceed 80% of the CHFA approved sales price or appraised amount, whichever is lower.

The requested information must be submitted through a HMP participating lender prior to the expiration of the Letter of Intent.

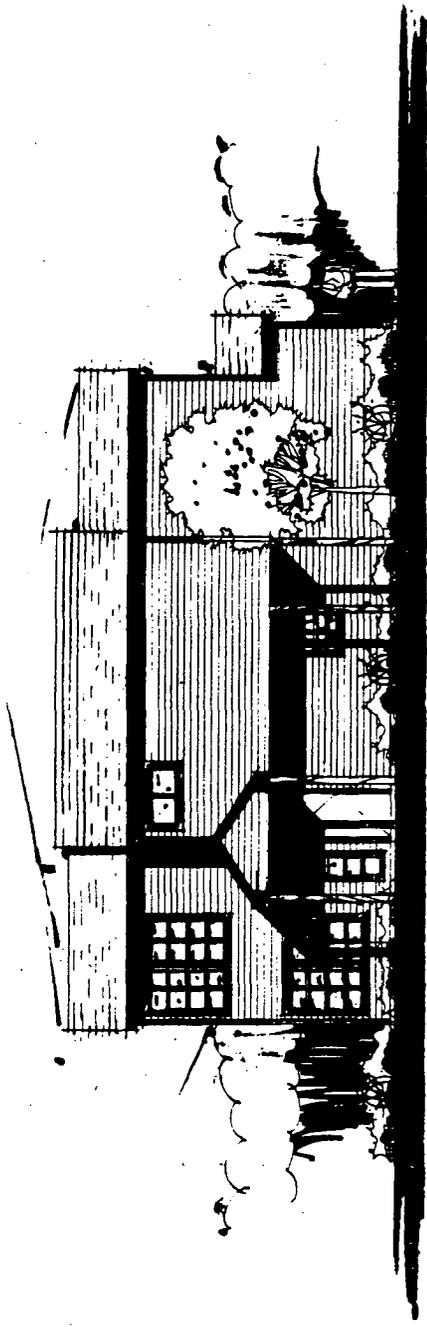
If you have any questions, please do not hesitate to contact Denise Boswell at (916) 322-1467.

Sincerely,



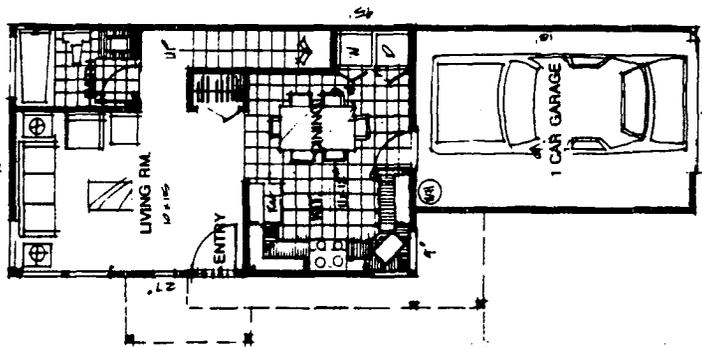
Ken Williams
Single Family Program Administrator

cc: Fred Noteware, CHFA
John Jones, CHFA
Tom Harrison, CHFA
Denise Boswell, CHFA

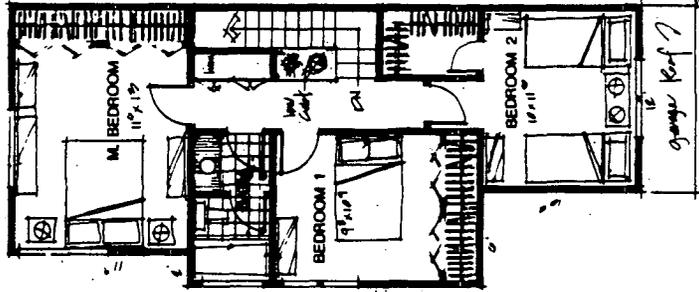


Side Elevation - A UNIT

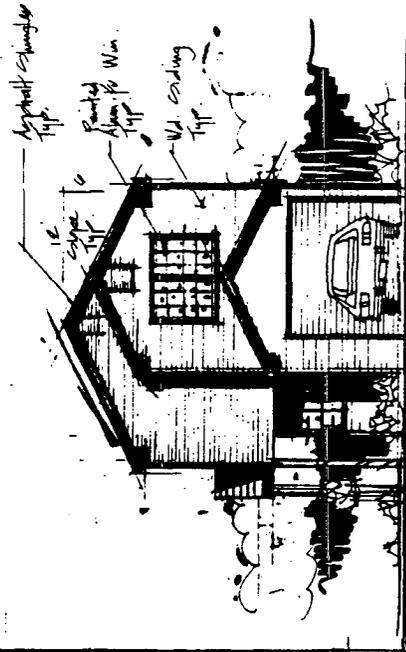
UNIT A 3 Bedrooms



FIRST FLOOR 427 SF
Scale: 1/4"



