

August 12, 2022



TO: CADA Board of Directors
Capitol Area Community Development Corporation (CACDC) Board of Directors

SUBJECT: **August 19, 2022 Board Meeting**
AGENDA ITEM 6
805 R Street – PARTNERSHIP MOU, AGREEMENTS AND FINANCING

CONTACT PERSON: Todd Leon, Development Director (CADA), Staff (CACDC)
Wendy S. Saunders, Executive Director (CADA), President (CACDC)

RECOMMENDED ACTIONS:

Staff recommends the CADA Board of Directors and the CACDC Board of Directors approve various agreements and allocate funds as necessary to enable, undertake and pay for various predevelopment tasks pertaining to the 805 R Street Project

CADA

1. Approve a Memorandum of Understanding among CADA, CACDC and Mutual Housing California regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street,
2. Authorize the Executive Director to take any and all actions that may be necessary or advisable, in her discretion, in order to complete funding requests and applications to fund construction of the project,
3. Authorize the Executive Director to sign a Lease Option Agreement with the California Department of General Services to lease property for the project in substantially the form presented to the Board on this date, together with such changes, insertions, revisions, corrections or amendments as may be approved by CADA's General Counsel,
4. Approve a Promissory Note and Loan Agreement establishing an unsecured revolving line of credit between CADA and the CACDC with a maximum credit line of \$900,000 for CACDC to use as predevelopment funds,
5. Approve a budget Amendment to reduce the FY 20-21 CADA Development budget for the 805 R Street project by \$900,000 and create a new FY 22-23 CACDC Development Budget in the amount of \$900,000 for the 805 R Street project, and
6. Approve a letter of commitment for a loan from CADA to the project developer in an amount not to exceed \$8,000,000 for the purposes of providing project gap funding.

CACDC

1. Approve a Memorandum of Understanding among CADA, CACDC and Mutual Housing California regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street,
2. Authorize the President to take any and all actions that may be necessary or advisable, in her discretion, in order to complete funding requests and applications to fund construction of the project,

3. Approve a Promissory Note and Loan Agreement establishing an unsecured revolving line of credit between CADA and the CACDC with a maximum credit line of \$900,000 for CACDC to use as predevelopment funds, and
4. Authorize the President to enter into a Limited Partnership Agreement with Mutual Housing for the creation of 805 R Street Investors, L.P., the project owner and developer.

BACKGROUND

On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (EO) (see **Attachment 1**) to address the housing affordability crisis that is facing the State of California. Governor Newsom ordered the Department of General Services (DGS) and the Department of Housing and Community Development (HCD), (the "State"), to identify and prioritize excess state-owned property, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit.

On May 10, 2021, the State issued an RFQ seeking respondents capable of developing affordable housing on six excess state-owned properties including the former DGS warehouse located at 805 R Street in Sacramento, California. On June 14, 2021, CADA collaborated with CFY Development to submit a response to the State's RFQ. After several months, the State informed CADA and CFY that our RFQ submittal was unresponsive due to missing financial information.

In early December 2021, Mutual Housing California was selected by the State to submit a project proposal to develop 805 R Street. As one of 3 developer teams invited to submit a proposal, Mutual contacted CADA to inquire about joining their proposal team as a development partner. CADA agreed to partner with Mutual in late December after receiving permission from the State to join the team.

On February 18, 2022, CADA and Mutual submitted a proposal to the State to develop a 242-unit mixed-use, affordable housing project at 805 R Street. After an interview and some additional follow-up questions, the State formally selected the CADA and Mutual Housing team on May 12, 2022 to develop 805 R Street.

SUMMARY OF REQUESTED ACTIONS

Lease Option Agreement

In order to meet CADA's obligation and continue its goal to provide affordable housing in the R Street Corridor and the Capitol Area, staff recommends that CADA, in partnership with Mutual Housing California, execute a Ground Lease Option Agreement (LOA) for a half block of State-owned property located on the north side of R Street between 8th and 9th Streets with the intent to build a mixed-use, affordable housing project. The LOA sets forth the State's expectations, procedures and expectations of the Development team in order to eventually sign a long-term land lease for the project. The LOA includes an attached right of entry agreement that allows the development team to enter the site to perform predevelopment activities. Additionally, attached to the LOA is a long-term land lease template. The draft LOA is found as **Attachment 2** to this staff report.

Since CADA and Mutual were the applicants to the State RFP, both parties, per the state's direction, will be signatories to the LOA. Once the project's financing is ready to close and construction commencement is imminent, the LOA will be assigned to the legal ownership entity that will execute the land lease. Since the land lease is presented as template or draft format in the LOA, staff will present the eventual final version of the lease to the Board for approval prior to execution.

Development Partner / MOU

Staff recommends the CADA Board and the CACDC Board approve a Memorandum of Understanding with Mutual Housing California regarding the parties' intended partnership in the development project and allow the CACDC to establish a Limited Partnership with Mutual Housing.

Mutual Housing was one of three development teams selected from an RFQ process to submit development proposals for an affordable housing project at 805 R Street. Given CADA's work to redevelop the R Street Corridor, recent experience developing affordable housing with the CACDC, and CADA's available financial resources, it made sense for Mutual to inquire about partnering with CADA and CACDC to strengthen its proposal to develop 805 R Street. After agreeing to partner with Mutual on the 805 R Street RFP response, the CADA Executive Director signed a letter agreement with Mutual that outlined the sharing of expenses for the RFP. Given the pending predevelopment expenses and the need to define partner roles and responsibilities, staff has prepared, for Board approval, an MOU among the parties that will serve as the foundation for the ultimate partnership agreement.

Similar to the initial partnership arrangement for ARY Place, CADA and the CACDC will both be parties to the MOU with Mutual in order to establish that the CACDC will eventually be a partner in the project's ownership structure. As mentioned in the LOA section of this report, once the project financing is ready to close and the lease is ready for execution, the LOA will be assigned to a limited partnership consisting of the CACDC, Mutual, and the eventual tax credit investor(s). After financing has closed, CADA will serve as a lender and sponsor of the project.

Attachment 3 is a Memorandum of Understanding among CADA, CACDC and Mutual that outlines the roles and responsibilities of each organization. Mutual Housing will be leading the project team and heading efforts regarding financing, budgets, contract administration, leasing and property management. CADA, and later the CACDC, will be leading community outreach efforts, CEQA processing, and commercial leasing. Major decisions regarding the design, budgeting, financing, programming, and contracting will be made jointly by the parties. These MOU terms will provide the foundation for the initial partnership agreement between CACDC and Mutual Housing. When the tax credit investor enters the project partnership, the partnership agreement will be amended to reflect the project final ownership structure and terms.

Revolving Line of Credit from CADA to CACDC and Loan Agreement

When the limited partnership is formed between Mutual and CACDC, all predevelopment expenses will need to run through the new entity. In order for the CACDC to fund its portion of predevelopment expenses, staff is requesting that CADA provide a line of credit loan to the CACDC. Once financing has closed, the Partnership will recapture its predevelopment costs and the CACDC will be able to pay back all or a portion of the CADA Loan upon close of financing.

Staff estimates that the total capital outlay anticipated for predevelopment activities during the due diligence period will be approximately \$1,800,000. In accordance with the proposed MOU, Mutual and CADA/CACDC are splitting the predevelopment costs resulting in the CACDC's need for approximately \$900,000. Anticipated costs are as follows:

Design and Permits	\$1,300,000
Studies and Appraisals	\$50,000
Financing Fees and Deposits	\$300,000
Miscellaneous Costs	\$150,000
Total	\$1,800,000

Staff recommends that CADA extend a line of credit and loan to the CACDC with a not-to-exceed limit of \$900,000 in order to provide it with the resources to fund predevelopment activities of the 805 R Street project. The line of credit would be drawn upon on an as-needed basis. The CACDC

utilized a similar CADA line of credit and loan to fund predevelopment work on ARY Place. Most of that loan was paid back during ARY Place's close of financing. In order to establish the line of credit, staff recommends approval of the Loan Agreement for a Line of Credit between CADA and CACDC attached as **Attachment 4**, and the Unsecured Promissory Note attached as **Attachment 5**.

Funding Commitment Letter

Staff recommends the CADA Board approve a letter of commitment for a project gap loan to the new partnership in an amount not to exceed \$8,000,000. The 805 R Street RFP required a project pro forma and budget as part of the proposed project submittal. After developing a project budget and evaluating a pro forma based on funding through CalFHA, HCD, and Federal/State tax credit programs, it was initially determined that gap funding in amount of \$8,000,000 would be needed from CADA to make the project viable. The pro forma and gap number were based on development costs gathered earlier in 2022 and before any detailed evaluation of the cost savings or finance sizing could be determined. It is possible that this initial request could be lower but a request for funding over \$8,000,000 is unlikely.

A funding commitment letter is not a binding document but demonstrates CADA is willing to participate financially in the project. CADA's commitment is important as it allows the project team to leverage these pledged funds into possibly securing additional funds from other State and City funding programs. A draft letter of commitment to fund a gap loan is found as **Attachment 6**.

PROJECT SUMMARY

RFP Concept Design

In February, 2021, per the State's RFP, Mutual Housing and CADA (Partnership) submitted a proposal to build a 6-story mixed-use affordable housing project that maximizes the density on the property and takes into account R Street's historic significance and current redevelop trends. The project currently contemplates 242 workforce apartments consisting of a mix of live/work, studio, one- and two-bedroom units. In addition to two commercial spaces totaling 3,400 square feet, the project plans currently include an exercise studio, event courtyard, public plaza and patio decks for the street level live/work units. In all, this progressive development proposal includes over 19,000 square feet of open space and features rooftop solar panels for partial (or "significant") energy self-sufficiency. Under the current plan, 805 R Street will feature 264 secure bike storage spaces, 30 visitor bike spaces, and 35 vehicle parking spaces. Finally, the project will be focused towards attracting artists who need affordable housing similar to the Warehouse Artist Lofts. The initial site and floor plans can be found in **Attachment 7**.

The project's proposed affordability is as follows:

805 R Street Unit and Affordability Mix			
Unit Type	Square Feet	Number of Units	Rent Range (30% to 70% AMI)
Studio	373-400	68	\$456 - \$1,091
Live/Work Loft	547	14	\$456 - \$1,091
1 Bedroom	573	136	\$485 - \$1,165
2 Bedroom	833	24	\$577 - \$1,393
Total Units		242	

Fifteen studios, disbursed throughout the project, will be reserved for formerly unhoused and at-risk households.

Although the State required a proposal with a well-devised concept plan, the RFP also required a plan for community outreach to gather support for and insights regarding the proposed project. The Partnership plans to begin outreach efforts to the general public and specific area stakeholders in September and early October to solicit feedback and comments on the project's massing, design, and programming. The project will consider all comments as the development team works to finish the schematic design by late October in order to meet funding deadlines in late 2022 and early 2023.

Funding / Schedule

The current project schedule can be viewed in **Attachment 8** of this staff report. After the LOA is completed and signed, the project team will begin community outreach to gather insights and comments on the concept design. As mentioned, the goal is to finish outreach and the schematic design by the end of October. The project team plans to start applying for project funding through CalHFA, HCD and Tax Credit Programs starting in December 2022. Preparation of construction plans would begin in November and be completed in late spring. If the development team is successful in securing funding next year, the schedule contemplates receiving building permits, closing financing and commencing construction by October 2023.

FINANCIAL IMPACT

CACDC Line of Credit Loan and Budget

CADA has a total of \$1,000,000 currently in a FY 20-21 CIP Development budget for the 805 R Street project funded with 2020 Bond proceeds. To fund the line of credit, staff is requesting to re-budget \$900,000 from the current CADA development project budget to the CACDC and create a new FY 22-23 Development budget for the 805 R Street project. CACDC will use these loaned funds to support the new partnership's predevelopment costs.

Gap Funding Loan

As stated in the Summary of Requested Actions, the CACDC and Mutual Housing are requesting a commitment in an amount not to exceed \$8,000,000 towards the 805 R Street project. The requested funds help address an anticipated project financing gap. Staff proposes to utilize 2020 Bond proceeds to eventually fund an 805 R Street project loan. When the Partnership is ready to close the project financing, the gap loan documents, including the final requested amount, will be presented to the CADA Board for approval. Taking into consideration prior funding commitments to this and other projects to be met out of the bond, the estimated total remaining bond balance available for this and any other projects is approximately \$17,544,900.

Project Guarantees

Affordable housing projects require the project sponsor to provide various financial guarantees as a part of loan and investor agreements. This has been the case for the two projects CACDC is party to except that in both cases, our partner Cyrus Youssefi, provided the guarantees. Going forward, CADA will be required to provide the guarantees for CACDC until CACDC has enough financial wherewithal to do so without CADA's assistance. This is a typical approach for housing agencies that sponsor affordable housing projects through affiliated nonprofits; according to SHRA staff, SHRA provides guarantees for all development activities of its affiliated nonprofit "SHARP". Below is a description of typical required guarantees, and mitigation measures to protect against losses due to a call on the guarantees.

