



**CITY OF ELK GROVE  
CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Adopt resolution authorizing the City Manager to execute an Affordable Housing Regulatory Agreement with Coral Blossom Apartments LP, a California limited partnership, for the Coral Blossom Apartments Project (CEQA Exempt)

**MEETING DATE:** June 12, 2024

**PREPARED BY:** Sarah Bontrager, Housing and Public Services Manager

**DEPARTMENT HEAD:** Darren Wilson, P.E., Development Services Director

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**RECOMMENDED ACTION:**

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute an Affordable Housing Regulatory Agreement (Regulatory Agreement) with Coral Blossom Apartments LP, a California limited partnership (Developer), protecting 80 of the 81 units in the proposed Coral Blossom Apartments Project as long-term affordable housing.

**BACKGROUND INFORMATION:**

**Project Description**

The Coral Blossom Apartments Project (Coral Blossom) is an 81-unit affordable housing complex planned at 8484 Elk Grove Florin Road. The Project will contain 80 one-bedroom units and one two-bedroom unit, with the two-bedroom unit set aside for property management staff. The Project site is approximately 2.17 acres and includes 33 on-site parking spaces. Planned amenities include resident-serving community spaces, landscaping and outdoor areas, and office space to provide resident services. The City currently owns the Coral Blossom site, but it is anticipated to be transferred to the Developer later this year.

At this time, all income-restricted units are anticipated to serve households earning no more than 50% of the area median income. However, this could change based on the funding sources secured by the Developer; at this time, the minimum restrictions are those required by the Surplus Land Act.

The Zoning Administrator is expected to consider approval of the development and construction of the Coral Blossom Apartments Project (PLNG24-011) on June 17, 2024. If approved, the Developer will begin applying for the funding needed to construct the project.

### **Density Bonus**

As proposed, the Coral Blossom Project requires approval of a density bonus to allow the construction of more units and a concession/incentive for reduced development standards. The requested density bonus is consistent with state law. Section 23.50.030.H of the Elk Grove Municipal Code (EGMC) requires that before awarding a density bonus and any related incentives or concessions, the applicant must enter into an agreement with the City to ensure the continued affordability of all target units.

### **Affordable Housing Impact Fee**

The Affordable Housing Fee (Fee) is one of the impact fees typically charged to new residential development. However, pursuant to EGMC Chapter 16.88, affordable housing that is deed-restricted for a minimum term of 30 years is not subject to the Fee. To qualify for the Fee exemption, the Developer must enter into an agreement with the City limiting the use and/or resale of the property so that it will continue to provide affordable housing to low-income households.

### **ANALYSIS:**

The City typically deed-restricts affordable housing projects through a regulatory agreement specifying that the project or a certain number of units within a project will remain affordable. It provides the City with some oversight rights to ensure the terms of the regulatory agreement are met. A regulatory agreement must also be executed for the project to waive the Affordable Housing Impact Fee. A draft Regulatory Agreement for this Project is included as Attachment 2.

### **ENVIRONMENTAL ANALYSIS:**

The approval of the Regulatory Agreement does not qualify as the approval of a "project" subject to the California Environmental Quality Act (CEQA) because it will result in no physical effect on the environment, and is, therefore, exempt from CEQA. (Pub. Res. Code § 21065, CEQA Guidelines §§ 15060(c)(2),(3); 15378(a)). The underlying project that is referenced in the Regulatory Agreement will undergo appropriate environmental review (which is anticipated to be a finding of CEQA exemption pursuant to a state housing law commonly known as Senate Bill 35) before approval.

**ALTERNATIVE ACTIONS:**

The Council could elect not to approve the Regulatory Agreement. In this event, the Project's density bonus could not be approved and would not meet the requirements for the Affordable Housing Impact Fee waiver. Instead, it would need to pay the Affordable Housing Fee (currently \$3,773 per unit for multifamily development). Staff does not recommend this option. State law provides for the approval of density bonuses, except in certain limited circumstances, and waiving the Affordable Housing Fee increases the Project's financial feasibility.