SECOND FLOOR 627 SF
1,054 SF± Total



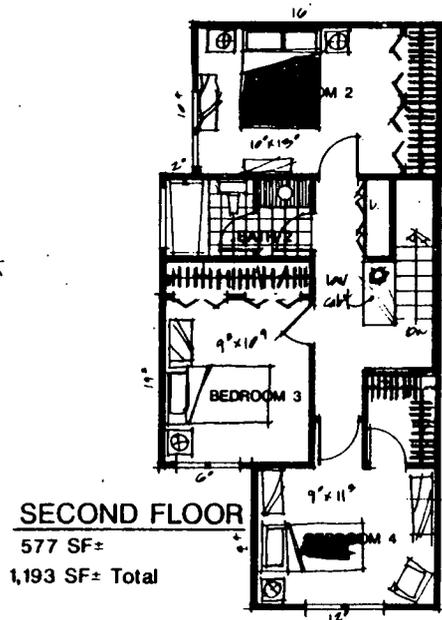
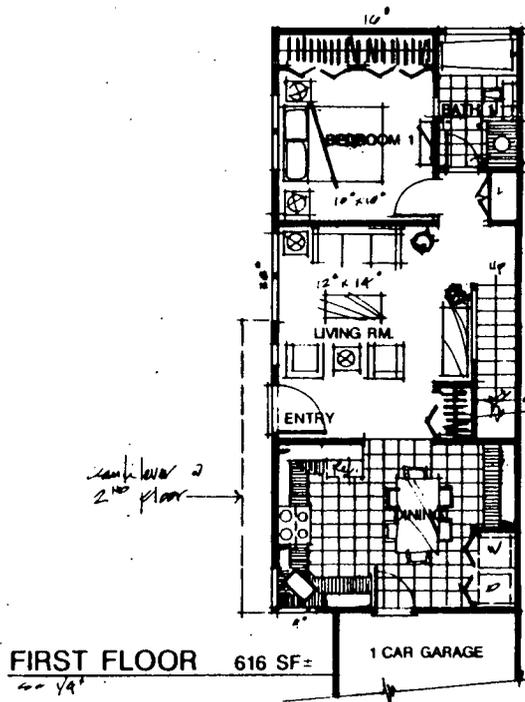
Front Elevation

Mar. 10/81
NA NIIYA ARCHITECTS, INC.
 1850 Howe Ave. #210 Sacramento, Ca. 95825 Tel. (916) 920-3888



Side Elevation - B UNIT

UNIT B
4 Bedrooms



Front Elevation



FAMILY PARTICIPATION IN SELF-HELP CONSTRUCTION - TYPICAL JOBS AND TIMELINES

<u>Weeks*</u>	<u>Tasks</u>
4	Forms and footings
4	Framing
3	Roofing
3	Siding
3	Exterior painting
2	Heat and air ducting
1	Flooring
4	Finish work
2	Interior painting
2	Fencing
2	Landscaping

* Jobs frequently overlap and are scheduled along with subcontracted work.

A typical self-help group of 8 - 10 families can complete construction on their homes in 7 - 9 months. The families work on one another's homes in a mutual assistance process.



The Pre-Construction Process for Self-Help Housing

Weeks*

2 - 6	Outreach in the community; information meetings
4	Family applications
1	House selection (Where architects involved, a longer process of discussing designs and layouts)
4	Credit packages
6	Mortgage company review and certification
2	Group formation; entering into self-help labor agreements
1	Initial construction meetings: reviewing plans, scheduling work
2	Mortgage company approval
	CONSTRUCTION BEGINS

*Meetings and tasks frequently overlap

NEGATIVE DECLARATION

Pursuant to Division 6, Title 14, Chapter 3, Article 6, Sections 15070 and 15071 of the California Administrative Code and pursuant to the Procedures for Preparation and Processing of Environmental Impact Reports adopted by the County of Sacramento pursuant to Sacramento County Ordinance No. SCC-116, the Environmental Coordinator of Sacramento County, State of California, does prepare, make, declare, publish, and cause to be filed with the County Clerk of Sacramento County, State of California, this Negative Declaration re: The Project described as follows:

1. Title and Short Description of Project:
ALKALI FLAT OWNERSHIP HOUSING PROGRAM - RCHC
The proposed project will provide funds to Rural California Housing Corporation for a self help housing program in Alkali Flat and for architectural services. The project will ultimately enable RCHC to construct 7 to 9 owner-occupied housing units (townhomes) at the below listed addresses.
2. Location of Project and Assessor's Parcel Number: The project site is located at 416-8th Street (APN #002-0105-006), 418-8th Street (APN #002-0105-007), 420-8th Street (APN #002-0105-008), 426-8th Street (APN #002-0105-009) and 1221 G Street (APN #002-0161-022), in the City of Sacramento.

APN: 002-0105-006 through 009; 002-0161-022
3. Project Proponent: Sacramento Housing and Redevelopment Agency
4. Said project will not have a significant effect on the environment for the following reasons:
 - a) It will not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.
 - b) It will not have the potential to achieve short-term, to the disadvantage of long-term, environmental goals.
 - c) It will not have impacts which are individually limited, but cumulatively considerable.
 - d) It will not have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly.
5. As a result thereof, the preparation of an environmental impact report pursuant to the Environmental Quality Act (Division 13 of the Public Resources Code of the State of California) is not required.
6. The attached Initial Study has been performed by the Sacramento County Environmental Impact Section in support of this Negative Declaration. Further information may be obtained by contacting the Section at 827 Seventh Street, Room 101, Sacramento, California, 95814, or phone (916) 440-7914.

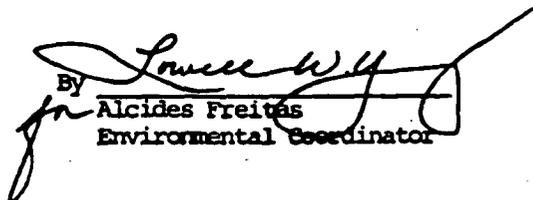
ENDORSED:

Filed

FEB 19 1987

JOYCE RUSSELL SMITH, CLERK
By Z. THOMAS, Deputy

Environmental Coordinator of
Sacramento County, State of
California

By 
Alcidoes Freitas
Environmental Coordinator

(24)

**ENVIRONMENTAL IMPACT SECTION
INITIAL STUDY**

NAME: ALKALI FLAT OWNERSHIP HOUSING PROGRAM - RCHC

ASSESSOR'S PARCEL NUMBERS: 002-0105-006 through 009; 002-0161-022

CONTROL NUMBER: 87-SHA-0113

LOCATION: At 416-8th Street (APN #002-0105-006), 418-8th Street (APN #002-0105-007), 420-8th Street (APN #002-0105-008), 426-8th Street (APN #002-0105-009) and 1221 G Street (APN #002-0161-022), in the City of Sacramento.