To Construction Lender – Completion and Repayment Guarantee:

Sponsor agrees to fund any costs of construction in excess of the budgeted construction costs to complete the project

Mitigation Measures

- Hire a General Contractor that:
 - Has extensive experience in multifamily construction (ideally a general contractor that previously worked with the architect/engineer (A&E) team).
 - Begins working with the A&E team from beginning of design in order to become familiar with plans; to review plans with all major subcontractors; and to recommend clarifications and value engineering measures in order to minimize costs and potential change orders during construction.
 - Provides 100% payment and performance bonds that can be called upon by the sponsor should the general contractor fail to complete construction.
- Hire an A&E team with significant experience in multifamily affordable design.
- Budget an Owner's hard cost contingency of 5% of the construction contract.
- Keep available the cash portion of the developer fee as an additional owner's contingency to be used only after 5% hard cost contingency is exhausted.
- Have an experienced development partner that has successful track record of completing projects on time, on budget.

To Partnership Limited Partner Investor(s):

Completion and Repayment Guarantee – same as above

Operating Deficit Guarantee

Sponsor agrees to fund any operating losses until the project maintains a specified debt service coverage ratio for a specified period. The period is typically 3-5 years, and the ratio is typically 1.15 – 1.2%.

Mitigation Measures

- Hire a Property Management firm with extensive experience in managing affordable projects
- Budget a Capitalized Operating Deficit Reserve to cover any operating shortfalls. (Lenders and investors require a reserve of 6 months of operating expenses and a replacement reserve.)

Tax Benefits Guarantee

Sponsor agrees to refund any reduction of tax credits in the first year of occupancy due to slower than anticipated lease-up, and any IRS recaptured tax credits due to the property manager's lease of any unit(s) to an unqualified occupant.

Mitigation Measures

- Hire a Property Management firm w/ extensive experience in managing affordable projects. Compliance (renting to income-eligible tenants, charging TCAC-allowed rents) is key to mitigating against these risks.

ENVIRONMENTAL CONSIDERATIONS

The State of California Department of General Services is the lead agency for environmental review on this project. Staff anticipates the project will qualify for a CEQA exemption. The actions proposed in this staff report do not constitute approval of a "project" for CEQA purposes.

Attachments:

1. Executive Order N-06-19
2. Draft 805 R Street Lease Option Agreement
3. Memorandum of Understanding – CADA, CACDC, and Mutual Housing
4. Line of Credit

5. Line of Credit Promissory Note
6. Draft CADA funding Commitment Letter
7. RFP Project Concept Design
8. Project Schedule

EXECUTIVE DEPARTMENT STATE OF CALIFORNIA

EXECUTIVE ORDER N-06-19

WHEREAS California is experiencing an acute affordable housing crisis that stifles economic growth, contributes to the homelessness epidemic, consumes an ever-growing share of the paychecks of working families, and holds millions of households back from realizing the California Dream; and

WHEREAS nearly 50 percent of California's households cannot afford the cost of housing in their local market; and

WHEREAS for decades, California has failed to build enough homes for its growing population at all income levels, ranking 49th in the country in housing production per capita in 2016; and

WHEREAS restrictive zoning and land-use policies at the local level are a major cause of the shortfall between California's housing needs and the available supply of housing; and

WHEREAS when communities do not build their fair share of housing, the surrounding region must absorb new residents who, as a consequence of a lack of access to affordable housing, suffer from higher rents and longer commutes; and

WHEREAS the high cost of land also significantly limits the development of affordable housing in areas with the greatest demand for new housing; and

WHEREAS state agencies own thousands of parcels of land throughout the state, some of which exceed those agencies' foreseeable needs; and

WHEREAS excess state land is often located in or near urban areas where the need for new housing is acute; and

WHEREAS the lack of affordable housing across California is a matter of vital statewide importance; and

WHEREAS expanding housing opportunities and solving the affordable housing crisis will require a new level of innovation and cooperation between the public and private sectors; and

WHEREAS fostering housing innovation will catalyze new construction industries and spur job growth in the state; and

WHEREAS local zoning ordinances do not govern the use of state property, and the State possesses legal authority to enter into low-cost, long-term leasing agreements with housing developers and accelerate housing development on state-owned land as a public use.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. The Department of General Services shall create a digitized inventory of all state-owned parcels that are in excess of state agencies' foreseeable needs by, among other things, conducting a comprehensive survey of all state-owned land. This inventory shall be completed by no later than April 30, 2019. To meet this deadline, all agencies under my direct executive authority shall support this effort by responding to all inquiries made by the Department of General Services.
2. The Department of General Services, the Department of Housing and Community Development, and the Housing Finance Agency shall collaborate to develop two new screening tools for prioritizing affordable housing development on excess state land. The tools shall be designed to identify and evaluate parcels of excess state land:
 - a. Where housing development is most likely to be economically feasible, accounting for, among other factors, a parcel's size, shape, grading, adjacencies, potential for consolidation, lack of site constraints, and proximity to job centers, education, high-frequency public transportation networks, utilities, and other services and amenities; and
 - b. Where underproduction is impacting housing affordability, accounting for, among other factors, availability of affordable housing in the job and commute sheds, the gap between supply and demand, and the rate of increase in rent.

Both tools shall be developed by no later than March 29, 2019.

3. The Department of General Services, in consultation with the Department of Housing and Community Development, shall apply the new screening tools to the State's inventory of excess state real property. The Department of General Services shall generate a comprehensive map of excess state real estate parcels where development of affordable housing (a) is feasible and (b) will help address regional underproduction. The map shall overlay a graphical representation (*i.e.*, a heat map) of where affordable housing development is most feasible and impactful. By April 30, 2019, the Department shall provide an interim progress report.
4. Where appropriate, state agencies shall consider exchanging excess state land with local governments for other parcels for purposes of affordable housing development and preservation. Parcels shall be exchanged with the goal of maximizing regional capacity to build and preserve affordable housing units.
5. The Department of General Services, in consultation with the Department of Housing and Community Development, shall issue Requests for Proposals on individual parcels and accept proposals from developers of affordable housing interested in entering into low-cost, long-term ground leases of parcels on the priority map.

- a. Requests for Proposals shall address, among other considerations: the number of housing units to be built and preserved; maximization of land resources and level of affordability; feasibility of breaking ground within two years of entering the lease and completing units within three years; the individual cost per unit of construction; the use of renewable construction materials, such as cross-laminated timber; and the developer's demonstrated capacity to complete affordable housing projects.
 - b. Selection of projects shall catalyze and incubate innovative models for construction (such as modular or prefabrication), financing, and workforce development.
 - c. Bidding requirements shall include commitments to pay prevailing wages as required under the law.
6. The Department of General Services, in consultation with the Department of Housing and Community Development, shall begin to implement the above selection process no later than September 30, 2019.
 7. The Department of General Services, the Department of Housing and Community Development, and other state agencies and departments shall use all existing legal and financial authority to expedite and prioritize these developments, including by giving them preference in the award of state funding, pursuant to my further direction. Agencies not under my direct executive authority are requested to do the same.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order shall be filed with the Office of the Secretary of State and that widespread publicity and notice shall be given to this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its departments, agencies, or other entities, its officers or employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 15th day of January 2019.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

**GROUND LEASE OPTION AGREEMENT
(805 R Street)**

This Ground Lease Option Agreement ("Agreement") is entered into by and between the STATE OF CALIFORNIA ("STATE"), acting by and through the DEPARTMENT OF GENERAL SERVICES ("DGS"), with the consent of the DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT ("HCD"), and MUTUAL HOUSING CALIFORNIA, a California nonprofit public benefit corporation ("Mutual Housing") and CAPITOL AREA DEVELOPMENT AUTHORITY, a California Joint powers authority ("CADA" and together with Mutual Housing, the "OPTIONEE"). The STATE and OPTIONEE may sometimes hereinafter be referred to as "PARTY" or collectively as the "PARTIES". Capitalized terms used in this Agreement shall have the meanings ascribed to them by the section in which such term is first defined.

RECITALS

A. STATE is the fee owner of that certain real property, together with all improvements located thereon, located at Sacramento ("County"), State of California, with Assessor's Parcel Number(s): 006-0266-016-0000, 006-0266-017-0000, 006-0266-014-0000, and is more particularly described and depicted in Exhibits A and B attached hereto and incorporated herein by this reference (the "Option Property").

B. Pursuant to that certain DGS Request for Proposal No. 4-21 issued in accordance with Executive Order N-06-19 (the "RFP"), OPTIONEE submitted a responsive bid proposal to the RFP ("OPTIONEE'S Bid Proposal") and OPTIONEE was selected to develop, finance, and construct the affordable housing project proposed in OPTIONEE'S Bid Proposal (the "Project") at the Option Property pursuant to a long-term ground lease of the Option Property.

C. Pursuant to the RFP and to facilitate the development of the Project, STATE and OPTIONEE desire to enter into a 99-year ground lease for the development and construction of the Project consistent with OPTIONEE'S Bid Proposal and the requirements and guidelines set forth in the RFP. In accordance with the terms and conditions herein, OPTIONEE will finance, design, develop, construct, operate, and maintain, the housing units comprising the Project on the Option Property.

D. This Agreement is not a lease, and grants OPTIONEE no current real property interest in or right to use or otherwise occupy the Option Property.

E. The Ground Lease or any other real property interest agreement that binds STATE to grant an interest in real property to OPTIONEE shall not be entered into or otherwise executed, if at all, unless and until (i) OPTIONEE properly exercises the option

granted herein, and (ii) all conditions and obligations contained herein have been fully satisfied and/or waived in writing by the PARTY benefitted thereby.

F. In order for OPTIONEE to demonstrate site control over the Option Property for the purpose of submitting its financing applications and to provide the PARTIES an understanding of the development potential of the Option Property before entering into the Ground Lease, if at all, OPTIONEE desires to obtain an option to ground lease the Option Property from STATE and STATE is willing to grant an option to OPTIONEE to ground lease the Option Property pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the above recitals, all of which are incorporated into this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the PARTIES agree as follows:

AGREEMENT

1. **Effective Date.** The "Effective Date" of this Agreement shall be the date it is signed on behalf of the STATE by and through DGS.
2. **Option.** STATE hereby grants OPTIONEE the option to ground lease the Option Property from STATE upon the terms and conditions set forth in this Agreement (the "Option") during the Option Term (as defined in Section 4, below).
3. **Option Consideration.** No later than ten (10) business days after the Effective Date, OPTIONEE shall pay STATE the sum of ONE HUNDRED AND NO/100THS DOLLARS (\$100.00) ("Option Payment"). The Option Payment shall not be refundable for any reason and shall not be credited to any payments under the Ground Lease.
4. **Option Term.** The "Option Term" shall commence upon the Effective Date and shall expire on two years from the Effective Date (the "Expiration Date"); provided however, if, despite its good faith efforts, OPTIONEE has been unable to secure the necessary financing commitments prior to the Expiration Date, OPTIONEE shall have the right, with the state's prior written consent (which shall be granted so long as OPTIONEE is not otherwise in default under this Agreement), to extend the Expiration Date for two (2) additional one-year periods. Notwithstanding, at any time and in OPTIONEE'S sole discretion, OPTIONEE may terminate this Agreement by providing written notice to STATE of OPTIONEE'S election to terminate this Agreement.
5. **Exercise of Option.** Subject to the conditions set forth below in Section 6, the Option can only be exercised by OPTIONEE'S execution and delivery of a written exercise of Option to STATE during the Option Term. The Option may not be exercised

until all the conditions set forth below in Section 6 are satisfied or waived in writing by the Party benefitted thereby.

6. Conditions. OPTIONEE'S exercise of the Option is conditioned upon and subject to the satisfaction of the following conditions:

- a. Approval of Property by OPTIONEE. Within sixty (60) days following the Effective Date, OPTIONEE shall have notified the STATE in writing of its approval of the suitability of the Option Property for OPTIONEE'S intended use and development of the Option Property. This due diligence period can be extended as reasonably necessary and as agreed upon in writing by both PARTIES. In accordance with the terms of that certain Right of Entry (the "ROE") attached hereto as Exhibit C and made a part hereof by and between OPTIONEE and DGS, OPTIONEE has been given permission by the STATE to conduct due diligence inspections, investigations, tests and studies (including, without limitation, investigations with regard to zoning, building codes and other governmental regulations, architectural inspections, engineering tests, economic feasibility studies and soils, seismic and geologic reports, environmental testing and investigations to determine, among other things, if all needed entitlements can be procured in an acceptable form to develop and construct the Project as identified in OPTIONEE'S Bid Proposal at the Option Property) with respect to the Option Property as OPTIONEE may elect to make or maintain.
- b. Environmental Requirements. OPTIONEE shall be responsible for obtaining all necessary entitlements for the Project, including those related to compliance with CEQA. The PARTIES agree and acknowledge that the STATE retains full discretion to approve, disapprove or condition the final Project to be developed and constructed at the Option Property, including, but not limited to, requiring additional mitigation measures or alternatives necessary to avoid or substantially lessen the environmental impacts of the Project. Any approval of the Project is expressly conditioned on OPTIONEE'S compliance with any applicable CEQA requirements.

