



2019

ANNUAL REPORT



LEADING THE PATH TO AFFORDABLE HOUSING

ABOUT US

CADA

The Capitol Area Development Authority (CADA) is a joint powers authority that the State of California and the City of Sacramento created in 1978 to implement and oversee the residential and neighborhood commercial elements of the State's Capitol Area Plan. The Capitol Area Plan is intended to cultivate and maintain housing that is accessible for a wide range of income levels and maintain the vitality of the urban 24-hour community.

OUR MISSION

CADA provides mixed-income housing with superior property management, develops complex infill projects, builds neighborhood amenities, advances its Joint Powers Authority priorities, and facilitates the relationship between the Sacramento community and the State of California and City of Sacramento.

OUR VISION

CADA aims to continue building and serving a vibrant Capitol neighborhood. CADA is a nimble organization that maintains focus on its purpose, seeks creative solutions, and responds to opportunities.

CADA strives to foster a culture that encourages collaboration both internally and with community stakeholders.

OUR VALUES

Collaboration

Community Stewardship

Creativity

Fiscal Responsibility

Quality

Urban Development Leadership

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2019 CADA
BOARD OF
DIRECTORS



Ann Bailey
Chair
State Appointee



Bob Lagomarsino
Vice-Chair
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City Appointee



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CREATIVE SOLUTIONS FOR AFFORDABLE HOUSING



At no point during our lifetimes has the need for affordable housing been more apparent than it is today. The growing homelessness crisis makes the consequences of insufficient low-cost housing painfully obvious to our entire populace. The tents and tarps of makeshift campsites on sidewalks, under freeway overpasses, on levees and in empty lots present stark evidence of but one aspect of the housing affordability problem. Largely unseen are the people existing in cramped, substandard quarters, priced out of the market for adequate living space.

Throughout the past four decades, CADA has worked on their behalf, creating housing in which people of modest means can live with dignity, in safety and comfort. Despite fluctuating economic tides, 25 percent of the housing units that CADA has renovated or built have consistently met the threshold of affordability for certified low- and very low-income households. Financing to help CADA build new housing to that standard became significantly more complicated and difficult to secure after February 2012, when all redevelopment agencies were dissolved by the California Legislature.

Fortunately, many creative minds in the business, government and nonprofit sectors have been working collaboratively to establish other funding mechanisms and to instigate meaningful change in housing affordability. Some recent developments give cause for optimism.

In the autumn of 2019 Gov. Gavin Newsom announced the availability of nearly \$900 million in support of affordable housing and sustainable community development, funded through two programs — the Affordable Housing and Sustainable Communities Program and the Infill Infrastructure Grant program. That complements authorization of \$1.75 billion in resources under the 2019 Budget Act, including \$250 million for technical assistance and planning, \$500 million for infrastructure grants, \$500 million to finance production and preservation of low- and moderate-income housing, and \$500 million to expand California's housing tax credits.

Shortly afterward, the Sacramento City Council enacted Mayor Darrell Steinberg's proposal to create a \$100 million trust fund to support construction of thousands more affordable housing units in the city. Because we've lacked a local source since the dissolution of redevelopment agencies, that initiative will be very meaningful.

By any means, CADA doesn't have a lock on securing funding from these programs. Development of affordable housing projects requires several sources of funding, from agencies and government departments that often have conflicting regulations. Some funding agencies have decades-old regulations that don't acknowledge changes in demographics or creative housing approaches such as micro-units. An effort is under way at the state government level to align the financing criteria among the various departments involved with affordable housing, in order to make sure that everybody is pulling in the same direction.

In anticipation of building our inventory of affordable housing and managing more units, we are fine-tuning CADA's leasing department. Under the direction of CADA's new leasing manager, Tama Harville, we're updating and streamlining our policies and procedures to certify tenants for our affordable housing units.

I am optimistic that the high-level focus on affordable housing will help CADA be ever-more productive, to the benefit of all Sacramentans.