APPLICANT:

Sacramento Housing and
Redevelopment Agency
630 I Street
Sacramento, CA 95814

I. PROJECT DESCRIPTION:

The proposed project will provide funds to Rural California Housing Corporation for a self help housing program in Alkali Flat and for architectural services. The project will ultimately enable RCHC to construct 7 to 9 owner-occupied housing units (townhomes) at the above listed addresses.

II. ENVIRONMENTAL SETTING:

The project site consists of five (5) parcels totalling 0.5+ acres in the Alkali Flat area of downtown Sacramento. Four of the parcels (APN's 002-0105-006, 007, 008 and 009) are contiguous and are located on the west side of 8th Street between E and D Streets. The remaining parcel (APN 002-0161-022) is located on the north side of G Street between 12th and 13th Streets. All five (5) parcels are currently vacant. Vegetation consists of mature sycamore, elm and palm trees at the 8th Street site and mature sycamore, elm and maple trees at the G Street site. Land uses surrounding both sites are predominantly residential with some commercial uses.

III. ENVIRONMENTAL EFFECTS:

See Initial Study Checklist attached to the Negative Declaration and the following discussion.

Land Use: The proposed project consists of providing funds to Rural California Housing Corporation (RCHC), a nonprofit housing development corporation, for a self help housing program in Alkali Flat and for

architectural services. The primary objective of the self help housing program is to provide affordable housing to families who are below 80% of medium income adjusted for family size in the Alkali Flat neighborhood. The way the program works is that RCHC provides low interest loans to qualified participants, secures financing for construction, purchases construction materials and supplies supervisors to assist in construction. Acquisition of the land was accomplished by the Sacramento Housing and Redevelopment Agency. The proposed project will enable RCHC to construct 7 to 9 owner-occupied housing units (townhomes) at the following addresses:

<u>ADDRESS</u>	<u>APN #</u>	<u>LOT SIZE</u>	<u>ZONING</u>	<u>UNITS ALLOWED</u>
416-8th Street	002-0105-006	28'x80'	R3A	1.9
418-8th Street	002-0105-007	30'x80'	R3A	2.0
420-8th Street	002-0105-008	22'x80'	R3A	1.5
426-8th Street	002-0105-009	30'x80'	R3A	2.0
1221 G Street	002-0161-022	80'x160'	R3A	10.7

Staff of the City of Sacramento Planning and Development Department (Joy Patterson) was contacted to determine if any special permits would be needed to build townhouses or single family homes on the above lots. Ms. Patterson indicated that the City would not require any special permits or any discretionary approval provided the project does not exceed the density requirements listed above. She indicated that the proposed project would still need to be reviewed by the City's Design Review Board. In addition, she said the proposed development may require a lot line adjustment or merger of parcels.

As previously stated, land uses surrounding the subject parcels are predominantly residential with some commercial uses. In that the proposed project would maintain residential uses on these parcels, no adverse impacts to the surrounding neighborhoods are anticipated.

Trees: As typically characteristic of many older neighborhoods in the City, the subject parcels contain large mature trees. Currently existing at the 8th Street site are several mature sycamore, elm and palm trees ranging in size between 26 and 60 inches in diameter. The parcel located along G Street contains approximately 11 sycamore, elm and maple trees which range in size between 12 and 40 inches in diameter. Although no plans were submitted with the application, it is clear that several trees will have to be removed from the above locations. Mature trees are considered an asset to the property and should be retained whenever possible. To ensure that those trees intended to be retained are not adversely affected by construction activities, trimming of any tree branches or cutting of roots greater than 2 inches in diameter should be overseen by the City arborist.

IV. ENVIRONMENTAL MITIGATION MEASURES:

- A. Prior to construction, project proponent shall submit final plans to the City's Design Review Board for review and approval.
- B. To ensure that those trees intended to be retained are not adversely affected by construction activities, trimming of any tree branches or cutting of roots greater than 2 inches in diameter should be overseen by the City arborist.

V. EXISTING PLANS AND ZONING:

- A. General Plan: The City General Plan Land Use Map indicates the property for Residential.
- B. City Plan: The Sacramento Central City Plan Land Use Map indicates the property for Multiple Family.
- C. Zoning: The subject property is presently zoned R3A.

VI. This Initial Study has been prepared by Alcides Freitas, Lowell Young, Bob DeMorales and Louise Moore of the Sacramento County Environmental Impact Section staff.

CD: 2/3/87

87sha0113

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FOR CONTINUATION SEE MAP 51

FOR CONTINUATION SEE MAP 55

38

2,145

2,148

FOR CONTINUATION SEE MAP 54

2,157

2,160

INITIAL STUDY CHECKLIST

Could/Would the project:

YES
MAYBE
NO

	YES	MAYBE	NO	
1) significantly affect Regional air quality?			X	
2) significantly affect local air quality?			X	
3) contribute to the removal of significant amount of prime agricultural land from agricultural production?			X	
4) create the potential for property damage following completion of the project due to existing or altered soil and/or slope conditions?			X	
5) be adversely affected by other geologic or seismic hazards?			X	
6) cause erosion or siltation resulting in severe water quality impacts or damage to adjacent properties?			X	Some erosion from construction activities and increased surface runoff would occur.
7) have substantial effect on the supply or consumption of a mineral resource?			X	
8) significantly affect ground or surface water supply or quality?			X	
9) substantial affect, or be affected by flooding?			X	
10) adversely affect populations of unique, rare or endangered plants or animals, or their habitat?			X	
11) significantly affect resident or migratory wildlife or their habitat?			X	
12) affect or result in the removal of critical habitat, such as riparian and wetland plant associations?			X	
13) affect or result in the removal of prominent, heritage, or landmark trees, or otherwise aesthetically important plant forms?		X		The site contains mature sycamore, elm, palm and maple trees (see discussion on "Trees").
affect sites of archaeological or historical importance?			X	