**FISCAL IMPACT:**

Aside from the exemption of the Fee, the main cost associated with approving the Regulatory Agreement is the staff time necessary to monitor compliance with the provisions of the Regulatory Agreement, primarily ensuring the project is well-maintained and regulated units are rented to income-eligible households at affordable rents. The Affordable Housing Fund is adequate to cover the costs of compliance monitoring.

The Council has previously considered and approved the City's land donation and grant funding to support the Project.

**ATTACHMENT:**

1. Resolution
2. Affordable Housing Regulatory Agreement

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
AUTHORIZING THE CITY MANAGER TO EXECUTE AN AFFORDABLE HOUSING  
REGULATORY AGREEMENT WITH CORAL BLOSSOM APARTMENTS LP, A  
CALIFORNIA LIMITED PARTNERSHIP, FOR THE CORAL BLOSSOM  
APARTMENTS PROJECT (CEQA EXEMPT)**

**WHEREAS**, Coral Blossom Apartments LP, a California limited partnership (“Developer”) proposes to develop a total of 81 units of rental housing (the “Project”) at a site located at 8484 Elk Grove Florin Road (APN 115-0180-013) (the “Property”); and

**WHEREAS**, the Project as proposed includes a total of 80 units affordable to households earning up to 80% or less of the area median income; and

**WHEREAS**, the Project as proposed requires approval of a density bonus to allow increased density and a reduction in certain development standards; and

**WHEREAS**, Section 23.50.030(H) of the Elk Grove Municipal Code (EGMC) requires that prior to the award of a density bonus and any related incentives or concessions, the Developer must enter into an agreement with the City to ensure the continued affordability of all target units; and

**WHEREAS**, new residential development is subject to certain fees, which are charged to recover the cost of infrastructure and amenities with a nexus to the residential development (“Impact Fees”); and

**WHEREAS**, such Impact Fees include the Affordable Housing Fee, as established in EGMC Chapter 16.88, for the purpose of funding affordable housing programs and projects as approved by the City Council or designated body; and

**WHEREAS**, pursuant to EGMC Section 16.88.050(B)(2), affordable housing units that are deed-restricted as such for a minimum term of 30 years are not subject to the residential Affordable Housing Fee; and

**WHEREAS**, “deed-restricted” means a contract or agreement limiting the use and/or resale of the property in such a way that it will continue to provide affordable housing to low-income households or very low-income households for a specified period of time and to which the City is a party; and

**WHEREAS**, the Developer desires to enter into an Affordable Housing Regulatory Agreement (“Regulatory Agreement”), to deed-restrict the Property, which, following execution of the Regulatory Agreement, the 80 regulated units are not subject to the City’s Affordable Housing Fee pursuant to EGMC Section 23.50.030(H); and

**WHEREAS**, approval of the Regulatory Agreement does not qualify as the approval of a “project” subject to the California Environmental Quality Act (CEQA) because it will result in no direct physical effect on the environment, and is, therefore, exempt from CEQA. (Pub. Res. Code § 21065, CEQA Guidelines §§ 15060(c)(2),(3); 15378(a)).

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby authorizes the City Manager to execute the Regulatory Agreement with Coral Blossom Apartments LP, a California limited partnership, in substantially the form presented, for the Coral Blossom Apartments Project, subject to approval as to form by the City Attorney.

**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 12<sup>th</sup> day of June 2024

\_\_\_\_\_  
BOBBIE SINGH-ALLEN, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
JASON LINDGREN, CITY CLERK

\_\_\_\_\_  
JONATHAN P. HOBBS,  
CITY ATTORNEY

NO FEE DOCUMENT

**RECORDING REQUESTED BY:** )  
**MAIL TAX STATEMENTS TO** )  
**AND WHEN RECORDED, MAIL TO:** )  
) )  
City of Elk Grove )  
c/o City Clerk )  
8401 Laguna Palms Way )  
Elk Grove, CA 95758 )

Exempt from recording fee (Govt. Code § 6103 and § 27383)

Space above this line reserved for use by Recorder's Office

**REGULATORY AGREEMENT**  
**8484 Elk Grove Florin Road Housing Development Project**

This Regulatory Agreement ("Regulatory Agreement") is made as of \_\_\_\_\_, 2024, by and between the CITY OF ELK GROVE, a California municipal corporation ("City"), and Coral Blossom Apartments LP, a California limited partnership ("Owner").