Wendy Saunders
Executive Director

DEPARTMENT UPDATES

ADMINISTRATION

PROPERTY MANAGEMENT

Popularity of residential properties within CADA's area remains high, with 97 percent average occupancy during 2019, the same as 2018.

Staff members welcomed 138 new households to the CADA community, 22 more than in 2018. All of them replaced existing tenants. CADA did not add or acquire any new properties in 2019.

CADA also experienced some comings and goings among its commercial tenants in 2019. The agency welcomed a new commercial tenant to the neighborhood in early 2019, Urban Yogi, located in the former Golden Gate Cleaners space at 1412 16th Street. CADA staff worked closely with owner Heather Roussos — an experienced yoga instructor for over nine years — to open her yoga studio.



Diana Rutley & Tama Harville

At about the same time we welcomed Urban Yogi, we were also sad to lose a long-term tenant, the document search firm RMB Enterprises, a thriving CADA commercial lessee since 1997. The former owner, Donna Ellison, sold the company in order to retire, and the existing staff moved to a new location on Capitol Mall. The former RMB space at 1212 P Street will soon be converted into an apartment, which will increase CADA's inventory of residential units to 721, once complete.

In preparation for the new housing project at 14th and N Streets, CADA vacated 46 parking spaces on that corner in 2019. We were happy to be able to find replacement parking for everyone who wanted it.

HUMAN RESOURCES

CADA welcomed a new leasing services manager, Tama Harville, on May 1, 2019, to oversee CADA's market-rate leasing, affordable programs and parking rentals. Tama comes to CADA with 18 years of private-sector property management experience.

The Maintenance Department added five new staff members: maintenance specialist Nico Ramirez, painter Henry Ayin, electrical journeyman Sammy



Sammy Jamaledin

Jamaledin, lead renovation and rehabilitation specialist Chris Thomas, and maintenance specialist Kevin Hollman (see photographs on next page).



LaTasha Carrie

LaTasha Carrie and Iryna Caloca (page 14 top right) joined the Resident Services staff.

EXECUTIVE STAFF

CADA Executive Director Wendy Saunders and members of the Sacramento Asian Pacific Chamber of Commerce participated in meetings in Washington, D.C., regarding affordable housing and homelessness. Even though the federal budget severely cut funding for affordable housing, Capitol staff members emphasized that Congress approves the budget and that lawmakers are very supportive of the programs pertinent to CADA's mission, including the Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) programs.

RESIDENT SERVICES

The average length of occupancy rose by a year to 4.9 years among CADA residents for 2019.

"We continue to attribute the lengthening duration of occupancies in CADA buildings to the fact that rents in the central city and elsewhere in the region have not cooled much over the past year, as well as to CADA's experience as a downtown property manager and responsiveness to its residents," said CADA Deputy Executive Director Marc de la Vergne.

CADA's resident service managers and representatives attentively responded to the questions and needs of residents, continually monitoring buildings for any needed repair or other maintenance work needed. (See "Maintenance" in the "Effective Teamwork" section for details.) Resident service representatives alert CADA's maintenance staff about any areas that need their attention.



Nico Ramirez



Henry Ayin



Kevin Hollman



Chris Thomas

EFFECTIVE TEAMWORK



MAINTENANCE

During 2019 CADA's Maintenance Department completed seven significant projects:

1. Replaced roofs at 1325 15th Street, 1420 O Street and 1606 15th Street. The roofing systems include "cool roof" technology that will help reflect sunlight away from the buildings and keep them cooler in the summer.
2. Replaced dry-rotted rear stairs and laundry room walls at 1517 12th Street.
3. Started a major project to replace dry-rotted siding at 17th Street Commons. The work will be completed in 2020.
4. Completed major renovation of three apartment units at 1228 O Street.
5. Completed the bulk of conversion of a former office space at 1212 P Street to a one-bedroom apartment. The space was CADA's first office location following its creation in 1978.
6. Completed replacement of basement waste lines at 1616 N Street, 1622 N Street, 1625 O Street and 50 percent of the work at 1522 N Street.
7. Completed the design of the new security system at CADA's maintenance office, in preparation for installation in early 2020.



