

Folsom City Council Staff Report

MEETING DATE:	September 28, 2021
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 10712 - A Resolution of the City of Folsom Rescinding Resolution No. 10583, Approving an Affordable Housing Loan in the Amount up to \$2,750,000 from the City's Housing Fund to Folsom 670, L.P., and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 111 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to adopt Resolution No. 10712 - A Resolution of the City of Folsom Rescinding Resolution No. 10583, Approving an Affordable Housing Loan in the Amount up to \$2,750,000 from the City's Housing Fund to Folsom 670, L.P., and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 111 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds.

BACKGROUND / ISSUE

Sage at Folsom Apartments (a.k.a. Scholar Senior Apartments) received Planning Commission Planned Development approval on November 18, 2020. The project is a new construction, 100 percent affordable multifamily rental development and is proposed on the 4.6-acre site located at 75 Scholar Way, which is at the northeast corner of the intersection of East Bidwell Street and Scholar Way within the Broadstone Unit No. 3 Specific Plan Area. The Sage project will consist of 111 one-bedroom units affordable to low-, very-low-, and extremely-low-income senior households.

FIGURE 1: SAGE PROJECT SITE AERIAL PHOTOGRAPH



On January 26, 2021, staff requested City Council direction regarding affordable housing loan funding requests for two separate projects: USA Properties, Inc. (USA) Sage at Folsom Multifamily Senior Affordable Housing Development Project and the proposed St. Anton Mangini Place Affordable Housing Project. Historically, the City had received affordable housing fund requests sequentially and thus had analyzed and brought those individual requests forward for City Council consideration. In each circumstance, the available funds exceeded the individual requests. In 2020, the City had two requests for affordable housing funds, which collectively exceeded the available housing fund balance which at the time was approximately \$7,437,000. As such, staff provided information, analysis by TDA Consulting, Inc. (a national provider of affordable housing consulting services), and a preliminary recommendation to the City Council regarding the two affordable housing Projects' funding requests for consideration and direction. Given that USA had entitlements in place and was further along in the process, the City Council reviewed and approved the funding requests for USA's Sage project and directed staff to come back with a specific funding plan for the St. Anton Mangini Place project once additional housing funds became available.

Under the USA funding request there were two alternative funding strategies proposal presented by USA. As such, two separate resolutions (Resolution No. 10583 and Resolution No. 10584) were adopted by City Council. Resolution No. 10583 authorized a loan amount of \$3,500,000 under the preferred alternative that the Project secures State of California tax credit funding. Since the application for State tax credits is highly competitive, Resolution No. 10584 authorized a City loan amount of \$4,500,000 and receipt of federal HOME funds from the Sacramento Housing Redevelopment Agency (SHRA) and provided a "contingency" funding source in the event that the Project was unable to secure the State tax credits.

On April 28, 2018, the Sage at Folsom project was successful in securing State tax credits. And, in July of 2021, USA notified the City that Banner Bank and Bank of America had been selected as debt and equity partners for the project. USA further informed the City that some underwriting terms were different than originally anticipated. Two of the terms that most significantly impact the original project proforma include limiting the permanent loan to \$10,440,000 and the requirement that the deferred developer fee be repaid by the end of year thirteen. As a result, USA provided an update pro forma.

Due to competing requests for the limited amounts remaining in the City's Housing Fund, the approved City's Term Sheet (dated January 2021) for the Project included a Net Cost Savings Provision that made the City loan closing contingent upon further review by the City and its determination that the borrower had reasonably maximized the permanent loan and tax credit equity within current market conditions. In order to evaluate the developer's updated proforma projections and project funding information for Sage Apartments, the City once again engaged the services of TDA Consulting, Inc. to provide technical assistance related to determining whether or not the Project's updated proforma projections were reasonable, and if based on current conditions, the City loan commitment of \$3,500,000 could be reduced.

In conformance with the Net Cost Savings Provision and based on the in-depth analysis by TDA and follow-up conversations with USA, City staff is recommending that City Council Rescind Resolution No. 10583 and approve an affordable housing loan for Sage Apartments in an amount up to \$2,750,000 from the City's Housing Fund.

POLICY / RULE

Financial support of affordable housing projects is consistent with the City's Housing Element Goals of facilitating affordable housing.

ANALYSIS

Affordable Housing Needs Analysis

The Sage Apartment project is a 111-unit 100 percent affordable senior multifamily rental development proposed on the 4.6-acre site located at 75 Scholar Way. The Sage project will consist of 111 one-bedroom units affordable to low-, very-low-, and extremely-low-income senior households. The City's recently adopted (August 24, 2021) Housing Element, which implements the City's "fair share" of the regional affordable housing needs allocated to the City by SACOG, calls for 2,226 very low-income units and 1,341 low-income units over the eight-year period from 2021 to 2029. This Project will provide 110 units toward meeting that goal. In addition, the project furthers Housing Element Goal H-5 which call for the City to *provide a range of housing services for Folsom residents with special needs, including seniors, persons with disabilities, single parents, large families, the homeless, and residents with extremely low incomes.* Not only does the project provide housing for 110 low-income senior households, under the updated pro-forma, eleven of these units will be for seniors with extremely low incomes.