**RECITALS**

A. Owner proposes to develop a permanent supportive housing project that includes office space for permanent supportive housing services and residential units which will be exclusively affordable rental housing, with the exception of one (1) management unit (the "Project"), at a site located in Elk Grove, California at 8484 Elk Grove Florin Road – APN 115-0180-013 (as more particularly described in Exhibit A, attached hereto and incorporated herein by reference) (the "Property").

B. Pursuant to the Surplus Land Act, the parties now desire to enter into this Agreement to deed-restrict the Property such that the City's transfer of the Property to Owner qualifies as "exempt surplus land" pursuant to Government Code Section 54221(f)(1)(A).

C. Chapter 16.88 of the Elk Grove Municipal Code ("EGMC") establishes an affordable housing fee to be collected for the purpose of funding affordable housing programs and projects as approved by the City Council or designated body. Pursuant to EGMC Section 16.88.050(B)(2), affordable housing that is deed-restricted as such for a minimum term of thirty (30) years is not subject to the residential affordable housing fee. "Deed-restricted" means a contract or agreement limiting the use and/or resale of the property in such a way that it will continue to provide affordable housing to low-income households or very low-income households for a specified period of time, and to which the City is a party.

D. Chapter 23.50 of the EGMC establishes eligibility for density bonus, waived or reduced development standards, and incentives and concessions. In order to qualify for density bonus, including waived or reduced development standards, pursuant to EGMC Section 23.50.030(H), prior to the award of density bonus, waived or reduced development standards, and any related incentives or concessions, the Owner must enter into an agreement with the City to ensure the continued affordability of all target units. Pursuant to EGMC Section 23.50.060, target units must remain restricted to low-income households for a minimum of fifty-five (55) years from the date of issuance of certificate of occupancy by the building official.

E. The parties now desire to enter into this Regulatory Agreement to deed-restrict the Property and to qualify for a density bonus and/or one or more of its related concessions or incentives. Following execution of this Regulatory Agreement, the Project is not subject to the City's Affordable Housing Fee, as further described in Chapter 16.88 of the EGMC.

F. The City's activities under the Regulatory Agreement are limited to monitoring the Project for compliance with conditions of the Regulatory Agreement.

NOW, THEREFORE, Owner and the City hereby agree as follows:

1. **Recitals.** The foregoing Recitals are true and correct and incorporated into this Regulatory Agreement.

### **DEFINITIONS**

The following terms have the meanings set forth in this section wherever used in this Regulatory Agreement or attached exhibits.

2. **Area Median Income** (referred to herein as "AMI") means the median income for the Metropolitan Statistical Area which includes the City of Elk Grove ("MSA"), with adjustments for household size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD) pursuant to Section 8(f)(3) of the United States Housing Act of 1937 as amended, or such other method of median income calculation applicable to the City of Elk Grove that HUD may hereafter adopt in connection with said Act. If HUD should cease making such determination, the City may designate another fair method of calculation of area median income used by any federal or state agency and applicable to the City of Elk Grove, provided that such method shall be consistent with the method used by the California Tax Credit Allocation Committee.

3. **City** means the City of Elk Grove, a municipal corporation.

4. **Owner** means Coral Blossom Apartments LP, a California limited partnership, and its successors, assigns, transferees, and/or affiliates who acquire an interest in the Property and/or Project.

5. **Project** has the meaning set forth in Recital A.

6. **Property** means the real property described in the attached Exhibit A, which is hereby incorporated into this Regulatory Agreement by this reference, and any buildings or improvements now or hereafter situated on such real property.

7. **Qualifying Household** means a household in which household income does not exceed the percentage of Area Median Income prescribed for the applicable housing unit by the terms of this Regulatory Agreement.