CADA Asbestos Awareness Training

2019 DEVELOPMENT ACTIVITIES

CADA has developed more than 1,100 new housing units and renovated 400 others. We invite you to review these 2019 highlights of the CADA community — a neighborhood for all.



2017 CADA Development Activities Map

- Future Development
- In Predevelopment
- Under Construction
- Completed Project
- Park

Capitol Area R Street Area

RT Light Rail Freight Rail



NEIGHBORHOOD BUILDING

DEVELOPMENT

New businesses at EVIVA Midtown

The developer of Eviva Midtown at 16th and N Streets leased its two remaining commercial spaces to Sutter Health and Antojito Street Taco Bar, for which it made significant tenant improvements in preparation for occupancy early in 2020.



Roosevelt Park improvements under way

Roosevelt Park, on the block bound by P, Q, 9th and 10th streets, is popular among many state workers as well as nearby residents. CADA took the lead and partnered with the City of Sacramento and the Sacramento Kings in renovating the Roosevelt Park basketball courts in 2015. In 2018, CADA and the City partnered in funding and installing new energy-efficient streetlights around the perimeter of the park. The light fixtures enhance safety within the park and

along the sidewalk surrounding it. In 2019 CADA and the City entered into an agreement to upgrade the park's softball field, with work planned for completion by March 2020.

1717 S Street

The partnership between the Capitol Area Community Development Corporation (CACDC) and CFY Development Inc. restructured its financing approach in 2019 to take advantage of the State government's enhanced funding for affordable housing. Construction of this long-awaited 159-unit project is expected to begin in the summer of 2020.



Vantage

Construction of The Vantage condominium project is scheduled to begin in the summer of 2020 at the southwest corner of 14th and N Streets, on the parcel formerly known as CADA Site 21. The new structure

will encompass 87 residential units and a café with outdoor seating. The Vantage, developed in partnership with Cresleigh Homes, will initially be offered as rental housing and will help satisfy the growing demand for urban housing. Construction is anticipated to be completed in October 2021.



1322 O Street

Under Governor Gavin Newsom's Excess Land for Affordable Housing executive order, CADA has been working on expedited development of 1322 O Street, also known as "The Courtyard." This mixed-use project, consisting of 56 affordable units and 1,090 square feet of ground-floor commercial space, is designed to showcase the type of innovative construction called for in Newsom's executive order. The Zero Net Energy (ZNE) building will be constructed as a five-story Type-3B that will use cross-laminated timber (CLT) for the horizontal components of the building.

"CADA is thrilled to participate in Governor Newsom's innovative program that responds to California's housing crisis," said Wendy Saunders, Executive Director of CADA. "We look forward to providing new homes for Sacramento residents of limited income within the heart of our central city." Construction is expected to begin in summer 2020.

R Street parking structure

CADA and the California Department of General Services (DGS) are working to construct an 800-space parking structure with 11,000 square feet of ground-floor retail space on R Street between 8th and 9th streets. The project encountered delays in 2019 due to complications in securing financing necessary for this development. Project financing has since been secured, and the project is expected to be under construction by late 2020.



New state office buildings coming

The California Department of General Services began construction in 2018 on two new state office buildings on O and P Streets, with completion anticipated in 2021. Plans include a pedestrian plaza, a food court and retail space on the ground floor. Another state office building will be constructed on O Street between 10th and 11th Streets. CADA and DGS are working cooperatively to promote walkability and beautification of O Street in conjunction with these projects (as the next item describes).

O Street redesign underway

In 2018, CADA hired urban design



firm MIG to prepare a streetscape design plan to reconfigure O Street for 21st-century multimodal transportation needs. In 2019, CADA and MIG completed the first draft of the Envision O Street Concept Plan. This conceptual design plan encompasses 10 linear blocks in downtown between 7th and 17th streets.

