



August 13, 2021

TO: CADA Board of Directors

**SUBJECT: August 20, 2021 Board Meeting  
AGENDA ITEM 6  
14<sup>th</sup> & N PROJECT DEVELOPMENT PROPOSAL AND DESIGN  
DEVELOPMENT DRAWINGS (FORMERLY SITE 21)**

**CONTACT:** Renée Funston, Development Manager  
Tom Kigar, Special Projects Director  
Wendy S. Saunders, Executive Director

### **RECOMMENDED ACTION**

Staff recommends the Board adopt a resolution that:

1. Approves the Development Proposal submitted by D&S Development,
2. Authorizes D&S Development to begin work on the Design Development Drawings, and
3. Directs the staff to prepare a Disposition and Development Agreement (DDA) for consideration at the December 17, 2021 Board meeting.

### **BACKGROUND**

In March 2021, the Board approved entering into an Exclusive Negotiating Agreement (ENA) with D&S Development under which both parties would negotiate diligently and in good faith regarding the preparation and terms of a DDA to be considered by the Board, and executed following its approval. Per the ENA, CADA and D&S must enter a DDA by March 19, 2022.

### **ANALYSIS**

#### **Design Program**

The Design Program that D&S proposed at the March 2021 Board meeting included 99 total units with 9 condominium units with lofts on the 8<sup>th</sup> floor and 90 rental units below. D&S's updated program includes 92 units, with 17 condominiums and 75 rental units as set forth on the following table:

**Table 1 – Project Summary**

<b>Item</b>	<b>Description</b>
Number of residential units	Total of 92 (75 apartments and 17 condominiums)
Number of parking spaces	Total 66 of which 20 have electric vehicle charging stations, with 43 in the basement and 23 on the 1 <sup>st</sup> floor (ratio of units to parking: 66/92 = 72%)
14 <sup>th</sup> and N corner retail space	1,830 SF of retail/restaurant space with outdoor seating and landscaping and the addition of a bulb out
Residential lobby	1,535 SF in center of building on N Street with elevator and a stairwell accessible from the lobby
Bicycle parking	48 long term and 9 short term
Podium garden of 3,229 SF - 2 <sup>nd</sup> floor	Includes a pool, fitness room and lounge with landscaping to provide shading and privacy between the pool and residents
Terrace of 3,273 SF - 8 <sup>th</sup> floor	For the exclusive use of the condominium owners. Includes a seating area, outdoor BBQ and community table, native planting with built-in seating, and a shade structure offering views of the site and the surrounding cityscape
Construction type	2-story concrete podium (Type IA) with 6 stories of wood frame (Type IIIA)
Exterior materials	Metallic panels and smooth cement plaster and porcelain tile finish on the ground level
Residential windows	Vinyl windows
Balconies	Metal 5' deep balconies with cable railings

The massing and design language marks the building as contemporary while referencing the existing surrounding context. The design emphasis is at the pedestrian level with transparent retail at the corner and residential lobby on the street to increase the vitality and energy at the street-building interface. The building's upper portions are broken into visually distinctive forms in keeping with the existing building scales around them.

## **Development Proposal**

### **1. Schematic Design Drawings**

#### **Exterior Changes**

Since the March 2021 Board meeting, HKS, the architect for the Cresleigh project worked with D&S's architect HRGA to improve D&S's initially proposed design (included as **Attachment 1**). Specifically, HKS suggested modifications to provide a more significant presence in the larger context of the neighborhood and more prominence to the 14<sup>th</sup> and N corner of the building. The architects collaborated to enhance the design by making it statelier and more timeless as is characteristic of the older more institutional buildings around Capitol Park. This was accomplished by the following changes as shown in the revised Schematic Design Drawings included as **Attachment 2**:

- Expanding the northeast corner of the building distinguished by the gray color shown in **Attachment 1** and increasing its width and extending it to the ground, thickening some of the vertical members to "pop them out" along with changing it to a more

distinguished bronze color. The corner now appears more monumental and has a strong identity and presence.

- Stepping back and using a different color for the southernmost 40' of the east wall to give some relief to the "flat" look of east elevation and to accommodate the existing adjacent power pole. Note: As the design evolved it was necessary to locate the SMUD transformers in this "step-back" area and the architects collaborated to create a way to screen the transformers from the view of passing pedestrians.
- Creating a strong presence on N Street with the addition of canopies and storefront windows along the ground floor.
- Informing the color of the building by incorporating the off-white and bronze color of the Capitol building.
- Adding "eyebrows" and the special roof detail to signal the existence of prestigious penthouse units on the eighth floor.

As a follow-up to the design input from former State Architect, Chet Widom, which was required by the original State-CADA purchase agreement, as a courtesy, staff presented the current design to the current State Architect, Ida Clair, who saw the design as an improvement over the Cresleigh design. She praised the massing to articulate the 14<sup>th</sup> & N corner; the added roof detail, which prompts curiosity about the exciting spaces on the top floor; as well the balconies giving future residents more direct connections to Capitol Park.

City of Sacramento Urban Design Manager Bruce Monighan saw the revised design as staying within the spirit of the Cresleigh design and appreciated D&S switching from a concrete to a more cost-efficient wood frame building to ensure financial feasibility. His primary concern was about the west elevation's "blank" stucco wall which will be visible to one-way traffic on N Street approach the building. In response to his comments, HRGA better defined and articulated the off-white massing on the west side of the building by increasing the width and changing the color of the recessed vertical portion of the wall from light grey to bronze. They also added a horizontal band piece at the northwest corner below the 4th floor windows.

### **Unit Plan Changes**

The following changes were made to unit floor plans based on recommendations from Michael Onstead, the most active condominium broker in downtown, based on lessons learned from the L Street Lofts, The Residences at the Sawyer, and other condominium projects with which he has been involved:

- Condominium unit floor plans were increased by an average of 40 SF per unit to allow for larger master bedrooms, free-standing tubs in addition to showers, more spacious living and kitchen areas, and larger more expansive foyers to create a positive first impression.
- 14 of the 17 condominiums have balconies.
- The eighth-floor condominiums include a mezzanine level and large floor-to-ceiling windows.
- All rental units and condominium units have walk-in closets for all bedrooms (even secondary bedrooms).

## 2. Development Proforma with Sources and Uses

### Rents and Sales Prices

**Table 2** outlines the current mix of unit types by count, and the associated proposed sales prices and rents. The condominiums are priced at an average sales price of \$978,373 (\$669/SF) with sales prices ranging from \$385,200 to \$1,762,600. The condominiums range from 642 SF to 2,518 SF with an average of 1,461 SF. The rental units are \$3.50/SF with rents ranging from \$1,673 to \$4,221/month. The rental units range from 478 SF to 1,206 SF with an average of 844 SF.

**Table 2 – Unit Type/Unit Count/Monthly Rent/Sales Price**

Unit Type	Rental Unit Count	Monthly Rent	Condo Unit Count	Sales Price
Live/Work Studio	2	\$3,036	-	-
Studio	14	\$1,673 - \$2,139	-	-
1 Bedroom	16	\$2,265 - \$2,933	3	\$385,200 - \$635,400
1 Bedroom + Den	24	\$2,674 - \$3,311	2	\$460,200 - \$470,400
2 Bedroom	19	\$3,696 - \$4,221	6	\$586,800 - \$1,024,200
2 Bedroom + Loft	-	-	4	\$975,800 - \$1,762,600
2 Bedroom + Den + Loft	-	-	1	\$1,598,800
3 Bedroom + Loft	-	-	1	\$1,498,000
<b>Total # of Units</b>	<b>75</b>	-	<b>17</b>	-

D&S based the above rents on the Summary of Rent Comparables from Cushman and Wakefield, included as **Attachment 3**.

**Attachment 4** is the Comparative Market Analysis (CMA) showing active listings and closed sales of condominiums over \$700,000 as of July 23, 2021. The CMA includes those at the L Street Lofts (1818 L Street) completed in 2008, which has an average resale price of \$665/SF. The CMA also shows currently listed resale condominiums at The Residences at the Sawyer (500 J Street) completed in 2018, which averages \$1,092/SF. The Sawyer is a very luxurious concrete building that was far more expensive to build than the building D&S is proposing at 14<sup>th</sup> and N. Therefore, The Sawyer does not represent a comparable project. D&S has been conservative in basing the proposed sales prices on the resale prices at the L Street Lofts, which supports D&S's conservative proposed average sales price of \$669/SF.

### Sources and Uses of Funds

D&S's estimated sources and uses of funds are shown below:

**Table 3 – Sources and Uses of Funds**

<b>SOURCES</b>	
Construction Loan	26,000,000
Equity	10,530,910
CADA land Loan	2,400,000
Offsite – CADA Tax Increment Grant	400,000
<b>Total Sources</b>	<b>\$39,330,910</b>

<b>USES</b>	
Land	2,400,000
Offsite	400,000
Total Hard Costs	26,772,735
Arch & Engineering	1,500,000
Financing Interest and Fees	2,188,000
Permits and Misc. Fees	2,560,500
Legal/Accounting/Insurance/Admin	1,355,000
Developer Fee	1,325,000
Total Leasing/Marketing/Soft Contingency	829,675
<b>Total Uses</b>	<b>\$39,330,910</b>

The sources and uses of funds in **Table 3** appear to be accurate and to include all of the cost line items required for a building of this type. D&S's recent completion of 1430 Q along with nearing completion of 17 Central on 17<sup>th</sup> and K, both of which are similar building types to 14<sup>th</sup> and N, lends credibility to D&S's cost estimates.

The Construction Financing Letter of Interest from Tri Counties Bank is included as **Attachment 5** as required under the ENA. Tri Counties Bank also provided the financing for 1430 Q and 17 Central.

Under the terms of the ENA, the developer must invest no less than 5% cash equity into the project. At 26.7%, D&S's proposed sources exceed this requirement at this time.

**Table 4 – Return on Cost Analysis**

<b>Rental Units</b>		
Cost		\$25,603,393
Effective Gross Income	\$2,657,634	
Less Total Expenses	\$1,001,129	
Net Operating Income		\$1,875,181
<b>Return on Cost</b>		<b>7.3%</b>
<b>Condominium Units</b>		
Cost		\$13,685,517
Sales Revenue	\$16,629,700	
Less Cost of Sales (Commissions, closing and carrying costs)	\$997,782	
Net Profit		\$1,946,401
<b>Return on Cost</b>		<b>14.2%</b>

The generally-accepted minimum financial returns for rental projects is 5.5% and for condominium projects is from 6% to 15%. **Table 4** above shows the projected returns are in line with these accepted returns and shows D&S is properly incentivized to undertake and complete the proposed project.

The above return analysis for the condominium units is based on an average sales price of \$669/SF. Because of the uncertainty of the economy, D&S has been very conservative in basing its projects on such sales prices in anticipation of the housing market slowing down. If the housing market continues as is or improves, these projections may increase. Another factor is the current high cost of building materials which may continue and cause the projected returns to be less than projected above. In summary, at this time the staff believes the above is an accurate indication of potential returns for D&S and success of the project.

## Schedule

**Table 5** below shows the milestones that will be incorporated in the Schedule of Performance in the forthcoming DDA, which includes Board actions for the December 2021 and January 2022 meetings to approve the DDA and Design Development (DD) plans. The schedule shows D&S starting sitework (excavation of below grade parking and installation of underground utilities) by obtaining a phased Building Permit in Fall 2022 and completing construction in December 2024 (24 months after obtaining the full Building Permit).

**Table 5 – Schedule Milestones**

<b>Milestone</b>	<b>Deadline</b>
Board approves DDA and preliminary Design Development drawings	December 17, 2021
Board approves DD's and updated proforma	January 21, 2022
D&S submits CD's to CADA and to City as a phased Bldg. Permit	June 2022
D&S starts site work under a phased Bldg. Permit	Fall 2022
D&S obtains full Bldg. Permit	December 2022
CADA transfers property ownership to D&S	Winter 2022/23
D&S completes construction within 24 months	December 2024

## Building Name

D&S and the staff are proposing to name the building "The Warren" in honor of the former California Governor and Chief Justice Earl Warren. The team believes it is a fitting and interesting name that is associated the State Capitol. Staff also believes the name bespeaks the dignified nature and look of the building and would represent a sense of pride and exclusiveness on the part of the building's future residents/owners. Staff welcomes thoughts from the Board on the proposed name.

## **FINANCIAL IMPACT**

As reported at the March 2021 meeting, the annual tax increment generated if the project was operated as a 99-unit building including 90 apartments and 9 condominiums apartment property would be approximately \$541,000. Reducing the total number of units to 92 including 75 rental units and 17 condominium units would generate approximately the same \$541,000 in tax increment.

The \$2.4 million land loan and the \$400,000 grant for off-site improvements would come from the proceeds of CADA's taxable bond issued in 2020. D&S intends to pay down the CADA land loan in its entirety with condo sales proceeds, but if sales fall short of projections, D&S would pay back the loan at a market interest rate over a 10-year period (amortized over 20 years) with a balloon payment in year 10.