	YES	MAYBE	NO	
15) be in conflict with adopted General, Community, or specific plans of Sacramento County?			X	
16) conflict with adopted plans of agencies or jurisdictions other than Sacramento County?			X	
17) require major modification of, or adversely affect, public facilities?			X	
18) have a substantial affect upon transportation facilities?			X	
19) have a substantial affect on energy demands?			X	
20) substantially affect the quantity of open space in an area, or severely and adversely change the visual character of the project site?			X	Conversion of vacant lots to residential development.
21) generate average or peak noise levels that would seriously affect the health or general well-being of any nearby people?			X	
22) expose future residents or site users to existing or future noise levels that could seriously affect their health or general well-being?			X	
23) cause significant shifts in employment or income characteristics of the community?			X	
24) have a substantial and demonstrable negative aesthetic affect?			X	Possibly to some observers.
25) breach published national, state, or local standards relating to solid waste or litter control?			X	
26) induce substantial growth or concentration of population?			X	
27) displace a large number of people, or disrupt or divide an established community?			X	
28) involve a risk of an explosion or the release of hazardous substances in the event of an accident or upset conditions?			X	
29) involve possible interference with an emergency response plan or an emergency evacuation plan?			X	
30) result in creation of any health hazard or potential health hazard, or expose people to potential health hazards?			X	

STANDARD AGREEMENT — APPROVED BY THE ATTORNEY GENERAL

CONTRACTOR'S COPY

STATE OF CALIFORNIA
STD. 2 (REV. 6/81)

- CONTRACTOR
- STATE AGENCY
- DEPT. OF GEN. SER.
- CONTROLLER

THIS AGREEMENT, made and entered into this 1st day of April, 19 87,
the State of California, by and between State of California, through its duly elected or appointed,
qualified and acting

TITLE OF OFFICER ACTING FOR STATE	AGENCY	NUMBER
Director	Department of Housing & Community Development	86-SHMA-021
hereafter called the State, and Rural California Housing Corporation (a nonprofit corporation)		<u>MORTGAGE ASSISTANCE</u>
hereafter called the Contractor.		

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:
(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

AUTHORITY: Pursuant to Chapter 7.5 of Part 2 of Division 3.1 of the California Health and Safety Code (commencing with section 50690, et seq.), and the regulations promulgated thereunder, Subchapter 6.5 of Chapter 7 of Title 25, California Administrative Code (commencing with Section 7530), the Contractor (hereinafter also referred to as "Grantee") has submitted an application for financial assistance under the California Self-Help Housing Program (Program). The State Housing Development and Assistance Committee of the California Department of Housing and Community Development (hereinafter "the Department") has recommended that the Director of the Department approve the requested financial assistance. The Director of the Department has approved the recommendation of the Committee.

PURPOSE: Subject to certain specific conditions and terms identified herein, the Department has agreed to commit funds in the form of a loan or loans to the Grantee for the purpose of providing mortgage assistance to eligible households participating in a self-help project to be located on the property or properties described in Attachment A, attached hereto and made a part hereof.

Execution of this Agreement by the Department provides official notification of the commitment of loan funds by the Department of Housing and Community Development under the Program. In accepting this commitment the Grantee agrees to comply with the terms and conditions of this Standard Agreement, all attachments hereto, the provisions of Health and Safety Code Sections 50690, et seq., and the provisions of Title 25 of the California Administrative Code, Sections 7530, et seq. Unless otherwise noted, Code sections used herein refer to Title 25, California Administrative Code. Unless the context requires otherwise, terms used herein shall be defined as in Section 7532.

The provisions on the reverse side hereof constitute a part of this agreement.
IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA	CONTRACTOR
AGENCY Department of Housing & Community Development	CONTRACTOR IF OTHER THAN AN INDIVIDUAL STATE WHETHER A CORPORATION, PARTNERSHIP, ETC.) Rural California Housing Corporation
BY (AUTHORIZED SIGNATURE) <i>Shonda A. Russell</i>	BY (AUTHORIZED SIGNATURE) <i>Stanley...</i>
TITLE CHIEF, ADMINISTRATION DIVISION	TITLE Executive Director
CONTINUED ON <u> </u> SHEETS, EACH BEARING NAME OF CONTRACTOR	ADDRESS 2125 19th Street, Suite 101 West Sacramento, CA 95818
Department of General Services Use Only Exempt from Department of General Services approval per Section 1209 of the State Administrative Manual.	AMOUNT ENCUMBERED \$ 120,000
	UNENCUMBERED BALANCE \$
	ADJ. INCREASING ENCUMBRANCE \$
	ADJ. DECREASING ENCUMBRANCE \$
	PROGRAM/CATEGORY (CODE AND TITLE) 20 Community Affairs
FUND TITLE 843 HTF	
OPTIONAL USE 2500/23540	ITEM 2240-101-843 (A)(3)
CHARTER 186	STATUTE 1986
FISCAL YEAR 86/87	OBJECT OF EXPENDITURE (CODE AND TITLE) 661701
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.	
T.S.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <i>LaVada Townsend</i>	DATE 05-20-87
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document is exempt from review by the Department of Finance.	
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY <i>Heanna C. Ackerman</i>	DATE 5-20-87

MAY 20 1987

8. Work to be Performed

The Grantee agrees to fully perform all obligations under this Agreement and the work set forth in greater detail in Attachments B ("Project Description") and C ("Special Conditions"), attached hereto and made a part hereof. The Grantee agrees to complete the Project in accordance with the provisions of schedules and timetables set forth in Attachments "B" and "C", the terms of this Agreement and, where applicable, Attachment D hereof. In the event of any conflict or inconsistency between this Agreement and Attachments B and C, the provisions of the Attachments shall prevail over this Agreement and Attachment C shall prevail over Attachment B.