8. **Qualifying Rent** means: a) during the period a regulatory agreement (including without limitation an extended use agreement with the California Tax Credit Allocation Committee) governing the allocation and award of federal tax credits or private activity Bonds is in effect, the maximum rent charged to and paid by a tenant for the occupancy of a Regulated Unit in the Project determined in accordance with such regulatory agreement and 26 U.S.C. Section 42 and underlying rules and regulations ("Tax Credit Law") based on household size determinations made in accordance with Tax Credit Law, or b) during any other

period, the “affordable rent,” charged to and paid by a tenant for the occupancy of a Regulated Unit in the Project including a reasonable allowance for tenant-paid utilities, for the applicable household pursuant to Section 50053 of the California Health and Safety Code, as amended, or any successor statute thereto. Qualifying Rent may be adjusted annually to coincide with the increases in the California Debt Limit Allocation Committee or California Tax Credit Allocation Committee schedule of rents for the Sacramento region, whichever prevails. If Owner does not agree with the adjustment factors provided herein, Owner may, within thirty (30) calendar days of notification by City of that year’s adjustment, present to City information on which it wishes to base its annual rent adjustment. The City will review this information and, in its sole discretion, decide on which adjustment factor Owner shall base its annual rent increase. The decision of the City shall be final. Notwithstanding the above, during the period a regulatory agreement governing the allocation and award of federal tax credits is in effect, the annual rent increase shall not exceed the annual rent increase allowed by Tax Credit Law. Unless stated otherwise in this Regulatory Agreement, the utility allowances permitted for use shall be consistent with those allowed in Sacramento County and published annually by the Sacramento Housing and Redevelopment Agency, or any successor thereto.

9. **Regulated Units** means all of the rental dwelling units constructed for the Project, with the exception of one (1) management unit, affordable to the income levels and having the composition, as set forth in Exhibit B.

#### **OWNER’S OBLIGATIONS**

10. **Compliance with Regulatory Agreement.** Owner’s actions with respect to the Property shall at all times be in full conformity with the requirements of the Regulatory Agreement.

11. **Term of Agreement.** The affordability and use restrictions set forth herein shall be effective upon the issuance of the first building permit for the Project and shall remain in full force and effect until fifty-five (55) years after the date Owner obtains a Certificate of Occupancy from the City of Elk Grove for the Project. The obligations in this Regulatory Agreement shall remain effective and fully binding on Owner, and its successors, assigns and heirs, for this full term regardless of any expiration of the term of any loan, any payment, or prepayment of any loan, any assignment of a Note, any reconveyance of a Deed of Trust, or any sale, assignment, transfer, or conveyance of the Property, unless terminated earlier by the City in a recorded writing or extended by mutual consent of the parties.

#### **PROJECT OCCUPANCY AND RENTS**

12. **Occupancy of Project.** Owner shall limit for the full term of this Regulatory Agreement the rental of Regulated Units to Qualifying Households according to the schedule contained in Exhibit B. The income levels and other qualifications of applicants shall be certified prior to initial occupancy and annually thereafter in conformance with the Management Plan and the City’s rules governing income certification, as these rules may be amended from time to time.

The Project shall be owned, managed, and operated as a supportive housing residential rental project comprised of residential building(s) together with office space and facilities, in accordance with the applicable provisions of the Internal Revenue Code and applicable California law, as the same may be amended from time to time. All of the residential dwelling units in the Project will be similarly constructed and shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for a single person or family, including sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink. None of the residential dwelling units shall at any



time be utilized on a transient basis. Neither the Project, nor any portion thereof shall ever be used as hotel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home, or trailer park or court.

The Project shall also include community amenities, such as a multipurpose room, an outdoor courtyard, staff offices for on-site property management and resident services staff members, a conference room, laundry facilities, bike racks, benches, and lighted parking.

Not less than 80% of the Property shall be used for development of housing as contemplated by Government Code section 37364.