## **POLICY CONSIDERATIONS**

The intent of the ENA is to require D&S to fulfill the requirements of the ENA before starting Design Development Drawings. With the assumed approval of the Development Proposal at the August Board meeting, the Board will have approved the design program and will be assured of the financial viability of the project. Since the parties have not yet negotiated the terms of a DDA, the Board is being requested to authorize start of Design Development Drawings with the understanding the staff will present a DDA for consideration at the upcoming December 17<sup>th</sup> Board meeting.

## **ENVIRONMENTAL CONSIDERATIONS**

Staff previously determined, and the CADA Board has found, that development of a project consistent with the Site 21 RFP issued on December 5, 2016 is categorically exempt from the California Environmental Quality Act (PRC §21083.3, 2 CCR §15183) and filed a Notice of Exemption based on the project being consistent with the City of Sacramento 2035 General Plan. CADA reserves the right to require additional environmental review to the extent CADA determines that the selected project is not consistent with the City of Sacramento General Plan. If required, CADA will contract with an environmental consultant to prepare any required CEQA documents and the foregoing process will be at the Developer's expense. No additional environmental review is required for the proposed action.

### Attachments:

1. Initially proposed Schematic Design
2. Revised Schematic Design Drawing Package
3. Summary of Rent Comparables
4. Comparative Market Analysis (CMA) of condominiums
5. Construction Financing Letter of Interest







VICINITY MAP 3/32" = 1'-0" 1

PROJECT NAME: 14N Mixed Use  
 PROJECT LOCATION: 1320 N Street  
 Sacramento, CA 95814  
 ASSESSORS PARCEL #: 006-0223-021  
 LOT SIZE: 19,273 SF (0.44 ACRES)  
 ZONING: R-5-SPD (High-Rise Residential/ SPD: Central City)  
 GENERAL PLAN: Central Business District  
 OCCUPANCY / USE: Residential/ Retail  
 CONSTRUCTION TYPE: IA & IIA  
 PARKING REQUIREMENT: No Requirement  
 PARKING DIMENSIONS: 90 DEGREE STANDARD  
 Space Width: 8'- 6"  
 Space Depth: 18'- 0"  
 90 DEGREE COMPACT\*  
 Space Width: 8'- 0"  
 Space Depth: 15'- 0"  
 Two-Way Maneuvering Width: 24'- 0" MIN.  
 \*Compact car spaces: No Requirement  
 BIKE PARKING: RESIDENTIAL  
 LONG TERM: 1 space per 2 dwelling units  
 SHORT TERM: 1 space per 10 dwelling units  
 RETAIL/RESTAURANT  
 LONG TERM: Greater of 1 space per 10,000 gross SF, or 2  
 SHORT TERM: Greater of 1 space per 2,000 gross SF, or 2

ZONING INFORMATION 1/4" = 1'-0" 2

**BUILDING SUMMARY:**

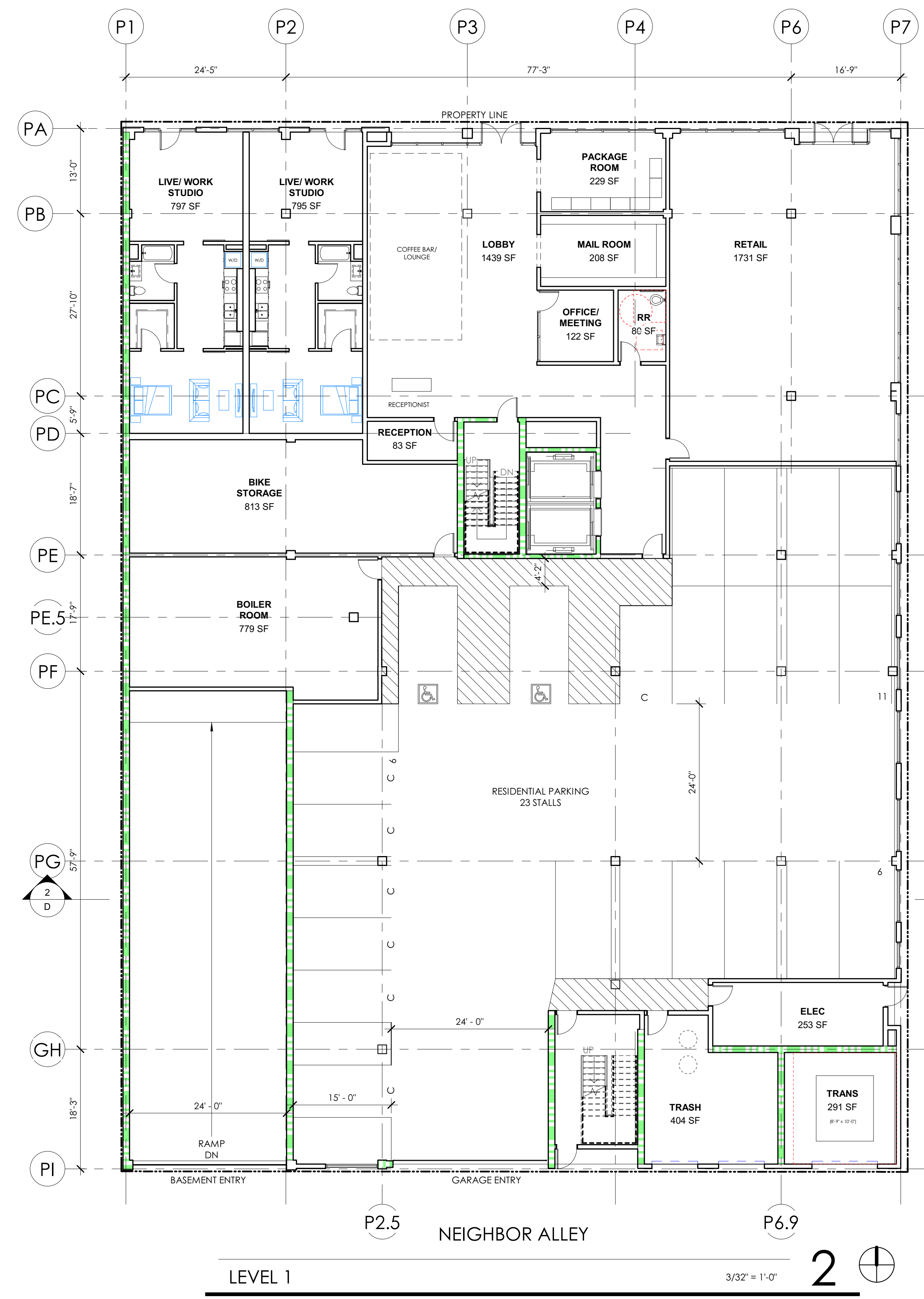
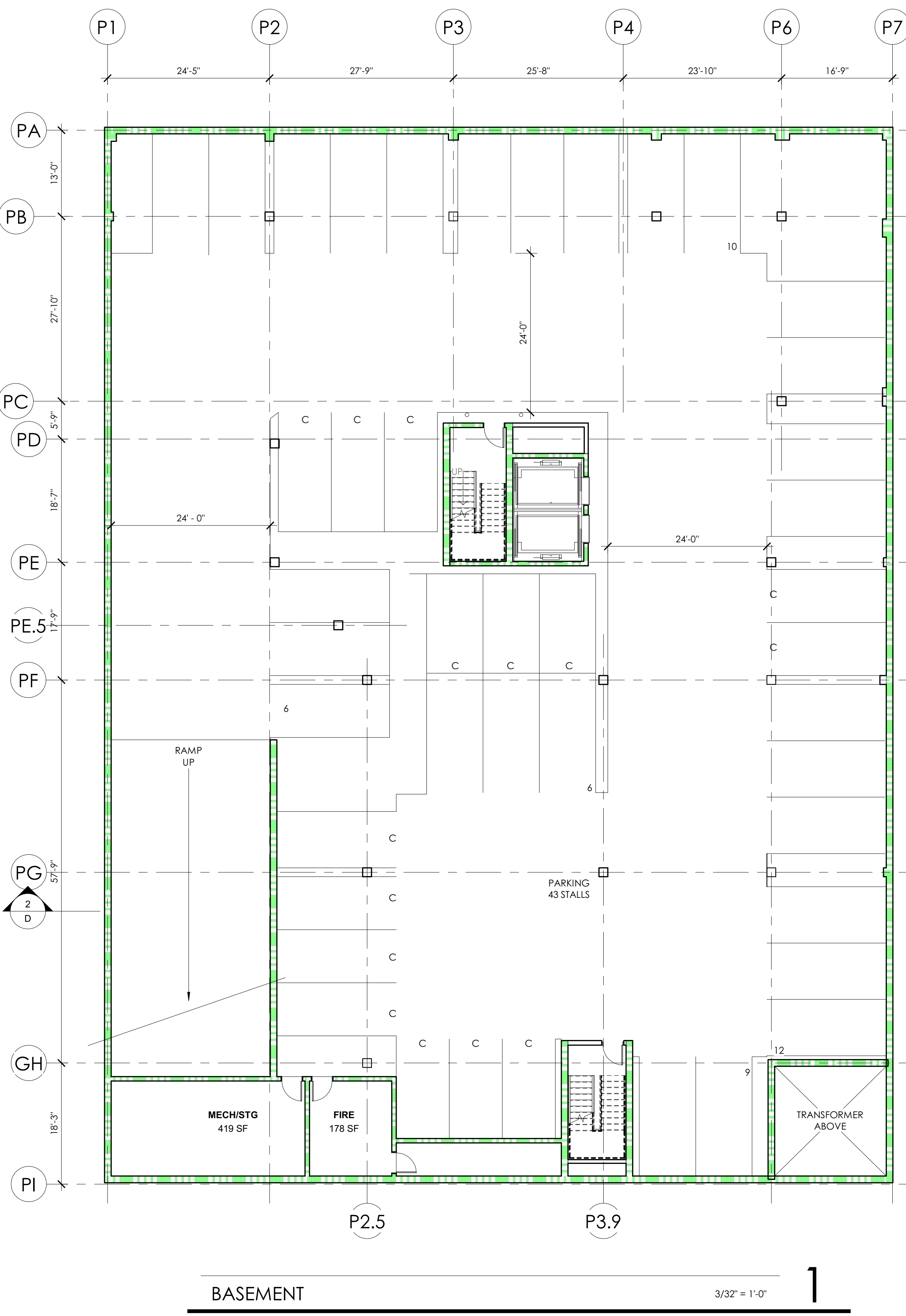
LEVEL	GROSS AREA	NUMBER OF UNIT TYPES				TOTAL UNITS	
		STUDIO	ONE BED + DEN	TWO BED + DEN	TWO BED		
BASEMENT	18,930 SF	-	-	-	-	-	
LEVEL 1	18,790 SF	2	-	-	-	2	
LEVEL 2	15,552 SF	2	3	6	2	13	
LEVEL 3	15,552 SF	3	3	5	2	15	
LEVEL 4	15,552 SF	3	3	5	2	15	
LEVEL 5	15,552 SF	3	3	5	2	15	
LEVEL 6	15,552 SF	3	3	5	2	15	
LEVEL 7	15,552 SF	3	3	5	2	15	
LEVEL 8	12,305 SF	-	-	-	6	9	
<b>TOTAL</b>	<b>143,327 SF</b>	<b>19</b>	<b>18</b>	<b>31</b>	<b>18</b>	<b>13</b>	<b>99</b>

