



February 15, 2024

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

**SUBJECT:** **February 23, 2024 Board Meeting**  
**AGENDA ITEM 8**  
**THE TERRACES (1609 O STREET) CAPITOL AREA DEVELOPMENT**  
**AUTHORITY (CADA) AND CAPITOL AREA COMMUNITY DEVELOPMENT**  
**CORPORATION (CACDC) ADMINISTRATIVE SERVICES AGREEMENT**

**CONTACT:** Danielle Foster, Executive Director [CADA]/President [CACDC]

**RECOMMENDED ACTIONS:**

CADA Staff is recommending the CADA Board approve the attached resolution (Attachment 1), authorizing the Executive Director, or her designee, to execute the Administrative Services Agreement for the Terraces (Attachment 3).

CACDC Staff is recommending the CACDC Board approve the attached resolution (Attachment 2), authorizing the President, or her designee, to execute the Administrative Services Agreement for the Terraces (Attachment 3).

**BACKGROUND**

For the last few years, CADA has been working with the 16<sup>th</sup> and O Street Limited Partners to identify options for the sale and/or debt structuring of the Terraces at Capitol Park. Through those conversations, CADA completed its due diligence to determine that acquisition of the property improvements and lease for the Terraces aligns with the needs and objectives of all parties, including the Sacramento Housing and Redevelopment Agency (SHRA) and Tax Credit Allocation Committee (TCAC), as the partnering public agencies who wanted to ensure diligent maintenance and operations of this 60-unit affordable housing development. Subsequent to Board action in October 2023, CADA closed escrow on purchase of the Terraces at Capitol Park and became the owner December 26, 2023. The project was originally built in 1992 and primarily serves senior residents at 55 years or older. This site provides 296 square-foot studio units at very-low income (40% of Area Median Income) rents within CADA's Capitol Project Area.

Remaining debt on the property is comprised of a SHRA loan of approximately \$1,351,071 in principle with over \$1,200,000 of interest accrued. The loan came due in June and CADA staff has been working with SHRA on the process for assuming the loan and requesting loan restructuring to gain interest forgiveness from the City Council once the property transfer occurs. While CADA intends to fully repay the principle of this loan, SHRA is currently processing forgiveness of the interest through the necessary approval bodies, including the Sacramento Housing and Redevelopment Commission at their February 21, 2024 meeting and the City Council, acting as the Housing Authority Board at their March 12, 2024 meeting.

The property under The Terraces is owned by the State of California and leased to CADA at no cost. The site is zoned R-5 (multi-family residential) and is approximately 25,600 square feet. Overall that property displays normal wear and tear and has been kept up well. There was dry rot on the facade of the improvements that was repaired by the owners over the summer and is no longer of issue in the transaction.

## **ANALYSIS**

As part of the transaction on this property, TCAC had to review the purchase and approve CADA as the acquiring party. TCAC originally provided tax credits to this project and while the initial 15-year tax credit period has expired, the 55-year compliance period for the regulatory agreement is still active. In TCAC's review of this transaction, they wanted to ensure the inclusion of an entity with tax credit experience in the administration of the property and fulfillment of the necessary maintenance and monitoring of the housing units.

The CACDC has experience with tax credit projects through its ownership participation as Managing Partner at Sonrisa and as General Partner at ARY Place, both with CFY and tax credit investors. This experience complies with the requirements of TCAC and ensures ability to comply with their regulatory agreement. In order to access the experience of the CACDC for administrative services to CADA in the maintenance and monitoring of the Terraces, the agreement must be formalized through an Administrative Services Agreement (Attachment 3) that outlines the services and payment terms. The contract does not have an expiration, since CADA will want to partner with the CACDC on this work for the foreseeable future. The contract can be cancelled, if necessary.

## **FINANCIAL IMPACT**

The Administrative Agreement includes an annual payment of \$2,100 from CADA to the CACDC for their services, with a 3% annual escalator. This is consistent with monitoring fees that are typically charged by CADA and other local public agencies.

## **POLICY**

Maintenance of this housing through a direct ownership interest supports CADA's work in building and serving a vibrant Capitol Neighborhood. Having a variety of housing types and affordability levels within the Downtown benefits the commercial and residential stability of downtown and furthers the community health by broadening the available range of household types and income levels that the housing is able to serve.

## **STRATEGIC PLAN**

This project uplifts the following values of the CADA Strategic Plan: accountability, particularly related to our commitment to excellence in property management, and customer service, for both the provision of quality spaces for our residents and being responsive to our public partner's needs, in this case with TCAC.

## **ENVIRONMENTAL IMPACT**

This action is exempt under the California Environmental Quality Act (CEQA) as it does not constitute a project and involves only the execution of an agreement.

