

NOTICE TO PROCEED

Kennett Court II City of Redding

Pursuant to the Master Standard Agreement (“Agreement”) entered into on the 6th day of August 2021, by and between the California Department of Housing and Community Development (“Department”) and the City of Redding (“Subrecipient”), this NOTICE TO PROCEED (“NTP”) is entered into on this 1st day of May 2022. This NTP sets forth specific details concerning the individual project proposed by Subrecipient for the multifamily affordable housing development located at 1155 Lake Boulevard, Redding, CA 96003 consisting of 47 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 identified in Exhibit A, Section 2(A) of the Agreement.

1. **Project Details**

Project Name: Kennett Court II

Developer Name: Kennett Investors II LP

Project Address: 1155 Lake Boulevard, Redding, CA 96003

Project Description: Kennett Court II consists of an approximately 2.63-acre parcel of undeveloped land currently undergoing site development into multiple family housing units. The site is located in a mixed residential/commercial corridor of Redding and is adjoined to the north and east by single-family residences; to the south by a parcel of land undergoing site development as apartments; and to the west by Lake Boulevard and farther to the west by single family residences and a mobile home park.

Project Approval Date: 3/14/2022

2. Unit Mix

Number of Bedrooms	Income Limit (%AMI, Market, Mgr)	DR-MHP Assisted Units	Total Income Restricted Units (including DR-MHP units)	Non-Restricted Units	Total Units	Max. Gross Rent	Utility Allowance	Net Rent (gross - utility allw.)	Annual Net Rent
1	60%	0	3	0	3	\$787.00	\$ 58.00	\$ 729.00	\$ 26,244.00
1	50%	0	6	0	6	\$656.00	\$ 58.00	\$ 598.00	\$ 43,056.00
1	40%	0	1	0	1	\$525.00	\$ 58.00	\$ 467.00	\$ 5,604.00
1	30%	1	2	0	2	\$393.00	\$ 58.00	\$ 335.00	\$ 8,040.00
2	60%	0	10	0	10	\$945.00	\$ 84.00	\$ 861.00	\$103,320.00
2	50%	0	8	0	8	\$787.00	\$ 84.00	\$ 703.00	\$ 67,488.00
2	40%	1	2	0	2	\$630.00	\$ 84.00	\$ 546.00	\$ 13,104.00
2	30%	1	3	0	3	\$472.00	\$ 84.00	\$ 388.00	\$ 13,968.00
3	60%	0	3	0	3	\$1,090.00	\$ 110.00	\$ 980.00	\$ 35,280.00
3	50%	0	4	0	4	\$908.00	\$ 110.00	\$ 798.00	\$ 38,304.00
3	40%	1	2	0	2	\$727.00	\$ 110.00	\$ 617.00	\$ 14,808.00
3	30%	1	3	0	3	\$545.00	\$ 110.00	\$ 435.00	\$ 15,660.00
2	Mgr	0	1	0	1	\$ -	\$ -	\$ -	\$ -
TOTAL		5	48	0	48				\$ 384,876.00

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: \$18,716,830

Total DR-MHP Allocation: \$1,000,000

Total Activity Delivery Allocation: \$139,933.91

- 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 herein.

4. **Project Schedule**

Milestone	Date
Complete Construction	June 27, 2023
Initial Occupancy	July 31, 2023

5. **Project Performance Milestones**

- A. Subrecipient shall record in the applicable City 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, must 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 6 below) with the Developer no later than **May 20, 2022**.
- C. All DR-MHP units must be leased to qualified households within 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.

6. **Development Agreement**

Upon execution of this Notice to Proceed, Subrecipient shall enter into a development 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 detail 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 this 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 Agreement 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 this 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 this 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 this Agreement, the Subrecipient must submit an Annual Beneficiary Report providing the tenants names, demographics, and income for each DR-MHP unit.

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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:



City of Redding



Date

Barry Tippin, City Manager


Signatory Name and Title

Authorized Signatory:

California Department of Housing and Community Development

Date

Signatory Name and Title

Form Approved

Natalia K. Ebersole
Assistant City Attorney

ATTEST:



SHARLENE TIPTON, City Clerk