

RICHMOND HOUSING AUTHORITY (RHA)
Housing Advisory Commission Meeting

DATE: Monday, December 14, 2020

TIME: 3:30 p.m.

Access Meeting by Computer, Tablet or Mobile Device

Please click the link below to join the webinar:

<https://zoom.us/j/95789423775?pwd=VVFtSVNIYIFIMG83S1Z4L2F6NzNRUT09>

Passcode: 840530

By Telephone: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or
+1 312 626 6799 or +1 929 205 6099

Webinar ID: 957 8942 3775

Passcode: 840530

CORONAVIRUS DISEASE (COVID-19) ADVISORY

Due to the coronavirus (COVID-19) pandemic, Contra Costa County and Governor Gavin Newsom have issued multiple orders requiring sheltering in place, social distancing, and reduction of person-to-person contact (See, for example, Contra Costa County Health Order extending the shelter-in-place order and statewide shelter-in-place order). Accordingly, Governor Gavin Newsom has issued executive orders that allow cities to hold public meetings via teleconferencing (Executive Order N-29-20).

Both <https://www.coronavirus.cchealth.org/> and <http://www.ci.richmond.ca.us/3914/Richmond-Coronavirus-Info> provide updated coronavirus information.

DUE TO THE SHELTER IN PLACE ORDERS, attendance at the Housing Advisory Commission Meeting will be limited to Housing Advisory Commission members, essential Richmond Housing Authority (RHA) and City of Richmond staff, and members of the news media. Public comment will be confined to items appearing on the agenda and will be limited to the methods provided below. Consistent with Executive Order N-29-20, this meeting will utilize teleconferencing only. The following provides information on how the public can participate in this meeting.

Public comments may be submitted in multiple ways:

1. Via email to aarredondo@rhaca.org by 2:30 p.m. on December 14, 2020 or during the meeting as set forth below. Email must contain in the subject line public comments – not on the agenda or public comments – agenda item #. Email must contain in the subject line **public comments – not on the agenda or public comments – agenda item #**.

Comments received via email or telephone during the meeting will be handled as follows:

Comments received via email during the meeting and up until the public comment period on the relevant agenda item is closed, will be read into the record and will be limited to a maximum of three minutes, depending on the number of commenters, as more fully described in the City Council meeting procedures below]. For public hearing items, the time will be limited to a maximum of three minutes. The staff will stop reading comments into the record after the allotted time of three minutes for such comments.

Comments received by telephone 510-621-1300, during the public comment period shall not to exceed the allotted time of three minutes – for such comments as provided above.

2. Via mail received by 2:30 p.m. Monday, December 14, 2020 sent to Richmond Housing Authority 330 24th Street, Richmond, CA 94804.

3. Via phone voice message received by 2:30 p.m. Monday, December 14, 2020, phone: 510-621-1300. Please leave your comment on the voicemail or with staff member that answers the phone.

4. Via Telephone. If you would like to give your public comment via telephone, please email your telephone number with area code to aarredondo@rhaca.org during the public comment period. You will be called during the public comment period and you will be given the opportunity to verbally submit public comment (not to exceed the allotted time – three minutes – for such comments as provided below).

The RHA cannot guarantee that its network will be uninterrupted. To ensure that the Housing Advisory receives your comments, you are strongly encouraged to submit your comments in writing in advance of the meeting.

Comments received by 2:30 p.m. December 14, 2020 during the day of the meeting will be handled as follows:

All email, phone, and mail comments received **by 2:30 p.m. on Monday, December 14, 2020**, will be provided to the Commissioners.

Record of all public comments:

All public comments will be considered a public record, put into the official meeting record, and considered before Commission action. All public comments will be available after the meeting as supplemental materials and will be posted as an attachment to the meeting minutes when the minutes are posted.

Accessibility for Individuals with Disabilities

Upon request, the RHA will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services and sign language interpreters, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be emailed to NBeacham@rhaca.org or submitted by phone at 510-620-1300. Requests can be made by mail to Nannette Beacham 330 24th Street, Richmond, CA 94804. Requests will be granted whenever possible and resolved in favor of accessibility.

Effect of Advisory on In-person public participation

During the pendency of the Executive Order N-29-20, the language in this Advisory portion of the agenda supersedes any language below in the meeting procedures contemplating in-person public comment.

Commissioners

**Carol Hegstrom
Chair**

**Jaycine Scott
Vice-Chair**

**Dena Nelson
Secretary**

Preston Lam

Toni Autry

Y'Anad Burrell

**Ben Choi
Council Liaison**

AGENDA

1. Call to Order and Pledge of Allegiance (1 min.)
2. Roll Call (1 min.)
3. Welcome and Meeting Procedures (1 min.) – Individuals who would like to address the commission on matters not listed on the Agenda may do so under Open Forum. Please file a speaker's card with the note taker prior to the commencement of Open Forum. Individuals, who want to comment on an individual item, please file a speaker's card before the item is called. The standard amount of time for each speaker will be three minutes.
4. Agenda Review and Adoption (4 min.)
The order in which items will be heard may be adjusted at this time. Items may be removed from the Agenda at this time.
5. Approval of Minutes (1 min.)
 - No minutes to approve
6. Introduction of Invited Guests
7. Executive Director's Update
8. Housing Advisory Commissioners' Reports (3 min.)
9. Housing Advisory Commissioner Appointments
10. Presentations
11. Recommendations to the Housing Authority Board of Commissioners (3 min.).
 - ADOPT a resolution authorizing the Executive Director to enter into a Master Development Agreement (MDA) and to negotiate and execute any and all related documents and agreements, including the Ground Lease, between the Richmond Housing Authority and EAH Housing for the development of the Nevin Plaza public housing site (2400 Nevin Avenue).
 - AUTHORIZE the Executive Director of the RHA to solicit a proposal from McCormack Baron Salazar (MBS) to continue to own the improvements and operate Richmond Village, in conjunction with RHA and under a ground lease from RHA, after the exit of the tax credit investor, and pursuant to such a proposal, to negotiate an agreement that is satisfactory to RHA; and AUTHORIZE a sixty (60) day negotiating period for RHA to reach agreement with MBS, with up to two 30-day extensions at the discretion of the Executive Director and issue an RFP to solicit a new owner/operator for Richmond Village in the event RHA fails to reach agreement with MBS
12. Open Forum (Limit to 3 minutes per person)

At 4:30 p.m., any items remaining on the Agenda that require immediate attention may be moved to this time.

Commissioners

**Carol Hegstrom
Chair**

**Jaycine Scott
Vice-Chair**

**Dena Nelson
Secretary**

Preston Lam

Toni Autry

Y'Anad Burrell

**Ben Choi
Council Liaison**

AGENDA

13. Old Business

- Asset Repositioning Update
 - Nevin Plaza
 - Hacienda
 - Nystrom
 - Administration Building
 - Richmond Village

14. New Business

15. Next Scheduled Meeting

This Commission meets every 2nd Monday at 3:30 p.m. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact Bruce Souplet, ADA Coordinator, at (510) 620-6509 at least three business days before the meeting date. The next meeting is scheduled for

Monday, January 11, 2020.



HOUSING AUTHORITY

AGENDA REPORT

DATE: December 22, 2020

TO: Chair Butt and Members of Richmond Housing Authority Board of Commissioners

FROM: Shasa Curl, Deputy City Manager, Economic Development
Nannette Beacham, Richmond Housing Authority, Executive Director
Thomas Omolo, Management Analyst

SUBJECT: RICHMOND VILLAGE OPTION

STATEMENT OF THE ISSUE:

Richmond Housing Authority (RHA) and McCormack Baron Salazar, as the Development Partner, redeveloped the former Easter Hill site into Richmond Village I, II, and III using funds from a federal Hope VI Revitalization Grant and Low Income Tax Credit Financing to create 238 mixed-income units. The two phases of the project are approaching the 15th year of their Low Income Housing Tax Credit financing giving RHA an Option and Right of First Refusal to purchase the property.

RECOMMENDED ACTION:

AUTHORIZE the Executive Director of the Richmond Housing Authority (RHA) to solicit a proposal from McCormack Baron Salazar to continue to own the improvements and operate Richmond Village, in conjunction with RHA and under a ground lease from RHA, after the exit of the tax credit investor, and pursuant to such a proposal, to negotiate an agreement that is satisfactory to RHA; and AUTHORIZE a sixty (60) day negotiating period for RHA to reach agreement with McCormack Baron Salazar, with up to two 30-day extensions at the discretion of the Executive Director and issue an RFP to solicit a new owner/operator for Richmond Village in the event RHA fails to reach agreement with McCormack Baron Salazar - Richmond Housing Authority (Shasa Curl/Nannette J. Beacham 621-1300).

FINANCIAL IMPACT OF RECOMMENDATION:

No fiscal impact at this time.

DISCUSSION:

The RHA provides affordable housing for low and very low-income residents of Richmond through the U.S. Department of Housing and Urban Development (HUD) federally funded housing programs. Currently, RHA owns multiple public housing properties and manages two (2) properties that are occupied by tenants (Nevin Plaza and Nystrom Village). As of July 1, 2019, the Housing Authority of the County of Contra Costa (HACCC) assumed management responsibilities for approximately 2,004 Housing Choice Vouchers (HCV) formerly administered by the RHA.

Public Housing Authority Recovery Agreement

The RHA has been operating under a Public Housing Authority Recovery (PHARS) Agreement with HUD since February 5, 2013, due to RHA's designation as a "troubled" housing authority. Staff members collaborated with representatives from HUD Region IX to prepare a required 2019 PHARS Agreement and Action Plan. The RHA Board of Commissioners approved the 2019 PHARS on October 22, 2019. The 2019 PHARS delineates performance outcomes, timelines, and reporting requirements focused on the repositioning of the RHA Public Housing portfolio, which includes Richmond Village I.

The performance measures in the 2019 PHARS are designed to improve RHA's financial position, increase RHA's housing program performance ratings, and ensure ongoing sustainability. Staff members are committed to working with HUD and successfully delivering the desired outcomes in the 2019 PHARS. In addition, RHA staff members are continuing to work closely with the City's interdepartmental team to ensure the action items listed in the 2019 PHARS are completed on time.

Asset Repositioning

RHA continues to face fiscal and administrative challenges in managing its public housing. Many of the challenges are the direct result of years of substandard funding from HUD. As staff members have previously reported, considerable City resources have been assigned to assist RHA in meeting obligations to program participants and to HUD. The additional resource allocations are impacting other city services. On December 4, 2018, the RHA Board of Commissioners directed staff to move forward with repositioning RHA's public housing developments and other real estate holdings. This strategy supports the underlying goals of RHA to ensure no reduction in rental housing options for Richmond residents, and to maximize the benefit/utilization of the federal funds.