Funding Analysis

As previously indicated in the background section of this report, USA notified the City in July that Banner Bank and Bank of America had been selected as debt and equity partners for the project. USA further informed the City that some underwriting terms were different than originally anticipated. Two of the terms that most significantly impact the original project proforma include limiting the permanent loan to \$10,440,000 and the requirement that the deferred developer fee be repaid by the end of year thirteen, resulting in the fee being reduced to \$1,466,337. As such, USA provided an updated pro forma which included the aforementioned underwriting requirements from Bank of America and also updated sources and uses. The original City loan amount of \$3,500,000, however, remained the same.

The approved City's Term Sheet (dated January 2021) included a net cost savings provision that made closing contingent upon further review by the City and its determination that Borrower has reasonably maximized the permanent loan and tax credit equity within then current market conditions. The provision also spelled out that in the event that project sources are in excess of project costs and to the fullest extent allowed by applicable CDLAC and CTCAC Regulations and the Project's award of Bond Volume Cap and Tax Credits, the first \$1,000,000 of any such excess shall be used to reduce the City's loan and then any remaining excess shall thereafter be used 50 percent to further reduce the City's loan and 50 percent to reduce deferred developer fee.

In order to evaluate the applicant's updated project information and loan request for in the amount of \$3,500,000 to facilitate the development of the 111-unit affordable multifamily housing project, the City once again engaged the services of TDA Consulting, Inc. TDA conducted a detailed review of the developer's updated financial pro forma. The Project's assumptions, methodologies, and calculations were reviewed and evaluated for reasonableness and accuracy. In addition, secondary sources of information were consulted to confirm or validate the pro forma and additional information was requested of the Project developer to clarify or support specific items in the updated pro forma. Based on TDA's analysis, they determined that compared to the proforma upon which the City's Term Sheet (dated January 2021) was based, there has been a net increase in sources (excluding the City loan and deferred fee) of approximately \$2,100,000 with a little less than \$500,000 in cost increases. As a result, TDA, the USA team and City staff met to discuss TDA's findings, clarify project assumptions and discuss areas where TDA believed USA could structure the project to reduce the City's loan amount by an amount of up to \$1,000,000.

Following the meeting with City staff and TDA, USA submitted an updated proforma (dated September 9, 2021) to the City. Although USA's September 9, 2021 pro forma reduced the City's loan commitment by \$500,000 (from \$3.5 million to \$3 million), TDA presented City staff with additional analysis and identified several potential scenarios that would allow USA to further "sharpen the pencil" and reduce the City loan. As such, City staff continued to work with USA to find ways to further reduce the City loan amount and ultimately finalized the loan amount of \$2.75 million. An updated pro forma (dated September 17, 2021) confirming the \$2.75 million City loan amount was provided to the City on September 20, 2021.

The total project development costs are estimated to be approximately \$31.8 million with the majority of the funding to come from the noncompetitive four percent Tax Credit Equity program and a permanent loan. The developer proposes that the City loan carry a three percent simple interest rate for a 35-year term. Furthermore, the developer proposes that the loan be repaid with 50 percent of residual cash flows, beginning in year 13 from permanent loan conversion. See summary below.

Loan Terms

A term sheet outlining the conditions of the loan has been prepared and is included in the staff report (Attachment 3). Key specifics of this term sheet include:

1. Loan amount of \$2,750,000
2. 3% simple interest
3. 35-year repayment term
4. Deferred repayment of the principal amount of the loan with accrued interest will be equal to 50% of Residual Cash Flow
5. At expiration of the loan term, 100% of the principal balance of the loan and all accrued interest will be due and payable.
6. Includes Net Cost Savings provisions.

The City loan will be in second place, behind the permanent construction loan.

Overall, TDA's in-depth analysis of the Project financial proformas and Project details indicates that the loan amount of \$2,750,000 loan is reasonable.

FINANCIAL IMPACT

Funding for the requested affordable housing loan for this project is available from the City's Housing Fund (Fund 238). An appropriation will be required in the amount of \$2,750,000. This funding source does not impact the City's General Fund.

ENVIRONMENTAL REVIEW

An Initial Study, Mitigated Negative Declaration, and Mitigation Monitoring and Reporting Program for the Sage at Folsom project was prepared in accordance with the California Environmental Quality Act (CEQA). With mitigations, the Sage at Folsom project will not have a significant effect on the environment. A Mitigated Negative Declaration was prepared and adopted by the City, and mitigation measures have been included in the project's Conditions of Approval.

