

<b>Sacramento Housing and Redevelopment Agency</b>		
Subject: <b>MULTIFAMILY HOUSING DEVELOPMENT ASSISTANCE PROGRAM</b>	Effective Date: <b>DRAFT</b>	Page 1 of 13

## I. General Program

1.1 The Sacramento Housing and Redevelopment Agency offers “gap” financing for the development and rehabilitation of multifamily rental housing in the City of Sacramento, unincorporated areas of the County of Sacramento, Citrus Heights, Folsom, Galt, and Isleton through its Multifamily Lending Program.:

The goals of the program are:

- increase and preserve the supply of affordable rental housing;
- facilitate community and neighborhood revitalization through investment in deteriorated multi-family properties;
- encourage economic integration within neighborhoods;
- maintain a quality living environment for residents of assisted developments and surrounding properties; and
- increase the efficiency of Agency funding by obtaining the fullest leverage of private sector funds.

The Multifamily Lending Program is available to **rental developments with eleven (11) or more units** under single ownership. Developments with fewer than 11 units may apply for financing through the agency’s Small Development Program, administered by the agency’s Housing Finance division at 630 I Street, 2<sup>nd</sup> Floor. The construction or rehabilitation of housing for **owner-occupancy is not covered** under this Multifamily Lending Program; homeownership policies and programs may be obtained from the agency’s Loan Processing division, located at 1013 7<sup>th</sup> Street, 2<sup>nd</sup> floor.

1.2 **PRIORITIES.** Priority in funding under the Multifamily Lending Program is as follows:

- new construction of housing for families (containing a mix of units, including 2- and 3-bedroom apartments);
- the acquisition and rehabilitation of deteriorated properties; and
- adaptive re-use of non-residential properties.

Applications for age-restricted housing, generally for senior citizens, will be accepted after August 1 of each year, contingent on the availability of funds, except for projects which utilize HUD Section 202 or other similar financing.

In competitive situations, the Agency will take into consideration projects that are: 1) acquisition and rehabilitation of problem properties in redevelopment and target areas; 2) new construction of multifamily housing which includes an inclusionary requirement; 3) projects that serve a wide range of incomes; and 4) projects that preserve project-based Section 8 assistance. The leveraging and use of Agency funding will also be considered in the ranking of projects. The new growth areas subject to the City of Sacramento’s Mixed Income Housing Ordinance, which established an inclusionary housing program, are shown in Attachment I.

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- 1.3 ELIGIBLE LOAN USES. Agency financing may be used for new construction or for substantial rehabilitation with or without acquisition of the property.
- 1.4 THRESHOLD REQUIREMENTS.
  - 1.4.1 AFFORDABILITY. All projects, except those funded with Tax Increment housing setaside funds, must contain a minimum of 20 percent of the units affordable to and occupied by households earning less than 50 percent of the area median income (“very low-income”). Projects funded solely with Tax Increment housing setaside funds will be required to provide affordable units consistent with State redevelopment law.
  - 1.4.2 EQUITY. Ten percent of the project’s development cost must be in the form of equity contributions.
  - 1.4.3 DEFERRED DEVELOPER FEE. Developers must defer a minimum of 55-75 percent of their developer fees based upon complexity and risk of the project, as determined by the Agency. Projects solely owned by a qualified 501(c)(3) non-profit organization, as determined by the Agency, shall be required to defer a minimum of 25 percent of their developer fee.
  - 1.4.4 LAND ENTITLEMENTS. All land use and zoning entitlements must be in place prior to application submission; public hearings on a project’s consistency with development standards must be complete prior to the Agency’s final funding approval.
- 1.5 TYPES OF LOANS. Loan proceeds may be used for acquisition, construction, bridge and permanent financing. The Agency does not provide predevelopment financing, but in limited situations may disburse predevelopment funds for an approved project.
- 1.6 APPROVAL AUTHORITY. The maximum loan amount that may be approved by the agency’s Loan Committee is subject to the Agency Underwriting Guidelines, which are currently the lesser of \$20,000 per unit or \$1,000,000 per project. However, the City Council Member or County Supervisor in whose district the project is located may call for the project to be heard before its respective board at his or her discretion. Loan amounts over the \$20,000 per unit/\$1 million Loan Committee limit are subject to the approval of the Sacramento Housing and Redevelopment Commission and the City Council or Board of Supervisors, as applicable.
- 1.7 GAP FINANCING. Agency loans provide “gap” financing - that is, the difference between total development cost and the maximum potential equity and debt raised from private and public sources other than the Agency. Agency staff determines the financing gap and need for funds based on its review and analysis of the application.
- 1.8 LOAN TERMS.
  - 1.8.1 LOAN-TO-VALUE (LTV): Up to 90 percent combined LTV based upon an MAI appraisal.
  - 1.8.2 INTEREST RATE: From four (4) percent simple interest up to the Applicable Federal Rate (AFR)
  - 1.8.3 TERM: Thirty (30) years