By building on the existing assets and unique character of the O Street Corridor, increasing safety and comfort of all travel modes, and creating a network of inclusive open spaces, this plan will provide opportunities for innovative streetscape design practices that encourage O Street to thrive as a premiere pedestrian corridor in Sacramento. To inform preparation of the plan, CADA led a robust public engagement process, including a workshop survey in which members of the public were invited to suggest ideas to make the street safer, attractive and more environmentally sustainable.

"The comments and suggestions we received already are influencing next steps, notably integration of concepts in three Department of General Services

projects now under construction on O from 7th to 8th, at 10th and O, and at 12th and O," noted Wendy Saunders, CADA Executive Director. In 2020, CADA hopes to begin a series of improvements to the 900 block of O Street, including installing climate-appropriate landscaping, artwork and an informational kiosk. In 2020,



CADA will partner with the State to replace the existing steam vents on this block with functional and artistic alternatives.





The art of CADA

The two-story Metropol Building at the northeast corner of 14th and O streets has become one of the hippest selfie destinations in Sacramento. In 2019 Jose di Gregorio, a CADA-area resident, painted a mural that envelops the building at 1428 14th Street in brilliantly abstract kaleidoscopic colors against a dramatic midnight-black background. The imagery was created with art direction by CADA Marketing and Creative Services Manager Karen Ulep.



A NEIGHBORHOOD FOR ALL

AFFORDABLE HOUSING

In the Capitol Area, 25 percent of the units on property that CADA leases from the state — or on property that CADA purchased, improved and subsequently sold to private developers — must be affordable to low-income households that earn no more than 80 percent of the area median income (AMI). CADA meets this requirement by providing rent assistance to qualified residents occupying apartments it manages, and by assuring inclusion of affordable units in privately owned projects that CADA initiated. The table to the right demonstrates CADA's compliance with this statutory mandate.

Affordability of CADA Managed & Initiated Units

	At or below 30% AMI	Between 31 and 50% AMI	Between 51 and 80% AMI	Greater than 80% AMI	Total
CADA Regulated Units	33	118	45	0	196
CADA Non-Regulated Units	0	0	415	109	524
CADA Initiated/Private Regulated Units	9	139	71	6	225
CADA Initiated/Private Non-Regulated Units	0	0	0	707	707
Total	42	257	531	822	1652
*Percent of Total	3%	16%	32%	50%	

**Percentages are rounded to the nearest whole percent.*

R Street Regulated Affordable Housing

Dwelling Units	Total	Regulated
Produced since 2002	164	0
Projected in 2032*	797	119

** Assumes all units built in the R Street area are developed by entities other than CADA.*

CADA AFFORDABLE HOUSING SUBSIDY for FY 2017–18: \$726,962

While CADA is required to rent 25 percent of its housing at affordable rates, the number of affordable CADA units greatly exceeds the statutory mandate, many at deep levels of affordability. This is the case for two reasons. First, CADA's housing portfolio consists of older units with rental rates notably lower than many other rental properties in the commercial marketplace. Second, due to restrictions related to affordable housing construction financing (e.g., tax credits and affordable housing loans), most of the CADA-managed and -initiated units are rented at rates that are affordable to occupants whose income is at or even below the statutory required 80 percent AMI level. The accompanying table at the top of this page illustrates the actual affordability of the CADA-managed and initiated units.



FINANCIALS

STATEMENT OF REVENUES & EXPENSES

The balance sheet indicates positive net results. In fact, CADA has achieved positive net results throughout each of the past five years.

CADA receives no operational financial support from either the State of California or the City of Sacramento, and develops and manages its own budget. CADA's primary revenue stream is the rental income it receives for the apartments, commercial properties and parking spaces that it manages.