## **CONTRACT AWARD CONSIDERATIONS**

Not applicable.

Attachments:

1. CADA Resolution 24-11
2. CACDC Resolution 24-02
3. The Terraces at Capitol Park CACDC and CADA Administrative Services Agreement

**RESOLUTION NO. 24 – 11**

February 23, 2024

Adopted by the Capitol Area Development Authority

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE  
AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA COMMUNITY  
DEVELOPMENT CORPORATION FOR THE 60-UNIT  
TERRACES AT CAPITOL PARK DEVELOPMENT AT 1609 O STREET**

**WHEREAS**, the development at 1609 O Street is comprised of 59 affordable housing units and one manager’s unit that are still subject to a regulatory agreement with the State Tax Credit Allocation Committee (TCAC);

**WHEREAS**, the Capitol Area Community Development Corporation (CACDC) has tax credit program experience with TCAC through its development and ownership participation at Sonrisa Apartments and ARY Place Apartments;

**WHEREAS**, as part of CADA’s acquisition of the Terraces, TCAC reviewed the transaction and added a condition that the CACDC participate in the administration of the project, including compliance with TCAC requirements; and

**WHEREAS**, CADA and the CACDC have negotiated an Administrative Services Agreement to formalize the services to be provided by the CACDC.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Development Authority that the Executive Director of CADA, or her designee, is authorized to execute the attached Administrative Services Agreement for the Terraces at Capitol Park with the Capitol Area Community Development Corporation.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

Attachments:  
The Terraces CADA and CACDC Administrative Services Agreement



**RESOLUTION NO. 24 – 02**

February 23, 2024

Adopted by the Capitol Area Community Development Corporation

**RESOLUTION AUTHORIZING THE PRESIDENT TO EXECUTE  
AN ADMINISTRATIVE SERVICES AGREEMENT WITH THE CAPITOL AREA DEVELOPMENT  
AUTHORITY FOR THE 60-UNIT  
TERRACES AT CAPITOL PARK DEVELOPMENT AT 1609 O STREET**

**WHEREAS**, the development at 1609 O Street is comprised of 59 affordable housing units and one manager’s unit that are still subject to a regulatory agreement with the State Tax Credit Allocation Committee (TCAC);

**WHEREAS**, the Capitol Area Community Development Corporation (CACDC) has tax credit program experience with TCAC through its development and ownership participation at Sonrisa Apartments and ARY Place Apartments;

**WHEREAS**, as part of CADA’s acquisition of the Terraces, TCAC reviewed the transaction and added a condition that the CACDC participate in the administration of the project, including compliance with TCAC requirements; and

**WHEREAS**, the CADA and the CACDC have negotiated an Administrative Services Agreement to formalize the services to be provided by the CACDC.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Capitol Area Community Development Corporation that the President of the CACDC, or her designee, is authorized to execute the attached Administrative Services Agreement for the Terraces at Capitol Park with the Capitol Area Development Authority.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

Attachments:  
The Terraces CADA and CACDC Administrative Services Agreement

**AGREEMENT TO PROVIDE MANAGEMENT AND ADMINISTRATIVE SERVICES  
FOR THE TERRACES AT CAPITOL PARK**

THIS AGREEMENT TO PROVIDE MANAGEMENT AND ADMINISTRATIVE SERVICES (the "**Agreement**") is entered into as of \_\_\_\_\_, 2024 between Capitol Area Development Authority, a California Joint Powers Authority ("**CADA**") and the Capitol Area Community Development Corporation, a California non-profit public benefit corporation ("**CACDC**").

WHEREAS, CADA owns certain real property located at 1609-1623 O Street in the City of Sacramento, California (the "Terraces", or the "Property"), consisting of 60 residential units affordable to and occupied by households of lower incomes;

WHEREAS, CACDC has experience providing management and administrative services for residential projects that have received federal and/or state tax credits and as a result are required to comply with the laws and regulations governing tax credit financed projects; and

WHEREAS, CADA desires to contract with CACDC to provide such services to the Terraces.

NOW THEREFORE the Parties hereby agree as follows:

1. Term of the Agreement. The term of this Agreement commences on the date first written above and will continue until terminated as provided for herein.

2. Services.

(a) During the Term, CACDC shall provide to CADA the services described in Exhibit A. CACDC shall provide the services at the time, place, and in the manner specified in Exhibit A. CACDC shall not be compensated for services outside the scope of Exhibit A ("Additional Services") unless prior to the commencement of such services: (a) CACDC notifies CADA in writing and CADA agrees that such services are outside the scope of Exhibit A; (b) CACDC estimates the additional compensation required for these additional services; (c) CADA, after receipt of such notice, approves in writing the Additional Services and amount of additional compensation; and (d) this Agreement is amended to include the Additional Services and compensation.