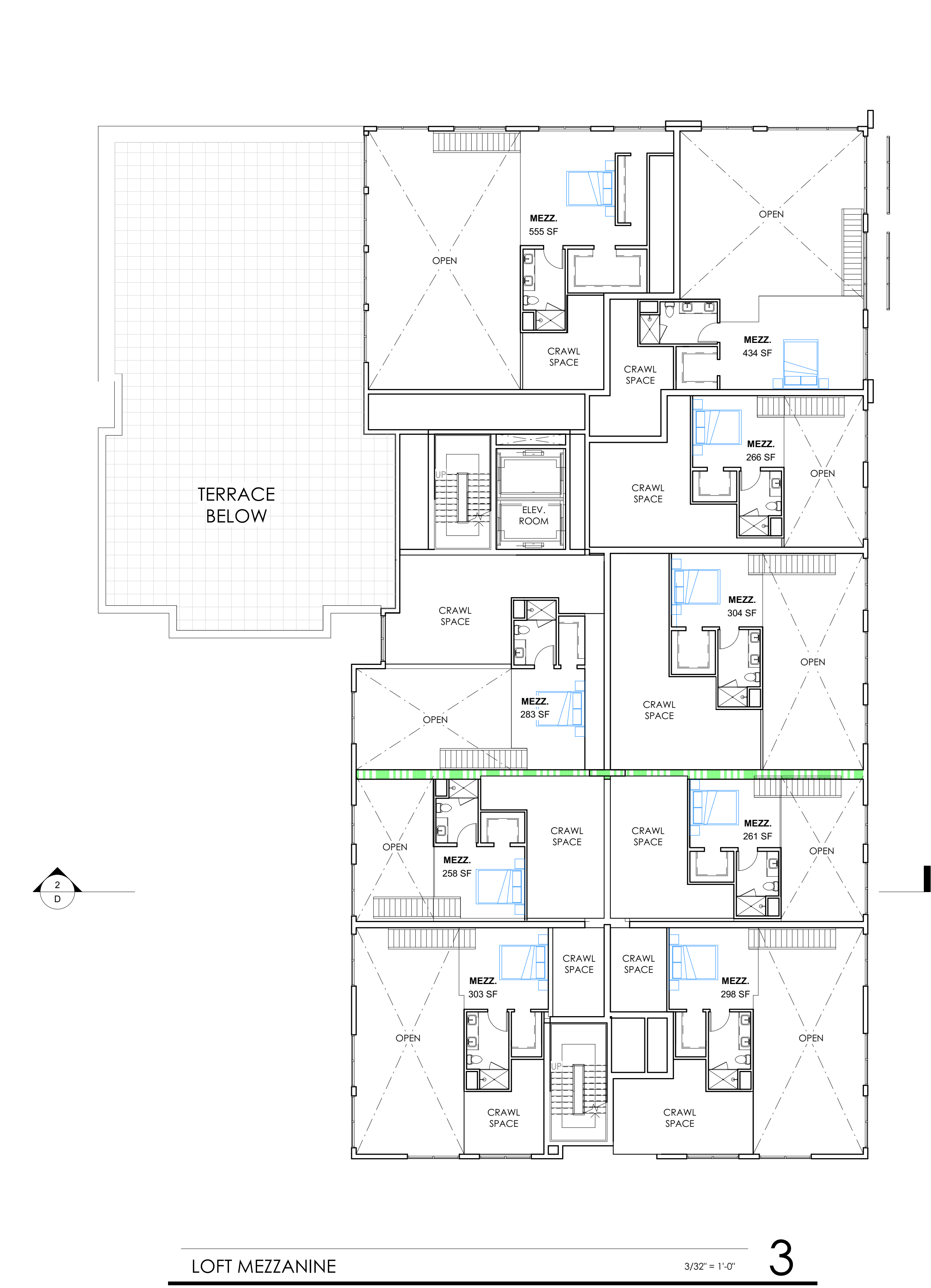
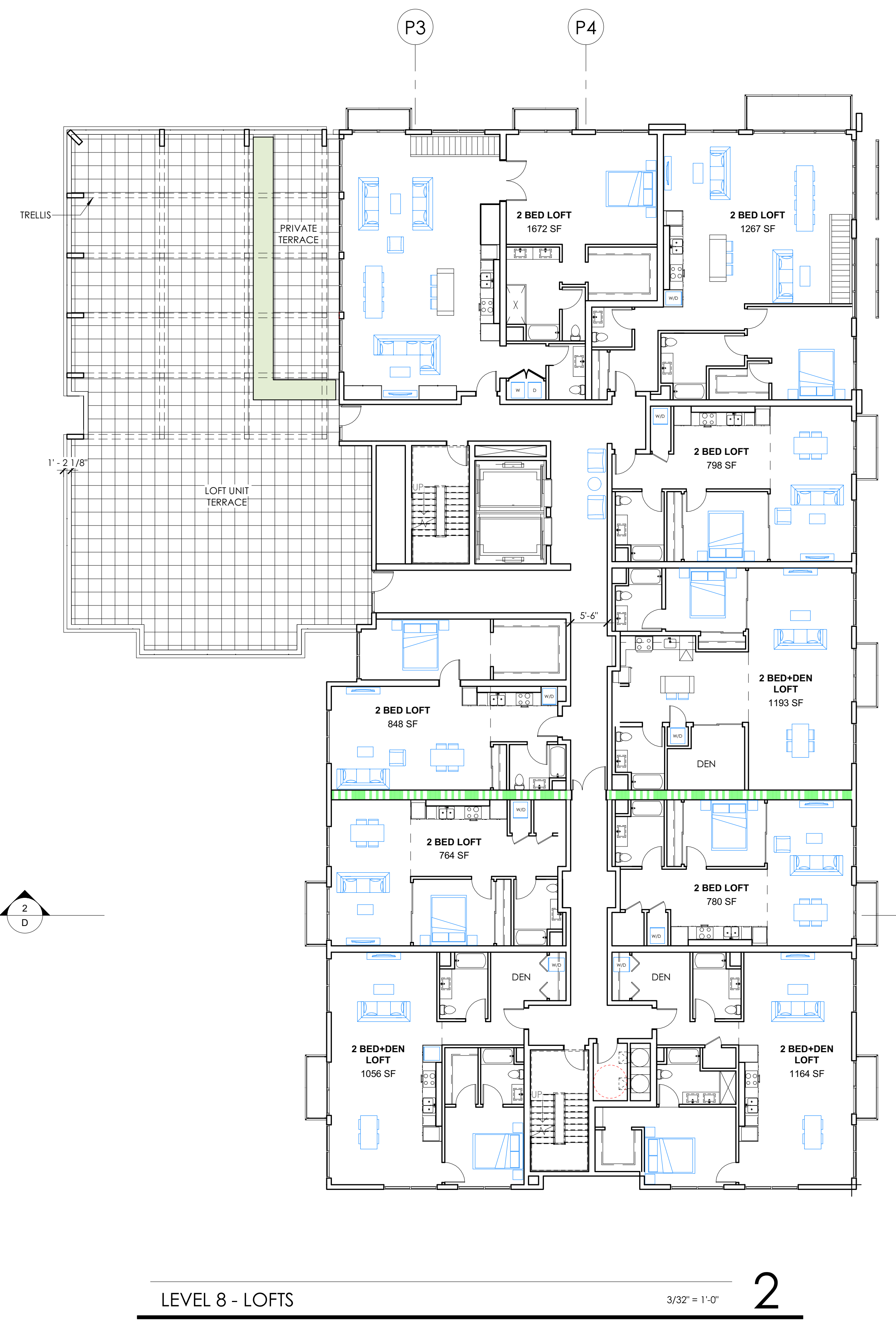
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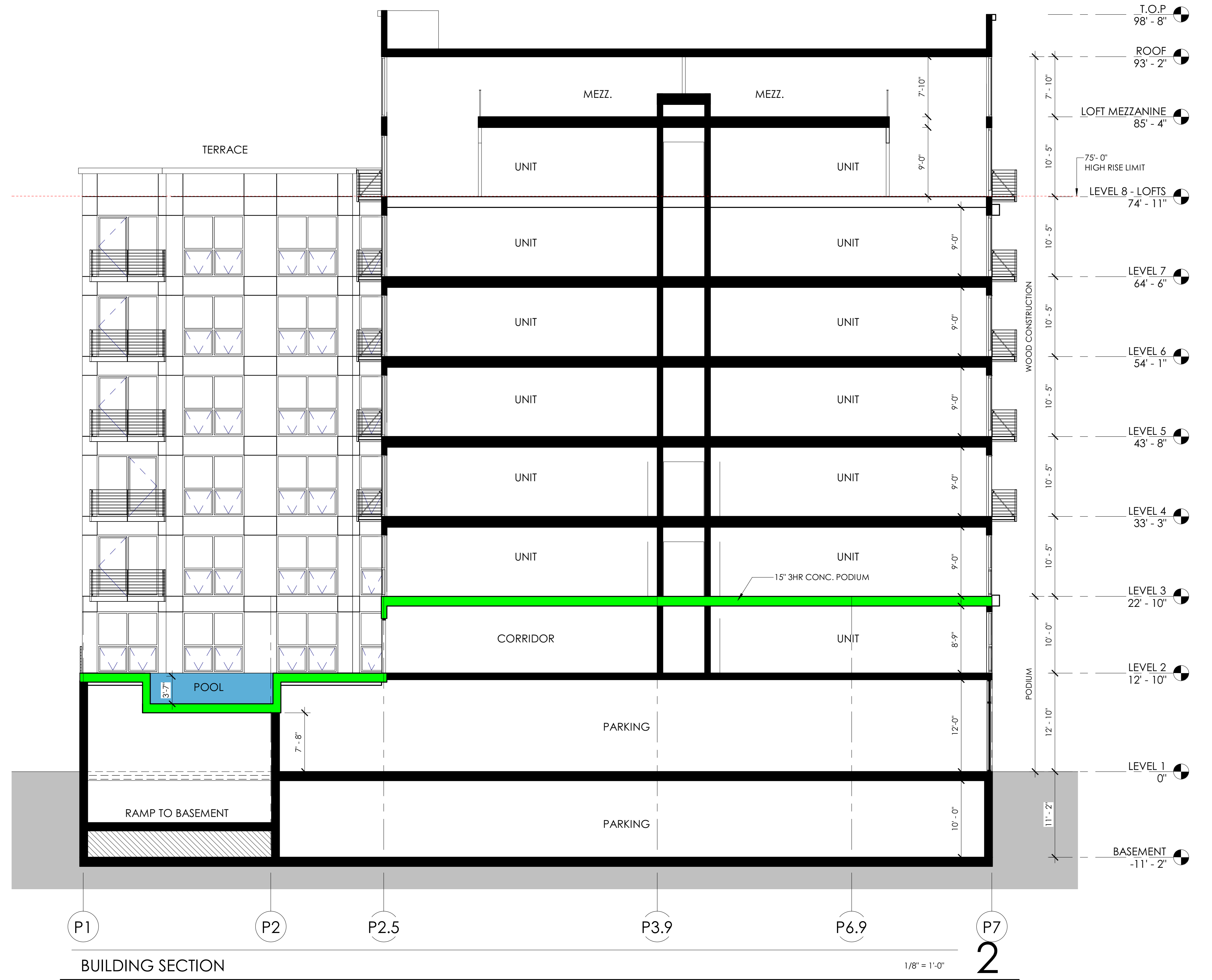
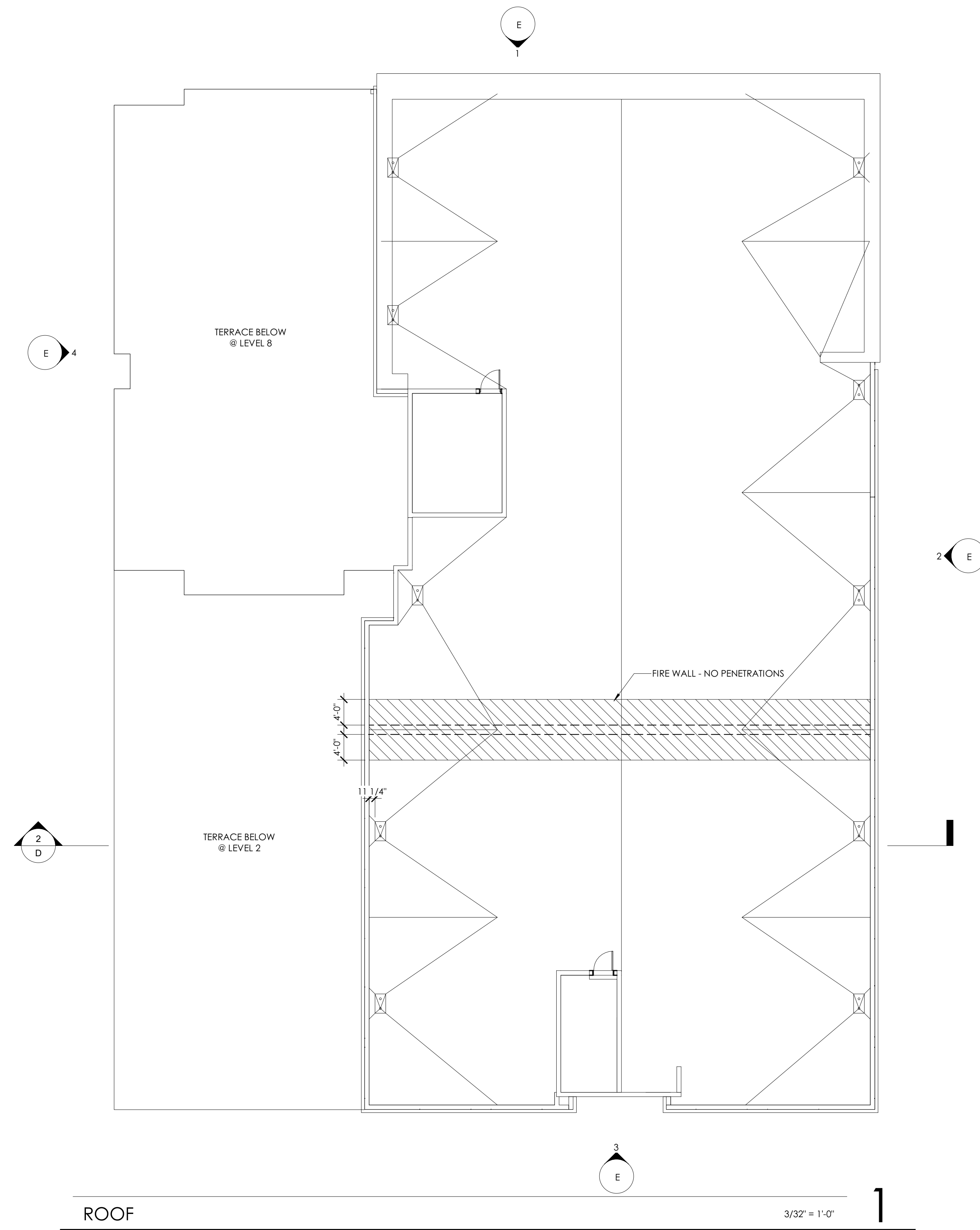
LEVEL	STALLS	RATIO TO UNITS
BASEMENT	43	
LEVEL 1	23	63/99 = 63%
<b>TOTAL</b>	<b>66</b>	

