

NOTICE TO PROCEED

Oleander Community Housing, City of Chico

Pursuant to the Master Standard Agreement (“Agreement”) entered into on the 4 day of October 2021, by and between the California Department of Housing and Community Development (“Department”) and City of Chico (“Subrecipient”), this NOTICE TO PROCEED (“NTP”) is entered into on this 12 day of October 2023. This NTP sets forth specific details concerning the individual project proposed by Subrecipient for the multifamily affordable housing development located at 2324 Esplanade, Chico, CA consisting of 37 affordable housing units (“Project”) and related activities undertaken for the development of affordable multifamily housing units by Subrecipient, as required. This Project is subject to, and hereby incorporates by this reference, the terms of the Agreement and is subject to the overall program funding allocation amount for Subrecipient as determined by the Department and set forth in the Agreement. There may be other projects either already existing under the Agreement, or that may be proposed in the future. The budget for this Project, when added together with the total cumulative budget of all existing Approved Projects for Subrecipient, may not exceed the total funding allocation for Subrecipient.

1. Project Details

Project Name: Oleander Community Housing

Developer Name: Chico PSH Pacific Associates

Project Address: 2324 Esplanade, Chico, CA

Project Description:

The multifamily permanent supportive housing project consists of new construction on a 1.29 acre site. It includes one, three-story building with 38 multi-family units, made up of 21 442-square foot (sf) studio units, 16 607-sf one-bedroom units, and one 800-sf two-bedroom manager's unit. The building would include a community center, multi-purpose room, fitness room, meeting room, and laundry rooms. Outdoor amenities would include two gardens and a dog park. Primary site access would be provided through a gated driveway off of Esplanade.

Project Approval Date: December 1, 2022

2. Unit Mix

| # of Bedrooms | DR-MHP Assisted Units | Restricted Units (including DR-MHP Assisted Units) | Non-Restricted Units | Total Units | Gross Rent | Utility Allowance | Net Rent (gross – utility allowance) | Annual Net Rent | Income Limit |
|---------------|-----------------------|---|----------------------|-------------|------------|-------------------|---|-------------------|--------------|
| 0 | 21 | 21 | 0 | 21 | \$366.00 | - | \$366.00 | \$4,392.00 | 30% AMI |
| 1 | 16 | 16 | 0 | 16 | \$392.00 | - | \$392.00 | \$4,704.00 | 30% AMI |
| 2 | - | - | 1 | 1 | - | - | - | - | Mgr. Unit |
| Totals | 37 | 37 | 1 | 38 | - | - | - | \$9,096.00 | - |

3. Project Budget and Project Scope of Work

A. The Project shall follow the budget and scope of work (hereinafter “Project Work”) as described in the Project application, which is on file at the Department, Division of Financial Assistance, 2020 West El Camino Avenue, Sacramento, California and which is incorporated herein by reference.

Total Development Cost: \$15,261,445

Total DR-MHP Allocation: \$6,031,626

Total Activity Delivery Allocation: \$327,661

B. All written materials or alterations submitted as addenda to the original Project Application and which are approved in writing by the Department Contract Coordinator, as appropriate, are hereby incorporated as part of the Project Application. The Department reserves the right to require the Subrecipient to modify any or all parts of the Project Application in order to comply with DR-MHP, federal and/or state regulations or requirements.

C. Any proposed revision to the Project Work must be submitted in writing for review and approval by the Department and may require an amendment to this NTP. Any approval shall not be presumed unless such approval is made by the Department in writing in its sole and absolute discretion.

D. Subrecipient shall withhold as retainage 10% of all DR-MHP funded Developer payments. No retainage payments shall be released to the

Developer or reimbursed to the Subrecipient until receipt and approval by the Department of all required Approved Project completion documents identified in Exhibit B, Section 6 of the Agreement.

4. **Project Schedule**

| Milestone | Date |
|-------------------------|-------------|
| Close Construction Loan | 12/1/2023 |
| Begin Construction | 12/1/2023 |
| Complete Construction | 12/1/2024 |
| 100% Occupancy | 4/1/2025 |

5. **Project Performance Milestones**

- A. Subrecipient shall record in the applicable County Recorder's office the DR-MHP Regulatory Agreement, substantially in the form provided by the Department, against the property before construction begins but not more than 180 days subsequent to the issuance of a Notice to Proceed by the Department. The DR-MHP Regulatory Agreement, and specifically the affordability and rent covenants therein, shall have priority over other liens, encumbrances, and other matters of record except as may be approved by the Department. Exceptions to the position of the DR-MHP Regulatory Agreement must be approved in writing and in advance by the Department.
- B. Subrecipient shall execute a Development Agreement (defined in section 5 below) with the Developer no later than **10/16/2023**.
- C. Subrecipient shall monitor the Project construction schedule, as provided in the Project Application and attached to this NTP as Exhibit A, to ensure progress is being made as proposed. If any milestone dates identified in the Project construction schedule increase or decrease by more than 30 calendar days, Subrecipient must notify the Department in writing as described subsection F of this section below.
- D. All DR-MHP units must be leased to qualified households within eighteen (18) months of construction completion (as identified by a Certificate of Occupancy from the local permitting agency) or by May 31, 2026, whichever comes first.