(b) CACDC may, in the proper and reasonable exercise of its management authority, delegate certain of its powers, rights, and obligations to persons under CACDC's supervision, to perform such acts or services for CADA as CACDC may approve, provided, however that such delegation shall not excuse CACDC from overseeing and supervising on an ongoing basis the activities being delegated (the "Delegated Duties").

(c) CACDC shall, at all times, maintain sufficient records to demonstrate to the BOE, other federal, state or local government agencies, and CADA that it is actually supervising the performance of the Services required under this Agreement, including without limitation any Delegated Duties, and upon the request of such agencies, shall promptly deliver copies of all such records requested to the California Board of Equalization ("BOE") and CADA or such other government agencies as the case may be in order to qualify for and maintain the tax exemption.

(d) Except for Delegated Duties, CACDC shall be solely responsible for performing and keeping records as to the performance of the substantial management duties

identified in Exhibit A hereof. If a subsequent Delegation of Duties is made, the parties agree to sign an amendment or a letter agreement in the form approved by the BOE.

3. Payment. CADA shall pay CACDC for services rendered pursuant to this Agreement at the payment rate set forth in Exhibit B, unless pursuant to Paragraph 1, above, CACDC approves compensation for Additional Services. CACDC shall submit an annual invoice to CADA in the manner specified by CADA.

4. Facilities, Supplies and Equipment. If required by Exhibit C, CACDC shall, at its sole cost and expense, furnish all facilities, supplies and equipment, which may be required for furnishing services pursuant to this Agreement.

5. General Provisions. The general provisions set forth in Exhibit D are part of this Agreement. In the event of any conflict between the general provisions and any other terms or conditions of this Agreement, such other terms or conditions shall control over the general provisions.

6. Authority. Each of the signatories to this Agreement represent that they are authorized to sign the Agreement on behalf of such Party, all approvals and consents which must be obtained to bind such Party have been obtained, and no further approvals, acts or consents are required to bind such Party to this Agreement.

7. Exhibits. All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

8. Governing Law. This Agreement, and the rights of the Parties hereunder, shall be governed by and constructed in accordance with the laws of the State of California.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

**CAPITAL AREA DEVELOPMENT AUTHORITY,**  
a California Joint Powers Authority

By: \_\_\_\_\_  
Its: President

Approved as to form:

\_\_\_\_\_  
Its: General Counsel

**CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION,**  
a California non-profit public benefit corporation

By: \_\_\_\_\_  
Its: President

Approved as to form:

\_\_\_\_\_  
Its: General Counsel



## Exhibit A

### CACDC SERVICES

A. CACDC shall perform, supervise, and/or train CADA in the following management duties:

- (i) Maintain and repair the Property, or if such duties are delegated to a property management agent, participate in the hiring and overseeing the work of such agent.
- (ii) Participate in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the Property;
- (iii) Enforce all contracts related to management and operation of the Property;
- (v) Prepare or cause to be prepared all reports to be provided to lenders or governmental entities regarding the operations of the Project;
- (vii) Monitor compliance with all government regulations and files or supervises the filing of all required documents with government agencies; and
- (xii) Ensure that charitable services or benefits, such as transportation, meals, and linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the tenants of the Property.

B. Annually conduct a physical inspection of the Property to ensure that it is being used as low-income housing and meets all of the requirements set forth in BOE Regulation 140; and

C. Annually submit a certification to the county assessor for the county in which the Property is located that the Property meets all of the requirements set forth in BOE Regulation 140.

**EXHIBIT B**

**Payment**

Contract Fee*	\$2,100 per year, with 3% increases annually
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\*Additional services will be paid for at an hourly rate, or based on a mutually agreed upon fee by both parties.

**EXHIBIT C**

**FACILITIES, SUPPLIES AND EQUIPMENT**

CACDC will not furnish any facilities, supplies or equipment for this Agreement.