ATTACHMENTS

1. Resolution No. 10712 - A Resolution of the City of Folsom Rescinding Resolution No. 10583, Approving an Affordable Housing Loan in the Amount up to \$2,750,000 from the City's Housing Fund to Folsom 670, L.P., and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 111 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds
2. Loan Term Sheet
3. Site Plan and Project Rendering
4. Resolution No. 10583 - A Resolution of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$3,500,000 from the City's Housing Fund to USA Properties Fund, Inc. and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 110 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds

Submitted,

A handwritten signature in blue ink, appearing to read 'Pam Johns', with a long horizontal flourish extending to the right.

Pam Johns, Community Development Director

ATTACHMENT 1

Resolution No. 10712 - A Resolution of the City of Folsom Rescinding Resolution No. 10583, Approving an Affordable Housing Loan in the Amount up to \$2,750,000 from the City's Housing Fund to Folsom 670 L.P., and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 111 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds

RESOLUTION NO. 10712

A RESOLUTION OF THE CITY OF FOLSOM RESCINDING RESOLUTION NO. 10583, APPROVING AN AFFORDABLE HOUSING LOAN IN THE AMOUNT UP TO \$2,750,000 FROM THE CITY'S HOUSING FUND TO FOLSOM 670, L.P., AND AUTHORIZING THE CITY MANAGER TO EXECUTE A LOAN AGREEMENT AND RELATED DOCUMENTS FOR THE CONSTRUCTION OF 111 AFFORDABLE SENIOR HOUSING UNITS AT THE SAGE AT FOLSOM MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT PROJECT, AND APPROPRIATION OF FUNDS

WHEREAS, USA Properties Fund, Inc. is the developer of the proposed Sage at Folsom project, located at the northeast corner of the intersection of East Bidwell Street and Scholar Way within the Broadstone Unit No. 3 Specific Plan Area; and

WHEREAS, USA Properties Fund, Inc. is in the process of securing funding necessary to build the Sage at Folsom project consisting of 111-unit multifamily 100% affordable (excluding one employee unit) senior housing affordable to extremely low, very-low and low income senior households; and

WHEREAS, Folsom 670, L.P. is the project partnership comprised of USA Folsom 670, Inc. (a wholly owned subsidiary of USA Properties Fund, Inc.) as its Administrative General Partner, Riverside Charitable as its Managing General Partner, and Bank of America as its limited partner; and

WHEREAS, at the developer's request, the City Council passed Resolution No. 10583 on January 26, 2021 and approved an affordable housing loan in the amount of \$3,500,000 to assist with the project's financing; and

WHEREAS, the project qualified for additional financing from the California Debt Limit Allocation Committee and Tax Credit Allocation Committee programs; and

WHEREAS, due to competing requests for the limited amounts remaining in the City's Housing Fund, the City Council deems appropriate to adjust the affordable housing loan to assist the Sage at Folsom project to an amount up to \$2,750,000; and

WHEREAS, providing financial assistance to affordable housing projects is consistent with the Goal H-3: Facilitating Affordable Housing in the City's Housing Element; and

WHEREAS, funding for the affordable housing loan is available from the City's Housing Fund (Fund 238); however, an appropriation will be required; and

WHEREAS, the primary term of the affordable housing loan will be 35 years at three percent simple annual interest, to be repaid with a share of residual cash flow to be generated from the project with repayment terms subject to approval by the Finance Director; and

WHEREAS, receipt of all loan repayments will be deposited into the City's Housing Fund (Fund 238) and will be used to provide future assistance for affordable housing.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Folsom that Resolution No. 10583 is hereby rescinded in its entirety.

BE IT FURTHER RESOLVED that the City Council does hereby approve an affordable housing loan in an amount up to \$2,750,000, to Folsom 670, L.P., a California limited partnership to construct the 111-unit affordable senior multifamily project known as Sage at Folsom located at the northeast corner of the intersection of East Bidwell Street and Scholar Way within the Broadstone Unit No. 3 Specific Plan Area, subject to the borrower entering into an affordable housing loan agreement in a form acceptable to the City Attorney.

BE IT FURTHER RESOLVED that the City Manager is authorized to execute an affordable housing loan agreement, and other related documents, consistent with and in furtherance of this Resolution.

BE IT FURTHER RESOLVED that the Finance Director is directed to appropriate up to \$2,750,000 from the City's Housing Fund (Fund 238) to provide an affordable housing loan for the construction of the Sage at Folsom project.

