

1	Application
2	Disposition, Development & Loan Agreement
3	Environmental Assessment/NEPA
4	Management Plan
5	Census Track
6	Resident Services Coordinators
7	Project Map Showing Services
8	Site Plan and Schematic Drawings
9	Site Plan and Architectural Reviews
10	Experience & Qualifications
11	Letter from Wells Fargo
12	River City LP
13	Promissory Note from PEP Housing
14	Department of Veterans Affairs
15	Architect
16	Project Proforma
17	Construction Estimate
18	Project Timeline
19	Utility Allowance
20	Appraisal
21	Staff Report
22	Fair Market Rent
23	Properties Managed
24	MOU with Veteran's Affairs
25	
26	
27	
28	
29	
30	
31	



Corporate Office
 951 Petaluma Boulevard South • Petaluma, CA 94952
 Phone: (707) 762-2336 • Fax: (707) 762-4657
 Email: pep@pephousing.org • www.pephousing.org

*Petaluma Ecumenical
 Properties dba
 PEP Housing*

February 13, 2019

*...providing affordable
 housing to seniors and
 veterans in
 Northern California*

Board of Directors:

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City of Santa Rosa Housing Authority
 Attn: Rebecca Lane, Program Specialist
 Department of Economic Development and Housing, City Hall Annex
 90 Santa Rosa Avenue
 Santa Rosa, CA 95404

Dear Ms. Lane,

We are submitting our application for 19 project-based VASH vouchers for River City Senior Apartments located at 951 Petaluma Blvd. South, Petaluma, CA 94952.

The 1.31 acre site includes fifty-three (53) one-bedroom units and one (1) two-bedroom Manager’s unit. All residential units will be rented to low income vulnerable seniors, ages 55 years and older with 19 units exclusively reserved for senior veterans.

This project incorporates various amenities for residents including: a community room with a full kitchen, raised garden beds, and a fenced in dog run; all of which are typical to other PEP Housing projects. Additionally, a community gazebo and outdoor patio will be available outside the community center adjacent to the river, where residents can enjoy the comfort and view of the river and pedestrian path while allowing public access to the river. To further serve and target the senior veteran population, PEP Housing proposes that this new development incorporate a “wellness center” where healthcare professionals and community members can provide medical, dental or community services necessary for seniors to age in place.

The project includes three buildings: (1) three-story and (2) two-story residential buildings near the front of the site, connected by an outdoor walkway, and (1) two-story building at the rear of the site, near the river, with the community center and wellness center on the first floor and two units on the second floor. Building 1, which fronts along Petaluma Blvd S, is designed to reflect the historic architectural style of the main street buildings along the Petaluma Blvd corridor. This building includes a common entry facing Petaluma Blvd, and a terrace frontage type in the setback from the sidewalk.

Tax ID # 94-2565270

PEP Housing is a non-profit corporation dedicated to providing limited-income seniors access to quality affordable housing with supportive services and advocacy.

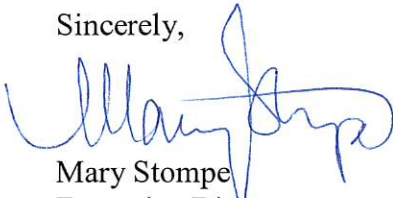


City of Santa Rosa Housing Authority
February 13, 2019
Page Two

The other buildings on the property (Building 2 & 3) are set back from Petaluma Blvd, and are designed to reflect the character of the industrial buildings in the area, including the nearby Riverfront Warehouse Historic District. The community center structure (Building 3) is located adjacent to the river, and is consistent with a pattern of both historic industrial and newly constructed commercial or residential complexes along the river.

We look forward to working with you.

Sincerely,



Mary Stompe
Executive Director



CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT BASED VOUCHERS

APPLICATION COVER SHEET

Petaluma Ecumenical Properties

94-2565270

Legal Name of Organization

Tax ID Number of Organization

951 Petaluma Blvd. S. Petaluma, CA 94952

Mailing Address

Mary Stompe

Executive Director

Name of contact person for this application

Title

707-762-2336

Marys@pephousing.org

www.pephousing.org

Telephone

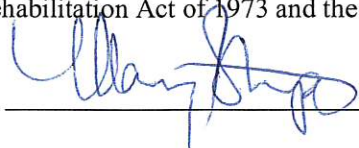
Email

Organization website address

Project Summary		
River City Senior Apartments		
<i>Project Name</i>		
951 Petaluma Blvd. S. Petaluma, CA 94952		
<i>Project Address</i>		
Project Type: <input type="checkbox"/> Existing Housing <input type="checkbox"/> Substantial Rehabilitation <input checked="" type="checkbox"/> New Construction	Estimated Date of Occupancy: January 2021	
Number of Project-Based Vouchers Requested: 19 VASH	Total units in this Project: 54	Percent of units to be Project-Based: 35%

By signing this application the following certifications are made by the applicant:

1. The owner and its agents will adhere to the Project-Based Voucher Program requirements in 24 CFR 983.
2. The owner and its agents will comply with all applicable fair housing and civil rights requirements found in 24 CFR 5.105)(a) including but not limited to, the Fair Housing Act, the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act.

Authorized Signature: 

Date: 2/13/19

Printed Name and Title: Mary Stompe, Executive Director

REQUEST FOR PROPOSALS
HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING PROGRAM (HUD-VASH)
PROJECT-BASED VOUCHER FUNDING
JUNE 2015

I. Introduction:

The City of Santa Rosa Housing Authority (SRHA) is issuing a Request for Proposals (RFP) seeking proposals from owners and/or developers for Project-Based Vouchers available under the Department of Housing and Urban Development – Veterans Affairs Supportive Housing (HUD-VASH) program. Existing units, substantial rehabilitation projects and new construction projects are all eligible for consideration. Up to 100 vouchers are available under this RFP.

This request for proposals (RFP) is established pursuant to Title 24, Chapter IX, Part 983 of the Code of Federal Regulations Project Based Voucher program Final Rule published in the Federal Register on October 13, 2003 and Changes to the Section 8 Project-Based Voucher Programs Final Rule published on June 25, 2014.

Basic Application Information

This is a “rolling” Request for Proposals (RFP) process. Proposals will be accepted for consideration on a continual basis beginning June 15th, 2015. Proposals will be accepted for consideration until it is determined by the City of Santa Rosa Housing Authority (SRHA) that funding or vouchers are no longer available for award, or that this methodology no longer serves a purpose for SRHA. SRHA reserves the right to reject any or all proposals and to terminate the RFP process at any time if deemed by SRHA to be in its best interests.

Two copies of each proposal submission must be submitted in a three-ring binder. Proposals must include a brief narrative and applicable supporting documentation for each of the selection criteria, as well as a completed *Application for Project-Based Voucher Funding* and the *Application Cover Sheet*. Completed proposals should be submitted to:

City of Santa Rosa Housing Authority
Attn: Rebecca Lane, Program Specialist
Department of Economic Development and Housing, City Hall Annex
90 Santa Rosa Avenue
Santa Rosa, CA 95404

If an applicant fails to give complete information or documentation as required, the application will not be considered for review.

If you have any questions, or need assistance in completing the application, please contact Rebecca Lane by email at rlane@srcity.org or by calling (707) 543-3305.

II. Definitions:

Existing Housing: Units that are built on or before the date of project selection, have a valid certificate of occupancy and can either pass HQS as the time of project selection, or the unit can be made to pass inspection after improvements costing less than \$1,000 per unit. The units must fully comply with HQS before execution of the HAP contract.

Housing Quality Standards (HQS): The HUD minimum quality standards for housing assisted under the Housing Choice Voucher program listed at 24 CFR 982.401.

Rehabilitated Housing: Housing units that exist on the proposal selection date, but do not substantially comply with HQS on that date, and are developed pursuant to an Agreement between the PHA and owner for use under the PBV program.

Newly Constructed Housing: Housing units that do not exist on the proposal selection date and are developed after the date of selection pursuant to an Agreement between the PHA and owner for use under the PBV program.

Housing First: An approach where homeless persons, usually chronically homeless or especially vulnerable homeless individuals and families, are provided immediate access to housing and then offered the supportive services that may be needed to foster long-term stability and prevent a return to homelessness. More information on Housing First is available from the United States Interagency Council on Homelessness' (USICH) *Housing First Checklist: A Practical Tool for Assessing Housing First in Practice* on the USICH website.

III. PBV Program Purpose and Requirements:

Under the PBV program, HUD allows Housing Authorities to attach up to 20% of its Section 8 Housing Choice Voucher program funding to specific housing units. In contrast to the tenant-based voucher program, a housing subsidy will remain connected to the unit after a tenant moves out of the unit. The owner must agree to rent the unit to eligible tenants for the duration of the Housing Assistance Payments (HAP) contract.

This opportunity is specific to the HUD-VASH program, which is a collaborative effort between the US Department of Housing and Urban Development (HUD) and the Veteran's Administration (VA) that combines rental assistance with case management and clinical services for homeless veterans. Under the HUD-VASH program, the VA determines eligibility under VA guidelines and refers applicants to the Housing Authority. The Housing Authority determines final eligibility for the voucher pursuant to the HUD-VASH Operating Requirements published in the Federal Register on March 23, 2012. Applicants should familiarize themselves with these Operating Requirements and the VA guidelines for the VASH program.

This Request for Proposals (RFP) solicits the participation of owners who request HUD-VASH PBV assistance for either existing, rehabilitated or newly constructed units. SRHA may select

multiple projects under this RFP so long as the total number of vouchers committed does not exceed 100.

IV. Eligible Projects

The number of HUD-VASH vouchers currently available for project-basing is 100. Existing units, rehabilitated units and newly constructed units are all eligible under this RFP.

Proposed projects must be able to meet all the HUD requirements of the Project-Based Voucher program available for review at 24 CFR 983, including but not limited to applicable environmental review, prevailing wage requirements and subsidy layering review. Applicants will be expected to communicate with SRHA regarding these requirements and supply any additional information requested by SRHA to complete the application process.

Identity of Interest: If one of the respondents presents an Identity of Interest with SRHA, the proposal in question will be forwarded to the HUD filed office or HUD-approved independent entity for review.

HUD Waivers: If a project that requires a waiver from HUD does not receive a waiver, that project will not receive funding unless the applicant can change their proposal to meet HUD requirements. If this change would alter the ranking points assigned to the application, SRHA will re-score and rank the proposal.

V. Proposal selection

Complete proposals submitted to SRHA in the required format and including all required documentation will be reviewed, evaluated and ranked by a Project-Based Voucher Selection Committee, which will include a representative from the VA. Proposal reviews will occur on a regular basis or as applications are received. Awards will be contingent upon the availability of vouchers and budget authority at the time the proposal is submitted. The Housing Authority Board of Commissioners will make the final selection decision for each proposal. Projects that are selected by the Housing Authority Board of Commissioners will then move forward for HUD approval under PIH Notice 2011-50. **Final commitment of the Project-Based Vouchers is contingent upon HUD approval of the project.**

The Project-Based Voucher Selection Committee will use the attached Evaluation Criteria to rank proposals. A minimum number of 55 points is required for the proposal to be considered. The evaluation criteria are considered minimum threshold factors, and SRHA reserves the right to determine if a proposal is consistent with its affordable housing goals.

If there are not enough vouchers to fully fund a proposal, the applicant will be given the opportunity to accept a lesser number of vouchers than requested or decline all the vouchers.

SRHA will make every effort to provide a written selection decision to the applicant within 60 days of the submission of a proposal. If selected, the applicant will be expected to cooperate with SRHA in providing any additional information requested by HUD in the final approval process.

CITY OF SANTA ROSA PROJECT-BASED VOUCHER PROGRAM

	City of Santa Rosa Housing Authority HUD-VASH Project-Based Voucher Proposal Evaluation Criteria June 2015		
1.	Commitment to Providing Long-Term Affordable Housing	15 points maximum	
a	Project has received or will pursue long-term affordable housing financing through a competitive process by a federal, State or local government.	5	5
b	The project requires 25% or fewer units to be Project-Based.	5	0
c	Owner provides evidence of long-term viability of project, such as a 25-year cash flow Pro Forma.	5	5
	<i>Total points in category 1</i>		10
2.	Experience with Similar Projects	15 points maximum	
a	Owner/Manager demonstrates experience in successful implementation of the Housing First model and/or in supportive housing for veterans.	15	15
b	Owner/Manager demonstrates significant experience in any special needs housing and is willing to implement a Housing First model.	10	
c	Owner/Manager does not have experience with projects similar to the one proposed, but has experience in managing any affordable housing.	5	
	<i>Total points in category 2</i>		15
3.	Project Readiness	15 points maximum	
a	Existing Housing that is ready for occupancy within 60 days of project selection.	15	
b	Newly constructed or substantially rehabilitated units that will be ready for occupancy within 12 months of signing the Agreement to Enter into a Housing Assistance Payments (AHAP) contract.	10	
c	Newly constructed or substantially rehabilitated units that will be ready for occupancy after 12 months of signing the Agreement to Enter into a Housing Assistance Payments (AHAP) contract.	5	5
	<i>Total points in category 3</i>		5
4.	Supportive Services	10 points maximum	
a	Supportive services will be available to residents on or near the project site (excluding the case management and clinical services already	10	10

CITY OF SANTA ROSA PROJECT-BASED VOUCHER PROGRAM

	provided under the HUD-VASH program) and an agreement has been established with a provider or a funding source has been identified for those services.		
b	Supportive services will be available to residents on or near the project site (excluding the case management and clinical services already provided under the HUD-VASH program) and a likely funding source and/or provider has been identified.	5	
c	The project does not include a plan for supportive services beyond the case management and clinical services already provided under the HUD-VASH program.	0	
	<i>Total points in category 4</i>		10
5.	Project Location—Neighborhood	10 points maximum	
a	Project is in a census tract with a poverty rate at or below 10%.	10	
b	Project is in a census tract with a poverty rate greater than or equal to 10%. Please note that if a project is in a census tract with a higher poverty rate than 10% according to the most recent census date, the applicant must explain how the project site is consistent with the goal of deconcentrating poverty and expanding economic opportunity pursuant to 24 CFR 983.57(b).	5	5
c	Project is in a census tract with a poverty rate greater than or equal to 20%. Please note that if a project is in a census tract with a higher poverty rate than 20% according to the most recent census date, the applicant must explain how the project site is consistent with the goal of deconcentrating poverty and expanding economic opportunity pursuant to 24 CFR 983.57(b).	2	
	<i>Total points in category 5</i>		5
6.	Accessibility Standards	10 points maximum	
a	Units and project common areas meet and exceed accessibility requirements.	10	10
b	Units and project common areas meet minimum accessibility requirements.	5	
	<i>Total points in category 6</i>		10
7.	Unit Size Available	10 Points Maximum	
a.	Units to be project-based include one and two bedrooms, with a majority of one-bedroom units.	10	10

CITY OF SANTA ROSA PROJECT-BASED VOUCHER PROGRAM

b.	Units to be project-based include one, two, and three bedrooms.	5	
	<i>Total points in category 7</i>		10
8.	Collaboration with VA Programs	10 points maximum	
a	The owner/manager has collaborated with the VA under the VASH program or similar programs for veterans, or demonstrates commitment to collaboration with the VA under the VASH program or similar programs, as evidenced by a letter of support or similar documentation included in the application.	10	10
b	The owner/manager demonstrates willingness to collaborate with the VA under the VASH program.	5	
	<i>Total points in category 8</i>		10
9.	Contract Rent Proposed	5 points maximum	
a	Proposed contract rent is below payment standard.	5	
b	Proposed contract rent is at the maximum payment standard.	2	2
	<i>Total points in category 9</i>		2
	Total points in all categories		77

I. Description of Property

1. PBV Project Name

River City Senior Apartments

2. Property Address and Assessor Parcel Number(s)

951 Petaluma Blvd. S. Petaluma, CA 94952

3. Application Category

- Existing
- Rehabilitation
- New Construction

4. Projected date of occupancy:

01/01/2021

5. Structure Type (e.g., Low-Rise or Hi-Rise Apt, Townhome, Duplex/Triplex/Fourplex, Single Family)

Low-rise, 2 and 3 story

6. Is this a Tax Credit property?

- Yes
- No
- Intent to Apply

7. If Yes or Intent to Apply, is property located in a Qualified Census Tract¹?

- Yes
- No

8. Census Tract of property

1507.01

9. Poverty rate in Census Tract:

16.28%

10. The project is for seniors, people with disabilities or "qualifying"² households receiving supportive services (check any or all that apply):

- Seniors
- People with disabilities
- People receiving supportive services

¹ See <http://www.huduser.org/DATASETS/qct.html>

² Please see 24 CFR §983.56(b)(B).

CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT-BASED VOUCHERS

11. If the units are not for seniors, people with disabilities or qualifying households, the number of PBV units in the project will be limited to 25% or less. The proposed project meets the 25% limit: n/a

- Yes
- No

12. Property Configuration

	1 Br	2 Br	3 Br	4 Br	5 Br	Total
Total units including non-PBV	53	1				
Total PBV units	19					
PBV rents (Gross Rent)	1447					
Contract Rent	1447					
PHA Utility Allowance	47					
Fair Market Rents (FMR)	1447	1887				
110% FMR	1592	2076				
Tax Credit Rent, if applicable						

13. Complete the utility table below for the proposed PBV units:

Utility/Service	Owner or Tenant Paid	Natural Gas	Electric
Heating (Specify Type)	Tenant paid	x	
Cooking (Specify Type)	Tenant paid		x
Water Heating (Specify Type)	Owner paid	x	
Other Electric	Tenant paid		
Water	Owner		
Sewer	Owner		
Trash Collection	Owner		
Other (Specify)			

14. Is the property accessible for persons with disabilities?

- Yes, all units and common areas
- No, no accessibility features
- Some units (indicate number of units and identify accessible common areas)

CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT-BASED VOUCHERS

15. Are there any non-residential units (e.g., commercial, office) on this property?

- Yes
 No

If yes, please describe:

Manager's office, Resident Service Coordinator Office, Wellness Center and Community Room

16. List the distance (in miles) from the property to the nearest:

Distance in miles	Service	Name or description of facility
.48	Supermarket	939 Lakeville Highway, Petaluma, CA 94952 - Lucky
.48	Shopping district	Gateway Shopping Center, 939 Lakeville Highway, Petaluma
.02	Public transportation	Petaluma Blvd. South & Mountain View Ave. Golden Gate Transit and Petaluma Transit
2.13	Health services	Kaiser Petaluma, 3900 Lakeville Highway, Petaluma, CA 94952
2.62	Educational institution	Santa Rosa Junior College Petaluma Campus, 680 Sonoma Mtn. Pkwy. Petaluma, CA 94954
1.05	Significant employers	Clover Stornetta, 91 Lakeville Hwy. Petaluma, CA 94952
.29	Other neighborhood service	Petaluma People Services Center, 1500 Petaluma Blvd. S. Petaluma

17. Site information:

Does applicant have site control?	Yes		
Current Land Use Designation	T-5 Urban Center, CPSP (Central Petaluma Specific Plan)		
Proposed Land Use Designation	R-2 Multi-family		
Proposed Density (units/acre)	54	No. of acres 1.31	41.2
Water/Sewer availability and location	Yes on site, at curb.		
Is property subject to specific area plan?	Yes - Central Petaluma Specific Plan and Smart Code		
Is relocation of occupants necessary?	No		
Purchase price	1,300,000		
Appraised value	1,300,000		

CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT-BASED VOUCHERS

18: Environmental considerations

Reports/Studies completed

NEPA, Phase 1, Arborist report, Fire Flow, Geotech

Proximity to flood plain

Property border 100 year flood plain, buildings are not in flood plain

Indicate presence of wetlands, vernal pools, endangered plant or animal species

None

Other known environmental constraints

None

19. Affordability

Total number of units to be built: 54

Number of affordable rental units: 53

Number of affordable ownership units: 0

Number of units dedicated for:				
30% AMI	31-50% AMI	51-80% AMI	80%+ AMI	Non-Restricted
22 (19 will be VASH)	31 @ 50%			1 Mgr.

Itemization of Proposed Units:					
Bedroom Size	Sq. Ft.	No. of Units	Targeted Income Level	Proposed Rent	Comment
1	560+/-	22	30%	501	19 of 22 will be VASH
1	560	31	50%	870	

II. Management Plan

Please describe the management plan for the property. Use additional sheets as necessary and/or attach relevant documentation, identifying attachments in the spaces below:

1. Property Management Agent Name:

Petaluma Ecumenical Properties, DBA PEP Housing

2. Address of Property Management Agent:

951 Petaluma Blvd. S. Petaluma, CA 94952

3. Property Management Agent website:

www.pephousing.org

4. Qualifications, including management of properties for persons with special needs (if applicable):

See attachment

5. Address and description of other properties managed:

See attachment

6. Personnel plan for the proposed project:

	No. of Staff	Working Days/Hours
Office Staff:	1.25	M-F 40 hrs. ***
Maintenance Staff:	1	M-F 40 hrs.

Is there a Resident Manager in addition to the above staff for after-hours emergencies?

- Yes
 No

*** Note: On site Manager 40 hours, Resident Services Coordinator 10 hrs.

III. Financial Information

1. Legal name of applicant with whom Project-Based Voucher HAP Contract will be established:

Petaluma Ecumenical Properties DBA PEP Housing

2. Type of organization (corporation, partnership, etc.)

Nonprofit Corporation 501 (c) (3)

3. Tax Exempt organization

Yes

No

4. Will rents in the property remain affordable after the expiration of the HAP contract?

Yes

No

5. Has the project received funding through any competitive process by any government entity?

Yes

No

6. Requested HAP Contract Term:

20 years

7. Project Cost and Financing

Project Costs					
Land Cost	Land Cost Per Acre	Predevelopment	Soft Costs	Hard Costs	Total Project Cost
\$1,300,000	\$995,366	\$827,000	\$7,222,542	17,352,293	\$ 26,701,835
				Cost Per Unit	\$ 494,478

CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT-BASED VOUCHERS

Project Financing	
Anticipated funding from PBVs	For operations only, estimated @345,000 in base year
Additional Housing Authority funding, if any	none known
Amount of other permanent financing	MHP - \$9,844,428, AHP - \$1,080,000, HEAP - \$1,000,000, 4% Tax credits - \$8,917,096, GP, 533,850, Deferred Developer fee - \$466,680, Permanent loan - \$1,949,800
Amount of cash or loans currently in project	\$210,000 loan to project
Amount of owner's equity in project	\$170,000 loan to project
Amount of Deferred Developer Fee	Estimated \$466,680
Total	

What are the administrative costs of this project, and how will they be funded?

PEP Housing pays the administrative costs with the developer fee

Please attach the following tables to complete question 6:

- Table 1: Existing or Committed Financing Sources*
- Table 2: Interim/Construction Financing*
- Table 3: Permanent Financing*

IV. Existing Units Only

1. If existing units, are any of the units currently occupied by households ineligible for assistance? *N/A*

- Yes
- No

2. Identify the currently occupied units on the property.

Unit address	Bedrooms	No. of occupants	Unit address	Bedrooms	No. of occupants

V. CERTIFICATIONS

The Applicant certifies that:

The information submitted in this application and any supporting materials is true, accurate and complete to the best of the applicants' knowledge;

The applicant acknowledges that any material changes to the project not disclosed to and approved by the Housing Authority may result in a denial or termination of the AHAP or HAP contract. Material changes include but are not limited to: changes in the project design, amenities, number and size of units; changes to the development budget; changes to the proposed sales prices, rents or operating expenses; changes to the sources, amounts or terms of financing; changes to the ownership entity or key staff identified in this application or changes to other application items;

The applicant acknowledges that the information submitted as part of this application, except material considered confidential, may be made available to the public;

The applicant acknowledges that submitting an application does not promise or guarantee that the project will receive Project-Based Voucher funding;

The applicant acknowledges that any in-place existing tenants must not be displaced in order to qualify their units for Project-Based Voucher funding;

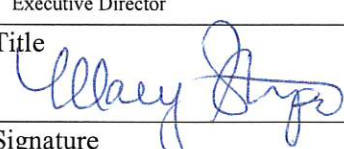
The applicant agrees to abide by all federal, state and local Fair Housing laws; and,

The applicant agrees to abide by the Project-Based Voucher program regulations found at 24 CFR 983 and the City of Santa Rosa Housing Authority Administrative Plan

Applicant Representative(s)

Mary Stompe

 Name
 Executive Director

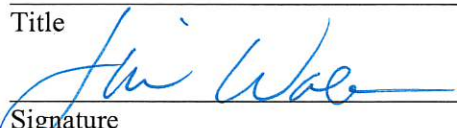
 Title


 Signature
 2/13/19

 Date

Jim Wallen

 Name
 Director of Housing Development

 Title


 Signature
 2-13-19

 Date

Section III, Question 6

Table 1: Existing or Committed Financing Sources

EXISTING AND/OR COMMITTED FINANCING

	1	2	3	4	5	6
Lender's Name & Address	City of Petaluma	City of Petaluma	City of Petaluma			
Contact Person & Phone #	Sue Castellucci, Housing Administrator (707) 778-4563	Sue Castellucci, Housing Administrator (707) 778-4563	Sue Castellucci, Housing Administrator (707) 778-4563			
Name of Program	Housing fund - In-lieu	Rent reimbursement/ In Lieu	In Lieu/Commercial Linkage fees			
Loan Amount	\$1,300,000	\$110,000	\$1,500,000			
Annual Payment	N/A	N/A	N/A			
Terms of Loan	55 Years	55 Years	55 Years			
Date Applied	2017	2018	2019			
Current Status of Application	Approved	Approved	On Council Agenda 2/25/19			
Conditions						

CITY OF SANTA ROSA HOUSING AUTHORITY APPLICATION FOR PROJECT-BASED VOUCHERS

Section III, Question 6

Table 2: Interim/Construction Financing

INTERIM/CONSTRUCTION FINANCING

	1	2	3	4	5	6
Lender's Name & Address	California Debt Limit Allocation Committee	PEP Housing	Federal Home Loan Bank SF			
Contact Person & Phone #	Vincent P. Brown, Executive Director (916) 653-3255	Mary Stompe, Executive Director 707-762-2336	Greg Sibly President and Chief Executive Officer (415) 616-1000			
Name of Program	Bonds	Loan to project	Affordable Housing Program			
Loan Amount	\$17,552,528	\$600,000	\$1,080,000			
Annual Payment	N/A	Paid upon construction close	N/A			
Terms of Loan	TBD	3%				
Date Applied	Est. 7/1/19	7/18/18	3/4/19			
Current Status of Application	TBD	Approved	Pending			
Conditions						

Section III, Question 6

Table 3: Permanent Financing

PERMANENT FINANCING

	1	2	3	4	5	6
Lender's Name & Address	TBD	Tax Credit Financing 4% credits with bonds	California Department of Housing and Community Development	Federal Home Loan Bank	Community Development Commission of Sonoma County	
Contact Person & Phone #	TBD	Tax Credit Allocation Committee Anthony Zeto, Deputy Director (916) 854-6840	Ben Metcalf, Director (916) 283-6928	Greg Seibly President (415) 918-1000	Margaret Van Vliet Executive Director (707) 565-7500	
Purpose	Permanent Financing	Permanent Financing	Permanent Financing	Construction/Perm. financing	Permanent Financing	
Name of Program		4% TCAC/Bonds	MHP	AHP	HEAP	
Loan Amount	1,949,800	\$8,917,056	9,844,28	\$1,080,000	\$1,000,000	
Annual Payment		N/A	N/A	N/A	N/A	
Terms of Loan	15 year	15 years	55 years		Grant	
Date Applied		Est. 7/1/19	June 2019	March 2019	January 2019	
Current Status of Application	TBD	TBD	TBD	Pending	Pending	
Conditions						

DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

by and between

THE CITY OF PETALUMA

and

PETALUMA ECUMENICAL PROPERTIES

August 20, 2018

THIS DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT (this "Agreement") is entered into effective as of 8/20, 2018 ("Effective Date") by and between the City of Petaluma, a California municipal corporation and charter city ("City") and Petaluma Ecumenical Properties, a California nonprofit public benefit corporation ("Developer"). The City and the Developer are collectively referred to herein as the "Parties."

RECITALS

- A. The City is the owner of the real property located at 951 Petaluma Boulevard South, in the City of Petaluma, known as Sonoma County Assessor's Parcel No. 008-530-007, and more particularly described in Exhibit A attached hereto (the "Property").
- B. Following the City's solicitation and evaluation of development proposals for the Property, and as authorized by City Council Resolution 2017-159 N.C.S., the City entered into an Exclusive Negotiating Right Agreement with Developer dated as of October 17, 2017 (the "ENA").
- C. Developer has proposed the development of a 54-unit rental housing development on the Property consisting of 53 apartments that will be affordable to low- and very low-income senior and senior veteran's households, and one manager's unit (the "Project").
- D. As set forth in Planning Commission Resolution 2018-126, adopted on August 14, 2018, the City has determined that the Project qualifies for exemption from review under the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines pertaining to affordable housing projects.
- E. Upon satisfaction of the conditions precedent set forth in this Agreement and subject to the terms and conditions set forth herein, the City will convey the Property to Developer for development of the Project.
- F. Concurrently with the conveyance of the Property to Developer, among other documents, Developer will execute: a secured promissory note to evidence Developer's obligation to repay the seller-financing City will provide for acquisition of the Property, a deed of trust that will provide City with a security interest in the Property, and an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants that will require rents for the residential units to be affordable to low- and very low-income senior households for a term of not less than fifty-five (55) years.
- G. A material inducement to City to enter into this Agreement is the agreement by Developer to develop the Project within the time periods specified herein and in accordance with the provisions hereof, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by Developer to take such actions and complete such work in accordance with such provisions and within such time periods.

DISPOSITION, DEVELOPMENT, AND LOAN AGREEMENT

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PETALUMA ECUMENICAL PROPERTIES

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- B. Following the City's solicitation and evaluation of development proposals for the Property, and as authorized by City Council Resolution 17-918, the City entered into an Exclusive Negotiating Right Agreement with Developer dated as of October 17, 2017 (the "ENA").
- C. Developer has proposed the development of a 54-unit rental housing development on the Property consisting of 53 apartments that will be affordable to low- and very low-income senior and senior veteran's households, and one manager's unit (the "Project").
- D. As set forth in Resolution _____, adopted on _____, 20__, the City Council has determined that the Project qualifies for exemption from review under the California Environmental Quality Act ("CEQA") pursuant to Section 15194 of the CEQA Guidelines pertaining to affordable housing projects.
- E. Upon satisfaction of the conditions precedent set forth in this Agreement and subject to the terms and conditions set forth herein, the City will convey the Property to Developer for development of the Project.
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- G. A material inducement to City to enter into this Agreement is the agreement by Developer to develop the Project within the time periods specified herein and in accordance with the provisions hereof, and the City would be unwilling to enter into this Agreement in the absence of an enforceable commitment by Developer to take such actions and complete such work in accordance with such provisions and within such time periods.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE I

DEFINITIONS; EXHIBITS

1.1 **Definitions.** The following terms shall have the meanings set forth below whenever used in this Agreement and the Exhibits attached hereto. Additional terms are defined in the Recitals and text of this Agreement.

“Affordable Rent” is defined in the Regulatory Agreement.

“Applicable Laws” is defined in Section 5.15.

“Approved Partnership” is defined in Section 7.3.

“Area Median Income” is defined in the Regulatory Agreement.

“Assignment Agreement” is defined in Section 4.5.

“Authorized Representative” means the City Manager of the City of Petaluma, or his or her designee.

“CDLAC” means the California Debt Limit Allocation Committee.

“City” means the City of Petaluma, California, a municipal corporation and charter city.

“City Council” means the City Council of the City of Petaluma, California.

“City Documents” means collectively, this Agreement, the Assignment Agreement, the Seller Carryback Note, the Deed of Trust, the Regulatory Agreement, the Memorandum, and the Grant Deed.

“City-PEP Lease” is defined in Section 6.8.

“City’s Permitted Exceptions” is defined in Section 3.7.

“Certificate of Completion” is defined in Section 5.12.

“Claims” is defined in Section 5.11.

“Closing Date” or “Close of Escrow” shall be the date that escrow closes for the conveyance of the Property to Developer.

“Conditions of Approval” is defined in Section 5.4.

“Construction Plans” is defined in Section 5.6.

“Deed of Trust” means the deed of trust to be recorded against the Property to secure repayment of the Seller Carryback Loan.

“Developer” means Petaluma Ecumenical Properties, a California nonprofit public benefit corporation, identified with the California Secretary of State as Corporation No. C0900595.

“Developer’s Permitted Exceptions” is defined in Section 3.1.

“ENA” is defined in Recital B.

“Environmental Laws” is defined in Section 6.11.2.

“Escrow Agent” is defined in Section 3.3.

“Excess Proceeds” is defined in Section 4.4.

“Force Majeure” is defined in Section 11.2.

“Financing Plan” is defined in Section 2.5.2.

“Grant Deed” is defined in Section 3.1.

“Hazardous Material” is defined in Section 6.11.1.

“Improvements” means the improvements located or to be located on the Property including without limitation, the residential dwelling units to be constructed pursuant to this Agreement.

“Indemnitees” is defined in Section 5.11.

“Lender’s Title Policy” is defined in Section 3.7.

“Memorandum” is defined in Section 3.7.

“Official Records” means the Official Records of Sonoma County.

“Owner’s Title Policy” is defined in Section 3.8.

“Partnership Agreement” is defined in Section 7.3.

“Project” is defined in Recital B.

“Property” is defined in Recital A and described in Exhibit A.

“Purchase Price” is defined in Section 3.2.

“Regulatory Agreement” is defined in Section 3.7.

“Repurchase Option” is defined in Section 9.9.

“Seller Carryback Loan” is defined in Section 4.1.

“Seller Carryback Note” is defined in Section 4.1.

“TCAC” means the California Tax Credit Allocation Committee.

“Title Company” is defined in Section 3.3.

“Title Report” is defined in Section 3.1.

“Transfer” is defined in Section 7.2.

1.2 Exhibits. The following Exhibits are attached hereto and incorporated into this Agreement by this reference:

- A Legal Description of the Property
- A-1 Diagram of River Trail Location
- B Form of Assignment Agreement
- C Form of Seller Carryback Promissory Note
- D Form of Deed of Trust
- E Form of Regulatory Agreement
- F Financing Plan
- G Form of Certificate of Completion
- H Form of Memorandum of Option and Loan Agreement
- I Form of Grant Deed

ARTICLE II

REPRESENTATIONS; EFFECTIVE DATE; PROJECT SCOPE; FINANCING PLAN

2.1 Representations

2.1.1 Developer’s Representations. Developer covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1.1 to be untrue, Developer shall immediately give written notice of such fact or condition to City. Developer acknowledges that City shall rely upon Developer’s representations made herein notwithstanding any investigation made by or on behalf of City. Developer hereby represents, warrants, and covenants that the following are true and correct as of the Effective Date, and shall be true and correct as of the Closing Date.

(a) Organization. Developer is a nonprofit public benefit corporation, duly organized and in good standing under the laws of the State of California and tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(b) Authority of Developer. Developer has full power and authority to execute and deliver this Agreement and all other documents or instruments executed and delivered by Developer, or to be executed and delivered by Developer pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

(c) Authority of Persons Executing Documents. This Agreement and all other documents or instruments executed and delivered by Developer, or to be executed and delivered by Developer pursuant to or in connection with to this Agreement, have been executed and delivered, or will be executed and delivered, by persons who are duly authorized to execute and deliver the same for and on behalf of Developer, and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered by Developer, or to be executed and delivered by Developer pursuant to or in connection with this Agreement, have been duly taken or will have been duly taken (to the extent such actions are required) as of the date of execution and delivery of such documents.

(d) Valid and Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered by Developer or will be executed and delivered by Developer pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of Developer, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement or any other documents or instruments executed and delivered by Developer, or to be executed or delivered by Developer pursuant to or in connection with this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

(f) Pending Proceedings. Except as disclosed in writing to the City prior to execution of this Agreement, Developer is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and, to the best of its knowledge, there are no claims, actions, suits or proceedings pending or, to the knowledge of Developer, threatened against or affecting Developer or the Property, at law or in equity, before or by any court, board, commission or agency. Developer is not the subject of a bankruptcy or insolvency proceeding.

2.1.2 City's Representations. City covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1.2 to be untrue, City shall immediately give written notice of such fact or condition to Developer. City acknowledges that Developer shall rely upon City's representations made herein notwithstanding any investigation made by or on behalf of Developer. City hereby represents, warrants, and covenants that the following are true and correct as of the Effective Date and shall be true and correct as of the Closing Date.

(a) Authority of City. City has full power and authority to execute and deliver this Agreement and all other documents or instruments executed and delivered by City, or to be executed and delivered by City pursuant to or in connection with this Agreement, and to perform and observe the terms and provisions of all of the foregoing.

(b) Valid and Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered by City or will be executed and delivered by City pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered, constitute, legal, valid and binding obligations of City, enforceable in accordance with their respective terms, subject to laws affecting creditors' rights and principles of equity.

(c) Pending Proceedings. No litigation or other proceeding (whether administrative or otherwise) is outstanding or has been threatened which would prevent, hinder or delay the ability of the City to perform its obligations under this Agreement.

2.2 Effective Date. The obligations of Developer and City hereunder shall be effective as of the Effective Date which date is set forth in the preamble to this Agreement.

2.3 Project Scope. The Project will include the demolition of the existing improvements on the Property and the construction of fifty-four (54) units of multi-family rental housing on the Property consisting of fifty-three (53) one-bedroom units and one (1) two-bedroom manager's unit, parking facilities and common facilities. All of the residential units except the manager's unit will be subject to affordability and occupancy restrictions in accordance with the Regulatory Agreement. The Project will serve senior households and senior households that include members who are veterans.

2.3.1 River Access Trail and Dock. Consistent with the requirements of the City's Request for Proposals for development of the Property and the City's River Access and Enhancement Plan, Developer will construct a bicycle and pedestrian trail on City-owned land adjacent to the eastern boundary of the Property in the area depicted in Exhibit A-1 attached hereto, and that will connect to existing and planned river access trail segments on the properties adjacent to the Property and to the existing dock on the Petaluma River. The trail will be constructed in accordance with specifications set forth or referenced in the Conditions of Approval, including without limitation, a requirement for installation of fencing with gates. City will provide Developer with a temporary construction easement to allow for construction of the improvements described in this Section 2.3.1.