RHA is receiving HUD-funded technical assistance from Enterprise Community Partners to assist with the asset repositioning and meeting HUD regulations. Staff members are working diligently to proceed with the repositioning strategy and have made significant progress on RHA properties. Richmond Village I, II, and III are identified in the action plan for repositioning in the 2019 PHARS Agreement.

Richmond Village I Option Agreement:

Richmond Village

Richmond Village is composed of three (3) HUD Asset Management Projects (AMP's) under two ownership phases/structures; Richmond Village I and Richmond Village II & III. In 2000, RHA received \$35 Million in a federally funded Hope VI Revitalization Grant for Easter Hill (now known as Richmond Village I, II, & III). The RHA Board of Commissioners selected McCormick Baron Salazar as their development partner to proceed with the Hope VI project in two phases. These phases produced 238 mixed-incomes one, two, three, and four-bedroom apartments and two-bedroom townhomes: Richmond I with 117 units, Richmond Village II with 85 units, and Richmond Village III 36 Units.

Richmond Village I is approaching year 15 of the Low Income Housing Tax Credit compliance period with Internal Revenue Service use restrictions. After the 15-year federal tax credit compliance period ends, the tax credit investor will exit the limited partnership ownership structure and the project will be sold with ongoing rent and income restrictions in place. To maintain control over the future of Richmond Village I, RHA may exercise its Option and Right of First Refusal to purchase the property. The Option Term for Phase I extends from January 1 to December 31, 2021 and the Option Term for Phase II extends from January 1 to December 31, 2022. Given these close time periods, staff recommend treating both phases of Richmond Village as one property and seeking a single developer to own the improvements and to operate both properties under a ground lease from RHA.

RHA has two alternate pathways to exercise RHA's Option to Purchase. The first pathway would have RHA exercise the Option directly. In contrast, the second would assign the Option to a nonprofit developer. Both options satisfy the HUD mandate. If RHA directly exercises the Richmond Village I Option to Purchase with the intent to issue an RFP to select a new developer, RHA will have to identify and contract with an interim property manager/operator to manage the property during this process. Given the difficulty of contracting with an interim property manager, staff recommends first negotiating with McCormack Baron Salazar regarding their proposal to continue to own and operate Richmond Village in partnership with RHA. McCormack Baron Salazar has already expressed its interest in doing so. If RHA cannot reach agreement with McCormack Baron Salazar, then an RFP process would be pursued.

Based on the tasks and estimated time required for RHA to negotiate an agreement with McCormack Baron Salazar or to select a new developer, it is crucial to begin negotiations with McCormack Baron Salazar immediately.

RESOLUTION NO. XX-20

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, CALIFORNIA, AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MASTER DEVELOPMENT AGREEMENT AND TO NEGOTIATE AND EXECUTE ANY AND ALL RELATED DOCUMENTS AND AGREEMENTS, INCLUDING THE GROUND LEASE, BETWEEN THE RICHMOND HOUSING AUTHORITY AND EAH HOUSING FOR THE DEVELOPMENT OF THE NEVIN PLAZA PUBLIC HOUSING SITE (2400 NEVIN AVENUE)

WHEREAS, Richmond Housing Authority (RHA) owns and manages 244 units of rental housing; and

WHEREAS, RHA entered into a Public Housing Authority Recovery and Sustainability (PHARS) agreement with the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, RHA remains obligated and committed to performing all HUD required functions, and providing quality service to local program participants; and

WHEREAS, RHA owns the Nevin Plaza development located at 2400 Nevin Avenue, Richmond, CA 94804; and

WHEREAS, on December 4, 2018, the RHA Board of Commissioners directed staff to move forward with repositioning RHA's public housing developments and other real estate holdings; and

WHEREAS, the 2019 PHARS Agreement and Action Plan with HUD (Tasks 3.1 – 3.5), requires the repositioning of Nevin Plaza as an implementing action to reposition the RHA Public Housing portfolio; and

WHEREAS, on February 25, 2020, the RHA Board of Commissioners designated EAH Housing (EAH) as the preferred developer for the redevelopment and operation of Nevin Plaza, and authorized the Executive Director of RHA to negotiate an Exclusive Right to Negotiate (ERN) Agreement; and

WHEREAS, on June 30, 2020, the RHA Board of Commissioners adopted a resolution authorizing the Executive Director to execute an ERN agreement with EAH; and

WHEREAS, on September 29, 2020, the RHA Board of Commissioners approved the final Section 18 Disposition Application to be submitted to HUD; and

WHEREAS, in order for RHA to move forward in repositioning Nevin Plaza, a Master Development Agreement (MDA) or similar agreement needs to be approved; such agreement is required to be included in the California in tax credit financing applications; and

WHEREAS, RHA has negotiated the MDA with EAH.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA THAT the Executive Director is authorized to execute the Master Development Agreement and to negotiate and execute any and all related documents and agreements, including the Ground Lease, between the RHA and EAH for the development of the Nevin Plaza public housing site (2400 Nevin Avenue)

BE IT FURTHER RESOLVED THAT the Executive Director is hereby authorized to take all actions necessary to implement this resolution.

(The Clerk's Office will complete the information below)

The foregoing resolution was passed and adopted by the Commissioners of the Housing Authority of the City of Richmond at a regular meeting thereof held on December 15, 2020, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Chairperson

[SEAL]

Attest:

Secretary

Approved as to form:

Authority Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. XXXX** finally passed and adopted at a Regular Housing Authority Meeting held on December 15, 2020.

CLERK OF THE HOUSING AUTHORITY

MASTER DEVELOPMENT AGREEMENT

This MASTER DEVELOPMENT AGREEMENT (the “Agreement”) is entered into by and between the HOUSING AUTHORITY OF THE CITY OF RICHMOND, a public body, corporate and politic (“PHA” or “Authority”) and EAH Inc., a California nonprofit corporation (the “Developer”) (each, a “Party”, and together, the “Parties”), as of December 15, 2020.

BACKGROUND

A. PHA is the fee owner of approximately 0.92 acres of real property and the improvements thereon generally consisting of a 7-story, 142-unit building known as Nevin Plaza located at 2400 Nevin Avenue and approximately 0.23 acres of vacant property behind the Nevin Plaza parking lot located at 319 25th St. (APNs: 515-261-001, 515-261-010, 515-261-002 and 515-261-003), located in the City of Richmond, Contra Costa County, California (the “Property”). The Property is more particularly shown on Exhibit A.

B. In order to best meet the needs of its residents, address the capital needs of the Property and provide for long-term, stable affordability for low-income residents in the community, PHA wishes to pursue certain tools that the U.S. Department of Housing and Urban Development (“HUD”) has made available to public housing authorities to reposition their portfolio, including the Rental Assistance Demonstration (“RAD”), demolition / disposition authority (“Section 18”) pursuant to Section 18 of the U.S. Housing Act of 1937 (the “1937 Act”), streamlined voluntary conversion (“Streamlined Voluntary Conversion” or “Section 22”) pursuant to Section 22 of the 1937 Act, and other available tools or programs as appropriate, in order to redevelop the Property.

C. Developer proposes to lease the Property for the development of affordable housing. As of the date of this Agreement Developer contemplates that the development of the Property will include the rehabilitation of the existing Nevin Plaza and construction of 70 new units on the vacant portion of the Property (each a “Phase”). Developer proposes to proceed with the development of the Property in two Phases, depending upon available financing for both Phases, community feedback, entitlements and feasibility (together, the “Development”).

D. Subject to the approval of the Authority, the Developer proposes to re-map the Property through a Lot Line Adjustment or other acceptable parcelization mechanism necessary to complete the Development (the “LLA”), such that the improvements proposed for each Phase will be located on separate legal parcels (each, a “Parcel”)

E. On April 7, 2020, after a competitive selection process that began with the issuance of a Request for Qualifications/Request for Proposals on June 26, 2020 (the “RFQ/RFP”), Developer was selected by the Richmond Housing Authority Board of Commissioners (“Commissioners”) to enter into exclusive negotiations consistent with the terms of this Agreement regarding the terms and conditions of an agreement for the disposition and development of the Property (the “DDA”) pursuant to which Developer will lease and develop the Property for the Development. Consistent therewith, the City and Developer entered into an Exclusive Right to Negotiate Agreement Regarding Nevin Plaza, dated June 30, 2020 (the “ERN”), providing, among

other things, for a period of exclusive negotiations for the DDA. The Parties hereby agree that this Agreement shall constitute satisfaction of the Parties' obligation to enter into the DDA.

F. Developer wishes to act, on their own or through entities it respectively controls, as developer of the Development.

In consideration of the foregoing recitals and the mutual covenants and agreements set forth herein, which both parties agree to be good and valuable consideration, the parties agree as follows:

Section 1. Deposit; Purpose of Developer.

1.1 Concurrently with the execution of this Agreement, the Developer shall, deposit with PHA a good faith deposit of cash certified check, or wire transfer in the amount of One Hundred Thousand Dollars (\$100,000.00) as security for the performance of the obligations to be performed by the Developer in the rehabilitation and development of the Development on the Site (the "Deposit"), which deposit shall be deemed to be non-refundable to Developer and immediately released to the PHA.

1.2 Developer will provide development services for the Development. It is anticipated that Developer or an affiliate of Developer, will be the Developer for each Phase of the Development. Developer may elect, in its sole discretion, to sub-contract with PHA or its affiliate for some development services in accordance with the agreements set forth in this Agreement as may be further set forth in a sub-contract for development services. The parties shall mutually agree upon the most advantageous distribution of responsibilities for each Phase between the Developer and PHA. PHA shall not engage another party to act as developer or provide development services with respect to the Development without Developer's prior written consent.

1.3 The parties will work together in good faith to allocate responsibilities as most advantageous to the Development. Unless otherwise agreed in writing by the parties, any developer fee paid with respect to a Development shall be paid 100% to Developer or its designee. Developer, or its designee, will receive a maximum net developer fee for the first Phase of \$1,400,000 and \$2,500,000 for the second Phase, subject to future modification consistent with the maximum allowable per California Tax Credit Allocation Committee ("TCAC") regulations at time of the construction loan closing of each Phase, or as agreed to by the Parties. To the extent that any portion of the developer fee - is deferred, and subject to the approval of any lenders and the Investors under the Closing documents for each Phase, Developer will receive payment of the deferred portion of its fee through its 50% share of Residual Receipts for each Phase.

1.4 The parties shall mutually agree upon a Financing Plan including a Predevelopment Budget and financing pro forma, for each Phase in the Development (the "Financing Plan") consistent with Exhibit B attached hereto. It is currently contemplated that pre-development costs shall be paid or reimbursed through the construction budget for each Phase at Closing (as defined below). From time to time during the predevelopment term of each Phase and prior to Closing, Developer shall submit to PHA and its development/financial consultant for review updated versions of the Financing Plan reflecting any and all changes from prior versions

submitted to the PHA. PHA and Developer shall jointly approve changes to the Financing Plan through Closing. Developer and PHA will meet and confer if cost increases create a funding gap. If the funding gap cannot be closed, Developer will have the right to terminate the Agreement. PHA can terminate the Agreement for cause if Developer is in default of the Agreement.

