

September 20, 2024

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

SUBJECT: September 27, 2024 Board Meeting

AGENDA ITEM 9

2000 16TH STREET (16TH AND T) – AHSC LOAN AUTHORIZATION AND

ADOPTION OF HCD RESOLUTIONS

CONTACTS: Todd Leon, Development Director [CADA]

Jack Barnes, Development Manager [CADA]

Danielle Foster, Executive Director [CADA], President [CACDC]

RECOMMENDATION

Staff recommends that the CACDC Board of Directors adopt the attached resolutions (Attachments 1-4) authorizing CACDC to borrow funds under the California Department of Housing and Community Development's (HCD) Affordable Housing and Sustainable Communities Program (AHSC) Round 8 ("Program") and affirming its responsibilities under the Program.

BACKGROUND

On August 22, 2024, CACDC and Mutual Housing California entered into a limited partnership agreement to form 2000 16th St Association, LP for the purpose of developing mixed-use affordable housing on a site on the corner of 16th Street and T Street in downtown Sacramento. The Agreement of Limited Partnership (LP) names CACDC as the LP's managing general partner.

Per the program's website, AHSC is an HCD program that provides funds to "projects that implement land-use, housing, transportation, and agriculture land preservation practices that reduce greenhouse gas (GHG) emissions."

Between July 2023 and March 16th 2024, CACDC and Mutual Housing worked to ensure the Project would meet all of the Program's eligibility requirements and maximize its competitiveness under the AHSC scoring criteria. This work involves identifying various non-development partners, such as the San Joaquin Joint Powers Authority (ACE Rail), Sacramento Employment and Training Agency (SETA), Sacramento Regional Transit, the City of Sacramento, and CLTRE.

On September 3, 2024, CACDC and Mutual Housing received a letter from HCD informing the partners that they received a conditional award under the Program consisting of a \$25,300,000 housing loan and a \$12,986,787 transportation grant.

SUMMARY

Of the many conditions associated with receiving ASHC's extremely competitive funds, CACDC and Mutual, as the borrowers making up the limited partnership on the project, are required to adopt HCD-drafted resolutions. This is being brought before the Board of Directors for adoption by the managing general partner of the limited partnership, 2000 16th St CACDC Association, LLC, and the manager of its managing general partner, CACDC.

AHSC funding represents the majority of this Project's capital stack and the Project would be infeasible without it. This funding also allows the project to score well on its current bond tax credit financing application with the state that is currently under review. Thus, staff recommends that the

Board approve the attached resolutions to further its 24-25 fiscal year priority of securing financing for the Project.

FINANCIAL IMPACT

Authorization of CACDC to receive loan funds and adoption of the necessary HCD forms allow the Project to receive \$38,286,787 in funding under the Program and positions it for development in 2025 pending the last source of funding through state bonds and tax credits.

ENVIRONMENTAL CONSIDERATIONS

No environmental review is required by this administrative action. The project was reviewed by the City of Sacramento for CEQA.

STRATEGIC PLAN

The proposed action addresses the following 2022-2026 CADA Strategic Plan goals: "Ensure Fiscal Strength and Operational Excellence" and "Deliver Community Development Leadership."

Attachment 1 – CACDC Resolution 24-06

Attachment 2 – AHSC Resolution of the Board of Directors of CACDC

Attachment 3 – AHSC Resolution of the Members of 2000 16th St CACDC Association, LLC

Attachment 4 – AHSC Resolution of 2000 16th St Association, LP

Attachment 5 – AHSC Round 8 Standard Agreement Exhibit A

RESOLUTION NO. 24-06

Adopted by the Capitol Area Community Development Corporation

September 27, 2024

RESOLUTION AUTHORIZING THE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION TO BORROW FUNDS UNDER THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM AND AFFIRMING ITS RESPONSIBILITIES AS A BORROWER UNDER THE PROGRAM

WHEREAS, on July 15, 2022, the Capitol Area Development Authority (CADA) purchased the property at 2000 16th Street;

WHEREAS, CADA intends to develop all or a portion of the Property as an affordable residential project, consistent with permissible uses under the City of Sacramento land use regulations governing the Property;