The low-income rent assistance component encompasses the CADA Scattered Site Program (CSSP), which is CADA's internal affordable housing program — the majority of which CADA funds from its own revenue streams. CSSP, established in 1982, is structured to assist households at the very low and extremely low-income levels. Tenants who qualify for the CSSP rent assistance program pay a fluctuating rent based on 30 percent of household income (or up to 40 percent of income for Section 8 households), less a utility allowance. Funding affordable housing within operational expenses has been a core function of CADA throughout the past four decades.

In addition to preserving critically needed affordable rental units, CADA's rehabilitation, maintenance and management of the housing stock that it has overseen since 1978 maintains the neighborhood stability necessary to attract private investment.



Statement of Revenues & Expenses 2018

Revenues:

Residential revenue	\$8,678,977
Less: low-income rent assistance	(739,021)
	7,939,956
Property tax revenue	5,231,088
Interest on investment	462,785
Development revenue and grants	631,301
Other	38,735
Total revenues	14,303,865

Expenses:

Employee services and benefits	3,806,323
Services and supplies	2,351,418
Development projects	960,601
Repairs and maintenance	1,681,663
Bad debt expense	-
Depreciation	771,294
Interest expenses	493,776
Total expenses	10,065,075
Net results	4,238,790





Capital Area Property Tax:

Use		
Bond debt service	526,981	133,414
I-Bank Note Debt Service	39,123	-
Direct expenditures	2,730,381	635,591
Reserved	1,106,831	92,879
Contribution to fund balance	-	-
Total	3,325,805	861,884

Use		
Bond debt service	35,109	7,022
Direct Expenditures	275,000	-
Reserved	863,511	286,383
Total	1,173,620	293,405



CADA HIGHLIGHTS

2019



January CADA sponsored Creativity +, whose mission is to champion and inspire creativity throughout Sacramento by means of a regular dialogue series by and for Sacramento's creative community.

WAL resident Jose Di Gregorio's work was given a shout out in *Juxtapoz*, one of the largest-circulation art and culture magazines in the United States. Skip to June's highlight to see the latest mural he completed for CADA.

Febuary The *Sacramento Business Journal* featured CADA Executive Director Wendy Saunders in an article highlighting her work for CADA as well as her overall public service career in the fields of land use and government. The Feb. 4 article by Ed Goldman, titled "Wendy Saunders takes 40-year-old Capitol Area Development Authority in some new directions," said that

"CADA chose the right person" in hiring Saunders in 2013 because "hers is a job for a doer, not a talker."



CADA launched the O Street Survey to obtain input from community members about the emerging design of the streetscape. The survey invited participants to suggest ways to make the street more attractive and environmentally sustainable.

Yoga instructor Heather Roussos took possession of the empty commercial space at 1412 16th Street and began

transformation of the site into a sanctuary for her business, Urban Yogi.

March Redevelopment attorney Joseph E. Coomes, whose idea to create a joint powers authority led to formation of CADA in 1978, was the guest of honor when the Urban Land Institute (ULI) Sacramento Young Leaders Group hosted the 2019 Legacy Series in the CADA Courtyard. Coomes chaired CADA's Board of Directors for seven years, from 1978 to 1985. Coomes is Of Counsel for the Best Best & Krieger law firm. In addition to his CADA leadership roles, Coomes is recognized for negotiating agreements resulting in creation of Yerba Buena Gardens in San Francisco and San Jose's Silicon Valley Financial Center, as well as development of the Sacramento Kings' original ARCO Arena.



April The CADA Board of Directors approved a staff recommendation to contribute funds to the City of Sacramento for the revitalization of Capitol Mall from 7th to 10th streets.

Decorative awnings and vents were installed at Biele Place, in addition to painting in a vibrant color scheme. Those final touches completed extensive renovation of the apartment building at 1421 15th Street.