Standard: 42  
 Compact: 22 (33%)  
 Accessible: 2

RESIDENTIAL PROGRAM DATA 1/8" = 1'-0"









NORTH ELEVATION

3/32" = 1'-0"

1



EAST ELEVATION

3/32" = 1'-0"

2



SOUTH ELEVATION

3/32" = 1'-0"

3



WEST ELEVATION

3/32" = 1'-0"

4

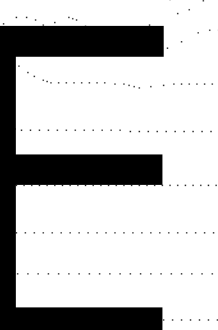
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2277 Fair Oaks Boulevard, Studio 220  
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14 N  
Sacramento, CA

20028





PERSPECTIVE\_NE 1



PERSPECTIVE\_NW 2



PERSPECTIVE\_SE 3



PERSPECTIVE\_SW 4



PERSPECTIVE

07/27/21



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**WARREN**  
Sacramento, CA

20028



SITE PLAN

1/16" = 1'-0"

3



VICINITY MAP

3/32" = 1'-0"

1

PROJECT NAME: 14N Mixed Use  
 PROJECT LOCATION: 1320 N Street  
 Sacramento, CA 95814  
 ASSESSORS PARCEL #: 006-0223-021  
 LOT SIZE: 19,273 SF (0.44 ACRES)  
 ZONING: R-5-SPD (High-Rise Residential/ SPD: Central City)  
 GENERAL PLAN: Central Business District  
 OCCUPANCY / USE: Residential/ Retail  
 CONSTRUCTION TYPE: IA & IIA  
 PARKING REQUIREMENT: No Requirement  
 PARKING DIMENSIONS: 90 DEGREE STANDARD  
 Space Width: 8'-6"  
 Space Depth: 18'-0"  
 90 DEGREE COMPACT\*  
 Space Width: 8'-0"  
 Space Depth: 15'-0"  
 Two-Way Maneuvering Width: 24'-0" MIN.  
 \*Compact car spaces: No Requirement  
 BIKE PARKING: RESIDENTIAL  
 LONG TERM: 1 space per 2 dwelling units  
 SHORT TERM: 1 space per 10 dwelling units  
 RETAIL/RESTAURANT  
 LONG TERM: Greater of 1 space per 10,000 gross SF, or 2  
 SHORT TERM: Greater of 1 space per 2,000 gross SF, or 2

ZONING INFORMATION

1/4" = 1'-0"

2

BUILDING SUMMARY:

LEVEL	GROSS AREA	COURTYARD & TERRACE	NUMBER OF UNIT TYPES					TOTAL UNITS	RESIDENTIAL LEASABLE AREA
			STUDIO	ONE BED	ONE BED + DEN	TWO BED	TWO BED + DEN		
BASEMENT	18,930 SF	-	-	-	-	-	-	-	-
LEVEL 1	18,790 SF	-	2	4	4	3	-	-	2
LEVEL 2	15,552 SF	3,229 SF	2	4	4	3	-	-	13
LEVEL 3	15,552 SF	-	3	3	5	4	-	-	15
LEVEL 4	15,552 SF	-	3	3	5	4	-	-	15
LEVEL 5	15,552 SF	-	3	3	5	4	-	-	15
LEVEL 6	15,552 SF	-	3	3	5	4	-	-	15
LEVEL 7	15,552 SF	-	-	3	2	6	-	-	11
LEVEL 8 - LOFT	12,305 SF	3,273 SF	-	-	-	4	1	1	6
<b>TOTAL</b>	<b>143,327 SF</b>	<b>6,502 SF</b>	<b>16</b>	<b>19</b>	<b>26</b>	<b>29</b>	<b>1</b>	<b>1</b>	<b>92</b>

\*3,440 SF OF MEZZANINE AREA IS NOT INCLUDED

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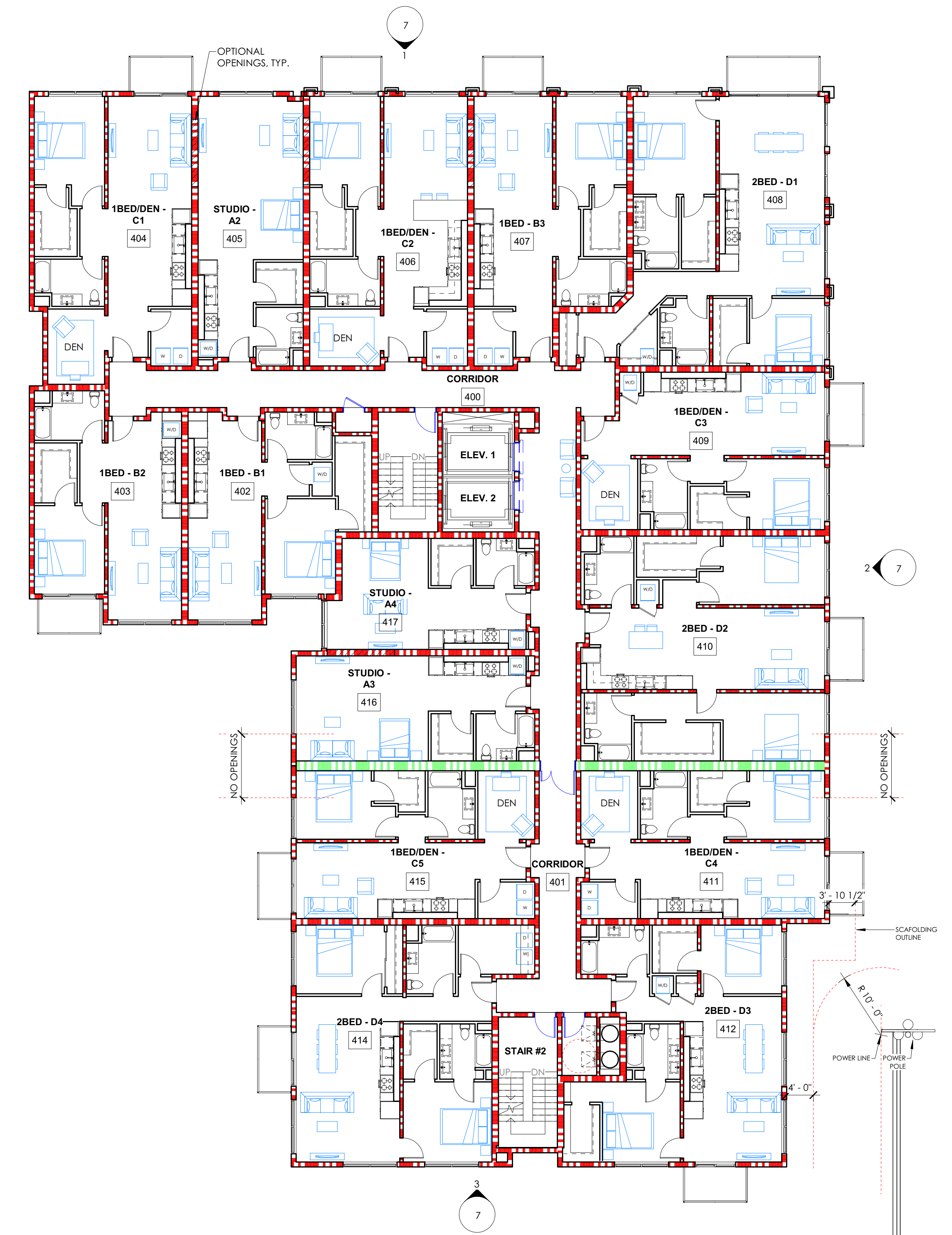
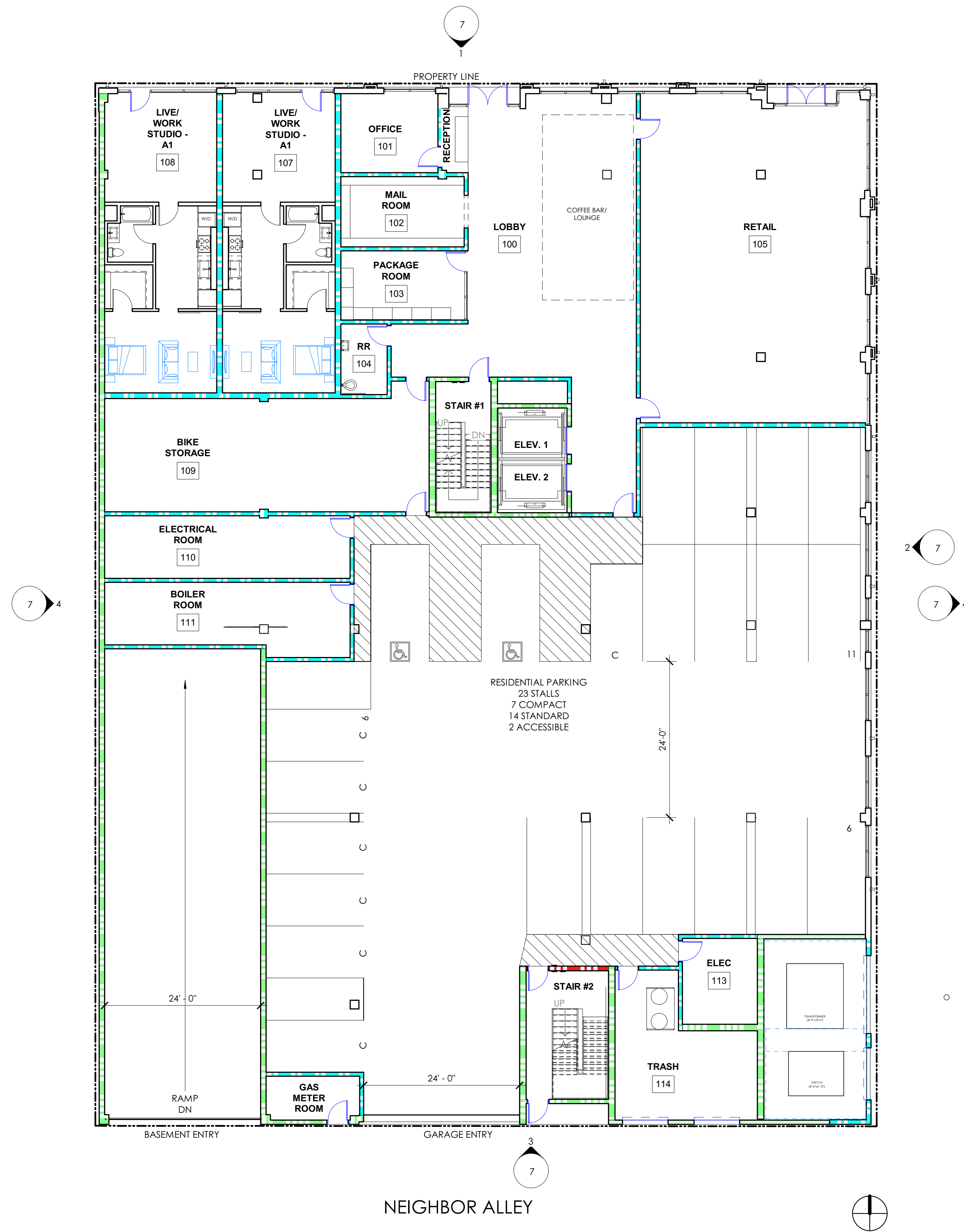
LEVEL	STALLS	RATIO TO UNITS
BASEMENT	43	66/92 = 72%
LEVEL 1	23	
<b>TOTAL</b>	<b>66</b>	

Standard: 42  
 Compact: 22 (33%)  
 Accessible: 2

RESIDENTIAL PROGRAM DATA

1/8" = 1'-0"