2.4 Design Review; Conditions of Approval; Environmental Review. Developer will submit design documents for the Project including a site plan, elevations, and schematic drawings for review and approval by the City Planning Commission and/or City Council, as applicable. The design documents shall be consistent with the conceptual plans that Developer previously submitted to City in Developer's response to City's Request for Proposals except as otherwise approved by the City. If the City does not approve any submittal, Developer shall submit revised design documents that address the City's objections. Developer agrees that it shall construct the Project in accordance with the approved design documents except as otherwise approved by the City.

The City Council has determined that as proposed, the Project qualifies for exemption from CEQA review pursuant to CEQA Guidelines Section 15194 pertaining to affordable housing projects. In the event that the proposed Project is modified or other circumstances arise that would affect the Project's eligibility for exemption from CEQA review, prior to submitting an application for land use approvals for the Project, Developer shall cause to be performed any additional environmental studies required by the City in connection with environmental review of the Project in accordance with CEQA. If additional environmental review is required under CEQA, Developer acknowledges that such review may involve preparation and consideration of additional information, as well as consideration of input from interested organizations and individuals, and Developer acknowledges that nothing in this Agreement is intended to, or shall be interpreted as a City commitment to approve a project or program prior to completion of any required CEQA review. In addition, Developer acknowledges that any required approvals by any other local, state or federal agency may require additional environmental review, and that any approval by the City shall not bind any other local, state or federal agency to approve the Project or to impose mitigation measures that are consistent with the terms of this Agreement or with the terms of any mitigation measures required by the City pursuant to the City's environmental review. Prior to the Close of Escrow, Developer shall have the right to terminate this Agreement by delivery of written notice to City if the City disapproves the Project following completion of the environmental review process or Developer determines that implementation of any required environmental mitigation measures would cause development of the Project to become economically infeasible.

2.5 Financing Plan.

2.5.1 Preliminary Financing Plan. As described in Exhibit F, Developer has preliminarily proposed financing the Project with a combination of a commercial construction loan that will convert to a permanent loan upon completion of construction, equity contributions from state and federal low-income housing tax credit investors, tax-exempt bond financing, the Seller Carryback Loan, and loans and/or grants from state and federal agencies.

2.5.2 Revised Financing Plan. Developer shall submit for City review and approval Developer's revised plans for construction and permanent financing of the Project (the "Financing Plan"). The Financing Plan shall indicate all sources of funds necessary to pay, when due, the estimated costs of the Project, including without limitation acquisition costs and hard and soft construction costs, and shall be accompanied by evidence that all such funds are subject to binding commitments, in form acceptable to City, from Developer, equity investors, and lenders, subject only to commercially reasonable conditions. The Financing Plan shall

include development and operating pro formas which set out in detail Developer's plan for financing the costs of acquisition, construction and operation of the Project.

City staff shall review the proposed Financing Plan, and acting through the Authorized Representative, the City shall approve such plan in writing within fifteen (15) business days following receipt provided that the plan conforms to the requirements of this Section. If the City does not approve the Financing Plan, the City shall set forth its objections in writing and notify Developer of the reasons for its disapproval. If the City does not approve or provide written objections to Developer within such fifteen (15) business day period, the Financing Plan shall be deemed rejected. Developer shall thereafter submit a revised Financing Plan that addresses the reasons for disapproval, and the City shall grant Developer a reasonable extension of the time deadlines set forth in this Agreement as required to restructure the Financing Plan, subject to the outside time limit for completion set forth in Section 5.1 below. City's approval of the Financing Plan shall be a condition precedent to City's obligation to convey the Property to Developer. The approved Financing Plan shall be attached to this Agreement as Exhibit F. The terms set forth in the body of this Agreement shall prevail in the event of a conflict between the information set forth in the Financing Plan and the terms set forth in the body of this Agreement.

2.5.2.1 Tax Credit Funds and Other Financing Sources. Developer will use best efforts to submit applications to CDLAC, TCAC, and other funding sources in order to secure allocations of tax-exempt bonds, federal low-income housing tax credits, and if applicable, state tax credits, and other financing for the Project in a manner sufficient to enable construction to commence by the deadline specified in Section 5.1. Subject to the deadline for start of Project construction specified in Section 5.1, if applicable, Developer will submit applications to CDLAC and TCAC in subsequent rounds if necessary to secure tax credit and tax-exempt bond allocations. Upon award of a preliminary reservation from TCAC, Developer shall exercise diligent good faith efforts to obtain a funding commitment from a reputable equity investor. Procurement of a TCAC preliminary reservation and receipt of an equity investor's funding commitment reasonably acceptable to City shall be conditions precedent to the City's obligation to convey the Property to Developer.

By not later than June 30, 2020, Developer shall provide to City satisfactory evidence that all sources of construction and permanent financing for the Project are committed by investors, lenders, public agencies, or grantors, and that all such funds will be available in time to enable Project construction to commence and be completed within the times specified in Section 5.1. If Developer does not provide evidence of the commitment of all such funds by June 30, 2020, the City shall have the right, by delivery of written notice to Developer, to terminate this Agreement and upon such termination, except as expressly set forth herein, all rights and obligations of the Parties under this Agreement shall terminate, including without limitation, any obligation that may be construed to have arisen under this Agreement relating to conveyance of the Property or financing of the Project.

2.5.3 Modifications. Proposed modifications to the Financing Plan shall be submitted to the City for review and approval. City staff shall promptly review such proposed modifications, and acting through its Authorized Representative, the City shall approve such modifications in writing within fifteen (15) business days following receipt provided that the

modifications conform to the requirements of this Agreement. If the City does not approve proposed modifications, the City shall set forth its objections in writing and notify Developer of the reasons for its disapproval. Developer shall thereafter submit a revised Financing Plan that addresses the reasons for disapproval. If the City does not approve or provide written objections to Developer within such fifteen (15) business day period, the proposed modifications shall be deemed rejected.

2.5.4 Loan and Grant Documents; Partnership Agreement. Developer shall submit to the City for its review and approval, copies of all loan and/or grant documents for the financing sources identified in the Financing Plan, and, if the Project will be conveyed to an Approved Partnership, copies of the Partnership Agreement and related documents.

ARTICLE III

DISPOSITION OF THE PROPERTY; CONDITIONS PRECEDENT TO CLOSING

3.1 Purchase and Sale of Property; Review of Title. Developer acknowledges receipt of a preliminary title report for the Property issued by Title Company and dated _____, 2018 (the "Title Report"). Provided that all conditions precedent set forth in this Agreement have been satisfied or waived, City shall sell to Developer, and Developer shall purchase from City, the fee interest in the Property in accordance with and subject to the terms, covenants and conditions of this Agreement, subject to: (a) the provisions and effects of the City Documents, (b) applicable building and zoning laws and regulations, (c) any lien for current taxes and assessments or taxes and assessments accruing for periods subsequent to recordation of the Grant Deed (provided however, Developer shall remain obligated to pay all taxes and assessments pertaining to the Property to the extent Developer is obligated to make such payments pursuant to the City-PEP Lease, (d) exception numbers ___ through ___ as shown on the Title Report, (e) liens and encumbrances created or permitted by Developer or Developer's affiliates, employees or agents, and (f) such other conditions, liens, encumbrances, restrictions, easements and exceptions as Developer may approve in writing, which approval shall not be unreasonably withheld. All of the foregoing are collectively hereinafter referred to as "Developer's Permitted Exceptions." Conveyance of the Property shall be effectuated by grant deed substantially in the form attached hereto as Exhibit I (the "Grant Deed").

3.1.1 Supplemental Title Review. If any new or additional items appear of record after the date of the Title Report, Developer shall obtain from the Title Company an updated preliminary title report ("Supplemental Report"). Following receipt of the Supplemental Report and documents pertaining to new exceptions appearing on the Supplemental Report, Developer shall have five (5) business days to provide to City Developer's written objections to the Supplemental Report. If Developer fails to provide written objections within such period, Developer shall be deemed to have accepted the Supplemental Report and all new exceptions listed therein. If Developer provides written notice of objections to new exceptions listed in the Supplemental Report, City shall have two (2) business days to notify Developer of whether City will undertake to remove the exceptions to which Developer has

objected. If City fails to respond, City shall be deemed to have elected not to cure any of the exceptions, and in such case, Developer may elect to proceed to Close of Escrow or terminate this Agreement by written notice to City. Notwithstanding anything to the contrary in this Section 3.1.1: (a) Developer shall be deemed to have accepted any new exceptions that pertain to liens and encumbrances created or permitted by Developer or Developer's affiliates, employees or agents, and (b) City shall take action to remove any new monetary liens affecting title to the Property that are created or permitted by City.

3.2 Purchase Price. City shall sell the Property to Developer for the sum of One Million, Three Hundred Thousand Dollars (\$1,300,000) ("**Purchase Price**"), which is the fair market value of the Property as determined by an appraisal dated March 9, 2017, and prepared by CBRE, Inc.. The Purchase Price shall be funded through the Seller Carryback Note described below in Section 4.1.

3.3 Escrow. City and Developer shall open escrow with Julie James at the office of Old Republic Title Company located at 151 Petaluma Blvd. South, Suite 125, Petaluma, California, 94952, or such other title company as the Parties may agree upon ("**Escrow Agent**" or "**Title Company**") in order to consummate the conveyance of the Property to Developer and the closing of escrow for the transactions contemplated hereby.

3.4 Costs of Closing and Escrow; Legal Fees. Developer shall pay all title insurance premiums for policies Developer elects to purchase in connection with the acquisition of the Property and the financing of the Project, and Developer shall pay all recording fees, transfer taxes, escrow fees and closing costs incurred in connection with the acquisition of the Property and the financing of the Project. Developer shall pay for the cost of any lender's policy of title insurance that City elects to acquire in connection with the transactions contemplated hereby. Property taxes and assessments shall be prorated as of the Closing Date. City and Developer shall provide Escrow Agent with a copy of this Agreement, which together with such supplemental instructions as City or Developer may provide and which are consistent with the intent of this Agreement or which are otherwise mutually agreed upon by City and Developer, shall serve as escrow instructions for the Close of Escrow. At Close of Escrow, Developer shall pay City's legal fees incurred in connection with the transactions contemplated by this Agreement, including without limitation, the negotiation and preparation of this Agreement and the City Documents, review of the Partnership Agreement and loan documents, and review of other documents required in connection with the conveyance of the Property, the financing of the Project, and the Close of Escrow, in a maximum aggregate amount not to exceed Twenty-Five Thousand Dollars (\$25,000).

3.5 Closing. The Closing Date shall be a date that is mutually acceptable to the Parties, consistent with Section 5.1, and which shall occur within thirty (30) days following the Developer's satisfaction or City's waiver of all conditions precedent to conveyance of the Property as set forth in Sections 3.7 and 3.8. Prior to the Close of Escrow, Developer shall deposit into escrow the City Documents to which Developer is a party, executed and acknowledged as applicable, and Developer's share of closing costs. Provided that all conditions precedent to Close of Escrow have been satisfied or waived, City shall deposit into escrow the executed Grant Deed and executed copies of the City Documents to which City is a party. On

the Closing Date, the Escrow Agent shall cause the Grant Deed, the Memorandum, the Deed of Trust and the Regulatory Agreement to be recorded in the Official Records.

3.6 Intentionally omitted.

3.7 City's Conditions to Closing. City's obligations to convey the Property to Developer and close on the Seller Carryback Loan are conditioned upon the satisfaction of the terms and conditions set forth in this Section 3.7, unless any such condition is waived in writing by the City acting in the discretion of its Authorized Representative. Additional closing requirements are set forth in Section 4.7.

(a) No Default. There shall exist no condition, event or act which would constitute a material breach or default under this Agreement or any other City Document, or which, upon the giving of notice or the passage of time, or both, would constitute such a material breach or default.

(b) Representations. All representations and warranties of Developer contained herein or in any other City Document or certificate delivered in connection with the transactions contemplated by this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(c) Due Authorization and Good Standing. Developer shall have delivered to City copies of all of the following, including updated versions of any of the following that have been amended or modified since the date of delivery to City pursuant to Section 4.7: (i) a certificate of good standing, certified by the Secretary of State, indicating that Developer is properly organized and authorized to do business in the State of California; (ii) copies of Developer's articles of incorporation and bylaws, each certified by Developer's corporate Secretary as accurate, complete, and in full force and effect; (iii) verification of Developer's tax-exempt status; and (iv) a resolution certified by Developer's corporate Secretary authorizing Developer's execution of and performance under this Agreement and the other City Documents.

(d) Partnership Documents. If the Project will be developed by an Approved Partnership: Developer shall have delivered and City shall have approved the Partnership Agreement (as amended); Developer shall have delivered the Approved Partnership's LP-1 and good standing certificate (each as updated); for the General Partners of the Approved Partnership, Developer shall have delivered a good standing certificate, certified articles of incorporation/LLC-1, certified bylaws/operating agreement, and certified resolutions authorizing the Approved Partnership to enter into the transactions contemplated hereby and to execute the City Documents, and as applicable, amendments thereto; and Developer shall have delivered an assignment and assumption agreement in form approved by City pursuant to which the Approved Partnership shall have assumed Developer's obligations under this Agreement.

(e) Execution, Delivery and Recordation of Documents. Developer (or as Applicable, the Approved Partnership) shall have executed, acknowledged as applicable, and delivered to City this Agreement, and all other documents required in connection with the transactions contemplated hereby, including without limitation the Seller Carryback Note, a deed of trust substantially in the form attached hereto as Exhibit D to secure repayment of the Seller

Carryback Note (the “**Deed of Trust**”), an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants substantially in the form attached hereto as Exhibit E (the “**Regulatory Agreement**”), a Memorandum of Option and Loan Agreement substantially in the form attached hereto as Exhibit H (the “**Memorandum**”), and a counter-signed original of the Grant Deed. Concurrently with the Close of Escrow, the Grant Deed, the Memorandum, the Deed of Trust and the Regulatory Agreement shall be recorded in the Official Records.

(f) Lender’s Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an ALTA Lender’s Policy of Title Insurance for the benefit and protection of City (“**Lender’s Title Policy**”) in the amount of the Seller Carryback Loan, insuring that the Memorandum, the Deed of Trust and the Regulatory Agreement are recorded subject only to title exceptions and such other defects, liens, conditions, encumbrances, restrictions, easements and exceptions as City may reasonably approve in writing (collectively, “**City’s Permitted Exceptions**”) and containing such endorsements as City may reasonably require.

(g) Financing Plan. City shall have approved the Financing Plan, including without limitation, the construction and operating budgets for the Project.

(h) Approval of Financing Documents; Evidence of Availability of Funds. City shall have approved the Partnership Agreement if the Project will be conveyed to an Approved Partnership, and shall have approved the loan and grant documents for all financing sources for the Project. All other sources of construction financing for the Project shall have closed or shall close concurrently with the closing for conveyance of the Property, and Developer shall have provided evidence reasonably satisfactory to City that (i) all conditions to the release and expenditure of the initial draw of funds from each source described in the approved Financing Plan as a source of construction financing for the Project have been met and that such funds will be available, and (ii) all construction financing (including draws subsequent to the initial draw of funds) will be available upon the satisfaction of the conditions set forth in the applicable documents.

(i) Construction Contract, Plans, Budget and Schedule. City shall have approved the general contractor, the construction budget and schedule, and the construction contract for the Project, and City shall have approved the final Construction Plans and specifications for the Project. Developer shall have delivered an executed copy of the construction contract for the Project to the City. If City has not provided written objections to Developer regarding the general contractor, the construction budget and schedule, or the construction contract for the Project within fifteen (15) business days following their submittal to the City, such items shall be deemed to have been approved.

(j) Permits and Land Use Approvals. Developer shall have delivered evidence satisfactory to City that Developer has obtained all land use approvals and all permits (including without limitation building permits) required to construct the Project, or that the receipt of such permits is subject only to such conditions as City shall reasonably approve.

(k) Insurance; Payment and Performance Bonds. Developer shall have provided evidence satisfactory to City that Developer has obtained insurance coverage meeting

the requirements set forth in Article X, and shall have provided to City copies of payment bonds and performance bonds pursuant to Section 5.18.

(l) Mechanics' Liens. Developer's delivery to City of evidence reasonably satisfactory to City that there are no mechanics' liens or stop notices related to the Property or the Project, and Developer's provision to City of full waivers or releases of lien claims if required by City.

(m) Other Documents. Developer's delivery to City, and City approval of such other documents related to the development and financing of the Project as City may reasonably request.

3.8 Developer's Conditions to Closing. Developer's obligation to proceed with the acquisition of the Property is subject to the satisfaction or Developer's waiver of the following conditions:

(a) No Default. City shall not be in default under the terms of this Agreement, and all representations and warranties of City contained herein shall be true and correct in all material respects;

(b) Execution of Documents. City shall have executed and acknowledged the Grant Deed, the Memorandum, the Regulatory Agreement, and all other City Documents to which the City is a party, and shall have delivered such documents into escrow; and

(c) Owner's Title Policy. The Title Company shall, upon payment of the premium therefor, be ready to issue an Owner's Title Insurance Policy for the benefit and protection of Developer ("Owner's Title Policy") showing title to the Property vested in Developer, subject only to Developer's Permitted Exceptions and containing such endorsements as Developer may reasonably require, with the cost of such Owner's Title Policy to be paid by Developer.

ARTICLE IV

CITY FINANCIAL ASSISTANCE

4.1 Seller Carryback Loan. In order to increase the affordability of the Project, upon satisfaction of the conditions precedent set forth herein in Sections 3.7 and 4.7, City agrees to provide to Developer a seller carryback loan in the amount of the Purchase Price (the "Seller Carryback Loan") upon the terms and conditions and for the purposes set forth in this Agreement. Developer's obligation to repay the Seller Carryback Loan shall be evidenced by a secured promissory note, dated as of the Closing Date and executed by Developer substantially in the form attached hereto as Exhibit C (the "Seller Carryback Note"). Repayment of the Seller Carryback Note shall be secured by a deed of trust substantially in the form attached hereto as Exhibit D.

4.2 Loan Terms; Seller Carryback Loan. The outstanding principal balance of the Seller Carryback Note will bear simple annual interest at a rate not to exceed three percent (3%).

The interest rate (if any) will be determined following review of the Project development and operating pro formas, and will be specified in the Seller Carryback Note. Annual payments shall be due and payable on a residual receipts basis in accordance with the formula set forth in the Seller Carryback Note. The entire outstanding principal balance of the Seller Carryback Loan together with accrued interest (if any) and all other sums due under the City Documents shall be payable in full on the date which is the earlier of (i) the fifty-fifth (55th) anniversary of the date the City issues the final certificate of occupancy or equivalent for the Project, and (ii) the fifty-seventh (57th) anniversary of the Seller Carryback Loan origination date. Except as expressly provided in the Seller Carryback Note, the Seller Carryback Loan shall be non-recourse to Developer.

4.3 Intentionally omitted.

4.4 Cost Savings. Within thirty (30) days after the limited partner pays its capital contribution following issuance of the IRS Form 8609 for the Project, Developer shall pay to the City as a reduction of the outstanding principal balance of the Seller Carryback Note, a one-time payment in the amount of Fifty Percent (50%) of Excess Proceeds. "Excess Proceeds" shall mean the sum of all sources of financing received by Developer for acquisition, construction and permanent financing of the Property and the Project, less the sum of actual uses as shown on the final cost certificate for the Project. Prior to calculating Excess Proceeds, the following payments and adjustments shall be made in the following order of priority: (i) the Project replacement reserve shall be funded in an amount agreed upon by the Parties and specified in the Seller Carryback Note; (ii) the Project operating reserve shall be funded in an amount agreed upon by the Parties and specified in the Seller Carryback Note but not greater than three (3) months' projected Project operating expenses; and (iii) such other expenses agreed upon by the Parties and specified in the Seller Carryback Note. In the event that other public agency lenders require payment of Excess Proceeds, then Excess Proceeds shall be payable to City and such other public agencies in proportion to the amount of financing each agency provides for acquisition of the Property and development of the Project.

4.5 Security. As security for repayment of the Seller Carryback Note, Developer shall execute an assignment agreement substantially in the form attached hereto as Exhibit B (the "Assignment Agreement" pursuant to which City shall be given a security interest in the plans, studies and documents prepared for the Project, subject to the rights of senior lenders. In addition, repayment of the Seller Carryback Note shall be secured by a deed of trust that will be executed by Developer for the benefit of City substantially in the form attached hereto as Exhibit D and recorded against the Property at the Close of Escrow. The Deed of Trust may be subordinated only to such liens and encumbrances consistent with the approved Financing Plan as City shall approve in writing consistent with Section 8.2.

4.6 Prepayment; Acceleration.

(a) Prepayment. Developer shall have the right to prepay the Seller Carryback Loan at any time and from time to time, without penalty or premium, provided that any prepayment of principal must be accompanied by interest accrued (if any) but unpaid to the date of prepayment. Prepayments shall be applied first to accrued but unpaid interest (if any) and then to principal. Any such prepayment shall have no effect upon Developer's obligations

under the Regulatory Agreement which shall survive for the full term of the Regulatory Agreement nor shall such prepayment affect the City's Repurchase Option.

(b) Due on Transfer or Encumbrance. Unless City agrees otherwise in writing, the entire unpaid principal balance and all interest (if any) and other sums accrued under the Seller Carryback Note shall be due and payable upon the Transfer absent the prior written consent of City of all or any part of or interest in the Property or the Project except as otherwise permitted pursuant to this Agreement.

(c) Default. The City shall have the right to accelerate the Maturity Date and declare all sums payable under the Seller Carryback Note immediately due and payable upon the expiration of all applicable cure periods following the occurrence of an Event of Developer Default.

4.7 Conditions to Closing on Seller Carryback Loan. City's obligation to close on the Seller Carryback Loan is conditioned upon the satisfaction of all of the following conditions:

(a) No Default. There shall exist no condition, event or act which would constitute a material breach or default under this Agreement or any other City Document, or which, upon the giving of notice or the passage of time, or both, would constitute such a material breach or default.

(b) Representations. All representations and warranties of Developer contained herein or in any other City Document or certificate delivered in connection with the transactions contemplated by this Agreement shall be true and correct in all material respects as of the Close of Escrow.

(c) Due Authorization and Good Standing. Developer shall have delivered to City: (i) a certificate of good standing, certified by the Secretary of State, indicating that Developer is properly organized and authorized to do business in the State of California; (ii) copies of Developer's articles of incorporation and bylaws, each certified by Developer's corporate Secretary as accurate, complete, and in full force and effect; (iii) verification of Developer's tax-exempt status; and (iv) a certified resolution authorizing Developer's execution of and performance under this Agreement and the other City Documents.

(d) Documents. Developer's delivery to City, and City approval of such other documents related to the development and financing of the Project as City may reasonably request;

(e) The satisfaction of all conditions set forth in Section 3.7;

(f) City shall have approved the final settlement statement for the Close of Escrow; and

(g) Escrow for conveyance of the Property to Developer shall close concurrently with closing for the Seller Carryback Loan and the construction financing for the Project.

4.8 No Obligation to Close Escrow Upon Default. Notwithstanding any other provision of this Agreement, the City shall have no obligation to authorize the Close of Escrow following:

(i) the failure of any of Developer's representations and warranties made in this Agreement or in connection with this Agreement to be true and correct in all material respects;

(ii) the termination of this Agreement; or

(iii) the occurrence of an Event of Default under any City Document which remains uncured beyond any applicable cure period, or the existence of any condition, event or act which upon the giving of notice or the passage of time or both would constitute an Event of Default under any City Document.

4.9 Assumption of Obligations by Approved Partnership. If Developer proposes to transfer its rights under this Agreement to an Approved Partnership, then upon satisfaction of the requirements set forth in Section 7.4, the Approved Partnership shall: (i) assume Developer's obligations under this Agreement and the other City Documents pursuant to an assignment and assumption agreement in form approved by City, or in City's discretion, an amended and restated version of this Agreement, and (ii) execute and deliver such additional instruments as City shall reasonably require, including without limitation, an amended and restated promissory note and amended and restated deed of trust (or amendments thereto) to evidence such entity's obligation to repay the Seller Carryback Loan and to secure repayment of the Seller Carryback Loan by the Property and the Project.

4.10 Predevelopment Funds. Upon receipt of invoices accompanied by such additional documentation as City may reasonably require, City agrees to reimburse Developer for predevelopment expenses incurred for the Project in the maximum aggregate amount equal to the rent payable by Developer to City pursuant to the City-PEP Lease for the period commencing July 1, 2018 and ending on the earliest of (i) July 1, 2020, (ii) the Close of Escrow, and (iii) the date this Agreement is terminated. The Parties acknowledge that the rent payable pursuant to the City-PEP Lease is equal to Two Thousand Dollars (\$2,000) per month, and that the maximum aggregate amount that the City will provide pursuant to this Section 4.10 is Forty-Eight Thousand Dollars (\$48,000). In addition to the foregoing, the Parties acknowledge that pursuant to Section 2.2(c) of the ENA, City has reimbursed, or will reimburse, Developer for Project predevelopment expenses in the aggregate amount of Eighteen Thousand Dollars (\$18,000).

ARTICLE V

DEVELOPMENT AND USE OF THE PROPERTY

5.1 Development Schedule. Subject to Force Majeure and any extension permitted pursuant to Section 11.2, Developer shall commence construction of the Project by not later than December 31, 2020, and shall diligently prosecute to completion the construction of the Project to enable City to issue final certificates of occupancy for all residential units in the Project within eighteen (18) months following commencement of construction. Developer shall use diligent and commercially reasonable efforts to perform Developer's obligations under this Agreement within the times periods set forth herein, and if no such time is provided, within a reasonable time, designed to permit issuance of final certificates of occupancy for all residential units in the Project by the date specified in this Section 5.1. Subject to Force Majeure and the City's issuance of permits and approvals, Developer's failure to commence or complete construction of the Project in accordance with the time periods specified in this Section 5.1 shall be an Event of Developer Default hereunder.

5.2 Cost of Acquisition and Construction. Except as expressly set forth herein, Developer shall be solely responsible for all direct and indirect costs and expenses incurred in connection with the acquisition of the Property, including without limitation appraisal fees, title reports and any environmental assessments Developer elects to undertake. Except as expressly set forth herein, all costs of designing, developing and constructing the Project and compliance with the Conditions of Approval, including without limitation all off-site and on-site improvements required by City in connection therewith, shall be borne solely by Developer and shall not be an obligation of the City.

5.3 Permits and Approvals; Payment of Fees; Cooperation. Developer acknowledges that the execution of this Agreement by the City does not constitute City approval for the purpose of the issuance of building permits, does not relieve Developer from the obligation to apply for and to obtain from the City and all other agencies with jurisdiction over the Property, all necessary approvals, entitlements, and permits for the construction of the Project (including without limitation the approval of architectural plans, the issuance of any certificates regarding historic resources required in connection with the development of the Property (if any), and the approval of the Project in compliance with CEQA and if applicable, NEPA), nor does it limit in any manner the discretion of the City or any other agency in the approval process. Prior to the Close of Escrow for the Project, Developer shall have obtained all entitlements, permits, licenses and approvals required for the construction of the Project, including without limitation, building permits and use permits or shall provide evidence satisfactory to City that receipt of such permits and approvals is subject only to such conditions as City may reasonably approve. Developer shall pay when due all customary and reasonable fees and charges in connection with the processing of all applicable permits and approvals. Developer shall not commence construction work on the Project prior to issuance of building permits required for such work. City staff shall work cooperatively with Developer to assist in coordinating the expeditious processing and consideration of all permits, entitlements and approvals necessary for the development and operation of the Project as contemplated by this Agreement.

5.4 Conditions of Approval. Developer shall develop the Property in accordance with the terms and conditions of this Agreement and in compliance with the terms and conditions of all approvals, entitlements and permits that the City or any other governmental body or agency with jurisdiction over the Project or the Property has granted or issued as of the date hereof or may hereafter grant or issue in connection with development of the Project, including without limitation, all mitigation measures imposed in connection with environmental review of the Project and all conditions of approval imposed in connection with any entitlements, approvals or permits (all of the foregoing approvals, entitlements, permits, mitigation measures and conditions of approval are hereafter collectively referred to as the “**Conditions of Approval**”).

5.5 Fees. Developer shall be solely responsible for, and shall promptly pay when due, all customary and usual fees and charges of City and all other agencies with jurisdiction over development of the Property in connection with obtaining building permits and other approvals for the Project, including without limitation, those related to the processing and consideration of amendments, if any, to the current entitlements, any related approvals and permits, environmental review, architectural review, historic review, and any subsequent approvals for the Project.

5.6 Construction Plans. Developer shall submit to City’s Building Division detailed construction plans for the Project (the “**Construction Plans**”). As used herein “**Construction Plans**” means all construction documents upon which Developer and Developer’s contractors shall rely in constructing the Project (including the landscaping, parking, and common areas) and shall include, without limitation, the site development plan, final architectural drawings, landscaping, exterior lighting and signage plans and specifications, materials specifications, final elevations, and building plans and specifications. The Construction Plans shall be based upon the scope of development set forth herein and upon the approvals issued by the City for the Project, and shall not materially deviate therefrom without the express written consent of City.

5.7 Construction Pursuant to Plans. Developer shall develop each component of the Project in accordance with the approved Construction Plans, the Conditions of Approval, and all other permits and approvals granted by the City pertaining to the Project. Developer shall comply with all directions, rules and regulations of any fire marshal, health officer, building inspector or other officer of every governmental agency having jurisdiction over the Property or the Project. Each element of the work shall proceed only after procurement of each permit, license or other authorization that may be required for such element by any governmental agency having jurisdiction. All design and construction work on the Project shall be performed by licensed contractors, engineers or architects, as applicable.

5.8 Change in Construction Plans. If Developer desires to make any material change in the approved Construction Plans, Developer shall submit the proposed change in writing to the City for its written approval, which approval shall not be unreasonably withheld or delayed if the Construction Plans, as modified by any proposed change, conform to the requirements of this Agreement and any approvals issued by the City after the Effective Date. Unless a proposed change is approved by City within thirty (30) days, it shall be deemed rejected. If rejected, the previously approved Construction Plans shall continue to remain in full force and effect. Any change in the Construction Plans required in order to comply with applicable codes shall be

deemed approved, so long as such change does not substantially nor materially change the architecture, design, function, use, or amenities of the Project as shown on the latest approved Construction Plans. Nothing in this Section is intended to or shall be deemed to modify the City's standard plan review procedures.

5.9 Rights of Access. For the purpose of ensuring that the construction of the Project is completed in compliance with this Agreement, Developer shall permit representatives of the City to enter upon the Property following 48 hours or two (2) business days' written notice, whichever is longer (except in the case of emergency in which case such notice as may be practical under the circumstances shall be provided).

5.10 City Disclaimer. Developer acknowledges that the City is under no obligation, and the City neither undertakes nor assumes any responsibility or duty to Developer or to any third party, to in any manner review, supervise, or inspect the progress of construction or the operation of the Project. Developer and all third parties shall rely entirely upon its or their own supervision and inspection in determining the quality and suitability of the materials and work, the performance of architects, subcontractors, and material suppliers, and all other matters relating to the construction and operation of the Project. Any review or inspection undertaken by the City is solely for the purpose of determining whether Developer is properly discharging its obligations under this Agreement, and shall not be relied upon by Developer or any third party as a warranty or representation by the City as to the quality of the design or construction of the Project or otherwise.

5.11 Defects in Plans. The City shall not be responsible to Developer or to any third party for any defect in the Construction Plans or for any structural or other defect in any work done pursuant to the Construction Plans. Developer shall indemnify, defend (with counsel approved by City) and hold harmless the City and its elected and appointed officers, officials, employees, agents, consultants, and contractors (all of the foregoing, collectively, the "Indemnitees") from and against all liability, loss, cost, expense (including without limitation attorneys' fees and costs of litigation), claim, demand, action, suit, judicial or administrative proceeding, penalty, deficiency, fine, order, and damage (all of the foregoing collectively "Claims") arising out of, or relating to, or alleged to arise from or relate to defects in the Construction Plans or defects in any work done pursuant to the Construction Plans whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer's indemnification obligations set forth in this Section shall survive the expiration or earlier termination of this Agreement and the recordation of a Certificate of Completion. It is further agreed that City does not, and shall not, waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. Developer's indemnification obligations pursuant to this Section shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees.

5.12 Certificate of Completion for Project. Promptly after completion of construction of the Project, issuance of a final Certificate of Occupancy by the City for all residential units in the Project, and the written request of Developer, the City will provide a certificate substantially in the form attached hereto as Exhibit G ("Certificate of Completion") so certifying, provided that at the time such certificate is requested all applicable work has been completed for the

Project. The Certificate of Completion shall be conclusive evidence that Developer has satisfied its obligations regarding the construction of the Project. At Developer's option the Certificate of Completion shall be recorded in the Official Records. The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a deed of trust or mortgage securing money loaned to finance the Project or any part thereof and shall not be deemed a notice of completion under the California Civil Code, nor shall such Certificate provide evidence that Developer has satisfied any obligation that survives the expiration of this Agreement.

5.13 Equal Opportunity. There shall be no discrimination on the basis of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the hiring, firing, promoting or demoting of any person engaged in construction work on the Property, and Developer shall direct its contractors and subcontractors to refrain from discrimination on such basis.

5.14 Prevailing Wage Requirements. If required by applicable federal and state law, Developer and its contractors, subcontractors and agents shall comply with the federal Davis Bacon Act and implementing regulations and with California Labor Code Section 1720 *et seq.* and the regulations adopted pursuant thereto (all of the foregoing, collectively, "Prevailing Wage Laws"), and shall be responsible for carrying out the requirements of such provisions. If applicable, Developer shall submit to City a plan for monitoring payment of prevailing wages and at Developer's expense shall implement such plan and comply with all applicable reporting and recordkeeping requirements.

Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against all Claims which directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, or relate to, the payment or requirement of payment of prevailing wages (including without limitation, all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and 1781) or the requirement of competitive bidding in connection with the Project, the failure to comply with any state or federal labor laws, regulations or standards in connection with this Agreement, including but not limited to the Prevailing Wage Laws, or any act or omission of Developer related to this Agreement with respect to the payment or requirement of payment of prevailing wages or the requirement of competitive bidding, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer's deposit with City of any of the insurance policies described in this Agreement. The provisions of this Section 5.14 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project. Developer's indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees.

5.15 Compliance with Laws. Developer shall carry out and shall cause its contractors and subcontractors to carry out the demolition of the existing improvements and the construction of the Project in conformity with all applicable federal, state and local laws, rules, ordinances

and regulations (“**Applicable Laws**”), including without limitation, all applicable Environmental Laws, all applicable federal and state labor laws and standards, Section 3 of the Housing and Community Development Act of 1974, as amended (if applicable pursuant to financing sources used for the Project), applicable provisions of the California Public Contracts Code, the City’s zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation, the Americans with Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* Developer shall indemnify, defend (with counsel approved by City) and hold harmless the Indemnitees from and against any and all Claims arising in connection with the breach of Developer’s obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or Developer’s deposit with City of any of the insurance policies described in this Agreement. Developer’s indemnification obligations set forth in this Section shall not apply to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer’s defense and indemnification obligations set forth in this Section 5.15 shall survive the expiration or earlier termination of this Agreement and the issuance of a Certificate of Completion for the Project.

5.16 Liens and Stop Notices. Until the later of the date of reconveyance of the Deed of Trust or the expiration of the term of the Regulatory Agreement, Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice on account of materials supplied to or labor performed on behalf of Developer. If a claim of a lien or stop notice is given or recorded affecting the Project or the Property or any part thereof, Developer shall within twenty (20) days of such recording or service: (a) pay and discharge (or cause to be paid and discharged) the same; or (b) effect the release thereof by recording and delivering (or causing to be recorded and delivered) to the party entitled thereto a surety bond in sufficient form and amount; or (c) provide other assurance satisfactory to City that the claim of lien or stop notice will be paid or discharged.

5.17 Right of City to Satisfy Liens on the Property. If Developer fails to satisfy or discharge any lien or stop notice on the Property or any part thereof pursuant to and within the time period set forth in Section 5.16 above, the City shall have the right upon delivery of five (5) days’ written notice to Developer, but not the obligation, to satisfy any such liens or stop notices at Developer’s expense, and all sums advanced by City for such purpose shall be part of the indebtedness secured by the Deed of Trust. In such event Developer shall be liable for and shall immediately reimburse City for such paid lien or stop notice. Alternatively, the City may require Developer to immediately deposit with City the amount necessary to satisfy such lien or claim pending resolution thereof. The City may use such deposit to satisfy any claim or lien that is adversely determined against Developer. Developer shall file a valid notice of cessation or notice of completion upon cessation of construction work on the Property for a continuous period of thirty (30) days or more, and shall take all other reasonable steps to forestall the assertion of claims or liens against the Property. The City may (but has no obligation to) record any notices of completion or cessation of labor, or any other notice that the City deems necessary or desirable to protect its interest in the Property.

5.18 Performance and Payment Bonds. Prior to commencement of construction work on the Project, Developer shall cause its general contractor to deliver to the City copies of payment bond(s) and performance bond(s) issued by a reputable insurance company licensed to do business in California, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of construction of such Project component. The bonds shall name the City as obligee.

5.19 Insurance Requirements. Developer shall maintain and shall cause its contractors to maintain all applicable insurance coverage specified in Article X.

5.20 Affordable Housing. Developer covenants and agrees for itself, its successors and assigns that the Property will be subject to recorded covenants that will restrict use of the Property to operation of an affordable rental residential development for seniors, and that for a term of not less than fifty-five (55) years commencing upon the issuance of the final certificate of occupancy for the Project: (i) all of the residential units in the Project (except the manager's unit) shall be occupied or available for occupancy by senior households that include at least one member that is 55 years of age or older, subject to applicable State and federal regulations; (ii) not less than fifty percent (50%) of the residential units in the Project shall be occupied or available for occupancy at Affordable Rents to households whose income is no greater than fifty percent (50%) of Area Median Income; and (iii) with the exception of the manager's unit which will not be subject to rent or occupancy restrictions, the remaining residential units in the Project shall be occupied or available for occupancy at Affordable Rents to households whose income is no greater than sixty percent (60%) of Area Median Income; provided however, Developer shall comply with the rent and occupancy restrictions imposed by all applicable financing sources and regulatory agencies if such agencies impose requirements on the Project that are more stringent than those set forth in this Agreement.