- E. Failure to meet Project performance Milestones. If any Project performance milestones listed above are not met, the Department reserves the right to withhold further payments to Subrecipient until such time as satisfactory progress is made toward meeting the performance measures. Subrecipient shall submit a written plan specifying: (a) the reason for the delay; (b) the actions to be taken to complete the task and request assistance from the Department, as needed; (c) the date by which the completion of said task will occur and (d) provide a revised Project construction schedule, if applicable to the missed milestone.

6. Development Agreement

Upon execution of this Notice to Proceed, Subrecipient shall enter into a development agreement or loan agreement with the Project Developer (“Development Agreement”). The Development Agreement shall include a Rider to Development Agreement, substantially in the form to be provided by the Department.

The Developer entity specified in Section 1 above, shall not be removed or substituted with a different Developer entity without the prior written consent of both the Department and Subrecipient, and the Development Agreement shall contain a provision to this effect. No Developer may be listed on any state or federal debarment list and must be in good standing with the Department and the State of California.

7. Reporting Requirements

- A. Subrecipient must timely submit the reports prescribed below. The Department reserves the right to request additional details and support for any report made. Reports must be made according to the dates identified, in the formats provided by the Department and via the Department’s Grants Network unless otherwise specified at the discretion of the Department. The Subrecipient’s performance under the Agreement will be assessed in part on whether it has submitted the reports on a timely basis.

- 1) Monthly Activity Report: Subrecipient must submit a Monthly Activity Report that addresses the following, at a minimum: (1) a description of the current status of the Collective Work, including number of units leased, and Households assisted; (2) a description of activities to be undertaken in the next reporting period; (3) a description of problems or delays encountered in Collective Work and course of action taken to address them; (4) a description of actions taken to achieve Collective Work expenditure deadlines; and (5) a summary of Collective Work fiscal status, including award amount, funds drawn, and remaining balance. Unless otherwise waived in writing by the Department, Monthly Activity Reports must begin on the 10th calendar day of the second month following

execution of this NTP and must continue through the receipt and approval by the Department of the Project Completion Report, detailed below.

- 2) Monthly Program Income Report: Program Income, if identified as a funding source for any approved Project, must be included in the Project budget and must be substantially expended prior to drawing Grant Funds. During the term of the Agreement, if Program Income is generated, the Subrecipient must submit a Monthly Program Income Report certifying the amount of Program Income generated, retained, and expended. Program Income remaining at the end of each quarter and at the expiration of the Agreement in excess of \$35,000 must be remitted to the Department.
- 3) Semi-Annual Labor Standards Report: During the term of construction for each Approved Project, each April 1st and October 1st, the Subrecipient must submit the Labor Standards Cover Memo, the HUD Form 4710 and the Davis Bacon Labor Standards Report 5.7 (if applicable). These forms are located on the Department website and are also available upon request.
- 4) Project Completion Report: At the completion of construction and once a Project is placed in service, the Subrecipient must submit a Project Completion Report that includes the total number of units built and leased, affordable units built and leased, DR-MHP units built and leased, an accomplishment narrative, and the tenants' names, demographics, and income for each DR-MHP unit.
- 5) Annual Beneficiary Report: Once a Project is placed in service and through the Affordability Period described in Exhibit D, section 4 of the Agreement, the Subrecipient must submit an Annual Beneficiary Report providing the tenants names, demographics, and income for each DR-MHP unit.

8. Special Conditions


- A. Environmental. Subrecipient shall include within its Development Agreement with the Developer for the Approved Project a special condition containing the full text of any mitigation measures that were identified in the NEPA Environmental Review document. The special condition shall require the Developer to complete or coordinate completion of each mitigation measure and shall require the Developer to supply documentation evidencing completion to Subrecipient. Subrecipient shall maintain documentation evidencing completion of the mitigation measures in its environmental review record for the project.

- B. Project Financing. All other sources of funding (whether in the form of loans, grants, tax credits, or otherwise) that are needed to complete the Approved Project must remain fully committed, binding, and available to timely complete construction of the Approved Project as contemplated by the terms of the Agreement and this Notice to Proceed. The obligation of the Department to fund any amounts, whether in the form of reimbursements or otherwise, under the Agreement and this NTP is expressly conditioned on the continuing satisfaction of the foregoing financing condition. Any proposed changes to the terms, conditions, and/or amounts of the funding sources and/or the security of the Project financing are subject to review and approval by the Department in its reasonable discretion. Any such changes may require a re-review and reapproval of the Application by the Department, which could result in delays.
- C. Limited Partnership Agreement. This Notice to Proceed is not valid until the Subrecipient submits as copy of the signed and executed Revised and Amended Limited Partnership Agreement prior to close of construction financing.

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By signing below, Subrecipient acknowledges and agrees to all terms and conditions of this Notice to Proceed. All terms and conditions set forth herein are deemed fully incorporated into and made a part of the Agreement.

Authorized Signatory:



[Subrecipient Name]

10/31/23
Date

Brendan Vieg, Community Development Director
Signatory Name and Title

Authorized Signatory:



California Department of Housing and Community Development

11/1/2023
Date

Stacy Rodgers, Section Chief
Signatory Name and Title