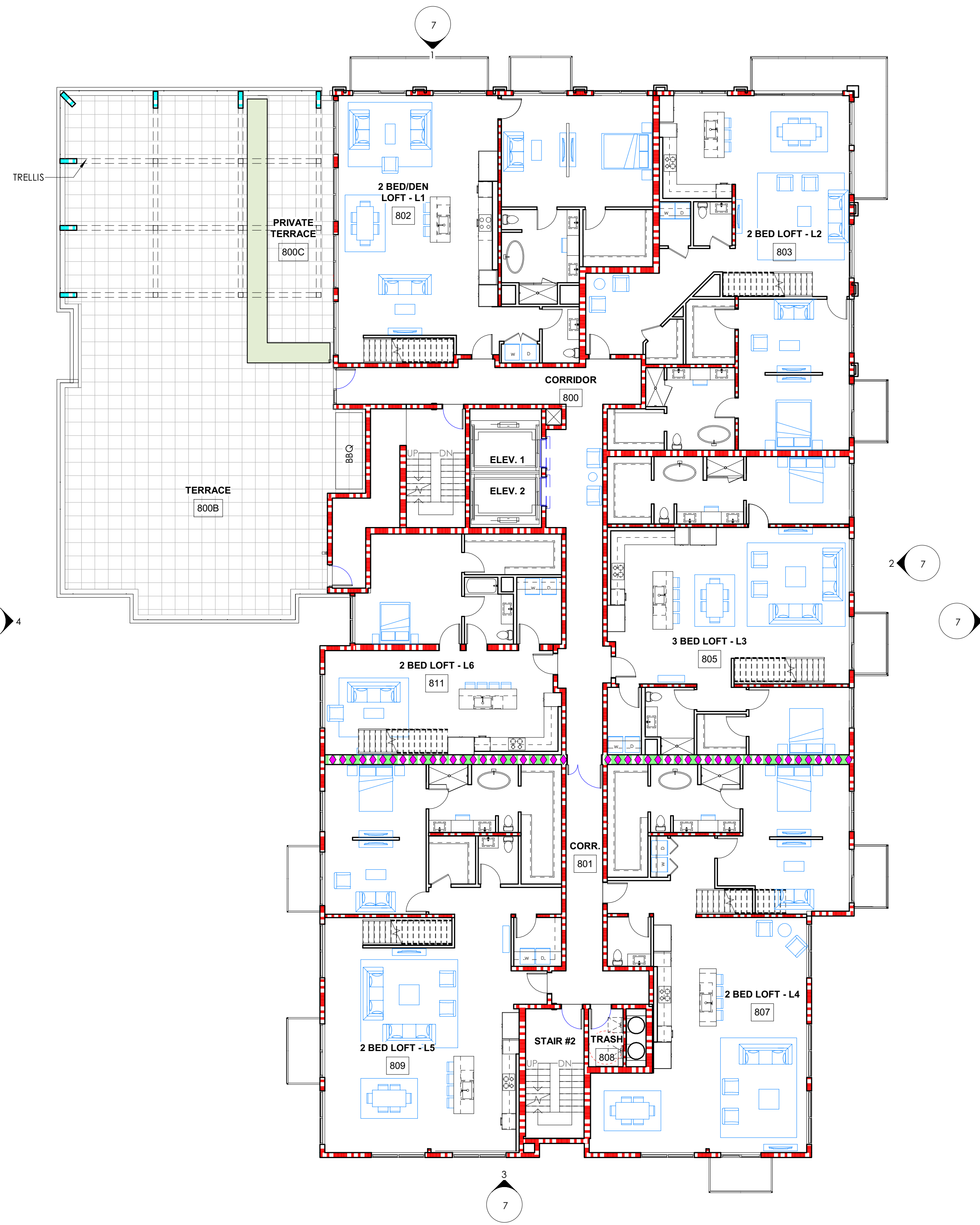
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LEVEL 2 3/32" = 1'-0" 2