As more particularly set forth in the Regulatory Agreement, Developer shall be obligated to pay to City an Affordable Housing Monitoring Fee in the amount of Seventy Dollars (\$70.00) per unit for each residential unit in the Project that is subject to the affordability restrictions set forth in the Regulatory Agreement. This per-unit fee is payable at initial lease-up of each residential unit, upon each annual review. The City will not charge an annual monitoring fee in the same year that the City charges a fee in connection with the initial lease-up. All compliance monitoring fees shall be payable to City within fifteen (15) days following City's written request for payment. Beginning in the third year after the City's issuance of a final certificate of occupancy or equivalent for the Project, the annual compliance monitoring fee will increase annually by the percentage increase in the Consumer Price Index-Urban (CPI-U) for the San Francisco-Oakland-San Jose, California area over the prior year. In the event that in any year there is insufficient Project cash flow available to pay the annual monitoring fee, the City will permit the fee to be deferred provided that other residual receipts lenders that charge monitoring fees also agree to defer such fees. Any deferred amounts shall accrue and shall be payable from future Project cash flow.

5.21 Relocation Waiver. Developer acknowledges and agrees that pursuant to this Agreement, Developer will voluntarily relocate its offices from the Property, and that Developer will not be entitled to any rights, benefits or privileges under the California Relocation Assistance Law (California Government Code Section 7260 *et seq.*), the Uniform Relocation

Assistance and Real Property Acquisition Policies Act (42 U.S.C. Section 4601 *et seq.*) and state and federal implementing regulations (collectively, “**Relocation Laws**”), or under any similar law, statute or ordinance now or hereafter in effect relating to the displacement and relocation of eligible persons as defined in the Relocation Laws. Developer hereby knowingly waives any entitlement to any such rights, benefits and privileges with respect thereto, including without limitation, moving expenses, re-establishment expenses, and temporary and permanent relocation benefits.

5.21.1 Subtenants. City acknowledges that City has approved a partial sublease under the City-PEP Lease to The Village Network that will commence on August 1, 2018. Developer agrees that it will not enter into any further assignment or sublease of the City-PEP Lease nor grant any rights to occupy the Property to any party without City’s prior written consent, not to be unreasonably withheld. Developer acknowledges and agrees that all assignments, subleases, licenses, and other agreements regarding occupancy or rental of the Property shall be in a form approved by City, and each such agreement shall include and shall be accompanied by a statement signed by the assignee, subtenant, or licensee for the benefit of City (a) acknowledging the pending disposition of the Property and demolition of the improvements, (b) acknowledging that such party will not be eligible to receive relocation benefits, and (c) waiving any rights to benefits under Relocation Laws.

5.21.2 Indemnity. Developer shall ensure that all occupants of the Property receive all notices, benefits and assistance to which they are entitled in accordance with Relocation Laws. All costs incurred in connection with the temporary and/or permanent displacement and/or relocation of occupants of the Property, including without limitation payments to a relocation consultant, moving expenses, and payments for temporary and permanent relocation benefits pursuant to Relocation Laws shall be paid by Developer, and City shall have no responsibility for payment therefor. To the greatest extent permitted by law, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against all Claims arising from the breach of Developer’s obligations set forth in this Section whether or not any insurance policies shall have been determined to be applicable to any such Claims. Developer’s indemnification obligations set forth in this Section (i) shall survive the expiration or earlier termination of this Agreement, and (ii) shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of the Indemnitees.

5.22 Intentionally omitted.

5.23 Maintenance. Commencing upon Developer’s acquisition of the Property, Developer shall at its own expense, maintain the Property and the Improvements, including the landscaping and common areas, in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all Applicable Laws. Without limiting the foregoing, Developer agrees to maintain the Property and the Improvements (including without limitation, landscaping, driveways, parking areas, and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Property. Developer shall prevent and/or rectify any physical deterioration of the Improvements and shall make all repairs, renewals and replacements necessary to keep the Property and the Improvements in good condition and repair.

5.24 Taxes and Assessments. Commencing upon Developer's acquisition of the Property, Developer shall pay all real and personal property taxes, assessments and charges and all franchise, income, payroll, withholding, sales, and other taxes assessed against the Property and/or the Improvements, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Property or Improvements; provided, however, Developer shall have the right to contest in good faith, any such taxes, assessments, or charges. In the event the Developer exercises its right to contest any tax, assessment, or charge, the Developer, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered against it, together with all costs, charges and interest.

5.25 Obligation to Refrain from Discrimination. Developer shall not restrict the rental, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or the Project, or any portion thereof, on the basis of race, color, religion, creed, sex, sexual orientation, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or the Improvements, or part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in, of, or for the Property or Improvements, or part thereof. Developer shall include such provision in all deeds, leases, contracts and other instruments executed by Developer, and shall enforce the same diligently and in good faith.

All deeds, leases or contracts made or entered into by Developer, its successors or assigns, as to any portion of the Property or the Improvements shall contain the following language:

(a) In Deeds, the following language shall appear:

"(1) Grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, that there shall be no discrimination against or segregation of a person or of a group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In Leases, the following language shall appear:

“(1) The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns, and all persons claiming under the lessee or through the lessee, that this lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry or disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the property herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the property herein leased.

“(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(c) In Contracts pertaining to operation or management of the Project, the following language shall appear:

“There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to selection, location, number, use or occupancy of tenants, lessee, subtenants, sublessees or vendees of the land.”

ARTICLE VI

CONDITION OF THE SITE; ENVIRONMENTAL MATTERS

6.1 Access to Site; Inspections. Prior to the Close of Escrow, Developer and Developer's authorized representatives may enter upon and conduct reviews and assessments of the physical and environmental condition of the Property and the condition of the existing improvements. City may require Developer to execute a right of entry agreement satisfactory to City prior to entry onto the Property for such purpose and shall require Developer to provide proof of liability insurance acceptable to City. Developer's inspection, examination, survey and review of the Property shall be at Developer's sole expense. Developer shall provide City with copies of all reports and test results promptly following completion of such reports and testing. Developer hereby agrees to notify the City twenty-four (24) hours in advance of its intention to enter the Property and will provide workplans, drawings, and descriptions of any intrusive sampling it intends to do. Developer must keep the Property in a safe condition during its entry. Developer shall repair, restore and return the Property to its condition immediately preceding Developer's entry thereon at Developer's sole expense. Developer will not permit any mechanics liens, stop notices or other liens or encumbrances to be placed against the Property prior to Close of Escrow. Without limiting any other indemnity provisions set forth in this Agreement, Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against all Claims resulting from or arising in connection with entry upon the Property by Developer or Developer's agents, employees, consultants, contractors or subcontractors pursuant to this Section 6.1 except to the extent arising from the gross negligence or willful misconduct of the Indemnitees. Developer's indemnification obligations set forth in this Section 6.1 shall survive the Close of Escrow and the termination of this Agreement.

6.2 Environmental Disclosure. To the extent the City has copies of investigation reports concerning the Property, it will provide copies to Developer upon request; but the Parties acknowledge that City will not be conducting a public records search of any regulatory agency files—although the City urges Developer to do so to satisfy itself regarding the environmental condition of the Property. By execution of this Agreement, Developer: (i) acknowledges its receipt of the foregoing notice respecting the environmental condition of the Property; (ii) acknowledges that it will have an opportunity to conduct its own independent review and investigation of the Property prior to the Close of Escrow; (iii) agrees to rely solely on its own experts in assessing the environmental condition of the Property and its sufficiency for its intended use; and (iv) waives any and all rights Developer may have to assert that the City failed to disclose information about the environmental condition of the Property.

6.3 Property Sold "AS IS". Developer specifically acknowledges that the City is selling and Developer is purchasing the Property on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and that Developer is not relying on any representations or warranties of any kind whatsoever, express or implied, from City, its employees, board members, agents, or brokers as to any matters concerning the Property. The City makes no representations or warranties as to any matters concerning the Property, including without limitation: (i) the quality, nature, adequacy and physical condition of the property, including, but not limited to, the structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities, and the electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities and

appliances, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iv) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose, (v) the zoning or other legal status of the property or any other public or private restrictions on use of the Property, (vi) the compliance of the Property or its operation with any Environmental Laws, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence or removal of Hazardous Material, substances or wastes on, under or about the Property or the adjoining or neighboring property; (viii) the quality of any labor and materials used in any improvements on the Property, (ix) the condition of title to the Property, (x) the leases, service contracts, or other agreements affecting the Property, or (xi) the economics of the operation of the Property.

6.4 Developer to Rely on Own Experts. Developer understands that notwithstanding the delivery by City to Developer of any materials, including, without limitation, third party reports, Developer will rely entirely on Developer's own experts and consultants and its own independent investigation in proceeding with the acquisition of the Property.

6.5 Release by Developer. Effective upon the Close of Escrow for the Property, Developer WAIVES, RELEASES, REMISES, ACQUITS AND FOREVER DISCHARGES the Indemnitees and any person acting on behalf of the City, from any and all Claims, direct or indirect, known or unknown, foreseen or unforeseen, which Developer now has or which may arise in the future on account of or in any way arising out of or in connection with the physical condition of the Property, the presence of Hazardous Material in, on, under or about the Property, or any law or regulation applicable thereto including, without limiting the generality of the foregoing, all Environmental Laws.

DEVELOPER ACKNOWLEDGES THAT DEVELOPER IS FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY INITIALING BELOW, DEVELOPER EXPRESSLY WAIVES THE BENEFITS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE FOREGOING RELEASE.

Developer's initials: _____

6.6 Developer's Post-Closing Obligations. Developer hereby covenants and agrees that:

(1) Developer shall not knowingly permit the Property or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Material or otherwise knowingly permit the presence or release of Hazardous Material in, on, under, about or from the Property with the exception of limited amounts of cleaning supplies and other materials customarily used in construction, use or maintenance of residential properties similar in nature to the Project, and used, stored and disposed of in compliance with Environmental Laws.

(2) Developer shall keep and maintain the Property and each portion thereof in compliance with, and shall not cause or permit the Project or the Property or any portion of either to be in violation of, any Environmental Laws.

(3) Upon receiving actual knowledge of the same, Developer shall immediately advise City in writing of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Developer, or the Property pursuant to any applicable Environmental Laws; (ii) any and all claims made or threatened by any third party against the Developer or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Material; (iii) the presence or release of any Hazardous Material in, on, under, about or from the Property; or (iv) Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project classified as "Border Zone Property" under the provisions of California Health and Safety Code, Sections 25220 *et seq.*, or any regulation adopted in connection therewith, that may in any way affect the Property pursuant to any Environmental Laws or cause it or any part thereof to be designated as Border Zone Property. The matters set forth in the foregoing clauses (i) through (iv) are hereinafter referred to as "Hazardous Materials Claims". The City shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claim.

(4) Without the City's prior written consent, which shall not be unreasonably withheld or delayed, Developer shall not take any remedial action in response to the presence of any Hazardous Material in, on, under, or about the Property (other than in emergency situations or as required by governmental agencies having jurisdiction in which case the City agrees to provide its consent), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claim. City shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Developer.

6.7 Environmental Indemnity. To the greatest extent allowed by law, Developer shall indemnify, defend (with counsel approved by City) and hold Indemnitees harmless from and against all Claims resulting, arising, or based directly or indirectly in whole or in part, upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Material on, under, in or about the Property, or the transportation of any such Hazardous Material to or

from, the Property, or (ii) the failure of Developer, Developer's employees, agents, contractors, subcontractors, or any person acting on behalf of or as the invitee of any of the foregoing to comply with Environmental Laws, except to the extent caused by the City's gross negligence or willful misconduct. The foregoing indemnity shall further apply to any residual contamination in, on, under or about the Property or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Material, and irrespective of whether any of such activities were or will be undertaken in accordance with Environmental Laws.

Developer's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following: (i) any amendment or modification of any City Document; (ii) any extensions of time for performance required by any City Document; (iii) any provision in any of the City Documents limiting City's recourse to property securing the Secured Obligations (as defined in the Deed of Trust), or limiting the personal liability of Developer, or any other party for payment of all or any part of the Seller Carryback Loan; (iv) the accuracy or inaccuracy of any representation and warranty made by Developer under this Agreement or by Developer or any other party under any City Document, (v) the release of Developer or any other person, by City or by operation of law, from performance of any obligation under any City Document; (vi) the release or substitution in whole or in part of any security for the Seller Carryback Loan; and (vii) City's failure to properly perfect any lien or security interest given as security for the Seller Carryback Loan.

The provisions of this Section 6.7 shall be in addition to any and all other obligations and liabilities that Developer may have under applicable law, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether City or that Indemnitee has exercised any rights against the Property or any other security, pursued any rights against any guarantor or other party, or pursued any other rights available under the City Documents or applicable law. The obligations of Developer to indemnify the Indemnitees under this Section shall survive any repayment or discharge of the Seller Carryback Loan, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of the Deed of Trust.

6.8 Disclosure; Developer's Environmental Representations. The Parties acknowledge that Developer purchased the Property in 2006 and has occupied the Property since then as Developer's corporate offices. In 2011, the City acquired the Property, and since that time, Developer has occupied the Property under a lease agreement with City (the "City-PEP Lease"). Developer represents and warrants that except as disclosed to City in writing, as of the date hereof to the best knowledge of Developer: (i) the Property is free and has always been free of Hazardous Materials and is not and has never been in violation of any Hazardous Materials Law; (ii) there are no buried or partially buried storage tanks located on the Property; (iii) Developer has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have ever been in violation of any Hazardous Materials Law or informing Developer that the Property is subject to investigation or inquiry regarding Hazardous Materials on the Property or the potential violation of any Hazardous Materials Law; (iv) there is no monitoring program required by the Environmental Protection Agency or any other governmental agency concerning the Property; (v) no toxic or hazardous chemicals, waste, or substances of any kind have ever been

spilled, disposed of, or stored on, under or at the Property, whether by accident, burying, drainage, or storage in containers, tanks, holding areas, or any other means; (vi) the Property has never been used as a dump or landfill; and (vii) Developer has disclosed to City all information, records, and studies in Developer's possession or reasonably available to Developer relating to the Property concerning Hazardous Materials.

Developer hereby acknowledges and agrees that (i) this Section is intended as the City's written request for information (and the Developer's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5(d)(2), and (ii) each representation and warranty in this Agreement or any of the other City Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the City and the Developer to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

6.9 City's Rights. In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the City's or the Trustee's rights and remedies under the Deed of Trust, the City may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Developer to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the City's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Developer shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Developer knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) reasonable attorneys' fees, incurred by the City in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the default rate specified in the Seller Carryback Note, until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the City upon its demand made at any time following the conclusion of such action.

6.10 No Limitation. Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement are in no way limited or otherwise affected by any information the City may have concerning the Property and/or the presence in, on, under or about the Property of any Hazardous Material, whether the City obtained such information from the Developer or from its own investigations.

6.11 Definitions.

6.11.1 "**Hazardous Material**" means any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Environmental Laws (defined below) as a "hazardous substance", "hazardous material", "hazardous waste", "extremely hazardous waste", "infectious waste", "toxic substance", "toxic pollutant", or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The term "hazardous material" shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable as fuel, perchlorate, and methy tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in the Environmental Laws.

6.11.2 "**Environmental Laws**" means any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage, transportation or disposal of Hazardous Material, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. § 9601), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. § 2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code § 13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code § 26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code § 25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

ARTICLE VII

LIMITATIONS ON CHANGE IN OWNERSHIP, MANAGEMENT AND CONTROL OF DEVELOPER

7.1 Identity of Developer; Changes Only Pursuant to this Agreement. Developer and its principals have represented that they possess the necessary expertise, skill and ability to carry out the development of the Project pursuant to this Agreement. The qualifications, experience, financial capacity and expertise of Developer and its principals are of particular concern to the City. It is because of these qualifications, experience, financial capacity and expertise that the

City has entered into this Agreement with Developer. No voluntary or involuntary successor, assignee or transferee of Developer shall acquire any rights or powers under this Agreement, except as expressly provided herein.

7.2 Prohibition on Transfer. Prior to the expiration of the term of the Regulatory Agreement, Developer shall not, except as expressly permitted by this Agreement, directly or indirectly, voluntarily, involuntarily or by operation of law make or attempt any total or partial sale, transfer, conveyance, assignment or lease (collectively, "Transfer") of the whole or any part of the Property, the Project, the Improvements, or this Agreement, without the prior written approval of City which approval shall not be unreasonably withheld. Any such attempt to assign this Agreement without the City's consent shall be null and void and shall confer no rights or privileges upon the purported assignee. In addition to the foregoing, prior to the expiration of the term of the Regulatory Agreement, except as expressly permitted by this Agreement, Developer shall not undergo any significant change of ownership without the prior written approval of City. For purposes of this Agreement, a "significant change of ownership" shall mean a transfer of the beneficial interest of more than twenty-five percent (25%) in aggregate of the present ownership and /or control of Developer, taking all transfers into account on a cumulative basis; provided however, neither the admission of an investor limited partner, nor the transfer by the investor limited partner to subsequent limited partners shall be restricted by this provision.

7.3 Permitted Transfers. Notwithstanding any contrary provision hereof, the prohibitions set forth in this Article shall not be deemed to prevent: (i) the granting of temporary easements or permits to facilitate development of the Property; (ii) the dedication of any property required pursuant to this Agreement; (iii) the lease of individual residences to tenants for occupancy as their principal residence in accordance with the Regulatory Agreement; (iv) assignments creating security interests for the purpose of financing the acquisition, construction or permanent financing of the Project in accordance with the approved Financing Plan as it may be updated with City approval, and subject to the requirements of Article VIII, or Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest; (v) effective on or after the Close of Escrow, a Transfer to a tax-exempt entity under the direct control of or under common control with Developer; (vi) effective on or after Close of Escrow, a Transfer to a limited partnership (or a limited liability company) in which Developer or a tax-exempt affiliate of Developer is the managing general partner (or managing member) ("**Approved Partnership**"); (vii) the admission of limited partners (or non-managing members), and any transfer of limited partnership (or non-managing member) interests in accordance with the Approved Partnership's agreement of limited partnership (or operating agreement) (the "**Partnership Agreement**"); (viii) the removal of the general partner (or managing member) of an Approved Partnership by the investor limited partners (or members) for a default under the Partnership Agreement, provided that the replacement general partner (or managing member) is an entity reasonably satisfactory to City; or (ix) the transfer of the general partner's (or managing member's) interest to a nonprofit entity that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended, provided such replacement general partner (or managing member) is reasonably satisfactory to City.

7.4 Requirements for Proposed Transfers. The City may, in the exercise of its sole discretion, consent to a proposed Transfer of this Agreement, the Property, the Improvements or part thereof that will be effective concurrently with or after the Close of Escrow, if all of the

following requirements are met (provided however, the requirements of this Section 7.4 shall not apply to Transfers described in clauses (i), (ii), (iii), (iv) and (vii) of Section 7.3):

(i) The proposed transferee demonstrates to the City's satisfaction that it has the qualifications, experience and financial resources necessary and adequate as may be reasonably determined by the City to competently complete and manage the Project and to otherwise fulfill the obligations undertaken by the Developer under this Agreement.

(ii) The Developer and the proposed transferee shall submit for City review and approval all instruments and other legal documents proposed to effect any Transfer of all or any part of or interest in the Property, the Improvements or this Agreement together with such documentation of the proposed transferee's qualifications and development capacity as the City may reasonably request.

(iii) The proposed transferee shall expressly assume all of the rights and obligations of the Developer under this Agreement and the other City Documents arising after the effective date of the Transfer and all obligations of Developer arising prior to the effective date of the Transfer (unless Developer expressly remains responsible for such obligations), and shall agree to be subject to, and assume all of, Developer's obligations pursuant to the Conditions of Approval and all other conditions, and restrictions set forth in this Agreement and the other City Documents. The assumption of such obligations shall be documented in an assignment and assumption agreement in form approved by City and that will be effective concurrently with or after the Close of Escrow.

(iv) The Transfer shall be effectuated pursuant to a written instrument satisfactory to the City in form recordable in the Official Records.

(v) The final form of the Partnership Agreement, operating agreement, and other organizational documents of the proposed transferee and its general partner(s)/managing member, and any subsequent amendments that affect the City's economic interests under this Agreement or the City Documents shall be subject to the City's review and approval.

Consent to any proposed Transfer may be given by the City's Authorized Representative unless the Authorized Representative, in his or her discretion, refers the matter of approval to the City Council. If the City has not rejected a proposed Transfer or requested additional information regarding a proposed Transfer in writing within thirty (30) days following City's receipt of written request by Developer, the proposed Transfer shall be deemed approved.

7.5 Effect of Transfer without City Consent.

7.5.1 In the absence of specific written agreement by the City, no Transfer by Developer shall be deemed to relieve the Developer or any other party from any obligation under this Agreement.

7.5.2 It shall be an Event of Developer Default hereunder entitling City to pursue remedies including without limitation, termination of this Agreement and/or foreclosure under the Deed of Trust if without the prior written approval of the City, Developer assigns or Transfers this Agreement, the Improvements, or the Property, or any part thereof in violation of

Article VII. This Section 7.5.2 shall not apply to Transfers described in clauses (i), (ii), (iii), (iv) and (vii) of Section 7.3.

7.6 Recovery of City Costs. Within ten (10) days following City's delivery to Developer of an invoice detailing such costs, Developer shall reimburse City for all reasonable City costs, including but not limited to reasonable attorneys' fees, incurred in reviewing instruments and other legal documents proposed to effect a Transfer of this Agreement, the Property or the Improvements, or part thereof, and in reviewing the qualifications and financial resources of a proposed successor, assignee, or transferee; provided however, (i) reimbursement of City costs incurred in connection with review of Transfers proposed to be implemented prior to or concurrently with the Close of Escrow shall be included within the reimbursement limit set forth in Section 3.4 above, and (ii) no reimbursement shall be required in connection with City's review, if any, of Transfers described in clauses (i), (ii), or (iii) of Section 7.3.

ARTICLE VIII

SECURITY FINANCING AND RIGHTS OF MORTGAGEES

8.1 Mortgages and Deeds of Trust for Development. Mortgages and deeds of trust, or any other reasonable security instrument are permitted to be placed upon the Property or the Improvements only for the purpose of securing loans for the purpose of financing the acquisition of the Property, the design and construction of the Improvements, and other expenditures reasonably necessary for the development of the Project pursuant to this Agreement. Developer shall not enter into any conveyance for such financing that is not contemplated in the applicable Financing Plan as it may be updated with City approval, without the prior written approval of the Authorized Representative or his or her designee. As used herein, the terms "mortgage" and "deed of trust" shall mean any security instrument used in financing real estate acquisition, construction and land development.

8.2 Subordination. The City agrees that City will not withhold consent to reasonable requests for subordination of the Deed of Trust and Regulatory Agreement to deeds of trust provided for the benefit of lenders providing construction and/or permanent financing for the Project consistent with the approved Financing Plan as it may be updated with City approval, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default, including without limitation, extended notice and cure rights. Developer agrees to use best efforts to cause requested subordination agreements to include the rights set forth in Section 8.6 below.

8.3 Holder Not Obligated to Construct. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated to complete construction of the Project or to guarantee such completion. Nothing in this Agreement shall be deemed to permit or authorize any such holder to devote the Property or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

8.4 Notice of Default and Lender Right to Cure. Whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to each holder of record of any mortgage or deed of trust secured by the Property or the Improvements, provided that City has been provided with the address for delivery of such notice. City shall have no liability to any such holder for any failure by the City to provide such notice to such holder. Each such holder shall have the right, but not the obligation, at its option, to cure or remedy any such default or breach within the cure period provided to Developer. In the event that possession of the Property or the Improvements (or any portion thereof) is required to effectuate such cure or remedy, the holder shall be deemed to have timely cured or remedied the default if it commences the proceedings necessary to obtain possession of the Property or Improvements, as applicable, within the applicable cure period, diligently pursues such proceedings to completion, and after obtaining possession, diligently completes such cure or remedy. A holder who chooses to exercise its right to cure or remedy a default or breach shall first notify City of its intent to exercise such right prior to commencing to cure or remedy such default or breach. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the Project (beyond the extent necessary to conserve or protect the same) without first having expressly assumed in writing Developer's obligations to City under this Agreement. The holder in that event must agree to complete, in the manner provided in this Agreement, the Project and the Improvements and submit evidence reasonably satisfactory to City that it has the development capability on staff or retainer and the financial capacity necessary to perform such obligations. Any such holder properly completing the Project pursuant to this Section shall assume all rights and obligations of Developer under this Agreement.

8.5 Failure of Holder to Complete Improvements. In any case where, six (6) months after default by Developer in completion of construction of the Project, the holder of record of any mortgage or deed of trust has not exercised its option to construct the Project, or having first exercised such option, has not proceeded diligently with such work, City shall be afforded those rights against such holder that it would otherwise have against Developer under this Agreement.

8.6 City Right to Cure Defaults. In the event of a breach or default by Developer under a mortgage or deed of trust secured by the Property or the Improvements, City may cure the default, without acceleration of the subject loan, following prior notice thereof to the holder of such instrument and Developer. In such event, Developer shall be liable for, and City shall be entitled to reimbursement from Developer for all costs and expenses incurred by City associated with and attributable to the curing of the default or breach and such sum shall constitute a part of the indebtedness secured by the Deed of Trust.

8.7 Holder to be Notified. Developer agrees to use best efforts to ensure that each term contained herein dealing with security financing and rights of holders shall be either inserted into the relevant deed of trust or mortgage or acknowledged and accepted in writing by the holder prior to its creating any security right or interest in the Property or the Improvements.

8.8 Modifications to Agreement. City shall not unreasonably withhold its consent to modifications of this Agreement requested by Project lenders or investors provided such modifications do not alter City's substantive rights and obligations under this Agreement.

8.9 Estoppel Certificates. Either Party shall, at any time, and from time to time, within fifteen (15) days after receipt of written request from the other Party, execute and deliver to such Party a written statement certifying that, to the knowledge of the certifying Party: (i) this Agreement is in full force and effect and a binding obligation of the Parties (if such be the case), (ii) this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (iii) the requesting Party is not in default in the performance of its obligations under this Agreement, or if in default, describing the nature of any such defaults.

ARTICLE IX

DEFAULTS, REMEDIES AND TERMINATION

9.1 Event of Developer Default. The following events shall constitute an event of default on the part of Developer hereunder ("**Event of Developer Default**"):

(a) Developer fails to commence or complete construction of the Project within the time period set forth in Section 5.1, or subject to Force Majeure, abandons or suspends construction of the Project prior to completion for a period of sixty (60) days or more;

(b) Developer fails to pay when due the principal and interest (if any) payable under the Seller Carryback Note and such failure continues for thirty (30) days after City notifies Developer thereof in writing;

(c) A Transfer occurs, either voluntarily or involuntarily, in violation of Article VII;

(d) Developer fails to maintain insurance as required pursuant to this Agreement, and Developer fails to cure such default within five (5) days;

(e) Developer fails to pay prior to delinquency taxes or assessments due on the Property or fails to pay when due any other charge that may result in a lien on the Property, and Developer fails to cure such default within twenty (20) days of the date of delinquency, but in all events prior to the date upon which the holder of any such lien has the right to foreclose thereon;

(f) A default arises under any loan secured by a mortgage, deed of trust or other security instrument recorded against the Property and remains uncured beyond any applicable cure period such that the holder of such security instrument has the right to accelerate repayment of such loan;

(g) Any representation or warranty contained in this Agreement or in any application, financial statement, certificate or report submitted to the City in connection with this Agreement proves to have been incorrect in any material and adverse respect when made and continues to be materially adverse to the City;

(h) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (“**Bankruptcy Law**”), Developer or any general partner of an Approved Partnership that has acquired the Property or part thereof: (i) commences a voluntary case or proceeding; (ii) consents to the entry of an order for relief against Developer or any general partner of such Approved Partnership in an involuntary case; (iii) consents to the appointment of a trustee, receiver, assignee, liquidator or similar official for Developer or any general partner of such Approved Partnership ; (iv) makes an assignment for the benefit of its creditors; or (v) admits in writing its inability to pay its debts as they become due;

(i) A court of competent jurisdiction shall have made or entered any decree or order (1) adjudging the Developer to be bankrupt or insolvent, (2) approving as properly filed a petition seeking reorganization of the Developer or seeking any arrangement for Developer under bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (3) appointing a receiver, trustee, liquidator, or assignee of the Developer in bankruptcy or insolvency or for any of its properties, or (4) directing the winding up or liquidation of the Developer, in each case if such decree, order, petition, or appointment is not removed or rescinded within sixty (60) days;

(j) Developer shall have assigned its assets for the benefit of its creditors (other than pursuant to a mortgage loan) or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within sixty (60) days after such event (unless a lesser time period is permitted for cure pursuant to paragraphs (h) or (i) above or pursuant to any other mortgage on the Property, in which event such lesser time period shall apply under this subsection as well) or prior to any sooner sale pursuant to such sequestration, attachment, or execution;

(k) The Developer shall have voluntarily suspended its business or Developer shall have been dissolved or terminated;

(l) An event of default arises under any City Document and remains uncured beyond any applicable cure period; or

(m) Developer defaults in the performance of any term, provision, covenant or agreement contained in this Agreement other than an obligation enumerated in this Section 9.1 and unless a shorter cure period is specified for such default, the default continues for thirty (30) days after the date upon which City shall have given written notice of the default to Developer; provided however, if the default is of a nature that it cannot be cured within thirty (30) days, an Event of Developer Default shall not arise hereunder if Developer commences to cure the default within thirty (30) days and thereafter prosecutes the curing of such default with due diligence and in good faith to completion.

9.2 City Default. An event of default on the part of City (“**Event of City Default**”) shall arise hereunder if City fails to keep, observe, or perform any of its covenants, duties, or obligations under this Agreement, and the default continues for a period of sixty (60) days after written notice thereof from Developer to City, or in the case of a default which cannot with due

diligence be cured within sixty (60) days, City fails to commence to cure the default within sixty (60) days of such notice and thereafter fails to prosecute the curing of such default with due diligence and in good faith to completion.

9.3 City's Right to Terminate Agreement. If an Event of Developer Default shall occur and be continuing beyond any applicable cure period, then City shall, in addition to other rights available to it under law or this Agreement, have the right to terminate this Agreement. If City makes such election, City shall give written notice to Developer and to any mortgagee entitled to such notice specifying the nature of the default and stating that this Agreement shall expire and terminate on the date specified in such notice, and upon the date specified in the notice, this Agreement and all rights of Developer under this Agreement, shall expire and terminate.

9.4 City's Remedies and Rights Upon an Event of Developer Default. Upon the occurrence of an Event of Developer Default and the expiration of any applicable cure period, City shall have all remedies available to it under this Agreement or under law or equity, including, but not limited to the following, and City may, at its election, without notice to or demand upon Developer, except for notices or demands required by law or expressly required pursuant to the City Documents, exercise one or more of the following remedies:

- (a) Accelerate and declare the balance of the Seller Carryback Note and interest (if any) accrued thereon immediately due and payable;
- (b) Seek specific performance to enforce the terms of the City Documents;
- (c) Exercise its rights under the Assignment Agreement;
- (d) Foreclose on the Property pursuant to the Deed of Trust;
- (e) Terminate this Agreement pursuant to Section 9.3; and
- (f) Pursue any and all other remedies available under this Agreement or under law or equity to enforce the terms of the City Documents and City's rights thereunder.

9.5 Developer's Remedies Upon an Event of City Default. Upon the occurrence of an Event of City Default, in addition to pursuing any other remedy provided in this Agreement, Developer may bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions.

9.6 Remedies Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different time, of any other rights or remedies for the same or any other default by the other Party.

9.7 Inaction Not a Waiver of Default. No failure or delay by either Party in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive either Party of its rights to institute and maintain any action

or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

9.8 Power of Termination. If following conveyance of the Property to Developer, Developer (i) fails to begin construction of the Project within the time specified in Section 5.1 as such date may be extended pursuant to the terms hereof, (ii) abandons or suspends construction work for a period of sixty (60) days after written notice from City, (iii) fails to complete construction of the Project by the time specified in Section 5.1 as such date may be extended pursuant to the terms hereof, or (iv) directly or indirectly, voluntarily or involuntarily Transfers the Property or part thereof or this Agreement in violation of Article VII, the City may re-enter and take possession of the Property or any portion thereof with all improvements thereon without payment or compensation to Developer, and revert in the City the estate theretofore conveyed to the Developer. The interest created pursuant to this Section 9.8 shall be a "power of termination" as defined in California Civil Code Section 885.010, and shall be separate and distinct from the City's option to purchase the Property under the same or similar conditions specified in Section 9.9. City's rights pursuant to this Section 9.8 shall not defeat, render invalid or limit any mortgage or deed of trust permitted by this Agreement or any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust.

Upon revesting in the City of title to the Property or any portion thereof as provided in this Section 9.8, the City shall use its best efforts to resell the Property or applicable portion thereof and as soon as possible, in a commercially reasonable manner to a qualified and responsible party or parties (as determined by the City) who will assume the obligation of completing and operating the Project in accordance with the uses specified for such property in this Agreement and in a manner satisfactory to the City. Upon such resale of the Property or any portion thereof, the sale proceeds shall be applied as follows:

- (a) First, to reimburse the City for all costs and expenses incurred by City, including but not limited to salaries of personnel and legal fees incurred in connection with the recapture and resale of the Property; all taxes and assessments payable prior to resale, and all applicable water and sewer charges; any payments necessary to discharge any encumbrances or liens on the Property at the time of revesting of title thereto in the City or to discharge or prevent from attaching any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the completion of the Project or any part thereof on the Property; and any other amounts owed to the City by Developer and its successors or transferee pursuant to the City Documents or otherwise.
- (b) Second, to reimburse the City for damages to which it is entitled under this Agreement by reason of the Developer's default.
- (c) Third, to reimburse the Developer, its successor or transferee, up to the amount equal to:
 - (1) The payment made to the City for the Property; plus

(2) The fair market value of any new improvements constructed by Developer and existing on the Property at the time of City's exercise of its rights under this Section; less

(3) The outstanding balance payable under the Seller Carryback Note; less

(4) Any gains or income withdrawn or made by the Developer from the Property or applicable portion thereof or the improvements thereon.

Notwithstanding the foregoing, the amount calculated pursuant to this subsection (c) shall not exceed the fair market value of the Property or applicable portion thereof, together with the improvements thereon as of the date of the default or failure which gave rise to the City's exercise of the power of termination.

(5) Any balance remaining after such reimbursements shall be retained by the City.

The rights established in this Section 9.8 are to be interpreted in light of the fact that the City will convey the Property to the Developer for completion of the Project as specified herein and not for speculation.

9.9 Option to Purchase, Enter and Possess Upon Default. The City shall have the additional right at its option to purchase, enter and take possession of the Property with all improvements thereon (the "Repurchase Option"), if after conveyance of the Property, Developer (i) fails to begin construction of the Project within the time specified in Section 5.1 as such date may be extended pursuant to the terms hereof, (ii) abandons or suspends construction of the Project for a period of sixty (60) days after written notice from City, (iii) fails to complete construction of the Project by the time specified in Section 5.1 as such date may be extended pursuant to the terms hereof, or (iv) directly or indirectly, voluntarily or involuntarily Transfers the Property or part thereof or this Agreement in violation of Article VII. If it exercises Repurchase Option A, the City shall pay to the Developer cash in an amount equal to:

(i) The Purchase Price; plus

(ii) The fair market value of any new improvements constructed on the Property by Developer and existing on the Property at the time of exercise of the Option; less

(iii) Any gains or income withdrawn or made by the Developer from the applicable portion of the Property or the improvements thereon; less

(iv) The value of any liens or encumbrances on the applicable portion of the Property which the City assumes or takes subject to (including without limitation, the lien securing repayment of the Seller Carryback Note; less

(v) Any amounts owed to the City by Developer and its successors or transferee pursuant to the City Documents or otherwise; less

(vi) All taxes, assessments and utility charges payable with respect to the Property for the period prior to the date the City acquires title to the Property; less

(vii) The amount of any payments necessary to discharge or prevent from attaching any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees; less

(viii) Any damages to which the City is entitled under this Agreement by reason of Developer's default.

In order to exercise the Repurchase Option, the City shall give Developer written notice of such exercise, and Developer shall, within thirty (30) days after receipt of such notice, provide City with a summary of all of Developer's costs incurred as described in this Section 9.9. Within thirty (30) days of City's receipt of such summary, City shall pay into an escrow established for such purpose cash in the amount of all sums owing pursuant to this Section 9.9, and Developer shall execute and deposit into such escrow a grant deed transferring to City all of Developer's interest in the Property, or portion thereof, as applicable, and the improvements located thereon.

9.9.1 Treatment of Reserves. If City exercises its right to repossess the Property pursuant to Section 9.8, exercises its option to repurchase the Property pursuant to Section 9.9, or acquires the Project by foreclosure or deed in lieu of foreclosure, the balances of the Project replacement reserve and operating reserve as of the date the City delivers notice of exercise shall be transferred to City.

9.10 Memorandum of Power of Termination/Option to Purchase. The Parties shall cause a memorandum of the rights granted the City in Sections 9.8 and 9.9 of this Agreement to be recorded in the Official Records at the time of the Close of Escrow for conveyance of the Property to Developer. In addition, the rights afforded City pursuant to Sections 9.8 and 9.9 may be described in the Grant Deed.

9.11 Rights of Mortgagees. Any rights of the City under this Article IX shall not defeat, limit or render invalid any mortgage or deed of trust permitted by this Agreement or any rights provided for in this Agreement for the protection of holders of such instruments. Any conveyance or return of the Property to the City pursuant to this Article IX shall be subject to mortgages and deeds of trust permitted by this Agreement.

9.12 Assignment. The City shall have the right to assign the Repurchase Option to any other governmental entity, or a qualified nonprofit corporation.

9.13 Construction Plans. If this Agreement is terminated by mutual agreement of the Parties or by City as a result of an Event of Developer Default, pursuant to, and in accordance with the Assignment Agreement, the Developer, at no cost to the City, shall deliver to the City copies of all construction plans and studies in the Developer's possession or in the possession of the Developer's consultants related to development of the Project on the Property, including without limitation, the Construction Plans, subject only to the rights of senior lenders identified in the Financing Plan as it may be updated with City approval. If the City utilizes the

Construction Plans or studies, the City shall indemnify the Developer for any claims arising from such use.

9.14 Rights of Limited Partners. If the Project has been transferred to an Approved Partnership, whenever City delivers any notice of default hereunder, City shall concurrently deliver a copy of such notice to the limited partner(s) in accordance with Section 11.3. The limited partner(s) shall have the same right as Developer to cure or remedy any default hereunder within the cure period provided to Developer; provided however, if the default is of such nature that the limited partners reasonably determine that it is necessary to replace the general partner of Developer in order to cure such default, then the cure period shall be extended by an additional sixty (60) days after the removal and replacement of such general partner, provided that the limited partners have promptly commenced and diligently proceeded with all requisite actions to effect such removal and replacement.