13. **Project Rents.** Rents for Regulated Units shall be limited to Qualifying Rents.
14. **Construction Scheduling.** All Regulated Units in the Project shall be constructed concurrently with the construction of unregulated units. If the project is phased, Regulated Units shall be constructed per phase in proportion to their overall share of units in the Project.
15. **Lead-Based Paint.** Owner and its contractors and subcontractors shall not use lead-based paint in the construction, design, or maintenance of the Property. Owner shall insert this provision in all contracts and subcontracts for work performed on the Project which involves the application of paint.
16. **Condominium Conversion.** Owner shall not convert Regulated Units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Regulated Units during the term of this Regulatory Agreement, without the prior written consent of City, which consent may be withheld for any reason.
17. **Nondiscrimination.** Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Project units on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions, or any other arbitrary basis. Owner shall include a statement in all advertisements, notices, and signs for the availability of Project units for rent to the effect that Owner is an Equal Housing Opportunity Provider, as that term is defined by State and Federal law.
18. **Operation and Management of Project.** Owner and each of Owner's agents shall diligently operate and manage the Property after completion in substantial conformance with the covenants contained in this Regulatory Agreement, which shall run with the land and bind all successors-in-interest to the Property, and which covenants shall be included in the management plan for the property ("Management Plan"). The Management Plan shall be the plan addressing how the Property will be managed following construction and upon occupancy, and shall include, but not be limited to, provisions set forth in Section 20 herein. The Management Plan shall be provided to the City upon request.
19. **Management Entity.** City and Owner agree that Owner shall manage the Property upon completion of construction. If Owner desires to seek the services of an outside property management firm to manage the Property, Owner may contract with an experienced property management firm. Any contracting of management services by Owner shall not relieve Owner of its primary responsibilities for proper performance of management duties.
20. **Management Responsibilities.** The Owner shall perform and provide the following:

A. Annual inspections of individual units to ensure continued compliance with state and local housing codes. Results of the inspections must be documented in a report, and copies may be requested by the City. The City may also independently schedule during a calendar year, one or more property inspections upon five (5) business days' advance written notice by City to Owner.

B. Quarterly financial and occupancy reporting prepared in the Owner's ordinary course of business.

C. Maintenance of the Property in compliance with all applicable laws and codes.

D. The Management Plan shall include methods for certifying the eligibility of the households, including annual verification of tenant income and measures to take in the event a tenant exceeds the maximum income for a given unit.

E. The Management Plan shall include the tenant selection and leasing process that implements best practices strategies, in compliance with applicable federal, California state, and local law, that ensures tenant stability and which maximizes the health, safety, welfare, and beneficial enjoyment of the Project.

Owner shall provide and maintain safe and sanitary rental housing units on the Property and shall comply with all Federal, State, and local housing codes, licensing requirements, and other requirements regarding the condition of the Property and the operation of rental housing units in the City of Elk Grove.

Owner shall be specifically responsible, subject to its obligations herein, for all management functions with respect to the Property, including, without limitation, the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The City shall have no responsibility over management of the Property.

21. **Maintenance and Security.** Owner shall, at its own expense, maintain the Property in good condition, in good repair, and in a safe, sanitary, and habitable, living condition for the benefit of Project occupants. Owner shall not commit or permit any waste on or to the Property, and shall prevent and/or rectify any physical deterioration of the Property. Owner shall provide adequate ongoing security equipment and services for Project occupants. Owner shall maintain the Property in conformance with all applicable state, federal, and local laws, ordinances, codes, and regulations; however, Owner's maintenance obligations shall not be limited only to the standards contained in these laws.

Nothing contained in this Section shall be interpreted to place any restriction or limitation on the City's right to take such actions as it deems necessary or proper to protect the health and safety of the public in the proper exercise of the City's authority under federal, state, and local laws.

22. **Unit Vacancies.** Owner shall use its best efforts to fill vacancies in Regulated Units as quickly as possible.

23. **Inspection and Records.** Owner shall maintain records which clearly document Owner's performance of its obligations to operate the Property under the terms of this Regulatory Agreement. Owner shall submit any records to the City within ten (10) business days of City's request. Owner shall permit City to enter and inspect the Property for compliance with obligations under this Regulatory Agreement upon five (5) days advance written notice of such visit by City to Owner or Owner's Property

Manager and to tenants of any inspected Project units, subject to the provisions of the lease regarding inspection and entry rights, a copy of which Owner must provide to City upon request.