WHEREAS, the CACDC Board approved a Memorandum of Understanding between the Capitol Area Community Development Corporation (CACDC), Mutual Housing California (Mutual) and CADA, regarding the roles and responsibilities of the parties in undertaking an affordable housing development project at 2000 16th Street;

WHEREAS, on August 22, 2024 CACDC and Mutual formed 2000 16th St Associates, LP for the purpose of developing a mixed-use commercial and affordable housing project ("Project"), with CACDC's limited liability company 2000 16th St CACDC Association, LLC as its managing general partner;

WHEREAS, CACDC and Mutual identified the California Department of Housing and Community Development's (HCD) Affordable Housing and Sustainable Communities Program (AHSC), which provides both loans and grants to projects that implement land-use, housing, transportation, and agriculture land preservation practices that reduce greenhouse gas (GHG) emissions, as the optimal funding source for the Project;

WHEREAS, on September 3, 2024, CACDC and Mutual Housing received a letter from HCD informing the partners that they received a conditional award under the Program consisting of a \$25,300,000 housing loan and a \$12,986,787 transportation grant; and

WHEREAS, AHSC conditions awards in part on the adoption of resolutions that HCD itself has prepared by the limited partnerships to whom it has conditionally awarded funds, as well as the adoption of different but similar resolutions by the limited liability companies that comprise the limited partnerships, as well as the adoption of a third set of resolutions by the corporations that manage those limited liability companies.

NOW, THEREFORE, BE IT RESOLVED, that both the 2000 16th St Association, LP and CACDC as the sole member manager of the 2000 16th St Association, LP's managing general partner are hereby authorized to accept and incur obligations for both the AHSC housing loan and the AHSC transportation grant and the President, or her designee, is authorized to execute the necessary documents for acceptance of this funding for this project, including but not limited to:

Attachment 1

- 1. Execution of the attached resolution by the CACDC- Attachment 2;
- 2. Execution of the attached resolution by the limited liability corporation- Attachment 3;
- 3. Execution of the attached resolution by the limited partnership- Attachment 4;
- 4. Execution and delivery of the STD 213, Standard Agreement to HCD, with project specifics as outlined in Exhibit A- Attachment 5; and
- 5. Acknowledgement and agreement that the partnership shall be subject to the terms and conditions specified in the STD 213 Standard Agreement.

	Danielle Foster, President
ATTEST:	
Tara Gandara, Secretary	

RESOLUTION OF THE BOARD OF DIRECTORS OF ITHE CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION

AFFORDABLE HOUSING & SUSTAINABLE COMMUNITIES PROGRAM

Sakura

WHEREAS, the California Department of Housing and Community Development ("Department") and the Strategic Growth Council ("SGC") have issued an Affordable Housing & Sustainable Communities Program ("AHSC" or "AHSC Program") Notice of Funding Availability, dated January 19, 2024 ("AHSC Program NOFA").

WHEREAS, the Capitol Area Community Development Corporation, a California nonprofit public benefit corporation ("Corporation"), is authorized as active and in good standing to do business in the State of California, and it is in the Corporation's best interests to participate in the AHSC Program on its own behalf and as the Sole Member Manager of 2000 16th St CACDC Association, LLC, a California limited liability company (the "LLC"), the Managing General Partner of 2000 16th St Association, LP, a California limited partnership (the "Borrower").

WHEREAS, Corporation submitted an application to the Department in response to the AHSC Program NOFA (the "Application") and was determined to be an eligible Applicant under the AHSC Program.

WHEREAS, Department and SGC have made a conditional commitment of AHSC Program funds to assist Sakura (the "Project"), and such commitment was made to awardees pursuant to that certain conditional award letter, dated September 3, 2024 (the "Award Letter") in the following amount(s):

AHSC Program Award Component	Amount Awarded
AHSC Program Loan Award	\$25,300,000
AHSC Program Grant Award	\$12,986,787
Total:	\$38,286,787

WHEREAS, the AHSC Program Loan Award and AHSC Program Grant Award expressly identified above will hereinafter jointly be referred to as the "AHSC Program Award"

NOW, THEREFORE, IT IS RESOLVED, that the Corporation is hereby authorized and directed to act on its own behalf and as the Sole Member Manager of the LLC as Managing General Partner of the Borrower in connection with the AHSC Program Award.