## EXHIBIT D

### GENERAL PROVISIONS

1. **No Joint Venture.** This Agreement does not create a joint venture, partnership, or any other legal relationship of association among the Parties. Each Party is an independent legal entity and is not acting as an agent of the other Party in any respect.
2. **CACDC Authority to Act on Behalf of CADA.** Except as CADA may specify in writing, CACDC and CACDC's personnel shall have no authority, express or implied, to act on behalf of CADA in any capacity whatsoever as an agent.
3. **Independent Contractor.**
  - A. It is understood and agreed that CADA and CACDC are independent contractors and that no relationship of employer-employee exists between the Parties hereto for any purpose whatsoever. CADA is not required to make any deductions or withholdings for employee taxes or benefits from the compensation payable to CACDC under the provisions of this Agreement. As an independent contractor, CACDC hereby agrees to indemnify and hold CADA harmless from any and all claims that may be made against CADA based upon any contention by any of CACDC's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefore exists between the Parties for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.
  - B. It is further understood and agreed by the Parties hereto that CACDC, in the performance of its obligations hereunder, is subject to the control and direction of CADA as to the designation of tasks to be performed and the results to be accomplished by the services agreed to be rendered and performed under this Agreement, but not as to the means, methods, or sequence used by CACDC for accomplishing such results. To the extent that CACDC obtains permission to, and does, use CADA's facilities, space, equipment or support services in the performance of the services under this Agreement, this use shall be at CACDC's sole discretion based on CACDC's determination that such use will promote CADA's efficiency and effectiveness.
  - C. If, in the performance of this Agreement, any third persons are employed by CACDC, such persons shall be entirely and exclusively under the direction, supervision, and control of CACDC. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CACDC. It is further understood and agreed that CACDC shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of CACDC's assigned personnel and subcontractors.
  - D. Nothing in this Agreement shall be construed as to create an exclusive relationship between CACDC and CADA for the services to be provided. CACDC and CADA may each independently represent, perform services for, or be employed by such additional persons or companies as each Party sees fit, provided that there is no conflict with the performance of services or the obligations of the Parties hereunder.

4. **Standard of Performance.** If CACDC assigns employees or contractors to perform services under this Agreement who are not CACDC employees, CACDC shall assign only competent personnel to perform said services pursuant to this Agreement.
5. **Time.** CACDC shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of CACDC's obligations under this Agreement. Neither Party shall be considered in default of this Agreement, nor be entitled to additional compensation, to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.
6. **Assignment Prohibited.** No Party to this Agreement may assign any right or obligation pursuant to this Agreement except as otherwise expressly provided in this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
7. **Termination.** CADA and CACDC shall have the right to terminate this Agreement at any time by giving not less than Fifteen (15) days' notice of such termination to the other party. If CADA gives such notice of termination, CACDC shall immediately cease rendering services pursuant to this Agreement.
8. **Indemnity.** CACDC shall indemnify, defend and save harmless CADA, the State of California and the City of Sacramento, and their officials, officers and employees, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses, judgments, penalties and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by CADA's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "liabilities"), to which any or all of them may be subjected, for death, personal injury or damage to real or personal property resulting from any negligent act or omission or willful misconduct of CACDC, its officers, employees, subcontractors or agents in connection with the performance or nonperformance of services by CACDC employees on behalf of CADA under this Agreement, whether or not CADA, its officers or employees reviewed, accepted or approved any service or work product performed or provided by CACDC employees, and whether or not such liabilities are litigated, settled or reduced to judgment.

CACDC shall, upon CADA's request, defend at CACDC's sole cost any action, claim or suit or portion thereof which asserts or alleges any such liabilities, whether well founded or not and whether or not such action, claim or suit also asserts or alleges negligent or wrongful conduct by CADA, its officers or employees, so long as the action, claim or suit alleges negligence or misconduct by a CACDC officer or employee. If a final decision or judgment allocates liability by determining that any portion of damages awarded is attributable to the CADA's negligence or willful misconduct separate and apart from any act or omission by a CACDC officer or employee, CAS shall pay the portion of damages which is allocated to the CADA's acts, negligence or willful misconduct. As used herein, the phrase "negligence or willful misconduct" shall not include the passive negligence of the CADA, its officers or employees in reviewing, accepting or approving any service or work product performed or provided by CACDC employees.

- 9. Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
- 10. Waiver.** No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence or event. Failure by either Party to complain of any action or non-action on the part of the other Party or to declare the other in default, irrespective of how long such failure may continue, shall not be deemed to be a waiver of any rights hereunder.
- 11. No Third-Party Beneficiaries.** Nothing contained herein is intended, nor shall this Agreement be construed, as an agreement to benefit any third parties.
- 12. Ambiguities.** This Agreement shall be construed as a whole according to its fair language and common meaning to achieve its objectives and purposes. Captions on sections are provided for convenience only and shall not be deemed to limit, amend or affect the meaning of the provision to which they pertain, and shall be disregarded in the construction and interpretation of this Agreement. The Parties have each carefully reviewed this Agreement and have agreed to each term hereof. No ambiguity shall be presumed to be construed against either Party.
- 13. Entire Agreement.** This document, including all Exhibits, contains the entire agreement between the Parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CADA and CACDC.