

CITY LOAN COMMITMENT AGREEMENT

THIS CITY LOAN COMMITMENT AGREEMENT (“Commitment”) is made and entered as of this ____ day of _____, 2016, by and between the City of Merced, a California Charter Municipal Corporation (“City”) and Central Valley Coalition for Affordable Housing, a Non-Profit Corporation (“Borrower”).

RECITALS

A. The City is a partner with the US Department of Housing and Urban Development in developing quality affordable housing development.

B. The Borrower proposes to develop fifty (50) units of quality affordable housing called the Gateway Terrace II Apartments which will be located at 13th and K Street in the City of Merced (hereinafter referred to as the “Project”).

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. The City of Merced approves a contingent funding commitment for the project for a loan from the following sources and in the following amounts:

- a. Fiscal Year 2016/17 Community Development Block Grant funds: \$585,000; and
- b. Fiscal Year 2015/16 Community Housing Development Organization/HOME Investment Partnerships Program: \$150,000; and
- c. Fiscal Year 2016/17 Community Housing Development Organization/HOME Investment Partnerships Program: \$150,000; and
- d. Fiscal Year 2017/18 Community Housing Development Organization/HOME Investment Partnerships Program: \$500,000.

Attachment 1

2. The total loan amount to the Borrower is One Million Dollars Three Hundred Eight-Five Thousand Dollars (\$1,385,000). Each loan shall bear a three percent (3%) interest rate and shall be repaid by the Borrower as a fifteen (15) year deferred loan.

3. This Commitment shall require the subsequent preparation of a deed of trust and a regulatory agreement. Notwithstanding any language in this Agreement to the contrary, the Deed of Trust and Regulatory Agreement shall be required to be approved by the City, executed by the Borrower and recorded against the property on which the Project will be constructed prior to the City disbursing to the Borrower any of the funds referenced in the Agreement.

4. The Project shall be developed as described in Exhibit A, attached hereto. Exhibit A consists of the preliminary Construction and Design Description for the proposed Project which describes Construction Design, Site Amenities, Unit Amenities, etc. for the Project.

5. The Project shall include the following security features:

- a. Fencing: Shall be installed around the perimeter of the property in a manner height and configuration that is acceptable to the City. Any entry gates shall be programmable by maintenance staff. The entry gates shall not open simultaneously on the system.
- b. Buildings shall be wired for additional video cameras/monitoring devices. A minimum of ten (10) security cameras acceptable to the City shall be installed throughout the Project with the video from said recordings maintained for a minimum of seven (7) days. The Merced Police Department shall have access to recordings as requested.
- c. Locks/hardware shall be sturdy and easily serviced.
- d. Motion Detectors on lights shall be placed within all the exterior and interior common areas.

6. The Project shall be well maintained with no broken glass, doors, exposed storage, sheets on windows, etc. All areas with landscaping shall be kept clean and be maintained at all times. No loitering shall be permissible except in common areas designated at a gathering area within the Project.

7. The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

8. The funding for the Project is contingent on the City's actual receipt of funding from the US Department of Housing and Urban Development. The Project funding shall be solely provided from the funding sources outlined in Section 1 of this Commitment. In the event that the City's funding allocation from the US Department of Housing and Urban Development is less than the amount outlined and anticipated in Section 1 of this Commitment, the City will not fund the difference for the Project or provide any additional funding from its general fund or any other funding source. This Commitment is not intended to describe all of the requirements, term, conditions and documents necessary for the loan or construction of the project.

9. The loans identified in Section 1 of this Commitment for fiscal year 2015/2016, 2016/2017 and 2017/2018 shall be approved and individually executed by the City and shall be contingent on the funding being included within the City Housing Division's budget for the corresponding fiscal year. The loan amounts shall also be required to be identified in each of the corresponding US Department of Housing and Urban Development's Annual Action Plans prior to the execution of the loan agreements.

10. This Commitment expires on August 31, 2017, or at the start of construction, whichever occurs first.

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

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CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Kelly Fincher 8/8/16
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

{Signatures continued on next page.}

CENTRAL VALLEY COALITION
FOR AFFORDABLE HOUSING,
A Non-Profit Corporation

BY: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Taxpayer I.D. No. 77-0242399

ADDRESS: 3351 "M" Street, Ste. 200
Merced, CA 95348

TELEPHONE: (209) 388-0782

FAX: _____

E-MAIL: _____

EXHIBIT A
Construction and Design Description
Gateway Terrace II Apartments
Regulation 10322(h)(11)

Overview

Gateway Terrace II Apartments consists of 50 units of new construction multi-family housing on an approximately 1.65 acre site. It is located on K Street between 12th and 13th Streets in the City of Merced, County of Merced, APN #032-323-002. The Housing Authority of the County of Merced previously owned and operated rental public housing units on this site, which were demolished in 2009. The site has been graded and is ready for new construction. Our target population is existing and future income qualified families in Merced and the surrounding areas. 100% of the units will be rent restricted for qualified residents with incomes ranging from 50% to 60% of the area median income for a 55-year affordability period. We are also anticipating eleven (11) HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers and thirty-eight (38) HUD Project Based Vouchers (PBVs) committed to the project.