1.5 It is anticipated that the Developer shall finance any Developer and PHA pre-development expenses required to be paid prior to closing, except for PHA legal costs which shall be financed by PHA to the extent required to be paid prior to Closing. PHA pre-development expenses shall not exceed the aggregate amount per Exhibit B. To the extent the Developer incurs any pre-development costs which are not reimbursed at Closing, it is the intention of the parties that such costs shall be treated as a loan to the Phase by the Developer, bearing six and one half percent (6.5%) interest.

1.6 The Developer, with the help of the PHA shall engage in activities necessary or required to cause the applicable Development to be developed, constructed, operated, leased, sold, mortgaged and otherwise disposed of and activities ancillary thereto.

1.7 The principal place of business of the Developer shall be 22 Pelican Way, San Rafael, CA 94901.

1.8 As set forth in Recital C, in order to accomplish the re-development of the Development, Developer currently contemplates that it will be necessary to divide the Development into two development Phases, with different financing and following different timelines. In such case, the terms of this Agreement will apply to each Phase.

Section 2. General Development Scope

The parties shall work together to further define the scope of work for each Phase. For each Phase the following shall apply (collectively referred to as “Development Goals”):

2.1 The Developer shall arrange for construction, gap and/or permanent financing, as necessary or desirable for such Phase, including preparing and negotiating the appropriate documentation to apply for, obtain and close such financing.

2.2 Construction Documents.

- (a) The Developer, within four months after the parties receipt of approval from HUD pursuant to Section 18 of the Housing Act of 1937, shall submit to the Authority proposed construction plans for rehabilitation and construction of the Development (collectively, the “Proposed Plans”). The Proposed Plans shall include plans for the undergrounding of all utilities used, rendered or supplied upon or in connection with the Development.
- (b) Authority shall approve or disapprove, in its reasonable discretion, the Proposed Plans within thirty (30) days following receipt. Any disapproval of the Proposed Plans shall state in writing the specific and detailed reasons for the disapproval and the changes Authority reasonably requests in order to obtain Authority approval. Authority’s disapproval of the Proposed Plans shall be based on one or more of the following: (1) the Proposed Plans are

incomplete; (2) the Proposed Plans do not conform with the existing CEQA and NEPA approvals or do not incorporate mitigation measures required per such approvals; (3) the Proposed Plans do not comply with the requirements of any and all applicable federal, state or local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities having jurisdiction over the Development.

- (c) If the Proposed Plans are disapproved by Authority in whole or in part, Developer shall have ten (10) business days following receipt of Authority's disapproval notice to submit to Authority new or revised Proposed Plans. Authority shall approve or disapprove, in its reasonable discretion, any such resubmitted Proposed Plans and the same timelines and procedures for approval or disapproval shall apply to the resubmitted Proposed Plans as set forth above for the original submission.
- (d) The Parties further agree and understand that notwithstanding the time requirements set forth in this Section 2.2 for submissions to Authority by Developer and review and approval of such items by Authority, Developer shall be responsible for assuring that all items are submitted to Authority in approvable form in a timely manner such that Authority may have the time permitted by this Section 2.2 to review and approve plans and documents no later than the dates set forth above. Any approval by Authority pursuant to this Section 2.2 shall not constitute, substitute for, or guaranty approval of any building permit or other approvals for the Development.
- (e) If Developer submits, and as applicable resubmits, the Proposed Plans in an approvable form to Authority and Authority, by complete inaction, neither approves or disapproves the submittals within the time periods established in this Section 2.2, the approval shall be deemed denied. Developer may then provide written notice to Authority indicating that if Authority fails to act on the Proposed Plans as so submitted or resubmitted within five (5) business days following Authority's receipt of such notice, then such Proposed Plans shall be deemed approved by Authority pursuant to the provisions of this Section 2.2. For purposes of this 2.2, Developer shall deliver such notice by certified mail to the Authority Executive Director with a copy to the City Attorney's Office. If Authority fails to act on such Proposed Plans within five (5) business days following its receipt of such notice, then such Proposed Plans as so submitted or resubmitted shall be deemed approved by Authority.
- (f) The Proposed Plans approved by the Authority pursuant to this Section 2.2 shall be referred to herein as the "Approved Final Plans." A copy of the Approved Final Plans shall be maintained on file with Authority. Developer shall not make material changes to the Approved Final Plans without the prior written approval of the Authority at its sole discretion.

2.3 The Developer shall cause an entity to be organized as the project owner and borrower of applicable financing for each phase of the Development (each an "Owner"). Unless otherwise agreed by the parties, Developer, or an affiliate of Developer, shall own 100% of the interests in general partner of each Phase's Owner. Developer's maximum yearly general partner asset management fee in each Owner payable as a priority distribution of Residual Receipts will be capped as follows: Phase 1: \$25,000 per annum increasing at a rate of 3% per annum and Phase 2: \$25,000 per annum increasing at a rate of 3% per annum.

2.4 Upon Closing, the PHA shall lease the portion of the Property on which the Phase will be developed (each a “Development Site”) to the Owner through a long term ground lease in a form approved by the PHA and Developer (the “Ground Lease”) which shall have been negotiated and executed and which shall provide for a base lease payment of \$1.00 per annum from the Developer to the PHA. In addition, Developer shall acquire the improvements located on the Development Site for an amount equal to FMV of the improvements located Development Site as determined pursuant to Section 2.4 (a) below. Each Ground Lease will provide for, without limitation, subject to final negotiations with lenders and investors, a term commencing on the date of Closing and expiring no less than 55 years after recordation of the TCAC regulatory agreement or such longer period as may be required for tax structuring purposes or as the Parties may agree. A Memorandum of Ground Lease in form approved by the PHA and Developer (“Memorandum of Ground Lease”), and executed by the PHA and the applicable Owner shall be recorded in the Official Records at Closing for each Phase of the Development.

- (a) The Ground Lease for each Phase will include a base lease payment of \$1.00 per annum from the Developer to the PHA. In addition, the Ground Lease shall require the Developer to acquire the improvements located on the Development Site for a purchase price equal to FMV of the improvements located Development Site (the “Purchase Price”), as established by an independent appraisal pursuant to this Section 2.4(a). The initial independent appraiser shall be selected by the Developer and shall have at least five (5) years of experience appraising multifamily housing in Contra Costa. The Authority shall have fifteen (15) days to review and approve the FMV established by the Initial Appraiser, at the expiration of which, if the Authority has not responded, the FMV for the Phase as established by the Initial Appraiser shall be deemed approved. If the Authority disapproves the FMV established by the Initial Appraiser, and the Developer and the Authority are unable to agree upon the FMV for the Phase by the expiration of an additional fifteen (15) day period, the Authority shall have the right to retain a separate appraiser, at Authority’s sole cost and expense. If the Authority retains a separate appraiser in accordance with the foregoing, the Authority and the Developer shall share the appraisals prepared by their respective appraisers and, if the FMV for the Parcels as determined by the two appraisers is within ten percent (10%) of each other, the FMV for the Parcel shall be deemed to be the average of the FMV’s determined by the two appraisers. If the FMV for the Parcel, as determined by the two appraisers, deviates by more than ten percent (10%), the two appraisers shall select a third appraiser to determine the FMV for the Parcel, and the appraisal of such third appraiser shall establish the FMV for such Parcel and be binding on the Authority and the Developer to the FMV for such Parcel.
- (b) The Purchase Price shall be paid by Owner’s delivery of a nonrecourse promissory note payable to the order of the Authority (the “Acquisition Loan”) which shall be secured by a leasehold deed of trust. The Acquisition Loan shall have a term of fifty-five (55) years and bear simple interest at three percent (3%). Principal and accrued interest on the Acquisition Loan shall be paid from a ratable portion of 50% of Residual Receipts, based on the original principal balance of the Acquisition Loan as a percentage of the original principal balance of all loans for the Phase paid from Residual Receipts. At Closing, the Owner shall (i)

execute and deliver the promissory note evidencing the Acquisition Loan, and (ii) execute, cause to be notarized and deliver the Acquisition Deed of Trust. The Acquisition Trust Deed of Trust shall be recorded against Owner's ground leasehold estate governed by the Ground Lease and shall be subordinate to Owner's conventional financing for the Phase and such other financing as may be approved by the Authority in accordance with this Agreement.

(c) For purposes hereof, "Residual Receipts" with respect to a particular calendar year shall mean the amount by which Gross Revenue (as defined below) exceeds Annual Operating Expenses (as defined below).

(i) "Annual Operating Expenses" with respect to a particular calendar year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Phase to the extent that they are generally consistent with the annual operating budget and consistent with an annual independent audit performed by a certified public accountant, acceptable to the lender and investor, using generally accepted accounting principles: (1) all charges incurred in the operation of the Phase for utilities, real estate taxes and assessments and premiums for insurance required under the Ground Lease or by leasehold mortgagees; (2) salaries, wages and any other compensation due and payable to the employees or agents of Owner employed in connection with the Phase, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (3) all other expenses actually incurred to cover operating costs of the Phase, including maintenance and repairs and the fee of any managing agent as indicated in the annual operating budget (as defined in the Ground Lease) and including approved annual asset management fees to the general and limited partners of Owner in the amounts set forth in Owner's partnership agreement; (4) required deposits, or required replenishment of, the replacement reserve account, operating reserve account and any other reserve account required under the Ground Lease or any Approved Financing (as defined in the Ground Lease); (5) required payments of interest and principal, if any, on any Approved Financing (as defined in the Ground Lease); (6) credit adjusters and repayment of loans from the tax credit investor (as defined in the Ground Lease) as may be required under the Partnership Agreement; (7) any extraordinary expenses approved in advance by Authority (other than any authorized expenses paid from any reserve account); and (8) any bond issuer fees required by any of the Approved Financing.

(ii) "Gross Revenue" with respect to a particular calendar year shall mean all revenue, income, receipts, and other consideration actually received from the operation and leasing of the Phase. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; all rental subsidy payments; proceeds from vending and laundry machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance; and condemnation awards for a taking of part or all of the Phase for a temporary period. Gross Revenue shall not include tenants' security deposits, loan proceeds, or similar advances.

(iii) "Residual Receipts" with respect to a particular calendar year shall mean the amount by which Gross Revenue (as defined above) exceeds Annual Operating Expenses (as defined above).

- (d) Cost Savings. Notwithstanding the foregoing, in the event that upon completion of the final cost certification and receipt of the Form 8609 for the Phase there are cost savings, Developer shall pay to the Authority as a reduction of the outstanding principal balance of the Acquisition Loan, a one-time payment in the amount of 100% of the Cost Savings, subject to any split of the Cost Savings with any other public agency lenders to the Phase. "Cost Savings" shall mean the sum of all sources of financing received by Developer for acquisition, construction and permanent financing of the Property and the first Phase, less the sum of actual uses as shown on the final cost certificate for the Phase. Prior to calculating Cost Savings, any deferred developer fees shall be paid in full in connection with such Phase. For avoidance of doubt, Developer shall not be entitled to any Cost Savings payments made pursuant to this Section 2.4.