PASSED AND ADOPTED this 28th day of September 2021 by the following vote, to wit:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

Loan Term Sheet

Loan Term Sheet
Sage at Folsom
City of Folsom
September 21, 2021

1. Lender: City of Folsom, a municipal corporation
2. Borrower: Folsom 670, L.P., a California limited partnership, composed of
 - a. USA Folsom 670, Inc., a California corporation, Administrative General Partner, a wholly owned entity of USA Properties Fund, Inc.
 - b. Riverside Charitable Corporation, a California nonprofit public benefit corporation, Managing General Partner
 - c. BANK OF AMERICA, N.A., a national banking association, as Investor Limited Partner (the "Investor Limited Partner"); BANC OF AMERICA CDC SPECIAL HOLDING COMPANY, INC., a North Carolina corporation, as Special Limited Partner (the "Special Limited Partner")– Tax Credit Investor, Limited Partner
3. Loan Amount: \$2,750,000
4. Purpose: Construction and operation of a 111-unit senior rental housing community of which all units (excluding one management unit) will be affordable and deed restricted for 55 years. The planned affordability mix varies between 30% and 80% AMI using TCAC income and rent limits.
5. Timing of Funding: The City's loan will be funded upon closing of the primary construction loan.
6. Interest Rate: 3% simple per annum
 - a. Annual Payments: Repayment of the principal amount of the loan together with accrued interest will be to the extent "Residual Cash Flow" exists. Principal and interest payments equal to fifty percent (50%) of "Residual Cash Flow" are due beginning on May 1st of each year until the loan is fully repaid. Notwithstanding, annual payments on the City's loan will be deferred until the earlier of i) 15 years following Permanent Loan Conversion or ii) repayment of the Deferred Developer Fee, provided further that the Deferred Developer Fee note shall carry no interest.
7. Residual Cash Flow: Residual Cash Flow is identified as all income generated by the project after:
 - a. Payment of typical operating expenses for the project, including:
 - i. Property management fee not to exceed 5%
 - ii. Advertising, legal, accounting, security, and other general office administration expenses
 - iii. Payroll, benefits, and payroll taxes
 - iv. All utilities
 - v. All repair and maintenance costs
 - vi. Property insurance
 - vii. Property taxes, business licenses and permits
 - viii. Resident social and tenant service costs
 - b. Replacement reserve replenishment: cash deposited into a reserve for capital replacements of project improvements in such reasonable amounts as are required by the project lenders, including the City, and/or tax credit investor
 - c. Senior amortizing debt service agreed to by the City as of initial closing.

For purposes of the Borrower's accounting and tax records, distributions of Residual Cash Flow may be characterized pursuant to the Amended and Restated Limited Partnership Agreement as may be amended on project financing.

Notwithstanding, for the purpose of determining the deferral of annual payments on the City's loan, Residual Cash Flow shall be characterized as follows:

- a. First, for payment of an Asset Management Fee to the Limited Partner in the amount of no more than \$7,500 for the first year and escalating at no more than 3% per year thereafter;
- b. Second, for payment of a Partnership Management Fee to the non-profit Managing General Partner for their management duties in an amount equal to \$14,562 and increasing annually at a rate of 2%;
- c. With all remaining Residual Cash Flow used as payment toward any outstanding Deferred Developer Fee.

Upon distribution of \$1,326,448 (or such deferred developer fee evidenced by the final cost certification prepared by a CPA and implementation of the net cost savings/increased sources provision herein) in excess of any amounts related to items (a) and (b) above, the deferral period shall end, and annual payments shall begin.

These categories as listed above shall not materially change without written approval of the City for the purposes of calculating the annual payment.