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1.8.4 REPAYMENT SCHEDULES: Principle and interest loan payments are tailored to the financial needs of individual projects; interest only payments and/or deferred payments are negotiated on an individual basis dependent on project cash flow and the senior lender's underwriting guidelines. No residual receipts payments will be considered.

1.8.5 COST CERTIFICATION AND AGENCY RECAPTURE: Projects will be required to submit a cost certification prepared by a CPA within six months of conversion to permanent financing in compliance with Tax Credit Allocation Committee (TCAC) requirements. The Agency may, at this time, require repayment, in part or whole, of the Agency financing if due to either project cost savings and/or additional sources of funding for the project. If the Agency "gap" financing is determined by the Agency to be lower than the approved loan, then the Agency will require payment of 67% of the excess "gap" funds.

1.9 HOUSING CHOICE VOUCHERS (Section 8). Recipients of Agency funding are expected to fully participate in the acceptance and placement of tenant-based Housing Choice Vouchers for both restricted and unrestricted units, including the listing of any unit vacancies with the Agency's Housing Choice Voucher office.

1.10 USE AND DISBURSEMENT OF FUNDS. Funds may be used for normal and customary expenses incurred in the new construction, acquisition/rehabilitation, or rehabilitation of housing, as approved by the Agency in the project's budget. In general, disbursements are made once all funding has been formally committed to the project.

1.10.1 Disbursements for **acquisition costs** for priority acquisition/rehabilitation properties may be considered only after overall project financing and feasibility has been determined

1.10.2 Loan advances for **vacant land** may be considered on a case-by-case basis under the following conditions: (a) maximum Agency loan of 70 percent of appraised land value, and (b) Agency's loan in first lien position if Agency financing is 50 percent or more of the acquisition cost.

1.10.3 RETENTION – The Agency will hold back a minimum of 10 percent of the Agency loan amount until project completion and expiration of lien period.

1.10.4 PREDEVELOPMENT DISBURSEMENT. Disbursement of Agency financing to fund predevelopment activities prior to obtaining formal financial commitments, but subsequent to Agency loan approval, shall be limited to qualified 501(c)(3) non-profit organizations. Disbursements shall be limited to preliminary architectural and engineering work necessary to obtain formal financial commitments (e.g., preliminary site and building configurations). The Agency will require the assignment of all predevelopment work performed, whether paid for by the Agency or not, and land purchase or option agreement.

1.10.5 APPROVAL OF FUNDING DISBURSEMENT: The Agency requires that all disbursements, whether using Agency funding or not, be approved by the Agency prior to disbursement of any funds. The Agency shall have five business days to review and approve any disbursement. The Agency may approve or deny disbursements in whole or part. If the Agency denies a disbursement and the borrower or lender disburses a disapproved disbursement, then the Agency loan shall be reduced by an equal amount.