Gateway Terrace II Apartments, will consist of 49 affordable units and 1 manager unit for a total of 50 garden style apartments with 17 units at 50% of AMI and 32 units at 60% of AMI. The project will consist of 12 one bedroom units, 21 two bedroom units and 17 three bedroom units.

| Unit Type | # of units | Sq. Ft. (approx.) |
|---------------|------------|----------------------|
| 1BD/1BA – 50% | 3 | 600 |
| 1BD/1BA – 60% | 9 | 600 |
| 2BD/1BA – 50% | 5 | 750 |
| 2BD/1BA – 60% | 15 | 750 |
| 3BD/2BA – 50% | 9 | 1,000 |
| 3BD/2BA – 60% | 8 | 1,000 |
| 2BD/1BA – MGR | 1 | |
| TOTALS | 50 | |

Construction Design:

All of the units will incorporate universal design elements, which include: no step entries, minimum 34” doorways and passage ways, accessible bathrooms with reinforcements for grab bars, hallway widths of at least 42” and levered door handles and faucets. In addition, all first floor units will also be fully accessible and adaptable for those individuals requiring adjustments in their units for certain circumstances. Within each unit, residents will benefit from standard features such as Energy Star® rated refrigerators and dishwashers, exhaust fans, sink disposals, ranges with ovens as well as washer and dryers and generous counter, cabinet and storage space throughout the unit.

The buildings are proposed to be designed as two-story structures constructed of wood frames supported by concrete slabs and perimeter foundations. Exterior finishes are proposed to be a variety of materials using durable and environmentally friendly building materials in a variety of colors throughout the development. All aspects of building construction will comply with quality construction standards to ensure longevity and safety of these high quality structures

- Two-story (no elevator) garden style apartments
- Stucco and sided exteriors applied over type V wood constructed buildings
- Tile roofing
- Four (4) residential buildings and one community building with laundry on site
- Fully landscaped
- Tot lot with play equipment
- Complies with Section 504

The parking will be consistent with City and State requirements and handicapped and visitor parking will be placed throughout the project.

Offsite Improvements

Gateway Terrace II Apartments will include curb, gutter, sidewalk and street improvements as well as improving the water and sewer main lines to serve the development.

Site Amenities:

The community building will be centrally located on the site. It will provide both casual seating and group seating along with a kitchen facility. The main activity space will be equipped with a TV, Stereo and DVD player. The building will also provide a laundry area with washers and dryers and a computer area with internet access and printers. The community center will be decorated and furnished for the residents. The outdoor recreation area will provide seating, tables, and a BBQ area. The Gateway Terrace II project will also provide a tot lot with play equipment and seating for the children.

- Restroom facilities
- Activity room
- Barbecue areas
- Laundry facility
- Computer lab
- Big screen TV with DVD Player
- Full service kitchen
- Manager office space

Unit Amenities:

- Carpeted living areas
- Tile or vinyl flooring in Entries, Kitchens and Baths
- Window coverings
- Individual Thermostatic Temperature controlled heating & Air conditioning
- Refrigerator
- Built-in dishwasher
- Built-in range with hood

- Sink with garbage disposal
- Plenty of cabinet space
- Patios and decks with extra storage area

Adjacent Land Uses

To the north side of the site is Highway 99. To the east of the site there are single family homes and multifamily homes. To the southwest of the site is Tenaya Middle School and McNamara Park which is open to the general public for use. To the south of the site there are multifamily homes.

Proximity to Services

Below is a list of services and the distance from the site that the residents of Gateway Terrace II Apartments will have access to use:

- Route M4 Bus Stop - 0.32 miles
- McNamara Park – 0.14 miles
- Bob Hart Park – 0.32 miles
- Smart & Final – 0.1 miles
- Tenaya Intermediate School – 0.43 miles
- Merced Drug (pharmacy) – 0.5 miles
- John O'Banion Learning Center 0.68 miles
- Gettysburg Medical Clinic – 0.43 miles
- Mercy Medical Center – 0.65 miles
- Merced Police Department – 0.1 miles
- Merced County Office of Education 0.17 miles

Unique Site Features

We are not aware of any unique site features that may increase project costs or require environmental mitigation.

Development Plan and Neighborhood Impacts

The Gateway Terrace II Apartment project is an allowed use within the City of Merced's General Plan guidelines and zoning requirements and conforms to the adjacent land uses and creates no negative impact on the surrounding neighborhood.

Gateway Terrace II Apartments will replace a former public housing site which will allow the same families to have the opportunity to move back to the neighborhood. The site is located within walking distance to many community services and amenities. The Housing Authority's learning center is located within a mile and provides many learning and career opportunities.

Proposed Financing

- Tax Credit Equity
- City of Merced (HOME and Infrastructure funds)
- Conventional Permanent Loan

Architectural site plan of a residential development. The plan shows a rectangular block bounded by W. 13th Street to the north, K Street to the west, and an unnamed street to the east. The block contains two rows of three-story apartment buildings. Each building is divided into multiple units, many of which are labeled "2-BRM" (two-bedroom) or "3-BRM" (three-bedroom). The plan includes detailed landscaping with trees and shrubs along the streets and between buildings. A central area within the block is labeled "ABANDONED". The drawing is a technical architectural plan with precise lines and labels.

W. 13th STREET

46N
031-323-0838

1997
UC UTA
NORTHWEST CO.
PHONE BOX
NORTH SIDE

03-22-69