OPTIONEE shall, prior to commencement of any construction on the Option Property, have received environmental clearance on the Project and entered into the Ground Lease.

- c. Project Financing. OPTIONEE shall submit to the STATE:
 - i. At any time during the Option Term, OPTIONEE shall provide satisfactory evidence of OPTIONEE'S ability to finance the cost of the Project which may be evidenced by commitments from the

OPTIONEE'S tax credit investors and/or the lenders providing development and construction financing for the Project. If OPTIONEE plans to hypothecate the leasehold interest contemplated by the Ground Lease as security for a loan, OPTIONEE shall submit substantially final versions of all documents proposed in the loan transaction along with a request for STATE'S consent to the proposed hypothecation in accordance with the terms of the Ground Lease, which consent shall not be unreasonably withheld, conditioned or delayed.

- ii. At any time during the Option Term, OPTIONEE shall provide evidence that, when the Ground Lease is fully executed, OPTIONEE shall provide assurances of construction completion in accordance with the Ground Lease, or a letter of intent bond that is sufficient to assure STATE that a bond is forthcoming consistent with the Ground Lease.
- iii. At any time during the Option Term, OPTIONEE shall provide evidence of insurance coverage which will be available when the Ground Lease is fully executed, and which fully complies with the requirements of the Ground Lease.
- d. Affirmative Fair Housing Compliance. In all of OPTIONEE'S activities, OPTIONEE shall comply with all applicable state and federal fair housing laws, including the Americans with Disabilities Act, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code section 11135, Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. section 794), and applicable regulations issued under those statutes, including, but not limited to, 24 C.F.R. Part 8, 24 C.F.R. Part 100, 28 C.F.R. Part 35, and Cal Code Regs., title 2, division 4.1, chapter 5, subchapters 6 and 7.

Prior to the expiration of the Option Term, OPTIONEE shall adopt a written non-discrimination policy. OPTIONEE shall provide a copy of this policy to HCD for its review and approval prior to the earlier to occur of (y) thirty (30) days prior to the expiration of the Option Term or (z) execution of the Ground Lease. The policy shall state that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available to the site on the grounds of: (i) race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, disability, age, medical condition, genetic information, citizenship, primary language, immigration

status (except where explicitly prohibited by federal law), veteran or military status, or all other personal characteristics protected from discrimination under federal or state fair housing laws, (ii) being perceived to have any of these characteristics, or (iii) being associated with a person who has, or is perceived to have, any of these characteristics.

OPTIONEE shall develop and implement an affirmative fair housing marketing plan that is satisfactory to HCD. OPTIONEE shall provide a copy of this plan to HCD for its review and approval prior to the earlier of (y) thirty (30) days prior to the expiration of the Option Term or (z) execution of the Ground Lease. Appropriate aspects of the plan shall be incorporated into the ongoing property management plan to ensure positive outreach and informational efforts to those who are least likely to know about and apply for housing.

7. Ground Lease of the Option Property. If all necessary conditions and obligations contained in this Agreement are satisfied and if OPTIONEE elects to exercise the Option and ground lease the Option Property from the STATE, the STATE and OPTIONEE shall execute a ground lease, an initial form of which is attached hereto Exhibit D, the terms of which are to be negotiated by the PARTIES prior to its execution to incorporate terms and provisions (i) required by OPTIONEE'S tax credit investors and/or the lenders for the Project, (ii) which reflect changes to the Project following execution of this Agreement, and (iii) as otherwise mutually agreed upon by the PARTIES. If a Ground Lease cannot be agreed upon by the PARTIES, this Agreement will terminate upon notice to the non-terminating PARTY with no fault attributed to either PARTY. OPTIONEE and the STATE agree to execute and acknowledge the form of the Ground Lease Rider required to be executed by the California Tax Credit Allocation Committee and the California Department of Housing and Community Development in connection with the approved financing of the Project.

8. Assignment. The qualifications and identity of OPTIONEE are of particular concern to the STATE. It is because of those unique qualifications and identity that the STATE has entered into this Agreement with OPTIONEE. Accordingly, OPTIONEE'S rights and obligations under this Agreement are not assignable or transferable, and any purported voluntary or involuntary assignment or transfer of OPTIONEE'S rights or obligations hereunder shall be null and void. Notwithstanding the foregoing, OPTIONEE may assign this Agreement without the prior written consent of the STATE, to an entity which is controlled by, or is under common control with OPTIONEE. If the STATE consents to the aforesaid assignment and assumption, OPTIONEE is neither released nor discharged from all of its obligations, if any, under the Option Agreement arising from and after the Effective Date.

9. Additional Agreements. The PARTIES acknowledge and agree that if OPTIONEE exercises the Option, additional agreements will be needed in furtherance of the Ground Lease. The PARTIES agree to promptly obtain all necessary approvals and execute and deliver such papers, documents and instruments and perform all acts reasonably necessary or proper to effectuate the Ground Lease.

10. Remedies. If any of the PARTIES fails to perform in a timely manner any obligation under this Agreement, the non-defaulting Party shall give written notice of default to the defaulting Party, specifying the nature of the default and the required action to cure the default. If a default remains uncured for thirty (30) days after receipt by the defaulting Party of such notice, the non-defaulting PARTY shall be entitled to the remedies for breach of contract that are available under applicable law.

11. Notices. All notices under this Agreement shall be in writing and sent by (a) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid with the United States Postal Service, (b) by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or (c) telecopy, email or similar means, if a copy of the notice is also sent by United States Postal Service, as follows:

If to OPTIONEE:

Mutual Housing California
3321 Power Inn Road, Suite 320
Sacramento, CA 95826
Attn: Director of Acquisitions, Keith Bloom
Keith@Mutualhousing.com

Capitol Area Development Authority
1522 14th Street
Sacramento, CA, 95814
Attn: Wendy S. Saunders
Fax: (916) 441-1804
Email: wsaunders@cadanet.org

With Copy to: Kronick, Moskoviz, Tiedemann & Girard
400 Capitol Mall, 27th Floor
Sacramento, CA 95814-417
Attn: Jeffrey A. Mitchell
Fax: (916) 321-4555
Email: jmitchell@kmtg.com

If to STATE:

Department of General Services
Real Estate Services Division
707 Third Street, 5th floor (MS 505)

West Sacramento, CA 95605

Attention: Terry Todd
terry.todd@dgs.ca.gov

12. Time is of the Essence. Time is of the essence for this Agreement.
13. Exhibits Incorporated by Reference. The following Exhibits are attached to this Agreement and incorporated by this reference:

Exhibit A: Legal Description of Option Property
Exhibit B: Map Depiction of Option Property
Exhibit C: Right of Entry
Exhibit D: Form of Ground Lease
14. Applicable Law. The PARTIES acknowledge that this Agreement has been negotiated and entered into in the State of California. The PARTIES expressly agree that this Agreement shall in all respects be governed by the laws of the State of California.
15. Severability. Nothing contained herein shall be construed as requiring the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present statute, law, ordinance or regulation as to which the PARTIES have no legal right to contract, the latter shall prevail, but the affected provisions of this Agreement shall be limited only to the extent necessary to bring them within the requirements of such law.
16. Legislative Approval. Any obligation of the STATE created by or arising from this Agreement shall not impose a debt upon the STATE but shall be payable solely out of funds duly authorized and appropriated by the California State Legislature.
17. Successor/Assigns. The Option shall be binding on OPTIONEE'S and STATE's successors and assigns and heirs with respect to the Option Property and shall run as a covenant against the Option Property until the termination or expiration thereof.
18. Separate Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by electronic mail in "portable document format" ("pdf") form or by any other electronic means shall constitute effective execution and delivery of this Agreement and shall have the same effect as copies executed and delivered with original signatures.
19. Entire Agreement. This Agreement represents the full, complete, and entire agreement between the PARTIES with respect to the subject matter hereof. The Agreement will take full force and effect upon the Effective Date.

[SIGNATURE PAGE FOLLOWS]

**Memorandum of Understanding
Between
The Capitol Area Development Authority, the Capitol Area Community Development
Corporation, and Mutual Housing California
(805 R Street)**

This Memorandum of Understanding (the "MOU") is entered into on August __, 2022 ("Effective Date"), by and between the **Capitol Area Development Authority**, a joint powers agency ("CADA"), the **Capitol Area Community Development Corporation**, a non-profit public benefit corporation ("CACDC"), and **Mutual Housing California**, a California non-profit public benefit corporation ("Mutual"). CADA, the CACDC, and Mutual are sometimes referred to individually as a "Party," and collectively, as the "Parties."

RECITALS

- A. In May 10, 2021, the State of California through the Department of General Services (DGS) and the Department of Housing and Community Development (HCD) released a Request for Qualifications (RFQ) to solicit developers interested in building affordable housing on state owned property located at 805 R Street in Sacramento, California (Assessor's Parcel Number(s): 006-0266-016-0000, 006-0266-017-0000, and 006-0266-014-0000)(**Exhibit A**) (the "Property"). The Property was made available pursuant to Governor Newsom's Executive Order N-06-19.
- B. On December 7, 2021 Mutual was one of several developers invited to submit a Proposal for the affordable housing development project. Mutual invited CADA and the CACDC to join its team in submission of the proposal.
- C. On February 18, 2022, the Parties submitted their proposal for development of 805 R Street.
- D. On May 12, 2022, the Parties were notified by DGS that they had been selected to develop 805 R Street ("Project").
- E. The Parties now desire to execute this MOU in order to describe their expectations and respective roles and responsibilities regarding development of the Project on the Property.
- F. The Parties anticipate that this MOU will be superseded by a detailed limited partnership agreement among the parties and the financial investor(s) that will describe the obligations of the Parties and the investors(s) in more detail.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. Good Faith Negotiations.

This MOU is entered into to memorialize the preliminary and non-binding terms, as negotiated and agreed upon by the Parties, of the transactions and further agreements described herein. As discussed in the recitals and throughout the MOU, the provisions and terms in this MOU are preliminary and shall not be construed to limit the consideration of alternative provisions. This MOU is intended to provide a general framework for subsequent good-faith negotiation of definitive agreements regarding the Project, and, except as otherwise expressly provided herein,

is not intended to create any binding contractual obligations on either Party or to commit either Party to a particular course of action. A transaction of this type involves many essential terms and conditions that have not yet been agreed upon, and it is expressly contemplated by the Parties that in order to effectuate the Project, a binding agreement would have to be negotiated and agreed to by the Parties, each in such Party's sole and absolute discretion. Pursuant to Section 3 below, the Parties shall negotiate in good faith and in a timely manner such superseding and additional agreements as are necessary to carry out the provisions of this MOU.

2. Term of MOU

The term of this MOU is 2 years from the Effective Date, and may be extended thereafter by mutual agreement of the parties (the "Term"). If upon expiration of the Term, or any extension thereof, the Parties have not entered into a written agreement defining the terms of their relationship as described in Section 3 below, this MOU shall automatically terminate.

3. Good Faith Negotiations.

During the Term, the Parties agree to negotiate in good faith the terms of a mutually beneficial arrangement that provides for development, construction, operation, management, and ownership of the Project, including but not limited to, an arrangement for sharing the developer fee and project operating revenues; provided however, that approval of any such arrangement shall be in the sole and absolute discretion of each Party. Such terms of arrangement shall include, among other things, the roles and responsibilities of the Parties set forth in Exhibit B:

4. Development and Design Goals, and Objectives.

The Parties agree that the anticipated Project development must be financially beneficial to both Parties and must be consistent with the objectives of each organization. The Project shall be consistent with State's RFQ/P requirements and the proposal submitted to the State (Exhibit C) and should be compatible with surrounding developments in the neighborhood. The parties will market the project as an artist and workforce housing development. The architectural design shall be superior and worthy of a highly desirable location, and should otherwise be complementary with surrounding development, and shall be approved by both Parties. Ideally, the design should have maximum community support. Construction of the Project shall be of high quality with an improved streetscape, including installation of attractive signage, landscaping, street furniture, planting strips and bike parking.