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1.11 COUNTY FEE WAIVER/DEFERRAL PROGRAM. The Agency assists in the administration of the County of Sacramento’s Impact Fee Waiver and Deferral Program for affordable housing projects. In order to qualify for fee waivers and/or deferrals, a project must be located in the County of Sacramento. Only projects located in the unincorporated area will be eligible for fee waivers, with the exception that Sacramento Regional Sanitation District fee waivers are available to cities in the County and unincorporated areas. Agency staff reviews projects and recommends qualified projects to the County Public Works Agency. The total number of fee waivers to be approved is capped annually at 200 dwelling units or 5% of the number of dwelling units for which residential building permits for new construction were issued in the previous year, whichever is greater.

1.11.1 FEE DEFERRALS. In order to qualify for fee deferrals, a project must have 1) a minimum of 10 percent of units restricted for rent to households having incomes less than or equal to 50 percent of AMI; or 2) a minimum of 49 percent of units restricted for rent to households having incomes less than or equal to 80 percent of AMI. Payment of deferred fees is due upon the close of permanent loan financing.

1.11.2 FEE WAIVERS. In order to qualify for fee waivers a project have a minimum of 10 percent of the units restricted for rent to households having incomes less than or equal to 50 percent of AMI. Fees will be waived in an amount proportional to the percentage of units restricted.

A non-refundable application and processing fee is charged by the County for participation in the program. The application fee is \$600 and the processing fee is \$275. The processing fee is paid at the time of each individual building permit issuance.

Applications are accepted and reviewed by the Agency. Once a project is approved, the Agency certifies to the Public Works Agency that the project is eligible. The applicant enters into an agreement with the County to secure the deferral or waiver and executes a promissory note secured by a deed of trust against the project.

1.12 GEOGRAPHIC CONSIDERATIONS:

1.12.1 FAIR SHARE POLICY for New Construction projects in the unincorporated County.

New construction multifamily projects in the unincorporated areas of the County are allowed only in census tracts where median household income exceeds 80 percent of AMI and where the homeownership rate exceeds 55 percent as defined below. Senior housing is exempt. (These census tracts will be revised when 2000 census data becomes available.)

<b>Census Tracts Eligible for New Construction Assistance</b>										
<b>County of Sacramento</b>										
48.02	57.01	72.02	79.01	80.09	81.19	82.03	87.00	91.08	93.07	96.03
49.04	57.02	72.03	79.03	80.10	81.21	82.04	89.03	91.09	93.08	96.04
50.01	58.01	74.02	79.04	81.11	81.22	82.06	89.04	92.00	93.09	98.00
51.01	58.03	74.06	80.05	81.12	81.24	82.07	89.05	93.03	93.10	
51.02	58.04	74.08	80.06	81.14	81.25	84.02	89.08	93.04	94.01	
54.04	59.01	74.10	80.07	81.15	82.01	85.98	91.05	93.05	94.02	
56.06	72.01	77.02	80.08	81.17	82.02	86.98	91.07	93.06	95.00	

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1.12.2 The City of Sacramento will consider whether to adopt a Fair Share policy after the 2000 census data is available.

1.12.3 PARTICIPATING JURISDICTIONS. The cities of Folsom, Galt, Citrus Heights and Isleton have cooperation agreements with the County of Sacramento for the use of federal Home Investment Partnership (HOME) and/or Community Development Block Grant (CDBG) funds in their jurisdictions. These funds may be used to finance affordable housing developments in the participating jurisdictions, generally in proportion to the population and poverty indices used by the federal government to determine the County's allocation of HOME and CDBG funds.

1.13 CONSTRUCTION / REHABILITATION STANDARDS

1.13.1 A rehabilitation project must provide for a minimum rehabilitation of \$7,500 per unit or 15% of the value of the improvements, whichever is greater. The project must also meet the Agency's minimum property rehabilitation standards (Exhibit A) in which major systems (Exhibit B) have an expected life of at least 15 years upon completion of the rehabilitation, or establish replacement reserves to an extent necessary to fund the replacement of these systems when needed. The use of replacement reserves in lieu of rehabilitation work shall be at the discretion of the Agency. Site inspections will also be conducted to review rehabilitation plans and assess the long-term viability of the subject property's major systems (i.e., roofing, heating, air conditioning, plumbing, electrical).