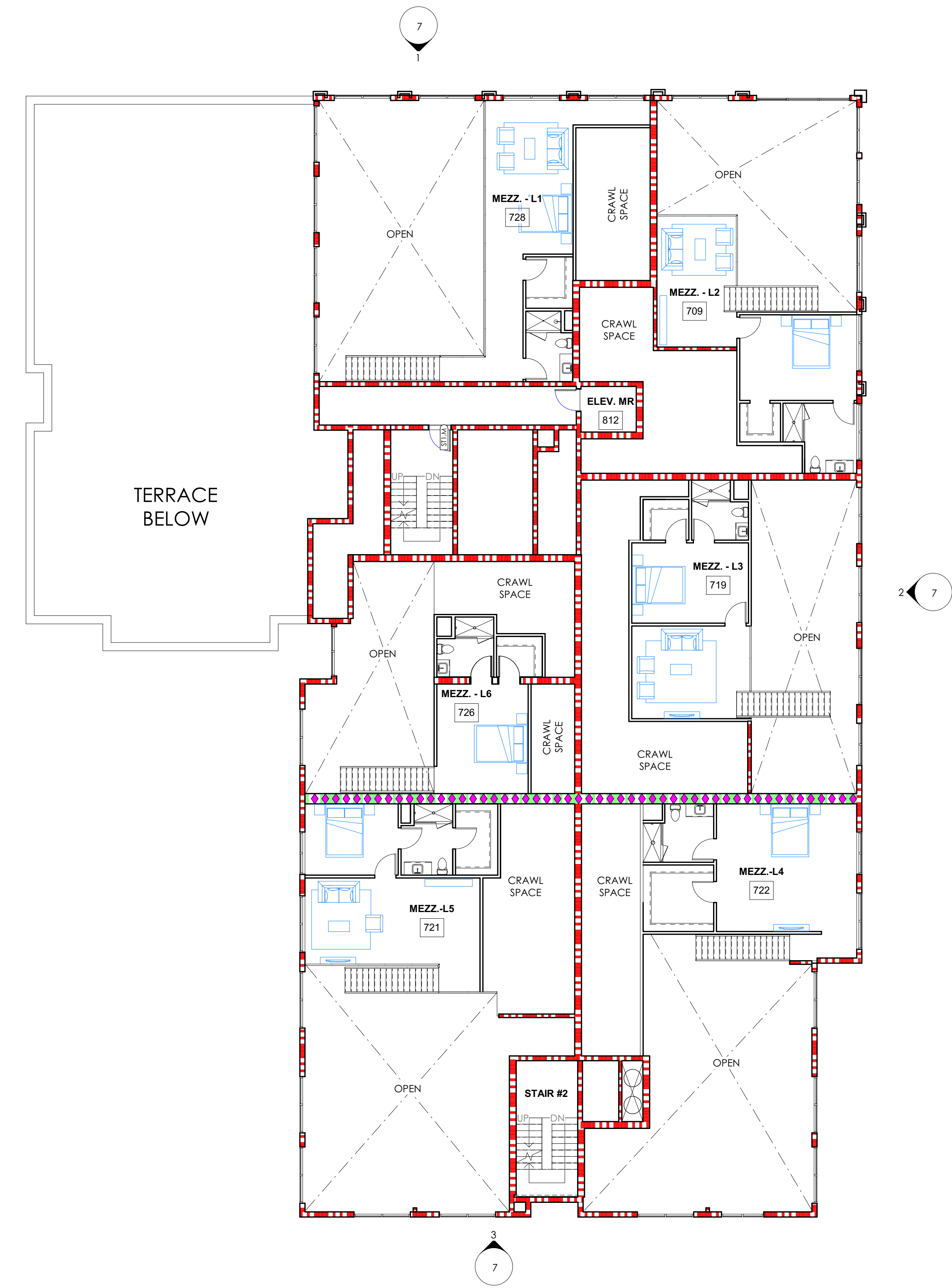
LEVELS 3-6 3/32" = 1'-0" 3



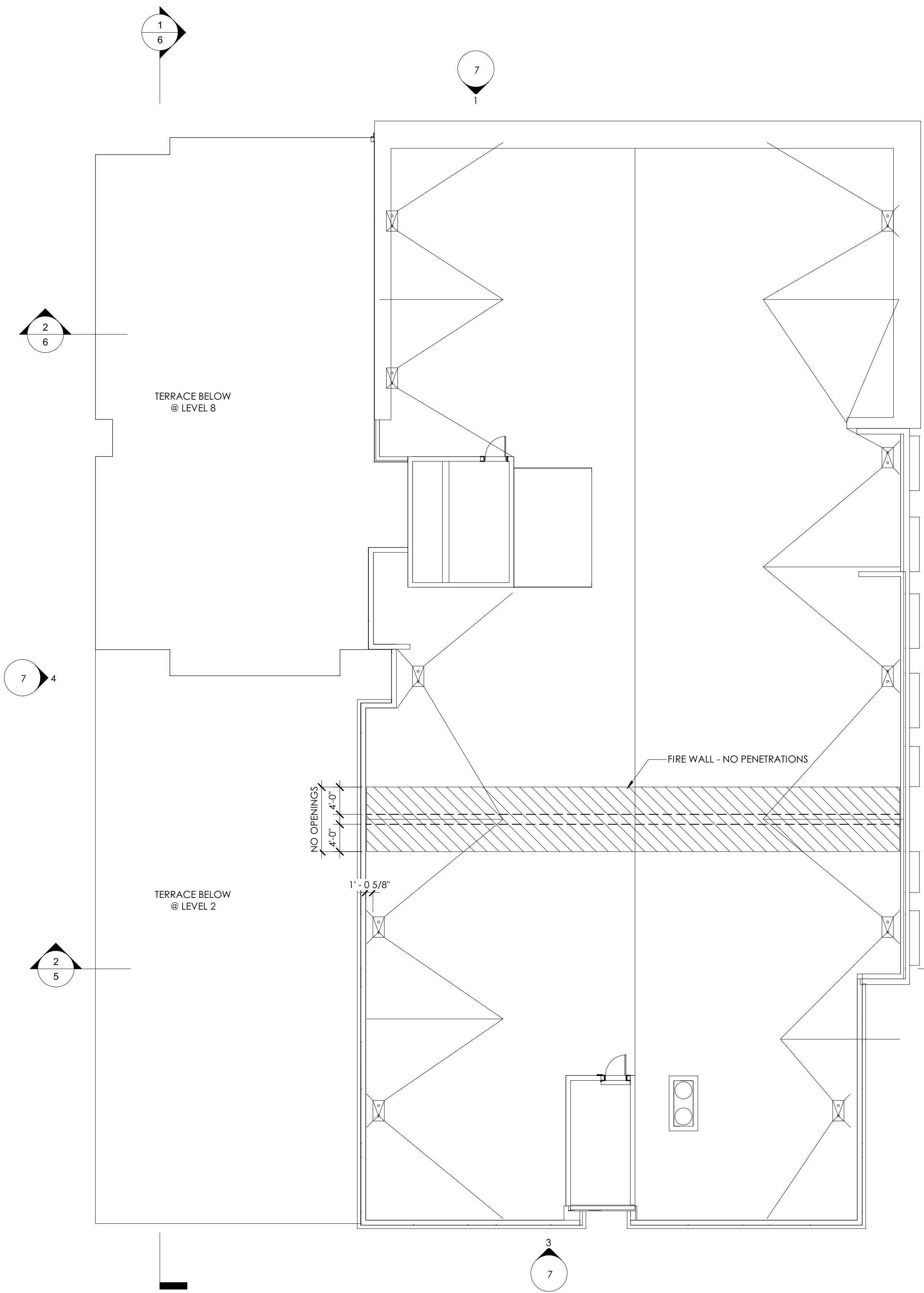
LEVEL 7 3/32" = 1'-0" 1



LEVEL 8 3/32" = 1'-0" 2



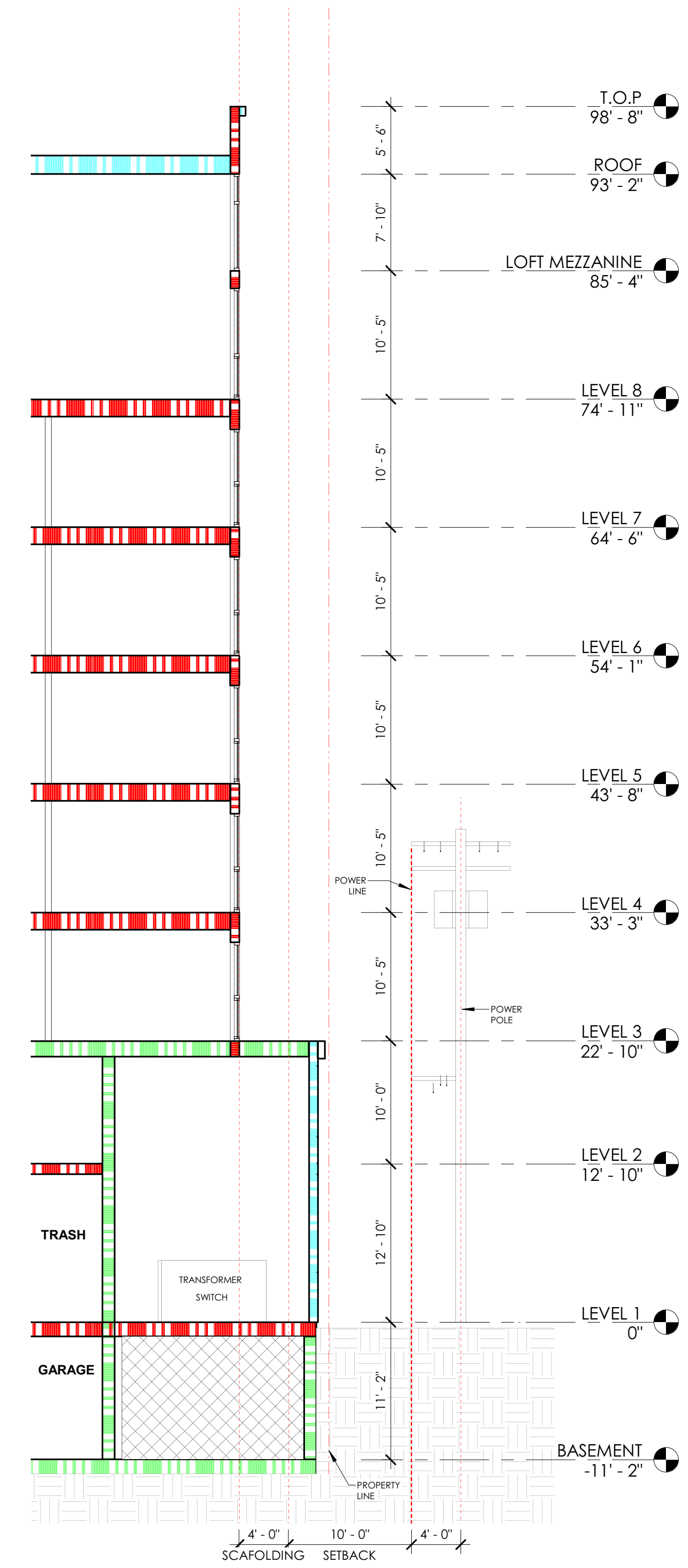
LOFT MEZZANINE 3/32" = 1'-0" 3



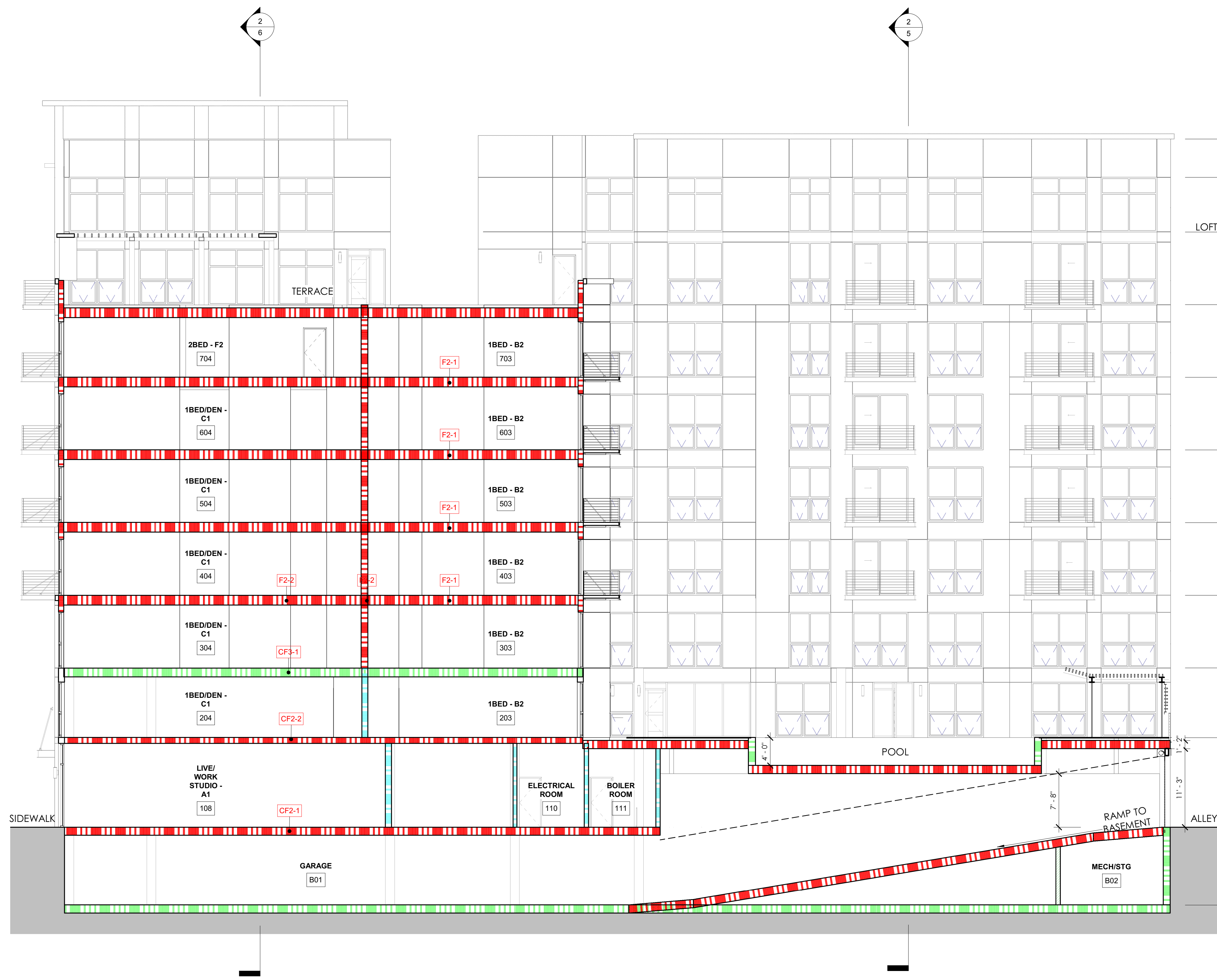
ROOF - ENTITLEMENT 3/32" = 1'-0" 1



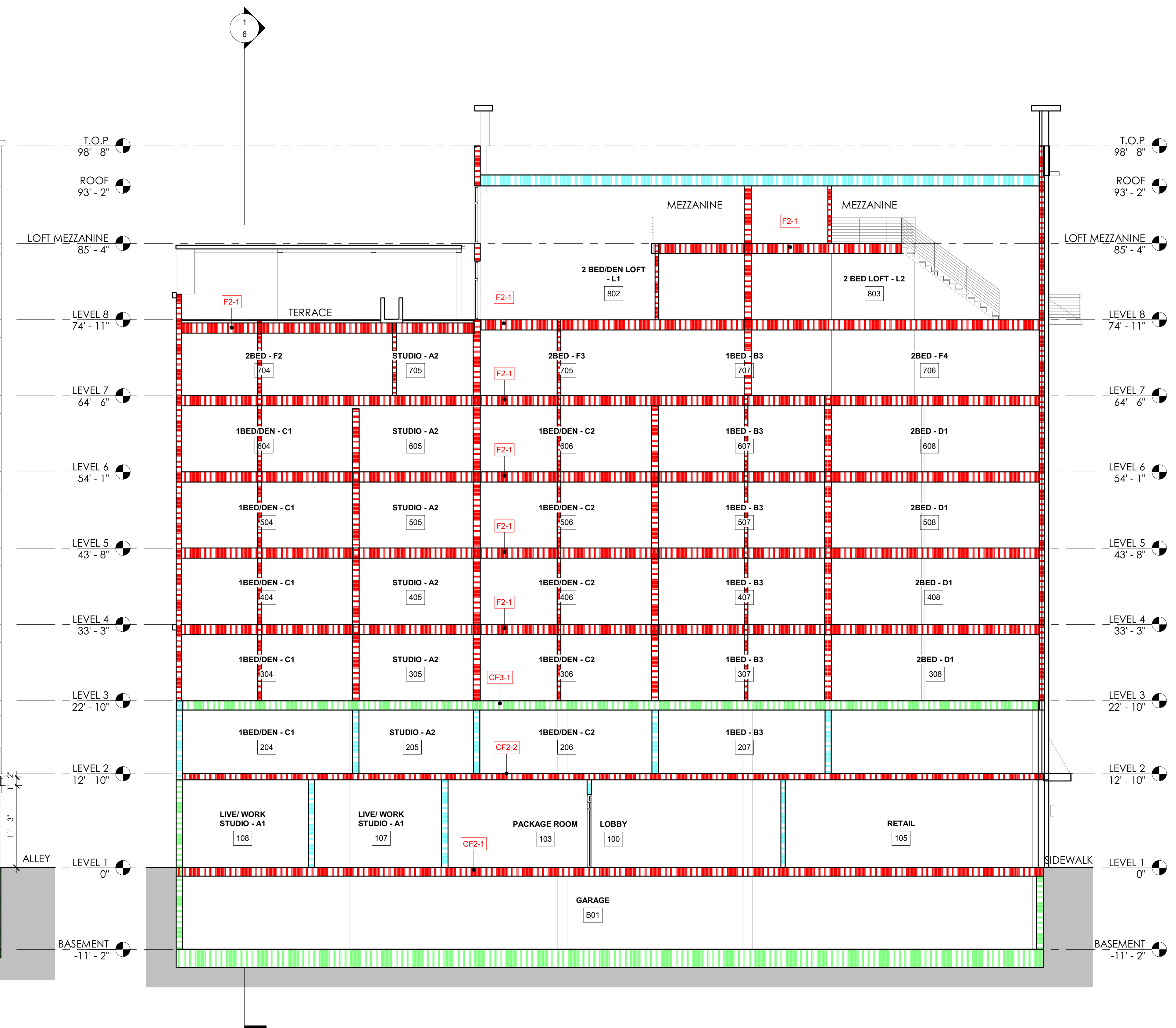
BUILDING SECTION 1/8" = 1'-0" 2



SECTION - SOUTHEAST CORNER 1/8" = 1'-0" 3



SECTION 1 1/8" = 1'-0" 1



SECTION 2 1/8" = 1'-0" 2



NORTH ELEVATION

3/32" = 1'-0"

1



EAST ELEVATION

3/32" = 1'-0"

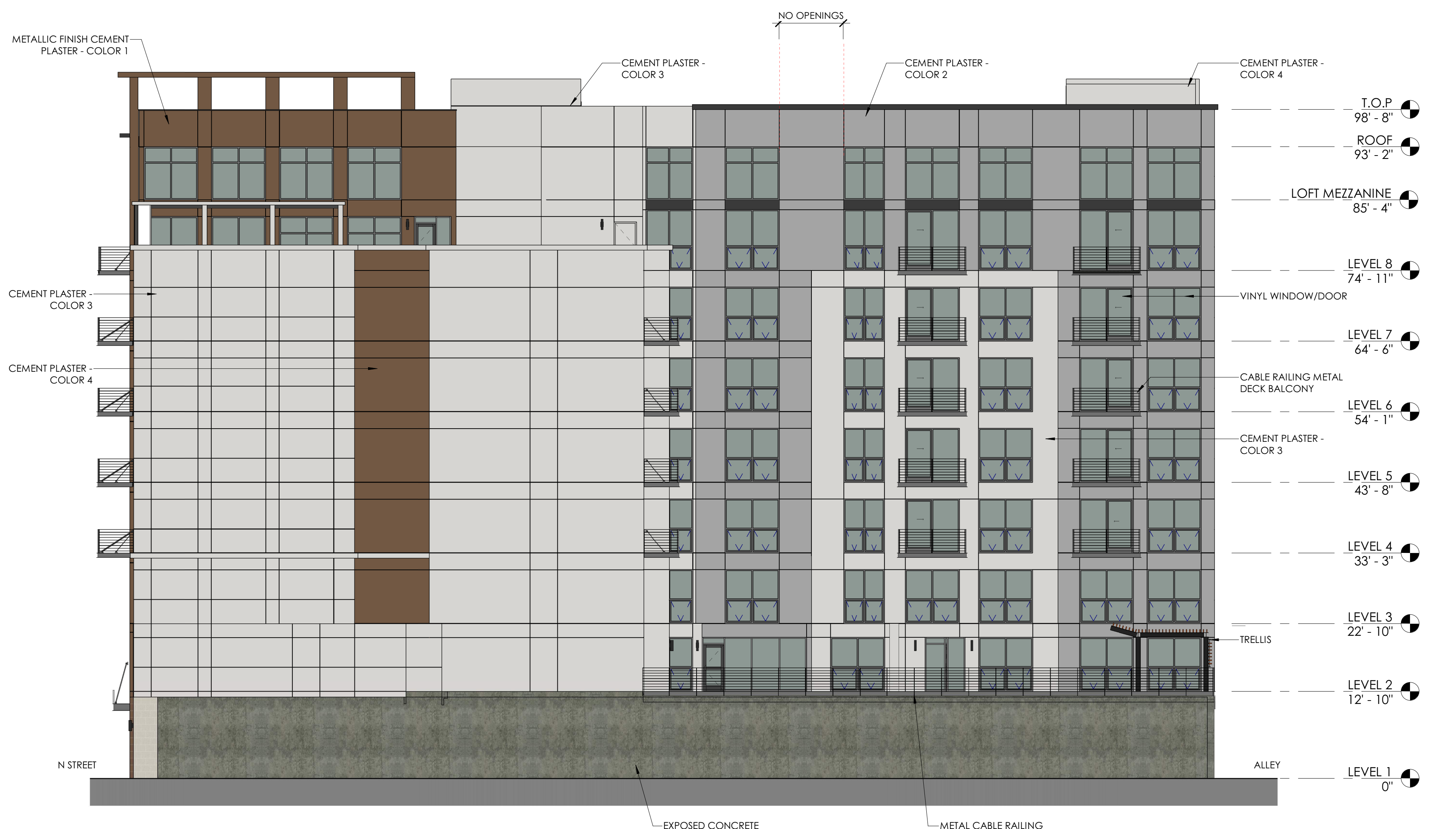
2



SOUTH ELEVATION

3/32" = 1'-0"