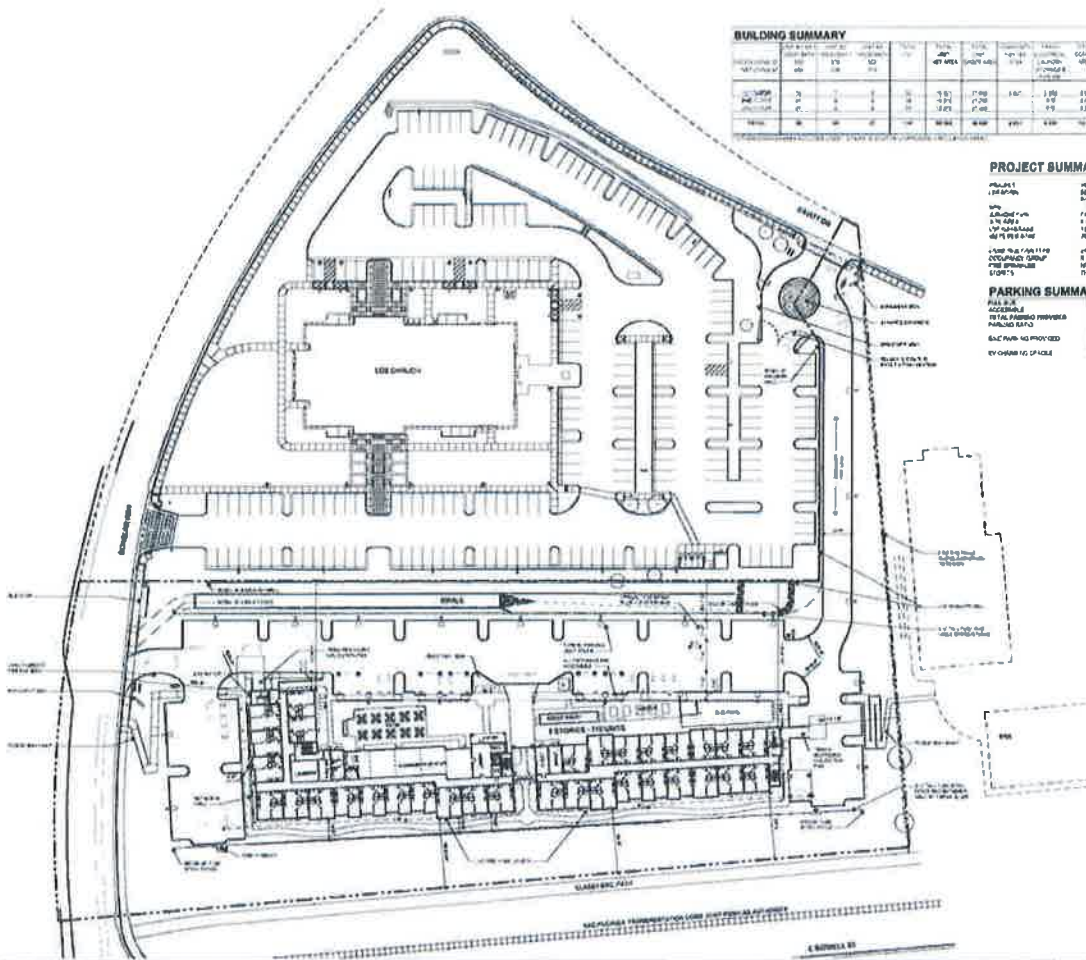
8. Term: 35 years from Permanent Loan Conversion. Balance of loan will be due on sale.
9. Balloon Payment: At the expiration of the loan term, 100% of the principal balance of the loan and all accrued interest will be due.
10. Refinancing: In the event of refinancing, the City will subordinate to the new senior loan on substantially similar terms as the original financing.
11. Conditions: The funding of the City loan is conditioned on the following:
 - a. The project has secured the unconditional commitment of all funding sources necessary to develop the project pursuant to the proforma, including the construction loan, the permanent loan, and 4% federal and state tax credit equity
 - b. The Borrower has fee ownership of the land (the developer currently holds fee simple title of the land)
 - c. The project has secured all building permits or permit-ready letters and is ready to begin construction
 - d. In the event of cost overruns in development of the project, the Developer will defer as much of its estimated developer fee as IRS requirements permit prior to requesting any additional funding from the City.
12. Net Cost Savings/Increased Sources:
 - a. Following completion of construction Borrower shall submit to City a cost certification prepared by a qualified independent auditor acceptable to City setting forth the total sources and uses for the Project. To the extent the Cost Certification shows that project sources are in excess of project

costs (assuming a deferred developer fee of \$1,326,448), to the fullest extent allowed by applicable CDLAC and CTCAC Regulations and the Project's award of Bond Volume Cap and Tax Credits, 50% of such an amount shall be used to reduce the City's loan and 50% to reduce deferred developer fee.

13. Reporting: Developer will provide the City with annual audited financial statements for the project demonstrating compliance with the formula for the distribution of cash flow.
14. Security: City's loan will be secured by a deed of trust junior to construction and permanent financing sources set forth.