9. Mortgage Assistance

a. If the commitment for financial assistance from the Department is limited to mortgage assistance, Grantee agrees to apply all loan funds received by it hereunder directly to reduce the mortgage obligation of participating, eligible households and for no other purpose except as specified in this Agreement.

b. Unless otherwise specified in the attachments, any mortgage assistance loan executed under this agreement shall bear simple interest at seven (7%) percent per year for the first ten (10) years of the loan to any one eligible household. Repayment of principal and payment of interest shall be deferred until sale or conveyance of the assisted unit. Beginning with the eleventh (11th) year, ten (10%) percent of the total loan principal and accrued interest shall be forgiven per year as provided in Section 7572 of Title 25 of the California Administrative Code. Total forgiveness of both interest and principal shall occur at the end of twenty (20) years provided that the household has complied with the terms and conditions of the deferred payment loan agreement.

c. In connection with providing mortgage assistance, Grantee shall perform the following in accordance with the terms of this Agreement and the program regulations:

1. Certify the income and other eligibility criteria of participating households on a form or forms approved by the Department.

2. Assist and counsel, when necessary, participating households in obtaining the financing for the construction, acquisition and/or rehabilitation of their individual units.

3. Calculate the mortgage assistance to be provided to each eligible participating household in accordance with Section 7570 of Title 25 of the California Administrative Code, not to exceed \$15,000 per household.

4. Apply to the Department for the disbursement of funds within sixty (60) days of when funds are required on a form or forms prescribed by the Department to ensure that the loan proceeds will be available when needed to fund the mortgage assistance loan.

5. Ensure that each eligible participating household applying for assistance has fully completed and executed the forms provided by the Department for the Deferred Payment Loan Agreement, the note evidencing the mortgage assistance loan and the deed of trust securing the note.

6. Comply or ensure compliance with the escrow instructions or other written conditions contained in this agreement issued by the Department in connection with the disbursement and payment of loan proceeds. Such terms

and conditions may include, but are not limited to, approval of the terms and amount of the primary financing, the order of recordation of deeds of trust (including the deed of trust securing the mortgage assistance loan) and other recorded liens, agreements or instruments, requirements for title insurance, the persons or institutions to be paid from the loan proceeds and allowable costs payable from loan proceeds.

d. Grantee shall not charge to or collect from an eligible household any fee, commission, or other charge in connection with the performance of Grantee's duties and responsibilities under this Agreement without the express prior written approval of the Department.

e. Grantee agrees that it will not promise, warrant or represent to a participating household that it will be eligible for mortgage assistance or that it will receive a specific amount of assistance until the household's application for assistance has been approved by the Department.

10. Development and Rehabilitation Assistance

a. If the Department has approved a commitment of funds to Grantee for development assistance, Grantee shall comply with the terms and provisions of the Development Assistance Addendum attached hereto and made a part hereof as Attachment "D". Funds provided as development assistance shall be in the form of a loan in the amount of said development assistance evidenced by a note executed by Grantee and secured by a deed of trust on the project property. The note and deed of trust shall be in a form provided by the Department. The terms and conditions of the loan shall be as specified in Attachment D. The deed of trust shall be recorded against the Project property subject to such prior liens and encumbrances as the Department may approve.

b. If the Department has approved a commitment of funds to Grantee for rehabilitation assistance, Grantee shall comply with the terms and provisions of the Rehabilitation Assistance Addendum attached hereto and made a part hereof as Attachment "E". Funds provided as rehabilitation assistance shall be in the form of a loan or loans in an aggregate amount not to exceed the amount of the funds provided by this agreement. All rehabilitation loans shall be secured by a deed of trust on the project property or properties. Any note and deed of trust shall be in a form provided by the Department. The terms and conditions of the loan shall be as specified in Attachment E. The deed of trust shall be recorded against the project property or properties subject to such prior liens and encumbrances as the Department may approve.

11. Encumbrance of Funds and Repayment of Excess Funds

a. The amount encumbered by this Agreement shall not exceed _____
\$120,000.00

b. If funds authorized by this Agreement, or any portion thereof, have not been disbursed to or on behalf of the Grantee in accordance with this Agreement, and the Department determines that such funds, or a portion thereof, are not necessary for the Grantee's performance hereunder, then the Department may notify the Grantee that the funds will be disencumbered. The notice shall specify the effective date and amount of the proposed disencumbrance. If the Grantee does not provide information within 14 days from the date of the notice of disencumbrance adequate to the Department to sustain

the need for the funds and/or the ability to utilize them in a timely fashion, the amount shall be disencumbered on the specified effective date and shall no longer be committed or authorized for use under this Agreement, and the total amount under this Agreement shall be reduced by the amount of the disencumbrance.

c. Grantee shall return to the Department any and all program funds while they are not needed for mortgage assistance or which cannot be disbursed in accordance with this Agreement or the program regulations. Grantee shall return such funds upon (a) its determination that the funds are excess and cannot be properly disbursed, or (b) written notice from the Department that either of the two conditions exist and that the stated amount of funds are to be returned. Any funds to be returned shall be returned to the State within ten (10) days of written demand therefor by the Department.

12. Periodic Reports

Unless otherwise specified in Attachment C, within thirty (30) working days after the three-month period beginning with the date of execution of this Agreement, the Grantee shall submit to the Department Coordinator a quarterly progress report, describing the project's progress and detailing compliance with the requirements of Attachment B. The format and contents of the report will be subject to approval by the Department.

13. Disbursement of Funds

a. Funds for direct mortgage assistance shall be disbursed pursuant to the terms and conditions of this Agreement upon receipt and approval by the Department of a request for funds in a form approved by the Department. Such request shall include such documents and certifications as the Department deems necessary to determine compliance with the appropriate provisions of Section 9(b). Funds may be disbursed at the discretion of the Department to an escrow established by Grantee to complete the transaction and the funding of the mortgage assistance loan.

b. Funds for Development Assistance shall be disbursed in accordance with the provisions of Attachment D.

c. Funds for Rehabilitation Assistance shall be disbursed in accordance with the provisions of Attachment E.

d. Unless otherwise specified by the Department, any funds disbursed but unused shall be deposited in an account bearing the current prevailing rate of interest in a Federally Insured Depository. All interest earned shall be remanded to the Department at the close of escrow.