ARTICLE X

INDEMNITY AND INSURANCE

10.1 Indemnity. Developer shall indemnify, defend (with counsel approved by City) and hold the Indemnitees harmless from and against any and all Claims (including without limitation, Claims arising from any injury, death, illness, property damage, or loss of property) arising directly or indirectly, in whole or in part, as a result of or in connection with the development, construction, improvement, operation, ownership or maintenance of the Project or the Property, or any part thereof by Developer or Developer's contractors, subcontractors, agents, employees or any other party acting for or on behalf of Developer, or otherwise arising out of or in connection with Developer's performance or failure to perform under this Agreement, including without limitation, Claims arising or alleged to have arisen in connection with any violation of Applicable Laws in connection with the development, operation or management of the Project, or relating to approval of the Project or approval of this Agreement. Developer's indemnification obligations under this Section 10.1 shall not extend to Claims to the extent arising from the gross negligence or willful misconduct of Indemnitees. The provisions of this Section 10.1 shall survive the expiration or earlier termination of this Agreement. It is further agreed that City does not and shall not waive any rights against Developer that it may have by reason of this indemnity and hold harmless agreement because of the acceptance by City, or the deposit with City by Developer, of any of the insurance policies described in this Agreement.

10.2 Insurance.

10.2.1 General Requirements. Project construction shall not commence until Developer shall have obtained all insurance required under this Section, nor shall Developer allow any contractor or subcontractor to commence work on the Project until all insurance required of the Developer and/or contractor or subcontractor shall have been so obtained. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements, and shall specifically bind the insurance carrier.

Developer shall procure and maintain the following insurance providing coverage against claims for injuries to persons or damages to property that may arise from or in connection with the development, construction, management, or operation of the Project by the Developer or the Developer's agents, representatives, employees and contractors, or subcontractors, including the following:

(a) Commercial General Liability: The Developer (and until issuance of the final certificate of occupancy or equivalent for the Project all contractors working on behalf of Developer on the Project) shall maintain a commercial general liability policy in an occurrence policy for protection against all claims arising from injury to person or persons not in the employ of the Developer and against all claims resulting from damage to any property due to any act or omission of the Developer, its agents, or employees in the conduct or operation of the work or the execution of this Agreement. Such insurance shall include products and completed operations liability, blanket contractual liability, personal injury liability, and broad form property damage coverage. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage.

(b) Commercial Automobile Liability: The Developer (and until issuance of the final certificate of occupancy or equivalent for the Project all contractors working on behalf of Developer on the Project) shall maintain insurance for protection against all claims arising from the use of vehicles, owned, hired, non-owned, or any other vehicle in connection with the development, construction, operation or management of the Project. Such insurance shall cover the use of automobiles and trucks on and off the site of the Property. Coverage shall be at least as broad as Insurance Services Office covering Commercial Automobile Liability, any auto, owned, non-owned and hired auto.

(c) Workers' Compensation Insurance: The Developer (and if the Property has been transferred to an Approved Partnership, the general partners thereof) shall furnish or cause to be furnished to City evidence satisfactory to City that Developer (and if the Property has been transferred to an Approved Partnership, the general partners thereof), and any contractor with whom Developer (or an Approved Partnership) has contracted for the performance of work on the Property or otherwise pursuant to this Agreement, shall maintain Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance.

(d) Builder's Risk: Upon commencement of construction work and continuing until issuance of the final certificate of occupancy or equivalent for the Project, Developer and all contractors working on behalf of Developer shall maintain a policy of builder's all-risk insurance in an amount not less than the full insurable cost of the Project on a replacement cost basis naming City as loss payee as its interests may appear.

(e) Professional Liability/Errors and Omissions: Developer shall require the Project architect, engineer, and general contractor to maintain Professional Liability/Errors and Omissions insurance. Certificates evidencing this coverage must reference both the Developer and the Indemnitees. If the professional liability/errors and omissions insurance is written on a claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three

(3) years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Developer must purchase, or require the provision of, extended period coverage for a minimum of three (3) years after completion of construction.

(f) Property: Commencing upon completion of construction of the Project, Developer shall maintain property insurance covering all risks of loss, for 100% of the replacement value of the Project with deductible, if any, in an amount acceptable to City, naming City as loss payee as its interests may appear.

(g) Pollution Legal Liability Insurance: Developer shall require the contractor to carry pollution liability insurance to provide third-party coverage for bodily injury, property damage, cleanup, and related defense costs.

10.2.2 Minimum Limits; Adjustments. Insurance shall be maintained with limits no less than the following:

(a) Commercial General Liability and Property Damage: \$2,000,000 per occurrence and \$5,000,000 annual aggregate for bodily injury, personal injury and property damage; provided however, subcontractors may maintain liability coverage with limits not less than \$1,000,000 per occurrence, \$2,000,000 annual aggregate.

(b) Products and Completed Operations: \$3,000,000 per occurrence/aggregate.

(c) Commercial Automobile Liability: \$2,000,000 combined single limit.

(d) Employer's Liability:

Bodily Injury by Accident - \$1,000,000 each accident.

Bodily Injury by Disease - \$1,000,000 policy limit.

Bodily Injury by Disease - \$1,000,000 each employee.

(e) Professional Liability/Errors and Omissions: \$2,000,000 per occurrence or claim; provided however, subcontractors may maintain coverage with limits not less than \$1,000,000 per occurrence or claim. If the policy provides coverage on a claims-made basis, the retroactive date must be shown and must be before the date of the Agreement or the beginning of the contract work.

(f) Pollution Liability Insurance: Contractors' pollution legal liability with limits no less than \$1,000,000 per occurrence or claim and \$2,000,000 policy aggregate. If the policy provides coverage on a claims-made basis, the retroactive date must be shown and must be before the date of the Agreement or the beginning of the contract work.

10.2.3 Deductibles and Self-Insured Retention. Any deductibles or self-insured retention must be declared to the City. Payment of all deductibles and self-insured retentions will be the responsibility of Developer. If the City determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects the Indemnitees or Developer shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense.

10.2.4 Additional Requirements. The required general liability and automobile policies shall contain, or be endorsed to contain, the following provisions:

1) The Indemnitees are to be covered as Additional Insureds as respects: liability arising out of activities performed by or on behalf of the Developer; products and completed operations of the Developer; premises owned, occupied or used by the Developer; or automobiles owned, leased, hired or borrowed by the Developer. The coverage shall contain no special limitations on the scope of protection afforded to the Indemnitees. Additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

2) All insurance shall be primary insurance as respects the Indemnitees. Any insurance or self-insurance maintained by the Indemnitees shall be excess of the Developer's/contractor's insurance and shall not contribute with it.

3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Indemnitees.

4) The Developer's insurance shall apply separately to each insured against whom claim is made or suit is brought except, with respect to the limits of the insurer's liability.

5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

6) If any insurance policy or coverage required hereunder is canceled or reduced, Developer shall, within five (5) days after receipt of notice of such cancellation or reduction in coverage, but in no event later than the effective date of cancellation or reduction, file with City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon failure to so file such certificate, City may, without further notice and at its option, procure such insurance coverage at Developer's expense, and Developer shall promptly reimburse City for such expense upon receipt of billing from City.

7) Developer agrees to waive subrogation rights for commercial general liability, automobile liability and worker's compensation against Indemnitees regardless of the applicability of any insurance proceeds, and to require all contractors, subcontractors or others involved in any way with the Services to do likewise. Each insurance policy shall contain a

waiver of subrogation for the benefit of City. If any required insurance is provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs are included in such annual aggregate limit, such annual aggregate limit shall be three times the applicable occurrence limits specified above.

8) It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirement and/or limits shall be available to the additional insured. Furthermore, the requirement for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater. For all liability insurance required by this Agreement, Developer (and Developer's contractors, as applicable) shall obtain endorsements that name the Indemnitees as additional insured in the full amount of all applicable policies, notwithstanding any lesser minimum limits specified in this Agreement. This Agreement requires Developer (and Developer's contractors) to obtain and provide for the benefit of the Indemnitees, additional insured coverage in the same amount of insurance carried by Developer (or Developer's contractors, as applicable), but in no event less than the minimum amounts specified in this Agreement. In the event that Developer (or Developer's contractors as applicable) obtains insurance policies that provide liability coverage in excess of the amounts specified in this Agreement, the actual limits provided by such policies shall be deemed to be the amounts required under this Agreement. Without limiting the foregoing, the limits of liability coverage specified in this Agreement are not intended, nor shall they operate, to limit City's ability to recover amounts in excess of the minimum amounts specified in this Agreement.

9) The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

10.2.5 Acceptability of Insurers. Companies writing the insurance required hereunder shall be licensed to do business in the State of California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII.

10.2.6 Verification of Coverage. Prior to the Effective Date of this Agreement, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraphs (a), (b), (c), and (e) of Section 10.2.1 above, duly executed endorsements evidencing the Indemnitees' status as additional insured, and all other endorsements and coverage required hereunder pertaining to such coverage. Prior to commencement of construction work, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraphs (d) and (g) of Section 10.2.1 above. Prior to City's issuance of a final certificate of occupancy or equivalent for the Project, Developer shall furnish City with certificates of insurance in form acceptable to City evidencing the insurance coverage required under paragraph (f) of Section 10.2.1 above. Developer shall furnish the City with original endorsements effecting coverage required by this clause. The endorsements are to be signed by a person authorized by that insurer

to bind coverage on its behalf. All endorsements are to be received and approved by the City before the Services commence.

10.2.7 Insurance Certificates and Endorsements. The City of Petaluma uses the online insurance program, PINS Advantage. The Developer will receive an e-mail from the City of Petaluma's online insurance program requesting to forward the e-mail to their insurance provider(s) in order to submit all the necessary insurance documents, including the applicable amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of required Developer policies listing all required policy endorsements to the City. Insurance Certificates and Endorsements are to be received and approved by the City within the time periods specified in Section 10.2.6 above. Should Developer cease to have insurance as required at any time, all work by Developer pursuant to this Agreement shall cease until insurance acceptable to the City is provided. Upon City's request, Developer shall, within thirty (30) days of the request, provide or arrange for the insurer to provide to City, complete certified copies of all insurance policies required under this Agreement. City's failure to make such request shall not constitute a waiver of the right to require delivery of the policies in the future.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 No Brokers. Each Party warrants and represents to the other that no person or entity can properly claim a right to a real estate commission, brokerage fee, finder's fee, or other compensation with respect to the transactions contemplated by this Agreement. Each Party agrees to defend, indemnify and hold harmless the other Party from any claims, expenses, costs or liabilities arising in connection with a breach of this warranty and representation. The terms of this Section shall survive the close of escrow and the expiration or earlier termination of this Agreement.

11.2 Enforced Delay; Extension of Times of Performance. The time for performance of provisions of this Agreement by either Party shall be extended for a period equal to the period of any delay directly affecting the Project or this Agreement which is caused by war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of a public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, suits filed by unrelated third parties concerning or arising out of this Agreement or unseasonable weather conditions ("Force Majeure"). An extension of time for any of the above-specified causes will be deemed granted only if written notice by the Party claiming such extension is sent to the other Party within ten (10) calendar days from the commencement of the cause. City and Developer acknowledge that adverse changes in economic conditions, either of the affected Party specifically or the economy generally, changes in market conditions or demand, and/or inability to obtain financing to complete the Project shall not constitute grounds of enforced delay pursuant to this Section. Each Party expressly assumes the risk of such adverse economic or market changes and/or financial inability, whether or not foreseeable as of the Effective Date.

Times of performance under this Agreement may also be extended in writing by the mutual agreement of Developer and City (acting in the reasonable discretion of the Authorized

Representative unless he or she determines in his or her discretion to refer such matter to the City Council). If Developer requires additional time despite its diligent efforts to meet the performance deadlines set forth in this Agreement, City will not unreasonably withhold consent to a request for extension of such deadlines.

11.3 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement or any other City Document shall be made in writing, and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City: City of Petaluma
11 English Street
Petaluma, CA 94952
Attention: City Manager

Developer: Petaluma Ecumenical Properties
951 Petaluma Boulevard South
Petaluma, CA 94952
Attention: Executive Director

11.4 Attorneys' Fees. If either Party fails to perform any of its obligations under this Agreement, or if any dispute arises between the Parties concerning the meaning or interpretation of any provision hereof, then the prevailing Party in any proceeding in connection with such dispute shall be entitled to the costs and expenses it incurs on account thereof and in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements.

11.5 Waivers; Modification. No waiver of any breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision hereof, and no waiver shall be valid unless in writing and executed by the waiving Party. An extension of time for performance of any obligation or act shall not be deemed an extension of the time for performance of any other obligation or act, and no extension shall be valid unless in writing and executed by the Party granting the extension. This Agreement may be amended or modified only by a written instrument executed by the Parties.

11.6 Binding on Successors. Subject to the restrictions on Transfers set forth in Article VII, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law.

11.7 Survival. All representations made by Developer hereunder, Developer's obligations pursuant to Sections 5.11, 5.14, 5.15, 5.21, 5.21.1, 5.21.2, 6.1, 6.5, 6.7, 10.1 and 11.1, and City's rights under Section 9.8 and 9.9, and all other provisions that expressly so state, shall survive the expiration or termination of this Agreement.

11.8 Headings; Interpretation; Statutory References. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties acknowledge that this Agreement is the product of negotiation and compromise on the part of both Parties, and the Parties agree, that since both Parties have participated in the negotiation and drafting of this Agreement, this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it. All references in the City Documents to particular statutes, regulations, ordinances or resolutions of the United States, the State of California, or the City of Petaluma shall be deemed to include the same statute, regulation, ordinance or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject.

11.9 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City's Authorized Representative or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the Authorized Representative determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

11.10 Entire Agreement. This Agreement, including Exhibits A through I attached hereto and incorporated herein by this reference, together with the other City Documents contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof. If the Exhibits to this Agreement are inconsistent with this Agreement, the more restrictive requirements shall control, as determined by the City's Authorized Representative. In the event of a conflict between this Agreement and the other City Documents, the more restrictive requirements shall control, as determined by the Authorized Representative.

11.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Party. Any executed counterpart of this Agreement may be delivered to the other Party by facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

11.12 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

11.13 No Third-Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

11.14 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of Developer and City is and shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership or any other relationship. City neither undertakes nor assumes any responsibility or duty to Developer (except as expressly provided in this Agreement) or to any third party with respect to the Project or the City financing described herein. Developer and its employees are not employees of City but rather are, and shall always be, considered independent contractors. Furthermore, Developer and its employees shall at no time hold themselves out as employees or agents of City. Except as City may specify in writing, Developer shall not have any authority to act as an agent of City or to bind City to any obligation.

11.15 Time of the Essence; Calculation of Time Periods. Time is of the essence for each condition, term, obligation and provision of this Agreement. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a business day, in which event the period shall run until the next business day. The final day of any such period shall be deemed to end at 5:00 p.m., local time at the Property. For purposes of this Agreement, a "business day" means a day that is not a Saturday, Sunday, a federal holiday or a state holiday under the laws of the State of California.

11.16 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Sonoma County, California or in the Federal District Court for the Northern District of California.

11.17 Inspection of Books and Records. Upon request, Developer shall permit the City to inspect at reasonable times and on a confidential basis those books, records and all other documents of Developer necessary to determine Developer's compliance with the terms of this Agreement.

11.18 Political Activity. None of the funds, materials, property or services contributed by City to Developer under this Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

11.19 Non-Liability of City Officials, Employees and Agents. No member, official, employee or agent of the City shall be personally liable to the Developer in the event of any default or breach by the City or for any amount which may become due to the Developer or its successor or on any obligation under the terms of this Agreement.

11.20 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in subsection (b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. The Developer shall exercise due diligence to ensure that the prohibition in this Section is followed.

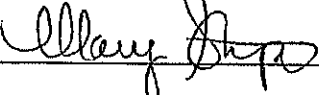
(b) In accordance with Government Code Section 1090 and the Political Reform Act, Government Code Section 87100 *et seq.*, no person who is a director, officer, partner, trustee or employee or consultant of the Developer, or immediate family member of any of the preceding, shall make or participate in a decision, made by the City or a City board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or the Developer. Interpretation of this Section shall be governed by the definitions and provisions used in the Political Reform Act, Government Code Section 87100 *et seq.*, its implementing regulations manual and codes, and Government Code Section 1090.

SIGNATURES ON FOLLOWING PAGES.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date first written above.

DEVELOPER:

Petaluma Ecumenical Properties, a California nonprofit public benefit corporation

By: 

Print Name: Mary Stamps

Title: Executive Director

CITY:

City of Petaluma, a municipal corporation

By: 
John C. Brown, City Manager

ATTEST: 
Claire Cooper, City Clerk

APPROVED AS TO FORM:


Eric W. Danly, City Attorney

Exhibit A

LEGAL DESCRIPTION OF THE PROPERTY
(Attach legal description of the Property.)

Exhibit A-1

DIAGRAM OF RIVER TRAIL LOCATION
(Attach diagram.)

Exhibit B

FORM OF ASSIGNMENT AGREEMENT
(Attach form of Assignment Agreement.)

Exhibit C

FORM OF SELLER CARRYBACK PROMISSORY NOTE
(Attach form of Note.)

Exhibit D

FORM OF DEED OF TRUST
(Attach form of Deed of Trust.)

Exhibit E

**FORM OF AFFORDABLE HOUSING REGULATORY AGREEMENT AND
DECLARATION OF COVENANTS**
(Attach form of Regulatory Agreement.)

Exhibit F

FINANCING PLAN
(Attach Financing Plan when approved.)

Exhibit G

FORM OF CERTIFICATE OF COMPLETION
(Attach form of Certificate.)

Exhibit H

FORM OF MEMORANDUM OF OPTION AND LOAN AGREEMENT
(Attach form of Memorandum.)

RECEIVED

JAN 25 2019

PEP Housing

FINDING OF NO SIGNIFICANT IMPACT AND
NOTICE OF INTENT TO REQUEST RELEASE OF FUNDS AND
FINAL NOTICE AND PUBLIC EXPLANATION OF A PROPOSED ACTIVITY IN A 100-YEAR FLOODPLAIN

January 24, 2019

City of Petaluma
11 English Street
Petaluma, CA 94952

This Notice shall satisfy the above-cited three separate but related procedural notification requirements for activities to be undertaken by City of Petaluma.

REQUEST FOR RELEASE OF FUNDS

On or about February 11, 2019, the City of Petaluma will authorize the Housing Authority of the City of Santa Rosa to submit a request to the U.S. Department of Housing and Urban Development for the release of 20 Veterans Affairs Supportive Housing Vouchers (HUD-VASH) as authorized by the United States Housing Act of 1937, Section 8(c)(9), as amended, to undertake a project known as River City Senior Apartments for the purpose of providing affordable senior housing.

PEP Housing proposes to acquire and develop River City Senior Apartments, a 54-unit affordable senior housing project on a 1.31-acre parcel (APN 008-530-007) with address 951 Petaluma Blvd. S, Petaluma, Sonoma County, California 94952. A one-story commercial building currently utilized as PEP Housing's corporate offices will be demolished to construct the project. Three two- and three-story buildings will be constructed and contain 53 one-bedroom units and one two-bedroom unit for an onsite manager. Petaluma Boulevard frontage will be a three-story elevation. A total of 42 parking spaces will be provided onsite. Onsite amenities include a dog run and two-story community building with community room, office, group room and wellness center.

The northern portion adjacent to Petaluma River will be developed with a community path and patio area. The path will be set back 20 feet (20') from the river bank and a small floodplain area will be avoided entirely. The nearest building will be set back approximately 30 feet and contain the community room. No impacts to wetlands and floodplains will occur as a result of the project.

Consistent with the requirements of the City's Request for Proposals for development of the property and the City's River Access and Enhancement Plan, PEP Housing will construct a bicycle and pedestrian trail on City-owned land adjacent to the eastern boundary of the property that will connect to existing and planned river access trail segments on the properties adjacent to the property and to the existing dock on the Petaluma River. The trail will be constructed in accordance with specifications by the City of Petaluma including installation of fencing with gates. The City will provide PEP with a temporary construction easement to allow for construction of the improvements. The project will be affordable to low-income seniors and senior veterans aged 55 years and older.

Total project cost is estimated to be \$25,000,000.

Review Record (ERR) on file at the City of Petaluma, 11 English Street, Petaluma, CA 94952, and may be examined or copied weekdays 9:00 A.M. to 5:00 P.M.

PUBLIC COMMENTS

Any individual, group or agency disagreeing with this determination or wishing to comment on the project may submit written comments to Sue Castellucci, Housing Administrator, City of Petaluma, 11 English Street, Petaluma, CA 94952. All comments received by 5:00 PM on Friday, February 8, 2019 will be considered by City of Petaluma prior to submission of a request for release of funds. Comments should specify which Notice they are addressing.

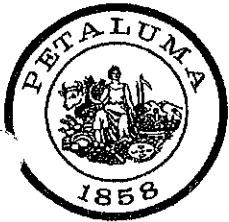
ENVIRONMENTAL CERTIFICATION

City of Petaluma certifies to the U.S. HUD that Scott Brodhun, in his capacity as City Manager, in his capacity as NEPA Certifying Officer, consents to accept the jurisdiction of the Federal Courts if an action is brought to enforce responsibilities in relation to the environmental review process and that these responsibilities have been satisfied. HUD's approval of the certification satisfies its responsibilities under NEPA and related laws and authorities, and allows the City of Petaluma to use Program funds.

OBJECTIONS

U.S. HUD Office will accept objections to the Responsible Entity's (RE) Request for Release of Funds and Environmental Certification for a period of fifteen days following the submission date specified above or the actual receipt of the request (whichever is later) only if they are on the following bases: (a) the certification was not executed by the Certifying Officer or other officer of the City of Petaluma approved by the U.S. HUD; (b) the RE has omitted a step or failed to make a determination or finding required by HUD regulations at 24 CFR Part 58 or by CEQ regulations at 40 CFR 1500-1508, as applicable; (c) the RE has omitted one or more steps in the preparation, completion or publication of the Environmental Assessment or Environmental Impact Study per 24 CFR Subparts E, F or G of Part 58, as applicable; (d) the grant recipient or other participants in the development process has committed funds for or undertaken activities not authorized by 24 CFR Part 58 before release of funds and approval of the environmental certification; (e) another Federal, State or local agency has submitted a written finding that the project is unsatisfactory from the standpoint of environmental quality. Objections must be prepared and submitted in accordance with the required procedures (24 CFR Part 58, Section 58.75) and shall be addressed to Gerard Windt, Director of Public and Indian Housing, United States Department of Housing and Urban Development, One Sansome Street, Suite 1200, San Francisco, CA 94104. Potential objectors should contact HUD to verify the actual last day of the objection period.

Scott Brodhun, City Manager



CITY OF PETALUMA

POST OFFICE BOX 61
PETALUMA, CA 94953-0061

February 12, 2019

Teresa Barrett
Mayor

D'Lynda Fischer
Mike Healy
Gabe Kearney
Dave King
Kevin McDonnell
Kathy Miller
Councilmembers

Gerard R. Windt, Director
Office of Public and Indian Housing
U.S. HUD Region IX
One Sansome Street, Suite 1200
San Francisco, CA 94104

Request for Release of Funds:

River City Senior Apartments
Veterans Affairs Supportive Housing Vouchers (HUD-VASH)
951 Petaluma Blvd., South, Petaluma, CA 94952

Dear Director Windt,

Attached please find a completed *Request for Release of Funds and Certification* for the River City Senior Apartment project. PEP Housing proposes to develop a 54-unit affordable senior/veteran housing project at the above address. The total project cost is \$24,682,024 from all funding sources including this request for nineteen HUD-VASH vouchers from the Housing Authority of the City of Santa Rosa.

In accordance with these plans, the City of Petaluma, as the Responsible Entity has approved the Environmental Assessment for the project and determined that the project will not result in a significant impact on the quality of the human environment. A copy of the Environmental Assessment (EA) for the project was made available for review at the City of Petaluma City Clerk's office. The City of Petaluma published a combined *Finding of No Significant Impact (FONSI) and Intent to Request for Release of Funds (RROF) Notice* for the project, as required by 24 CFR Part 58 on January 24, 2019. Subsequently, on February 11, 2019 the public comment period passed and no comments were received.

Enclosed is the Request for Release of Funds (RROF) and Certification, Public Notices, Proof of Publication, and Mailing List of Interested Parties for the project. The documents are being provided to facilitate remaining NEPA processing actions to be conducted by your agency. The City is requesting an "Authority to Use Grant Funds" (HUD 7015.16) per Section 58.70 and 58.71.

City Manager's Office
11 English Street
Petaluma, CA 94952

Phone (707) 778-4345
Fax (707) 778-4419
E-Mail:
citymgr@ci.petaluma.ca.us

Economic Development
Phone (707) 778-4549
Fax (707) 778-4586

Housing Division
Phone (707) 778-4555
Fax (707) 778-4586

Information Technology Division
Phone (707) 778-4417
Fax (707) 776-3623



Please contact me if you have any further questions regarding this project. My phone number is 707-778-4563 and my email address is scastellucci@ci.petaluma.ca.us . Thank you.

Sincerely,

Sue Castellucci

Sue Castellucci
Housing Administrator

enclosures

Request for Release of Funds and Certification

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

OMB No. 2506-0087
(exp. 03/31/2020)

This form is to be used by Responsible Entities and Recipients (as defined in 24 CFR 58.2) when requesting the release of funds, and requesting the authority to use such funds, for HUD programs identified by statutes that provide for the assumption of the environmental review responsibility by units of general local government and States. Public reporting burden for this collection of information is estimated to average 36 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Part 1. Program Description and Request for Release of Funds (to be completed by Responsible Entity)

1. Program Title(s) Veterans Affairs Supportive Housing Vouchers (HUD-VASH)	2. HUD/State Identification Number	3. Recipient Identification Number (optional)
4. OMB Catalog Number(s) CDFA No. 14.871 - HUD-VASH Vouchers	5. Name and address of responsible entity City of Petaluma 11 English Street Petaluma, CA 94952	
6. For information about this request, contact (name & phone number) Sue Castellucci, (707) 778-4563 scastellucci@ci.petaluma.ca.us	7. Name and address of recipient (if different than responsible entity) Housing Authority of the City of Santa Rosa 90 Santa Rosa Avenue Santa Rosa, CA 95404	
8. HUD or State Agency and office unit to receive request U.S. HUD – San Francisco Regional Office, Region IX Office of Public and Indian Housing One Sansome Street, Suite 1200, San Francisco, CA 94104	<p>The recipient(s) of assistance under the program(s) listed above requests the release of funds and removal of environmental grant conditions governing the use of the assistance for the following</p>	
9. Program Activity(ies)/Project Name(s) River City Senior Apartments	10. Location (Street address, city, county, State) 951 Petaluma Boulevard South, Petaluma, Sonoma County, California 94952 (APN 008-530-007)	

11. Program Activity/Project Description

PEP Housing proposes to acquire and develop River City Senior Apartments, a 54-unit affordable senior housing project on a 1.31-acre parcel (APN 008-530-007) with address 951 Petaluma Blvd. S, Petaluma, Sonoma County, California 94952. A one-story commercial building currently utilized as PEP Housing's corporate offices will be demolished to construct the project. Three two- and three-story buildings will be constructed and contain 53 one-bedroom units and one two-bedroom unit for an onsite manager. Petaluma Boulevard frontage will be a three-story elevation. A total of 42 parking spaces will be provided onsite. Onsite amenities include a dog run and two-story community building with community room, office, group room and wellness center.

The northern portion adjacent to Petaluma River will be developed with a community path and patio area. The path will be set back 20 feet (20') from the river bank and a small floodplain area will be avoided entirely. The nearest building will be set back approximately 30 feet and contain the community room. No impacts to wetlands and floodplains will occur as a result of the project.

Consistent with the requirements of the City's Request for Proposals for development of the property and the City's River Access and Enhancement Plan, PEP Housing will construct a bicycle and pedestrian trail on City-owned land adjacent to the eastern boundary of the property that will connect to existing and planned river access trail segments on the properties adjacent to the property and to the existing dock on the Petaluma River. The trail will be constructed in accordance with specifications by the City of Petaluma including installation of fencing with gates. The City will provide PEP with a temporary construction easement to allow for construction of the improvements. The project will be affordable to low-income seniors and senior veterans aged 55 years and older.

The total estimated project cost is \$25,000,000 which includes this request for 20 HUD-VASH Vouchers.


Part 2. Environmental Certification (to be completed by responsible entity)

With reference to the above Program Activity(ies)/Project(s), I, the undersigned officer of the responsible entity, certify that:

1. The responsible entity has fully carried out its responsibilities for environmental review, decision-making and action pertaining to the project(s) named above.
2. The responsible entity has assumed responsibility for and complied with and will continue to comply with, the National Environmental Policy Act of 1969, as amended, and the environmental procedures, permit requirements and statutory obligations of the laws cited in 24 CFR 58.5; and also agrees to comply with the authorities in 24 CFR 58.6 and applicable State and local laws.
3. The responsible entity has assumed responsibility for and complied with and will continue to comply with Section 106 of the National Historic Preservation Act, and its implementing regulations 36 CFR 800, including consultation with the State Historic Preservation Officer, Indian tribes and Native Hawaiian organizations, and the public.
4. After considering the type and degree of environmental effects identified by the environmental review completed for the proposed project described in Part 1 of this request, I have found that the proposal did did not require the preparation and dissemination of an environmental impact statement.
5. The responsible entity has disseminated and/or published in the manner prescribed by 24 CFR 58.43 and 58.55 a notice to the public in accordance with 24 CFR 58.70 and as evidenced by the attached copy (copies) or evidence of posting and mailing procedure.
6. The dates for all statutory and regulatory time periods for review, comment or other action are in compliance with procedures and requirements of 24 CFR Part 58.
7. In accordance with 24 CFR 58.71(b), the responsible entity will advise the recipient (if different from the responsible entity) of any special environmental conditions that must be adhered to in carrying out the project.

As the duly designated certifying official of the responsible entity, I also certify that:

8. I am authorized to and do consent to assume the status of Federal official under the National Environmental Policy Act of 1969 and each provision of law designated in the 24 CFR 58.5 list of NEPA-related authorities insofar as the provisions of these laws apply to the HUD responsibilities for environmental review, decision-making and action that have been assumed by the responsible entity.
9. I am authorized to and do accept, on behalf of the recipient personally, the jurisdiction of the Federal courts for the enforcement of all these responsibilities, in my capacity as certifying officer of the responsible entity.

Signature of Certifying Officer of the Responsible Entity X 	Title of Certifying Officer Scott Brodhun, City Manager
	Date signed 2/12/19

Address of Certifying Officer

City Manager's Office, 11 English Street, Petaluma, CA 94952

Part 3. To be completed when the Recipient is not the Responsible Entity

The recipient requests the release of funds for the programs and activities identified in Part 1 and agrees to abide by the special conditions, procedures and requirements of the environmental review and to advise the responsible entity of any proposed change in the scope of the project or any change in environmental conditions in accordance with 24 CFR 58.71(b).

Signature of Authorized Officer of the Recipient X	Title of Authorized Officer Christine Gouig, Executive Director
	Date signed

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Environmental Assessment

River City Senior Apartments

951 Petaluma Boulevard South
Petaluma, Sonoma County, California 94952



Determinations and Compliance Findings
for HUD-assisted Projects
24 CFR Part 58

November 2018



U.S. Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410
www.hud.gov
espanol.hud.gov

Environmental Assessment
Determinations and Compliance Findings for HUD-assisted Projects
24 CFR Part 58

Project Identification:	River City Senior Apartments 951 Petaluma Blvd. S Petaluma, CA 94952
Responsible Entity:	City of Petaluma
Preparer:	AEM Consulting
Month/Year:	November 2018

Table of Contents

Project Information.....	8
Project Location	9
Project Photograph.....	10
Parcel Map.....	11
Description of the Proposed Project.....	12
Statement of Purpose and Need for the Proposal	18
Regional Outlook.....	18
Local Perspective	19
Existing Conditions and Trends	19
Existing Conditions.....	19
Site Characteristics.....	20
Trends.....	20
Funding Information	21
Estimated Total HUD Funded Amount:.....	21
Estimated Total Project Cost.....	21
Compliance with 24 CFR 50.4, 58.5, and 58.6 Laws and Authorities	22
STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 and 58.6	22
Airport Hazards.....	22
Coastal Barrier Resources	22
Flood Insurance	22
STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 & 58.5	23
Clean Air.....	23
General Conformity Rule	23
Impact Significance under NEPA.....	24
Construction Impacts.....	24
Operational Impacts	25
Greenhouse Gas Emissions.....	26
Impact Analysis	26
Construction GHG emissions	27
Operational GHG emissions	27

Conclusion..... 28

Exposure of Future Residents to Toxic Air Contaminants 28

Resident TAC Impacts 28

Coastal Zone Management 30

Contamination and Toxic Substances 30

 Phase I Environmental Site Assessment..... 30

 Physical Setting 31

 Historical Review of Site and Vicinity 32

 Regulatory Database Records Review 32

 Vapor Migration..... 32

 Findings..... 33

Endangered Species 35

 Species of Concern..... 35

 Project Impacts 36

Explosive and Flammable Hazards 36

Farmlands Protection..... 37

Floodplain Management 37

Historic Preservation..... 37

 Undertaking 37

 Existing Conditions 38

 Area of Potential Effects 38

 Evaluation 38

 Native American Contacts..... 39

 Conclusion..... 40

 Recommended Determination 41

 Consultation..... 41

Noise Abatement and Control 41

 Project-generated Noise 41

Sole Source Aquifers 43

Wetlands Protection 43

Wild and Scenic Rivers 43

Environmental Justice 43

Environmental Assessment Factors	44
LAND DEVELOPMENT.....	44
Conformance with Plans / Compatible Land Use and Zoning / Scale and Urban Design	44
Petaluma General Plan 2025.....	44
Central Petaluma Specific Plan	45
River Access and Enhancement Plan.....	46
Soil Suitability/ Slope/ Erosion/ Drainage/ Storm Water Runoff.....	46
Soil Suitability.....	46
Slope	48
Erosion	48
Drainage/Storm Water Runoff	48
Hazards and Nuisances Including Site Safety and Noise	50
Site Safety	50
Supplemental Geotechnical Recommendations	54
Noise.....	55
Energy Consumption.....	56
SOCIOECONOMIC.....	56
Employment and Income Patterns	56
Demographic Character Changes, Displacement.....	56
COMMUNITY FACILITIES AND SERVICES	57
Educational and Cultural Facilities	57
Educational Facilities.....	57
Cultural Facilities.....	57
Commercial Facilities	58
Health Care and Social Services	58
Health Care	58
Social Services.....	58
Solid Waste Disposal / Recycling.....	59
Waste Water / Sanitary Sewers	59
Water Supply	59
Public Safety - Police, Fire and Emergency Medical.....	59
Parks, Open Space and Recreation	60

Transportation and Accessibility	61
Transportation	61
Accessibility.....	62
NATURAL FEATURES	62
Unique Natural Features, Water Resources.....	62
Vegetation, Wildlife	62
Other Factors	63
Additional Studies Performed:.....	63
Field Inspection.....	63
List of Sources, Agencies and Persons Consulted	63
List of Permits Obtained	63
Public Outreach	63
Cumulative Impact Analysis	63
Alternatives.....	63
No Action Alternative.....	63
Summary of Findings and Conclusions.....	64
Mitigation Measures and Conditions.....	64
Contamination & Hazardous Substances.....	64
Endangered Species.....	64
Geotechnical.....	65
Historic Preservation.....	65
Noise.....	66
Stormwater.....	66
Determination:.....	71
River City Senior Apartments Source Documentation	72

Figures:

<i>Figure 1 Aerial View (courtesy Google Earth)</i>	10
<i>Figure 2 Assessor Parcel Map</i>	11
<i>Figure 3 Site Plan</i>	13
<i>Figure 4 Partial Site / First floor plan at Community Center</i>	14
<i>Figure 5 Petaluma Blvd. Elevation</i>	15
<i>Figure 6 Community Room</i>	16
<i>Figure 7 Emergency Vehicle Access Plan</i>	17

<i>Figure 8 Active Fault Map</i>	51
<i>Figure 9 Sonoma County Airport Safety Compatibility Zones</i>	79

Maps:

<i>Map 1 Region</i>	9
<i>Map 2 Detail</i>	9

Tables:

<i>Table 1 Sonoma County Housing Needs Allocation, 2014 to 2022</i>	19
<i>Table 2 Annual Construction Emissions</i>	25
<i>Table 3 Project Operational Emissions (tons per year)</i>	26
<i>Table 4 Estimated Total Greenhouse Gas Emissions</i>	27
<i>Table 5 Historical Use of Subject Property</i>	32
<i>Table 6 2013 California Building Code Factors</i>	52

Appendices:

Appendix A – Project Description

Appendix B – Airports

Appendix C – Floodplains, Wetlands and Biology

Appendix D – Air Quality and Greenhouse Gas Emissions

Appendix E – Contamination and Toxic Substances

Appendix F – Historic Preservation

Appendix G – Noise and Traffic

Appendix H – Soils and Miscellaneous



U.S. Department of Housing and Urban
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Environmental Assessment

Determinations and Compliance Findings for HUD-assisted Projects

24 CFR Part 58

Project Information

Project Name: River City Senior Apartments

Responsible Entity: City of Petaluma
11 English Street
Petaluma, CA 94952

Grant Recipient (if different than Responsible Entity): Housing Authority of the City of Santa Rosa
90 Santa Rosa Avenue
Santa Rosa, CA 95404

State/Local Identifier:

Preparer: Cinnamon Crake, Associate, AEM Consulting

Certifying Officer Name and Title: John C. Brown, City Manager

Grant Recipient (if different than Responsible Entity):