5. Financing the Project.

5.1 Predevelopment Expenses. The Parties agree that all Property pre-development deposits and costs will be shared as follows during the Term: 50% by Mutual and 50% by CADA (or CACDC). In addition, the Parties agree that any pre-development deposits or costs made prior to the Effective Date will be similarly shared. Therefore, within ten (10) business days after of the Effective Date, the Parties agree to reconcile the funds previously expended on such deposits and pre-development costs, and agree to pay any costs due within ten (10) days thereafter. Mutual and CADA (or CACDC) each agree to pay their 50% shares of future costs and expenses which shall be reconciled on a quarterly basis.

5.2 Project Funding. The Parties anticipate that various sources of public assistance and conventional construction and permanent financing will be necessary to fund

development and construction of the Project. The Parties will work together to identify those potential sources of funding for the Project. Possible sources include a California Tax Credit Allocation Committee award of 4% Low Income Housing Tax Credits, tax-exempt bonds, Sacramento Housing Redevelopment Agency ("SHRA") funds, CalHFA Mixed Income Program and other sources as may be available from time-to-time to fund the construction of the Project. The Parties agree to work in good faith to identify and agree upon the financing mechanisms for the Project.

5.3 Guarantees. The Parties agree to provide joint and several financial guarantees to the extent required by the project's lenders and investor. The Parties also agree to enter into a contribution agreement that provides that the Parties contribute equally to any call on a guarantee. In the event a guarantee must be funded and one Party funds a greater amount than the other Party, the Party that initially underfunded must reimburse the other Party.

6. Fees and Compensation.

6.1 Developer Fee. The Parties agree to equally share the Project's developer fee. Developer fee paid shall only be paid to the extent funding is available and payment is permitted by the applicable funding sources and feasible under the Project's development budget. The budgeted amount and timing of these fees will be determined at the time the Amended Partnership Agreement is entered into with the investor, and pursuant to a separate Development Agreement with the partnership. Should there be insufficient funds to pay the full developer fee in accordance with the Development Agreement, any deferred developer fee shall be paid out of available cash flow during the first 15 years of operations as a priority distribution.

6.2 Partnership Management Fee. To the extent of available cash flow and to the extent allowed by funding sources, the Partnership shall pay an annual partnership administration fee and management fee to the General Partners in an amount agreed upon by the Parties. The extent to which Mutual and CADA (or CACDC) shall collect these fees will be mutually agreed upon and determined based on each Party's roles and responsibilities in the limited partnership.

7. MOU Does Not Constitute Approval of Agreements; Binding Provisions.

Except as otherwise expressly provided herein, the Parties do not intend this MOU to be construed to create any other contractual relationship, whether expressed or implied, including a joint venture, partnership, principal-agent, independent contractor, or master-servant. The Parties acknowledge that they have not finalized the essential terms of the subject matter of an agreed transaction, including, but not limited to, items such as development schedules, etc., and that such essential terms would be the subject matter of further negotiations. Notwithstanding the approval of this MOU, the Parties intend that any final agreement, if an agreement is reached, shall require final approval by CADA, the CACDC, and Mutual (each such approval being in the sole and absolute discretion of such party). Any agreement so approved shall be in writing and shall be executed by authorized representatives of each of the Parties.

Notwithstanding the foregoing paragraph, the Parties acknowledge and agree that the provisions of Section 2, Section 3 and 5.a. above shall be legally binding obligations of the Parties.

7.1 Buyout Option. If at the end of the Term, either Mutual or CADA/CACDC decides that it does not want to proceed with development of the Project, and the other party still desires to complete the Project, that party shall have the right to offer to buy out the other party by

reimbursing all deposits and costs incurred by the other party, and all third-party Project costs expended by the other party, including but not limited to, costs for procuring architectural drawings, applications, studies, reports and other matters generated for the Project, but excluding the other party's overhead costs incurred.

7.2 Authority. Each of the signatories to this MOU represents that he/she is authorized to sign the MOU on behalf of such Party and that all approvals, resolutions and consents which must be obtained to bind such Party have been obtained, that no further approvals, acts or consents are required to bind such Party to this MOU

IN WITNESS WHEREOF, this MOU has been duly executed as of the day and year first above written.

MUTUAL:

Mutual Housing California

a California nonprofit public benefit corporation

By: _____
Roberto Jimenez, Chief Executive Officer

CACDC:

Capitol Area Community Development Corporation,

a non-profit public benefit corporation

By: _____
Wendy Saunders, President

APPROVED AS TO FORM:

By: _____
Jeffery A. Mitchell, CACDC legal counsel

CADA:

Capitol Area Development Authority,

a joint powers agency

By: _____

Wendy Saunders, Executive Director

APPROVED AS TO FORM:

By: Jeffery A. Mitchell, CADA legal counsel

Exhibit A

(DGS Letter)

May 12, 2022

Keith Bloom
Director of Acquisitions
Mutual Housing California

Wendy Saunders
Executive Director
Capitol Area Development Authority

Via email to: Keith@mutualhousing.com; WSaunders@cadanet.org

Dear Keith Bloom and Wendy Saunders,

Pursuant to Executive Order N-06-19, Mutual Housing California and Capitol Area Development Authority are hereby notified of their selection to develop excess state-owned real property identified as "R Street Garage" located at 805 R Street Sacramento California.

This selection is based upon the Proposal you provided in response to the Request for Qualifications No. 1-21, dated May 10, 2021.

You will be receiving within 30 days of the date of this letter, an executable version of the Lease Option Agreement ("LOA") as was included in Exhibit 6 of the Request for Proposals. You will have 30 days from receipt of the executable version of the LOA to electronically sign and return the document.

For additional information please contact me at (916) 376-1826 or terry.todd@DGS.ca.gov.

Sincerely,

Terry Todd

Terry Todd
Senior Real Estate Officer
Asset Management Branch

cc: Robert McKinnon, Assistant Branch Chief, Asset Management Branch,
Department of General Services

8TH & R DIVISION OF RESPONSIBILITIES

- "Lead" is Party that will take lead responsibility in completing task
- "Secondary" is Party that will be consulted on ongoing basis by Lead re: task status
- "*"denotes Joint Approval required
- Communication on all tasks between Parties , regardless of Lead Party and whether Joint Approval is required, is required via Weekly Team Meetings, Meeting Minutes, etc.

		Lead	Secondary
	PREDEVELOPMENT:		
1	Architect Selection*	MHC	CADA
2	GC Selection*	MHC	CADA
3	Property Manager Selection*	MHC	CADA
4	Asset Manager Selection*	MHC	CADA
5	Legal Counsel, Financial Consultant, Auditor Selection*	MHC	CADA
6	Resident Services, Supportive Services Selection*	MHC	CADA
7	Other Third-Party Consultant Selection*	MHC	CADA
8	Community Engagement	CADA	MHC
9	Public Relations/Communications*	CADA	MHC
10	Process "Entitlements" through DGS	CADA	MHC
11	Manage Project Accounting	MHC	CADA
	DESIGN:		
12	Project Program (unit count/mix/affordability, resident amenities, commercial space) & Design*	MHC/CADA	
13	Manage/Point of Contact w/ Design Team & Consultants	MHC	CADA
14	Work w/ Design Team & GC to Value Engineer*	MHC	CADA
15	Obtain Preliminary Cost Estimate from GC	MHC	CADA
	FINANCING:		
16	Perform Financial Feasibility Analysis	MHC	CADA
17	Finalize Project Proforma for Financing Applications*	MHC/CADA	
18	Prepare & Submit CalHFA MIP, bond, & tax credit applications	MHC	CADA
19	Solicit Investor & Lender Proposals	MHC	CADA
20	Select Investor & Lender, Execute into LOI's*	MHC/CADA	
21	Manage Construction Loan Closing Process	MHC	CADA
	CONSTRUCTION:		
22	Manage Plan Check/Permitting Process w/ City & DGS	MHC	CADA
23	Manage Design Team & GC during Plan Check Process	MHC	CADA
24	Manage VE, GC Bidding Processes*	MHC	CADA
25	Negotiate & Execute Construction Contract w/ GC*	MHC/CADA	
26	Manage/Point of Contact w/ GC (OAC meetings, RFIs, Change Orders)	MHC	CADA
27	Process Monthly Draw Requests w/ Bank*	MHC	CADA
28	Manage Construction Close Out (Punch, Record NOC, O&M Manual)	MHC	CADA
	LEASE UP, POST CONSTRUCTION:		
29	Manage Property Management's Lease Up & Ongoing Operations	MHC	CADA
30	Manage Supportive Service Provider during Lease Up & Ongoing Operations	MHC	CADA
31	Complete Cost Audit w/ Auditor	MHC	CADA
32	Manage Perm Loan Conversion Closing w/ Lender, Investor	MHC	CADA
33	Manage Commercial Lease Up & Ongoing Operations	CADA	MHC
34	Provide Reports, Audited Financials, etc. to Lender & Investor	MHC	CADA

Exhibit C
(RFP Project Proposal)

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Loan Agreement") is entered into and effective as of August 19, 2022 (the "Effective Date"), by and between the **Capitol Area Community Development Corporation**, a California non-profit public benefit corporation ("Borrower"), and the **Capitol Area Development Authority**, a California joint powers agency ("Lender"), each individually, as a "Party" or, collectively, as the "Parties."

Recitals

A. Lender and Mutual Housing California ("Mutual Housing"), have entered into a Ground Lease Option Agreement (the "Option") with the State of California, to lease certain State-owned property consisting of 805 R Street, 1723 8th Street, and 1700 9th Street, Sacramento, California Assessor's Parcel Number(s): 006-0266-016-0000, 006-0266-017-0000, 006-0266-014-0000) (collectively, the "Property").

B. On August 19, 2022, Borrower and Lender executed a Memorandum of Understanding ("MOU") with Mutual Housing in which the parties memorialize their expected roles and responsibilities to jointly develop and own a mixed use, affordable housing project to be developed on the Property (the "Project").

C. Borrower will be undertaking certain predevelopment activities in accordance with the terms of the MOU in order to design, finance, and permit the Project.

D. Borrower is in need of funds for its predevelopment activities and Lender has determined that Borrower's mission and objectives will be best met if funds are made available to Borrower for its activities. Therefore, Lender is willing and able to provide a revolving line of credit (the "Loan") to Borrower under the terms contained herein and in that Unsecured Revolving Promissory Note executed by Borrower the same date herewith (the "Note").

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the Parties hereto hereby formally covenant, agree and bind themselves as follows:

Agreement

1. Line of Credit. Subject to the terms and conditions of this Loan Agreement, Lender hereby agrees to make a Loan to Borrower in the form of advances under a non-revolving line of credit to Borrower in an aggregate principal amount not to exceed Eight Hundred Thousand Dollars (\$900,000.00) (the "Maximum Amount"), or so much thereof as may be advanced under Loan. The aggregate unpaid balance amount of all advances made hereunder shall not exceed the Maximum Amount. Within the foregoing limits, Borrower may borrow and partially or wholly prepay, under this Loan Agreement as set forth herein.

1.1 Promissory Note. The Loan is evidenced by the Note which has maturity date of August 19, 2024, and carries a zero percent (0%) rate of annual interest.

1.2 Conditions Precedent to Each Advance. Lender's consideration of Borrower's request to make any advance to or for the account of Borrower under this Loan Agreement is subject to the following conditions precedent:

(a) Lender shall have received evidence that this Loan Agreement and any related documents have been duly authorized, executed, and delivered by Borrower to Lender;

(b) Each advance shall be evidenced by a written request from an authorized representative of Borrower ("Authorized Representative"). The following individuals are each hereby authorized to act on behalf of Borrower, as an Authorized Representative, acting alone, until written notice of the revocation of such authority is received by Lender from Borrower:

Wendy S. Saunders, President.

(c) There are sufficient funds available under the line of credit to fulfill the requested advance; and

(d) There shall not exist at the time of any advance a condition which would constitute an Event of Default under this Loan Agreement that has not been cured in accordance with the terms herein.

1.3 Making Loan Advances. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower when advanced in accordance with the instructions of an Authorized Representative.

2. Purpose and Use of Loan Proceeds. The purpose of the Loan is to finance Borrower's portion of the purchase price for the Property and to finance the third-party costs and other expenses incurred by Borrower during the predevelopment phase of the Project as described in the MOU. The Loan funds shall not be used for any other purposes.