ATTACHMENT 3

Site Plan and Project Rendering



BUILDING SUMMARY											
NO.	DESCRIPTION	UNIT	AREA	TYPE	NO.	DESCRIPTION	UNIT	AREA	TYPE	NO.	DESCRIPTION
1	RESIDENTIAL	100	10,000	RES	2	OFFICE	10	1,000	OFF	3	MECHANICAL
2	COMMERCIAL	50	5,000	COM	4	STORAGE	20	2,000	STOR	4	UTILITY
3	PARKING	100	10,000	PARK	5	LANDSCAPE	10	1,000	LAND	5	WATER
4	LANDSCAPE	10	1,000	LAND	6	WATER	10	1,000	WATER	6	SEWER
5	WATER	10	1,000	WATER	7	SEWER	10	1,000	SEWER	7	STREET
6	SEWER	10	1,000	SEWER	8	STREET	10	1,000	STREET	8	UTILITY
7	STREET	10	1,000	STREET	9	UTILITY	10	1,000	UTILITY	9	WATER
8	UTILITY	10	1,000	UTILITY	10	WATER	10	1,000	WATER	10	SEWER
9	WATER	10	1,000	WATER	11	SEWER	10	1,000	SEWER	11	STREET
10	SEWER	10	1,000	SEWER	12	STREET	10	1,000	STREET	12	UTILITY
11	STREET	10	1,000	STREET	13	UTILITY	10	1,000	UTILITY	13	WATER
12	UTILITY	10	1,000	UTILITY	14	WATER	10	1,000	WATER	14	SEWER
13	WATER	10	1,000	WATER	15	SEWER	10	1,000	SEWER	15	STREET
14	SEWER	10	1,000	SEWER	16	STREET	10	1,000	STREET	16	UTILITY
15	STREET	10	1,000	STREET	17	UTILITY	10	1,000	UTILITY	17	WATER
16	UTILITY	10	1,000	UTILITY	18	WATER	10	1,000	WATER	18	SEWER
17	WATER	10	1,000	WATER	19	SEWER	10	1,000	SEWER	19	STREET
18	SEWER	10	1,000	SEWER	20	STREET	10	1,000	STREET	20	UTILITY
19	STREET	10	1,000	STREET	21	UTILITY	10	1,000	UTILITY	21	WATER
20	UTILITY	10	1,000	UTILITY	22	WATER	10	1,000	WATER	22	SEWER
21	WATER	10	1,000	WATER	23	SEWER	10	1,000	SEWER	23	STREET
22	SEWER	10	1,000	SEWER	24	STREET	10	1,000	STREET	24	UTILITY
23	STREET	10	1,000	STREET	25	UTILITY	10	1,000	UTILITY	25	WATER
24	UTILITY	10	1,000	UTILITY	26	WATER	10	1,000	WATER	26	SEWER
25	WATER	10	1,000	WATER	27	SEWER	10	1,000	SEWER	27	STREET
26	SEWER	10	1,000	SEWER	28	STREET	10	1,000	STREET	28	UTILITY
27	STREET	10	1,000	STREET	29	UTILITY	10	1,000	UTILITY	29	WATER
28	UTILITY	10	1,000	UTILITY	30	WATER	10	1,000	WATER	30	SEWER
29	WATER	10	1,000	WATER	31	SEWER	10	1,000	SEWER	31	STREET
30	SEWER	10	1,000	SEWER	32	STREET	10	1,000	STREET	32	UTILITY
31	STREET	10	1,000	STREET	33	UTILITY	10	1,000	UTILITY	33	WATER
32	UTILITY	10	1,000	UTILITY	34	WATER	10	1,000	WATER	34	SEWER
33	WATER	10	1,000	WATER	35	SEWER	10	1,000	SEWER	35	STREET
34	SEWER	10	1,000	SEWER	36	STREET	10	1,000	STREET	36	UTILITY
35	STREET	10	1,000	STREET	37	UTILITY	10	1,000	UTILITY	37	WATER
36	UTILITY	10	1,000	UTILITY	38	WATER	10	1,000	WATER	38	SEWER
37	WATER	10	1,000	WATER	39	SEWER	10	1,000	SEWER	39	STREET
38	SEWER	10	1,000	SEWER	40	STREET	10	1,000	STREET	40	UTILITY
39	STREET	10	1,000	STREET	41	UTILITY	10	1,000	UTILITY	41	WATER
40	UTILITY	10	1,000	UTILITY	42	WATER	10	1,000	WATER	42	SEWER
41	WATER	10	1,000	WATER	43	SEWER	10	1,000	SEWER	43	STREET
42	SEWER	10	1,000	SEWER	44	STREET	10	1,000	STREET	44	UTILITY
43	STREET	10	1,000	STREET	45	UTILITY	10	1,000	UTILITY	45	WATER
44	UTILITY	10	1,000	UTILITY	46	WATER	10	1,000	WATER	46	SEWER
45	WATER	10	1,000	WATER	47	SEWER	10	1,000	SEWER	47	STREET
46	SEWER	10	1,000	SEWER	48	STREET	10	1,000	STREET	48	UTILITY
47	STREET	10	1,000	STREET	49	UTILITY	10	1,000	UTILITY	49	WATER
48	UTILITY	10	1,000	UTILITY	50	WATER	10	1,000	WATER	50	SEWER
49	WATER	10	1,000	WATER	51	SEWER	10	1,000	SEWER	51	STREET
50	SEWER	10	1,000	SEWER	52	STREET	10	1,000	STREET	52	UTILITY
51	STREET	10	1,000	STREET	53	UTILITY	10	1,000	UTILITY	53	WATER
52	UTILITY	10	1,000	UTILITY	54	WATER	10	1,000	WATER	54	SEWER
53	WATER	10	1,000	WATER	55	SEWER	10	1,000	SEWER	55	STREET
54	SEWER	10	1,000	SEWER	56	STREET	10	1,000	STREET	56	UTILITY
55	STREET	10	1,000	STREET	57	UTILITY	10	1,000	UTILITY	57	WATER