1.13.2 Rehabilitation plans must address ADA and Section 504 requirements (removal of physical barriers) for all common areas and shall strive to accommodate mobility and sensory accessibility for individual units. Projects receiving federal funding must have 5% of the units in the project accessible to individuals with mobility impairments and 2% of the units in the project accessible to individuals with sensory impairments.

1.13.3 Projects must have adequate facilities on-site for the intended population (community room, tot lots, open space, etc.) The rehabilitation scope of work will include an analysis of the remaining life of all major systems on the property and demonstrate adequate replacement reserves for all items.

1.13.4 The Agency will evaluate project budgets against cost standards for the Sacramento area and will require that the applicant demonstrate how cost reasonableness measures were used.

1.14 SPECIAL FINANCING PROVISIONS

1.14.1 PREVAILING WAGES.

SB975. Effective January 1, 2002, State law requires that State prevailing wages be paid for projects receiving below market rate benefits from a government entity. There are currently two exemptions from prevailing wages: 1) if the only below market rate benefit is from Tax Increment housing setaside funds; and 2) projects that receive an allocation/reservation of tax-exempt mortgage revenue bonds or low income housing tax credits prior to December 31, 2003.

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This state legislation preempts federal prevailing wage requirements under the HOME and CDBG programs, which respectively exempted projects with 11 or fewer HOME-assisted units or eight or fewer CDBG-assisted units. Projects required to comply with State and Federal prevailing wage requirements shall be required to comply with the higher of both wage requirements by each trade.

1.14.2 **LEAD-BASED PAINT.** Housing constructed prior to 1978 that is assisted by federal funds is required to submit a lead-based paint risk assessment at the time an application is submitted to the Agency. The project's financial feasibility will be based upon the results of the risk assessment and rehabilitation costs prior to any lead-based paint removal or control.

1.14.3 **ENVIRONMENTAL REVIEW.** Federal HOME and CDBG regulations prohibit financing commitments by the Agency until the completion of environmental review under the National Environmental Policy Act (NEPA). For new construction, demolition, or historically significant projects, 150 days may be required to prepare and process environmental documentation and clearances.

1.14.4 **RELOCATION.** Any project involving the temporary or permanent relocation of families requires a relocation plan prepared according to the funding source's requirements. Proper notification of residents will be the responsibility of the applicant and will be coordinated with the Agency's relocation specialist. Where project implementation will result in a temporary displacement of existing households (e.g., phasing of rehabilitation) or permanent displacement (e.g., household exceeds income limits) the borrower will be responsible for providing relocation services and assistance in accordance with the regulations governing the funding source(s) used on the project. This includes, but is not limited to, contracting with a relocation service company (at the discretion of the borrower), preparing a relocation plan, and providing timely and adequate notices to all tenants regarding the project and the potential for relocation.

Issuance of timely notices to tenants will be coordinated with the Agency as a function of its loan processing schedule. Relocation is considered an integral part of the project and estimates of relocation costs must be included in the project budget. The Agency will monitor the borrower for compliance with relocation regulations.

1.14.5 **EMPLOYMENT OPPORTUNITIES.** New employment and business opportunities resulting from federal funding for housing (e.g., HOME and CDBG) are subject to the U. S. Department of Housing and Urban Development's Section 3 requirements to make best faith efforts to hire low and very low income persons and provide economic opportunities to local small businesses and minority- and women-owned businesses. Additionally, the Agency may require local hire on a project by project basis.