RESOLVED FURTHER: Corporation is hereby authorized and directed to accept and incur an obligation for the AHSC Program Loan Award. That in connection with the full amount of the AHSC Program Loan Award, or with an amount which does not exceed the sums specified above, the Corporation, on its own behalf and as Sole Member Manager of the LLC as Managing General Partner of the Borrower, is authorized and directed to enter into, execute, and deliver a STD 213, Standard Agreement, and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program Award from the Department and to participate in the AHSC Program, and all amendments thereto (collectively, the "AHSC Program Award Documents").

RESOLVED FURTHER: Corporation is hereby authorized and directed to accept and incur an obligation for the AHSC Program Grant Award. That in connection with the full amount of the AHSC Program Grant Award, or with an amount which does not exceed the sums specified above, the Corporation, is authorized and directed to enter into, execute, and deliver a STD 213, Standard Agreement, and any and all other documents required or deemed necessary or appropriate to secure or evidence the AHSC Program Grant Award from the Department and to participate in the AHSC Program, and all amendments thereto (collectively, the "AHSC Program Award Documents").

RESOLVED FURTHER: Corporation acknowledges and agrees that it shall be subject to the terms and conditions specified in the STD 213, Standard Agreement(s), and that the AHSC Program NOFA and the Application and Project Report will be incorporated by reference therein and made a part thereof. Corporation also acknowledges and agrees that any and all activities, expenditures, information, and timelines represented and described in the Application are enforceable through the relevant STD 213, Standard Agreement(s). Corporation also acknowledges and agrees that AHSC Program Award funds are to be expended only on the eligible uses and activities identified in the relevant STD 213, Standard Agreement(s).

RESOLVED FURTHER: That **Danielle Foster**, **President**, **or her designee**, is hereby authorized to execute the AHSC Program Award Documents on behalf of the Corporation for itself and as Sole Member of the LLC as Managing General Partner of the Borrower.

Passed and adopted, effective as Septe of the Corporation by the following vote:	ember 27, 2024, by the consent of the Board of Directors
AYES	NAYS
ABSTAIN	ABSENT
	Danielle Foster, President
CERTIFICATE OF THE SE	CRETARY OF THE CORPORATION
foregoing is a true, full and correct cop	poration, does hereby attest and certify that the by of a resolution that was duly adopted by the ember 27, 2024, and that the resolution has not aled, rescinded, or annulled.
DATE:	Tara Gandara

RESOLUTION OF THE MEMBERS OF 2000 16th St CACDC Association, LLC

AFFORDABLE HOUSING & SUSTAINABLE COMMUNITIES PROGRAM

Sakura

WHEREAS, the California Department of Housing and Community Development ("Department") and the Strategic Growth Council ("SGC") have issued an Affordable Housing & Sustainable Communities Program ("AHSC" or "AHSC Program") Notice of Funding Availability, dated January 19, 2024 ("AHSC Program NOFA").

WHEREAS, **2000 16th St CACDC Association, LLC**, a California limited liability company ("LLC"), is authorized as active and in good standing to do business in the State of California, and it is in the LLC's best interests to participate in the AHSC Program as the Managing General Partner of 2000 16th St Associates, LP, a California limited partnership (the "Borrower"), the ultimate borrower of the AHSC Program Loan Award.

WHEREAS, Department and SGC have made a conditional commitment of AHSC Program funds to assist Sakura (the "Project"), and such commitment was made to awardees pursuant to that certain conditional award letter, dated September 3, 2024 (the "Award Letter") in the following amounts:

AHSC Program Award Component	Amount Awarded
AHSC Program Loan Award	\$25,300,000
AHSC Program Grant Award	\$12,986,787
Total:	\$38,286,787

WHEREAS, in connection with such Project, the Borrower has either received, or been assigned, an award of AHSC Program Loan funds in the total amount of \$25,300,000 (the "AHSC Program Loan Award").

NOW, THEREFORE, IT IS RESOLVED, that the LLC is hereby authorized and directed to act as the Managing General Partner of the Borrower in connection with the AHSC Program Loan Award.