3



WEST ELEVATION

3/32" = 1'-0"

4

07/27/21



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7



PERSPECTIVE\_NE 1



PERSPECTIVE\_NW 2



PERSPECTIVE\_SE 3



PERSPECTIVE\_SW 4

# SITE CONTEXT



IMAGE 1



IMAGE 2



IMAGE 3



IMAGE 4

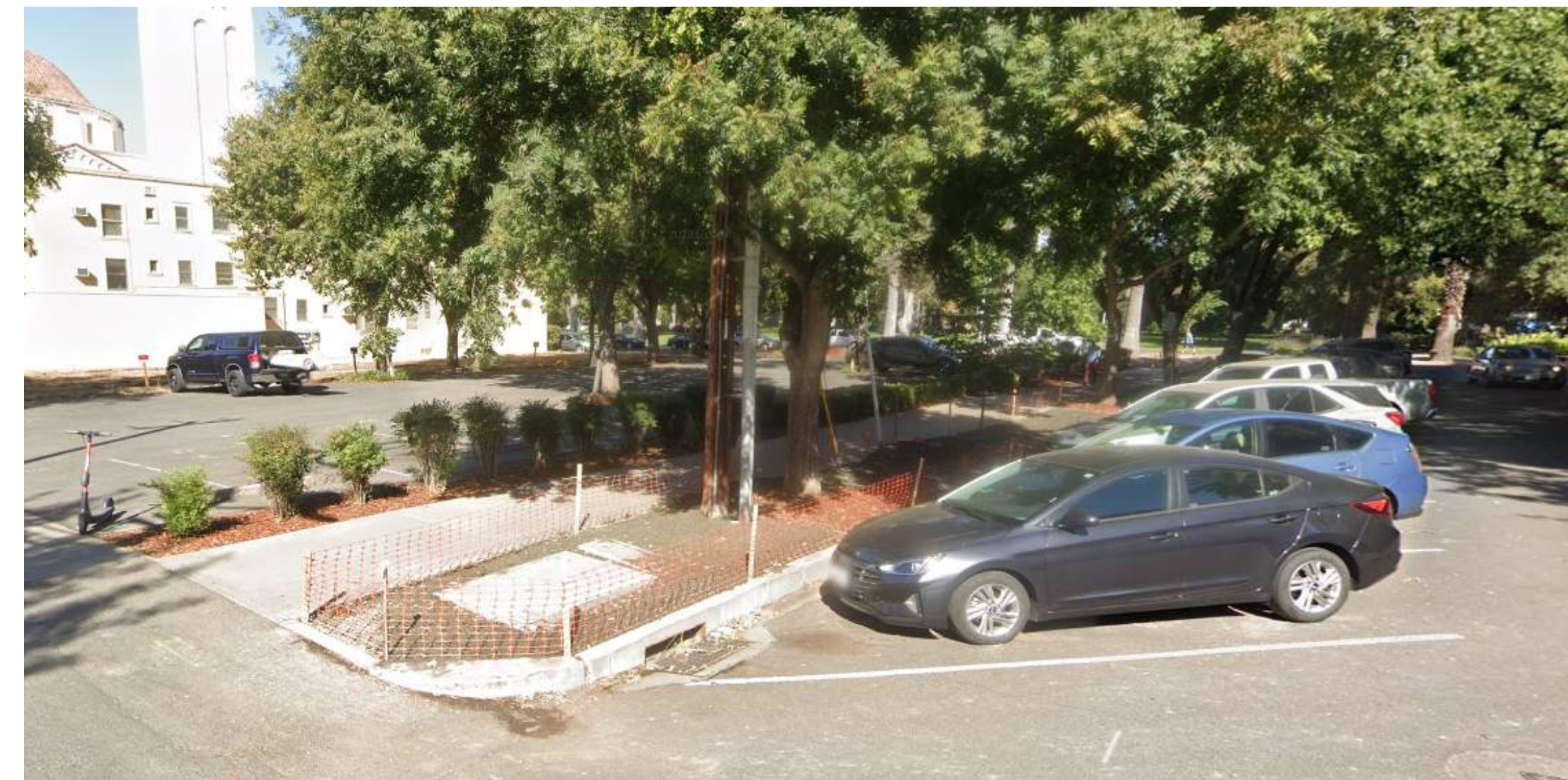


IMAGE 5

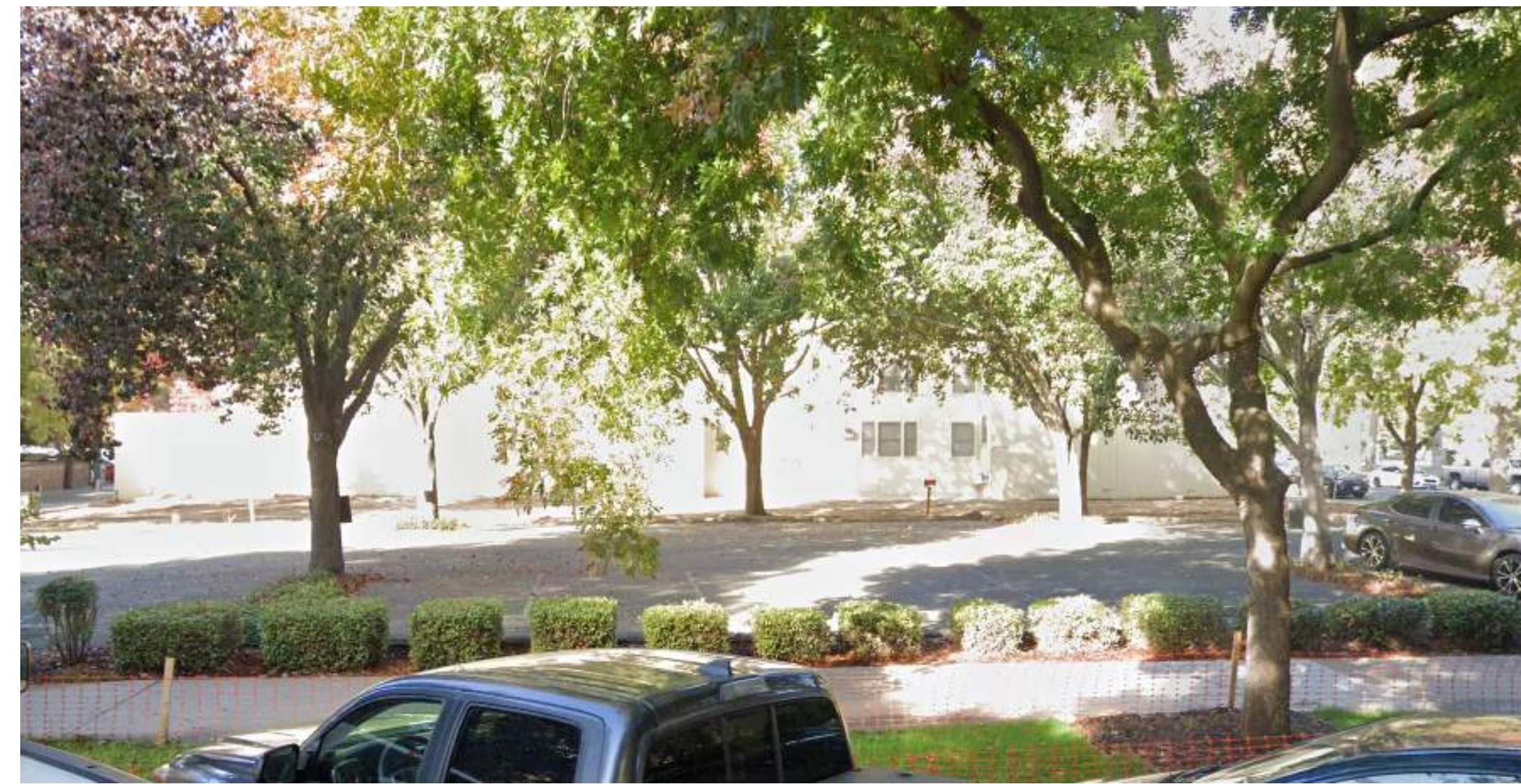
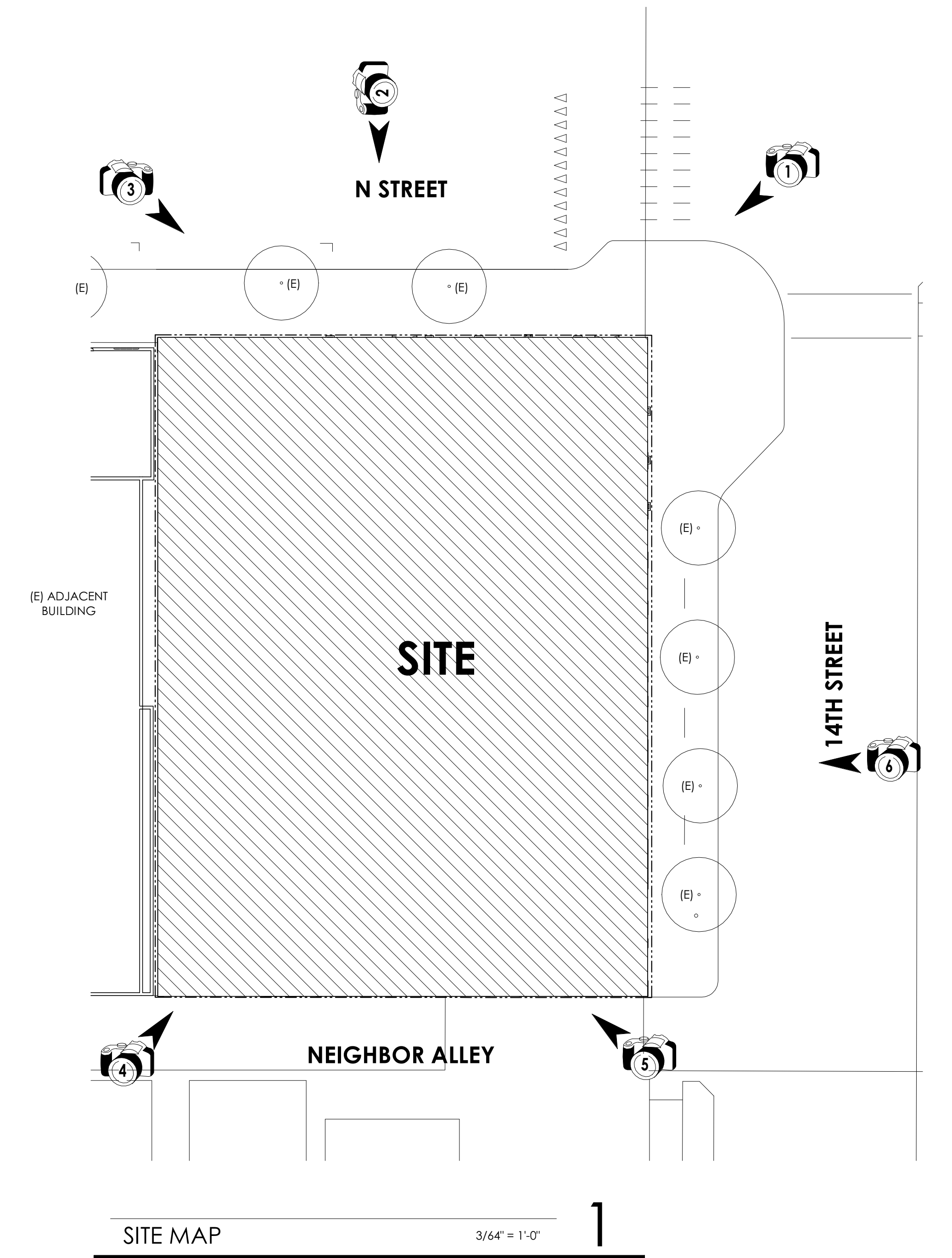