1.14.6 **PROPERTY MANAGEMENT PLAN.** A comprehensive management plan must be approved by the Agency prior to commitment of funds. The plan must address rental procedures, maintenance schedules and standards, eviction procedures and overall day to day operations, including resident services adequate to service the intended population of the project. The loan agreement will specify that all provisions be included in the management plan. The Agency regulatory agreement will require that borrowers receive Agency approval prior to any change in the property management company and/or property management

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plan. Further, the Agency shall have the right to require the property management company be changed if the Agency determines the property management company is not providing adequate services.

1.14.7 If a non-profit entity is part of the property ownership structure, then resident services will be required.

Developments owned by not-for-profit organizations are eligible to qualify for a welfare exemption pursuant to State law for the payment of property taxes. Therefore, the following additional requirements apply. The not-for-profit organization must be the provider of tenant services and/or other services (management, maintenance). In all circumstances the not-for-profit organization must have material and on-going involvement in the project on a day to day basis.

Tenant services will be required of all projects where a non-profit owner is part of the ownership structure. They will be strongly encouraged in other projects. Types of services should include after school programs for children (sports and tutoring), English as a Second Language classes (ESL), job training/development and placement assistance, day-care, summer food program, counseling, parenting classes, or other activities appropriate to the population housed. The activities will be required to be provided on a regular daily schedule.

1.14.8 REPLACEMENT RESERVE REQUIREMENTS. Developments using Low Income Housing Tax Credits or mortgage revenue bond funds shall at a minimum meet the replacement reserve requirements of those programs. Projects with no federal, state or local public financing other than the Agency's shall establish a minimum of \$150 per unit per year, with the actual amount to be determined by the scope of rehabilitation and the useful life remaining in the major building systems not replaced.

1.14.9 PAYMENT AND PERFORMANCE BONDS. In general, payment and performance bonds may be required on projects where the Agency's participation exceeds 15 percent of the total development cost of the project or when funding sources require it. Projects financed in whole or part with a) tax-exempt mortgage revenue bonds issued by either the Housing Authority of the City/County of Sacramento, Redevelopment Agency of the City/County of Sacramento, SHRA, or the City/County and/or b) low-income housing tax credits are not required to provide payment and performance bonds. In the event payment and/or performance bonds shall be required by another party, whether or not required by the Agency, the Agency shall be named on the policies.

#### 1.14.10 INSURANCE REQUIREMENTS

In general, the minimum insurance requirements will be as follows:

- Comprehensive general liability insurance policy shall have at least a \$3,000,000 total coverage and \$1,000,000 per occurrence with a deductible of not more than \$50,000 from a California-admitted insurance carrier;
- Worker's compensation coverage of at least \$1,000,000;
- Comprehensive automobile liability coverage of at least \$1,000,000; and
- Fire, hazard, and extended coverage insurance shall be for the full insurable value.

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Sacramento Housing and Redevelopment Agency shall be named as additionally insured on all insurances except Fire, Hazard and Extended Coverage Insurance and Worker's Compensation.

## II. Affordability and Funding Sources

As the housing authority and redevelopment agency for the City and County of Sacramento, the Agency uses funding from several federal and local sources. These sources include the federal Home Investment Partnership (HOME) and Community Development Block Grant (CDBG) Programs, local Housing Trust Funds, and redevelopment area tax increment funds. All of these funds are used to make direct loans as gap financing. The minimum term of affordability for all sources of assistance is 30 years.

Project criteria, eligibility, and funding restrictions are dictated by the regulations of the funding source(s) used to assist the project. A summary of the conditions and restrictions particular to each funding source is provided below.

2.1 HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS. At least 20 percent of HOME-assisted units in each project of five or more HOME-assisted units must be reserved for households with incomes below 50 percent of the area median income (AMI) and leased at rents affordable to such households. All remaining HOME-assisted units must be reserved for households with incomes below 60 percent of AMI.

2.1.1 HOME-assisted housing is subject to the federal government regulations on lead-based paint, environmental review, and relocation requirements, and to state and federal prevailing wage requirements, all as described above.