RESOLVED FURTHER: That in connection with the total amount of the AHSC Program Loan Award, or with an amount which does not exceed the sums specified

above, the LLC, as Managing General Partner of the Borrower, is authorized and directed to enter into, execute, and deliver one or more STD 213, Standard Agreement(s), and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program Loan Award from the Department and to participate in the AHSC Program, and all amendments thereto (collectively, the "Program Loan Award Documents").

RESOLVED FURTHER: That **Danielle Foster, President, or her designee, is** hereby authorized to execute the Program Award Documents on behalf of the LLC as Managing General Partner of the Borrower.

	and adopted, effective as Sep orporation by the following vol	tember 27, 2024, by the consent of the Board of Directors e:
_	AYES	NAYS
_	ABSTAIN	ABSENT
		Danielle Foster, President
CE		CARY OF THE CAPITOL AREA COMMUNITY CORPORATION OF THE LLC
the LLC of a res	, does hereby attest and certicularies, does hereby attest and certicularies, does not been a the resolution has not been a	pitol Area Community Development Corporation of fy that the foregoing is a true, full and correct copy by the LLC's members on September, 27, 2024 , Itered, amended, modified, repealed, rescinded, or
DATE: _		Tara Gandara Capitol Area Community Development Corporation

Attachment 4

RESOLUTION OF 2000 16th St Association, LP

AFFORDABLE HOUSING & SUSTAINABLE COMMUNITIES PROGRAM

Sakura

WHEREAS, the California Department of Housing and Community Development ("Department") And The Strategic Growth Council ("SGC") have issued an Affordable Housing and Sustainable Communities ("AHSC" or "AHSC Program") Notice of Funding Availability, dated January 19, 2024 ("AHSC Program NOFA").

WHEREAS, **2000 16th St Association, LP**, a [California/ other state] limited partnership ("Borrower"), is authorized as active and in good standing to do business in the State of California, and it is in the Borrower's best interests to participate in the AHSC Program as the ultimate borrower of the AHSC Program loan funds.

WHEREAS, the Department and SGC have made a conditional commitment of AHSC Program funds to assist Sakura (the "Project"), and such commitment was made awardees pursuant to that certain conditional award letter, dated September 3, 2024 (the "Award Letter") in the following amounts:

AHSC Program Award Component	Amount Awarded
AHSC Program Loan Award	\$25,300,000
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AHSC Program Grant Award	\$12,986,787
Total:	\$38,286,787

WHEREAS, in connection with such Project, the Borrower has either received, or been assigned, an award of AHSC Program loan funds in the total amount of \$25,300,000 (the "AHSC Program Loan Award").

NOW, THEREFORE, IT IS RESOLVED, that the Borrower is hereby authorized and directed to act on its own behalf in connection with the AHSC Program Loan Award.

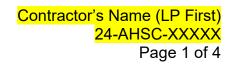
RESOLVED FURTHER: Borrower is hereby authorized and directed to accept and incur an obligation for the AHSC Program Loan Award. That in connection with the total amount of the AHSC Program Loan Award, or with an amount which does not

exceed the sums specified above, the Borrower is authorized and directed to enter into, execute, and deliver one or more STD 213, Standard Agreement(s), and any and all other documents required or deemed necessary or appropriate to secure the AHSC Program Loan Award from the Department and to participate in the AHSC Program, and all amendments thereto (collectively, the "AHSC Program Loan Award Documents").

RESOLVED FURTHER: Borrower acknowledges and agrees that it shall be subject to the terms and conditions specified in the STD 213, Standard Agreement(s), and that the AHSC NOFA, as well as the corresponding and relevant application (the "Application"), and Project Report will be incorporated by reference therein and made a part thereof. Borrower also acknowledges and agrees that any and all activities, expenditures, information, and timelines represented and described in the Application are enforceable through the relevant STD 213, Standard Agreement(s). Borrower also acknowledges and agrees that AHSC Program Loan Award funds are to be expended only on the eligible uses and activities identified in the relevant STD 213, Standard Agreement(s).

RESOLVED FURTHER: That **2000 16th St CACDC Association, LLC**, the Managing General Partner of the Borrower, is hereby authorized to execute the AHSC Program Loan Award Documents on behalf of the Borrower.