3. Affirmative Covenants of Borrower. Borrower shall at all times:

3.1 Accounting Records. Keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business and operations of Borrower. Such books of record and account shall be available for inspection by Lender upon reasonable advance notice, at reasonable hours and under reasonable circumstances;

3.2 Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower;

3.3 Additional Information. Furnish such additional information and statements, as Lender may request from time to time;

3.4 Other Agreements. Comply with all terms and conditions of all other agreements associated with the Loan, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements; and

3.5 Loan Proceeds. Use all proceeds of advances solely for the purposes described herein.

4. Representations and Warranties. Borrower represents and warrants to Lender that, as of the date of execution of this Loan Agreement (such representations and warranties to remain operative and in full force and effect before and after the issuance of the Loan):

4.1 Good Standing. Borrower is a non-profit public benefit corporation duly organized and in good standing under the laws of the State of California, has the requisite legal right, power and authority to enter into this Loan Agreement, and to carry out and consummate all transactions contemplated by this Loan Agreement, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement;

4.2 Duly Authorized. The making and performance by Borrower of this Loan Agreement, and the execution and delivery of the Note, have been duly authorized by all necessary parties and shall not violate any law, rule, regulation, order, writ, judgment, decree or determination, presently in effect; or result in a breach of or constitute a default under any bank loan or any other agreement or instrument to which the Borrower is a party or by which it or its property may be bound or affected;

4.3 Valid, Binding Enforcement Obligations. This Loan Agreement, and each of the agreements, documents, or instruments required to be executed by Borrower in connection with this Loan Agreement, are valid, binding, and enforceable obligations of Borrower in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy; and

4.4 No Legal Actions. There are no legal actions, suits, or proceedings pending, or to the knowledge of the Borrower, threatened against the Borrower before any court or administrative agency, which if determined adversely to the Borrower, would have a material adverse affect on the financial condition or business of the Borrower.

5. Events of Default. The following events shall be "Events of Default:"

5.1 Failure to Make Payment. A failure by the Borrower to make any payment due under the Note within ten (10) days after written notice from Lender;

5.2 Default in Obligations. Failure by Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein for a period of thirty (30) days after written notice from Lender specifying such failure and requesting that it be remedied; provided, however, that if the failure is such that it can be corrected, but not within such 30-day period, and corrective action is instituted by Borrower within such period and diligently pursued until such failure is corrected, then such period shall be increased to such extent as shall be determined by Lender to be necessary to enable Borrower to observe or perform such correction through the exercise of due diligence;

5.3 Incorrect Representation or Warranty. If any representation or warranty contained in or made in connection with the execution and delivery of this Loan Agreement, or in any certificate furnished pursuant hereto, shall prove to be incorrect or to have been incorrect when made in any material respect; and

5.4 Insolvency; Bankruptcy. Borrower (a) admits in writing its inability to pay its debts generally; (b) makes a general assignment for the benefit of creditors; (c) institutes any proceeding or voluntary case (i) seeking to adjudicate it a bankrupt or insolvent, (ii) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or (iii) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; (d) takes any action to authorize any of the actions described above in this subsection; or (e) shall have instituted against it any proceeding (i) seeking to adjudicate it a bankrupt or insolvent, (ii) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or (iii) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is being contested by Borrower in good faith, such proceeding shall remain undismissed or unstayed for a period of sixty (60) days.

6. Remedies on Default. Upon an Event of Default by Borrower, Lender shall have all the rights and remedies available to it under state law in enforcing this Loan Agreement including, but not limited to, the following:

6.1 Accelerate Loan. Lender may, upon notice in writing to Borrower, declare the then outstanding principal balance of the Loan payable for the remainder of the term of the Loan to be immediately due and payable, whereupon the same shall be immediately due and payable, without notice of default, demand for payment or presentment, protest or notice of nonpayment or dishonor, or any other notices or demands of any kind or nature, anything in this Loan Agreement to the contrary notwithstanding;

6.2 Other Remedies. Lender may pursue any and all other remedies available and take whatever action, at law or in equity, as may appear necessary or desirable to collect the payments due under this Loan Agreement, any other payments then due and thereafter to become due under this Loan Agreement or to enforce the performance and observance of any obligation, covenant, agreement or provision contained in this Loan Agreement to be observed or performed by Borrower; and

6.3 Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy, to the extent permitted by law, shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or otherwise.

7. Waiver of Notice. No failure or delay on the part of the Lender in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy hereunder. No modification or waiver or any provision of this Loan Agreement or of the Note, nor any consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

8. Notices. Notices provided for herein may be given by delivery personally or by sending them by registered or by certified mail, with postage charged prepaid, to the parties' mailing addresses, or to any other mailing address of which written notice is given, and notices shall be deemed given upon actual receipt thereof:

If to Borrower: Capitol Area Community Development Corporation
1522 14th Street
Sacramento, CA 95814

If to Lender: Capitol Area Development Authority
1522 14th Street
Sacramento, CA 95814

Borrower shall promptly notify Lender of any change of address.

9. Independent Contractor. Borrower is and shall at all times be an independent contractor with respect to Lender in the performance of its obligations under this Loan Agreement.

10. No Agency Relationship. Borrower hereby acknowledges that it is not an agent of Lender.

11. Amendment. This Loan Agreement may be modified or amended only by mutual written agreement of the Parties. Any such modification or amendment must be in writing, dated and signed by the Parties, and explicitly indicate that such writing modifies or amends this Loan Agreement.

12. Term. The term of this Loan Agreement shall commence on the Effective Date and shall continue until all sums owing on the Loan are paid in full in accordance with the provisions of the Note and this Loan Agreement.

13. Assignment, Successors and Assigns. Borrower may not assign any of its rights, interests, duties, or obligations under this Loan Agreement without Lender's prior written consent, which consent may be given or withheld in Lender's sole discretion. Any attempted or purported assignment by Borrower in violation of this Section shall be void. Lender may, in Lender's sole discretion, assign any or all of Lender's rights, interests, duties, or obligations hereunder to any person or entity without the prior written consent of Borrower. Subject to the foregoing, this Loan Agreement shall be binding on and shall inure to the benefit of the Parties and their respective heirs, successors, assigns and representatives.

14. Attorneys' Fees. If any Party or Parties bring an action or proceeding arising out of or relating to this Loan Agreement, the non-prevailing Party or Parties shall pay to the prevailing Party or Parties reasonable attorneys' fees and costs incurred in such action, including fees incurred in post judgment motions, contempt proceedings, garnishment, levy, debtor and third party examinations, discovery, bankruptcy litigation, arbitration, at trial, on appeal and on any review therefrom, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered shall contain a provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. The prevailing Party shall be the Party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or the arbitrator), whether or not the action or proceeding proceeds to final judgment or award.

15. Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. Governing Law; Venue. This Loan Agreement shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. This Loan Agreement is entered into and is to be performed in Sacramento County, California, and accordingly all actions or proceedings arising in connection with this Note shall be tried and litigated in the Superior Court of California with venue in the County of Sacramento.

17. Entire Agreement. This Loan Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions among the Parties with respect to such subject matter.

18. Severability. If any provision of this Loan Agreement, in whole or in part, or the application of any provision, in whole or in part, is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction and such provision can be severed without substantially changing the bargain reached by the Parties, such provision or part of such provision shall be severed from this Loan Agreement, and such severance shall have no effect upon the enforceability, performance or obligations of the remainder of this Loan Agreement, including the remainder of such provision not determined to be illegal, invalid or unenforceable.

IN WITNESS WHEREOF, Borrower and Lender have executed this Loan Agreement on the date first written above.

Borrower:

Capitol Area Community Development Corporation,
a California non-profit public benefit corporation

By: _____
Wendy Saunders, President

APPROVED AS TO FORM:

By: _____
Jeffery A. Mitchell, CACDC legal counsel

Lender:

Capitol Area Development Authority,
a California joint powers agency

By: _____
Wendy Saunders, Executive Director

APPROVED AS TO FORM:

By: _____
Jeffery A. Mitchell, CADA legal counsel

PROMISSORY NOTE

\$900,000.00

August 19, 2022
Sacramento, California

1. Obligation. FOR VALUE RECEIVED, the **Capitol Area Community Development Corporation**, a California non-profit public benefit corporation ("Borrower"), hereby unconditionally promises to pay to the **Capitol Area Development Authority**, a California joint powers agency ("Lender"), at **1522 14th Street, Sacramento, CA 95814**, or at such other place as Lender may from time to time designate in writing to Borrower, the principal sum that is borrowed by Borrower not to exceed Eight Hundred Thousand (\$900,000.00), or the aggregate unpaid principal amount of each advance made by Lender to Borrower pursuant to Section 2 hereunder and remaining outstanding on the Maturity Date (hereinafter defined), whichever is less, together with interest on any principal amounts remaining unpaid from time-to-time until payment in full, to be calculated as set forth below (the "Loan").
2. Advances on Line of Credit. This Note evidences a line of credit on a non-revolving basis pursuant to a Loan Agreement executed by Borrower and Lender concurrently herewith (the "Loan Agreement"). The line of credit will be available and advances may be requested from time to time during the period commencing on the effective date of this Note through August 19, 2024 (the "Maturity Date"). Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances.
3. Interest Rate. The interest rate per annum to be applied to the unpaid principal balance of this Note will be a fixed rate of zero percent(0.00%). Under no circumstances shall the interest rate on this Note be more than the maximum rate allowed by applicable law.
4. Payment of Principal. Principal shall be paid to Lender based upon available funds, but in no event shall any unpaid principal, accrued interest and other amounts outstanding on this Note be paid later than the Maturity Date. Each payment made hereunder, including prepayments allowed under Section 6, shall be credited first on interest then due and the remainder on principal.
5. Collateral. This Note is unsecured
6. Prepayment. Borrower shall have the right to prepay all or any part of the principal sum hereof or interest due hereunder at any time, without penalty or premium.
7. Notices. Notices provided for herein may be given by delivery personally or by sending them by registered or by certified mail, with postage charged prepaid, to the parties' mailing addresses, or to any other mailing address of which written notice is given, and notices shall be deemed given upon actual receipt thereof:

If to Borrower: Capitol Area Community Development Corporation
1522 14th Street
Sacramento, CA 95814

If to Lender: Capitol Area Development Authority
1522 14th Street
Sacramento, CA 95814

Borrower shall promptly notify Lender of any change of address.

8. Assignment. Borrower may not assign any of its rights, interests, duties, or obligations under this Note without Lender's prior written consent, which consent may be given or withheld in Lender's sole discretion. Any attempted or purported assignment by Borrower in violation of this Section shall be void. Lender may, in Lender's sole discretion, assign any or all of Lender's rights, interests, duties, or obligations hereunder to any person or entity without the prior written consent of Borrower.

9. Default; Acceleration. In the event of (i) any default by Borrower in the payment of this Note when due hereunder or in the performance of Borrower's obligations under this Note or any instrument securing repayment of this Note, (ii) the breach of any representation or warranty contained in this Note or any instrument securing repayment of this Note, (iii) the filing of any petition by or against Borrower in any court, whether or not pursuant to any statute of the United States or of any state, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Borrower shall thereafter be adjudicated bankrupt, or such petition be approved by the court, or the court assumes jurisdiction of the subject matter, and such proceedings not be dismissed within 90 days after the institution of the same, (iv) the appointment of a receiver or trustee in any proceeding for all or any portion of property owned by Borrower and such receivership or trusteeship not be vacated within 90 days after the appointment of the same, (v) an assignment by Borrower for the benefit of its creditors, (vi) the foreclosure upon all or any portion of property owned by Borrower or the condemnation, seizure, attachment or appropriation thereof, or (vii) the sale, conveyance, assignment or transfer of greater than 50% of Borrower's stock, then in such event the entire indebtedness hereunder shall be immediately due and payable at the option of Lender.

10. Waiver. No waiver of any default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence. Presentment, notice of dishonor or demand, protest and diligence in collection and bringing suit, including the pleading of any statute of limitations as a defense to any demand against Borrower, are hereby waived by Borrower, who consents that the time for payment of this Note may be extended from time to time without notice by Lender.

11. Default Interest Rate. From and after the Maturity Date of this Note, all sums due and owing hereunder shall earn interest at the maximum rate permitted to be charged under any applicable laws, rules and regulations limiting interest rates.

12. Attorneys' Fees and Costs. Borrower shall pay such fees, costs and expenses as may be incurred by Lender in connection with the exercise, preservation or enforcement of its rights, powers and remedies under the terms of this Note, including, without limitation, actual collection agency fees, costs and expenses, reasonable attorneys' fees and actual costs of suit and appeal incurred in any judicial action or proceeding and reasonable attorneys' fees and actual costs incurred in any collection attempts or non-judicial action or proceeding.

13. Binding on Heirs, Successors and Assigns. Subject to the restrictions on assignment and transfer contained in Sections 8 and 9, this Note shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of Lender and Borrower.

14. Governing Law; Venue. This Note shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. This Note is entered into and

is to be performed in Sacramento County, California, and accordingly all actions or proceedings arising in connection with this Note shall be tried and litigated in the Superior Court of California with venue in the County of Sacramento.