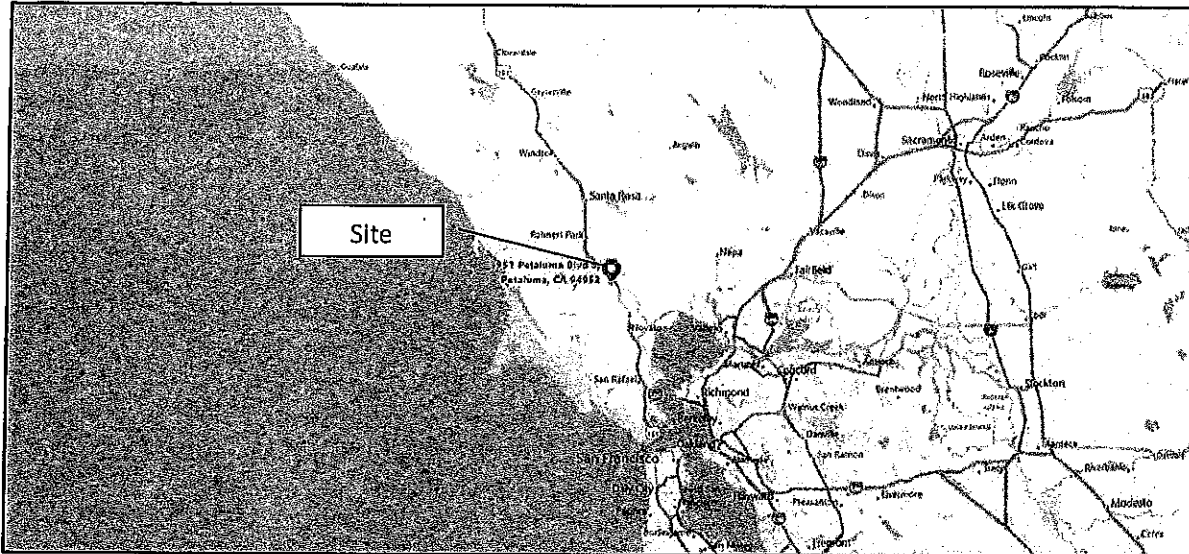
Consultant (if applicable): AEM Consulting
422 Larkfield Center #104
Santa Rosa, CA 95403
(707) 523-3710
ccrake@aemconsulting.net

Direct Comments to: Sue Castellucci
Housing Administrator
(707) 778-4563
scastellucci@ci.petaluma.ca.us

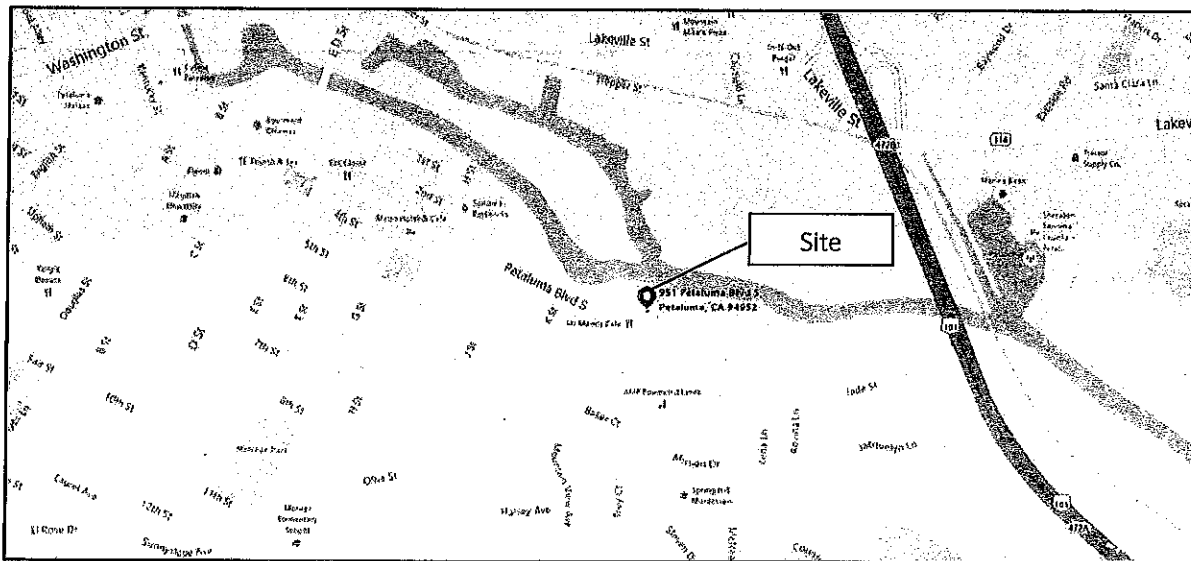
Project Location: 951 Petaluma Boulevard South, Petaluma, Sonoma
County, California 94952 (APN 008-530-007)

Project Location

River City Senior Apartments
951 Petaluma Blvd. S
Petaluma, CA 94952



Map 1 Region



Map 2 Detail

Project Photograph

River City Senior Apartments

951 Petaluma Blvd. S

Petaluma, CA 94952



Figure 1 Aerial View (courtesy Google Earth)

Parcel Map
River City Senior Apartments
951 Petaluma Blvd. S
Petaluma, CA 94952

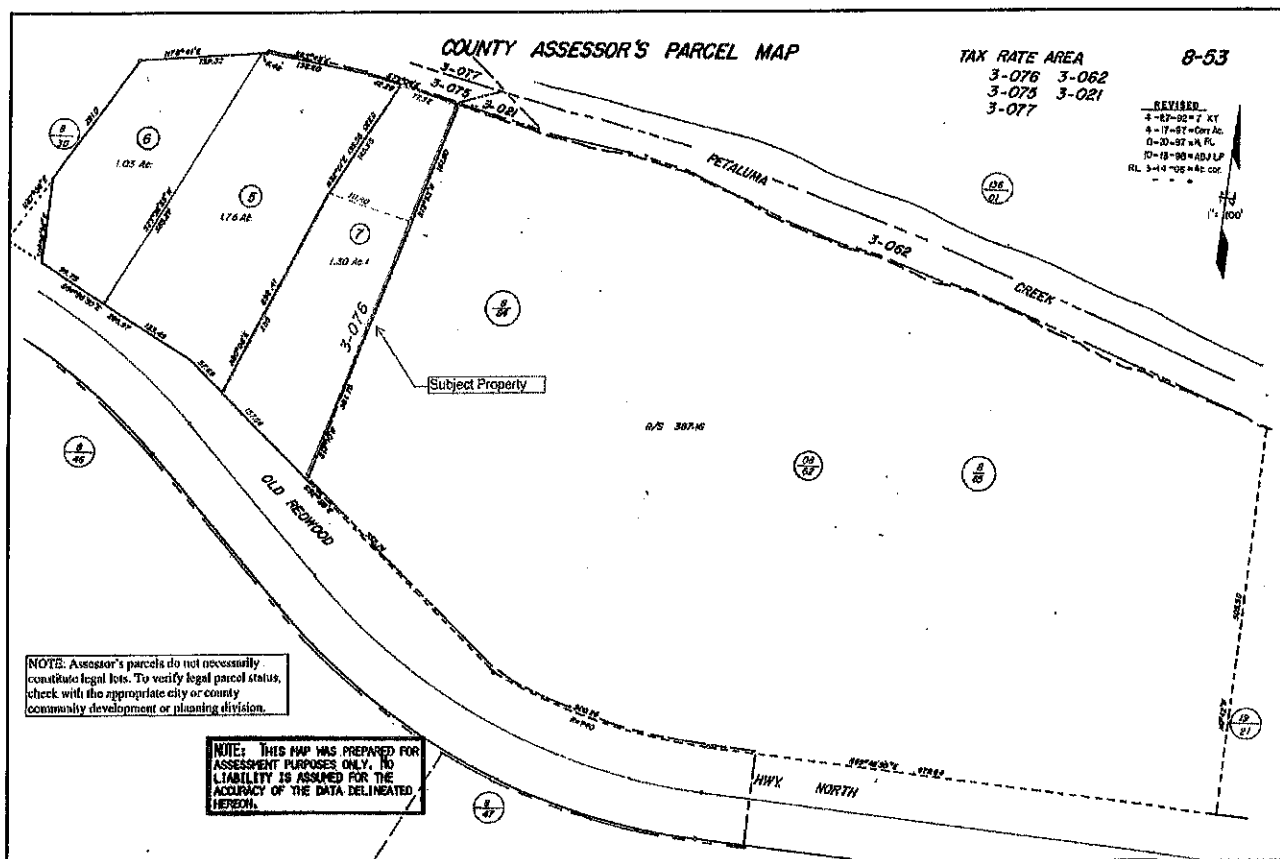


Figure 2 Assessor Parcel Map

Description of the Proposed Project [24 CFR 50.12 & 58.32; 40 CFR 1508.25]:

River City Senior Apartments, 951 Petaluma Boulevard South, Petaluma, Sonoma County, California 94952 (APN 008-530-007):

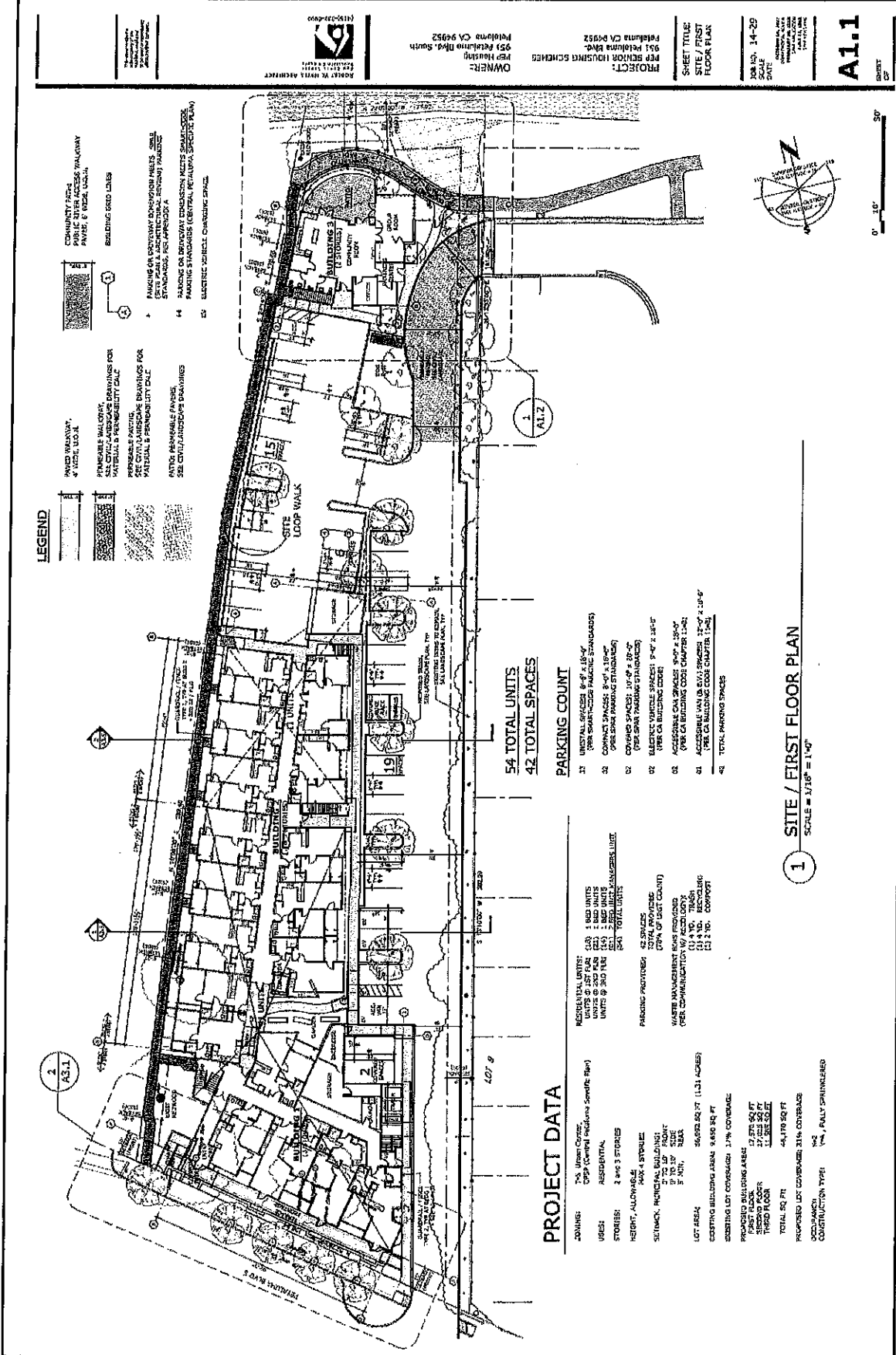
PEP Housing proposes to acquire and develop River City Senior Apartments, a 54-unit affordable senior housing project on a 1.31-acre parcel (APN 008-530-007) with address 951 Petaluma Blvd. S, Petaluma, Sonoma County, California 94952. A one-story commercial building currently utilized as PEP Housing's corporate offices will be demolished to construct the project. Three two- and three-story buildings will be constructed and contain 53 one-bedroom units and one two-bedroom unit for an onsite manager. Petaluma Boulevard frontage will be a three-story elevation. A total of 42 parking spaces will be provided onsite. Onsite amenities include a dog run and two-story community building with community room, office, group room and wellness center.

The northern portion adjacent to Petaluma River will be developed with a community path and patio area. The path will be set back 20 feet (20') from the river bank and a small floodplain area will be avoided entirely. The nearest building will be set back approximately 30 feet and contain the community room. No impacts to wetlands and floodplains will occur as a result of the project.

Consistent with the requirements of the City's Request for Proposals for development of the property and the City's River Access and Enhancement Plan, PEP Housing will construct a bicycle and pedestrian trail on City-owned land adjacent to the eastern boundary of the property that will connect to existing and planned river access trail segments on the properties adjacent to the property and to the existing dock on the Petaluma River. The trail will be constructed in accordance with specifications by the City of Petaluma including installation of fencing with gates. The City will provide PEP with a temporary construction easement to allow for construction of the improvements.

The project will be affordable to low-income seniors and senior veterans aged 55 years and older.

Source: (1) (2) (See Appendix A)



LEGEND

- 1 PAVED WALKWAY, 4\"/>
- 2 PERMISSIBLE WALKWAY, MATERIALS PERMISSIBILITY ONLY
- 3 PERMISSIBLE PAVING, SEE CIVIL/LANDSCAPE DRAWINGS FOR MATERIALS PERMISSIBILITY ONLY
- 4 NOTES: MANHOLE AVAILABILITY SEE CIVIL/LANDSCAPE DRAWINGS
- 5 COMMUNITY/PARKS PUBLIC UTILITY ACCESS WALKWAY, PAVED, 6\"/>
- 6 BARRIERING GOOD LINES
- 7 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 8 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 9 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 10 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 11 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 12 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
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- 20 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
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- 23 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 24 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS
- 25 FINISHING OR EXISTING DIMENSIONAL FINISHES, SEE STANDARDS, AND APPROVALS

54 TOTAL UNITS
42 TOTAL SPACES

PARKING COUNT

- 17 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 18 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 19 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 20 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 21 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 22 UNITS/STAIR WELLS 8'-0" x 10'-0"
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- 24 UNITS/STAIR WELLS 8'-0" x 10'-0"
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- 38 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 39 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 40 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 41 UNITS/STAIR WELLS 8'-0" x 10'-0"
- 42 UNITS/STAIR WELLS 8'-0" x 10'-0"

PROJECT DATA

ADDRESS:	700 Union Center	RESIDENTIAL UNITS:	(A3) 1 BED UNITS
URBAN:	URBAN	(A3) 2 BED UNITS	(A3) 2 BED UNITS
STORIES:	2 and 3 stories	(A3) 3 BED UNITS	(A3) 3 BED UNITS
HISTORY, ALLOWABLE:	MAX - 3 stories	(A3) 4 BED UNITS	(A3) 4 BED UNITS
SITE/TYPE:	RESIDENTIAL	(A3) 5 BED UNITS	(A3) 5 BED UNITS
LOT AREA:	56,678 SQ FT (1.31 ACRES)	(A3) 6 BED UNITS	(A3) 6 BED UNITS
EXISTING BUILDING AREA:	27,271 SQ FT	(A3) 7 BED UNITS	(A3) 7 BED UNITS
PROPOSED BUILDING AREA:	44,179 SQ FT	(A3) 8 BED UNITS	(A3) 8 BED UNITS
TOTAL SQ FT:	71,450 SQ FT	(A3) 9 BED UNITS	(A3) 9 BED UNITS
PROPOSED LOT COVERAGE:	31% COVERAGE	(A3) 10 BED UNITS	(A3) 10 BED UNITS
SOILS/ANALYSIS:	USDA, FULLY DRINKABLE	(A3) 11 BED UNITS	(A3) 11 BED UNITS
CONSTRUCTION TYPE:	USDA, FULLY DRINKABLE	(A3) 12 BED UNITS	(A3) 12 BED UNITS

1 SITE / FIRST FLOOR PLAN
SCALE = 1/16" = 1'-0"

Figure 3 Site Plan



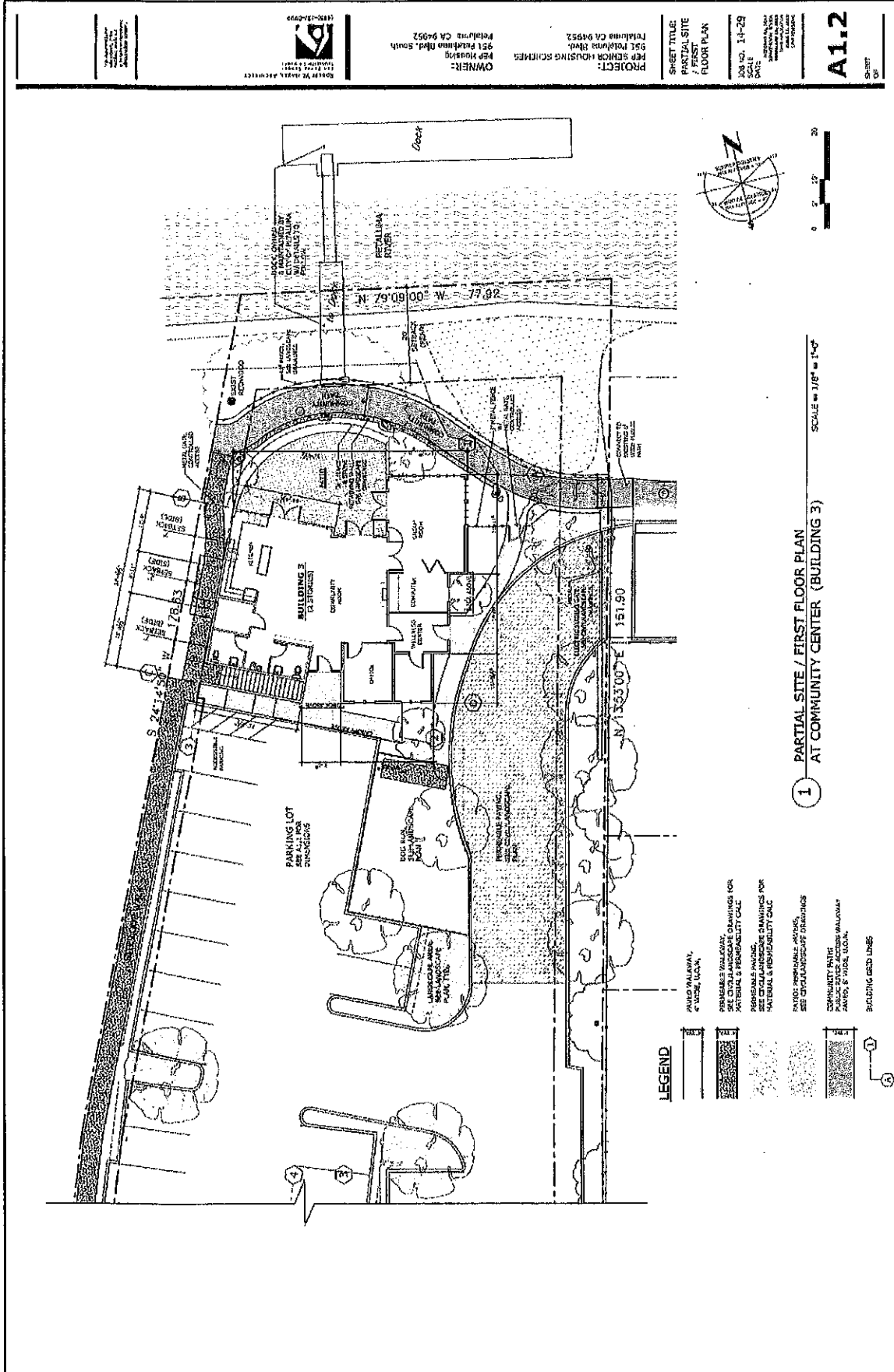


Figure 4 Partial Site / First floor plan at Community Center



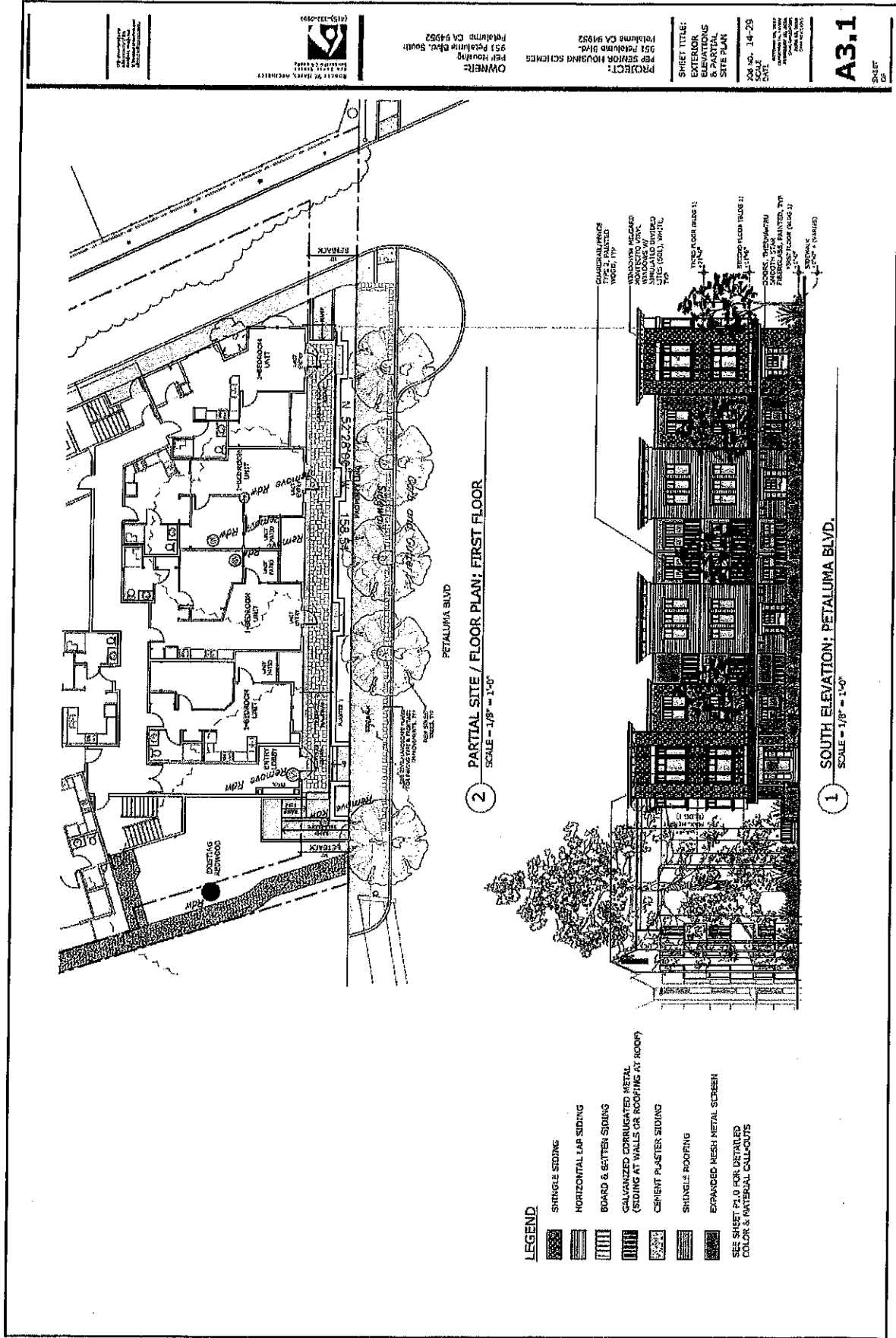


Figure 5 Petaluma Blvd. Elevation



WARREN DRIVE EVA PLANNING EXHIBIT PETALUMA ECOMMERCIAL PROPERTIES 564 PETALUMA BLVD SOUTH, APN 008-630-057 PETALUMA CALIFORNIA		STEVEN LAFAANCHI & ASSOCIATES, P.C. CIVIL ENGINEERS - LAND SURVEYORS - LAND PLANNERS 1400 BROADWAY, SUITE 100 PETALUMA, CALIFORNIA 94954 (707) 762-9400 FAX (707) 762-9401	
DATE: 11/11/11	PROJECT: WARREN DRIVE	C-12 OF 13 SHEETS	

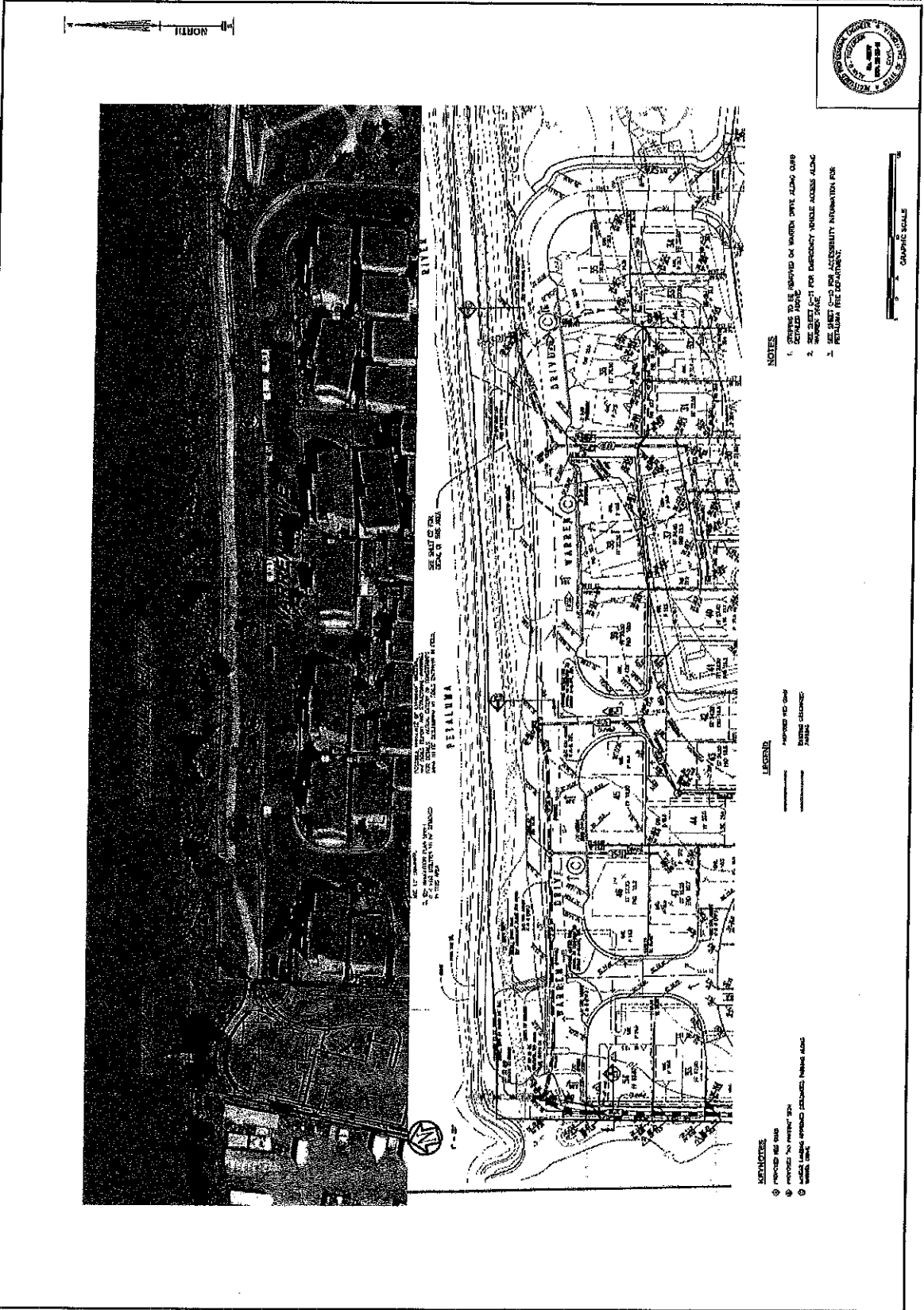


Figure 7 Emergency Vehicle Access Plan



Statement of Purpose and Need for the Proposal [40 CFR 1508.9(b)]:

The purpose of the proposal is to increase the number of affordable housing units for seniors in the City of Petaluma, veterans in the City of Petaluma and Sonoma County as a whole. An increase of 54 units of housing for seniors and senior veterans can be achieved by implementing the project.

Regional Outlook

The San Francisco Bay Area (Bay Area) region has a population of approximately 7.2 million people. The Bay Area is the world's 21st-largest economy. The region's population is projected to swell to 9 million people by 2040. About one-fifth of the Bay Area's total population lives in areas with large numbers of low-income and minority populations. Source: (3)

The Association of Bay Area Governments, in conjunction with the Metropolitan Transportation Commission and representatives from each of the nine Bay Area counties and cities, has drafted a strategy for a sustainable region named Plan Bay Area. Plan Bay Area grew out of California Senate Bill AB 375 "The California Sustainable Communities and Climate Protection Act of 2008" which requires the Bay Area to reduce greenhouse gas emissions from cars and light trucks. The law requires that the Sustainable Communities Strategy promote compact, mixed-use commercial and residential development. To meet the goals of SB 375, Plan Bay Area directs more future development in areas that are or will be walkable and bike-able and close to public transit, jobs, schools, parks, recreation and other amenities. The law synchronizes the regional housing needs allocation process with the regional transportation planning process and streamlines the California Environmental Quality Act (CEQA) process for housing and mixed-use projects that are consistent with the Sustainable Communities Strategy and are in close proximity to public transportation. Local governments have identified Priority Development Areas where new development will support the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. Priority Development Areas were established to address housing needs in infill communities and advance focused employment growth.

By 2040 the Bay Area is projected to add 2.1 million people, an increase of 30% or roughly 1% per year. The number of jobs is expected to grow by 1.1 million between 2010 and 2040, an increase of 33%, which is a slower rate of job growth than previous forecasts. During this same time period, the number of households is expected to increase by 27% to 700,000 and the number of housing units is expected to increase by 24% to 660,000. Single-family homes represent the majority of housing production in recent decades, but recent trends suggest that cities once again are becoming centers of population growth. Construction of multifamily housing in urban locations in the Bay Area increased from an average of 35% of total housing construction in the 1990s to nearly 50% in the 2000s. In 2010 it represented 65% of all housing construction. Demand for multifamily housing is projected to increase in developed areas near transit, shops and services.

The economy in the Bay Area is still recovering from the recession of 2007-2009, which has resulted in uneven job growth throughout the region, increased income disparity, and high foreclosure rates. At the same time, housing costs have risen for renters and, to a lesser degree, for home buyers close to the region's job centers. Bay Area communities face these challenges at a time when there are fewer public resources available than in past decades for investments in infrastructure, public transit, affordable housing, schools and parks.

Source: (3)

Local Perspective

According to the 2010 U.S. Census, Sonoma County had a population of 483,880. Sonoma County's population is expected to grow 24% to 598,460 in year 2040. Sonoma County lies north of San Francisco and Marin County, in the North Bay of the San Francisco Bay Area. According to the Association of Bay Area Governments (ABAG), Sonoma County Housing Needs Allocation 2014 to 2022, the City of Petaluma should add 745 new units by 2022 in order to meet the needs for housing.

Source: (4) (5)

Table 1 Sonoma County Housing Needs Allocation, 2014 to 2022

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 12%+	Total
Cloverdale	39	29	31	112	211
Cotati	35	18	18	66	137
Healdsburg	31	24	26	76	157
Petaluma	199	103	121	322	745
Rohnert Park	181	107	127	484	899
Santa Rosa	947	581	759	2,375	4,662
Sebastopol	22	17	19	62	120
Sonoma	24	23	27	63	137
Windsor	120	65	67	188	440
Unincorporated	220	127	160	429	936
Sonoma County Total	1,818	1,094	1,355	4,177	8,444

Existing Conditions and Trends [24 CFR 58.40(a)]:

Existing Conditions

Sonoma County is a county in the U.S. state of California. As of the 2010 United States Census, its population was 483,878. Its county seat and largest city is Santa Rosa. It is to the north of Marin County and the south of Mendocino County. It is west of Napa County and Lake County.

Sonoma County comprises the Santa Rosa, CA Metropolitan Statistical Area, which is also included in the San Jose-San Francisco-Oakland, CA Combined Statistical Area. It is the northwesternmost county in the nine-county San Francisco Bay Area region.

Sonoma is the southwestern county and largest producer of California's Wine Country region, which also includes Napa, Mendocino, and Lake counties. It possesses thirteen approved American Viticultural Areas and over 250 wineries. In 2002, Sonoma County ranked as the 32nd county in the United States in agricultural production. As early as 1920, Sonoma County was ranked as the eighth most agriculturally productive US county and a leading producer of hops, grapes, prunes, apples, and dairy and poultry products, largely due to the extent of available, fertile agricultural land in addition to the abundance of high quality irrigation water. More than 7.4 million tourists visit each year, spending more than \$1 billion in 2006. Sonoma County is the home of Sonoma State University and Santa Rosa Junior College.

Sonoma County is home to several Native American tribes. By the 1830s, European settlement had set a new direction that would prove to radically alter the course of land use and resource management of this region. Sonoma County has rich agricultural land, albeit largely divided between two nearly monocultural uses as of 2007: grapes and pasturage. The voters have twice approved open space initiatives that have provided funding for public acquisition of natural areas, preserving forested areas, coastal habitat, and other open space.

Petaluma is a city in Sonoma County, in California's Wine Country, part of the North Bay sub-region of the San Francisco Bay Area, located 37 miles north of San Francisco. Its population was 57,941 according to the 2010 Census.

The Rancho Petaluma Adobe, located in Petaluma, is a National Historic Landmark. Its construction started in 1836 by order of General Mariano Guadalupe Vallejo, then Commandant of the San Francisco Presidio. It was the center of a 66,000 acre ranch stretching from Petaluma River to Sonoma Creek. The adobe is considered one of the best preserved buildings of its era in Northern California.

Petaluma is a transliteration of the Coast Miwok phrase péta lúuma which means hill backside and probably refers to Petaluma's proximity to Sonoma Mountain. Petaluma has a well-preserved, historic city center which includes many buildings that survived the 1906 San Francisco earthquake.

Site Characteristics

The project site is located in the southwestern portion of the City, west of Highway 101 and south of the Petaluma River. The northern portion backs to the Petaluma River and a small boat dock owned by the City of Petaluma can be accessed via the subject property. The subject property is owned by the City of Petaluma at this time, and PEP Housing utilizes a commercial building on the site and parking for their corporate offices. The southern border of the property is Petaluma Blvd. South and to the east and west of the site are residences and an auto repair facility, respectively.

Trends

Veterans have a lower poverty rate than non-Veterans and the Veteran poverty rate is rising. For veterans, there was an 8.7% increase in the poverty rate between the 2005-2007 time period and 2010-2012 time period. For non-veterans, the increase was 25.7% for the same time period. Supplemental Nutrition Assistance Program (SNAP) benefit participation depends on meeting low income and asset thresholds. These data augment poverty statistics. Veteran participation in SNAP falls below the non-Veteran rate. Veteran rate of participation, in recent years, has been rising faster than the non-Veteran rate. Whereas the non-veteran population of 14.9% receive SNAP benefits, 7.8% of veterans receive SNAP benefits.

The poverty rate for Veterans ages 55 – 64 years old are higher than those of ages 65 and over. The poverty rate for disabled Veterans is higher than disabled non-Veterans for ages 55 – 64, but less than disabled non-Veterans 65 and over. Veterans receiving a Service-Connected Disability (SCD) benefit have a significantly lower poverty rate when compared with Non-Veteran disabled. This appears to show the importance of SCD benefits in helping Veterans avoid poverty. Gulf War Veterans have higher poverty rates in comparison to other periods of service except for peacetime.

Source: (6)

These trends are likely to continue in the absence of the project. The project will help to stem the trends outlined above by providing affordable housing for seniors and senior veterans.

Funding Information

Grant Number	HUD Program	Funding Amount
	HUD Veterans Affairs Supportive Housing (HUD-VASH) – CDFA No. 14.871	20 Vouchers

Estimated Total HUD Funded Amount: 20 HUD-VASH Vouchers

Estimated Total Project Cost (HUD and non-HUD funds) [24 CFR 58.32(d)]: \$25,000,000

Compliance with 24 CFR 50.4, 58.5, and 58.6 Laws and Authorities

Record below the compliance or conformance determinations for each statute, executive order, or regulation. Provide credible, traceable, and supportive source documentation for each authority. Where applicable, complete the necessary reviews or consultations and obtain or note applicable permits of approvals. Clearly note citations, dates/names/titles of contacts, and page references. Attach additional documentation as appropriate.