14. Commencement and Term

This Agreement is effective on the date of execution by the Department, and shall terminate on the date set forth in Attachment B unless terminated sooner by the Grantee or the Department pursuant to paragraph 15. The Grantee agrees that the work shall be completed by that date unless a written request for an extension is approved in advance and in writing by the Department. This Agreement shall be amended to reflect any and all approved extensions.

15. Defaults and Termination by the Department

a. The Department may terminate this Agreement at any time for good cause. Good cause shall consist of a breach of the terms of this Agreement, any loan documents, or violation of the program's regulations. Grantee shall be provided with notification of any violation and provided with thirty (30) days to take necessary corrective action prior to termination, unless a different time frame or corrective provision is set forth within a specified loan document.

b. In the event of any default or breach of this Agreement or any obligation of this Agreement, the Department, at its sole option, may seek enforcement of the obligation breached or in default or may declare the loan to be due and payable. In the event the Department exercises the latter option, the Grantee shall repay all outstanding principal and interest forthwith to the Department or, if the Department approves, voluntarily convey all real property securing the loan or loans to an entity approved by the Department. In the event the Department elects the former option, it may seek damages or it may seek equitable relief, such as specific performance or injunctive relief, it being agreed by the Grantee that the injury to the Department arising from certain defaults hereunder would be irreparable and that it would be extremely difficult or impossible to ascertain the amount of compensation to the Department which would afford adequate relief in light of the purposes and policies of the program.

c. In the event the Department successfully undertakes any enforcement of this Agreement or any underlying obligations, the Grantee shall be liable for reasonable costs of enforcement including, but not limited to, attorneys fees, court costs, and costs of investigation.

d. Termination of this Agreement does not prejudice any other legal remedies available to the Department to enforce the provision of this Agreement. The remedies of the Department are cumulative and the exercise of one or more such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Department of one or more of its other remedies.

16. Nondiscrimination

a. General State Nondiscrimination Standards

1. During the performance of this Agreement, the Grantee and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age (unless authorized by law), physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. Grantee shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

2. Grantee shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900, et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code Sections 11135-11139.5)

and the regulations or standards adopted by the awarding State agency to implement such article.

3. Grantee, and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

4. Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

5. Grantee acknowledges that the prohibitions contained in Sections 51.2 and 51.3 of the Civil Code apply to this project and Grantee shall not restrict the sale, lease or rental of units within the project on the basis of age except as provided in said sections.

17. Fiscal Administration

Grantee agrees to establish and maintain fiscal control and accounting procedures which assure that funds, if any, awarded to it are properly disbursed, adequately controlled and accounted for in a separate account. In addition, Grantee is responsible for keeping records which fully disclose the amount and disposition of all funds allocated for the work. The procedures developed by the Grantee must provide for the accurate and timely recording of the receipt of funds, expenditures, and unexpended balances. Adequate documentation of each transaction shall be maintained to permit the determination, through an audit if requested by the Department, of the accuracy of the records and the allowability of expenditures charged by CSHHP funds. If the allowability of all expenditures cannot be determined because records or documentation are inadequate, the questionable costs will be disallowed. The Grantee shall reimburse the Department for the amount of any disallowed items. The Department's determination of the allowability of any expense shall be final, absent fraud, mistake, or arbitrariness.

18. Records

a. All records, accounts, documentation and other material relevant to a fiscal audit or examination, as specified by the Department, shall be retained and made available to the Department for a period of not less than three (3) years from the date of termination of this Agreement.

b. If so directed by the Department upon termination of this Agreement, Grantee shall cause all records, accounts, documentation and other materials relevant to the work to be delivered to the Department as depository.

19. Compliance with State and Federal Law and Regulations

Grantee agrees to comply with all State and Federal laws and regulations that pertain to construction, health and safety, labor, worker's compensation insurance, unemployment insurance, fair employment practices, equal opportunity, and all other matters applicable to Grantee, its subgrantees, contractors, or subcontractors or employees, and the work.

20. Environmental Requirements

The Project may be subject to the provisions of the California Environmental Quality Act (CEQA). The Grantee assumes responsibility to fully comply with CEQA's requirements, if applicable, regarding the work. The release by the Department of funds is hereby conditioned upon compliance with CEQA.

21. Department Coordinator

The coordinator of this Agreement for the Department is the Program Manager of the California Self-Help Housing Program, Division of Community Affairs. Any notice, submittal, report, requests for funds or other communication required by this Agreement shall be mailed by first class mail to the Department Coordinator as follows:

Department of Housing and Community Development
California Self-Help Housing Program
921 10th Street, 5L
Sacramento, CA 95814

Attention: CSHHP Contract Services

Phone: (916) 445-0110

22. Certified Resolution

Prior to the execution of this Agreement by the State, the Grantee shall provide a certified resolution from its governing body authorizing the execution of this Agreement and all other documents and agreements for which execution by Grantee is required under this Agreement.

23. Publicity

The Grantee agrees that if this project is used for any promotional purpose, the Department shall be given suitable acknowledgment of its contribution to the project. The Grantee expressly agrees that any on-site sign posted acknowledging financial contributors or other support to the Project shall reference the Department in a suitable fashion.

24. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Grantee of these provisions, shall in no way be construed to be a

waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

25. Litigation

a. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.

b. The Grantee shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the State.