15. Amendments. Neither this Note nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

16. Severability. If any provision of this Note, in whole or in part, or the application of any provision, in whole or in part, is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction and such provision can be severed without substantially changing the bargain reached by the parties, such provision or part of such provision shall be severed from this Note, and such severance shall have no effect upon the enforceability, performance or obligations of the remainder of this Note, including the remainder of such provision not determined to be illegal, invalid or unenforceable.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first above written.

Borrower:

Capitol Area Community Development Corporation,
a California non-profit public benefit corporation

By: _____
Wendy Saunders, President

APPROVED AS TO FORM:

By: _____
Jeffery A. Mitchell, CACDC legal counsel



August 19, 2022

Mutual Housing California
C/O Roberto Jimenez
3321 Power Inn Road, Suite 320
Sacramento, CA 95826

RE: Permanent financing support for 805 R Street

Dear Roberto Jimenez,

Subject to receipt of all required and requested submittal materials, listed below is a summary of proposed terms for a permanent financing source for the 805 R Street project that the Capitol Area Development Authority Board of Directors preliminarily approved on August 19, 2022. The terms include a loan not to exceed \$8,000,000.00 to the Borrower entity for construction of the project and an agreement that the project will provide at least 100% of the units to households making between 80% or less of the Area Median Income (AMI) and 30 % or less of the AMI.

Proposed Loan and Terms

1. **Project Description:** The proposed project currently consist of a 6 story mixed-use, affordable housing building with 242 apartments. The project will have a mix of live/work, studio, one and two bedroom units. Proposed project amenities include an exercise studio, event courtyard, public plaza and patio decks for the street level live/work unit, rooftop solar panels, secure bike storage spaces, visitor bike spaces, and vehicle parking spaces.
2. **Assessor's parcel number for property:** APNs 006-0266-016-0000, 006-0266-017-0000, 006-0266-014-0000
3. **Borrower:** A yet to be formed special purpose entity Limited Partnership to be created between Mutual Housing California and Capitol Area Community Development Corporation ("LP").
4. **Documentation:** Upon the request of CADA Borrower and the LP partners shall provide CADA with any documents related to the Project including, but not limited to businesses and financial information and other 3rd party reports.
5. **Approvals and Permits:** A condition precedent to approval of the Loan and execution of the Loan documents is the project's approval by
6. **Disbursement:** Funding shall be dispersed upon the appropriate building permit approval, the closing of all other funding sources, and upon satisfaction of all conditions set forth in the loan documents.
7. **Project Bid:** Prior to disbursement of the loan, CADA shall be given a copy of the chosen contractors' project bids

8. **Use of Funds:** The loan shall be used for the construction 805 R Street, an affordable housing project consisting of at least 190 new affordable apartment units and approximately 3000 square feet of ground floor commercial uses. The project will include income restrictions to 100% of the units with income levels between 80% or less of the AML and 30 % or less of the AML.

LOAN TERMS

9. **Maximum Loan Amount:** \$8,000,000.00
10. **Loan Interest:** 4.85% Fixed annually
11. **Term:** 40 years.
12. **Fees:** No fees
13. **Payment:** Annual Payments of principal and interest commencing in the 15 year after the Project received its Certificate of Occupancy in amount of at least seventeen percent (15%) of Residual Cash Flow for the preceding calendar year.
14. **Prepayment Penalty:** None

Non-Binding Effect: This document is intended to be a non-binding statement of the potential terms of a proposed transaction, summarizing them for a proposed Loan between CADA and the Property Owner below. This document is not intended to include all potential loan terms. The loan is subject to the negotiation, approval, execution and delivery of various loan agreements consistent with the basic terms and conditions set forth herein and other additional loan terms agreed to by the parties. This document does not create a binding agreement of any kind.

Both parties understand that this agreement is a work in progress and both will be reasonable in making modifications in terms that subsequently are required to carry out the intent of this term sheet.

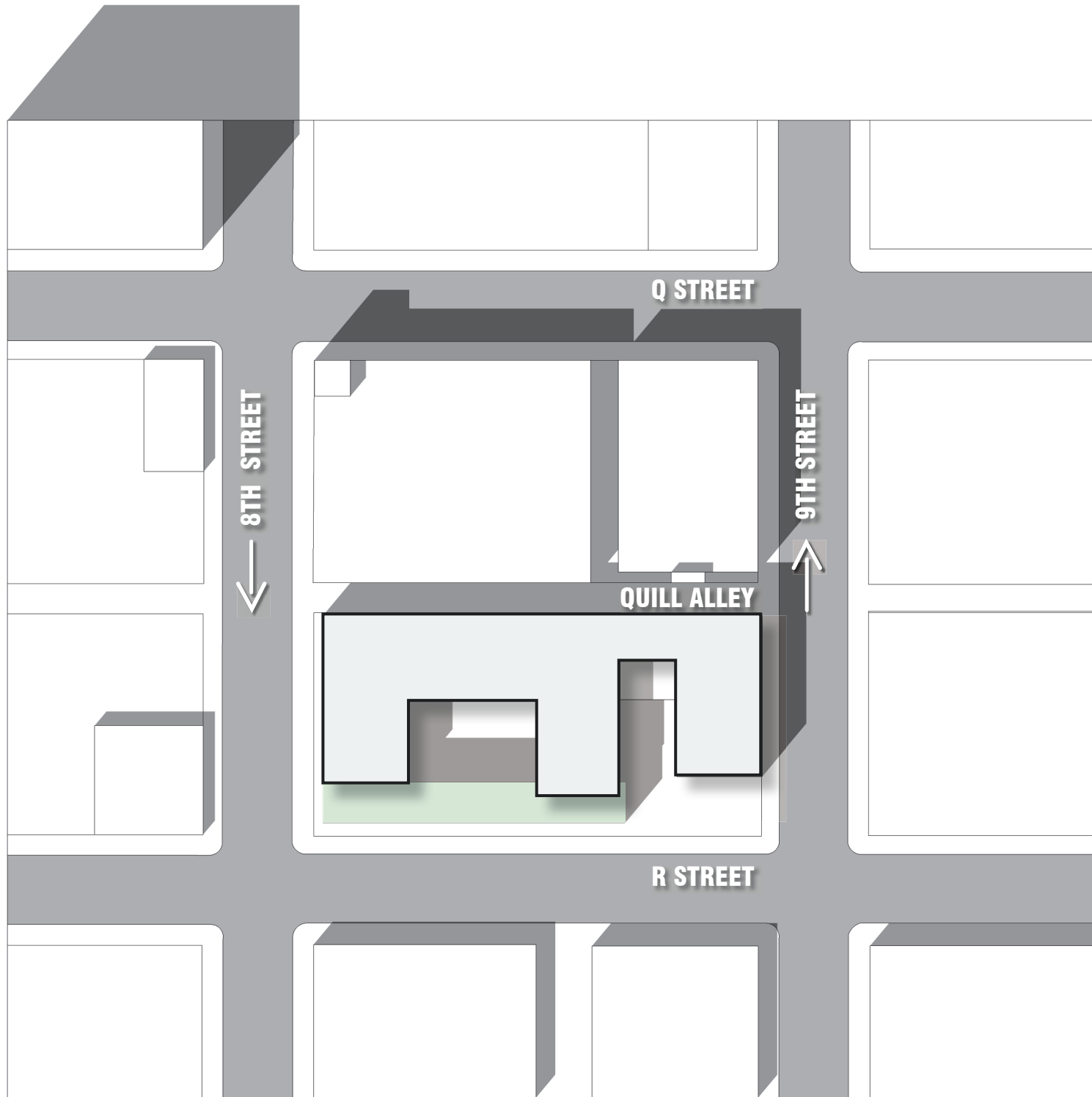
Sincerely,

Wendy Saunders
CADA Executive Director

UNDERSTOOD AND AGREED TO:
-----, LP

By: _____
Name:
Title:

Dated: _____



DEVELOPMENT SUMMARY

Attachment 7

PROJECT INFORMATION

CONSTRUCTION TYPE	TYPE III OVER TYPE I, TYPE VA
HEIGHT	06 STORIES

LAND INFORMATION

LOCATION	805 R STREET
SITE	1.196 ACRES

UNIT MIX

	Live Work	Studio	1 Bedroom	2 Bedroom	Total	%
Floor 6	0	12	22	4	38	16%
Floor 5	0	14	29	5	48	20%
Floor 4	0	14	29	5	48	20%
Floor 3	0	14	28	5	47	19%
Floor 2	0	14	28	5	47	19%
Floor 1	14	0	0	0	14	6%
Total	14	68	136	24	242	100%

BUILDING AREA

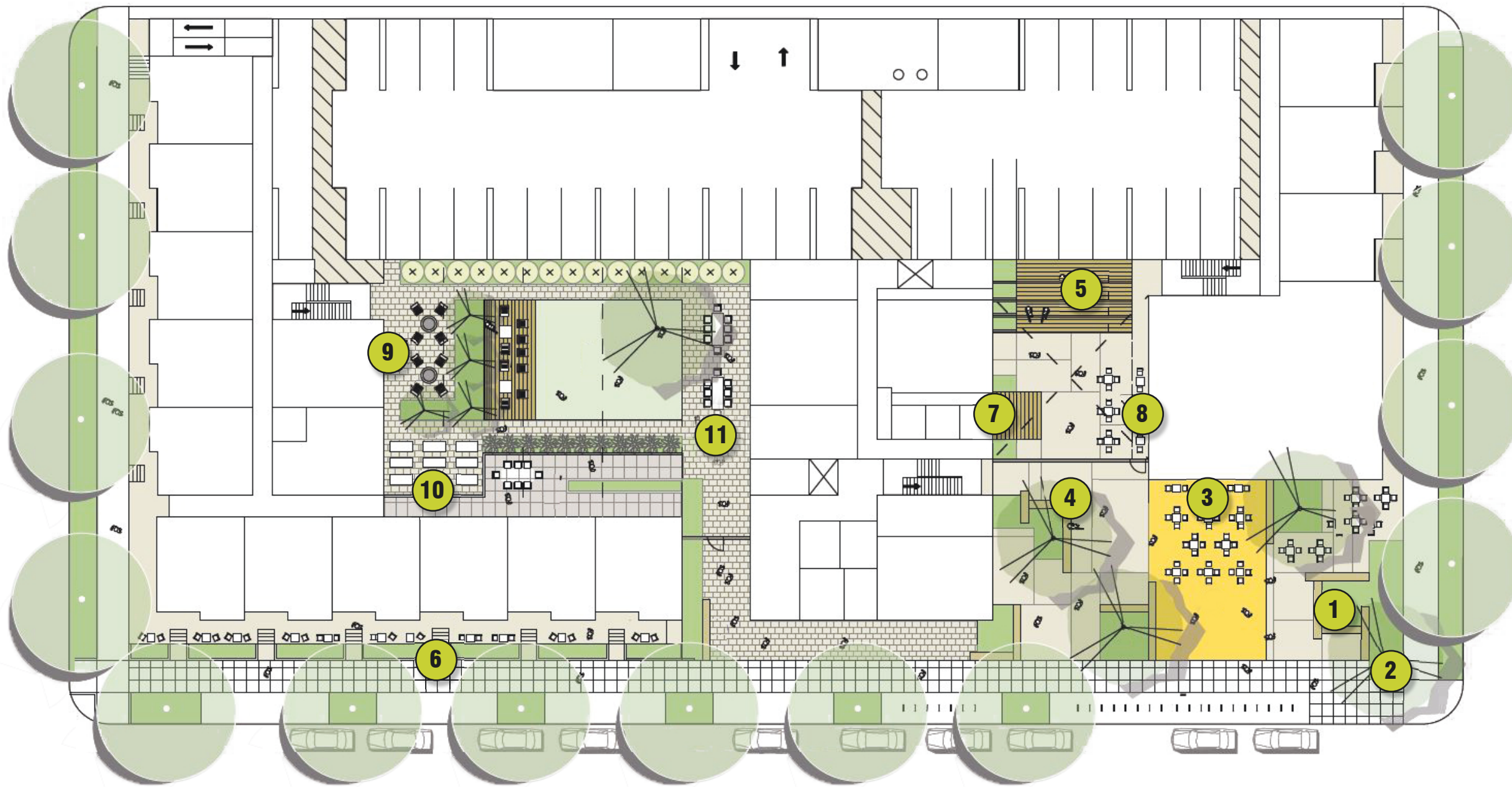
	Live Work	Residential	Community Amenities	Offices	Commercial	Utility Mechanical Storage	Garage	Enclosed Bike Parking	Circulation (Corridors)	Circulation (Vertical)	Subtotal	Occupied Roof Decks	Total Building Area
Floor 6	0	22,000	1,643	0	0	1,110	0	378	3,225	740	29,096	1,748	30,844
Floor 5	0	27,889	879	0	0	1,100	0	378	3,885	740	34,871	721	35,592
Floor 4	0	27,889	879	0	0	1,100	0	378	3,885	740	34,871	721	35,592
Floor 3	0	27,280	879	0	0	1,100	0	378	3,885	740	34,262	721	34,983
Floor 2	0	27,280	879	0	0	1,100	0	378	3,885	740	34,262	2,016	36,278
Floor 1	7,840	0	3,783	371	3,428	2,493	13,260	616	1,653	740	34,184	0	34,184
Total	7,840	132,338	8,942	371	3,428	8,003	13,260	2,506	20,418	4,440	201,546	5,927	207,473

