



June 12, 2025

<b>TO:</b>	Capitol Area Development Authority (CADA) Board of Directors
<b>SUBJECT:</b>	<b>June 20, 2025 Board Meeting AGENDA ITEM 6  MIDDLE INCOME HOUSING PROGRAM – THE WOODLANDS APARTMENTS REHABILITATION AND CONVERSION</b>
<b>CONTACT:</b>	Danielle Foster, Executive Director Josh Palmer, Deputy Executive Director

**RECOMMENDED ACTION:**

Staff is recommending the Board adopt the attached resolution (Attachment 1), authorizing the Executive Director, or her designee, to execute and administer: (1) the necessary Regulatory Agreement providing the Woodlands Apartments 803 apartment units as affordable with the following minimum affordability breakdown: 10% at 60% of Area Median Income (AMI), 80% at 80% of AMI, and 10% at 120% of AMI, with corresponding unit physical reinvestment and resident services as detailed in this report and summarized in Attachment 2; (2) a Promissory Note and Deed of Trust to provide a \$10,000 loan with a one-year term and 3% simple interest; and (3) the completion of any other related documents, including Subordination document(s), as necessary to complete this transaction.

**BACKGROUND**

CADA staff was contacted by staff of Jackson Square Properties and Walker & Dunlop about the property at 2025 W. El Camino Avenue consisting of 803 apartment units. Originally built in 1979, this apartment complex is the largest multi-family property in Sacramento. The limited partnership has owned the property since 2016, at which time the average rent was \$962. Over the last nearly ten years, rents have increased to \$1625 on average. At a 57-percent increase over ten years (5.7% per year), the concern is that continued market pressures will push the affordability of these units outside resident income levels. Income levels typically increase on a 3% average annually, about half of the annual rent changes seen at the Woodlands Apartments.

With rehabilitation work that is currently underway and more scheduled, executing a Regulatory Agreement will ensure long-term stability of the rental housing units. The ownership team has started rehabilitating units and updating them with washer and dryer hook-ups. As part of this middle-income conversation, the owners are committing to rehabilitating units with \$4,000 to \$11,000 per unit, based on the individual unit's current finishes to get them to the property's current updated unit specifications, as units become available.

This property has the following existing amenities: three swimming pools, two spas, a Business Center, Cornhole Court, Covered Outdoor Barbeque Area, Game Room with Shuffleboard, Playground, Off-Leash Dog Park, Laundry Facilities, Fitness Center, 24-hour Package Lockers with Amazon, 24-hour Emergency Maintenance and Courtesy Patrol Security, extra Storage

options, and Covered Parking. This site is also in close proximity to Public Transportation as well.

CADA's Middle Income Program is the only established program in the City and it can provide the necessary tools to support: 1) owner reinvestment into the property, 2) stabilization of project rents, and 3) increased services and supports for resident, project, and community vitality. Participation in this program will ensure ongoing connectivity and accountability of this project with the surrounding area and the City through CADA. CADA will oversee a Middle-Income Regulatory Agreement on the project to ensure the above goals are accomplished. CADA will collect monitoring fees to cover the costs of annual agency affordability monitoring of the project.

## **ANALYSIS**

Staff is excited to support City objectives of investing into major city commercial corridors, stabilizing and investing in important housing stock. As the largest multi-family site in the City, the Woodlands Apartments presents a unique opportunity to ensure affordability, enhanced services, and physical investment into a critical project in our community. This ensures a variety of housing options on this corridor in the long-term and creates an ongoing regulatory relationship and partnership between CADA and the site, with city and community partners as well. These units will support efforts now and over time to protect against anti-displacement of existing residents and will ensure a variety of housing options for current and future workforce members of the area. The property will include a range of affordability levels in an effort to serve existing residents, not displace any residents with higher income levels, and maintain a healthy mix of household types within the site. Below is an overview of the proposed affordability for the site.

Proposed affordability (a minimum of):

<b>Affordability Levels</b>	<b>Unit Total and Sizes</b>
Up to 60% AMI (low income)	80 Units (10% of Units) – Studios, One and Two Bedrooms
Up to 80% AMI (low income)	643 Units (80% of Units) – Studios, One, and Two Bedrooms
Up to 120% AMI (moderate income)	80 Units (10% of Units) – Studios, One and Two Bedrooms

The project developers believe this mix of units will fit the needs of the project and the variety of existing and prospective residents. The units at 120% will not meet current welfare tax exemption rules but will ensure stability of rent changes. The project's welfare tax exemption will be prorated based on the number of qualifying 80% AMI households and rents. The project will be owned and operated through a limited partnership of Housing on Merit and the existing ownership team. Housing on Merit is a qualified non-profit, founded in 2012, with 15,000 housing units across six states with experience across a range of housing types and a 100% success rate complying with welfare tax exemption requirements on 80 properties. Staff vetted this organization and approved them for the program. They will be working with Ounce of Prevention in the provision of resident services.

Staff reviewed this project and found it to be a good opportunity to further both CADA's middle-income program and City objectives for major city corridors, promoting workforce and affordable housing preservation, with minimal risk, at a low cost per unit, and a small short-term loan. While

this property's tax exemption is approximately \$1,000,000 per year on the qualifying units under this program, over the 30-year term, this site provides the 723 affordable units (at and below 80% AMI) at the cost of \$45,478 per unit for the full subsidy of the term, which is much more cost effective than developing similar units at this income level. The project complies with program guidelines. Staff is recommending the addition of this project into CADA's middle income program.

### **FINANCIAL IMPACT**

The project requires the necessary public subsidy to comply with state law. Staff is recommending loaning \$10,000 to the project from CADA's middle income program with a one-year term and three-percent simple interest. Monitoring of this project will be covered by annual monitoring fees and the project will pay a \$2,500 loan origination fee to CADA.

### **POLICY**

Inclusion of the Woodlands Apartments into CADA's Middle-Income Program supports CADA's work in providing a variety of housing types and affordability levels and furthers the community health by broadening the available range of household types and income levels that the housing is able to serve, while ensuring rent stability and further site services for the success of the residents and complex within the community.

### **STRATEGIC PLAN**

This middle-income project fulfils the following components of the CADA Strategic Plan: "Deliver Community Development Leadership" and "Provide Policy and Innovation Leadership." The Middle-Income Program works towards both of these goals and is an innovative way to further the variety of housing types necessary for a healthy community and economy.

### **ENVIRONMENTAL IMPACT**

This action is exempt under the California Environmental Quality Act (CEQA) as it involves only the provision of funding for a project that has already undergone CEQA review for its prior development. Rehabilitation work on the property does not require additional CEQA review, as this project falls under the categorical exemption for existing facilities in class 1, section 15301. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

### **CONTRACT AWARD CONSIDERATIONS**

Not applicable.

Attachments:

1. Resolution 25-20
2. Project Overview and Services

**RESOLUTION NO. 25 – 20**

June 20, 2025

Adopted by the Capitol Area Development Authority

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AND RECORD  
THE NECESSARY MIDDLE-INCOME PROGRAM DOCUMENTS FOR THE PROVISION OF  
803 LOW- AND MODERATE- INCOME HOUSING UNITS  
FOR 30 YEARS**

**WHEREAS**, the Woodlands Apartments development ("the Development") qualifies under CADA's middle-income housing program, utilizing a program model that relies upon the welfare tax exemption and cost-efficient housing design and/or preservation of existing housing to provide housing affordability;

**WHEREAS**, Jackson Square Properties, Housing on Merit and their ownership limited partnership for the Development agree to provide 803 units affordable to low-income and moderate-income households at 80% and 120% of the Area Median Income in the Woodlands Apartments;

**WHEREAS**, provision of this middle-income housing addresses a community need to preserve and stabilize affordable housing rents, supports local objectives for reinvestment into existing housing stock on major corridors, supports the on-site residents with increased services, increases community connection and accountability with the site, and provides a stable workforce that will support the economic vitality of the City; and

**WHEREAS**, providing the Development with the necessary Regulatory Agreement and short-term public subsidy ensures the ongoing affordability of the housing and its provision of middle-income housing for thirty years.

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

The Executive Director, or her designee, is authorized to execute and administer: (1) the necessary Regulatory Agreement providing the Woodlands Apartments 803 apartment units as affordable with the following minimum affordability breakdown: 10% at 60% of Area Median Income (AMI), 80% at 80% of AMI, and 10% at 120% of AMI, with corresponding unit physical reinvestment and resident services as detailed in this report and the attached summary; (2) a Promissory Note and Deed of Trust to provide a \$10,000 loan with a one-year term and 3% simple interest; and (3) the completion of any other related documents, including Subordination document(s), as necessary to complete this transaction.

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Ann Bailey, Chair

ATTEST:

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Tara Gandara  
Secretary to the Board of Directors

## **Woodlands Project Overview and Services**

### **Project affordability (a minimum of):**

<b>Affordability Levels</b>	<b>Unit Total and Sizes</b>
Up to 60% AMI (low income)	80 Units (10% of Units) – Studios, One and Two Bedrooms
Up to 80% AMI (low income)	643 Units (80% of Units) – Studios, One, and Two Bedrooms
Up to 120% AMI (moderate income)	80 Units (10% of Units) – Studios, One and Two Bedrooms

**Loan Terms:** \$10,000 loan for one-year, 3% simple interest

**Fees:** \$2,500 loan origination fee and annual monitoring fees

**Ownership:** Owners will hold the property for a minimum of five years

### **Physical Investments:**

**Units-** As units become available, the project ownership will invest \$4,000-\$11,000 per unit to get all units up to the updated and current specifications for the project. Additionally, the project will continue to include washer and dryer hook-ups in units, unless it deemed infeasible for individual units. These physical improvements will be reported on annually in monitoring documentation to CADA.

**Trees-** Tree replacement will occur throughout the property, replacing all dead and previously-removed trees within the first five years of the agreement. The project will report any instances of infeasibility with its annual monitoring, for review by CADA.

**Recycling Program-** There will be expansion of recycling opportunities throughout the property and education at the site.

**Conversion of Business Center to Homework/Tutoring Center-** Within 90 days of signing the Regulatory Agreement, an after-school area will be created and maintained, filled with supplies for homework and a space for residents to do homework or activities (games, pens/pencils, paper etc.).

### **Project Coordination:**

**On-site Staff-** Ounce, Housing on Merit, and Apartment Management Consultants (AMC) will commit to meetings every other week between the on-site property management staff and services staff to ensure the necessary coordination for residents. At these meetings, specific issues and resident needs will be discussed in an effort to support residents in their housing and ensure community harmony and safety.

Neighborhood Watch and Sacramento Police Department- The site will coordinate with the City and the Police Department (PD) to institute a Neighborhood Watch Program at the property and schedule monthly emails and quarterly in-person check-ins with Sacramento PD, supporting problem-oriented policing activities and building a relationship with assigned officers to the area. Staff will also organize safety workshops and law enforcement meet and greets for residents. The site will work with PD to identify Crime Prevention Through Environmental Design (CPTED) opportunities and the placement of cameras to further safety at the site.

### **Enhanced Resident Services:**

With its participation in the Middle-Income Program and within 90 days of signing the Regulatory Agreement, the Development will provide the following expanded services to residents. These services will continue throughout the term of the Regulatory Agreement.

- After school tutoring within the area filled with supplies for homework. A space for residents to do homework or activities (games, pens/pencils, paper etc.). Offer tutoring to residents, a minimum of five days per week, Mon-Friday, 2pm-5:30pm, September to mid-June. Room open year-round, with 3 computers, printer/scanner, school supplies, an Xbox, PS5, footballs and soccerballs.
- Online resident social programs through Housing on Merit, creating and maintaining community connections between tenant households.
- Continue hosting Holiday and interest-based social events, averaging 1.5 per month over the year- enhance common areas within the first year, provide social offerings for residents to connect, bouquet-making, BBQs, etc.
- Provide Swim lessons that will be organized through Housing on Merit- adapting to tenant schedule needs.
- Maintain Site Security and courtesy patrols.
- Institute Financial Literacy programming for teenagers and adults, work with the Financial Empowerment Center (FEC), local banking institutions, and utilize the Ready to Rent Program for both adult and teenager tenants.
- Assist tenants with access to public benefits (e.g. SNAP, LIHEAP, etc)
- Offer job training and employment referrals, child care referrals and support programs for residents to access employment.
- Coordinate Family Self-Sufficiency (FSS) education.
- Health and Wellness Services- Assistance with obtaining/maintaining health insurance, facilitate primary care and preventative health search, connect residents to care for chronic conditions, dental, vision, and mental health.
- Improve food security through referrals and nutrition education.
- Mental Health- In addition to referrals, provide support for apartment cleaning/hoarding situations and provide referrals for In-home supportive services, as needed.