2.2 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS. Generally, at least 51 percent of units in a project assisted with CDBG funds must be affordable to households with incomes below 80 percent of AMI. New construction can only be assisted if it is carried out by a Community Based Development Organization.

2.2.1 CDBG-assisted housing is subject to the federal government regulations on lead-based paint, environmental review, and relocation requirements and federal and state prevailing wage requirements, all as described above.

2.3 HOUSING TRUST FUNDS (HTF). The City and County Housing Trust Funds raise local revenues for affordable housing from fees placed on non-residential development, based on a nexus analysis that this development attracted new very low- and low-income workers to Sacramento. The fee-generated revenue is used to increase the supply of housing for persons in or likely to be in the labor force. As a result, housing trust funds are primarily used for new construction or for substantial rehabilitation where a majority of the units are vacant. Housing for seniors is not an allowable use.

2.3.1 INCOME LIMITS: The City housing trust fund serves households up to 80 percent of AMI ("low-income"), with priority given to very low-income households. The County trust fund serves households up to 50 percent of AMI (very low-income). At least

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20 percent of the units in a city or county trust fund assisted development must be affordable to households with incomes below 50 percent AMI.

2.3.2 **WORKFORCE HOUSING:** For a project to be eligible, there must be a reasonable expectation that the prospective residents will be in the labor force in the area.

2.3.3 **TENURE.** Housing may be rental or owner-occupied.

2.3.4 **LOCATION PREFERENCE:** Preference is given to locations within one-quarter mile of existing or planned transit services. Overall, assisted units should be located within seven miles of the sources of the funds' revenues.

2.4 **TAX INCREMENT (TI) FUNDS.** The City and County of Sacramento have 11 redevelopment areas which generate funds from increasing property values. Twenty (20) percent of these tax increment funds must be used to house persons of very low, low, and moderate income. (These funds are referred to as "housing setaside funds," "Low/Mod funds," or "20 percent tax increment.") Housing developments funded with TI funds must be located in the redevelopment area from which the funds were generated unless findings are made that the housing benefits the redevelopment area.

2.4.1 Assisted units must be offered at a housing cost affordable to and occupied by households with incomes below 110 percent AMI, with certain percentage requirements for serving very low and low income households. Affordability restrictions apply for 45 years for homeownership projects and 55 years for rental projects.

2.4.2 For projects using housing setaside tax increment funding, the level of affordability requirements will be determined, at a minimum, by State redevelopment law.

2.5 **MULTIFAMILY MORTGAGE REVENUE BOND PROGRAM.** Under the name of the Housing Authority of the City or County of Sacramento, the Agency issues tax-exempt mortgage revenue bonds, the proceeds from which are lent to developers for construction/rehabilitation and permanent financing for multifamily rental projects at rates below conventional commercial loan rates. Mortgage revenue bond financing is governed by a separate policy, available from the Agency on request. If a development uses both mortgage revenue bonds and Agency loans, the more restrictive provision governs.

2.5.1 The Agency may also issue mortgage revenue bonds for developments in the incorporated cities in the County of Sacramento.

2.6 **AFFORDABILITY CALCULATIONS**

2.6.1 Affordability definitions are based on the area median income (AMI) for the Sacramento Metropolitan Statistical Area (MSA) as established by the US Department of Housing and Urban Development. The median income is subject to change annually. The following table summarizes income data for various household sizes:

**2002 Income Figures**

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Household Size	AREA Median Income	50 % of AMI	60% of AMI	80% of AMI	110% of AMI
1	\$40,100	\$20,050	\$24,060	\$32,100	\$44,110
2	\$45,800	\$22,900	\$27,480	\$36,650	\$50,380
3	\$51,600	\$25,800	\$30,960	\$41,250	\$56,760
4	\$57,300	\$28,650	\$34,380	\$45,850	\$63,030
5	\$61,900	\$30,950	\$37,140	\$49,500	\$68,090
6	\$66,500	\$33,250	\$39,900	\$53,150	\$73,150