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
<p>STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 and 58.6</p>		
<p>Airport Hazards 24 CFR Part 51 Subpart D</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>There are no major airports within 15 miles of the project site. There are four minor airports within 15 miles: Petaluma Municipal Airport is located 2.3 miles to the northeast; Gness Field lies 6.82 miles to the south; Sonoma Valley Airport lies 9.5 miles east; and Sonoma Skypark Airport lies 10.52 miles east.</p> <p>The project site does not lie within any airport clear zone or accident potential zone.</p> <p>Source Document(s): (7) (8) (9) (Appendix B)</p>
<p>Coastal Barrier Resources Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 [16 USC 3501]</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>The Coastal Barrier Resources Act of the United States (CBRA, Public Law 97-348), enacted October 18, 1982, designated various undeveloped coastal barriers, depicted by a set of maps adopted by law, for inclusion in the John H. Chafee Coastal Barrier Resources System (CBRS). Areas so designated were made ineligible for direct or indirect Federal national security, navigability, and energy exploration. CBRS areas extend along the coasts of the Atlantic Ocean and the Gulf of Mexico, Puerto Rico, the U.S. Virgin Islands, and the Great Lakes, and consist of 857 units. There are no Coastal Barrier Resources in California.</p> <p>Source Document(s): (10)</p>
<p>Flood Insurance Flood Disaster Protection Act of 1973 and National Flood Insurance Reform Act of 1994 [42 USC 4001-4128 and 42 USC 5154a]</p>	<p>Yes No <input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>The project involves acquisition and development of real property. The majority of the project site is located in Zone X: Areas of Minimal Flooding; a small portion of the site is located in Zone AE: Areas of 1% annual chance flood. Zone AE is a Special Flood Hazard Area.</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>The project lies across two flood maps - Flood Insurance Rate Maps 06097C0982G and 06097C1001G, both effective October 2, 2015.</p> <p>An 8-Step Decision Making Process was conducted in October 2018 and concluded that there was no practical alternative to locating the project in a floodplain. The project will avoid the small floodplain area complete and no development will occur in the floodplain.</p> <p>Flood insurance is not required. No mitigation is needed. There are no adverse effects to floodplains as a result of the project.</p> <p>Source Document(s): (11) (12) (Appendix C)</p>
<p>STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 & 58.5</p>		
<p>Clean Air</p> <p>Clean Air Act, as amended, particularly section 176(c) & (d); 40 CFR Parts 6, 51, 93</p>	<p>Yes No</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>General Conformity Rule</p> <p>The 1990 Amendment to Clean Air Act (CAA) Section 176 requires the federal EPA to promulgate rules to ensure that federal actions conform to the appropriate SIP. These rules, known as the General Conformity Rule (40 C.F.R. Parts 51.850–51.860 and 93.150–93.160), require any federal agency responsible for an action in a federal nonattainment/maintenance area to demonstrate conformity to the applicable State Implementation Plan (SIP), by either determining that the action is exempt from the General Conformity Rule requirements or subject to a formal conformity determination.</p> <p>Actions would be exempt, and thus conform to the SIP, if an applicability analysis shows that the total direct and indirect emissions of nonattainment/maintenance pollutants from project construction and operation activities would be less than specified emission rate thresholds, known as <i>de minimis</i> levels (40 C.F.R. Section 93.153, Applicability). If not determined exempt, an air quality conformity analysis would be required to determine conformity.</p> <p>The General Conformity Rule is applicable only for project criteria pollutants and their precursors for which an area is designated</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>nonattainment or that is covered by a maintenance plan. The proposed action is located within the Bay Area Air Quality Management District (BAAQMD) portion of Sonoma County, which is a federal nonattainment area for O₃ (marginal), and PM_{2.5} (moderate). Therefore, the General Conformity Rule is applicable to project emissions of O₃ and PM_{2.5}. The applicable <i>de minimis</i> limits would be 100 tons annually of VOC and NO_x and 100 tons annually for PM_{2.5}.</p> <p>Impact Significance under NEPA</p> <p>A NEPA significance analysis differs from the General Conformity analysis in that any pollutant emissions recommended to be considered by the local agency are evaluated as well as nonattainment pollutant emissions. As the proposed action is located entirely within the BAAQMD portion of Sonoma County, the appropriate criteria are those issued by the BAAQMD.</p> <p>Construction Impacts</p> <p>Air quality effects associated with construction of the proposed development under the proposed project would include diesel fuel combustion emissions from construction equipment comprising VOC, NO_x, and diesel particulate matter (PM_{2.5}), and fugitive dust generated by physical land disturbance (earthmoving and grading). Such air quality effects generally would be temporary and localized. Construction emissions were estimated using the California Emissions Estimator Model, version 2016.3.2 (CalEEMod), and were based on the determination that construction of the proposed developments would disturb a land area of 1.31 acres over an approximate 12 month period. Modeling included demolition of the existing 10,356 square foot office building on the site.</p> <p>For modeling, it was assumed best practices would be followed, including watering of the site to control dust and use of equipment that is compliant with California laws. The tables below show that the construction emissions related to the proposed project do not exceed the General Conformity <i>de minimis</i> level and are below the</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>																				
		<p>BAAQMD significance thresholds for all pollutants, which are used to ensure that the proposed developments conform to the applicable State Implementation Plan (SIP). Therefore, construction activities related to the proposed project would result in a <i>less than significant</i> effect.</p> <p>Table 2 Annual Construction Emissions</p> <table border="1" data-bbox="737 720 1474 1115"> <thead> <tr> <th>Pollutant</th> <th>BAAQMD Threshold (tons/year)</th> <th>Unmitigated Project Emissions (tons/year)</th> <th>Significance?</th> </tr> </thead> <tbody> <tr> <td>ROG</td> <td>10</td> <td>0.6917</td> <td>No</td> </tr> <tr> <td>NOx</td> <td>10</td> <td>2.1926</td> <td>No</td> </tr> <tr> <td>PM₁₀ (exhaust)</td> <td>15</td> <td>0.1118</td> <td>No</td> </tr> <tr> <td>PM_{2.5} (exhaust)</td> <td>10</td> <td>0.1073</td> <td>No</td> </tr> </tbody> </table> <p>Construction emissions resulting from the implementation of the proposed project are below the thresholds for construction, therefore, no adverse effects on air quality would occur due to the proposed project.</p> <p>Operational Impacts</p> <p>Air quality effects associated with the operation of the proposed development would include emissions from vehicle traffic and area sources (e.g., landscape equipment, consumer products, etc.). Operational emissions were estimated using CalEEMod software that estimates emissions based on the type of land use that is being proposed and includes various emission factors for area sources, such as vehicles, hearths, and landscaping equipment.</p> <p>As shown in the tables below, the operational emissions associated with the proposed project are below the General Conformity <i>de minimis</i> level and below the BAAQMD thresholds, therefore, no adverse effects on air quality would occur due to the proposed project.</p>	Pollutant	BAAQMD Threshold (tons/year)	Unmitigated Project Emissions (tons/year)	Significance?	ROG	10	0.6917	No	NOx	10	2.1926	No	PM ₁₀ (exhaust)	15	0.1118	No	PM _{2.5} (exhaust)	10	0.1073	No
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Table 3 Project Operational Emissions (tons per year)

	ROG	NO _x	PM ₁₀	PM _{2.5}
Estimated Annual Emissions	0.4	0.66	0.31	0.09
General Conformity <i>De Minimus</i> Levels	100	100	100	n/a
BAAQMD Annual Thresholds	10	10	15	10
<i>Above Thresholds?</i>	<i>No</i>	<i>No</i>	<i>No</i>	<i>No</i>

Based upon the findings for the proposed project no adverse impacts are expected.

Greenhouse Gas Emissions

Climate change is a global problem. Greenhouse Gasses are global pollutants, unlike criteria air pollutants and toxic air contaminants (TACs), which are pollutants of regional and local concern. Whereas pollutants with localized air quality effects have relatively short atmospheric lifetimes (about 1 day), GHGs have long atmospheric lifetimes (1 year to several thousand years). Prominent GHGs contributing to the greenhouse effect are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), chlorofluorocarbons (CFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆).

There are no established federal or state significance criteria for global climate change impacts or GHG emissions. However, Bay Area Air Quality Management District (BAAQMD) has developed specific thresholds relative to GHG emissions. The BAAQMD has issued air quality guidelines for determining impacts under the California Environmental Quality Act (CEQA). The BAAQMD Guidelines identify evaluation criteria and emission limits for ozone precursors, i.e. VOC and NO_x, particulate matter (PM_{2.5} and PM₁₀), local CO, and greenhouse gases (GHG). BAAQMD emission limits are further broken down into construction and operation emissions as well as regional and local.

Impact Analysis

While the proposed project does not meet the requirement to provide additional quantification, the following analysis is provided as an informational assessment to demonstrate the proposed

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>																
		<p>project would not exceed 1,100 MT CO₂E and the project would support applicable plans intended to reduce GHG emissions.</p> <p>Construction GHG emissions</p> <p>GHGs would be emitted from construction equipment, and worker and vendor vehicle trips associated with the development of the proposed project. Construction equipment activities and durations were provided by the applicant. CalEEMod estimates that construction activities would generate a total of 303.46 MT CO₂E. Based on the Association of Environmental Professionals (AEP) recommendations, total construction GHG emissions were divided by 30 years in order to identify annual construction GHG emissions to be included in the total assessment of GHG emissions. The annual construction GHG emissions associated with construction of the proposed project would be approximately 10.12 MT CO₂E each year.</p> <p>Operational GHG emissions</p> <p>The project would construct 54 new dwelling units and a community center on a 1.31-acre site. The proposed land use is estimated to generate approximately 359 trips per day. Total project emissions are under the 1,100 MT CO₂E threshold.</p> <p>The table below shows the results of the construction and operational emissions calculations, which shows all emissions are under the 1,100 MT CO₂e threshold.</p> <p>Table 4 Estimated Total Greenhouse Gas Emissions</p> <table border="1" data-bbox="727 1507 1477 1869"> <thead> <tr> <th>Emission Source</th> <th>Project Total</th> </tr> </thead> <tbody> <tr> <td>Area</td> <td>0.6709</td> </tr> <tr> <td>Energy</td> <td>90.1511</td> </tr> <tr> <td>Mobile</td> <td>361.5210</td> </tr> <tr> <td>Waste</td> <td>12.4921</td> </tr> <tr> <td>Water</td> <td>12.6162</td> </tr> <tr> <td>Total CO₂e</td> <td>477.45</td> </tr> <tr> <td>Threshold</td> <td>1,100</td> </tr> </tbody> </table>	Emission Source	Project Total	Area	0.6709	Energy	90.1511	Mobile	361.5210	Waste	12.4921	Water	12.6162	Total CO₂e	477.45	Threshold	1,100
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		<p>Significance?</p>	<p><i>No</i></p>
<p>Conclusion</p> <p>The proposed project is consistent with the state reduction goals for transportation, energy, and other emissions associated with land use and development. The project greenhouse gas emissions for both operational and construction related will not exceed 1,100 MT CO₂E and would not represent a substantial source of GHG emissions. Therefore, the proposed project would not conflict with or block the implementation of a plan intended to reduce GHG emissions.</p> <p>Exposure of Future Residents to Toxic Air Contaminants</p> <p>Toxic Air Contaminants (TACs) are a broad class of compounds known to cause morbidity or mortality (usually because they cause cancer or serious illness) and include but are not limited to criteria air pollutants. TACs are found in ambient air, especially in urban areas, and are caused by industry, agriculture, fuel combustion, and commercial operations (e.g., dry cleaners). TACs are typically found in low concentrations, even near their source (e.g., diesel particulate matter near a freeway). Because chronic exposure can result in adverse health effects, TACs are regulated at the regional, state, and federal level. The identification, regulation, and monitoring of TACs is relatively new compared to that for criteria air pollutants that have established ambient air quality standards. TACs are regulated or evaluated on the basis of risk to human health rather than comparison to an ambient air quality standard or emission-based threshold.</p> <p>Resident TAC Impacts</p> <p>The BAAQMD California Environmental Quality Act (CEQA) Air Quality Guidelines were used to consider exposure of sensitive receptors to air pollutant levels that result in an unacceptable cancer risk or hazard, to be significant. For cancer risk, which is a concern with diesel particulate matter (DPM) and other mobile-source TACs, the BAAQMD considers an increased risk of contracting cancer that is 10.0 in one million chances or greater, to</p>			

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>be significant risk for a single source. The BAAQMD CEQA Guidelines also consider single-source TAC exposure to be significant if annual fine particulate matter (PM_{2.5}) concentrations exceed 0.3 micrograms per cubic meter (µg/m³) or if the computed hazard index (HI) is greater than 1.0 for non-cancer risk hazards. Cumulative exposure is assessed by combining the risks and annual PM_{2.5} concentrations for all sources within 1,000 feet of a project. The thresholds for cumulative exposure are an excess cancer risk of 100 in one million, annual PM_{2.5} concentrations of 0.8 µg/m³, and a hazard index greater than 10.0. These thresholds were used to address impacts from TAC sources that could affect future project residents.</p> <p><u>Mobile Sources</u></p> <p>The nearest freeway is Highway 101, located roughly 2,500 feet east of the project site. The freeway is outside the 1,000 foot sphere of influence. The SMART train operates within the 3,000 foot sphere of influence, but the engines are electric and therefore do not emit diesel particulate matter. Occasional freight trains operate on the same rail tracks but the number of trains and the distance preclude any significant impact of diesel particulate matter (PM_{2.5}) on the subject property.</p> <p>The project site lies along Petaluma Blvd. South, an arterial roadway (identified as a high-volume roadway with an excess of 10,000 ADT). The City of Petaluma provided traffic counts for the most recent year available (2014) for traffic along Petaluma Blvd. S in vicinity of the project site. Annual average daily traffic (AADT) was 10,851 in year 2014. Using the BAAQMD's <i>Roadway Screening Analysis Calculator</i>, the estimated excess cancer risk from roadway traffic is 5.25 in a million, which is less than the threshold of significance of 10 cases per million. In addition, the PM_{2.5} exposure is 0.139 µg/m³ which is less than the threshold of significance of 0.3 µg/m³.</p> <p><u>Stationary Permitted Sources</u></p>

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6	Are formal compliance steps or mitigation required?	Compliance determinations
		<p>A review of the BAAQMD's Stationary Permitted Sources tool for Google Earth, shows that there are no stationary sources within 1,000 feet.</p> <p>Based upon the findings for the proposed project no adverse impacts are anticipated.</p> <p>Source Document(s): (13) (14) (15) (16) (17) (18) (Appendix D)</p>
Coastal Zone Management Coastal Zone Management Act, sections 307(c) & (d)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<p>The City of Petaluma is located in Sonoma County. Western Sonoma County is adjacent to the California coastline. The project is subject to requirements of the Sonoma County <i>Local Coastal Plan</i>. Several areas of Sonoma County are identified for low income housing incentives along the coastal zone. The project, as proposed, is within the urban boundaries of the City of Petaluma, over 18 miles from the Pacific Ocean; therefore, a Coastal Development Permit is not required.</p> <p>A Coastal Development Permit is not required.</p> <p>Source Document(s): (7) (8) (19)</p>
Contamination and Toxic Substances 24 CFR Part 50.3(i) & 58.5(i)(2)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<p>In July 2018 a Phase I Environmental Site Assessment was conducted at the project site by AEI Consultants. A summary follows.</p> <p>Phase I Environmental Site Assessment</p> <p>AEI Consultants prepared a Phase I Environmental Site Assessment (ESA) report that documents the methods and findings of the Phase I ESA performed in conformance with AEI's contract and scope and limitations of ASTM Standard Practice E1527-13 and the EPA Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) for the property located at 951 Petaluma Boulevard South, Petaluma, Sonoma County, California.</p> <p>The purpose of the Phase I ESA is to assist the client in identifying potential RECs, in accordance with ASTM E1527-13, associated with the presence of any hazardous substances or petroleum products, their use, storage, and disposal at and in the vicinity of</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>the subject property. Property assessment activities focused on: 1) a review of federal, state, tribal, and local databases that identify and describe underground fuel tank sites, leaking underground fuel tank sites, hazardous waste generation sites, and hazardous waste storage and disposal facility sites within the ASTM approximate minimum search distance; 2) a property and surrounding site reconnaissance, and interviews with the past and present owners and current occupants and operators to identify potential environmental contamination; and 3) a review of historical sources to help ascertain previous land use at the site and in the surrounding area.</p> <p>The subject property is located in a mixed commercial and residential area of Petaluma, California. The immediately surrounding properties consist of the Petaluma River to the north; residences to the east; Petaluma Boulevard South, followed by residences to the south; and North Bay Automotive and a boat/RV storage yard (929 Petaluma Boulevard South) and Mr. Mom's Cafe (931 Petaluma Boulevard South) to the west of the site.</p> <p>Physical Setting</p> <p>The site is situated on alluvial deposits of the Cenozoic era and soils are classified as Yolo Series. The Yolo Series consists of a clay loam with slopes from 0 to 2 percent. The soils are well drained and have a moderately low runoff potential when thoroughly wet. Water transmission through the soil is unimpeded. Groundwater flow is to the north at 3 to 6 feet below ground surface (bgs). The Petaluma River is located immediately to the north.</p>

Historical Review of Site and Vicinity

Table 5 Historical Use of Subject Property

Date Range	Subject Property Description and Use (Historical Addresses)	Source(s)
Prior to 1942	Unknown use/Data failure; refer to Section 1.6.1	
Circa 1942-1957	Agricultural use, included two elongated buildings (possible barns)	Aerial photographs, Sanborn maps
Circa 1968-1978	Consisted of unimproved land	Aerial photographs
Circa 1980-1990	Current commercial building occupied by office/warehouse businesses	Aerial photographs, city directories
Circa 1995-1998	Current commercial building occupied by DOW Pharmaceutical	Aerial photographs, city directories, agency records
Circa 2000-2006	Current commercial building occupied by Petaluma Computer Parts & Repair	Aerial photographs, city directories, agency records
Circa 2006-Present	Current commercial building occupied by the current tenant, PEP Housing	Aerial photographs, city directories, agency records, interview, on-site observations

AEI did not identify potential environmental concerns in association with the current or historical use of the subject property.

The subject property, identified as DOW Pharmaceutical, reported generated hazardous waste in the form of laboratory waste chemicals, other organic solids, unspecified organic liquid mixture, pharmaceutical waste, off-specification, aged, or surplus organics, and unspecified solvent mixture for various years from 1997 through 1998.

Regulatory Database Records Review

AEI contracted ERIS to conduct a search of publicly available information from federal, state, tribal, and local databases containing known and suspected sites of environmental contamination and sites of potential environmental significance. Data gathered during the current regulatory database search is compiled by ERIS into one regulatory database report.

(Please see Appendix E for the complete report and discussion.)

Vapor Migration

AEI reviewed reasonably ascertainable information for the subject and nearby properties, including a regulatory database, files for nearby release sites, and/or historical documentation, to determine if potential vapor-phase migration concerns may be present which could impact the subject property.

Based on a review of available resources as documented in this report, AEI did not identify significant on-site concerns and/or

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>regulated listings from nearby sites which suggest that a vapor-phase migration concern currently exists at the subject property.</p> <p>Findings</p> <p><u>Recognized Environmental Condition (REC)</u> is defined by the ASTM Standard Practice E1527-13 as the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment.</p> <ul style="list-style-type: none"> • AEI did not identify evidence of RECs during the course of the assessment. <p><u>Controlled Recognized Environmental Condition (CREC)</u> is defined by the ASTM Standard Practice E1527-13 as a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority, with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls.</p> <ul style="list-style-type: none"> • AEI did not identify evidence of CRECs during the course of the assessment. <p><u>Historical Recognized Environmental Condition (HREC)</u> is defined by the ASTM Standard Practice E1527-13 as a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the property to any required controls.</p> <ul style="list-style-type: none"> • AEI did not identify evidence of HRECs during the course of the assessment. <p><u>Other Environmental Considerations (OEC)</u> warrant discussion, but do not qualify as RECs as defined by the ASTM Standard Practice E1527-13. These include, but are not limited to, <i>de minimis</i> conditions and/or environmental considerations such as the</p>

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6	Are formal compliance steps or mitigation required?	Compliance determinations
		<p>presence of ACMs, LBP, radon, mold, and lead in drinking water, which can affect the liabilities and financial obligations of the client, the health and safety of site occupants, and the value and marketability of the subject property.</p> <ul style="list-style-type: none"> • Due to the age of the subject property building, there is a potential that ACMs are present. The observed suspect ACMs at the subject property were in good condition at the time of the site reconnaissance and are not expected to pose a health and safety concern to the occupants of the subject property at this time. Based on the potential presence of ACMs, AEI recommends the implementation of an O&M Plan which stipulates that the repair and maintenance of damaged materials should be performed to protect the health and safety of the building occupants. In the event that building renovation or demolition activities are planned, a thorough asbestos survey to identify asbestos-containing building materials is required in accordance with the EPA NESHAP 40 CFR Part 61 prior to demolition or renovation activities that may disturb suspect ACMs. • Due to the age of the subject property building, there is a potential that LBP is present. All observed painted surfaces were in good condition and are not expected to pose a health and safety concern to the occupants of the subject property at this time. Local regulations may apply to LBP in association with building demolition/renovations and worker/occupant protection. Actual material samples would need to be collected or an x-ray fluorescence (XRF) survey performed in order to determine if LBP is present. It should be noted that construction activities that disturb materials or paints containing any amount of lead may be subject to certain requirements of the OSHA lead standard contained in 29 CFR 1910.1025 and 1926.62. <p>As a residential housing project, the project itself will not introduce toxic, hazardous or radioactive materials to the neighborhood, nor</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>does the project involve use of toxic chemicals or radioactive materials.</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (20) (Appendix E)</p>
<p>Endangered Species</p> <p>Endangered Species Act of 1973, particularly section 7; 50 CFR Part 402</p>	<p>Yes No</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>Species of Concern</p> <p>The U.S. Fish and Wildlife was contacted for a list of Threatened and Endangered species that may occur within the boundary of the proposed project and/or may be affected by the proposed project.</p> <p>There are a number of Federal Endangered and Threatened species listed for the project site and vicinity:</p> <p>Mammals:</p> <ul style="list-style-type: none"> • Salt Marsh Harvest Mouse (<i>Reithrodontomys raviventris</i>) <p>Birds:</p> <ul style="list-style-type: none"> • California Clapper Rail (<i>Rallus longirostris obsoletus</i>) • California Least Tern (<i>Sterna antillarum bronwi</i>) • Northern Spotted Owl (<i>Strix occidentalis caurina</i>) • Western Snowy Plover (<i>Charadrius nivosus nivosus</i>) <p>Reptiles:</p> <ul style="list-style-type: none"> • Green Sea Turtle (<i>Chelonia mydas</i>) <p>Amphibians:</p> <ul style="list-style-type: none"> • California Red-legged Frog (<i>Rana draytonii</i>) <p>Fishes:</p> <ul style="list-style-type: none"> • Delta Smelt (<i>Hypmensus transpacificus</i>) <p>Insects:</p> <ul style="list-style-type: none"> • San Bruno Elfyn Butterfly (<i>Callophrys mossii bayensis</i>) <p>Crustaceans:</p> <ul style="list-style-type: none"> • California Freshwater Shrimp (<i>Syncaris pacifica</i>) <p>Flowering Plants:</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<ul style="list-style-type: none"> • Contra Costa Goldfields (<i>Lasthenia conjugens</i>) • Marin Dwarf-flax (<i>Hesperolinon congestum</i>) • Soft Bird's-beak (<i>Cordylanthus mollis ssp. Mollis</i>) • Sonoma Spineflower (<i>Chorizanthe valida</i>) • Yellow Larkspur (<i>Delphinium luteum</i>) <p>Critical Habitats:</p> <ul style="list-style-type: none"> • None <p>There is no aquatic habitat on the site for fish or crustaceans. There are no wetlands on the site itself. There is no Critical Habitat on the site or vicinity. The project area is suburban. There is no exposed soil on the site or habitat for special-status species. The site is currently covered in asphalt paving and two buildings. There are trees on the site.</p> <p>Project Impacts</p> <p>There are no impacts to special-status plants or animals anticipated as a result of the project as none exist on the site. The site does not have exposed soil and therefore there is no potential to effect.</p> <p>There is no effect, either directly or through habitat modifications, on any protected species or sensitive habitats.</p> <p>However, the Petaluma River, listed on the National Wetlands Inventory is adjacent to the north. Protection during construction to prevent siltation, runoff or other pollutants entering the River is required.</p> <p>Protected raptors and migratory birds will be protected with the requirement of pre-construction nesting survey.</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (21) (22) (Appendix C)</p>
<p>Explosive and Flammable Hazards 24 CFR Part 51 Subpart C</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>The project is located in an area surrounded by residential and commercial land uses; the project will not be located near any explosive or thermal source hazards.</p>

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6	Are formal compliance steps or mitigation required?	Compliance determinations
		Source Document(s): (7)(8)(23)
Farmlands Protection Farmland Protection Policy Act of 1981, particularly sections 1504(b) and 1541; 7 CFR Part 658	Yes No <input type="checkbox"/> <input checked="" type="checkbox"/>	Prime farmland is land best suited for producing food, forage, fiber, and oilseed crops and also available for these uses (the land could be cropland, pastureland, rangeland, forest land, or other land but not urban built-up land or water). The project will not affect farmlands. No federally designated Farmlands have been identified within the project area. Source Document(s): (7)(24)
Floodplain Management Executive Order 11988, particularly section 2(a); 24 CFR Part 55	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>	The project involves acquisition and development of real property. The majority of the project site is located in Zone X: Areas of Minimal Flooding; a small portion of the site is located in Zone AE: Areas of 1% annual chance flood. Zone AE is a Special Flood Hazard Area. The project lies across two flood maps - Flood Insurance Rate Maps 06097C0982G and 06097C1001G, both effective October 2, 2015. An 8-Step Decision Making Process was conducted in October 2018 and concluded that there was no practical alternative to locating the project in a floodplain. The project will avoid the small floodplain area complete and no development will occur in the floodplain. Flood insurance is not required. No mitigation is needed. There are no adverse effects to floodplains as a result of the project. Source Document(s): (11) (12) (Appendix C)
Historic Preservation National Historic Preservation Act of 1966, particularly sections 106 and 110; 36 CFR Part 800	Yes No <input checked="" type="checkbox"/> <input type="checkbox"/>	Undertaking PEP Housing proposes to acquire and develop River City Senior Apartments, a 54-unit affordable senior housing project on a 1.31-acre parcel (APN 008-530-007) with address 951 Petaluma Blvd. S, Petaluma, Sonoma County, California 94952. A one-story commercial building currently utilized as PEP Housing's corporate offices will be demolished to construct the project. Three two- and three-story buildings will be constructed and contain 53 one-

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>bedroom units and one two-bedroom unit for an onsite manager. Petaluma Boulevard frontage will be a three-story elevation. A total of 42 parking spaces will be provided onsite. Onsite amenities include a dog run and two-story community building with community room, office, group room and wellness center.</p> <p>Existing Conditions</p> <p>The project site is located in the southwestern portion of the City, west of Highway 101 and south of the Petaluma River. The northern portion backs to the Petaluma River and a small boat dock owned by the City of Petaluma. The dock is not accessible via the subject property and is locked by a chain link fence. The subject property is owned by the City of Petaluma at this time, and PEP Housing utilizes a commercial building on the site and parking for their corporate offices. The southern border of the property is Petaluma Blvd. South and to the east and west of the site are residences and an auto repair facility, respectively.</p> <p>Area of Potential Effects</p> <p>The Area of Potential Effects (APE) for the built environment includes the subject parcel and eight of the surrounding properties, or nine properties in all.</p> <p>The APE for archaeology is the limit of the subject property (1.31 acres).</p> <p>Evaluation</p> <p><u>Subject Property</u></p> <p>The subject property contains a one-story commercial building constructed in 1978 and operated by PEP Housing as their office. A majority of the parcel is vacant and covered in gravel and used for parking, with a small dock to the north of the site, for Petaluma River access. The site itself is owned by the City of Petaluma.</p> <p>The commercial building on the subject property is less than 50 years old.</p> <p><u>Adjacent Parcels</u></p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>There are no buildings on or near the project site that appear eligible for the National Register of Historic Places under any criteria listed.</p> <p>Archaeology</p> <p>The Area of Potential Effects for archaeology is the limit of the subject parcel itself to a depth required for construction of proposed new improvements.</p> <p><u>California Historic Resource Information System - Records Search</u></p> <p>A record search was conducted which included a review of information on file at the Northwest Information Center (NWIC) of the California Historical Resources Information Systems (CHRIS) (NWIC File # 18-0468) that included previous cultural resource studies and Primary resource records pertaining to properties located within a 1/4-mile of the subject property.</p> <p>There is a high potential for unrecorded historic-period archaeological resources to be within the proposed River City Apartments project area.</p> <p><u>Field Survey</u></p> <p>The proposed project area, however, has been mostly developed and is presently covered with asphalt, buildings, or fill that obscures the visibility of original surface soils, which negates the feasibility of an adequate surface inspection.</p> <p>Native American Contacts</p> <p>The project requires 'significant digging' and therefore the possibility exists of accidental discovery of Native American artifacts or remains.</p> <p>Based on an evaluation of the environmental setting and features associated with known sites, Native American resources in this part of Sonoma County have been found in areas marginal to San Pablo Bay, and inland near intermittent and perennial watercourses. Sites have also been found near the hill to valley interface, and near ecotones. The River City Apartments project area is located at the</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>southeastern portion of the town of Petaluma on the south bank of Petaluma River and contains flat lands at the edge of a small hill. Given the similarity of one or more of these environmental factors, there is a moderate to high potential for unrecorded Native American resources to be within the proposed River City Apartments project area.</p> <p>A Sacred Lands inventory request was made to the Native American Heritage Commission (NAHC) on September 18, 2018 to determine if there are any Sacred Sites located within or near to the APE and to obtain a list of Native American tribes and individuals to contact for further information. The NAHC works to identify, catalogue, and protect places of special religious or social significance, graves, and cemeteries of Native Americans per the authority given the Commission in Public Resources Code §5097.9. Each Tribal organization and individual on the Native American contact list provided by the NAHC was contacted to request further consultation regarding traditional, cultural, and religious heritage values associated with the project site. The results of the Sacred Lands inventory that were received on September 19, 2018 did not indicate the presence of a Native American Sacred Site within or in the immediate vicinity of the project site.</p> <p>As of the date of this report (September 2018), there are 16 Federally-recognized Native American tribal contacts in Sonoma County, California. These tribes, in addition to the list of tribes provided by the Native American Heritage Commission, were mailed a letter and information about the project by the City of Petaluma on October 1, 2018. One response has been received to date. Middletown Rancheria requested contact in the event of accidental discovery during construction. Contact with the tribe is included as a condition of approval of this project.</p> <p>Conclusion</p> <p>There are no historic properties in the Area of Potential Effects, therefore there is no effect to historic properties as a result of the undertaking. However, there is a moderate to high potential of</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>accidental discovery of buried Native American and/or historic resources during project implementation.</p> <p>Recommended Determination</p> <p>For purposes of Section 106 Review of the undertaking, AEM Consulting recommended the City of Petaluma, as Agency Official, concur with the Area of Potential Effects and determine that no historic properties will be affected by the undertaking. The reason is there are no historic properties in the Area of Potential Effects.</p> <p>Consultation</p> <p>On October 9, 2018, the City of Petaluma, as Agency Official, concurred with the description of the undertaking, the Area of Potential Effects, the recommended determination of no effect to historic properties and initiated consultation with the Office of Historic Preservation with a letter and evaluation materials.</p> <p>On [REDACTED] the State Historic Preservation Officer did not object to the determination of no historic properties affected by the undertaking.</p> <p>Mitigations are proposed in the event of accidental discovery of buried cultural resources during project construction.</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (25) (26) (27) (28) (29) (30) (31) (32) (33) (Appendix F)</p>
<p>Noise Abatement and Control</p> <p>Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978; 24 CFR Part 51 Subpart B</p>	<p>Yes No</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>Project-generated Noise</p> <p><u>Traffic</u></p> <p>As a residential housing project, community noise levels will not be significantly affected by the development. The only noise anticipated is from the normal automobile traffic generated from the project.</p> <p>As discussed above, the CalEEMod estimates the project for land use Mid-rise Apartment, is estimated to generate approximately 359 trips per day. However, as a senior housing project, Institute of</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
		<p>Transportation Engineers (ITE) Land Use #252, Senior Adult Housing is more appropriate. Using this land use, 186 weekday trips per day are generated with an estimated 11 Peak AM trips and 14 during the Peak PM hour during weekdays.</p> <p>For the project to cause a permanent increase in ambient noise in the area, the project would need to contribute to a doubling of traffic. Traffic counts on Petaluma Blvd. South near the project was estimated to be 10,851. As the trips generated by the project are significantly less, there are no adverse impacts to community noise.</p> <p><u>Construction Noise</u></p> <p>Noise effects from construction activities that would take place at the proposed action site under are a function of the noise generated by construction equipment, the location and sensitivity of nearby land uses, and the timing and duration of the noise-generating activities.</p> <p>Construction noise levels are rarely steady in nature, but instead fluctuate depending on the number and type of equipment in use at any given time. There would be times when no large equipment is operating, and noise will be at or near ambient levels. In addition, construction related sound levels experienced by a noise sensitive receptor in the vicinity of the project site would be a function of distance.</p> <p>Construction activities are expected to occur over a 12-month period of time and would include various pieces of construction equipment. The nearest noise sensitive receptor to the project site are residences located to the east of the site, all along the eastern property line.</p> <p>The project is subject to limits on construction hours and days as set by the City of Petaluma.</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (7) (17) (34) (Appendix G)</p>

<p>Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6</p>	<p>Are formal compliance steps or mitigation required?</p>	<p>Compliance determinations</p>
<p>Sole Source Aquifers Safe Drinking Water Act of 1974, as amended, particularly section 1424(e); 40 CFR Part 149</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>The project activities do not affect a sole source aquifer, as there are no aquifers subject to a MOU between EPA and HUD in Sonoma County.</p> <p>Source Document(s): (35)</p>
<p>Wetlands Protection Executive Order 11990, particularly sections 2 and 5</p>	<p>Yes No <input checked="" type="checkbox"/> <input type="checkbox"/></p>	<p>The site does not currently appear on the National Wetlands Inventory database. However, the site is immediately adjacent to the Petaluma River, along the northern edge of the parcel. The River is listed on the National Wetlands Inventory.</p> <p>The project will not result to direct impacts to wetlands; however, mitigation is needed during construction to prevent indirect adverse effects to wetlands (River).</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (7) (22) (Appendix C)</p>
<p>Wild and Scenic Rivers Wild and Scenic Rivers Act of 1968, particularly section 7(b) and (c)</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>No wild and scenic rivers are located within Sonoma County.</p> <p>Source Document(s): (36) (37)</p>
<p>ENVIRONMENTAL JUSTICE</p>		
<p>Environmental Justice Executive Order 12898</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>The project will not raise environmental justice issues and has no potential for new or continued disproportionately high and adverse human health and environmental effects on minority or low-income populations. The project is suitable for its proposed use.</p> <p>Source Document(s): (7) (38) (Appendix H)</p>

Environmental Assessment Factors [24 CFR 58.40; Ref. 40 CFR 1508.8 & 1508.27] *Recorded below is the qualitative and quantitative significance of the effects of the proposal on the character, features and resources of the project area. Each factor has been evaluated and documented, as appropriate and in proportion to its relevance to the proposed action. Verifiable source documentation has been provided and described in support of each determination, as appropriate. Credible, traceable and supportive source documentation for each authority has been provided. Where applicable, the necessary reviews or consultations have been completed and applicable permits of approvals have been obtained or noted. Citations, dates/names/titles of contacts, and page references are clear. Additional documentation is attached, as appropriate. All conditions, attenuation or mitigation measures have been clearly identified.*

Impact Codes: Use an impact code from the following list to make the determination of impact for each factor.

- (1) Minor beneficial impact
- (2) No impact anticipated
- (3) Minor Adverse Impact – May require mitigation
- (4) Significant or potentially significant Impact requiring avoidance or modification which may require an Environmental Impact Statement

Environmental Assessment Factor	Impact Code	Impact Evaluation
LAND DEVELOPMENT		
<p>Conformance with Plans / Compatible Land Use and Zoning / Scale and Urban Design</p>	1	<p>The project was found to be consistent with CEQA Affordable Housing and Infill Exemption under Section 15194 by the City of Petaluma in August 2018. A summary of the findings follow.</p> <p>Petaluma General Plan 2025</p> <p>The Petaluma General Plan 2025 was adopted in 2008 and the Petaluma General Plan EIR (SCH# 2004082065) was certified April 7, 2008. The Petaluma General Plan and General Plan EIR assumed approximately 6,000 additional housing units, for a total buildout of 27,949 units citywide.</p> <p>The project site is designated Mixed-Use on the City's General Plan Land Use map. The mixed-use classification supports a variety of uses, including retail, residential, service commercial and offices. The classification also encourages development that is oriented toward the pedestrian, with parking provided, to the extent possible, in common areas or garages.</p> <p>The proposed project is consistent with the General Plan in that it provides residential land uses, a manager's unit, and community amenities. The proposed project is a pedestrian-oriented development with internal parking areas, a new sidewalk along Petaluma Boulevard South, and a community path along the Petaluma River, demonstrating further consistency with the General Plan.</p> <p>The proposed project is consistent with the following General Plan policies:</p> <p><u>Policy 1-P-2:</u> Use land efficiently by promoting infill development, at equal or higher density and intensity than surrounding uses.</p>

Policy 1-P-44: Develop the Petaluma River as a publicly accessible green ribbon, fronted by streets, paths, access points, and open spaces, by implementing the Petaluma River Access and Enhancement Plan within the context of the PRC Design Standards.

Policy 5-P-20: Ensure that new development provides connections to and does not interfere with existing and proposed bicycle facilities.

Policy 5-P-22: Preserve and enhance pedestrian connectivity in existing neighborhoods and require a well-connected pedestrian network linking new and existing developments to adjacent land uses.

Central Petaluma Specific Plan

The Central Petaluma Specific Plan (CPSP) and EIR (SCH Number 2002-11-2039) was approved on June 2, 2003 by Resolution Number 2003-105 N.C.S. The CPSP guides development in the central portion of the city that is adjacent and immediately east of the historical downtown area and portions of the Petaluma River abutting central Petaluma.

The CPSP EIR assumed a total maximum development potential of 1,617 dwelling units and 2.9 million square feet of commercial uses within the four subareas. The CPSP encourages more flexible building types that accommodate “mixed uses within a single structure” or which “foster live/work environments.”

The subject project site is located within the Riverfront Warehouse subarea of the CPSP, which is noted as containing a unique mix of industrial, office, retail and residential uses. Objective 3 directs the use of the River Access and Enhancement Plan for access improvements in the area.

The project site is designated as Mixed-Use on the CPSP Land Use map. The Mixed-Use designation within the CPSP allows for a variety of residential, commercial office, retail and industrial uses and encourages vertical mixed-use wherever possible. The proposed project is consistent with the CPSP in that it accommodates 54 residential dwelling units, a manager’s unit and community amenities.

The project site is designated as Urban Center (T5) on the CPSP Zoning map. The T5 zone consists of higher density development that accommodates retail, office, rowhouses and apartments. The proposed project is consistent with the CPSP in that it accommodates 54 residential dwelling units, contained within rowhouse style apartment buildings.

The proposed project is also consistent with the following CPSP land use policies related to the Riverfront Warehouse Subarea:

Policy 4.3: Allow new housing within this area.