2.5 The PHA and Developer shall work together to obtain any and all approvals by HUD or any other governmental entity necessary or appropriate for each Development. It is contemplated that PHA shall have the primary role with respect to the responsibility to obtain any and all approvals by HUD.

2.6 The Developer will undertake such activities, in such sequence and in such duration, as necessary to effectively and efficiently achieve the re-development of the Phases in the Development.

Section 3. Allocation of Authority and Responsibilities

3.1 It is the intention of the parties to utilize the respective strengths and assets of each in the manner most advantageous to the Development. It is currently contemplated that Developer shall have the primary responsibilities for the achievement of the Development Goals, except to the extent the parties deem advantageous and except as otherwise provided in this Agreement. To the extent resident meetings and other communication with current residents is necessary or advantageous to achieve the Development Goals, it is contemplated that PHA shall have primary responsibility for such communication.

3.2 Property Management.

- (a) The parties agree that EAH Inc. shall be the property manager of the Development. It is mutually understood that when and to the extent Developer or a Developer affiliate is providing guarantees that rely upon property management services, such as an operating deficit guarantee or a guarantee of tax credit delivery that requires lease-up, PHA shall not have the ability to request that the Owner terminate or alter property management responsibilities except as provided in Section 3.2(e) below.
- (b) The property management fee payable to Developer shall be capped for the first Phase at \$609 per unit per annum ("PUPA") and for the second Phase at \$531 PPUP, increasing at CPI for All Urban Consumers ("CPI-U") for the San Francisco Area starting in 2021,

unless otherwise agreed to by Developer and Authority, and subject to the maximum allowable management fee permitted by TCAC and by HUD at Closing.

- (c) In the event Developer desires to retain any replacement management agent, then Developer shall submit for PHA's approval the identity of any replacement management agent. Developer shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for PHA to determine whether the proposed management agent meets the standard for a qualified management agent set forth in this Agreement. If the proposed management agent meets the standard for a qualified management agent set forth above, then, subject to any approval required by HUD, PHA shall approve the proposed management agent by notifying Developer in writing. Unless the proposed management agent is disapproved by PHA within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, or is otherwise disapproved by HUD, it shall be deemed approved by PHA. If the proposed management agent is disapproved by PHA for failing to meet the standard for a qualified management agent set forth above, Developer shall submit for PHA's approval a new proposed management agent within thirty (30) days following PHA's disapproval. Developer shall continue to submit proposed management agents for PHA approval until the PHA (and, to the extent applicable, HUD) approves a proposed management agent.
- (d) PHA reserves the right to conduct an annual (or more frequent, if deemed reasonably necessary by PHA) review of the management practices and financial status of the Development (including, but not limited to, a review of Developer as the property manager or the replacement management agent's performance (together, the "Management Agent")) with reasonable notice. The purpose of each periodic review will be to enable PHA to determine if the Development is being operated and managed in accordance with the requirements and standards of the Ground Lease. Developer shall cooperate with PHA in such reviews.
- (e) If, as a result of a periodic review, PHA determines, in its reasonable judgment, that: (i) the Management Agent has materially failed to operate the PHA assisted units in accordance with applicable HUD or other governmental requirements, or (ii) the Development is not being operated and managed in accordance with any of the other material requirements and standards of the Ground Lease as a result of acts or omissions of Management Agent (each, a "Material Management Violation"), PHA shall deliver notice to Developer of its intention to cause replacement of Management Agent, including the reasons therefor specified in reasonable detail. After receipt by Developer of such written notice, PHA and Developer shall meet in good faith to consider methods for remedying the Material Management Violation. If after a reasonable period as determined by Developer (not to exceed thirty (30) days from the date of PHA's initial notice), PHA determines that Management Agent has not remedied the Material Management Violation, then PHA may require replacement of Management Agent. If, after the above procedure, PHA delivers a written notice to Developer requiring the replacement of Management Agent, then Developer shall promptly dismiss Management Agent and shall appoint as the replacement management agent a management agent meeting the standards for a management agent set forth above and approved by PHA and HUD (if required pursuant to applicable HUD requirements) in accordance with the

Ground Lease. Developer's failure to remove Management Agent in accordance with the provisions of this Section shall constitute an event of default by Developer under the Ground Lease. Notwithstanding the foregoing, PHA shall have no direct, or indirect, responsibility over management of the Development.

- (f) Any contract for the operation or management of the Development entered into by Developer shall provide that such contract can be terminated as set forth above. Developer shall not rely on PHA's approval (if any) of such contract as a representation regarding the enforceability or business advantage of such contract(s). PHA approval shall merely constitute satisfaction of the condition set forth in this Section.

3.3 Notwithstanding anything else in this Agreement, without PHA consent, neither Developer nor any entity controlled by Developer shall have authority to:

- (a) Agree to any change in any item in the Predevelopment Budget or construction/development budget if such change is in excess of \$25,000;
- (b) Except as otherwise permitted herein, sell, assign or otherwise convey any interest in any Development, except for leasing residential units in the normal course pursuant to any applicable HUD or other governmental requirements, as documented in the Development's appropriate project documents;
- (c) Sell, assign or otherwise convey, or permit to be sold or conveyed or otherwise acquired, any interests in any entity in which PHA or an entity controlled by PHA has an ownership interest;
- (d) Enter into or amend in any material manner any provisions of any organizational documents of entities in which PHA or an entity controlled by PHA is a member;
- (e) Dissolve any entity in which PHA or an entity controlled by PHA has an interest; or
- (f) Finalize construction plans without conferring with PHA, including reviewing architectural and engineering contracts and reports.

3.4 With respect to the re-development Phase of the Development, the parties agree to comply with all applicable requirements of HUD and other governmental authorities.

3.5 To the extent a Development's records are controlled by Developer or PHA, the other party shall have access to and the right to examine any pertinent books, documents, papers, or other records and neither party shall unreasonably withhold condition or delay such access. It is contemplated that Developer shall be responsible for the cost certification and the first year audit of each Phase of the Development.

3.6 License Agreement. PHA grants to Developer and its employees, contractors, agents and designees, a right of entry and license to use the Development and the real property on which it is located for the purposes set forth in this Agreement ("License"). Developer shall provide to PHA at least 24 hours' notice prior to any activity which requires entry into an occupied residence within the Development.

3.7 Authority Assistance; Section 8 Project-Based Vouchers. The Authority will assist and support in good faith Developer's effort to obtain public and private financing for the

Development, including, without limitation, making the Acquisition Loan for each Phase and seeking any necessary approvals or waivers from HUD to allow the use of Project-Based Section 8 funding. PHA will work with Contra Costa County Housing Authority to secure Project Based Vouchers allocated by HUD (“PBVs”) for the first Phase of the Development and to ascertain whether any PBVs are available for the second Phase of the Development.

Section 4. Guarantees

Developer shall be responsible for all routine and customary required project guarantees relating to construction completion, lease-up, stabilization, operating deficits, delivery of tax credits and tax credit compliance in connection with the Development.

Section 5. Default

5.1 Developer or PHA shall be deemed to be in default of this Agreement if any of the following events (each, an “Event of Default”) occurs:

- (a) Such party fails to perform a material obligation under this Agreement;
- (b) Bankruptcy or insolvency proceedings or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors shall be instituted by or against the party, and if instituted against the party, shall be consented to by the party or not dismissed within 90 days after being instituted; or
- (c) The entry of an order by a court of competent jurisdiction (i) finding the party to be insolvent; (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of creditors; or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property and such receiver or custodian is not discharged within 90 days.

5.2 Upon the occurrence of an Event of Default, the non-defaulting party shall notify the defaulting party in writing of such Event of Default, whereupon the defaulting party shall have sixty (60) days from its receipt of such notice to cure such Event of Default; provided, however, that if the Event of Default is not reasonably capable of being cured within sixty (60) days, the non-defaulting party may extend such cure period for ninety (90) days or such amount of time as it deems reasonably necessary to cure such a default, provided that the defaulting party has begun to cure such failure or violation within such sixty (60) day period and has continually worked to cure such Event of Default.

5.3 If the defaulting party shall fail to cure any Event of Default upon notice and within the time for cure provided for herein, the non-defaulting party may, by written notice to the defaulting party, terminate this Agreement and may pursue such other rights and remedies as it may be entitled to at law or equity. In the event this Agreement is terminated because of an Event of Default attributable to Developer, Developer shall reimburse PHA for any and all third party costs incurred by PHA through the date of termination, provided such costs are consistent with the Project Budget and documented by PHA. In the event this Agreement is terminated because of an Event of Default attributable to PHA, PHA shall reimburse Developer for third party costs incurred

by Developer through the date of termination, provided such costs are consistent with the Project Budget and documented by Developer.

Section 6. Term

6.1 Once the closing for a Phase has occurred and the parties have entered into project documents creating binding obligations for the consummation of the Phase commitments relating to financing for the Phase, including without limitation the execution of the applicable Ground Lease (a “Closing”), such project documents will govern the rights and remedies of the parties and this Agreement shall terminate with respect to such Development. No default by either party under this Agreement, in and of itself, shall release the other party from the obligations it has undertaken in any executed project documents, nor increase the rights and remedies it may have under such documentation, unless expressly set forth in any such document.

Section 7. Notices

Any notice required or permitted to be given under this agreement shall be in writing and shall be deemed duly given and effective: (i) when delivered personally or by courier, (ii) at the close of business on the first (1st) business day after being deposited with a nationally recognized overnight delivery service and addressed to the address set forth in this Agreement (or at such other address as shall be specified by the party by like notice given to the other party), or (iii) at the close of business on the third (3rd) day after being deposited in the United States Postal Service, certified mail, postage prepaid and addressed to the address set forth in this Agreement or to such other address specified in writing (or at such other address as shall be specified by the party by like notice given to the other party).

If to Authority:

Housing Authority of the City of Richmond
Attn: Executive Director
330 24th Street
Richmond, CA 94804

With copy to:

City of Richmond
Attn: City Manager
450 Civic Center Plaza
Richmond, CA 94804

and

City of Richmond
Attn: City Attorney
450 Civic Center Plaza
Richmond, CA 94804

If to Developer:

EAH Inc.
Attn: Welton Jordan
22 Pelican Way

Section 8. Indemnities

8.1 Developer Environmental Indemnity of Authority. Each Owner (only with respect to that Developer's and Owner's Development) will agree, to indemnify, defend and hold the Authority free and harmless from and against any and all losses, liabilities, penalties, claims, fines, litigation, demands, costs, judgments, suits, proceedings, damages, disbursements or expenses (including reasonable attorneys' fees actually incurred) which may at any time be imposed upon, reasonably incurred by or asserted or awarded against the Authority in connection with or arising from:

- (a) any hazardous materials which are first placed on, in, or under all or any portion of a Development by Developer or pursuant to Developer's direction, including without limitation as a result of any contractors acting pursuant to contracts or other agreements entered into by or at the direction of Developer or the Developer, unless placed there by Authority, its employees or agents; or
- (b) any violation of any environmental laws by Developer, any contractor or general contractor at or relating to the Development which does not relate to conditions existing prior to the execution of this Agreement; or
- (c) any hazardous materials that are required to be remediated by Developer, any contractor or general contractor as part of the entitlements and approvals for the Development.