**2.6.2 RENT CALCULATIONS**

The maximum rent to be charged for an assisted unit may not exceed 30 percent of the targeted income adjusted for household size appropriate for the unit, less an allowance for utilities. The following table summarizes rent data for various unit sizes:

Bedroom size	2002 of Median Income Rents				
	EST. UTILITY ALLOWANCE	50% AMI and Low HOME NET RENT	High HOME NET RENT	60% AMI NET RENT	110% AMI NET RENT
Studio	\$29	\$472	\$474	\$572	\$1,074
1	\$37	\$499	\$529	\$607	\$1,223
2	\$53	\$592	\$656	\$721	\$1,366
3	\$72	\$673	\$862	\$822	\$1,504
4	\$89	\$742	\$933	\$908	\$1,613
5	\$105	\$811	\$1,004	\$995	\$1,724

Note: Stated utility allowances are as of 1988 and are in the process of being updated.

**2.6.3 CALCULATION OF RESTRICTED UNITS.**

The Agency does not use one standard exclusively to determine the number of units regulated as a result of its financial assistance to the development. The Agency's policy for the minimum number of units regulated is two-fold: 1) that at least 20 percent of the units must be rented to and occupied by very low (50%) income households for projects funded by HOME, CDBG, housing trust funds, or mortgage revenue bonds; and 2) that the number of regulated units can be no less than the proportion of Agency funding to the project's total development cost. The maximum amount of subsidy per restricted unit cannot exceed HUD's 221(d)(3) limits for the Sacramento area.

Because most of the Agency-supported housing developments raise equity through the Low Income Housing Tax Credit Program, the total regulated units in a development may exceed those regulated by the Agency.

**III. Application Process/Procedures**

Applications are accepted on the first Wednesday of each month. Applications are due to the Agency Clerk's Office, 630 I Street, Sacramento, CA 95814 by 5:00 p.m.

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Within 10 business days after the filing deadline, Agency staff will determine whether the application is complete and meets threshold requirements. Deficient applications will be rejected and returned to the applicant. Within six weeks of the filing deadline, Agency staff will conduct an analysis of each accepted application for feasibility and consistency with these policies. Based on funding availability, project readiness, and project selection criteria, staff will make a recommendation to 1) reject the application as incomplete; 2) deny the application due to lack of feasibility or inconsistency with Agency policy or funding source requirements, or 3) allocate funds to the project. Projects not receiving a commitment of funds are invited to resubmit in subsequent funding rounds; however, a waiting list will not be established.

Applications will be considered based on the readiness of the project.

## APPLICATION REQUIREMENTS

The following items are required:

1. Developer information – Proposed developer, including any limited partner, general partner, or corporation shareholder proposed to own in excess of twenty percent of the development must provide a resume with qualifications to develop, own and operate the proposed project, and provide the last three years of tax returns/financial statements. The resume must indicate any properties defaulted or foreclosed upon during the past 10-year ownership period. The developer must provide currently owned and/or managed properties within the past 5 years. This list of properties must indicate if the project received governmental financial assistance (“subsidized” properties). For these “subsidized” properties, include reference (i.e. Issuer, HUD contact, TCAC staff, etc.)

Applicant to provide the following information:

- Borrower name, address, telephone number, fax number, E-mail address, contact person, and type of Borrower entity;
- Complete description of ownership interests in the Borrower entity;
- State or jurisdiction in which Borrowing entity was or is to be formed. If Borrower entity is formed in a state or jurisdiction outside of California, include a statement that Borrowing entity is authorized to do business in California (provide organizational status documentation);
- If Borrower is a corporation, list all shareholders owning in excess of twenty percent of the corporation;
- If Borrower is a partnership, list the names, addresses and telephone numbers of all general and limited partners and describe the interest(s) of each partner in the partnership;
- List all Borrower principles, including name, business address and business phone number;
- Report whether the Borrower entity or any limited or general partner a not-for-profit entity;
- Provide 3 years financial statements for borrowing entities signed and dated;
- Provide current personal and/or corporate/partnership financial statements and 3 years tax returns for each member with 20% or more interest in the borrowing entity including general partner and/or sponsor;