		<p>River Access and Enhancement Plan</p> <p>The project is located in the Petaluma River Access and Enhancement Plan's Downstream Segment, which extends from D Street to the US 101 bridge over the Petaluma River. The plan identifies a 12-foot wide multi-use path connecting Petaluma Boulevard South to the Petaluma River in the vicinity of the project site.</p> <p>As proposed the project would introduce a 4-foot wide public path connecting to a proposed 6-foot wide community path along the Petaluma River frontage. Staff determined that the property's width is too narrow to accommodate a full-width Class I multi-use path, as identified in the River Access and Enhancement Plan, without the reduction of affordable units, which are in short supply locally and regionally. Staff has considered the intent of the plan which is to provide public access to the Petaluma River and has determined that the proposed improvements would provide adequate public access to the River, thereby meeting the intent of the River Plan. Therefore, the proposed project is consistent with the River Access and Enhancement Plan.</p> <p>The project has been deemed consistent with all local plans and zoning. No mitigation is needed.</p> <p>Source Document(s): (7) (39) (Appendix H)</p>
<p>Soil Suitability/ Slope/ Erosion/ Drainage/ Storm Water Runoff</p>	<p>3</p>	<p>Soil Suitability</p> <p>A Geotechnical Investigation was prepared for the project by Miller Pacific Engineering Group in October 2015. A summary from the report follows.</p> <p>The Geotechnical Investigation report presents the results of preliminary geotechnical investigation for the proposed development at 951 Petaluma Boulevard South in Petaluma, California. The purpose is to investigate subsurface conditions, evaluate geologic hazards, and develop preliminary geotechnical criteria and recommendations for use in project design and construction.</p> <p>The project consists of the development of an existing +/-1.3-acre property along the Petaluma River in southern Petaluma. The final project details are unknown at this time, however the proposed development may include a multi-story, multi-use structure (residential and commercial space). Ancillary improvements will likely include asphalt parking areas, site utilities, and concrete pedestrian areas.</p> <p><u>Regional Geology</u></p> <p>The project site lies within the Coast Ranges geomorphic province of California. Regional topography within the Coast Ranges province is characterized by northwest-southeast trending mountain ridges and intervening valleys that</p>

parallel the major geologic structures, including the San Andreas Fault System. The province is also generally characterized by abundant landsliding and erosion, owing in part to its typically high levels of precipitation and seismic activity.

Regional geologic mapping (Wagner, Rice, et al, 2002) indicates that the project site is located on a contact between alluvial fan deposits, Bay Mud, and Franciscan Complex bedrock. Alluvial fan deposits generally consist of sand, gravel, silt, and clay deposited by streams emanating from canyons onto valley floors. Bay Mud typically is composed of highly compressible clay and silt marine deposits, and commonly include seams and lenses of fine sands and organic materials such as peat. Franciscan Complex bedrock generally consists of schist, phyllite, and semischist.

Subsurface Conditions

Subsurface exploration generally confirmed the regionally-mapped geologic conditions at the site. The southern portion of the property is overlain by approximately 13-feet of very dense, silty sand, alluvial fan deposits overlying weathered bedrock. The northern portion of the site, adjacent to the Petaluma River, consists of approximately 7-feet of medium stiff and dense silty clay and clayey sand overlying approximately 10-feet of soft, compressible marine clay deposits, locally known as Bay Mud. Approximately 9-feet of medium stiff silty clay/clayey silt underly the Bay Mud followed by approximately 4-feet of silty clay/clayey silt. Weathered bedrock was observed approximately 14 to 36-feet below the ground surface. The subsurface conditions at the center of the site are similar to the northern portion, however the Bay Mud and underlying medium stiff clay and dense sand layers are thinner.

Groundwater was measured at 14.0-feet below the ground surface. Typically groundwater levels fluctuate seasonally with higher levels expected during the wet winter months. Additionally, groundwater levels may fluctuate with the Petaluma River water levels.

Conclusion

Based on experience with similar projects in the Petaluma area, Miller Pacific concludes that, from a geotechnical standpoint, the site is suitable for the planned improvements. The primary geotechnical issues to address in design of the project are strong seismic shaking due to the close proximity of the Rodgers Creek Fault, lateral spreading, seismically induced settlement, and providing uniform foundation support.

All recommendations in the Geotechnical Investigation Report shall be followed.

Mitigations Required

	<p>Slope</p> <p>The project site is relatively flat with elevations ranging from roughly +17-feet to approximately +14-feet above Mean Sea Level, gently sloping downward from south to north.</p> <p>Erosion</p> <p>Sandy soils on moderate slopes or clayey soils on steep slopes are susceptible to erosion when exposed to concentrated water runoff. These conditions do not exist at the site. However, there is always some potential for localized erosion due to concentrated surface water flows.</p> <p>Mitigation measures include designing a site drainage system to collect surface water and discharging it into an established storm drainage system. The project Civil Engineer of Architect is responsible for designing the site drainage system and, an erosion control plan could be developed prior to construction per the current guidelines of the California Stormwater Quality Association's Best Management Practice Handbook (2009).</p> <p>Drainage/Storm Water Runoff</p> <p><u>Storm Water Pollution Prevention Measures</u></p> <p>Pollution Prevention Measures or Source Control Measures are practices which help keep pollutants from coming into contact with storm water.</p> <p>Increasing the amount of impervious surface area with the development of bare land generally increases the rate which storm water flows across a site. While the impact of increasing the impervious area for a single site is often insignificant, the cumulative impact of increasing the impervious area for multiple areas may have an adverse hydromodification effect on downstream facilities, because the cumulative increase has the potential to increase runoff causing downstream erosion and sediment load in the storm water conveyance system.</p> <p><u>Storm Water Treatment Control Measures</u></p> <p>In order to minimize downstream erosion and protect stream habitat, the Storm Water LID Technical Design Manual prioritizes Best Management Practices (BMPs) and requires that the designer first consider measures which capture storm water runoff from impervious surfaces and encourage infiltration. Developments in areas subject to contaminated soil or high ground water are discouraged from integrating measures which infiltrate storm water, but they are required to incorporate alternative designs which harvest storm water and treat runoff from impervious surfaces. If volume control measures are not</p>
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feasible at the project site, then offset projects at a different location may accomplish this requirement.

Treatment Control BMPs are engineered systems that are designed to remove pollutants from storm water and are often categorized as being landscape-based or mechanical. These types of BMPs are required whenever a development proposes to infiltrate less water than is discharged from new or redeveloped impervious surfaces during the target storm event.

Project Impacts

The City of Petaluma is a member of the Bay Area Stormwater Management Agencies Association (BASMAA). All stormwater treatment mitigation is based on a low impact development approach to implementing California's state Water Resources Control Board Provision E.12 of the Phase II Small MS4 General Permit. The design criteria to meet these provisions is outlined in the "BASMAA Post-Construction Manual (Design Guidance for Stormwater Treatment and Control for Projects in Marin, Sonoma, Napa and Solano Counties).

Low flow rain events producing run-off from all impervious surfaces on the site require to be retained or detained on the site. The run-off from the impervious surfaces (Drainage Maintenance Areas or DMA's) are directed to surface bio-retention facilities (Basin Retention Areas or BRA's). (The DMA's and BRA's are shown on the attached Sheet C-8 BASMAA Exhibits, see Appendix A for plan set.)

The bio-retention facilities are designed to retain/detain the low flow rain event which carry the pollutants and bypass the flows produced by larger rain events to the project storm drain system. The project storm drain system proposes to utilize two existing storm drains to collect the run-off by-passed from the bio-retention facilities. Both storm drains outlet into the Petaluma River. The project will continue to use the existing outlets with no new construction that would require outside agency approvals.

Temporary Measures

A "Sediment Control Plan" will be prepared and included with the construction drawings requiring the contractor to implement temporary storm water BMPs. The contractor will be required to use filter fabric, gravel bags, straw wattles or similar measures to collect sediment and filter water before allowing its discharge to downstream facilities. Construction entrances/exits will be designated on the drawings as having a blanket of rock, where applicable, to assist with removing dirt from trucks to minimize soil tracked into the public street during the early stages of construction. This drawing will also require that disturbed areas be seeded to help stabilize un-vegetated areas. Since the project will disturb more than 1- acre with construction, a Storm Water

		<p>Pollution Prevention Plan will need to be prepared which more precisely identifies temporary storm water BMPs that may be incorporated during different phases of construction.</p> <p>With incorporation of mitigations during construction and conformance with LID requirements, impacts are considered <i>less than significant with mitigation</i>.</p> <p><i>Mitigations Required</i></p> <p>Source Document(s): (2) (7) (40) (41) (42) (43) (Appendix H)</p>
<p>Hazards and Nuisances including Site Safety and Noise</p>	<p>3</p>	<p>Site Safety</p> <p>The project will not create a risk of explosion, release of hazardous substances or other dangers to public health. The project is not located near any hazardous operations. The project will provide a safe place for residents.</p> <p>A Geotechnical Investigation was prepared for the project by Miller Pacific Engineering Group in October 2015. A summary from the report follows.</p> <p><u>Seismicity</u></p> <p>The project site is located within a seismically active region that includes the Central and Northern Coast Mountain Ranges. Several active faults are present in the area including the Rodgers Creek and San Andreas Faults, among others. An "active" fault is defined as one that shows displacement within the last 11,000 years and, therefore, is considered more likely to generate a future earthquake than a fault that shows no evidence of recent rupture. The California Department of Conservation, Division of Mines and Geology has mapped various active and inactive faults in the region. These faults, defined as either California Building Code Source Type "A" or "B," are shown in relation to the project site in the figure below.</p>

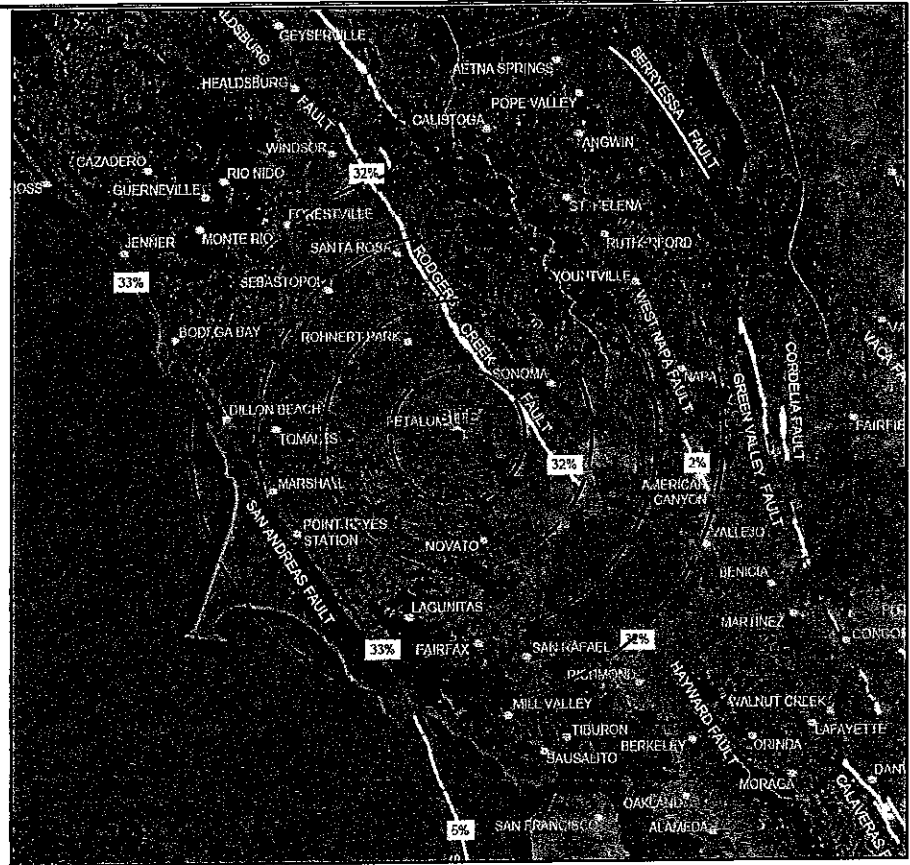


Figure 8 Active Fault Map

The Rodgers Creek Fault is the nearest known active fault and is located approximately 8.2-kilometers (5.1-miles) northeast of the site. The site will likely experience moderate to strong ground shaking from future earthquakes originating on any of several active faults in the San Francisco Bay region.

The principal geologic hazards which could potentially affect the project site are strong seismic shaking from future earthquakes in the San Francisco Bay Region, liquefaction, settlement and seismically induced settlement. Other hazards, such as fault rupture, tsunami inundation, slope instability, and others, are not considered significant at the site.

Fault Surface Rupture

Based on currently available published geologic information, the project site is not located within an Alquist-Priolo Earthquake Fault Zone nor is within the Sonoma County's General Plan Fault Rupture Hazard Zone. The potential for fault surface rupture on the project site is therefore considered to be low.

Seismic Shaking

The site will likely experience seismic ground shaking from future earthquakes in the San Francisco Bay Area. Earthquakes along several active faults in the region, as shown in the figure above, could cause moderate to strong ground shaking at the site.

The potential for strong seismic shaking at the project site is moderate. Due to its close proximity, the Rodgers Creek Fault (approximately 8.2 kilometers northeast) presents the highest potential for strong ground shaking. The most significant adverse impact associated with strong seismic shaking is potential damage to structures and improvements.

Minimum mitigation measures should include designing the structures and foundations in accordance with the most recent version of the California Building Code. Recommended seismic coefficients are provided below.

Table 6 2013 California Building Code Factors

<u>Factor Name</u>	<u>Coefficient</u>	<u>2013 CBC Site Specific Value</u>
Site Class ⁽¹⁾	S _{A,B,C,D,E, or F}	S _D
Site Coefficient	F _a	1.00
Site Coefficient	F _v	1.50
Spectral Acc. (short)	S _s	1.50 g
Spectral Acc. (1-sec)	S ₁	0.62 g
Spectral Response (short)	SM _s	1.56 g
Spectral Response (1-sec)	SM ₁	0.94 g
Design Spectral Response (short)	SD _s	1.06 g
Design Spectral Response (1-sec)	SD ₁	0.62 g
Seismic Design Category	A, B, C, D, or E	D

(1) Site Class D Description: Soft clay soil profile with shear wave velocities between 600 and 1,200-ft/sec, standard blow counts between 15 and 50 blows per foot, undrained shear strength between 1,000 and 2,000-psf.

Liquefaction

Liquefaction refers to the sudden, temporary loss of soil shear strength during strong ground shaking. Liquefaction-related phenomena include liquefaction-induced settlement, flow failure, and lateral spreading. These phenomena can occur where there are saturated, loose, granular deposits. To evaluate soil liquefaction, the seismic energy from an earthquake is compared with the ability of the soil to resist pore pressure generation.

The Petaluma River is located on the northern property line and is approximately 10-feet lower than project site. This free face condition is susceptible to lateral spreading. Based on the methods outlined by Youd et al (2002), significant ground cracking approximately 3 to 5-feet wide may occur within 50-feet from the river. This ground cracking will become less severe further from the river.

Foundation systems should be designed in accordance with the criteria provided in the table above to mitigate the effects of liquefaction and lateral spreading.

	<p><u>Ground Settlement</u></p> <p>Seismic ground shaking can induce settlement of unsaturated, loose, granular soils. Settlement occurs as the loose soil particles rearrange into a denser configuration when subjected to seismic ground shaking. Varying degrees of settlement can occur throughout a deposit, resulting in differential settlement of structures founded on such deposits. Miller Pacific observed loose granular deposits above the groundwater level therefore, the risk of seismically induced ground settlement is considered high at the project site. Based on the procedures outlined by Tokimatsu and Seed (1984) an anticipated approximate 1-inch of settlement may occur due to the densification of the dry granular soils.</p> <p>Foundation system should be designed to withstand on the order of 0.5-inches of differential settlement and 1-inch of total settlement. Foundation design criteria to mitigate the effects of liquefaction are provided in the table above.</p> <p><u>Lurching and Ground Cracking</u></p> <p>Lurching and associated ground cracking can occur during strong ground shaking. The ground cracking generally occurs along the tops of slopes where stiff soils are underlain by soft deposits or along steep slopes or channel banks. These conditions exist on the northern portion of the site adjacent to the Petaluma River, therefore the risk of lurching and ground cracking at the project site is high.</p> <p>Mitigation measures include providing adequate setbacks for the Petaluma River bank. At a minimum structural improvements should be set back at least 40-feet from the crest of river bank.</p> <p><u>Seiche and Tsunami</u></p> <p>Seiche and tsunamis are short duration, earthquake-generated water waves in large enclosed bodies of water and the open ocean, respectively. The extent and severity of a seiche or tsunami would be dependent upon ground motions and fault offset from nearby active faults. The project site is at an increased elevation and not located near a large body of water, such as a lake. Therefore, seiche and tsunami events are not considered geologic hazards at the site.</p> <p><u>Flooding</u></p> <p>The project site is mapped adjacent to a FEMA 100-year flood zone therefore, large scale flooding is not a moderate hazard at the project site. The project Civil Engineer or Architect is responsible for site drainage and should evaluate localized flooding potential and provide appropriate mitigation.</p> <p>The project Civil Engineer or Architect should evaluate the risk localized flooding and provide appropriate storm drain design.</p>
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Expansive Soil

Expansive soils will shrink and swell with fluctuations in moisture content and are capable of exerting significant expansion pressures on building foundations, interior floor slabs and exterior flatwork. Distress from expansive soil movement can include cracking of brittle wall coverings (stucco, plaster, drywall, etc.), racked door and/or window frames, and uneven floors and cracked slabs. Flatwork, pavements, and concrete slabs-on-grade are particularly vulnerable to distress due to their low bearing pressures. We did not observe any indications of expansive soils (i.e. ground cracking) at the ground surface therefore the risk of expansive soils is low.

Settlement

Significant settlement can occur when new loads are placed at sites due to consolidation of soft compressible clays (i.e. Bay Mud) or compression of loose granular soils. Bay Mud, of varying thickness was observed in the northern half of the project site. Therefore, settlement is considered a significant geologic hazard at the project site.

Any new, significant loads (i.e. building loads, fill, etc.) will cause the underlying Bay Mud to consolidate, resulting in surface settlements. The amount of settlement is proportional to the thickness of the Bay Mud and the degree of loading.

The use of lightweight fill (i.e. lava rock) or geofoam may be utilized in areas of the site underlain by Bay Mud to balance new loads. Additionally, building foundations may be supported on deep foundations that extend through the Bay Mud and into the underlying weathered bedrock.

Conclusion

The project site is located in a seismically active area. Therefore the structure should be designed in conformance with the seismic provisions of the California Building Code (CBC) to mitigate the potential effects of strong seismic ground shaking to the proposed structures. At a minimum, Miller Pacific recommend the project Structural Engineer utilize the 2013 CBC coefficients shown in the table above to determine the base shear values.

Supplemental Geotechnical Recommendations

As discussed in Miller Pacific's Preliminary Geotechnical Investigation, the northern end of the property is adjacent to the Petaluma River and prone to lurching and ground cracking during a strong seismic event. In the report Miller Pacific recommended that the proposed improvements should be set back at least 40-feet from the river bank. The 2-story mixed use portion of proposed improvements will be within 30-feet of the Petaluma River bank, 10-feet within

	<p>the recommended setback. The proposed structure may be constructed within the setback provided it is supported on a rigid interconnected deep foundation system (i.e. piles with interconnected gradebeams). Additionally, the river bank should be monitored over the life span of the structure. If the bank encroaches within 10-feet of the proposed multi-use building, river bank mitigation measures should be implemented which could include sheet piling, rip-rap slope buttress, etc.</p> <p>All recommendations in the Geotechnical Investigation Report and Supplemental Recommendations shall be followed.</p> <p><i>Mitigations Required</i></p> <p>Noise</p> <p><u>Regulatory Setting</u></p> <p>HUD environmental noise regulations are set forth in 24 CFR Part 51B (Code of Federal Regulations). The following noise standards for new housing construction would be applicable to this project.</p> <ul style="list-style-type: none"> • 65 DNL or less – Acceptable. • Exceeding 65 DNL but not exceeding 75 DNL – Normally Unacceptable (appropriate sound attenuation measures must provide an additional 5 decibels of attenuation over that typically provided by standard construction in the 65 dBA Ldn to 70 dBA Ldn zone; 10 decibels additional attenuation in the 70 dBA Ldn to 75 dBA Ldn zone). • Exceeding 75 DNL – Unacceptable. <p>HUD requires consideration of all noise sources that may adversely impact noise sensitive uses such as housing. In this regard, the three principal sources of noise to be considered include: airports within 15 miles, railroads within 3,000 feet and major roadways within 1,000 feet of the project site.</p> <p>A significant adverse effect will result if noise levels at the project site would exceed HUD Compatibility Guidelines for acceptability (exterior noise levels exceeding 65 dBA Ldn or interior noise levels exceeding 45 dBA Ldn).</p> <p>The nearest freeway is Highway 101, located roughly 2,500 feet east of the project site. The freeway is outside the 1,000 foot sphere of influence. The SMART train operates within the 3,000 foot sphere of influence, but separated from the project site by the intervening freeway, highway 101. Occasional freight trains operate on the same rail tracks but the number of trains and the distance preclude any significant noise impact on the project site.</p> <p>The project site lies along Petaluma Blvd. South, an arterial roadway (identified as a high-volume roadway with an excess of 10,000 ADT). The City of Petaluma provided traffic counts for the most recent year available (2014) for traffic along</p>
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		<p>Petaluma Blvd. S in vicinity of the project site. Annual average daily traffic (AADT) was 10,851 in year 2014. Projecting traffic out 10 years from the date of occupancy per HUD guidelines to year 2030, and using HUD's DNL Calculator Tool, the estimated future noise environment at the site is 69 DNL. This is considered 'Normally Unacceptable' by HUD.</p> <p>The project architect has completed a Figure 19, <i>Description of Noise Attenuation Measures</i> demonstrating that the noise exposed areas along Petaluma Boulevard South will have interior noise of 45 DNL or less.</p> <p>[INSERT CONCLUSIONS ABOUT FIGURE 19, ETC.]</p> <p><i>A Noise Waiver Is Required</i></p> <p><i>Mitigations Required</i></p> <p>Source Document List: (7) (8) (17) (40) (41) (44) (45) (Appendix G and H)</p>
Energy Consumption	2	<p>The project will meet or exceed current Title 24 requirements. Although the project will increase energy consumption over current conditions, the project does not represent a wasteful use of energy. Energy efficient appliances and features will be used to the extent practicable.</p> <p>Source Document(s): (7)</p>

SOCIOECONOMIC		
Employment and Income Patterns	2	<p>The project will house a maximum of 164 persons per HUD guidelines. The City of Petaluma had a population of 57,941 as of the 2010 Census. The project represents 0.2% of the population. The target demographic is senior citizens that are presumably retired.</p> <p>The project by its nature and target demographic is not large enough in scale to have any significant effects to employment and income patterns.</p> <p>Source Document(s): (4) (7)</p>
Demographic Character Changes, Displacement	2	<p>Demographic Character Changes</p> <p>The City of Petaluma had a population of 57,941 as of the 2010 Census. The project represents 0.2% of the population. The project is not large enough in scale to have any significant effects to demographics of the City of Petaluma.</p> <p>Displacement</p> <p>The Uniform Relocation Act (URA), passed by Congress in 1970, establishes minimum standards for federally-funded programs and projects that require the</p>

	<p>acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally-funded projects.</p> <p>Section 205 of the URA requires that, "Programs or projects undertaken by a federal agency or with federal financial assistance shall be planned in a manner that (1) recognizes, at an early stage in the planning of such programs or projects and before the commencement of any actions which will cause displacements, the problems associated with the displacement of individuals, families, businesses, and farm operations, and (2) provides for the resolution of such problems in order to minimize adverse impacts on displaced persons and to expedite program or project advancement and completion."</p> <p>The project includes acquisition of the property. The property is occupied with PEP Housing offices. As the project is occupied by the developer, a relocation plan is not required.</p> <p>Source Document(s): (4) (7) (46)</p>
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Environmental Assessment Factor	Impact Code	Impact Evaluation
COMMUNITY FACILITIES AND SERVICES		
Educational and Cultural Facilities	2	<p>Educational Facilities</p> <p>The project by its definition is to provide affordable housing for senior citizens and retired persons. It is not anticipated that a significant number of school aged children, or any, will be housed by the project as families are not the primary target demographic.</p> <p>There are no adverse impacts to educational facilities anticipated as a result of the project.</p> <p>Cultural Facilities</p> <p>The proposed project is within 5 miles of a cinema, three convention centers, three galleries, two libraries, five museums, a stadium/arena and two theatres. Petaluma Regional Library is located 1.5 miles north at 100 Fairgrounds Drive. The project location near transit affords other opportunities for cultural enrichment outside the immediate area. There is a Golden Gate Transit bus stop directly in front of the project site.</p> <p>The project represents an incremental demand for cultural facilities; impacts are</p>

		<p>considered <i>less than significant</i>.</p> <p>Source Document(s): (7) (8)</p>
Commercial Facilities	2	<p>Downtown Petaluma is located approximately ¼ mile northwest of the project site and is accessible by bus. The downtown area has many commercial facilities – post office, restaurants, a theatre, animal hospital, pharmacies and banks. There are 18 grocery stores within five miles. There is a convenience store directly across Petaluma Blvd. from the project site.</p> <p>The additional residents would not constitute a significant impact on the demand for commercial facilities in the area.</p> <p>Source Document(s): (7) (8)</p>
Health Care and Social Services	2	<p>Health Care</p> <p>There are two hospitals in the City of Petaluma. Petaluma Valley Hospital is located at 400 North McDowell Blvd., 4.1 miles north or an approximate 10 minute drive. Petaluma Valley Hospital is operated by St. Joseph Health and provides 24-hour emergency room service, intensive care, coronary care, surgery, birth, imaging, laboratory, and pulmonary services, among others. The hospital has over 40 beds in use at any given time.</p> <p>St. Joseph Health Medical Group Petaluma After Hours Care is located at 905 East Washington Street, 1.7 miles north of the site and provides after-hours care for non-life threatening illnesses and injuries on a walk-in basis.</p> <p>St. Joseph Health also offers internal medicine, surgery and medical offices in the City of Petaluma. Other hospitals in the area are Novato Community Hospital, Sonoma Valley Hospital, Santa Rosa Memorial Hospital and Queen of the Valley Medical Center.</p> <p>There are numerous clinics and physicians in the area for regular medical care.</p> <p>There are no significant impacts to healthcare facilities or delivery systems anticipated as a result of the proposed project.</p> <p>Social Services</p> <p>The County of Sonoma provides social services to county residents by providing health care, financial assistance, food assistance and tailored programs for homeless persons and veterans. A variety of children and family services are provided, including child protective services, child care, youth services and other resources for children and families. Employment and community resources are also provided. The nearest service office to the project is located at 5350 Old Redwood Highway, Suite 100 in Petaluma, approximately five miles north of the project site.</p>

		<p>Petaluma People Services Center provides over 300 seniors with case management services, referrals, senior day care program, meals and nutritional services to seniors with Meals on Wheels Program and their Senior Café.</p> <p>The project does not represent a significant social services impact.</p> <p>Source Document(s): (7) (8) (47) (48) (49) (50) (51)</p>
Solid Waste Disposal / Recycling	2	<p>Solid waste services are provided to the project site by Recology, who provides the following services:</p> <ul style="list-style-type: none"> • Collection, transportation, processing, and disposal of garbage, recyclable materials and organic waste; • Battery Collection and Recycling (household batteries only); • Residential Garbage Routes of all public streets within the City. <p>The site is already provided with solid waste collection services. The CEQA review conducted for the project determined there were no significant impacts to solid waste services as a result of the project.</p> <p>Source Document(s): (7) (39) (52)</p>
Waste Water / Sanitary Sewers	2	<p>The site will connect to existing 12 inch (12") sanitary sewer mains along Petaluma Boulevard South. The project's CEQA review determined there are no significant impacts to waste water as a result of the project.</p> <p>There are no adverse effects.</p> <p>Source Document(s): (2) (7) (39)</p>
Water Supply	2	<p>The project will connect to existing 12 inch (12") water main along Petaluma Boulevard South. The project's CEQA review determined there are no significant impacts to waste water as a result of the project.</p> <p>There are no adverse effects.</p> <p>Source Document(s): (2) (7) (39)</p>
Public Safety - Police, Fire and Emergency Medical	2	<p>Police</p> <p>Law enforcement services for the project area are provided by the Petaluma Police Department. Law enforcement services include but are not limited to patrol duties, traffic enforcement, special event security, group/committee participation, investigations and K9 Unit. The Police Department is located at 969 Petaluma Blvd. North, approximately two miles north of the project site.</p> <p>Development of the project and the related increase in population would result in an increased demand for police protection. It is expected that the Police Department would be able to serve the project without requiring additional</p>

		<p>facilities. As such, impacts on police protection services are considered <i>less than significant</i>.</p> <p>Fire and Emergency Services</p> <p>The Petaluma Fire Department provides fire suppression and emergency response to residents of Petaluma, southern Sonoma County and a portion of Marin County. The Fire Department is located at 198 D Street, 0.7 miles northwest of the project site. The service area covers 184 square miles and a population of 70,000 people. There are 58 paid personnel on staff; of these, 48 are divided among 3 platoons that work 24-hour rotating shifts. The minimum staffing for each shift is 15 which includes the staffing of two paramedic engine companies, one aerial ladder company and two paramedic advanced life support ambulances.</p> <p>The Ambulance Service is designed as an enterprise fund and the fees charged for service cover all expenditures of the program. There are two first line ambulances on-duty 24/7. At least two out of three of the first line engines are staffed with a paramedic 80% of the time. Petaluma Valley Hospital receives 80% of patient transports.</p> <p>There are no adverse impacts to police and fire services in the City of Petaluma will occur as a result of the project.</p> <p>Source Document(s): (7) (39) (53) (54)</p>
<p>Parks, Open Space and Recreation</p>	<p>1</p>	<p>The project itself will construct a pedestrian path that connects offsite and runs along the Petaluma River. The project is consistent with the Petaluma River Access and Enhancement Plan (1996) to provide a greenway and trail along the River for public access and enjoyment.</p> <p>Across the Petaluma River from the project is Steamer Landing Park, a small park on a peninsula with walking/biking trails, river overlooks and a heritage center.</p> <p>Wickersham Park is a 2.17 acre park that features a range of benches amid paved walking paths and open grassy lawns. The Park is less than ½ mile west of the site.</p> <p>Sonoma County Regional Parks includes more than 50 parks and beaches with miles of trails, sports fields, playgrounds, campgrounds and an ocean marina.</p> <p>Helen Putnam Regional Park is located approximately 3.6 miles west of the site or a 12 minute drive at 411 Chileno Valley Road. Helen Putnam Regional Park is a compact wilderness park southwest of Petaluma. Its six miles of trails cross grassy hillsides and weave through oak woodlands. Ridge-top trails provide panoramic views of the city and the southern Sonoma County countryside. A fishing pond contains bluegill and other fish. An accessible playground, picnic area and gazebo are located near the parking lot.</p>

		<p>The City of Petaluma, Parks and Recreation department offers programs and activities for all ages. Adult programs include arts and crafts, dance, fitness, performing arts, sports classes and leagues. The City operates the Petaluma Senior Center which provides programs and services for the senior community.</p> <p>The project represents an incremental demand for parks and recreational facilities therefore impacts are considered <i>less than significant</i>.</p> <p>Source Document(s): (7) (8) (50) (55) (56) (57)</p>
<p>Transportation and Accessibility</p>	<p>1</p>	<p>Transportation</p> <p>Transportation impacts caused by the proposed project to traffic vary depending upon the number of personal vehicle trips the project will generate, the availability of public transit, the bicycle network, and the completeness of the nearby pedestrian network. Close amenities serve to further reduce the impacts to traffic.</p> <p><u>Personal Vehicles</u></p> <p>Using the Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition land use 252, <i>Senior Adult Housing</i>, the project will generate an estimated 186 total vehicle trips per day per weekday. An estimated 11 of those trips will occur during the peak AM hour and 14 will occur during the peak PM hour. The project generates less than 50 vehicle trips during the peak AM and PM weekday hours. There are no adverse impacts to traffic anticipated as a result of the project.</p> <p><u>Pedestrian</u></p> <p>The proposed project site and vicinity are walkable and the sidewalk network is largely complete.</p> <p><u>Bicycle</u></p> <p>The City of Petaluma is a bicycle-friendly City and has an extensive bicycle network for access throughout the City. Petaluma Blvd. South fronts the project site and is proposed for development as a Class II – Off Street bicycle facility.</p> <p><u>Public Transit</u></p> <p><u>Rail Service</u></p> <p>The Sonoma-Marin Area Rail Transit (SMART) provides passenger rail service in Sonoma and Marin Counties. SMART operates the Petaluma Downtown Station located at 220 Lakeville Street, 1.1 miles or a five minute drive north of the site. Bus service is available from the site to the SMART station, which is adjacent to the Petaluma Transit Mall on Copeland Street. The transit mall is served by Golden Gate Transit, Sonoma County Transit and Petaluma Transit. Service currently operates between San Rafael (Marin County) to the south and the</p>

		<p>Sonoma County Airport at its most northern point. Service is planned for expansion in the future. SMART is currently running 34 trains per day.</p> <p>Bus Service</p> <p>Golden Gate Transit operates bus service directly in front of the project. The site is served with routes 74, 80, 101 and 101x. Golden Gate transit routes 101 and 101x connect to both the Copeland Street Transit Mall and SMART Station, providing local and regional public transit.</p> <p>From the Copeland Street Transit Mall, riders can connect with Petaluma Transit, Golden Gate Transit and Sonoma County Transit bus service.</p> <p>Parking</p> <p>The project will provide 42 onsite parking spaces for a ratio of 1:1.28 which has been deemed adequate by the City of Petaluma for affordable senior housing projects.</p> <p>Conclusion</p> <p>Pedestrian, bicycle and transit facilities are expected to adequately serve the proposed project. There are no adverse impacts to transportation as a result of the project.</p> <p>Accessibility</p> <p>The project will comply with all HUD and local requirements for accessibility at the site.</p> <p>Source Document(s): (7) (8) (39) (58) (59) (60) (61) (62) (63)</p>
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Environmental Assessment Factor	Impact Code	Impact Evaluation
NATURAL FEATURES		
Unique Natural Features, Water Resources	2	<p>There are no unique natural features or water resources on the site itself. There are no adverse impacts to unique natural features or water resources as a result of the project.</p> <p>Source Document(s): (7)</p>
Vegetation, Wildlife	3	<p>Please see <i>Endangered Species</i> and <i>Wetlands Protection</i> sections above for a complete discussion of wetland and biological resources and potential impacts.</p> <p><i>Mitigations Required</i></p>

		Source Document(s): (7)
Other Factors	1	The project will provide much needed affordable housing for seniors near transit. The project itself will provide supportive services to seniors and is a benefit to the community. The proposed project is beneficial to both residents and the community. Source Document(s): (7)

Additional Studies Performed:

See Source Documentation List

Field Inspection (Date and completed by):

October 16, 2018 Site Visit by Cinnamon Crake, Associate, AEM Consulting

List of Sources, Agencies and Persons Consulted [40 CFR 1508.9(b)]:

See Source Documentation List

List of Permits Obtained:

No permits have been obtained yet. The moment the use of Federal funds was contemplated, all project actions were halted to conduct this environmental review.

Public Outreach [24 CFR 50.23 & 58.43]:

The project results in a Finding of No Significant Impact (FONSI) which will be published in the newspaper and circulated to public agencies, interested parties, and landowners/occupants of parcels located within the project's Area of Potential Effects (APE). Information about where the public may find the Environmental Review Record pertinent the project will be included in the FONSI Notice.

Cumulative Impact Analysis [24 CFR 58.32]:

There are no adverse cumulative impacts identified. Source: (64) (65)

Alternatives [24 CFR 58.40(e); 40 CFR 1508.9]

The project impacts to floodplains were analyzed and discussed in the attached *8-Step Decision Making Process for projects located in a Floodplain and Wetland* (see Appendix C). The document resulted in the proposed design, which avoids the floodplain area. The chosen alternative is the preferred alternative.

No Action Alternative [24 CFR 58.40(e)]:

The site could be acquired or developed as affordable housing, market-rate housing or other land use as permitted or approved by the City of Petaluma, or remain the real property of the current owner. The project site may continue in its current state. The impacts discussed in this Environmental Assessment would not occur.

Summary of Findings and Conclusions:

The project is suitable from an environmental standpoint. As long as the mitigation measures are adhered to, there is no anticipated significant impact from the project. The project is a benefit to the community and will provide public trails along the Petaluma River consistent with the Petaluma River Access and Enhancement Plan. The project will provide a safe, sanitary, and affordable place for senior residents.

Mitigation Measures and Conditions [40 CFR 1505.2(c)]

Summarize below all mitigation measures adopted by the Responsible Entity to reduce, avoid, or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance with the above-listed authorities and factors. These measures/conditions must be incorporated into project contracts, development agreements, and other relevant documents. The staff responsible for implementing and monitoring mitigation measures should be clearly identified in the mitigation plan.