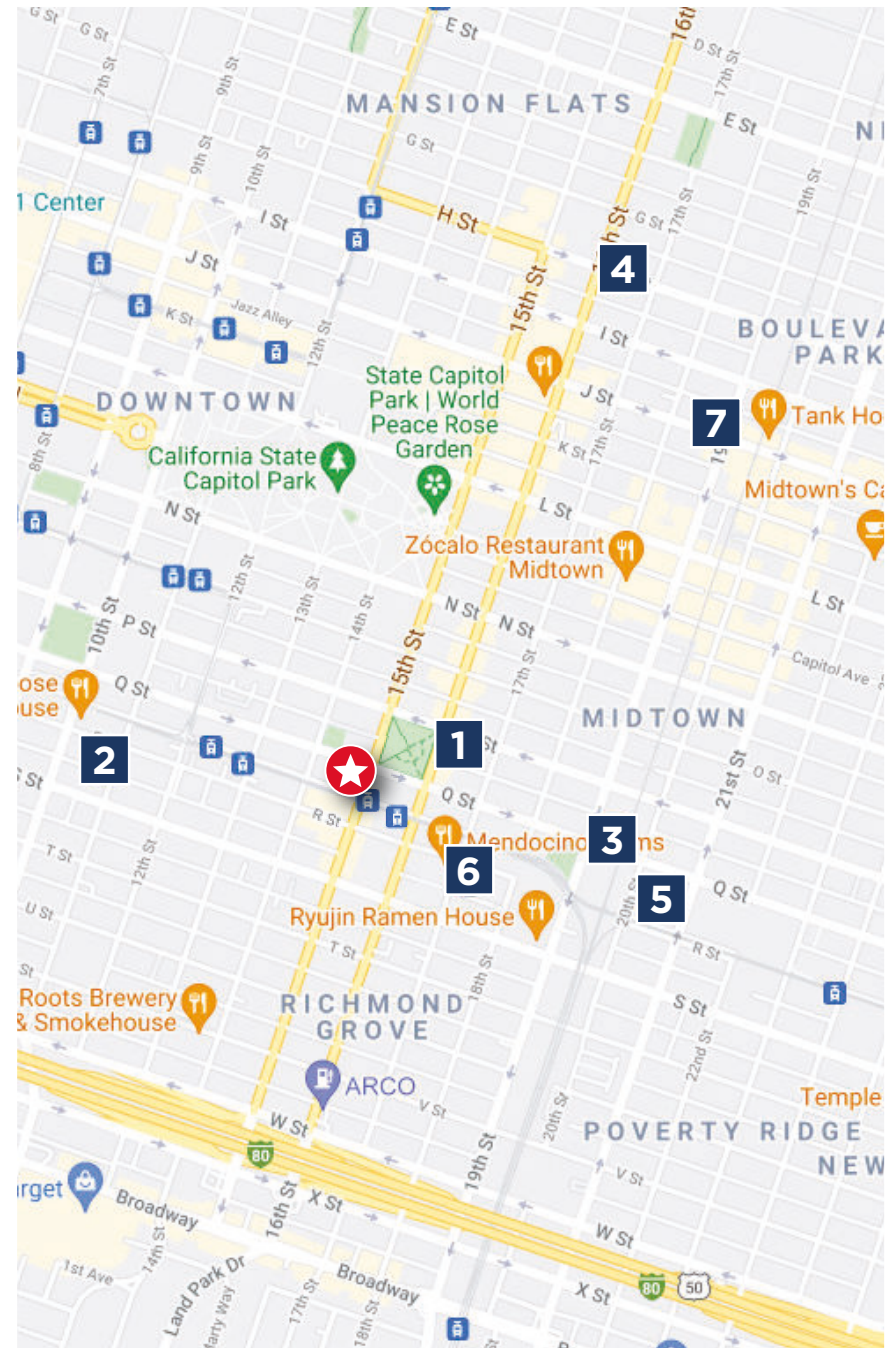
IMAGE 6



# RENT COMPARABLES

PROPERTY	UNITS	YEAR BUILT	OCC.	UNIT SIZE	RENT	RENT PSF	EFF. RENT	EFF. RENT PSF	
 	1430Q	75	2020	93%	1,156	\$3,427	\$2.97	\$3,164	\$2.74
	16 Powerhouse	50	2015	100%	1,133	\$3,303	\$2.92	\$3,303	\$2.92
	The Carlaw	26	2020	100%	807	\$2,485	\$3.08	\$2,485	\$3.08
	Q19	68	2018	97%	649	\$2,090	\$3.22	\$2,090	\$3.22
	H16	95	2020	88%	642	\$2,150	\$3.35	\$1,848	\$2.88
	The Press at Midtown Quarter	277	2020	72%	695	\$2,382	\$3.43	\$2,199	\$3.16
	Ice House	142	2018	93%	574	\$1,950	\$3.40	\$1,950	\$3.40
	19J Apartments	175	2019	95%	573	\$2,349	\$4.10	\$2,153	\$3.76

**Average 668 \$2,308 \$3.45 \$2,172 \$3.25**



Disclaimer: The information set forth herein has been received by us from sources we believe to be reliable. We do not warrant its accuracy or completeness.



**Residential**

**Active**

Address	City	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM/ CDOM	Orig Price	List Price	
500 N St #1406	Sacramento	2	2 (2 0)	1683		1981	07/02/21	445.63	21/21	749,999	749,999	
1127 15th St #1502	Sacramento	2	2 (2 0)	1389		2007	07/13/21	629.95	10/10	899,000	875,000	
500 J St #1707	Sacramento	1	1 (1 0)	934		2018	05/17/21	1279.4	67/67	1,195,000	1,195,000	
500 J St #1406	Sacramento	2	3 (2 1)	1370		2018	06/13/21	912.34	40/40	1,249,900	1,249,900	
500 J St #1505	Sacramento	2	3 (2 1)	1503		2018	06/03/21	1056.4	50/50	1,587,770	1,587,770	
500 J St #1605	Sacramento	2	3 (2 1)	1502		2018	04/27/21	1121.8	87/87	1,750,000	1,685,000	
1818 L St #812	Sacramento	2	2 (2 0)	2092		2008	06/13/21	848.95	40/321	1,776,000	1,776,000	
<b>Listing Count</b>	7	<b>Averages</b>		1,496				899.22	45/85	1,315,381	1,302,667	
		<b>High</b>		1,776,000				<b>Low</b>	749,999		<b>Median</b>	1,249,900

**Pending**

Address	City	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM/ CDOM	Orig Price	List Price	
1818 L St #805	Sacramento	1	2 (2 0)	1044		2008	07/22/21	756.61	49/49	789,900	789,900	
3339 McKinley Village Way	Sacramento	3	3 (2 1)	2224	961 sf	2016	07/19/21	489.66	39/39	1,140,000	1,089,000	
<b>Listing Count</b>	2	<b>Averages</b>		1,634				623.14	44/44	964,950	939,450	
		<b>High</b>		1,089,000				<b>Low</b>	789,900		<b>Median</b>	939,450

**Closed**

Address	City	Bd	Bth	SqFt	LotSz	Year	Date	\$/SqFt	DOM/ CDOM	Orig Price	List Price	Close Pric	CP % LP
1818 L St #713	Sacramento	1	2 (1 1)	1219		2008	04/09/21	594.75	311/311	750,000	750,000	725,000	96.67
1818 L St #614	Sacramento	1	2 (1 1)	1219		2008	05/21/19	594.75	7/7	740,000	740,000	725,000	97.97
1818 22nd St #119	Sacramento	3	2 (2 0)	1918	1473 sf	2007	07/16/19	385.30	76/76	749,000	749,000	739,000	98.66
1818 L St #613	Sacramento	1	2 (1 1)	1219		2008	05/30/19	607.05	19/19	750,000	750,000	740,000	98.67
1818 L St #603	Sacramento	1	2 (1 1)	1264		2008	11/15/19	601.27	3/3	760,000	760,000	760,000	100.00
3335 Mckinley Village Way	Sacramento	3	3 (2 1)	2299	0.0191 ac	2016	09/23/19	380.60	100/100	929,000	899,999	875,000	97.22
1818 L St #810	Sacramento	1	2 (2 0)	1542		2008	09/19/19	654.99	34/34	1,080,000	1,060,000	1,010,000	95.28
<b>Listing Count</b>	7	<b>Averages</b>		1,526				545.53	79/79	822,571	815,571	796,286	97.78
		<b>High</b>		1,010,000				<b>Low</b>	725,000		<b>Median</b>	740,000	
<b>Report Listing Count</b>	16	<b>Report Averages</b>		1,526				709.97	60/77	1,055,973	1,044,161	796,285	



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July 28, 2021

David Miry and Sara Lebastchi  
D&S Development  
1725 Capitol Avenue  
Sacramento, CA 95811

Re: 14<sup>th</sup> and N Street Project

Dear David Miry and Sara Lebastchi:

Thank you for the opportunity to review your preliminary loan package for the development of an approximate 143,000 s.f. primarily residential project located at the subject location. The proposed 8-story project will contain a total of 92 residential units, of which 17 units will be offered for sale as condominiums. The 17 condo units will be located on the 7<sup>th</sup> and 8<sup>th</sup> floors of the project. One of the sources of equity for the construction loan includes a \$2,400,000 loan from CADA for the land purchase. CADA has requested input from a bank regarding the likelihood of repayment from the sale of condo units, especially since condo sales might occur before the project is stabilized.

This letter is not a commitment to lend on the project, and it does not represent an agreement between the parties for any specific terms and conditions. This letter is for discussion purposes only. It is intended to provide some preliminary information as to the willingness of a lender to allow the repayment of subordinated debt (the CADA loan) from sales proceeds of condominium units.

Repayment of the CADA loan would occur after a bank receives a certain minimum paydown from sold unit(s). Most banks would structure a construction/take-out loan with terms and conditions for the release of sold units and payback of the CADA loan. There are several key factors to be considered that would allow a portion of the net sale proceeds to be used by the borrower to pay back the CADA loan. Judging by the estimated sales prices of the condo units, there would be ample funds from the sales to pay down the CADA loan.

With the sale of condo unit(s), a bank would require a minimum paydown amount sufficient to support its collateral position and security of cash flow to service the remaining loan balance. CADA could then receive excess net funds. A lender would not want to be in a worse position after the sale of condos with regard to collateral and cash flow to repay the loan. If funds are available after repayment to the bank, then the CADA loan could be reduced as set forth in an agreement between the borrower, the bank, and CADA.

There are several parameters and formulas that are used to determine the amount of payback to the bank based on factors such as: total square footage, loan per unit, minimum debt service coverage ratio, minimum debt yield, maximum loan-to-value, and the number of units. There are other standard loan, legal, and title conditions that would impact a lender's willingness to allow repayment to CADA. A bank would likely require a minimum paydown amount with the sale of each condo unit, and the CADA loan could be repaid if there were remaining sales proceeds. In a worst case scenario, a lender would hold all net sales proceeds until such time that the analysis of the project would allow payment of the bank loan and the CADA loan.

In addition to the parameters indicated above, an operating budget (maintained by an owners' association) towards reserves for the condo units' common area, will also be taken into consideration. The association's operating budget will need to be adequately funded to ensure sufficient reserves to provide for on-going maintenance and capital needs for the assets that the association would be responsible for. The project would be structured to ensure adequate reserves were maintained and include a provision that, if the reserves were underfunded as compared to the budget, then any sales proceeds would also be applied to fund the reserves until adequately funded and take priority over repayment of the CADA loan.

Please call us with any comments and questions. We appreciate the opportunity to further discuss financing for this transaction.

Thank you,



Janet Anderson  
VP/Portfolio Manager  
Tri Counties Bank  
Roseville Corporate Center  
3700 Douglas Boulevard, Roseville, CA 95661

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(916) 960-2239

**RESOLUTION NO. 21 - 32**

Adopted by the Capitol Area Development Authority

August 20, 2021

**RESOLUTION APPROVING THE 14<sup>th</sup> & N DEVELOPMENT PROPOSAL  
(FORMERLY SITE 21)**

**WHEREAS**, in September 2020, CADA repurchased the 14<sup>th</sup> & N site from Cresleigh Homes because Cresleigh could not meet its obligations under the Development and Disposition Agreement (DDA); and

**WHEREAS**, in October and November 2020, CADA undertook due diligence efforts to explore alternatives and to identify a new developer to construct a condominium project at the site; and

**WHEREAS**, on March 12, 2021, D&S Development presented the initial Design Program to the Board, and the Board authorized the Executive Director to enter into an Exclusive Negotiating Agreement (ENA) with D&S Development for a mixed-use condominium/apartment project; and

**WHEREAS**, on July 22 and 23, 2021, the State Architect and the City of Sacramento Urban Design Manager reviewed and commented on the schematic design; and

**WHEREAS**, Board has reviewed the Development Proposal from D&S Development and reviewed the project schematic design

**NOW, THEREFORE, BE IT RESOLVED**, by the Capitol Area Development Authority that the Board of Directors hereby:

1. Approves the Development Proposal from D&S Development;
2. Authorizes D&S Development to begin work on the Design Development Drawings; and
3. Directs staff to prepare and negotiate the terms of the Disposition and Development Agreement to be entered into with D&S Development at a later date, following its approval by the Board at the December 2021 Board meeting.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors