



March 14, 2025

TO: CADA Board of Directors

**SUBJECT: March 21, 2025 Board Meeting
AGENDA ITEM 7
AUTHORIZATION FOR CADA TO ASSIST IN SYNDICATION OF 805 R
MUTUAL HOUSING ASSOCIATES, L.P. INTERESTS**

CONTACT: Todd Leon, Development Director
Jack Barnes, Development Manager

RECOMMENDED ACTION

Staff recommends that the CADA Board of Directors ("Board") grant CADA the authority to take any and all actions necessary, including entering into one or more guaranties under the syndication documents, to assist in the syndication of the interests of 805 R Mutual Housing Associates, L.P. ("Partnership").

BACKGROUND

On December 15, 2022, 805 R Mutual Housing Association LLC and 805 R CADA Association LLC entered into an agreement of limited partnership that created 805 R Mutual Housing Associates, L.P. for the purpose of developing affordable housing ("Project") on 805 R Street, Sacramento, CA 95811.

On August 6, 2024, the California Debt Limit Allocation Committee (CDLAC) and the Tax Credit Allocation Committee (TCAC) notified the Partnership that they would be reserving an allocation of bonds and tax credits to the Project.

On October 25, 2024, Enterprise Housing Credit Investments ("Enterprise") provided the Partnership with a letter of interest to make an equity investment in the project for the purposes of syndicating the Project's tax credits.

On February 14, 2025, the Board approved various agreements and authorized any and all actions necessary to close on financing for the Project.

On March 11, 2025, Enterprise provided the Partnership with an updated due diligence checklist that required a resolution specifically providing CADA the authority to make guaranties in connection with the syndication of the limited partnership interests.

ANALYSIS

While CDLAC and TCAC have reserved tax credits for the Project, actually being awarded them is conditioned upon Project completion. As the tax credit investor for the Project, Enterprise's purpose for entering the Partnership is to sell – or syndicate – the tax credits that the Project is awarded to corporations who are looking to lessen their tax liability.

Thus, it is imperative to Enterprise that the Project is completed on schedule. Enterprise requires that the Partnership, CADA, and Mutual Housing California each individually and collectively guaranty their obligations outlined in the Amended Limited Partnership Agreement ("Amended LPA") and that Enterprise will capture the anticipated tax credits that the project will generate for syndication.

FINANCIAL IMPACT

The Guaranty Agreement stipulates that CADA must maintain a minimum net worth of \$5,000,000 and a minimum unencumbered liquidity of \$1,000,000 for the duration of the Guaranty Agreement, which terminates when the Development Team (the Capitol Area Community Development Corporation and Mutual Housing California) has satisfied its obligations under the Amended LPA.

ENVIRONMENTAL CONSIDERATIONS

The Department of General Services of the State of California, as the lead agency for the Project, has determined that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (Class 32 – In-Fill Development Project). The actions requested here, which include establishment of a funding mechanism for local projects, are a fiscal activity and not a project pursuant to CEQA Guidelines section 15378 (b)(4) because they do not constitute the commitment to or approval of any project that could have a significant effect on the environment.

STRATEGIC PLAN

By authorizing CADA to make a guaranty to Enterprise that the Partnership in which Enterprise is acquiring a 99.99% interest will indeed meet its obligations outlined in the Amended LPA on time, the Board will promote its Strategic Goal to "Deliver Community Development Leadership." Specifically, it will advance actions #1 and #8 to "seek opportunities for furthering ownership housing and housing serving a range of income levels to create diverse and inclusive neighborhoods" and to "identify opportunities to bring more housing online that addresses local needs and engage in a minimum of two active development projects per year," respectively. This guaranty is a necessary step toward securing investment in the Project and will bring it meaningfully closer to reality for the 239 low-income households and two manager households it will house.

Attachments:

1. CADA Authorizing Resolutions Re: Syndication of Monarch Apartments
2. Attachment 2 – 805 R Mutual Housing Associates, L.P. Amended Limited Partnership Agreement Exhibit D: Guaranty Agreement

RESOLUTION NO. 25 – 11

Adopted by the Capitol Area Development Authority March 21, 2025

AUTHORIZING RESOLUTIONS RE: SYNDICATION OF MONARCH APARTMENTS

At a duly constituted meeting of the Board of Directors of Capitol Area Development Authority, a joint powers agency (the "Agency") held on March 21, 2025 the following resolutions were adopted:

WHEREAS, 805 R Mutual Housing Associates, L.P., a California limited partnership (the "Partnership") desires to develop, own and operate a residential affordable housing development for low income persons (the "Project") on the real property located at 805 R Street, Sacramento, California;

WHEREAS, 805 R CADA Association LLC, a California limited liability company ("LLC"), an entity formed by Capitol Area Community Development Corporation, a California nonprofit public benefit corporation ("CACDC"), an organization affiliated with the Agency, is entering into an amended and restated agreement of limited partnership (the "Partnership Agreement") for 805 R Mutual Housing Associates, L.P., a California limited partnership (the "Partnership"), as the administrative general partner, together with 805 R Mutual Housing Association LLC, a California limited liability company, as the managing general partner, Wincopin Circle LLLP, a Maryland limited liability limited partnership, its affiliates, successors, and assigns, as the investor limited partner (collectively the "Limited Partner");

WHEREAS, the Board of Directors of the Agency deems it to be in the best interests of the Agency to assist CACDC, LLC and the Partnership in the syndication of the limited partnership interests with the Limited Partner and to enter into any and all agreements required by the Partnership or the Limited Partner, including but not limited to one or more guaranty agreements and any other agreements and to take any and all further actions necessary in connection with the syndication of the limited partnership interests;

NOW, THEREFORE, BE IT RESOLVED: That the Agency shall assist CACDC, LLC and the Partnership in the syndication of the limited partnership interests with the Limited Partner and shall enter into any and all agreements required by the Partnership or the Limited Partner, including but not limited to one or more guaranty agreements and any other agreements and to take any and all further actions necessary in connection with the syndication of the limited partnership interests;

FURTHER RESOLVED: That any and all acts of any officer of the Agency or any person(s) designated and authorized to act by any officer, which acts would have been authorized by the foregoing resolutions except that such acts were taken prior to the

adoption of this Resolution be, and they hereby are, severally ratified, confirmed, approved and adopted as acts in the name and on behalf of the Agency;

FURTHER RESOLVED: That the Executive Director or any officer of the Agency, acting alone, on behalf of the Agency, in its sole capacity, shall execute any and all necessary documents, including, but not limited to, guaranty agreements, and any other agreements or security instruments, and shall take any and all further actions necessary to consummate the activities described in this Resolution; and

FURTHER RESOLVED: That the Secretary or any Board Officer of the Agency is authorized to execute and certify any form of resolution required by any lender, investor, regulator or other third party involved in the transaction, so long as the Executive Director and counsel to the Agency determine that the substance of such resolutions does not materially conflict with the substance of this Resolution.

The foregoing Resolution was duly passed and adopted at a meeting of the Board of Directors of Capitol Area Development Authority held on March 21, 2025, by the following vote:

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

805 R MUTUAL HOUSING ASSOCIATES, L.P.

Exhibit D

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this “*Agreement*” or “*Guaranty*”), dated and effective as of April [], 2025, is made by and between 805 R MUTUAL HOUSING ASSOCIATES, L.P., a California limited partnership (the “*Partnership*”), MUTUAL HOUSING CALIFORNIA, a California nonprofit public benefit corporation (“*MHC*”), and CAPITOL AREA DEVELOPMENT AUTHORITY, a joint exercise powers agency, duly organized and validly existing under the laws of the State of California (“*CADA*”, and together with MHC, the “*Guarantors*”) for the benefit of the Limited Partner.

Recitals

The Partnership was formed for the purpose of acquiring, owning, developing, constructing and/or rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of a 241 unit residential project in one (1) building located in Sacramento, California (the “*Project*”). The Partnership is operating by a First Amended and Restated Agreement of Limited Partnership to which this Agreement is attached as an Exhibit and made a part thereof (the “*Partnership Agreement*”).

The Limited Partner is simultaneously acquiring a limited partnership interest in the Partnership pursuant to the Partnership Agreement. As a result of the admission of the Limited Partner to the Partnership and the Limited Partner’s contribution of capital to the Partnership in accordance with the terms of the Partnership Agreement, the Guarantors or their respective affiliates expect to receive substantial benefits, including, without limitation, certain fees relating to the construction and development of the Project.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Guaranty Obligation.** To induce the Limited Partner to acquire an interest in the Partnership, to enter into the Partnership Agreement and to become the Limited Partner of the Partnership, the Guarantors hereby unconditionally, jointly and severally, guarantee to the Limited Partner, commencing on the date of this Guaranty Agreement, the due and punctual performance by the General Partners and the Developer of all of their obligations under the Partnership Agreement and the Development Agreement, each as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantors (collectively referred to herein as the “*Obligations*”).

1. **Covenant of Guarantor.** From and after the date hereof, the Guarantors covenant and agree that they shall maintain, in the aggregate, minimum net worth of \$5,000,000 and minimum unencumbered liquidity (cash and cash equivalents) of \$1,000,000. Each Guarantor shall deliver to the Investor Limited Partner on June 30th and December 31st of each year a compliance certificate addressed to the Investor Limited Partner, together with supporting account statements, establishing compliance with the foregoing net worth and liquidity requirement. In

addition, each Guarantor shall furnish the Investor Limited Partner a separate current and accurate personal financial statement within one hundred eighty (180) days following the end of each calendar or fiscal year of such Guarantor (as applicable) and at such other times (and together with such other financial information of the Guarantor) as the Investor Limited Partner may reasonably request from time to time.

2. **Obligations of the Guarantors.** Each Guarantor hereby agrees that its Obligations hereunder shall be unconditional (and shall not be subject to any advance, set-off, counterclaim or recoupment whatsoever), irrespective of the regularity or enforcement of any Project Document, the Partnership Agreement, the Development Services Agreement or this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse of the Limited Partner against the undersigned. The undersigned hereby waives diligence, presentment and demand for payment, protest, any notice of any assignment hereunder in whole or in part or of any default hereunder or under any Project Document, the Partnership Agreement, or the Development Services Agreement and all notices with respect to this Guaranty, the Partnership Agreement, the Development Services Agreement or the Project Documents. No waiver by the Limited Partner of any of its rights under the Project Documents, the Partnership Agreement, the Development Services Agreement or this Guaranty and no action by the Limited Partner to enforce any of its rights under this Guaranty or failure to take, or delay in taking, any such action shall affect any Guarantor's Obligations hereunder.

The Obligations of each Guarantor hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by, (i) any amendment or modification of or addition or supplement to the Partnership Agreement, the Development Services Agreement or any of the Project Documents, except insofar as such amendment, modification, addition or supplement shall directly affect any Obligation hereunder (and the Limited Partner shall have affirmatively consented thereto), (ii) any extension, indulgence or other action or inaction in respect of the Partnership Agreement, the Development Services Agreement or the Project Documents, or any exercise or nonexercise of any right, remedy, power or privilege in respect of such documents or this Guaranty, (iii) any default by Guarantors under, or any illegality or unenforceability of, or any irregularity or defect in, the Partnership Agreement, the Development Services Agreement, the Project Documents or any provision of this Guaranty, (iv) any event of bankruptcy, insolvency, reorganization or similar proceeding involving or affecting the Partnership, the General Partners or the Guarantors, or (v) any other circumstances, whether or not the undersigned or the Limited Partner shall have actual or constructive notice or knowledge thereof. The undersigned hereby waives to the fullest extent permitted by law, any and all notices and defenses to which it may be entitled by law to its Obligations hereunder, including, without limitation, notice of acceptance of this Guaranty, and any requirement of diligence on the part of the Limited Partner or any other parties to the Partnership Agreement, the Development Services Agreement or Project Documents.

3. **Term.** This Agreement shall commence as of the date hereof and shall terminate when the General Partners and the Developer have satisfied in full their Obligations pursuant to the Partnership Agreement and the Development Services Agreement and the Guarantors shall have satisfied in full their Obligations pursuant to this Agreement. The Obligations of the

Guarantors shall remain in full force and effect notwithstanding the removal of the General Partners in accordance with the Partnership Agreement.