56	UTILITY	10	1,000	UTILITY	58	WATER	10	1,000	WATER	58	SEWER
57	WATER	10	1,000	WATER	59	SEWER	10	1,000	SEWER	59	STREET
58	SEWER	10	1,000	SEWER	60	STREET	10	1,000	STREET	60	UTILITY
59	STREET	10	1,000	STREET	61	UTILITY	10	1,000	UTILITY	61	WATER
60	UTILITY	10	1,000	UTILITY	62	WATER	10	1,000	WATER	62	SEWER
61	WATER	10	1,000	WATER	63	SEWER	10	1,000	SEWER	63	STREET
62	SEWER	10	1,000	SEWER	64	STREET	10	1,000	STREET	64	UTILITY
63	STREET	10	1,000	STREET	65	UTILITY	10	1,000	UTILITY	65	WATER
64	UTILITY	10	1,000	UTILITY	66	WATER	10	1,000	WATER	66	SEWER
65	WATER	10	1,000	WATER	67	SEWER	10	1,000	SEWER	67	STREET
66	SEWER	10	1,000	SEWER	68	STREET	10	1,000	STREET	68	UTILITY
67	STREET	10	1,000	STREET	69	UTILITY	10	1,000	UTILITY	69	WATER
68	UTILITY	10	1,000	UTILITY	70	WATER	10	1,000	WATER	70	SEWER
69	WATER	10	1,000	WATER	71	SEWER	10	1,000	SEWER	71	STREET
70	SEWER	10	1,000	SEWER	72	STREET	10	1,000	STREET	72	UTILITY
71	STREET	10	1,000	STREET	73	UTILITY	10	1,000	UTILITY	73	WATER
72	UTILITY	10	1,000	UTILITY	74	WATER	10	1,000	WATER	74	SEWER
73	WATER	10	1,000	WATER	75	SEWER	10	1,000	SEWER	75	STREET
74	SEWER	10	1,000	SEWER	76	STREET	10	1,000	STREET	76	UTILITY
75	STREET	10	1,000	STREET	77	UTILITY	10	1,000	UTILITY	77	WATER
76	UTILITY	10	1,000	UTILITY	78	WATER	10	1,000	WATER	78	SEWER
77	WATER	10	1,000	WATER	79	SEWER	10	1,000	SEWER	79	STREET
78	SEWER	10	1,000	SEWER	80	STREET	10	1,000	STREET	80	UTILITY
79	STREET	10	1,000	STREET	81	UTILITY	10	1,000	UTILITY	81	WATER
80	UTILITY	10	1,000	UTILITY	82	WATER	10	1,000	WATER	82	SEWER
81	WATER	10	1,000	WATER	83	SEWER	10	1,000	SEWER	83	STREET
82	SEWER	10	1,000	SEWER	84	STREET	10	1,000	STREET	84	UTILITY
83	STREET	10	1,000	STREET	85	UTILITY	10	1,000	UTILITY	85	WATER
84	UTILITY	10	1,000	UTILITY	86	WATER	10	1,000	WATER	86	SEWER
85	WATER	10	1,000	WATER	87	SEWER	10	1,000	SEWER	87	STREET
86	SEWER	10	1,000	SEWER	88	STREET	10	1,000	STREET	88	UTILITY
87	STREET	10	1,000	STREET	89	UTILITY	10	1,000	UTILITY	89	WATER
88	UTILITY	10	1,000	UTILITY	90	WATER	10	1,000	WATER	90	SEWER
89	WATER	10	1,000	WATER	91	SEWER	10	1,000	SEWER	91	STREET
90	SEWER	10	1,000	SEWER	92	STREET	10	1,000	STREET	92	UTILITY
91	STREET	10	1,000	STREET	93	UTILITY	10	1,000	UTILITY	93	WATER
92	UTILITY	10	1,000	UTILITY	94	WATER	10	1,000	WATER	94	SEWER
93	WATER	10	1,000	WATER	95	SEWER	10	1,000	SEWER	95	STREET
94	SEWER	10	1,000	SEWER	96	STREET	10	1,000	STREET	96	UTILITY
95	STREET	10	1,000	STREET	97	UTILITY	10	1,000	UTILITY	97	WATER
96	UTILITY	10	1,000	UTILITY	98	WATER	10	1,000	WATER	98	SEWER
97	WATER	10	1,000	WATER	99	SEWER	10	1,000	SEWER	99	STREET
98	SEWER	10	1,000	SEWER	100	STREET	10	1,000	STREET	100	UTILITY
99	STREET	10	1,000	STREET	101	UTILITY	10	1,000	UTILITY	101	WATER
100	UTILITY	10	1,000	UTILITY	102	WATER	10	1,000	WATER	102	SEWER
101	WATER	10	1,000	WATER	103	SEWER	10	1,000	SEWER	103	STREET
102	SEWER	10	1,000	SEWER	104	STREET	10	1,000	STREET	104	UTILITY
103	STREET	10	1,000	STREET	105	UTILITY	10	1,000	UTILITY	105	WATER
104	UTILITY	10	1,000	UTILITY	106	WATER	10	1,000	WATER	106	SEWER
105	WATER	10	1,000	WATER	107	SEWER	10	1,000	SEWER	107	STREET
106	SEWER	10	1,000	SEWER	108	STREET	10	1,000	STREET	108	UTILITY
107	STREET	10	1,000	STREET	109	UTILITY	10	1,000	UTILITY	109	WATER
108	UTILITY	10	1,000	UTILITY	110	WATER	10	1,000	WATER	110	SEWER
109	WATER	10	1,000	WATER	111	SEWER	10	1,000	SEWER	111	STREET
110	SEWER	10	1,000	SEWER	112	STREET	10	1,000	STREET	112	UTILITY
111	STREET	10	1,000	STREET	113	UTILITY	10	1,000	UTILITY	113	WATER
112	UTILITY	10	1,000	UTILITY	114	WATER	10	1,000	WATER	114	