DATE	D:			
_	ROWEI 16 th St		ion, LP, a California limited partnership	
Ву:	a Cali	000 16 th St CACDC Association, LLC, California limited liability company, Managing General Partner		
	Ву:	a Califor	area Community Development Corporation, nia nonprofit public benefit corporation, nember/manager	
			anielle Foster resident	
Ву:	a Cali	fornia <mark>limi</mark>	itual Housing Association, LLC, ted liability company, e General Partner	
	Ву:	a Califor	ousing California, nia nonprofit public benefit corporation, nember/manager	
			nne-Marie Flynn terim CEO	



AUTHORITY, PURPOSE, AND SCOPE OF WORK

1. Authority

This Standard Agreement, STD 213, (the "Agreement") is the result of the Sponsor's application (the "Application") for funding under the Affordable Housing and Sustainable Communities Program ("Program") pursuant to:

- A. Part 1 of division 44 of the Public Resources Code (commencing with Section 75200);
- B. The Round 8 Program Guidelines dated December 14, 2023 (the "Guidelines") as may be amended from time to time; and
- C. The Program's Notice of Funding Availability (the "NOFA") issued by the Department of Housing and Community Development (hereinafter the "Department" or "HCD"), dated January 19, 2024.

This Agreement is entered under the authority of, and in furtherance of the purposes of the Program.

2. Purpose

In accordance with the authority cited above, Sponsor's Application was made to HCD for financial assistance from the Program for the purpose of assisting in the development, operation, and maintenance of a residential rental Affordable Housing Development on certain real property (the "Property") as identified in the Application. The Application, including all representations made therein, and the Project Report dated as of the date set forth in provision Ex. A-E.1 in Exhibit E of this Agreement (the "Project Report") are hereby incorporated in this Agreement by this reference. The financial assistance from the Program shall be in the form of a permanent loan as detailed in the award letter dated as of the date specified in provision Ex. A-E.2 of Exhibit E of this Agreement ("Award Letter") (the "Loan") either directly to the Sponsor, or to an approved affiliate of the Sponsor (either of the foregoing entities, in the capacity as borrower of the Loan funds only, the "Borrower'), as owner of the Development evidenced by a promissory note, secured by a deed of trust and subject to a regulatory agreement between the Borrower and the Department. The purpose of the Loan is to ensure that the Development is constructed, owned, managed, maintained and operated in accordance with the requirements of the Program, the requirements of the Guidelines, and the representations of the Application, and to ensure that certain residential units therein shall be occupied by eligible households at affordable rents as defined in the Guidelines for the full term of the Loan, regardless of sale or transfer of

Affordable Housing and Sustainable Communities (AHSC) Program

Round 8- Loan

the Property or prepayment of the Loan. To further effect this purpose, if Borrower is an entity other than the Sponsor identified in the Application, HCD may require the Sponsor to enter into a Sponsor Operating Guaranty as a condition of closing the Loan. By entering into this Agreement and thereby accepting the award of Program Loan funds, the Sponsor agrees to comply with applicable statutory law, the Guidelines, the NOFA, and this Agreement, and to abide by the representations contained in the Application, and in the Project Report.

3. <u>Definitions</u>

Capitalized terms herein shall have the meaning of the definitions set forth in the Guidelines, and in page 1 of this Exhibit A, in addition:

- A. The "Development" refers to the residential rental Affordable Housing Development described in the Application and meeting the criteria set forth in the Project Report providing the affordable housing units, as described therein, in consideration of the Program Loan. The Development shall meet all criteria as set forth in the Guidelines.
- B. "Agreement" refers to this Standard Agreement.
- C. "Sponsor" refers to the entity or entities that made the Application to the Department for the Development and identified as "Contractor" on page 1 to this Agreement (STD 213). "Sponsor" also includes any affiliate or assignee of the Sponsor approved by the Department and undertaking all the obligations of the Sponsor hereunder. In the case of joint applicants, "Sponsor" shall refer to each applicant or the approved assignee of such applicant. Each joint applicant shall be jointly and severally liable for all obligations of a Sponsor as set forth herein.
- D. "TCAC" refers to the California Tax Credit Allocation Committee.
- E. Any reference to a specific "Section" or "section" of the Guidelines shall initially refer to that specific numbered section of the Guidelines adopted on and dated December 14, 2023. Notwithstanding, if and when the Strategic Growth Council ("SGC") amends any portion of the Guidelines, all references herein to any such portion of the Guidelines shall be deemed to refer to the updated version of the Guidelines, either in whole or in part, as may be applicable. To the extent that any Guidelines section or sections (Section or Sections) provision is or are amended, and thereafter receive(s) a new Guidelines section number(s), any reference herein to the old Guidelines section(s) number(s) shall be interpreted to refer instead to the Guidelines section(s) that is (or are) intended to replace the content and substance of the former Guidelines section(s).