ON SITE PARKING

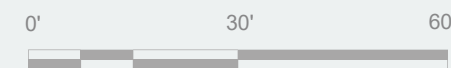
	Automobiles				Bicycles		
	Accessible	EV	Standard	Vehicular Total	Bike (Secure Storage)	Bike (Visitors)	Bike Parking Total
Floor 6	0	0	0	0	40	0	40
Floor 5	0	0	0	0	40	0	40
Floor 4	0	0	0	0	40	0	40
Floor 3	0	0	0	0	40	0	40
Floor 2	0	0	0	0	40	0	40
Floor 1	2	6	27	35	64	30	94
Total	2	6	27	35	264	30	294

OPEN SPACE

	Elevated Platform @ Live Work	Live Work Patios	Residential	Event Courtyard	Public Plaza	Total	Sf / Unit
Floor 6	0	0	1,748	0	0	1,748	
Floor 5	0	0	721	0	0	721	
Floor 4	0	0	721	0	0	721	
Floor 3	0	0	721	0	0	721	
Floor 2	0	0	2,016	0	0	2,016	
Floor 1	2,340	189	5,478	1,972	3,660	13,639	
Total	2,340	189	11,405	1,972	3,660	19,566	81



LANDSCAPE GROUND FLOOR



NATIVE PLANTING



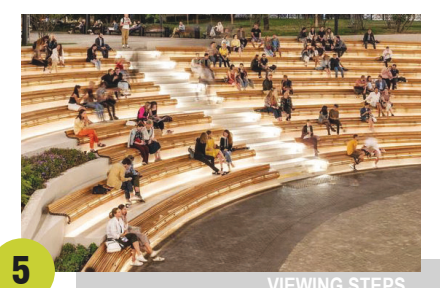
EXISTING TREES



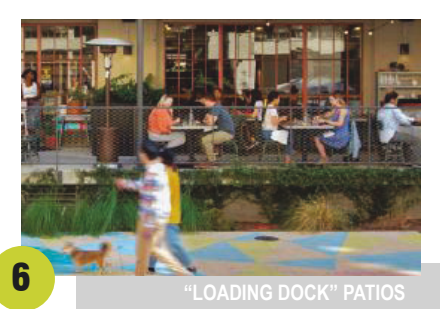
PLAZA MURAL



RECLAIMED WOOD FURNISHINGS



VIEWING STEPS



"LOADING DOCK" PATIOS



COMMUNITY DINING



OUTDOOR WORKOUT



FIRE PITs

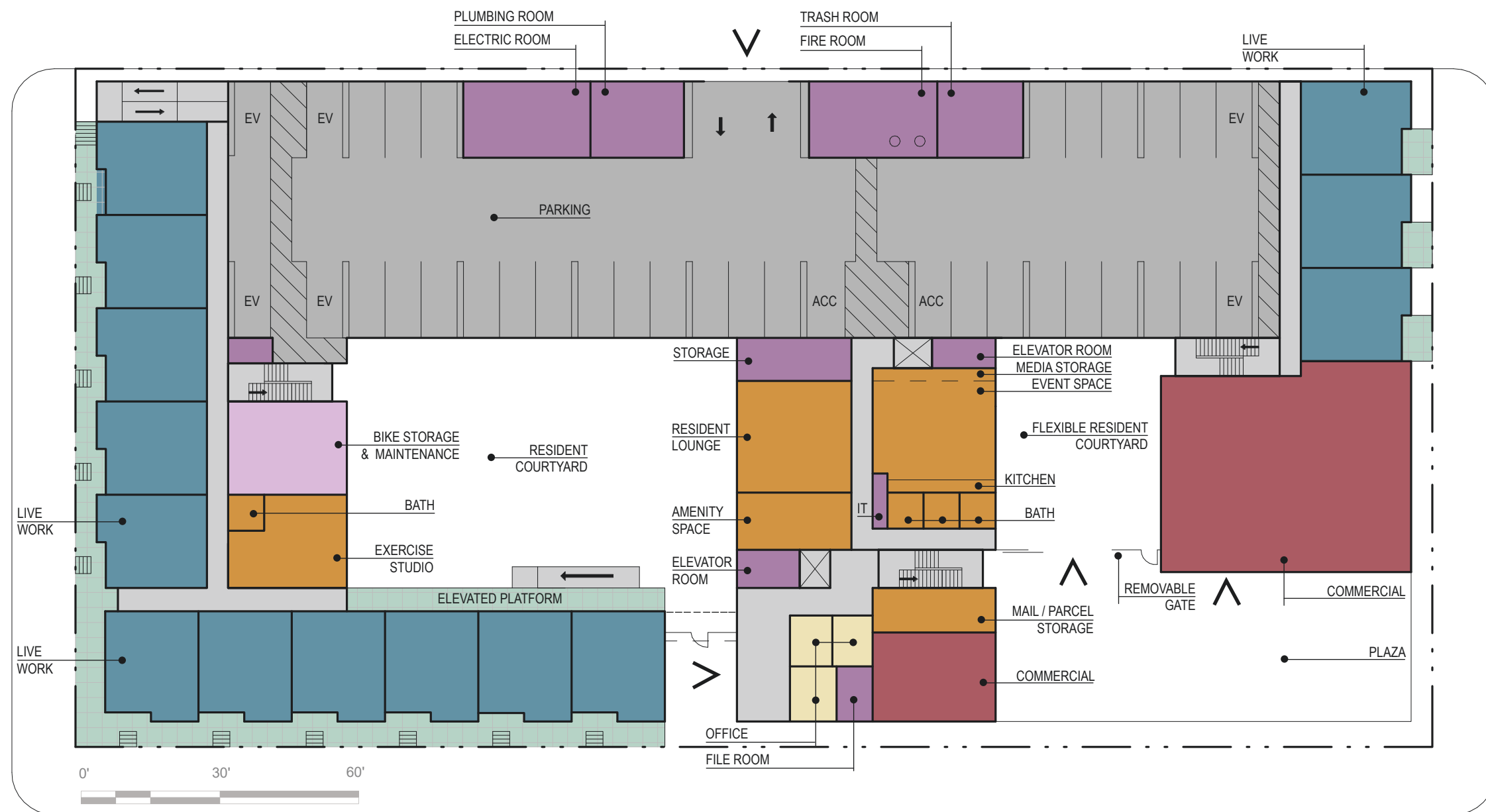


CAFE SEATING



POP UP STAGE





GROUND FLOOR



ACCESS

- BIKE PARKING
- OPEN AREAS
- COMMERCIAL

- COMMON AREAS
- OFFICE
- LIVE-WORK UNITS

- UTILITIES
- CIRCULATION
- GARAGE

LEGEND



PUBLIC PLAZA



POP UP DINING



NATIVE LANDSCAPING



PUBLIC ART

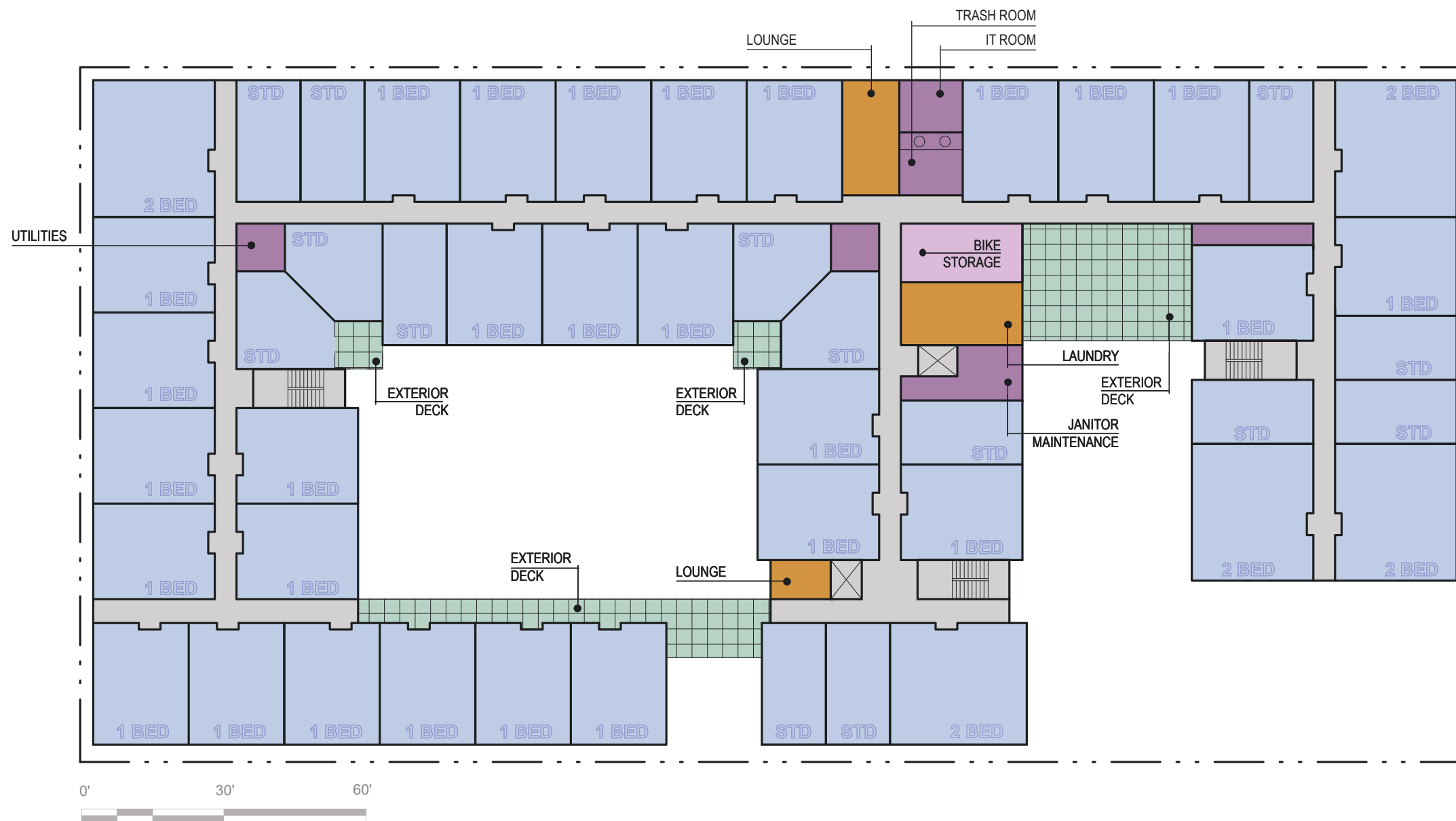


RESIDENT COURTYARD



PUBLIC EV CHARGING





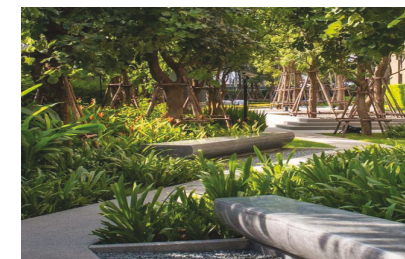
SECOND FLOOR

- | | | | |
|--|--------------|--|--------------|
| | BIKE PARKING | | COMMON AREAS |
| | OPEN AREAS | | UTILITIES |
| | RESIDENTIAL | | CIRCULATION |