8.2 Authority Environmental Indemnity of Developer. To the fullest extent permitted by law, the Authority agrees to indemnify, defend and hold Developer and any affiliates, including any Developer and Owner, free and harmless from and against any and all losses, liabilities, penalties, claims, fines, litigation, demands, costs, judgments, suits, proceedings, damages, disbursements or expenses (including reasonable attorneys' fees actually incurred) which may at any time be imposed upon, reasonably incurred by or asserted or awarded against Developer or an affiliate of Developer in connection with or arising from:

- (a) any hazardous materials which are not first placed on, in, or under all or any portion of a Development by Developer or pursuant to Developer's direction, including without limitation as a result of any contractors acting pursuant to contracts or other agreements entered into by or at the direction of Developer or the Developer; provided, however, that Authority shall not be obligated to indemnify, defend or hold Developer and any affiliates harmless from existing hazardous material that are required to be remediated by Developer, any contractor or general contractor as part of the entitlements and approvals for the Development; or
- (b) any violation of any environmental laws by the Authority, including without limitation by as a result of any contractors acting pursuant to contracts or other agreements entered into by or at the direction of the Authority or an affiliate of the Authority.

8.3 **General Damage Indemnity.** To the fullest extent permitted by law, Developer agrees, and each Developer and Owner (only with respect to that Developer's and Owner's Development) will agree, to indemnify, defend and hold harmless the Authority, its subsidiaries and their affiliates and their respective officers, directors, agents and employees from and against all claims, damages, losses and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or resulting from the performance of Developer's services hereunder, but only to the extent caused directly or indirectly by any negligent acts or omissions of Developer or any third parties with whom Developer contracts or causes a Developer or Owner to contract in regard to a Development and except to the extent that any such claim, damage, loss or expense is due to the negligence or malfeasance of the Authority, its subsidiaries and their affiliates or any of its officers, employees, or affiliates. To the fullest extent permitted by law, and without waiving any applicable defense of sovereign immunity, PHA agrees to indemnify, defend and hold harmless Developer, its subsidiaries and affiliates and its respective officers, directors, agents and employees from and against all claims, damages, losses and expenses, including, but not limited to, reasonable attorneys' fees, arising out of or resulting from the performance of services hereunder, but only to the extent caused directly or indirectly by any negligent acts or omissions of PHA or any third-parties with whom PHA contracts or causes a Developer or Owner to contract in regard to a Development and except to the extent that any such claim, damage, loss or expense is due to the negligence or malfeasance of Developer, its subsidiaries and affiliates or any of its officers, employees, or affiliates.

8.4 The provisions of this Section 8 shall survive termination of this Agreement.

8.5 Nothing contained herein shall waive any privileges, immunities, or limitations of liability, which the Authority has under state or Federal law.

Section 9. Miscellaneous

9.1 **Dispute Resolution.** Should the parties be unable to resolve any dispute between themselves, each will in good faith consider, without obligation, the appropriateness of mediation, arbitration, or other alternative dispute resolution mechanism, prior to invoking unilateral remedies (except as necessary to avoid imminent loss or harm to self or others) or seeking judicial resolution. However, while the foregoing provision reflects merely the intention of both parties, in no event will such provision be enforceable nor will a breach of this provision be actionable.

9.2 **MBE/WBE and Section 3.** The parties agree that it is important to the Development that the requirements commonly known as "Section 3," as implemented by HUD at 24 CFR part 135, be met, including meeting to the greatest extent feasible the numerical goals for new hires of "Section 3 Residents" by contractors for the Development and the provision of contracts and subcontracts to "Section 3 Business Concerns" as such terms are defined in 24 CFR § 135.5.

9.3 **Real Estate Property Tax Exemption.** The Authority agrees to cooperate with Developer in analyzing the benefits of, and pursuing, any real estate tax exemptions that will be available for the Development.

9.4 **Insurance.** Owner will maintain and keep in full force and effect, and shall cause all of its Contractors to maintain and keep in full force and effect, during the term of this Agreement, such insurance as may be required by any lenders and the Investors under the Closing Documents. Each such policy shall name as additional named insureds the Authority, and all other parties designated by Authority as having an insurable interest in the Development. Notwithstanding the foregoing, at a minimum, Owner shall to keep and maintain in force, at no cost or expense to Authority, the following insurance:

- (c) Leased Premises Insurance. Property insurance covering the risks of physical loss or damage to any of the improvements owned by Owner, with limits of not less than one hundred percent (100%) of the "full replacement value" thereof, which insurance shall be provided by Owner upon Closing. Such policies shall be provided with the perils insured under the standard "Causes of Loss--Special Form"(the "Special Form") and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The term "full replacement value" shall exclude the cost of excavation, foundations and footings. .
- (d) General Liability Insurance. Owner shall provide prior to the commencement of construction, and thereafter Owner shall cause its contractor to provide commercial general liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Development or any work, matters or operations under, or in connection with, or related to the Ground Lease, with bodily injury, death and property damage combined single limit liability of not less than One Million Dollars (\$1,000,000) per occurrence and in the aggregate for general liability and Two Million Dollars (\$2,000,000) for automobile liability for each accident. Coverage under such policies shall include, but shall not be limited to, operations, contractual, elevators, owner's and contractor's protective, products and completed operations, and the use of all owned, non-owned and hired vehicles.
- (e) Workers' Compensation Insurance. Owner shall carry or cause to be carried Workers' Compensation insurance with limits as required by the State of California and Employer's Liability limits of One Million Dollars (\$1,000,000) for bodily injury by accident and One Million Dollars (\$1,000,000) per person and in the annual aggregate for bodily injury by disease covering all persons employed by Owner in connection with the Development and with respect to whom death, bodily injury, or sickness insurance claims could be asserted against Authority or Owner.
- (f) Builders' Risk Insurance. During the course of the construction of the Development, or any alterations thereto, Owner shall provide builders' risk insurance for not less than the value of the construction contract, insuring the interests of Authority, Owner and any contractors and subcontractors. Coverage shall be for the same perils required in subsection (a) above.

- (g) All policies described above shall include and name Authority as an additional insured. All policies described in above shall contain (1) the agreement of the insurer to give Authority at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (2) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Authority; (3) a provision that no act or omission of Owner shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (4) a waiver by the insurer of all rights of subrogation against Authority and its authorized parties in connection with any loss or damage thereby insured against.
- (h) Certificates of insurance and letters of endorsements for all insurance required to be maintained by Owner under this Section 9.4 shall be furnished by Owner to Authority on or before the date of Closing. Authority reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required herein at any time.
- (i) If Owner fails to maintain such insurance, Authority, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Owner agrees to repay to Authority cost of such insurance.
- (j) Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, and must be with insurers admitted in the State of California.

9.5 **Conflict of Interest.** No member, officer, or employee of the Authority, no member of the governing body of the Municipality, no member of the governing body by which the Authority was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Development, shall, during his or her tenure, or for one year thereafter, have any personal interest, direct or indirect, in this Agreement or the proceeds thereof, unless the conflict of interest is waived by the Authority and by HUD, as may be appropriate.

9.6 **Further Assurances.** Each party shall execute such other and further documents as may be reasonably necessary or proper for the consummation of the transaction contemplated by this Agreement.

9.7 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed original, but all of which, together, shall constitute one instrument.

9.8 **Interpretation and Governing Law.** This Agreement shall not be construed against the party who prepared it but shall be construed as though prepared by both parties. This Agreement shall be construed, interpreted, and governed by the laws of the State of California. The exclusive venue for any disputes or legal actions hereunder shall be the Superior Court of California in and for the County of Contra Costa and all parties waive their respective rights to change venue pursuant to Section 394 of the Code of Civil Procedure.

9.9 **Severability.** If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable such portion shall be deemed severed from this Agreement and the remaining parts shall continue in full force as though such invalid or unenforceable provision had not been part of this Agreement.

9.10 **Final Agreement.** Unless otherwise expressly provided herein, this Agreement constitutes the final understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements, including term sheets, between the parties, whether written or oral. This Agreement may be amended, supplemented or changed only by a writing signed by or on behalf of the party to be bound thereby.

9.11 **Developer Not an Agent.** Nothing in this Agreement shall be deemed to appoint Developer as an agent for or representative of the Authority or the Owner and Developer is not authorized to act on behalf of the Authority with respect to any matters. The Authority shall not have any liability or duty to any person, firm, corporation, or governmental body for any act of omission or commission, liability, or obligation of Developer, whether arising from actions under this Agreement or otherwise.

9.12 **Waivers.** The failure of either party to insist in any one or more cases upon the strict performance of any of the other party's obligations under this Agreement or to exercise any right or remedy herein contained shall not be construed as a waiver or a relinquishment for the future of such obligation, right or remedy. No waiver by either party of any provision of this Agreement shall be deemed to have been made unless set forth in writing and signed by that party.

9.13 **Headings.** The headings in this Agreement are inserted for convenience only and shall not be used to define, limit or describe the scope of this Agreement or any of the obligations herein.

9.14 **Developer's Warranty of Good Standing and Authority.** Developer represents and warrants to the Authority that Developer and Developer are each a duly organized, validly existing limited liability company, and each is in good standing under the laws of and qualified to do business in and in good standing under the laws of the State of California.

9.15 **Authority's Warranty of Good Standing and Authority.** The Authority represents and warrants to Developer that the Authority is a duly organized, validly existing, public body corporate and politic and is in good standing under the laws of the State of California.

9.16 **Cumulative Rights.** Except as expressly limited by the terms of this Agreement, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

9.17 **Assignment.** Developer shall have the right to assign its interest in this Agreement and/or the Development Site to a limited partnership in which EAH Inc. or a limited liability

company wholly owned by EAH Inc. acts as general partner or to a corporation that is wholly owned and that is controlled by EAH or an entity controlled by EAH without the consent of the PHA.

(signatures follow)

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the day and year first above written.