24. **Reporting.** Owner shall submit the following reports to the City:

A. Quarterly financial and occupancy reporting prepared in the Owner's ordinary course of business, to be due sixty (60) calendar days after the end of each quarter. Such occupancy reports shall include tenant name, unit number, income level of unit (as a percentage of AMI), number of bedrooms, unit square footage, rent amount owed, rent paid by tenant, and rent paid by third party. Financial reports shall include the Project's line item budget and actual income and expenses for the period in question and year-to-date.

B. An annual report, which shall include, at a minimum for each Regulated Unit, the initial and current rental rates and the income and household size of the occupants at the time such occupants initially take occupancy. The income information required under this report shall be supplied by the tenant in a certified statement on the Tenant Income Certification collected from the tenants in compliance with all applicable rules and regulations of the California Tax Credit Allocation Committee. City may require additional information to be included in the annual report.

C. A copy of the annual reports submitted to the California Tax Credit Allocation Committee.

The City, subject to Owner's approval, which shall not be unreasonably withheld, may reasonably alter, supplement, or otherwise modify the frequency or content of required reports as needed to maintain adequate oversight of the Project, or to standardize reporting requirements across its portfolio of assisted projects. In the event of a default of the terms of this Regulatory Agreement, the City may reasonably alter, supplement, or otherwise modify the frequency of content of required reports to address findings related to noncompliance by the Project.

25. **Fees, Taxes, and Other Levies.** Owner shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency. However, Owner shall not be required to pay any such charge as long as (a) the legality thereof is being contested in good faith and by appropriate proceedings, and (b) Owner maintains reserves adequate to pay any contested liabilities.

#### **GENERAL PROVISIONS**

26. **Default and Remedies.** In the event of any breach or violation of any agreement, obligation, or warranty under this Regulatory Agreement, City shall give written notice to Owner by specifying: (a) the nature of the breach or violation, (b) the action required to cure the breach or violation, if an action to cure is possible, and (c) a date, which shall not be less than ninety (90) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible. If Owner fails to cure the breach or violation within the timeframe specified in the notice, or if a cure is not possible, City may proceed with any of the following remedies:

A. Bring an action for equitable relief seeking the specific performance by Owner of the terms and conditions of this Regulatory Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;

B. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property, and continue in possession until such time as City determines that Owner is in a position to operate the Property in compliance with this Regulatory Agreement;

C. After notice provided for herein, make such repairs or replacements to the Property as are necessary and provide for payment thereof; or

D. For violations of Owner's obligations with respect to occupancy restrictions, Project maintenance, unit vacancies, and Project rents, City may require immediate payment of the affordable housing fee, which fee shall be calculated using the higher of (i) the affordable housing fee rate in effect at the time the Project obtains building permits; or (ii) the affordable housing fee rate in effect at the time of breach hereunder.

E. Pursue any other remedy allowed at law or in equity.

The parties agree that the sums and formulas designated herein as liquidated damages represent a reasonable approximation of the damages City is likely to suffer from violations of the respective terms. Owner agrees to pay in full any accrued liquidated damages to City within ten (10) business days of a written demand by City for such payment.

27. **Non-Liability of Officials, Employees, and Agents.** No member, official, director, employee, or agent of City shall be personally liable to Owner or third party beneficiaries for any obligation created under the terms of this Regulatory Agreement.

28. **Indemnity.** Owner, its successors, assigns and heirs shall defend, indemnify and hold City, its members, officials, directors, employees, and agents, harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including attorney's fees) which City may incur as a result of (a) Owner's failure to reasonably perform any material obligations as required by this Regulatory Agreement; (b) a failure of any of Owner's representations or warranties under this Regulatory Agreement to be true and complete in any material respect when made; (c) any material breach, act or omission by Owner, management agent, Owner's contractors, subcontractors, or suppliers with respect to the Project or the Property, and/or (d) any claim related to the Project or Property, except if the loss is caused by the sole negligence or willful misconduct of the City. Owner shall pay immediately upon City's demand any amounts owing under this indemnity. The duty of the Owner to indemnify includes the duty to defend City in any court action, administrative action, or other proceeding brought by any third party arising from the Project or the Property. Owner's duty to indemnify City shall survive the term of this Regulatory Agreement.