26. Insurance.

This paragraph supersedes paragraph 1 of this Agreement and any other paragraph herein which is inconsistent with the terms of this paragraph.

a. The Contractor shall indemnify and save harmless the State of California and all officers and employees thereof connected with the work or program assisted by this Agreement, from all claims, suits, or actions of every name, kind and description, brought forth, or on account of, physical or other injuries to or death of any person including but not limited to workers and the public, or damage to property resulting from the performance of this Agreement, except as otherwise provided by statute. The duty of the Contractor to indemnify and save harmless includes the duties to defend as set forth in Section 2778 of the Civil Code.

b. The Contractor waives any and all rights to any types of express or implied indemnity against the State, its officers and employees.

c. It is the intent of the parties hereto that the Contractor will indemnify and hold harmless the State, its officers and employees from any and all claims, suits, or actions as set forth above regardless of the existence or degree of fault or negligence whether active or passive, primary or secondary on the part of the State, the Contractor, or the subcontractor or employee of any of these.

d. During the term of this Agreement, Contractor shall obtain, carry, and maintain in force -- or cause to be obtained, carried, or maintained in force -- comprehensive general liability insurance in the amount of not less than one million dollars (\$1,000,000) for injury to or death of one person, one million dollars (\$1,000,000) for injury to or death of more than one person in one accident, and adequate property damage insurance.

e. Contractor will ensure that the State of California and its officers and employees, are named as additional named insureds on the general liability insurance policy required by subdivision (d) for the purposes of any litigation arising at any time during or after the terms of this Agreement with respect to the performance of this Agreement or any act or omission thereunder. That policy also shall provide for notice to this department in the event of any lapse of coverage and in the event of any claim thereunder.

Upon request of the State, Contractor shall submit documentation of such insurance to the State.

27. Labor Relations Certification

The Grantee, by signing the Agreement, does swear upon penalty of perjury that no more than one final unappealable finding of contempt of court by a Federal Court has been issued against the Grantee within the immediately preceding two-year period because of the Grantee's failure to comply with an order of a Federal Court which orders the Grantee to comply with an order of the National Labor Relations Board (Public Contracts Code Section 10926).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

GR.1/MRL.3
LAO/6/86

ATTACHMENT A
PROPERTY DESCRIPTION

416 8th Street:

All that land situate in the State of California, County of Sacramento, City of Sacramento, described as follows:

PARCEL NO. 1:

The North 28 feet of Lot 5 in the block bounded by D and E and 7th and 8th Streets of the City of Sacramento, according to the official plat thereof.

418 8th Street:

All that land situate in the State of California, County of Sacramento, described as follows:

(City of Sacramento)

The South 30 feet of the North 58 feet of Lot 5 in the Block bounded by 7th and 8th and D and E Street of the City of Sacramento, according to the official thereof.

420 8th Street:

All that land situate in the State of California, County of Sacramento, described as follows:

The North 22 feet of the South 102 feet of Lot 5 in Block bounded by D and E, 7th and 8th Streets, as shown on the official map or plan of the City of Sacramento.

426 8th Street:

All that land situate in the State of California, County of Sacramento, described as follows:

(City of Sacramento)

The North Thirty (N.30) feet of the South one-half (S.one-half) of Lot Number Five (5), in the Block bounded by and between "D" and "E" and Seventh (7th) and Eight (8th) Streets of said City of Sacramento, according to the official Map or plan of said City, records of said County.

1221 G Street:

PARCEL ONE:

The West one-half of the East one-half of Lot 8, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan of said City.

PARCEL TWO:

The East one-quarter of Lot 8, in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official map or plan of said City.

PARCEL THREE:

The West one-half of Lot 7 in the Block bounded by F and G, 12th and 13th Streets of the City of Sacramento, according to the official plat thereof.

ATTACHMENT B

PROJECT DESCRIPTION

1. Description of Project

Rural California Housing Corporation (RCHC) shall develop four three-bedroom and four four-bedroom single-family units on seven parcels of land at two different locations in the Alkali Flat neighborhood of the City of Sacramento. RCHC shall utilize self-help labor to build the units prior to sale to eight (8) low-income families. The estimated income level of the participant families is 55% of county median income as published by the Department.

RCHC shall utilize CSHHP mortgage assistance funds (86-SHMA-021) to write down the loans for eight (8) low-income families. All families receiving a subsidy from the Department shall have incomes at or below the lower income limits for Sacramento county as published by the Department.

CSHHP mortgage assistance funds may be used as development assistance for construction financing prior to its use on individual loans. RCHC has represented that the Sacramento Housing and Redevelopment Agency (SHRA) will provide a zero interest deferred payment loan to purchase the sites and that the land payment will be "rolled over" for up to \$25,000 per unit as necessary in deferred payment financing for the participant families. In the event these funds are unavailable, the Department may, in its sole discretion, terminate this agreement.

Technical assistance funds provided by the Department through Agreement No. 86-SHTA-023 shall be used for the cost of administrative expenses incurred in the development of the eight (8) units.

2. Schedule

Construction shall commence in approximately August 1987 and be completed in spring 1988.

3. Disbursement

RCHC is using the mortgage assistance provided through this agreement in the form of development assistance for construction financing. The development assistance disbursement shall be regulated by the Development Assistance Addendum, Attachment D. When the units are purchased by the participating families, the development assistance shall be rolled over in escrow to individual assistance loans for eight (8) low-income participants.

4. Termination

The termination date of this contract is two years from the date of execution by the Department. Failure to comply with Agreement No. 86-SHTA-023 may be considered breach of this Agreement.

ATTACHMENT C

SPECIAL CONDITIONS

Special conditions to Contract No. 86-SHMA-021 are as follows:

1. Prior to the disbursement of funds, RCHC shall provide to the Department for its approval the following:

a. evidence of sufficient site value to provide security for the development loan

b. house plans and specifications

c. the Development and Disposition Agreement between RCHC and SHRA

d. firm commitment for interim/construction financing and for permanent financing

e. any third deed of trust

2. Sponsor must submit evidence satisfactory to the Department that funds will be disbursed in a manner consistent with the regulations of the program and consistent with the security of development funds. The Department's deed of trust for development assistance funds may be subordinated to the private lender as approved by the Department. The Department's deed of trust for mortgage assistance may be subordinated to the primary lender as approved by the Department.