Affordable Housing and Sustainable Communities (AHSC) Program

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4. Scope of Work

The Scope of Work ("Work") for this Agreement shall consist of the development and construction by or on behalf of Sponsor of the Development identified in the Award Letter and described in the Application. The Development is to be developed and constructed by the Sponsor, or by a developer on behalf of the Sponsor, as provided in the Application, and must meet the criteria specified in Exhibit E of this Agreement as provision Ex. A–E.3:

Upon completion, the Development must meet or exceed the applicable minimum Net Density as set forth in Section 103(a)(1)(A)(iv) of the Guidelines.

Further, the Sponsor shall take such actions, pay such expenses, and do all things necessary to complete the Development as identified in the Award Letter and described in the Application, and in the Project Report in accordance with the schedule for completion set forth therein and within the terms and conditions of this Agreement. All written materials or alterations submitted as addenda to the original Application, and which are approved in writing by a Division of Financial Assistance Operations Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Agreement. The Department reserves the right to review and approve all Work to be performed by the Sponsor in relation to this Agreement. Any proposed revision of the Work must be submitted in writing for review and approval by the Department. Approval shall not be presumed unless such approval is made by the Department in writing.

5. <u>Evidence of Point Generating Activities</u>

Based on the points awarded to its Application, Sponsor assures the Department of the existence or planned aspects of all point generating activities as detailed in the Project Report. At the request of the Department, Sponsor shall provide further and additional evidence sufficient to demonstrate the existence and/or completion of the items for which the Sponsor's Application received points. Failure to provide such evidence to the reasonable satisfaction of the Department may result in a reevaluation of the Application and the reduction or cancellation of the award, require repayments of any disbursed Program funds, and result in the disencumbrance of Program funds awarded.

Affordable Housing and Sustainable Communities (AHSC) Program

Round 8- Loan

6. <u>Approved Schedule of the Development</u>

The schedule of construction for the Development approved by the Department, which may be updated from time to time is specified in Exhibit E of this Agreement as provision Ex. A-E.4. When Sponsor misses or anticipates missing an approved Development construction schedule date, Sponsor shall notify the Department in writing as soon as is reasonably practicable. In this notification, Sponsor shall explain why the date has been or will likely be missed; provide a status update relative to the other Development construction schedule dates; and provide assurances that it will meet the remaining Development construction schedule dates. Sponsor's failure to provide a timely written notification shall be considered a default under this Agreement.

7. Performance Milestones

Recipient shall ensure the completion of the Performance Milestones set forth in Exhibit E of this Agreement as provision Ex. A-E.5 by the designated dates.

8. HCD Coordinator

The coordinator of this Agreement for HCD is the Loan Closing AHSC Program Manager for the Affordable Housing and Sustainable Communities, Division of Financial Assistance. Any notice, report, or other communication required by this Agreement shall be mailed by first class mail to the AHSC Program Manager at the following address:

Loan Closing, AHSC Program Manager
Department of Housing and Community Development
Division of State Financial Assistance – Loan Closing Branch
P.O. Box 952054
Sacramento, California 94252-2054

9. Sponsor Contract Coordinator

The Sponsor's Coordinator for this Agreement is listed in Exhibit E of this Agreement as provision Ex. A-E.6. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the contact at the address specified in Exhibit E of this Agreement as provision Ex. A-E.6:

Affordable Housing and Sustainable Communities (AHSC) Program

Round 8- Loan