LEGEND



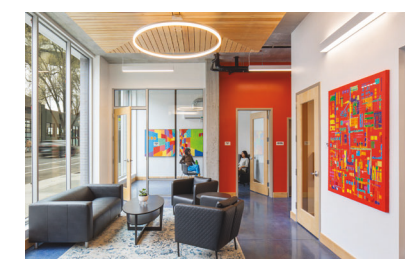
RESIDENT COURTYARD - GATHERING



RESIDENT COURTYARD - SEMI-PUBLIC



RESIDENT LOUNGE



LAUNDRY LOUNGE



UNIT INTERIOR





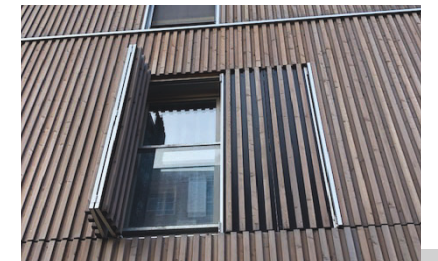
THIRD FLOOR

- | | |
|--|--|
|  BIKE PARKING |  COMMON AREAS |
|  OPEN AREAS |  UTILITIES |
|  RESIDENTIAL |  CIRCULATION |

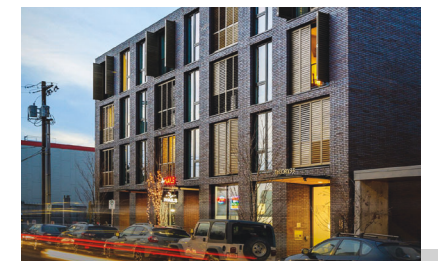
LEGEND



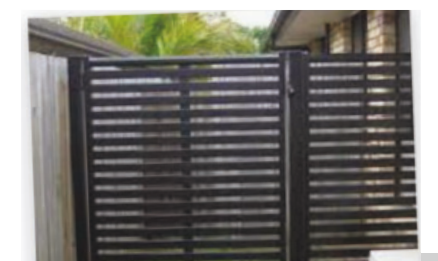
OKO WALL PANEL



EXTERIOR SHUTTERS



EXTERIOR SHUTTERS







FENCE GATE



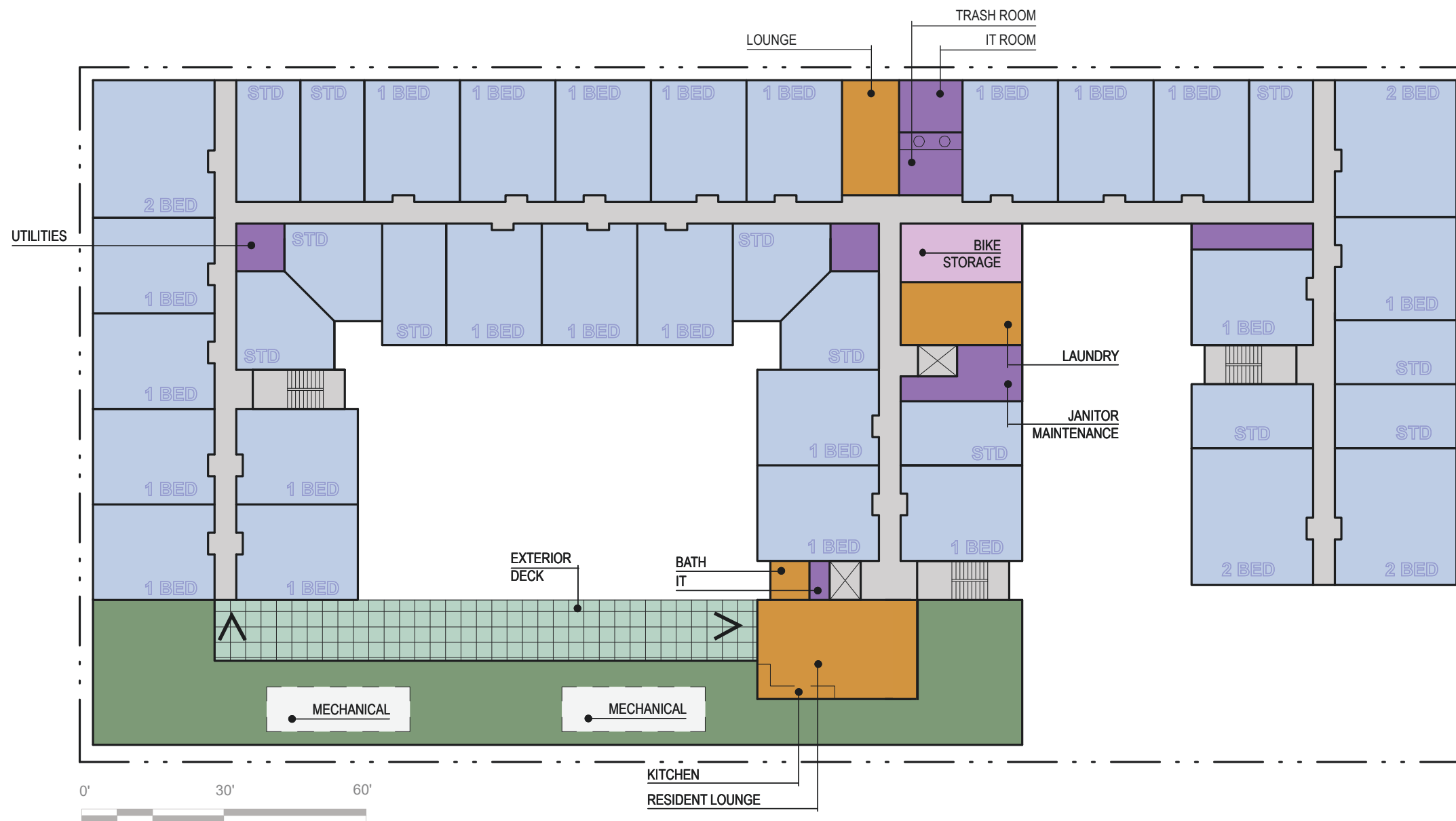


FOURTH & FIFTH FLOOR

- | | |
|--|--|
|  BIKE PARKING |  COMMON AREAS |
|  OPEN AREAS |  UTILITIES |
|  RESIDENTIAL |  CIRCULATION |

LEGEND





SIXTH FLOOR

- | | | | | | |
|--|-------------|--|--------------|--|--------------|
| | ACCESS | | BIKE PARKING | | COMMON AREAS |
| | ROOF GARDEN | | OPEN AREAS | | UTILITIES |
| | | | RESIDENTIAL | | CIRCULATION |

LEGEND





ROOF

- ROOF & SOLAR READY
- SOLAR PANELS
- MECHANICAL

LEGEND



ON-SITE ENERGY PRODUCTION



ROOF GARDEN



ROOF GARDEN



NATIVE LANDSCAPING



NATIVE LANDSCAPING



SOUTH ELEVATION



R STREET COURTYARD



SALAZARARCHITECT^{inc}

[illegible]

RESOLUTION NO. 22 - 32

Adopted by the Capitol Area Development Authority

August 19, 2022

RESOLUTION AUTHORIZING THE CADA EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN CADA, CACDC, AND MUTUAL HOUSING CALIFORNIA; TAKE ACTIONS NECESSARY TO COMPLETE PROJECT FUNDING REQUESTS; EXECUTE A LEASE OPTION AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF GENERAL SERVICES; EXECUTE A LOAN AGREEMENT AND PROMISSORY NOTE WITH CACDC; APPROVE A BUDGET AMENDMENT; AND APPROVE A LETTER OF COMMITMENT FOR A LOAN TO THE 805 R STREET PROJECT DEVELOPER OF UP TO \$8,000,000

WHEREAS, On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (EO) (see Exhibit 1) to address the housing affordability crisis that is facing the State of California. Governor Newsom ordered the Department of General Services (DGS) and the Department of Housing and Community Development (HCD), (the "State"), to identify and prioritize excess state-owned property, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit.; and

WHEREAS, On May 10, 2021, The State issued an RFQ seeking respondents capable of developing affordable housing on six excess state-owned properties including the former DGS warehouse located at 805 R Street ("Property") in Sacramento, California; and

WHEREAS, On December 7, 2021, the State issued a Request for Proposals (RFP) and Mutual Housing California ("Mutual") was one of three development teams chosen from the 805 R Street RFQ process to respond to the RFP; and

WHEREAS, Mutual invited CADA and the CACDC to join them in a development proposal for the 805 R Street property; and

WHEREAS, On February 18, 2022, CADA and Mutual submitted a proposal to the State to develop 242-unit mixed-use, affordable housing project at 805 R Street; and

WHEREAS, on May 12, 2022, the State notified Mutual and CADA they were selected to develop 805 R Street; and

WHEREAS, CADA, CACDC, and Mutual have discussed their mutual desire to collectively pursue the development of a mixed-use project on the Property and their desire to explore joint development and ownership of the Project through a partnership or other entity wherein the Parties would agree on the terms for development, management and ownership of the Project; and

WHEREAS, the CACDC will need to contribute funds to a Partnership for pre-development costs, and the CACDC is requesting a \$900,000 line of credit and loan from CADA; and

WHEREAS, Mutual and CACDC have requested a loan commitment to the project in an amount not to exceed \$8,000,000.

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

1. Approves a Memorandum of Understanding among CADA, CACDC and Mutual Housing California regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street,
2. Authorizes the Executive Director to take any and all actions that may be necessary or advisable, in her discretion, in order to complete funding requests and applications to fund construction of the project,
3. Authorizes the Executive Director to sign a Lease Option Agreement with the California Department of General Services to lease property for the project in substantially the form presented to the Board on this date, together with such changes, insertions, revisions, corrections or amendments as may be approved by CADA's General Counsel,
4. Approves a Promissory Note and Loan Agreement in substantially the form presented to the Board on this date, establishing an unsecured revolving line of credit between CADA and the CACDC with a maximum credit line of \$900,000 for CACDC to use as predevelopment funds,
5. Approves a Budget Amendment to reduce the FY 20-21 CADA Development budget for the 805 R Street project and create a new FY 22-23 CACDC Development Budget in amount of \$900,000 for the 805 R Street project, and
6. Approves a letter of commitment in substantially the form presented to the Board on this date, for a loan from CADA to the project developer in an amount not to exceed \$8,000,000 for the purposes of project gap funding.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of the Capitol Area Development Authority held on August 19, 2022, by the following vote:

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors



RESOLUTION NO. 22 – 01

Adopted by the Capitol Area Community Development Corporation

August 19, 2022

RESOLUTION AUTHORIZING THE CACDC PRESIDENT TO ENTER INTO A MEMORANDUM OF UNDERSTANDING BETWEEN CACDC, CADA, AND MUTUAL HOUSING CALIFORNIA; TAKE ACTIONS NECESSARY TO COMPLETE PROJECT FUNDING REQUESTS; EXECUTE A LOAN AGREEMENT AND PROMISSORY NOTE WITH CADA; AND ENTER INTO A LIMITED PARTNERSHIP AGREEMENT WITH MUTUAL HOUSING FOR THE CREATION OF 805 R STREET INVESTORS, L.P.

WHEREAS, On January 15, 2019, Governor Gavin Newsom signed Executive Order N-06-19 (EO) to address the housing affordability crisis that is facing the State of California. Governor Newsom ordered the Department of General Services (DGS) and the Department of Housing and Community Development (HCD), (the "State"), to identify and prioritize excess state-owned property, enter into low-cost long-term ground lease agreements with housing developers and accelerate affordable housing development on State-owned land for public benefit; and

WHEREAS, On May 10, 2021, the State issued an RFQ seeking respondents capable of developing affordable housing on six excess state-owned properties including the former DGS warehouse located at 805 R Street (Property) in Sacramento, California; and

WHEREAS, On December 7, 2021, the State issued a Request for Proposals (RFP) and Mutual Housing California (Mutual) was one of three development teams chosen from the 805 R Street RFQ process to respond to the RFP; and

WHEREAS, Mutual invited CADA and the CACDC to join them in a development proposal for the 805 R Street property; and

WHEREAS, On February 18, 2022, CADA and Mutual submitted a proposal to the State to develop 242-unit mixed-use, affordable housing project at 805 R Street; and

WHEREAS, on May 12, 2022, the State notified Mutual and CADA they were selected to develop 805 R Street; and

WHEREAS, CADA, CACDC, and Mutual have discussed their mutual desire to collectively pursue the development of a mixed-use project on the Property and their desire to explore joint development and ownership of the Project through a partnership or other entity wherein the Parties would agree on the terms for development, management and ownership of the Project; and

WHEREAS, the CACDC will need to contribute funds to a Partnership for pre-development costs, and the CACDC is requesting a \$900,000 line of credit and loan from CADA.

NOW, THEREFORE, BE IT RESOLVED, that the Capitol Area Community Development Corporation Board of Directors hereby:

1. Approves a Memorandum of Understanding in substantially the form presented to the Board on this date among CADA, CACDC and Mutual Housing California regarding the roles and responsibilities of the parties in undertaking a project at 805 R Street,
2. Authorizes the President to take any and all actions that may be necessary or advisable, in her discretion, in order to complete funding requests and applications to fund construction of the project,
3. Approves a Promissory Note and Loan Agreement establishing an unsecured revolving line of credit between CADA and the CACDC with a maximum credit line of \$800,000 for CACDC to use as predevelopment funds substantially in the form presented to the Board on this date, and
4. Authorizes the President to enter into a Limited Partnership Agreement with Mutual Housing for the creation of 805 R Street Investors, L.P., the project owner and developer on terms consistent with the approved Memorandum of Understanding.

ATTEST:

Wendy S. Saunders, President

Tara Gandara, Secretary