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- Disclosure regarding code enforcement, default or bankruptcy, criminal, civil, and administrative convictions, judgments and investigations (form enclosed); and
  - Authorization to release information (form enclosed).
2. Evidence of site control;
  3. Current (6 months) preliminary title report;
  4. Location map;
  5. Soils, environmental, asbestos, and/or lead materials reports;
  6. Current (6 months) structural pest control report;
  7. Site, building, and floor plans;
  8. Land use entitlement documentation;
  9. Description of current improvements, including matrix of unit types;
  10. Rehabilitation or construction scope of work, as applicable, including cost estimates (indicate unit quantities and cost per unit);
  11. Unit by unit replacement needs analysis (rehabilitation projects only);
  12. Description of proposed financing plan, including credit enhancement, loan terms, and tax credit terms;
  13. Sources and Uses of Funds including all assumptions including but not limited to construction period interest calculation, building fees and permits, and underwriting assumptions;
  14. Proforma operating budget including all assumptions;
  15. Financial Feasibility - Developer will submit a detailed operating budget and 30-year cash flow proforma showing all debt service payments. Proforma shall include all assumptions used and calculate IRR and cash on cash returns taking into account all tax benefits to the developer and investors in the project (include range of returns);
  16. Financial commitments and/or credit enhancement commitment;
  17. Market Analysis/Rent Comparables (Study) – Developer will submit a rent comparability study, which includes three rent comparables for each unit type. Rent comparables must be for similar properties within a two-mile radius of the project. In addition, developer shall identify all multifamily properties within a two-mile radius of the subject property having 20%+/- of the total unit count. The Agency may require a full market study on a project-by-project basis;
  18. Appraisal (MAI) – “as is” and post rehabilitation or for new construction a land valuation and completed value (prior to funding recommendation);
  19. Property management plan and agreement - Proposed property management firm must provide resume with qualifications to manage the proposed project. Resume must indicate any properties defaulted or foreclosed upon during the management period, and the portfolio of currently managed properties and properties managed within the past 5 years the list of properties will indicate “subsidized” properties. For these “subsidized” properties, management firm will include reference (i.e. Issuer, HUD contact, TCAC staff, etc.); and
  20. Council Member’s/Supervisor’s office acknowledgement (see attached form).

**Elected Officials**

	City of Sacramento 915 I Street, Room 205		County of Sacramento 700 H Street, Room 2450	
District	Council Member	Phone	Supervisor	Phone
1	Ray Tretheway	264-7001	Roger Dickinson	874-5485
2	Sandy Sheedy	264-7002	Illa Collin	874-5481
3	Steve Cohn	264-7003	Muriel Johnson	874-5471
4	Jimmie Yee	264-7004	Roger Niello	874-5491

**Sacramento Housing and Redevelopment Agency**

Subject: **MULTIFAMILY HOUSING  
DEVELOPMENT ASSISTANCE PROGRAM**

Effective Date: ***DRAFT***

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5	Lauren Hammond	264-7005	Don Nottoli	874-5465
6	Dave Jones	264-7006		
7	Robbie Waters	264-7007		

**WAIERS OF POLICY REQUIREMENTS**

The above requirements included in these policies may be waived upon occurrence of all of the following:

1. Applicant makes a written request to waive a requirement;
2. Applicant provides documentation to support the waiver request;
3. Staff concludes that the requested waiver is appropriate;
4. Staff recommends that a waiver from these adopted policies be approved by the appropriate governing board;
5. The appropriate governing board approves the requested waiver.

It shall be staff's sole discretion to determine the appropriateness of the waiver request and whether to bring the waiver before the governing boards.