4. **Representation.** Each Guarantor hereby represents for itself that:

(a) it will maintain sufficient funds to be able to satisfy its Obligations under this Agreement,

(b) there is no action, suit, proceeding or investigation (pending or threatened) involving the Guarantor, or which could materially, adversely affect the Guarantor's assets, operation or conditions, financial or otherwise; and

(c) the execution, delivery and performance by the Guarantor of this Agreement, the Project Documents and the Loan Documents, as applicable, and the carrying out of the transactions contemplated thereby, are not in violation of or in conflict with nor do they constitute a default under (a) any provision of any applicable law, statute, ordinance or rule or regulation; (b) any agreement indenture or instrument to which the Guarantor is a party; (c) any license or permit or (d) any judgment, decree or order of a court of competent jurisdiction, all as may be applicable to the Guarantor.

5. **Intended Beneficiary.** The parties intend that the Partnership and the Limited Partner of the Partnership and its successors, assigns or transferees each be a direct beneficiary of this Agreement and that the Partnership and the Limited Partner and its successors, assigns or transferees in such capacity may enforce the Guarantors' Obligations hereunder. No person other than the Partnership and the Limited Partner, its successors, assigns or transferees and the parties to this Agreement may directly or indirectly rely upon or enforce the provisions of this Agreement, whether as a third party beneficiary or otherwise.

6. **Partnership Agreement.** Except as expressly provided herein, this Agreement shall be subject to the applicable terms and conditions of the Partnership Agreement, as the same may be amended from time to time, with or without the consent of, or notice to, the Guarantors.

7. **Burden and Benefit.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and assigns. No party may assign this Agreement without the consent of the other party.

8. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

9. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

10. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Partnership Agreement.

11. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

12. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

13. **Terminology.** All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

14. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

15. **Guaranty of Payment.** Notwithstanding any other provision of this Agreement:

(i) this Agreement constitutes a guaranty of payment, not solely a guaranty of collection; and

(ii) the guaranty in this Agreement is primary and not conditional.

16. **Notices.** All notices to be given under this Agreement shall be sent to the Persons shown below. Any party may change its Notice address by providing Notice thereof to all other parties.

If to MHC: Mutual Housing California
3321 Power Inn Road, Suite 320
Sacramento, California 95814
Attention: Sahar Soltani
Tel: (916) 403-5278
Email: sahar@mutualhousing.com

With a copy to: V. Nicole Kline
Gubb & Barshay LLP
235 Montgomery Street, Suite 1110
San Francisco, California 94104
Tel: (415) 781-6600
Email: nkline@gubbandbarshay.com

If to CADA: Capitol Area Development Authority
1522 14th Street
Sacramento, California 95814
Attention: [Danielle Foster]

Tel: [(916)-323-1278]
Email: [dfoster@cada.org]

With a copy to: Amara Harrell
Kronick Moskowitz Tiedemann & Girard
1331 Garden Hwy, 2nd Floor
Sacramento, California 95833
Tel: (916) 321-4598
Fax: (916) 321-4555
Email: aharrell@kmtg.com

If to the Limited Partner: Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Tel: (410) 772-5230; Fax: (410) 772-2630
Attention: General Counsel
Email: sshack@enterprisecommunity.com

With a copy to: Kristen M. Cassetta, Esq.
Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, Massachusetts 02116
Tel: (617) 573-5875; Fax: (617) 523-6850
Email: kristen.cassetta@hklaw.com

[signatures begin on the following page]

The parties have executed this Guaranty Agreement as of the date first above written.

PARTNERSHIP:

805 R MUTUAL HOUSING ASSOCIATES, L.P., a
California limited partnership,

By: 805 R Mutual Housing Association LLC,
a California limited liability company,
its managing general partner

By: Mutual Housing California,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Anne-Marie Flynn
Interim CEO

By: 805 R CADA Association LLC,
a California limited liability company,
its administrative general partner

By: Capitol Area Community Development
Corporation, a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Danielle Foster
President

MHCR:

MUTUAL HOUSING CALIFORNIA, a California
nonprofit public benefit corporation

By: _____
Anne-Marie Flynn
Interim CEO

CADA:

CAPITOL AREA DEVELOPMENT AUTHORITY,
a joint exercise powers agency, duly organized and
validly existing under the laws of the State of
California

By: _____
Danielle Foster
President