3. Any family served with mortgage assistance funds must meet the lower income limits for the county of Sacramento as published by the Department. RCHC shall make every effort to serve the lowest income level possible.

ATTACHMENT D

DEVELOPMENT ASSISTANCE ADDENDUM

This Development Assistance Addendum is hereby incorporated into that certain Mortgage Assistance Standard Agreement ("MASA"), Number 86 SHMA 021 dated April 1, 1987, by and between the Department of Housing and Community Development of the State of California ("Department") and Rural California Housing Corporation, a California nonprofit corporation, ("Grantee").

Purpose of Addendum

The purpose of this addendum to the MASA is to set forth the terms and conditions under which the Department will provide the Grantee financing to assist in the development of the project described in the above referenced MASA.

1. Grantee agrees to provide, at its own cost and expense, all the materials, supplies, machinery, equipment, superintendence, labor, transportation, insurance and all other accessories and services necessary to construct the Project in accordance with the provisions of Attachment B ("Project Description").
2. Prior to the disbursement of funds for Development Assistance, Grantee shall execute in proper form a Note evidencing its obligation to repay funds advanced hereunder and a Deed of Trust securing said Note. The Deed of Trust shall be recorded on the Property in accordance with escrow instructions issued by the Department and subject only to such liens, encumbrances, and other matters of record as the Department may approve. The Department may require that the priority of the Deed of Trust be insured by an ALTA Policy of title insurance subject only to such exceptions or exclusions as the Department may approve. All funds disbursed pursuant to this Addendum shall be deemed to be advances under the Note and secured by the Deed of Trust.
3. Terms of the Loan
 - a. The note shall bear interest at the rate of 10 percent per annum. Repayment of principal and interest shall be deferred for the term of the loan. The loan including all accrued interest thereon shall be due and payable in full two years after the date of execution.
 - b. The Department shall credit principal and waive interest payments on the note provided that Grantee has complied with all the provisions of the MASA and this Addendum relating to the provision of mortgage assistance for eligible households and the expenditure of development assistance funds, as follows:
 - (1) Upon the execution of documents for a mortgage assistance loan by an eligible household, the Department shall provide Grantee

a credit for an equal amount of principal owing on the development assistance loan. If, prior to the due date of the development assistance loan, the total value of mortgage assistance loans equals or exceeds the total of the principal amount of the development assistance loan, the Department shall credit the entire principal amount of the loan to Grantee. If the total of such loans by said date is less than the principal amount of the development assistance loan, then the Grantee shall immediately repay to the Department the difference between such total and the principal amount of the development assistance loan plus any accrued interest which has not been waived by the Department pursuant to paragraph 2, below.

- (2) The Department shall waive all interest due on the development assistance loan if the total number of mortgage assistance loans provided to eligible households by the due date of the development assistance loan equals or exceeds the number specified in the Project Description. If a lesser number of such loans is provided by said date the Department shall waive interest equal to whichever of the following is greater:
 - (a) The total interest due times the proportion of the total principal amount of approved individual mortgage loans to the total Development Assistance loan or
 - (b) The total amount of the interest due times the proportion of the number of individual mortgage loans to the minimum number of loans specified in the MASA.

4. Licenses and Permits

- a. Grantee shall ensure, for all construction or construction-related activities, that it and all contractors and subcontractors shall be duly licensed and insured as required by State law for the type of work performed by Grantee, or such contractors or subcontractors.
- b. Prior to commencement of construction, Grantee shall secure all building permits and other local state and federal approvals necessary to lawfully commence construction; and Grantee shall comply with all provisions and conditions thereof.

5. Inspection

Grantee shall permit authorized representatives of the Department to inspect all work, materials, books, records and other material pertaining to the Project.

6. Disbursement of Funds

- a. Upon mutual agreement of the Grantee and Department, the Department shall disburse funds to Grantee either directly or through written escrow instructions. All funds shall be deposited only in a

financial institution approved by the Department, whose deposits are insured by an instrumentality of the federal government.

- b. Prior to the disbursement of funds hereunder, Grantee shall submit to the Department for its approval a breakdown of the projected costs of the project including those eligible costs to be paid by funds advanced hereunder. Said breakdown shall be in a form approved by the Department and Grantee shall include therewith such other supporting documentation and records as the Department may reasonably require. Any changes in the amounts set forth in such cost breakdown shall be subject to the written approval of the Department.
- c. Disbursement for eligible costs shall be made by or authorized by the Department within thirty-five (35) days after receipt by the Department of a complete certified requisition request for Grantee. A certified requisition request shall be made on a form supplied by the Department and shall set forth, with sufficient detail to allow for audit or inspection, a description of the work performed, costs expended, labor charges incurred, materials used or other category or eligible costs for which payment is requested.
- d. The requisition shall be signed by the duly authorized signatory of Grantee in the form of a declaration under penalty of perjury to the effect that all amounts requested are for eligible costs as set forth herein and have been or will be expended by the Grantee for such eligible costs. Ten percent (10%) of the amount of each request for direct construction costs shall be withheld by the Department. The amounts so withheld shall be payable upon final payment as described below.
- e. The Department, in its sole discretion, may condition its release of any funds on the receipt by it or its designee of labor and/or material lien releases or other satisfactory evidence that the materials furnished or work performed for which a disbursement is requested have been paid or will be paid for at the time the disbursement is made.
- f. Final payment of withheld amounts shall be made upon submission by Grantee, and approval by the Department, of a final report in a form prescribed by the Department detailing the completion of the improvements of the Project and specifying the final costs therefore. In no event shall total payments hereunder exceed the lesser of 1) actual approved costs incurred or 2) the maximum costs stated for each line item of the approved cost breakdown. Grantee shall submit evidence of actual costs incurred as required by the Department.

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