Approved as to form:

PHA:

Housing Authority of the City of Richmond,
a public body, corporate and politic

By: _____
Executive Director

Attorney

Attest:

Clerk

DEVELOPER:

EAH Inc.,
a California nonprofit corporation

By: _____
Welton Jordan, Assistant Secretary

EXHIBIT A

EXHIBIT A

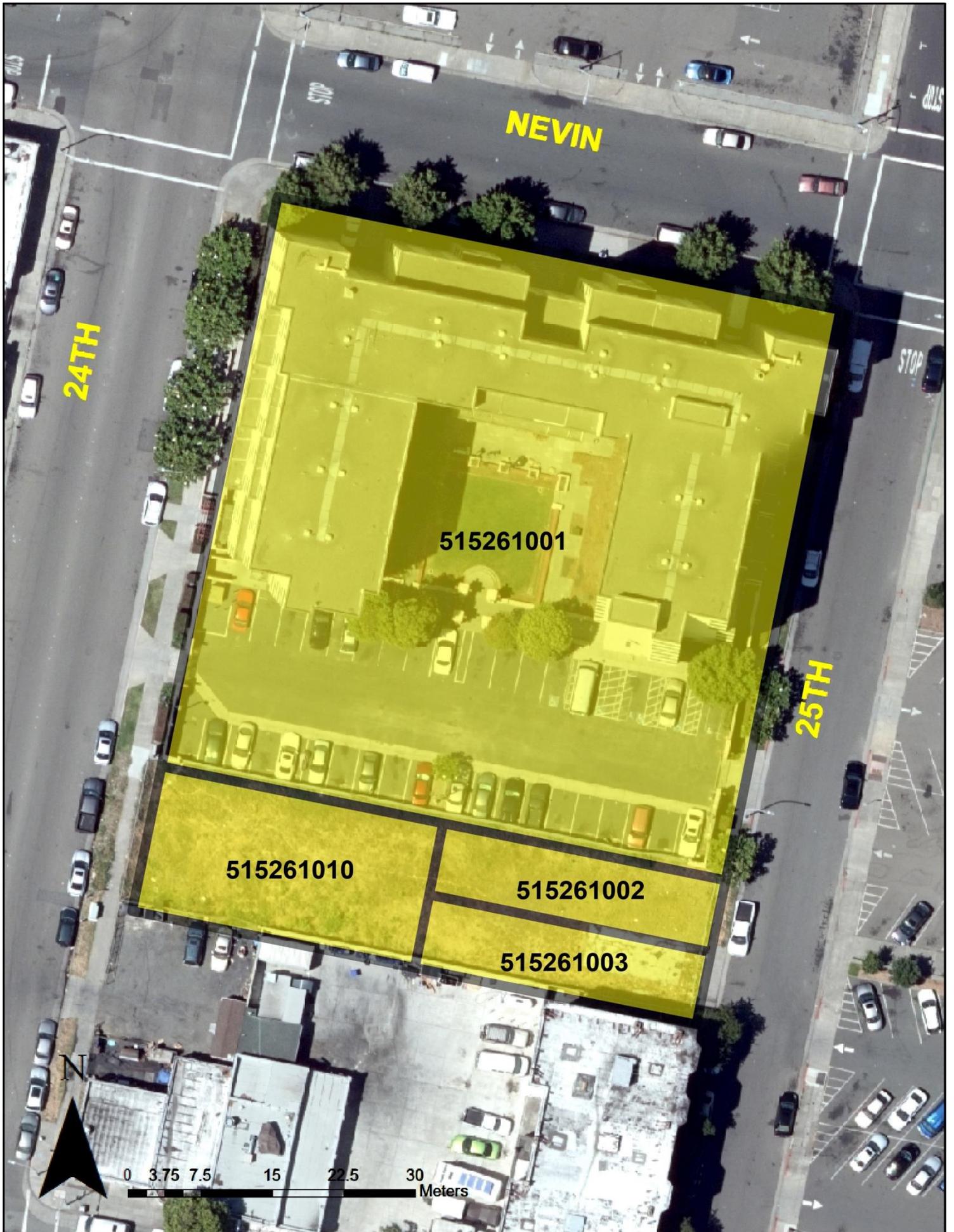
Lots 1 to 8 and 21 to 28, inclusive, Block 2, as shown on the map of "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed on October 29, 1912 in [Map Book 8, Page 190](#), Contra Costa County Records.

APN: 515-261-001

Lots 9 and 10 in Block 2, as described on the map entitled "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed in the Office of the Recorder of the County of Contra Costa, State of California, on October 29, 1912 in [Volume 8 of Maps, at Page 190](#).

Lots 19 and 20 in Block 2, as designated on the map entitled "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed in the Office of the Recorder of the County of Contra Costa, State of California, on October 29, 1912 in [Volume 8 of Maps, at Page 190](#).

APN: 515-261-010; 515-261-002, and 515-261-003



NEVIN

24TH

25TH

515261001

515261010

515261002

515261003

N

0 3.75 7.5 15 22.5 30 Meters

EXHIBIT B

**MASTER DEVELOPMENT AGREEMENT
EXHIBIT B - PREDEVELOPMENT BUDGET**

		ROLL-UP - PHASE 1 + PHASE 2	PHASE 1-REHABILITATION	PHASE 2-NEW CONSTRUCTION
		208	138	70
ACQUISITION	Units			
	ITEM			
6115	Option Paym't - DDA Nonrefundable Deposit	100,000	66,346	33,654
6120	Title/Recording/Ground Lease/Easement	25,000	16,587	8,413
TOTAL ACQUISITION		125,000	82,933	42,067
ARCHITECTURE & ENGINEERING FEES				
6310	Arch & Engineering	1,806,206	940,223	865,983
6330	Environmental Analysis	87,000	45,317	41,683
6320	Civil	37,500	27,500	10,000
6320	Geotech	9,100	6,038	3,063
6396	Utility	100,000	50,000	50,000
6312	Construction Consults	150,000	91,346	58,654
TOTAL A&E FEES		2,189,806	1,160,424	1,029,382
LEGAL FEES				
6515	PreDev & Construction	50,000	25,000	25,000
6540	Other Agreements	23,000	20,000	3,000
TOTAL LEGAL FEES		73,000	45,000	28,000
TAX CREDIT FEES				
6610	TCAC App/Alloc/Monitor Fees	89,280	58,580	30,700
6350	Market Study	17,500	10,000	7,500
6550	Financial Consultant	40,000	20,000	20,000
TOTAL TAX CREDIT FEES		146,780	88,580	58,200
ENTITLEMENT & PERMIT FEES				
6410	Planning Fees	218,030	150,930	67,100
6410	Building & Grading Permit Fees	167,420	-	167,420
TOTAL ENTITLEMENT & PERMIT FEES		385,450	150,930	234,520
OTHER SOFT COSTS				
6350	Appraisal	16,750	8,250	8,500
6545	Development Consultant	150,000	75,000	75,000
6300	Other: EAH Precon Tenant Engagement	25,000	25,000	-
TOTAL OTHER SOFT COSTS		191,750	108,250	83,500
CONTINGENCIES				
7000	Soft Cost Contingency	233,842	163,018	70,824
TOTAL CONTINGENCIES		233,842	163,018	70,824
TOTAL PREDEVELOPMENT COSTS		\$ 3,345,629	\$ 1,799,135	\$ 1,546,494

MASTER DEVELOPMENT AGREEMENT

EXHIBIT B - PREDEVELOPMENT/CONSTRUCTION BUDGET

NEVIN PLAZA - PHA Predevelopment Costs

(*) Items noted in Exh B - Budget incorporate PHA expenses consistent with DDA Section 1.5 and as specified below

G/L #	Item	Provider/Task	Amount
6330	Environmental Analysis	NEPA Peer Review	14,000
6550	Financial Consultant	DRA	100,000
	Total PHA Predev Costs		114,000

General	
Current Phase	PREDEVELOPMENT
Project manager	

Site	
Property Name	NEVIN PLAZA REHAB - Phase 1
Address	2400 Nevin Ave.
APN	515-261-001; -002; -003; -010
City	RICHMOND
County	CONTRA COSTA
State	CA
Zip	94804
Census Tract	
Project Type	4PCT-ACQ/REHAB
Housing Type	SENIOR/SPECIAL NEEDS
Zoning Designation	CM-5

Consultants Partners	
Architect	HKIT
General Contractor	MFRG
Structural Engineer	IDA
Mechanical	RL
Electrical	RL
Landscape Architect	KM
Green Rater	BE
Phase I/II Environmental	Partner E&S
Acoustical Studies	RGD
NEPA Consultant	Partner E&S
Air Quality	BE
Civil	LUK
Geotech - Borings	Rockridge
Joint Trench	tbd
Solar	tbd
Waterproofing	Aquatec
Financial Consultant	CHPC
Lender	tbd
Investor	tbd
Other	
Other	

Build	
# Acres	0.67
SQFT - Built	106090
SQFT - Residential	65597
SQFT - Parking & Drives	
SQFT - Interior Common Area	
SQFT - Exterior Open Space	
Number of Units	138
Parking Total	
Rehab	
Year Built	
Last Year Renovated	
Building Value	\$ 28,175,000

Valuation	
Date	8/31/2020
Appraisal	CBRE
Sale Price	28,700,000
Def. Maintenance	
Land Value	525,000
Improved Value	\$ 28,175,000

INCOME & UNIT ASSUMPTIONS	
Total Revenue	2,934,109
Total Expenses	1,217,065
Income less Operating Expenses	1,717,044
Total Debt Service	1,487,211
Total Other Fees	30,000
Remaining Cash Flow	\$ 193,082

Application	NOFA Release	NOFA Due	Award
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)
(OTHER)	(DATE)	(DATE)	(DATE)

MILESTONE	DATE PROJECTED	MILESTONE	
Section 18 Application	11/1/2020	Rehab Commence	1ST Q 2022
HUD Approval	1ST Q 2021	Rehab Completion	3rd Q 2023
CTCAC/CDLAC Application	3RD Q 2021	100% Relocated Occupancy	3rd Q 2023
Loan/Equity Closing	1ST Q 2022	Perm Conversion	1st Q 2024
Relocation Commence	1st Q 2022		

Use of Funds	Total	PU	Pct. Of Total
Acquisition	27,732,933	200,963	38.69%
Construction/Rehab	28,464,718	206,266	39.71%
Arch & Engineering	2,024,187	14,668	2.82%
Construction Interest & Fees	1,648,839	11,948	2.30%
Permanent Financing	520,897	3,775	0.73%
Legal	146,538	1,062	0.20%
Tax Credit Fees	163,580	1,185	0.23%
Entitlement & Permit	587,217	4,255	0.82%
Other Soft Costs	1,429,475	10,359	1.99%
Contingencies	2,871,471	20,808	4.01%
Reserves	725,457	5,257	1.01%
Developer Fees	5,363,247	38,864	7.48%
Total	71,678,561	519,410	100.00%