SOUTHWEST VIEW



NORTHWEST VIEW



SOUTHEAST VIEW



NORTHEAST VIEW



Scholar Way Senior Housing
FOLSOM, CALIFORNIA

VIEWS



APPENDIX B

A3.4

ATTACHMENT 4

Resolution No. 10583 - A Resolution of the City of Folsom Approving an Affordable Housing Loan in the Amount of \$3,500,000 from the City's Housing Fund to USA Properties Fund, Inc. and Authorizing the City Manager to Execute a Loan Agreement and Related Documents for the Construction of 110 Affordable Senior Housing Units at the Sage at Folsom Multifamily Affordable Housing Development Project, and Appropriation of Funds

RESOLUTION NO. 10583

A RESOLUTION OF THE CITY OF FOLSOM APPROVING AN AFFORDABLE HOUSING LOAN IN THE AMOUNT OF \$3,500,000 FROM THE CITY'S HOUSING FUND TO USA PROPERTIES FUND, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A LOAN AGREEMENT AND RELATED DOCUMENTS FOR THE CONSTRUCTION OF 110 AFFORDABLE SENIOR HOUSING UNITS AT THE SAGE AT FOLSOM MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT PROJECT, AND APPROPRIATION OF FUNDS

WHEREAS, the developer of the proposed Sage at Folsom project, located at the northeast corner of the intersection of East Bidwell Street and Scholar Way within the Broadstone Unit No. 3 Specific Plan Area, is in the process of securing the majority of funding necessary to build the 110-unit multifamily 100% affordable senior housing project in which units will be affordable to extremely low, very-low and low income households; and

WHEREAS, the developer has requested an affordable housing loan from the City of Folsom in the amount of \$3,500,000 in order to assist with project financing; and

WHEREAS, the City's commitment to provide the requested affordable housing loan to the project will help the project qualify and compete for additional financing from the California Debt Limit Allocation Committee and Tax Credit Allocation Committee programs; and

WHEREAS, providing financial assistance to affordable housing projects is consistent with the Goal H-3: Facilitating Affordable Housing in the City's Housing Element; and

WHEREAS, the request for an affordable housing loan of \$3,500,000 is appropriate given the project's costs and development expenses; and

WHEREAS, funding for the requested affordable housing loan is available from the City's Housing Fund (Fund 238); however, an appropriation will be required; and

WHEREAS, the terms of the affordable housing loan are outlined in the term sheet dated January 21, 2021; and

WHEREAS, the term of the affordable housing loan will be 35 years at three percent simple annual interest, to be repaid with a share of residual cash flow to be generated from the project with final repayment terms subject to approval by the Finance Director; and

WHEREAS, receipt of all loan repayments will be deposited into the City's Housing Fund (Fund 238) and will be used to provide future assistance for affordable housing.

NOW, THEREFORE BE IT RESOLVED THAT the City of Folsom does hereby approve an affordable housing loan, in the amount of \$3,500,000 to USA Properties Fund, Inc. or a related affiliate to construct the 110-unit affordable senior multifamily project known as Sage at Folsom, located at the northeast corner of the intersection of East Bidwell Street and Scholar

Way within the Broadstone Unit No. 3 Specific Plan Area, subject to the developer entering into an affordable housing loan agreement in a form acceptable to the City Attorney.

BE IT FURTHER RESOLVED that the City Manager is authorized to execute an affordable housing loan agreement, and other related documents, consistent with and in furtherance of this Resolution.

BE IT FURTHER RESOLVED that the Finance Director is directed to appropriate \$3,500,000 from the City's Housing Fund (Fund 238) for purpose of providing the affordable housing loan for the construction of the Sage at Folsom project.

BE IT FURTHER RESOLVED that, notwithstanding any provision to the contrary, this Resolution shall be null and void and shall have no force or effect in the event the Sage at Folsom project fails to qualify for financing from the California Debt Limit Allocation Committee and Tax Credit Allocation Committee programs.

PASSED AND ADOPTED this 26th day of January 2021 by the following roll-call vote:

AYES:	Councilmember(s):	Aquino, Chalamcherla, Howell, Rodriguez, Kozlowski
NOES:	Councilmember(s):	None
ABSENT:	Councilmember(s):	None
ABSTAIN:	Councilmember(s):	None



Michael D. Kozlowski, MAYOR

ATTEST:



Christa Freeman, CITY CLERK

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