29. **Governing Law.** This Regulatory Agreement shall be interpreted under and governed by the laws of the State of California, except for those provisions preempted by federal law. However, the laws of the State of California shall not be applied to the extent that they would require or allow the court to use the laws of another state or jurisdiction. Owner agrees that all actions or proceedings arising in connection with this Regulatory Agreement shall be tried and litigated only in the state and federal courts located in the State of California, except that City, in its sole discretion, may elect that all such actions or proceedings be tried and litigated in the County of Sacramento or the United States District Court for the Eastern District of California.



duties and obligations imposed on Owner under this Regulatory Agreement for the full term of this Regulatory Agreement. The term "Owner" as used in this Regulatory Agreement shall include all such assigns, successors-in-interest, and transferees.

35. **Relationship of Parties.** The relationship of Owner and City for this Project during the term of this Regulatory Agreement shall not be construed as a joint venture, equity venture, or partnership. City neither undertakes nor assumes any responsibility or duty to Owner or to any third party with respect to the operation of the Property or the actions of Owner. Except as City may specify in writing, Owner shall have no authority to act as an agent of City or to bind City to any obligation.

36. **Waiver.** Any waiver by City of any obligation in this Regulatory Agreement must be in writing. No waiver will be implied from any delay or failure by City to take action on any breach or default of Owner or to pursue any remedy allowed under this Regulatory Agreement or applicable law. Any extension of time granted to Owner to perform any obligation under this Regulatory Agreement shall not operate as a waiver or release from any of its obligations under this Regulatory Agreement. Consent by City to any act or omission by Owner shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for City's written consent to future waivers.

37. **Other Agreements.** Owner represents that it has not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Regulatory Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Regulatory Agreement without a written waiver by City, which shall not be unreasonably withheld.

38. **Amendments and Modifications.** Any amendments or modifications to this Regulatory Agreement must be in writing, and shall be effective only if executed by both Owner and City.

39. **Recordation of the Regulatory Agreement.** To ensure the continued affordability of the Regulated Units for the Term, this Agreement shall be executed and recorded against the Property either prior to the recordation of any other lien, encumbrance, easements, covenants, or judgments or concurrent with the final subdivision map, whichever occurs first.

40. **Severability.** Every provision of this Regulatory Agreement is intended to be severable. If any provision of this Regulatory Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

41. **Participation in Section 8 Program.** During the term of this Regulatory Agreement, Owner shall not discriminate against tenants who qualify under the Housing Choice Voucher program, formerly referred to as the Section 8 program ("HCV" or "Section 8"), administered by the Sacramento Housing and Redevelopment Agency, or any successors thereto (the "Agency"). The rents for units rented to HCV tenants shall be as determined by the Agency, based on the payment standard.

42. **Cooperation with City-supported Homelessness Programs.** At the City's request, in filling any vacancies Owner shall use commercially reasonable efforts to provide preference to homeless households referred by the City or one of its partner agencies, including by placing such households at the top of the waitlist, if Project maintains a waitlist, but in no event shall Owner be obligated by this preference if it would violate federal or state housing, equal protection, or similar laws. Nothing herein shall be interpreted as requiring Owner to dispense with its standard tenant screening process as described in the Management Plan in effect at the time.

43. **Counterparts.** This Regulatory Agreement and all other agreements executed pursuant to this Regulatory Agreement may be executed in counterpart originals, each of which shall be deemed an original, but all of which, together shall constitute one and the same instrument.

44. **City's Signatory Authority.** Any provision of the Regulatory Agreement requiring the signature, consent, authorizing waiver, and/or approval of the City shall mean the signature of the City Manager or their designee.

45. **Agreement and Acknowledgement of Agreement.** City and Owner acknowledge and agree that this Regulatory Agreement has been negotiated at arm's length, that each party has been represented by independent counsel and/or has had an opportunity to consult with and be represented by independent counsel, that this Regulatory Agreement is deemed to be drafted by both parties, that no one party shall be construed as the drafter of this Regulatory Agreement, and that any rule of construction that ambiguities are to be construed against the drafter shall not apply in the interpretation or construction of this Regulatory Agreement. This Regulatory Agreement shall be recorded in the Office of the Sacramento County Recorder.