14th Street that houses Wildflour Café, Cap City Squeeze, Toasted and residential apartments above street level. Titled "Sonder/Who is Me," the mural took four days to prime and three weeks to complete. Thanks to a team of international astronomers, Jose was able to incorporate an image of a recently photographed black hole silhouette on the north side of the building facing Capitol Park.

planning firm MIG, which was hired to prepare the Envision O Street Concept Plan. The committee is helping to determine which segments of the street should receive priority attention.

Urban Yogi celebrated a "soft" opening, with yoga classes open to the public at its new location, 1412 16th Street. The space previously was occupied by Golden Gate Cleaners.

May A Roosevelt Park Improvements Workshop that CADA hosted in collaboration with the City of Sacramento Youth, Parks and Community Enrichment Department yielded numerous ideas for improvements. Recreational field projects resulting from that community gathering will include replacement of the benches, bleachers, backstop, scorer's table, softball fences, pedestrian gates, bases, and the ball field concrete walkways. The infield will be renovated and the field lighting will be upgraded. Landscaping along the left and right field fences will be replaced and improved, along with the landscaping along the 9th Street fence.



June Muralist Jose Di Gregorio completed the cosmic kaleidoscope-vision mural on the exterior wall of the building at 1428

July The O Street Steering Committee met at the CADA Courtyard to review the results of the community survey it conducted and to develop suggestions for urban



August CADA Creative Services and Marketing Manager Karen Ulep began serving on the three-member selection panel for a California Department of General Services request for qualifications (RFQ) to select artworks for public display in new buildings to be erected for two state departments: the headquarters for the California Natural Resources Agency at 7th and O streets, and the California Health and Human Services Agency at 12th and O streets. The RFQ, with a budget of \$960,000, is an open call for creation of "aesthetically rigorous artworks



that respond to natural and cultural resources, support public well-being and environmental sustainability, and locate California as an innovative creator of art in public spaces."

September CADA staff went on a San Francisco tour of micro units, to help inform development of efficient units of similar size in the CADA neighborhood. Intelligently designed micro units offer a means to develop stylish residential units at affordable prices.



As the new Urban Yogi began business at 1412 16th Street, CADA helped make its new space even more inviting by refreshing the exterior of the building.

October Spearheaded by the Midtown Association — in partnership with Sutter Health, CADA, Quadriga Design Studio, Tricorp Group Inc., Councilmember Steve Hansen and the City of Sacramento — the Truitt Bark Park closed for two days to kick off the construction process for installation of seven all-weather umbrellas. Seven holes were



dug, dirt was excavated, rebar was installed, and concrete was poured.

Invitations were sent to a short list of artists who had responded to a



request for qualifications as part of the process to commission art in public places for two new buildings: the California Natural Resources Agency at 7th and O streets, and the California Health and Human Services Agency at 12th and O streets. CADA Creative Services and Marketing Manager Karen Ulep is one of three members on the art selection panel. The short listed artists were notified so that they could begin their proposal development.

CADA completed the conversion of the affordable housing program at Biele Place, — a 35-unit senior project within CADA's portfolio — to a new affordable program offered by the California Department of Housing and Community Development. With the expiration of the original 1982 regulatory agreement, this conversion will enable CADA to continue to offer units at a reduced rental rate to seniors with low and extremely low income.



November CADA Deputy Executive Director Marc de la Vergne and CADA Creative Services and Marketing Manager Karen Ulep met with officials from the California Department of General Services to plan the installation of the new aesthetically pleasing steam vents along O and P Streets and to select color samples.



CADA's Maintenance Department began refreshing the exterior of The 17th Street Commons five buildings.

December Following careful analysis of concrete strength and soil conditions, installation of the seven "all-weather" umbrellas at Truitt Bark Park began. Work was completed during the latter portion of the month. CADA, Sutter Health, the City of Sacramento, Quadriga Design Studio and Tricorp Group collaborated in planning, funding and developing this project.

Several new "transformation" stories and photographs were added to the CADA website in December. Visit the "building neighborhoods" area of the website to read them.

Capitol Area Development Authority

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