Perm Sources	Total	PU	Pct. Of Total
Tranche A - Conventional	1,374,575	9,961	1.92%
Tranche B - Subsidy-backed	15,575,640	112,867	21.73%
Richmond HA - Acq Loan	27,650,000	200,362	38.57%
AHP	1,336,622	9,686	1.86%
LP Capital	21,778,478	157,815	30.38%
Deferred Fee	2,100,000	15,217	2.93%
GP Equity	1,863,247	13,502	2.60%
Total	71,678,561	519,410	100.00%

Construction Sources	Total	PU	Pct. Of Total
Construction Loan	35,531,111	257,472	49.57%
Richmond HA - Acq Loan	27,650,000	200,362	38.57%
LP Capital	2,177,848	15,782	3.04%
Costs Deferred to Conversion	6,319,602	45,794	8.82%
Total	71,678,561	519,410	100.00%

YR-2	YR-3	YR-4	YR-5
3,007,462	3,082,648	3,159,715	3,238,708
1,257,012	1,298,353	1,341,140	1,385,421
1,750,450	1,784,295	1,818,575	1,853,286
1,487,211	1,487,211	1,487,211	1,487,211
30,900	31,827	32,782	33,765
\$ 225,656	\$ 258,640	\$ 292,031	\$ 325,825

Link to Smartsheet: MARTEL

TAB NAVIGATION		
PROJECT SUMMARY	DEBT SIZING	REVISIONS CHECKLIST
RENT SCHEDULE	EQUITY DEVELOPER FEE	TIE BREAKER
DEVELOPMENT BUDGET	FEE SCHEDULE	GAP ANALYSIS
OPERATING BUDGET	CONSTRUCTION ESTIMATE	PROJECT CONTACTS
CASH FLOW	PREDEVELOPMENT	INDEX

Quick Reference		
Perm Int. Rate		4.25%
Construction Int. Rate		3.60%
Equity Pricing		0.95
9 PCT Tie-Breaker		#VALUE!
Land Value PSF	\$	18
TDC PU	\$	519,410
TDC PSF	\$	676
Hard Cost PSF	\$	227
OpEx PUPA	\$	8,819
Parking Ratio :1		0.00
SQFT - Site		29,185
DU Per Acre		206

Unit Type	# of Units	Pct
0-Bedroom	12	9%
1-Bedroom	119	86%
2-Bedroom	6	4%
3-Bedroom	0	0%
4-Bedroom	0	0%
Staff	1	1%
Total	138	100%

Restrictions	# of Units	Pct
20%	0	0%
30%	63	46%
35%	0	0%
40%	37	27%
45%	0	0%
50%	37	27%
55%	0	0%
60%	0	0%
80%	0	0%
100%	0	0%
Total	138	100%
Avg. Affordability		37.83%

Residential	0-BR	1-BR
100% AMI TCAC	2,284	2,446
Threshold Basis Limit	337,642	389,298
HUD FMR	1,409	1,706
Contract Rent - HoAuth	1,549	1,876
Utility Allowance	41	50
SQFT	450	650

Commercial	SQFT	Rent PSF
Use 1	0	-
Use 2	0	-
EAH Benefit Pay Schedule	0	0
	Closing	Conversion
Seller Cash	-	-
Developer Fee	210,000	1,050,000
Total	210,000	1,050,000

YR-6	YR-7	YR-8
3,319,675	3,402,667	3,487,734
1,431,250	1,478,681	1,527,769
1,888,425	1,923,986	1,959,965
1,487,211	1,487,211	1,487,211
34,778	35,822	36,896
\$ 360,015	\$ 394,598	\$ 429,565

CONSULTANT FEE SUMMARY	Total	Pre-Const.	Const.
Arch & Engineering	1,633,313	940,223	693,090
Environmental Analysis	47,817	45,317	2,500
Civil	32,500	27,500	5,000
Geotech	26,038	6,038	20,000
Utility	55,000	50,000	5,000
Construction Consultant	179,519	91,346	88,173
Special Consults	50,000	-	50,000
Total Consultant Fees	2,024,187	1,160,424	863,763

MUNICIPAL FEE SUMMARY	Total	Pre-Const.	Const.
Impact Fees	130,924	-	130,924
Planning Fees	150,930	150,930	-
Building & Grading Permit Fees	305,363	-	305,363
School Fees	-	-	-
Water & Sewer	-	-	-
Total Municipal Fees	587,217	150,930	436,288

FINANCING FEE SUMMARY	Total	Pre-Const.	Const.
Predevelopment Loan	-	-	-
Construction Loan	487,800	-	487,800
Permanent Loan	296,082	-	296,082
CTCAC	58,580	58,580	-
Bond Issuance	224,815	224,815	-
Total Financing Fees	1,067,277	283,395	783,882

CONSTRUCTION BUDGET	PCT OF HC	GC Estimate	Projected Total
		9/1/2020	3/1/2022
Off-Site Improvements		265,385	305,083
Site Improvements		183,000	210,375
Structures		20,440,409	23,498,070
PV Solar System		100,000	114,959
Other:		-	-
Hard Cost Subtotal		20,988,794	24,128,487
General Conditions	6.0%	1,253,328	1,440,812
Contractor Insurance	1.2%	261,110	300,169
Overhead	3.0%	626,664	720,406
Profit	3.0%	626,664	720,406
Contractor Bond	0.8%	177,555	204,115
Contractor Contingency (GC)	3.0%	626,664	720,406
Prevailing Wage Premium	0.0%	-	-
Escalation Factor	10.0%	-	-
Total Construction Budget: Less Owner-Added Costs		24,460,777	28,119,842
Hard Cost PSF		198	227
Hard Cost Per Unit		152,093	174,844
Hard Cost Contingency (owner)	10.0%	2,214,212	2,545,434
Builder's Risk Insurance (owner)		200,000	229,918
TOTAL CONSTRUCTION BUDGET		26,874,989	30,895,193

2-BR	3-BR
2,936	3,392
469,600	601,088
2,126	2,925
2,338	-
71	-
850	0
Misc. Income	PUPM
Laundry/Vending	11
Financial/Other	-
0	YR-15
8609	Deferred
140,000	2,100,000
140,000	2,100,000



Operating Budget Calculation	Annual	PUPA
INCOME:		
Scheduled Gross Income - Residential	1,453,344	10,531
Section 8 PBA (Incremental Income)	1,616,976	11,717
Commercial	-	-
Misc. Income (Laundry, Fin'l, Other)	18,216	132
Vacancy Loss - Residential	(72,667)	(527)
Vacancy Loss - Section 8	(80,849)	(586)
Vacancy Loss - Commercial	(911)	(7)
EFFECTIVE GROSS INCOME	2,934,109	21,262

EXPENSES - RESIDENTIAL:		
Administrative	112,679	817
Management Fee	84,042	609
Utilities	121,100	878
Water/Sewer	83,700	607
Payroll/Payroll Taxes	348,007	2,522
Insurance	47,645	345
Real Estate Taxes	9,448	68
Maintenance	282,224	2,045
Replacement Reserve	69,000	500
Other	59,220	429
TOTAL EXPENSES - RESIDENTIAL	1,217,065	8,819

(w/o taxes/res/svc)		7822
TCAC Minimum (w/o taxes/res/svc)		7000
TOTAL EXPENSES - COMMERCIAL	0	0

NET AVAILABLE INCOME	1,717,044
Less: HCD Mandatory Interest Payment	-
Less: Annual Issuer Fee	6,751
ADJUSTED NET AVAILABLE INCOME: TOTAL	1,710,293
RENT SUBSIDY PAYMENT	1,616,976
ADJUSTED NET AVAILABLE INCOME: Net of Rent Subsidy	93,317
Debt Service Coverage Ratio	1.15
AVAILABLE FOR TRANCHE A DEBT SERVICE	81,145
AVAILABLE FOR TRANCHE B DEBT SERVICE	1,406,066

MASTER DEVELOPMENT AGREEMENT
EXHIBIT B - FINANCING PLAN
NEVIN PLAZA NEW CONSTRUCTION - Phase 2
 UNITS 70

Construction Sources			Perm Sources			Uses of Funds		
Source	Total	PU	Source	Total	PU	Use	Total	PU
Construction Loan	\$ 35,084,312	\$ 501,204	Tranche A - Conventional	\$ 2,900,837	\$ 41,441	Acquisition	\$ 1,092,067	\$ 15,601
Richmond HA Land Value	\$ 1,050,000	\$ 15,000	Tranche B - Subsidy-backed	\$ -	\$ -	Construction/Rehab	\$ 27,865,844	\$ 398,083
LP Capital	\$ 3,028,930	\$ 43,270	MHP (senior set-aside)	\$ 7,293,127	\$ 104,188	Arch & Engineering	\$ 2,097,531	\$ 29,965
Costs Deferred to Conversion	\$ 5,589,454	\$ 79,849	Richmond HA Land Value	\$ 1,050,000	\$ 15,000	Construction Interest & Fees	\$ 1,689,276	\$ 24,133
			LP Capital	\$ 30,289,301	\$ 432,704	Permanent Financing	\$ 299,790	\$ 4,283
			Deferred Fee	\$ 187,536	\$ 2,679	Legal	\$ 130,096	\$ 1,859
			GP Equity	\$ 3,031,895	\$ 43,313	Tax Credit Fees	\$ 133,200	\$ 1,903
						Entitlement & Permit	\$ 2,485,726	\$ 35,510
						Other Soft Costs	\$ 360,531	\$ 5,150
						Contingencies	\$ 2,853,971	\$ 40,771
						Reserves	\$ 212,769	\$ 3,040
						Developer Fees	\$ 5,531,895	\$ 79,027
Total	\$ 44,752,696	\$ 639,324		\$ 44,752,696	\$ 639,324		\$ 44,752,696	\$ 639,324