46. **Authority.** The person(s) signing this Regulatory Agreement hereby represents and warrants that he/she is fully authorized to sign this Regulatory Agreement on behalf of their respective party and to legally bind such party to the performance of its obligations hereunder.

**[Remainder of Page Intentionally Left Blank]**

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

**CITY:**

CITY OF ELK GROVE,  
a California municipal corporation

By: \_\_\_\_\_  
Jason Behrmann  
City Manager

Approved as to form:

By: \_\_\_\_\_  
Jonathan P. Hobbs  
City Attorney

Attest:

By: \_\_\_\_\_  
Jason Lindgren  
City Clerk



ALL SIGNATURES MUST BE NOTARIZED

**OWNER:**

Coral Blossom Apartments LP,  
a California limited partnership

By: Coral Blossom GP LLC  
a California limited liability company  
Its: Administrative General Partner

By: Excelerate Housing Group LLC,  
a California limited liability company  
Its: Sole Member

By: \_\_\_\_\_  
Name: Dana Trujillo  
Its: Manager / CEO and President

By: TLCS, Inc.,  
a California nonprofit public benefit corporation  
Its: Managing General Partner

By: \_\_\_\_\_  
Name: April Ludwig  
Its: Chief Executive Officer

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODES 1189**



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_,  
*Date Here Insert Name and Title of the Officer*

personally appeared \_\_\_\_\_,  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
*Signature of Notary Public*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODES 1189**



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*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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Signature \_\_\_\_\_  
*Signature of Notary Public*

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personally appeared \_\_\_\_\_,  
*Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
*Signature of Notary Public*

**EXHIBIT A**

**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ELK GROVE, IN THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 7 NORTH RANGE 5 EAST, M.D.B. & M. DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 13, 18, 19 AND 24, TOWNSHIP 7 NORTH, RANGE 5 EAST, M.D.B. & M., AS SHOWN ON RECORD SURVEY ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, IN BOOK 10 OF SURVEYS, SURVEY NO. 2, FILED JULY 28, 1953; THENCE SOUTHERLY ALONG THE CENTERLINE OF ELK GROVE-FLORIN ROAD AND THE SECTION LINE COMMON TO SECTIONS 19 AND 24 SOUTH 0° 12' 30" WEST, A DISTANCE OF 998.65 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING THE SAME BEARING OF SOUTH 0° 12' 30" WEST 142 FEET; THENCE NORTH 89° 03' WEST, 663.65 FEET; THENCE NORTH 0° 12' 30" EAST 45.20 FEET; THENCE NORTH 89° 47' 30" WEST 33.30 FEET; THENCE NORTH 1°06' EAST 97 FEET; THENCE SOUTH 89° 03' EAST 695.50 FEET TO THE POINT OF BEGINNING.

SAID LAND BEING FURTHER DESCRIBED IN RECORD SURVEY ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, CALIFORNIA, IN BOOK 42 OF SURVEYS, SURVEY NO. 2, FILED APRIL 14, 1987.

APN: **115-0180-013**

**EXHIBIT B**

**Regulated Units**

**PROJECT UNIT MIX AND AFFORDABILITY\***

<b>Maximum Household Income as a Percentage of Area Median Income (AMI)</b>	<b>STUDIO</b> No. of Units	<b>ONE BEDROOM</b> No. of Units	<b>TWO BEDROOM</b> No. of Units	<b>Total</b>
<b>50% or lower</b>	-	17	-	17
<b>75% or lower</b>	-	16	-	16
<b>80% or lower</b>	-	47	-	47
<b>Unrestricted (Manager’s Unit)</b>	-	-	1	1
<b>TOTAL</b>	<b>80</b>	-	<b>1</b>	<b>81</b>

The Project includes one (1) unit that is not rent-restricted and is intended to be used as a manager’s unit. The unrestricted unit must be occupied by a member of the property management staff.

**\*Project shall comply with HSC 50079.5:**

*(a) “Lower income households” means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.*

**\*Project shall comply with HSC 50105:**

*(a) “Very low income households” means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. These qualifying limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for very low income households for all geographic areas of the state at 50 percent of area median income, adjusted for family size and revised annually.*