DEVELOPMENT BUDGET	COST		COST BY PERIOD		
	Per Unit Cost	Total Project Cost	Pre Dev	Construction	Perm Conversion
ACQUISITION					
6110 Option Paym't - DDA Nonrefundable Deposit	481	33,654	33,654	-	-
6100 Total Land Cost or Value	15,000	1,050,000	-	1,050,000	-
6120 Title/Recording/Ground Lease/Easement	120	8,413	8,413	-	-
TOTAL ACQUISITION	15,601	1,092,067	\$ 42,067	1,050,000	-
CONSTRUCTION / REHABILITATION					
6235 Off-Site Improvements	2,403	168,214	-	168,214	-
6230 Site Work	12,496	874,712	-	874,712	-
6225 Structures, Residential	321,242	22,486,917	-	22,486,917	-
6220 General Conditions	20,168	1,411,791	-	1,411,791	-
6270 Contractor Insurance	4,202	294,123	-	294,123	-
6220 Contractor Overhead & Profit	20,168	1,411,791	-	1,411,791	-
6255 Contractor Bond	2,857	200,004	-	200,004	-
6250 Contractor Contingency (GC)	10,084	705,895	-	705,895	-
6710 Builders Risk Insurance (Owner)	2,678	187,438	-	187,438	-
6100 PV Solar System	1,785	124,959	-	124,959	-
6100 Other:	-	-	-	-	-
TOTAL CONSTRUCTION	398,083	27,865,844	\$ -	27,865,844	-
ARCHITECTURE & ENGINEERING FEES					
6310 Arch & Engineering	23,926	1,674,805	865,983	808,822	-
6330 Environmental Analysis	631	44,183	41,683	2,500	-
6320 Civil (included in Arch/Eng)	-	-	-	-	-
6320 Geotech	758	53,063	3,063	50,000	-
6396 Utility	2,071	145,000	50,000	95,000	-
6312 Construction Consults	1,864	130,481	98,654	71,827	-
6395 Special Inspections	714	50,000	-	50,000	-
TOTAL A&E FEES	29,965	2,097,531	\$ 1,019,382	1,078,149	-
CONSTRUCTION INTEREST & FEES					
6630 Construction Loan Interest	16,764	1,173,500	-	1,173,500	-
6630 Origination Fees	5,671	396,976	-	396,976	-
6630 Lender Inspections	386	27,000	-	27,000	-
6630 Lender Counsel	714	50,000	-	50,000	-
6820 Title & Recording	597	41,800	-	41,800	-
TOTAL CONST. INTEREST & FEES	24,133	1,689,276	\$ -	1,689,276	-
PERMANENT FINANCING					
6660 Loan Origination Fee	357	25,000	-	-	25,000
6820 Title and Recording	286	20,000	-	-	20,000
6660 Lender Counsel	429	30,000	-	-	30,000
6680 Other: Diligence & Application	71	5,000	-	-	5,000
6662 Cost of Issuance	3,140	219,790	-	100,000	119,790
TOTAL PERMANENT FINANCING	4,283	299,790	\$ -	100,000	199,790
LEGAL FEES					
6515 PreDev & Construction	571	40,000	25,000	15,000	-
6520 Permanent Loan Closing	286	20,000	-	-	20,000
6530 Organization of Partnership	857	60,000	-	60,000	-
6540 Other Agreements	144	10,096	3,000	7,096	-
TOTAL LEGAL FEES	1,859	130,096	\$ 28,000	82,096	20,000
TAX CREDIT FEES					
6610 TCAC App/Alloc/Monitor Fees	439	30,700	30,700	-	-
6350 Market Study	107	7,500	7,500	-	-
6675 Audit/Cost Certification	286	20,000	-	20,000	-
6550 Financial Consultant	1,071	75,000	20,000	55,000	-
TOTAL TAX CREDIT FEES	1,903	133,200	\$ 58,200	75,000	-
ENTITLEMENT & PERMIT FEES					
6435 Impact Fees	26,840	1,878,790	-	1,878,790	-
6410 Planning Fees	1,002	70,150	70,150	-	-
6410 Building & Grading Permit Fees	7,668	536,787	175,030	361,757	-
TOTAL ENTITLEMENT & PERMIT FEES	35,510	2,485,726	\$ 245,180	2,240,546	-
OTHER SOFT COSTS					
6350 Appraisal	121	8,500	8,500	-	-
6225 Predevelopment Interest/Fees	958	67,031	-	67,031	-
6997 Marketing/Leasing	857	60,000	-	60,000	-
6925 FF&E	2,143	150,000	-	150,000	-
6545 Development Consultant	1,071	75,000	75,000	-	-
TOTAL OTHER SOFT COSTS	5,150	360,531	\$ 83,500	277,031	-
CONTINGENCIES					
6250 Hard Cost Contingency	35,631	2,494,163	-	2,494,163	-
7000 Soft Cost Contingency	5,140	359,808	71,962	287,846	-
TOTAL CONTINGENCIES	40,771	2,853,971	\$ 71,962	2,782,009	-
RESERVES					
6910 Capitalized Operating Reserve	2,540	177,769	-	-	177,769
6915 Capitalized Replacement Reserve	500	35,000	-	-	35,000
TOTAL RESERVES	3,040	212,769	\$ -	-	212,769
DEVELOPER COSTS					
9101 Developer Fee	79,027	5,531,895	-	375,000	5,156,895
TOTAL DEVELOPER COSTS	79,027	5,531,895	\$ -	375,000	5,156,895
TOTAL DEVELOPMENT COSTS	\$ 639,324	\$ 44,752,696	\$ 1,548,291	\$ 37,614,952	\$ 5,589,454



AGENDA REPORT

DATE: December 15, 2020

TO: Housing Authority Board of Commissioners

FROM: Shasa Curl, Deputy City Manager, Economic Development
Nannette J. Beacham, Executive Director, Richmond Housing Authority
Gabino Arredondo, Project Manager

SUBJECT: MASTER DEVELOPMENT AGREEMENT FOR NEVIN PLAZA

STATEMENT OF THE ISSUE

As an implementing action of the Richmond Housing Authority (RHA) asset repositioning efforts, RHA is prepared to enter into a Master Development Agreement (MDA) with EAH Housing for the redevelopment and operation of Nevin Plaza.

RECOMMENDED ACTION

ADOPT a resolution authorizing the Executive Director to enter into a Master Development Agreement (MDA) and to negotiate and execute any and all related documents and agreements, including the Ground Lease, between the Richmond Housing Authority and EAH Housing for the development of the Nevin Plaza public housing site (2400 Nevin Avenue) - Richmond Housing Authority (Shasa Curl/Nannette J. Beacham 621-1300).

FINANCIAL IMPACT OF RECOMMENDATION

All predevelopment costs of the development of the Nevin Plaza Project will be paid by EAH Housing. In addition, RHA shall be reimbursed on or before the Commencement Date of the Ground Lease for all predevelopment expenses incurred by RHA, estimated at \$125,000. RHA will receive 50% of net cash flow from post-rehabilitation operation of the Nevin Plaza building and from the operation of new units developed on the vacant site.

DISCUSSION

Background

RHA's purpose is to provide quality, safe, and sanitary housing for very low-income seniors and disabled individuals and families in the City of Richmond through the

administration of the Low-Income Public Housing Program. Nevin Plaza, located at 2400 Nevin Avenue, is a 142-unit, seven-story building that houses seniors and disabled households. The property is currently owned and managed by RHA.

On December 4, 2018, the RHA Board of Commissioners directed staff to move forward with repositioning RHA's public housing developments and other real estate holdings. This strategy supports the underlying goals of RHA to ensure no reduction in rental housing options for Richmond residents, and to maximize the benefit/utilization of the federal funds.

On February 25, 2020, the RHA Board of Commissioners designated EAH Housing (EAH) as the preferred developer for the redevelopment and operation of Nevin Plaza, which also includes the option to develop a three (3) parcel, 10,000 square foot vacant site adjacent to the Nevin Plaza parking lot and authorized the Executive Director of RHA to negotiate an Exclusive Right to Negotiate (ERN) Agreement.

On June 30, 2020, the RHA Board of Commissioners adopted a resolution authorizing the Executive Director to execute an ERN agreement and authorized the Executive Director to negotiate the agreements necessary for the redevelopment and operation of Nevin Plaza with EAH.

On September 29, 2020, RHA Board of Commissioners approved the final Section 18 Disposition Application. The application was submitted to U.S. Department of Housing and Urban Development (HUD) in the first week of October 2020.

The City of Richmond Planning Division has completed an environmental assessment under the provisions of the National Environmental Policy Act and HUD regulations 24 CFR Part 58 for the subject project. The City has determined that the project will have no significant impact on the human environment. Therefore, an Environmental Impact Statement under the National Environmental Policy Act of 1969 (NEPA) is not required.

EAH proposed to reconfigure Nevin Plaza to include 138 units and transform the 4 ground floor units into community and property management spaces. Nevin Plaza would have a $\pm 2,500$ SF multi-purpose room, $\pm 1,500$ SF for resident services, $\pm 5,000$ SF for RHA offices, and $\pm 1,313$ SF for property management offices. On the additional vacant parcels, EAH proposes a Type-V 4 story wood frame construction over a concrete podium with 70 units, a $\pm 1,120$ SF lobby and reception area, a $\pm 1,350$ SF community room, ± 700 SF for resident services, and a $\pm 5,000$ SF courtyard. Subject to HUD approval of the Section 18 Disposition Application and City of Richmond issuance of building permits, EAH is aiming to initiate the first phase rehabilitation of the existing Nevin Plaza tower beginning in the 4th quarter of 2021, with completion taking approximately 14 months. Subject to City of Richmond entitlement processes and permit approvals, the construction of the new 4-story building will proceed as a separate second phase, with construction anticipated to begin in the 3rd quarter of 2022 and take approximately 18 months to complete. Additionally, EAH is committed to providing reusable, clean energy on both the rehabilitation and new construction.

Master Development Agreement (MDA)

The development site consists of Phase 1 Rehab: 0.92 total acres at 2400 Nevin Avenue including the 12-story, 142-unit Nevin Plaza building; and Phase 2 New Construction: approximately 0.23 acres of vacant property behind the parking lot at 319 25th St. (APNs: 515-261-001, 515-261-010, 515-261-992 and 515-261-003). RHA intends to lease the land, both the land under the building and the newly created parcel on which the new units will be built, to the Developer, which will a limited partnership with EAH Housing or its affiliate as the General Partner. RHA will also sell the building to the Developer, taking back a Seller Loan for the Fair Market Value of the building, which was recently appraised at approximately \$27.7 million, excluding the value of the land.

The MDA has been negotiated between RHA (Lessor of the land and Seller of the Nevin Plaza Building) and the Developer (Lessee of the land, Buyer of the building, and the Borrower under the Seller Loan). The MDA sets forth the mutually agreed upon terms for the Developer's purchase and rehabilitation of the Nevin Plaza building and development of new units on the vacant site. On each phase, RHA will share 50 percent of total residual receipts with other subordinate lenders as payment toward RHA's Seller Loan on the building and the Developer will retain the remaining 50 percent as an incentive management fee. RHA will provide a ground lease of each of the Phase 1 and Phase 2 sites to the Developer for a nominal annual payment of \$1 per year. RHA will work with Contra Costa County Housing Authority (CCCHA) and the Developer to secure Project-Based Vouchers (PBVs) allocated by HUD for Phase 1 and to ascertain whether any PBVs are available for Phase 2. The Developer will work diligently to pursue all additional sources of financing necessary to provide full funding of Phases 1 and 2. All predevelopment costs of the development of the Nevin Plaza Project will be paid by EAH Housing. All predevelopment costs incurred by RHA for Nevin Plaza to date and through financial closing will be reimbursed at construction loan closing.

Redevelopment of this site is vital to the surrounding neighborhood, as it will improve the site, add services and provide additional affordable housing to those in need. Furthermore, this action is a deliverable in the 2019 Public Housing Authority Recovery and Sustainability (PHARS) agreement between HUD, RHA, and the City of Richmond.

ATTACHMENTS:

Attachment 1 - Resolution
Attachment 2 - Master Development Agreement