Law, Authority, or Factor	Mitigation Measure
Contamination & Hazardous Substances	<p>HZ1. Due to the age of the subject property building, there is a potential that ACMs are present. The observed suspect ACMs at the subject property were in good condition at the time of the site reconnaissance and are not expected to pose a health and safety concern to the occupants of the subject property at this time. Based on the potential presence of ACMs, AEI recommends the implementation of an O&M Plan which stipulates that the repair and maintenance of damaged materials should be performed to protect the health and safety of the building occupants. In the event that building renovation or demolition activities are planned, a thorough asbestos survey to identify asbestos-containing building materials is required in accordance with the EPA NESHAP 40 CFR Part 61 prior to demolition or renovation activities that may disturb suspect ACMs.</p> <p>HZ2. Due to the age of the subject property building, there is a potential that LBP is present. All observed painted surfaces were in good condition and are not expected to pose a health and safety concern to the occupants of the subject property at this time. Local regulations may apply to LBP in association with building demolition/renovations and worker/occupant protection. Actual material samples would need to be collected or an x-ray fluorescence (XRF) survey performed in order to determine if LBP is present. It should be noted that construction activities that disturb materials or paints containing any amount of lead may be subject to certain requirements of the OSHA lead standard contained in 29 CFR 1910.1025 and 1926.62.</p>
Endangered Species	<p>ES1. Construction BMPs will be incorporated in the construction of the project and include, but are not limited to, the following:</p> <ul style="list-style-type: none"> a) Work is proposed to be conducted outside the rainy season from October 15 until May 15, based on biological considerations. <p>Erosion and sediment control will be conducted on all exposed</p>

	<p>soils after construction. However, if construction occurs within the rainy season, erosion and sediment control measures for loose soils will be implemented and will include, but not be limited to, silt fencing on the downslope portion of the work areas.</p> <p>b) Pre-construction surveys for special-status species by a qualified biologist shall be conducted at the appropriate times before construction starts to determine occupancy at the site. If no special-status species are found, no further action other than the Best Management Practices identified above are required. If individuals are found, including plants or nesting birds, a buffer zone around the species or nest will be required at a sufficient distance to prevent take of individual plants, or until after the nesting season.</p>
Geotechnical	<p>G1. Follow all recommendations laid forth in the <i>Geotechnical Investigation Report and Supplemental Geotechnical Recommendations</i> prepared for the project by Miller Pacific Engineering Group dated October 30, 2015 and February 20, 2018, respectively.</p>
Historic Preservation	<p>CR1. If archaeological resources are encountered during construction, work should be temporarily halted in the vicinity of the discovered materials and workers should avoid altering the materials and their context until a qualified professional archaeologist has evaluated the situation and provided appropriate recommendations. Project personnel should not collect cultural resources. Native American resources include chert or obsidian flakes, projectile points, mortars, and pestles; and dark friable soil containing shell and bone dietary debris, heat-affected rock, or human burials. Historic-period resources include stone or adobe foundations or walls; structures and remains with square nails; and refuse deposits or bottle dumps, often located in old wells or privies.</p> <p>CR2. In the event that human skeletal remains are uncovered at the project site during construction or ground-breaking activities, all work shall immediately halt and the County Coroner shall be contacted to evaluate the remains, and shall follow the procedures and protocols pursuant to Section 15064.5 (e)(1) of the CEQA Guidelines. If the County Coroner determines that the remains are Native American, the City shall contact the California Native American Heritage Commission (NAHC), pursuant to subdivision (c) of Section 7050.5 of the Health and Safety Code, and all excavation and site preparation activities shall cease within a 50-foot radius of the find until appropriate arrangements are made. If the agencies determine that avoidance is not feasible, then an alternative plan shall be prepared with specific steps and timeframe required to resume</p>

	<p>construction activities. Monitoring, data recovery, determination of significance and avoidance measures (if applicable) shall be completed expeditiously.</p> <p>CR3. In the event any evidence of human habitation is discovered during construction, all work shall cease and the Middletown Rancheria should be contacted immediately. Contact Sally Peterson, Tribal Vice-Chairwoman, (707) 987-3670 x1307.</p>
Noise	<p>N1. The construction contractor shall ensure that all construction equipment have appropriate sound muffling devices, which are properly maintained and used at all times such equipment is in operation.</p> <p>N2. The construction contractor shall ensure that all internal combustion-engine-driven equipment is equipped with mufflers that are in good operating condition and appropriate for the equipment.</p> <p>N3. The construction contractor shall ensure that "quiet" models of air compressors and other stationary construction equipment are utilized where such technology exists.</p> <p>N4. The construction contractor shall, to the maximum extent practical, locate on-site equipment staging areas to maximize the distance between construction-related noise sources and noise-sensitive receptors nearest the project site during all project construction.</p> <p>N5. The construction contractor shall place all stationary construction equipment so that emitted noise is directed away from sensitive receptors nearest the project site.</p> <p>N6. The construction contractor shall prohibit unnecessary idling of internal combustion engines (i.e., in excess of 5 minutes).</p>
Stormwater	<p>SW1. The applicant shall prepare and implement an Erosion Control Plan for all grading work and trail construction within and abutting the Petaluma River floodplain. The discharge or creation of potential discharge of any soil material including silts, clay, sand, or any other materials to the waters of the United States is prohibited.</p> <p>a) Install and maintain silt fences adjacent to the perimeter of the work area and immediately downstream of disturbed areas, and install and maintain erosion control blankets on all disturbed ground to prevent inadvertent transport of sediments into the Petaluma River. The project applicant shall be responsible for ensuring that sediment control devices are installed and maintained correctly. The devices shall be inspected frequently (e.g., daily) to ensure they are functioning properly. Controls shall be immediately repaired or replaced or additional controls shall be installed as necessary. Sediment that is captured in these controls</p>

	<p>may be disposed of onsite in an appropriate approved area, or off-site at an approved disposal site.</p> <ul style="list-style-type: none"> b) Soil materials stockpiled at the site must be covered with plastic sheeting at the end of each workday until permanently protected with rock ballast materials. c) Spill prevention and control BMPs shall be implemented throughout grading activities. Train onsite personnel in spill prevention practices, and provide spill containment materials near all storage areas. All contractors are responsible for familiarizing their personnel with the information contained in the Storm Water Pollution Prevention Plan. d) Spills, leaks, and other problems of a similar nature shall be resolved immediately to prevent unnecessary impacts. A plan for the emergency cleanup of any spills of fuel or other material shall be available on-site, and workers shall be trained in techniques to reduce the chance for spills, contain and clean up spills, and properly dispose of spilled materials for the potential pollutants. Adequate materials for spill cleanup shall be maintained on-site and readily available to the employees of each contractor or subcontractor for immediate response should a spill occur on-site. e) Maintain all construction equipment to prevent oil or fluid leaks, use drip pans or other secondary containment measures beneath vehicles during storage, and regularly inspect all equipment and vehicles for fluid leaks. f) Water down all disturbed ground surfaces as necessary to minimize windblown dust. g) Fuel and service vehicles and equipment that are used during the course of the proposed grading operation, and park all grading equipment overnight on the upland portion of the site and in a safe area outside of sensitive habitats. Wash vehicles and equipment offsite. h) Implement the HMMP immediately after grading operations are complete to re-vegetate all disturbed areas. <p>SW2. Prior to issuance of a grading permit, an erosion control plan, along with grading and drainage plans, shall be submitted to the City Engineer for the City of Petaluma for review. All earthwork, grading, trenching, backfilling, and compaction operations shall be conducted in accordance with the City of Petaluma's Subdivision Ordinance (#1046, Title 20, Chapter 20.04 of the Petaluma Municipal Code) and Grading and Erosion Control Ordinance #1576, Title 17, Chapter 17.31 of the Petaluma Municipal Code). These plans shall detail erosion control measures such as site watering, sediment capture, equipment staging and laydown pad, and other erosion control</p>
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	<p>measures to be implemented during construction activity on the project site.</p> <ul style="list-style-type: none"> a) The Erosion Control Plan shall include winterization, dust control, erosion control and pollution control measures conforming to the ABAG Manual of Standards for Erosion and Sediment Control. b) The Erosion Control Plan shall describe the "best management practices" (BMPs) to be used during and following construction to control pollution resulting from both storm and construction water runoff. The Plan shall include locations of vehicle and equipment staging, portable restrooms, mobilization areas, and planned access routes. c) Recommended soil stabilization techniques include placement of straw wattles, silt fences, berms, and gravel construction entrance areas or other control to prevent tracking sediment onto city streets and into storm drains. d) Public works staff or representatives shall visit the site during grading and construction to ensure compliance with the grading ordinance and plans, and note any violations, which shall be corrected immediately. <p>SW3. Design requirements and implementation measures for minimizing Project-generated erosion and for controlling fuel/hazardous material spills shall be set forth in the applicant's Storm Water Pollution Prevention Plan (SWPPP), in accordance with State and RWQCB design standards. It is recommended that the SWPPP, at a minimum, include the following or similar provisions:</p> <ul style="list-style-type: none"> a) Leave existing vegetated areas undisturbed until construction of improvements on each portion of the development site is ready to begin; b) Immediately re-vegetate or otherwise protect all disturbed areas from both wind and water erosion upon the completion of grading; c) Collect storm water runoff into stable drainage channels, from small drainage basins, to prevent the buildup of large, potentially erosive storm water flows; d) Direct runoff away from all areas disturbed by construction; e) Use sediment ponds or siltation basins to trap eroded soils before runoff is discharged into onsite or off-site drainage culverts and channels; f) Install straw rolls, straw bales or other approved materials below all disturbed areas adjacent to the Petaluma River and surrounding all wetland areas to be retained, to prevent eroded soils from entering the river channel. Maintain these facilities until
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	<p>all disturbed upslope areas are fully stabilized, in the opinion of the City Engineer;</p> <ul style="list-style-type: none"> g) To the extent possible, schedule major site development work involving excavation and earthmoving for construction during the dry season; h) Develop and implement a program for the handling, storage, use, and disposal of fuels and hazardous materials. The program should also include a contingency plan covering accidental hazardous material spills; i) BMPs shall be used for preventing the discharge or other construction-related NPDES pollutants beside sediment (i.e. paint, concrete, etc.) to downstream waters. j) Avoid cleaning, fueling, or maintaining vehicles on-site, except in an area designated to contain and treat runoff; and k) After construction is completed, inspect all drainage facilities immediately downstream of the grading site for accumulated sediment, and clear these facilities of debris and sediment as necessary. <p>SW4. Project shall design, construct and implement appropriate post-construction stormwater treatment measures to reduce water quality and hydromodification impacts to downstream reaches, as required by the current post-construction control requirements of the Small MS4 General Permit. Upon completion of the final project design, the applicant shall provide documentation of stormwater management measures that show compliance with the Small MS4 General Permit.</p> <ul style="list-style-type: none"> a) The report shall delineate individual drainage management areas (DMAs) within the Project site, and provide analysis to show compliance with the volumetric or flow-based treatment criteria as described in the Small MS4 General Permit. b) The projects SWCP must provide the capacity to either infiltrate or evapotranspire all runoff generated by the 85th percentile storm event. c) Treatment measures must be provided for runoff that cannot be diverted to the site's storm water system, using specified Best Management Practices able to remove or otherwise neutralize identified pollutants. d) Water quality improvements shall not be placed so low in the floodplain that they are inundated by a 2-year storm. <p>SW5. Prior to public improvement plan approval, a mechanism shall be in place to ensure funding of ongoing maintenance, inspection, and as needed repair of the Project SWCP.</p>
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	<ul style="list-style-type: none">a) Maintenance requirements and frequency shall be carefully described including vector control, clearing of clogged or obstructed inlet or outlet structures, vegetation/landscape maintenance, replacement of media filters, regular sweeping of parking lots and other paved areas, etc.b) Wastes removed from BMPs may be hazardous. Therefore, maintenance costs should be budgeted to include disposal at a proper site.c) The monitoring and maintenance program shall be conducted at the frequency agreed upon by the RWQCB and/or City of Petaluma. Monitoring and maintenance shall be recorded and submitted annually to the SWRCB. The SWCP may be adjusted as necessary to address any inadequacies of the BMPs.d) Provide maintenance funding in perpetuity for maintenance of all stormwater related improvements, subject to City approval. Funding mechanism shall be by taxation, not subject to repeal through property owner or renter action.e) The Project applicant shall prepare informational literature and guidance on residential development BMPs to minimize pollutant contributions from the proposed development. This information shall be distributed to all adult residents at the Project site. At a minimum, the information shall cover: a) proper disposal of commercial cleaning chemicals; b) proper use of landscaping chemicals; c) clean-up and appropriate disposal of hazardous materials and chemicals; and d) prohibition of any washing and dumping of materials and chemicals into storm drains.
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Determination:

Finding of No Significant Impact [24 CFR 58.40(g)(1); 40 CFR 1508.27]

The project will not result in a significant impact on the quality of the human environment.

Finding of Significant Impact [24 CFR 58.40(g)(2); 40 CFR 1508.27]

The project may significantly affect the quality of the human environment.

Preparer Signature: _____

Date: November 16, 2018

Name/Title/Organization: Cinnamon Crane, Associate, AEM Consulting

Certifying Officer Signature: _____

Date: _____

Name/Title: John C. Brown, City Manager
City of Petaluma

This original, signed document and related supporting material must be retained on file by the Responsible Entity in an Environmental Review Record (ERR) for the activity/project (ref: 24 CFR Part 58.38) and in accordance with recordkeeping requirements for the HUD program(s).

River City Senior Apartments Source Documentation

November 2018

1. *Project Description: River City Apartments.*
2. Robert W. Hayes, Architect. *PEP Senior Housing Schemes, 951 Petaluma Blvd., Petaluma, CA 94952.* June 11, 2018. Plans & Drawings; Job No. 14-29.
3. Association of Bay Area Governments (ABAG), Metropolitan Transportation Commission (MTC), Bay Area Air Quality Management District (BAAQMD), and Bay Conservation and Development Commission (BCDC). *Final Plan Bay Area.* Adopted July 18, 2013.
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9. County of Sonoma. Comprehensive Airport Land Use Plan. [Online] [Cited: October 17, 2018.] <https://sonomacounty.ca.gov/PRMD/Long-Range-Plans/Airport-Land-Use-Plan/>.
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12. Crake, Cinnamon. *8-Step Process for projects located in a Floodplain or Wetland - River City Apartments.* s.l. : AEM Consulting, October 2018. U.S. Department of Housing and Urban Development.
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17. Katz, Yvonne. *E-mail to Cinnamon Crake, AEM Consulting in re: Traffic Count Request*. [E-mail] s.l. : City of Petaluma, Public Works & Utilities, October 23, 2018. Senior Engineering Tech.
18. Bay Area Air Quality Management District. *Roadway Screening Analysis Calculator*. s.l. : Cinnamon Crake, AEM Consulting, October 23, 2018.
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20. AEI Consultants. *Phase I Environmental Site Assessment, 951 Petaluma Boulevard South, Petaluma, Sonoma County, California 94952*. Walnut Creek, CA : s.n., July 30, 2018. AEI Project No. 391576.
21. United States Department of the Interior. *List of threatened and endangered species that may occur in your proposed project location and/or may be affected by proposed project River City Senior Apartments*. Sacramento, CA : Sacramento Fish and Wildlife Service Office, October 19, 2018. Consultation Code: 08ESMF00-2019-SLI-0147.
22. U.S. Fish and Wildlife Service. *National Wetlands Inventory, River City Senior Apartments*. August 30, 2018.
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Appendix A – Project Description

- *Project Description: River City Senior Apartments.*
- **Robert W. Hayes, Architect.** *PEP Senior Housing Schemes, 951 Petaluma Blvd., Petaluma, CA 94952. June 11, 2018. Plans & Drawings; Job No. 14-29.*

Appendix B – Airport Safety Zones

Airport type	Name	Distance from subject (Miles)	Airport Clear Zone
Minor Airport	Sonoma Valley Airport	9.50 miles east	No
Minor Airport	Sonoma Skypark Airport	10.52 miles east	No

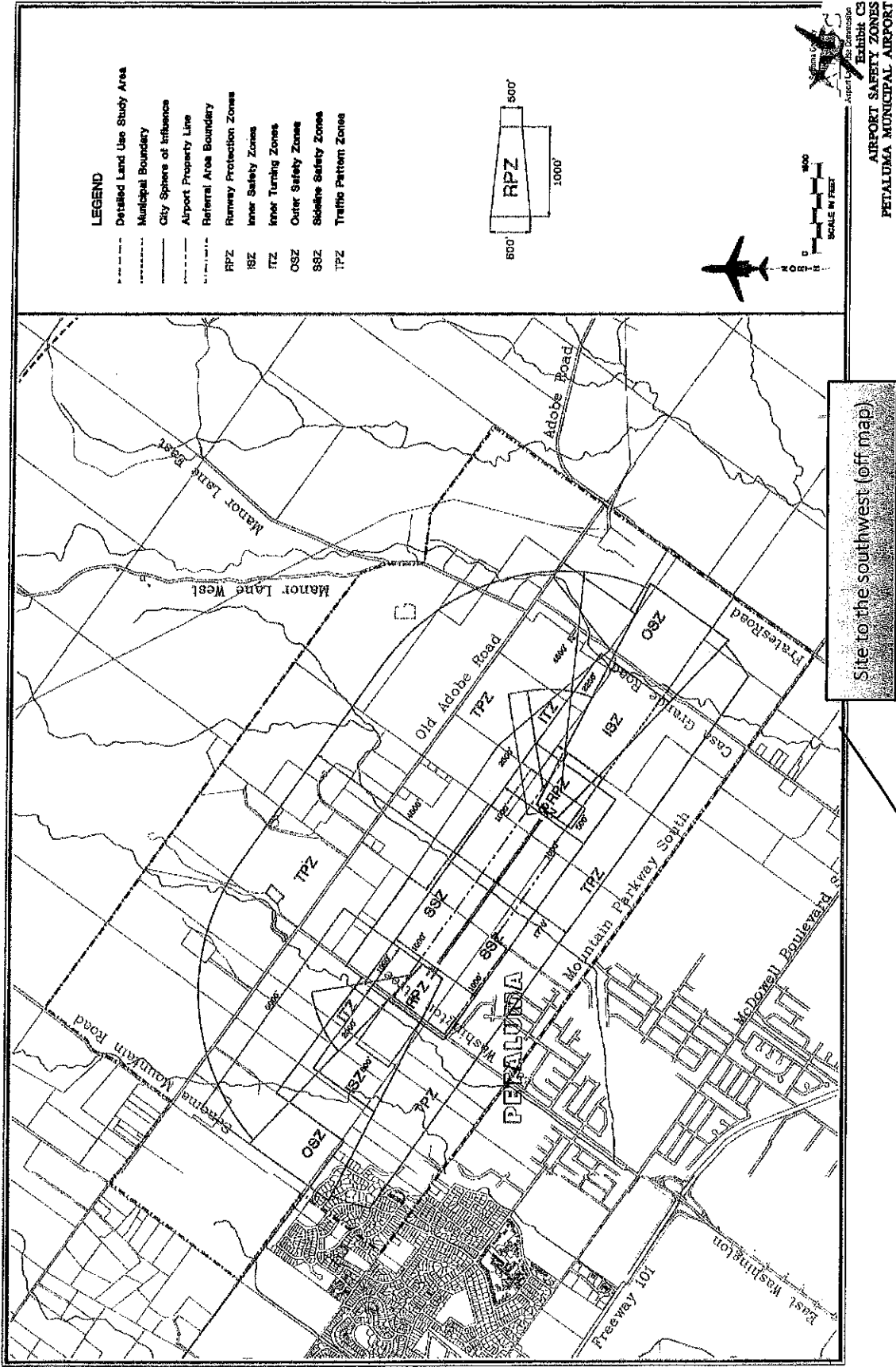


Figure 9 Sonoma County Airport Safety Compatibility Zones



Appendix C – Floodplains, Wetlands & Endangered Species

- **Crake, Cinnamon.** *8-Step Process for projects located in a Floodplain or Wetland - River City Apartments.* s.l. : AEM Consulting, October 2018. U.S. Department of Housing and Urban Development.
- **U.S. Department of Homeland Security.** *Flood Insurance Rate Map (FIRM) for Sonoma County, California and Incorporated Areas.* s.l. : Federal Emergency Management Agency, Effective Date October 2, 2018. FIRM Panel Numbers 06097C0982G and 06097C1001G.
- **U.S. Fish and Wildlife Service.** *National Wetlands Inventory, River City Senior Apartments.* August 30, 2018.
- **United States Department of the Interior.** *List of threatened and endangered species that may occur in your proposed project location and/or may be affected by proposed project River City Senior Apartments.* Sacramento, CA : Sacramento Fish and Wildlife Service Office, October 19, 2018. Consultation Code: 08ESMF00-2019-SLI-0147.

Appendix D – Air Quality

- **Crake, Cinnamon.** *Greenhouse Gas Emissions modeling data - River City Senior Apartments, Sonoma County, Annual Emissions.* s.l. : California Air Pollution Control Officers Association (CAPCOA), October 18, 2018. CalEEMod Version 2016.3.2.
- **Bay Area Air Quality Management District.** *Roadway Screening Analysis Calculator.* s.l. : Cinnamon Crake, AEM Consulting, October 23, 2018.

Appendix E – Contamination and Toxic Substances

- **AEI Consultants.** *Phase I Environmental Site Assessment, 951 Petaluma Boulevard South, Petaluma, Sonoma County, California 94952.* Walnut Creek, CA : s.n., July 30, 2018. AEI Project No. 391576.

Appendix F – Historic Preservation

- **Castellucci, Sue.** *Letter to Julianne Polanco, State Historic Preservation Officer in re: Request for Section 106 Review: River City Senior Apartments, 951 Petaluma Blvd. S, Petaluma, CA 94952, US HUD VASH Voucher Program.* s.l. : City of Petaluma, October 9, 2018.
- **AEM Consulting.** *Historic & Cultural Resources Evaluation, Historic Resources Evaluation for Section 106 Review: River City Senior Apartments, 951 Petaluma Boulevard South, Petaluma, Sonoma County, California 94952.* October 2018.
- **Peterson, Sally.** *Letter to Sue Castellucci, City of Petaluma in re: River City Senior Apartments.* Middletown, CA : Middletown Rancheria, October 10, 2018. via Electronic Mail.
- **Castellucci, Sue.** *Letters to Native American tribes in re: River City Senior Apartments, 951 Petaluma Blvd. S, Petaluma, CA 94952.* s.l. : City of Petaluma, September 20, 2018.
- **U.S. Department of Housing and Urban Development.** Tribal Directory Assessment Tool. [Online] [Cited: September 5, 2018.] <https://www.huduser.gov/portal/egis/apps/tdat.html>.
- **Souza, Sharaya.** *Letter to Cinnamon Crake, AEM Consulting in re: River City Affordable Senior Apartments Project, Petaluma, Sonoma County.* Sacramento, CA : Native American Heritage Commission, September 19, 2018.
- **Crake, Cinnamon.** *Letter to Native American Heritage Commission.* s.l. : AEM Consulting, September 18, 2018.
- **Guldenbrein, Jillian.** *Rapid Response record search results for the proposed River City Apartments, 951 Petaluma Blvd South, Petaluma, APN 008-530-007.* Rohnert Park, CA : Northwest Information Center, Sonoma State University, September 10, 2018. NWIC File No. 18-0468.

Appendix G – Noise and Traffic

- **U.S. Department of Housing and Urban Development.** *Day/Night Noise Level Calculator Electronic Assessment Tool (DNL Calculator), River City Senior Apartments.* s.l. : AEM Consulting, October 23, 2018
- **Crake, Cinnamon.** *Projected Traffic - PEP Housing Affordable Senior Housing.* s.l. : AEM Consulting, November 2018.
- **Katz, Yvonne.** *E-mail to Cinnamon Crake, AEM Consulting in re: Traffic Count Request.* [E-mail] s.l. : City of Petaluma, Public Works & Utilities, October 23, 2018. Senior Engineering Tech.

Appendix H – Soils and Miscellaneous

- **Miller Pacific Engineering Group.** *Preliminary Geotechnical Investigation, PEP Housing - 951 Petaluma Blvd. S, Petaluma, California.* Novato, CA : s.n., October 30, 2015. Project 1111.030.
- **Miller Pacific Engineering Group.** *Supplemental Geotechnical Recommendations, PEP Housing - 951 Petaluma Boulevard S., Petaluma, California.* Novato, CA : s.n., February 20, 2018. File: 1111.03altr.doc.
- **United States Environmental Protection Agency.** *EJSCREEN Report, River City Senior Apartments.* October 19, 2018.
- **City of Petaluma.** *CEQA Guidelines Section 15194, Affordable Housing Exemption Justification, Affordable Senior Housing Project by Petaluma Ecumenical Properties ("PEP Housing"), 951 Petaluma Boulevard South, Petaluma, CA.* s.l. : M-group/Brittany Bendix, August 6, 2018.

River City Senior Apartments Management Plan

This management plan governs the management and operation of River City Senior Apartments ("Property") located at 951 Petaluma Blvd. South, Petaluma, Ca 94952

I. MANAGEMENT

A. Role and responsibility of the Sponsor and/or Designation of Authority to the Management Agent.

1. **Scope of Responsibilities.** The respective responsibilities of River City Apartments, Inc. ("Owner") and the Petaluma Ecumenical Properties (DBA PEP Housing) ("Agent") are described in the Property Management Agreement ("Management Agreement"), if applicable.
2. **Building Definition.** The term "Property" refers to real property located at 951 Petaluma Blvd. South, commonly known as River City Senior Apartments including 54 units.
3. **Proposal for Management Agreement.** Attached with Management Agreement, if applicable.
4. **Change in Management Agent.** The Owner maintains a list of property management agents who have the experience and capacity to manage River City Senior Apartments and who are experienced in publicly supported affordable housing projects.

If the Agent changes before occupancy, the Owner shall immediately seek and contract for services with another Agent. The Owner shall be responsible for providing the Agent with the scope of responsibilities, including those for rent-up.

If the Agent changes after occupancy, the Owner shall immediately seek and contract for services with another Agent. The Owner shall be responsible for providing the Agent with the scope of responsibilities for ongoing operation.

B. Personnel Policy and Staffing Arrangements

1. **Job Titles and Responsibilities.** The following personnel will be involved in the management of the property.
 - a. **Property Manager.** Detailed job description on file.
The Resident Manager will live on-site and will devote approximately 40 hours per week to day-to-day operations of the property. Person(s) selected to be the Property Manager shall be entitled to occupy a unit rent-free, and will receive a salary of approximately \$37,000.
 - b. **Director of Property Management and Compliance.** Detailed job description on file.
 - c. **Compliance Manager.** Detailed job description on file.

River City Senior Apartments Management Plan

- d. Executive Director. Detailed job description on file.

2. Hiring Policy

- a. Minimum job qualifications for each position are detailed in the job descriptions.
- b. Interested applicants may contact the Management Agent's central office to establish a time to come in and complete an application. Upon completion of the application, along with any testing and/or checking that may be required, the applicant will then participate in an interview. Applicants will be notified whether or not the results of their application are successful.
- c. Applicants are considered for positions, and employees are treated during their employment, without regard to race, ethnicity, national origin, religion, residence, color, creed, sex, sexual preference, age, marital or veteran status, medical condition, or disability.

It is the intent of the Agent to comply with the laws and regulations, as applicable, concerning fair employment and affirmative action. In particular, special efforts will be made to provide information regarding job openings to minority candidates and contractors through outreach to community organizations, bulletin boards, newspapers, and other communications media. All hiring materials will indicate that Petaluma Ecumenical Properties (DBA PEP Housing) is an "Equal Opportunity Employer".

3. Training

- a. Staff will receive comprehensive on-site training at periodic training sessions at the Management Agent's central office facility, and at other properties managed by the Agent. Intensive training of all personnel covering the Tax Credit program guidelines and management policies will be carried out immediately before rent-up of the project. Thereafter, the Management Agent will conduct monthly training sessions for all on-site personnel. In addition, the Supervisor assigned to the development may provide concentrated training in needed areas during weekly site visits.

4. Employment of Residents

- a. The Agent will give preference to members of the local community in hiring of all project personnel, and will make available to all residents all pertinent information, such as qualifications, wages, application procedures, etc.

**River City Senior Apartments
Management Plan**

C. Plan for Maintaining Adequate Accounting Records and Handling Necessary Forms and Vouchers.

1. Project Accounting Basis

Financial accounting, reports, and records shall be in conformance with standard accrual basis accounting procedures, and shall be responsive to the guidelines provided by the regulatory agencies connected with the project.

2. Operating Disbursements

Disbursements from the operating account shall be made as described in the Management Agreement, if applicable. The Agent shall maintain an operating account for rent collection and payment of the project's operating expenses. The Agent shall maintain a resident security deposit account. In addition, the Owner shall also maintain two separate accounts for the operating reserves and replacement reserves.

3. Cost Control

Owner's mechanisms for cost control, purchasing, and procurement of contract services are delineated in the Management Agreement. Additionally, expenses over \$200 require the Owner's specific approval, except for emergency repairs. Purchase contracts in excess of \$2,500 must be sent out for bid. Solvency requirements and cash flow payments shall be determined as outlined in the Management Agreement.

4. Vacancy and Rent Loss Records

As outlined in the Management Agreement, the Agent shall prepare, as part of the monthly reports to the Owner, an income/expense statement showing scheduled and actual rents, and a list of tenant delinquencies showing individual and project variances. Delinquency reports shall indicate whether tenants are 30, 60, or 90 days behind in rent.

5. Security Deposits

Security deposits shall be maintained in a separate account from the operating and reserve accounts. Security deposits shall be shown as liabilities on all project reports, and not included as income.

Upon vacating a unit, the Agent shall inspect the departing resident's unit to determine whether the resident household caused any damages while they occupied the unit. The inspection form used before move-in shall be used as the basis of comparison. In the event that there are tenant-caused damages, the Agent shall prepare within 15 days of the vacate date, an estimate of the cost of repairing the damages and mail the estimate to the former resident's forwarding address.

River City Senior Apartments Management Plan

Within 21 days of departure, the Agent shall make the necessary repairs and send the former resident an itemized list of repair costs (if any), and credit the security deposit against the cost of the repairs. The former resident shall be sent a check for the balance of the security deposit, if any. Should the repair costs exceed the amount of the security deposit, then the former resident will be sent an invoice for the excessive cost of the repairs. All documentation shall be maintained in the former resident's file.

D. Management Plan Updates

The Management Plan shall be updated on the following occasions:

1. Change or modification of Petaluma Ecumenical Properties (DBA PEP Housing) management guidelines, which are reviewed annually, and
2. Alteration of the Petaluma Ecumenical Properties (DBA PEP Housing) staffing that necessitates operating procedure revisions.

E. Property and Liability Insurance

Fire and property insurance shall be maintained for the full replacement value of the project, and 100 percent of the annual rents for the duration of the time the building remains fully or partially rentable. Owner's liability insurance shall be maintained in the amount of \$1,000,000. Additional insureds shall be any private lender.

II. OCCUPANCY

A. Marketing Plans and Procedures

1. Affirmative Fair Housing Marketing Plan

Units shall be marketed in accordance with the Affirmative Fair Housing Marketing Plan.

The Agent will market the units to the local community through churches, community organizations, newspapers, government agencies, and to organizations that deliver countywide services to households, before the application period. Advertising shall include the use of newspaper advertisements, fliers to communities, and notification of the availability of rental units to public and private agencies. No language requirements will be used as a basis for approving or denying residency to an applicant.

Applications will be made available through both a mail-in system and a pick up/drop off system to one specific location in Sonoma County. The location will be made known at the time the Property is marketed. Applications are generally accepted for a two-week period; however, in the event that insufficient applications are received (less than three times the amount of units), this period will be extended.

River City Senior Apartments Management Plan

2. Tenant Eligibility

Pursuant to Regulatory Agreement, tenant selection preference shall be granted to those households that are:

- a. Homeless
- b. Fire survivors
- c. Veterans

3. Tenant Selection

During a specific period within the initial lease-up period, or when vacancies occur, the Agent will take rental applications from the general public. After preliminary screening for eligibility based on the applicants' own assessment of annual income and household size (as reported on the application form), the Agent will create an applicant pool.

Agent and Owner will create a Waiting List based on the first qualified first-offered method of selection. Applicants on the Waiting list will be taken in the order they are listed.

Tenant eligibility and selection will be determined in compliance with Tax Credit guidelines.

As units become available, applicants at the top of the Waiting List will be further screened through the following processes:

- a. **Income Verification.** The Agent will send third party income verification forms to the prospective tenants' employers or income providers. If a prospective tenant is self-employed, the applicant himself/herself will complete the form and must provide a signed affidavit and a tax return.
- b. **Interview.** The Agent shall interview each prospective occupant in order to help determine the character of such persons. The interview shall be assisted by the use of an interview checklist.
- c. **Employment.** The Agent shall verify the employment and income information given by prospective tenants.
- d. **Credit.** The Agent shall request a credit check of the prospective tenant through a reputable credit agency, and shall personally check with one or more of the tenant's previous landlords about past rent payment history.
- e. **Housekeeping.** The Agent will check with one or more previous landlords of the prospective tenants and with other occupants to determine the prospective tenant's ability to maintain an apartment in good condition and to abide by building rules.

River City Senior Apartments Management Plan

- f. Other. If advisable, the Agent shall check other references and perform additional screening of prospective tenants.

The Agent may disapprove the prospective tenant's lease application only if any of the following conditions apply:

- a. The prospective tenant's annual household income exceeds Tax Credit income limits.
- b. The prospective tenant's household size falls below or exceeds the household/unit size guidelines.
- c. The prospective tenant's annual household income is less than the regulatory requirement. Length of employment and/or job stability may also be a factor. Outstanding debts and monthly obligations will also be taken into consideration.
- d. The prospective tenant's credit history reveals (a) two or more repossessions, loan defaults, unpaid judgments, or unpaid collection amounts (regardless of total amount), or (b) one or more of the above items which total \$300 or more, during the past three (3) years.
- e. The prospective tenant receives a negative report from a previous landlord for (a) late rent payments, or (b) improper maintenance of the unit, or (c) failure to provide 30-day written notice before termination of tenancy, or (d) failure to protect property, or (e) failure to respect the rights of other residents.
- f. The prospective tenant has been evicted by a court of law in the five years preceding the application date.
- g. Any member of the prospective tenant's household has a history of violent behavior, unlawful drug activity, or criminal convictions for violent crimes.
- h. Any member of the prospective tenant's household provides untrue or misleading information during the application process.

4. Notification of General Population

The general population of the greater Petaluma area will be notified of the availability of units at River City Senior Apartments essentially as noted above.

5. Waiting List

The Waiting List will be maintained and update constantly and applicants on the Waiting List must indicate their desire to remain on the list every twelve (12) months.

6. Supportive Services upon Occupancy

River City Senior Apartments Management Plan

Upon occupancy, a representative of management will meet with each qualifying resident to review their current use of supportive services and will provide information and referral for additional services, as needed.

B. Procedures for Determining Tenant Eligibility and for Certifying and Annually Decertifying Household Income and Size.

1. Initial Tenant Eligibility

Steps to determine eligibility are described in Section II A. 2 & 3 above. Application forms, Lease forms, Income Verification forms and Notification of Eligibility/Ineligibility are on file.

2. Annual Tenant Recertification

The Agent will perform an annual tenant recertification in compliance with Tax Credit regulations.

3. Procedures for Dealing with Resident Households that Become Ineligible.

Should income exceed program limits, tenants shall be advised of their options. If the household size increases beyond the maximum number allowable for unit size, the residents shall be required to vacate the project.

4. Tenant Occupancy Standards

- a. Pets are allowed in River City Senior Apartment with the written approval of the Agent. Each dwelling unit is allowed a maximum of one (1) household pet of no more than Thirty Five (35) pounds. Tenants who own or keep cats or dogs in their units will be required to pay a refundable pet deposit. This pet deposit will only be used to pay reasonable expenses directly attributable to the presence of the pet in the project, including, but not limited to, the cost of repairs or replacement to, and fumigation of, the tenant's dwelling unit.
- b. Household/Unit Size Guidelines. In general, no less than one person and no more than two persons shall occupy a bedroom.
- c. Primary Residence. Tenants are required to occupy River City Senior Apartments as their primary place of residence. As such, the adult member of tenant households must occupy the units a minimum of ten (10) months in every calendar year.
- d. Ability to Live in Independent Housing. All residents must be able to live in independent housing. If a resident is in need of either assistance with daily living or home health services, the resident must obtain such assistance, whether personal or professional. If the resident is unable to obtain the level of assistance needed to remain in independent housing, the management will assist resident in locating more appropriate housing or a facility capable of meeting the resident's care needs. The lease of any resident who does not obtain assistance necessary to remain in independent housing will be subject to termination.

River City Senior Apartments Management Plan

C. Rent Collection Policy and Procedures

1. Rent Calculation and Collection

Typically, the tenant shall deliver rents to the Property Manager. The Property Manager shall provide the resident with a receipt upon request and enter the amount paid into the property management software. Rents shall be collected by the Agent and deposited into the operating account.

All rents are due on or before the first day of the month, and in no event later than five (5) working days after the due date. Rent will be considered delinquent if not paid on the sixth of the month.

2. Action for Late Rents.

Residents who have not paid their rent by the due date shall be provided with a 3-day notice to pay or quit, with a request that the resident see the Property Manager immediately. Residents who cannot pay immediately will be asked to provide an estimated date when rent will be paid in full. In some cases, the Agent may determine that the tenant requires additional time to make the full payment, and a payment schedule will be worked out and signed by the tenant, with eviction if the agreement is not kept. If there is no response to the notice by the 10th day of the month, eviction proceedings may be instituted.

If the tenant has not paid by the date indicated in the notice or has not otherwise made arrangements to pay rent due, the Property Manager shall immediately advise the Agent that an eviction should be initiated. The Agent shall provide the attorney with copies of all documents and request that an eviction be scheduled with the court.

3. Partial Rent Payment.

Partial rent payments will not be accepted. Rent is due in full on the first day of every month.

4. Annual Rent Increases

Rents may be increased annually to cover the project expenses, upon submission of year-end reports and a request for rent increases and budget approval.

All residents shall be given a thirty (30) or sixty (60) day notice of any rent increase allowed pursuant to Tax Credit regulations.

5. Recovery of Damages in Excess of Security Deposit.

The full amount of back rent and damages will first be established informally and then formally in a judicial unlawful detainer action so that River City Senior Apartments may claim damages as part of the court's judgment. If the damages are significant and the tenant's income is determined sufficient, a collection agency will be contacted to secure judgment.

River City Senior Apartments Management Plan

D. Procedures for Appeal and Grievance.

1. Eviction Procedures

Evictions for nonpayment of rent are described in C above. Eviction for nuisance shall be undertaken only when there is documented evidence (correspondence, witnesses of illegal activities, police actions, lease violations, etc.) available that the Agent and the attorney determine to be winnable in court. Court actions typically require four to eight weeks for a decision, if the action is contested; uncontested unlawful detainers may require only two to three weeks for a decision.

No rent shall be collected during any eviction actions. If a tenant who is in process of being evicted for nonpayment of rent desires to pay their rent in full, then the Property Manager shall confer with the Agent to determine whether the rent will be accepted. If rent is accepted, the tenant will be required to pay with money order or cashiers check only. If it is determined that the resident is chronically late or has a serious nonpayment problem, then the Property Manager has the option of foregoing the rent and continuing with the eviction if the deadline specified in the three (3) day notice has already expired.

2. Processing Tenant Complaints.

All written and signed resident complaints are responded to in writing by the Property Manager or appropriate Agent employee. Complaints can be delivered to the Property Manager and be signed or anonymous. Tenants are advised in the orientation to direct complaints directly to the Agent if there is a complaint about the Property Manager.

3. Rules Violation.

Tenants who violate lease agreements or the project's house rules should always be notified in writing, with a request to correct or remedy the violation. Duplicate records will be filed in the tenant's file, with any responses. If the same or other violation occurs or continues, then the tenant will be advised in writing that continued violations may result in eviction. If they still continue, the procedure described in Section D. 1. above for nuisance violations will be initiated.

4. Appeals and Grievance Procedures.

The Resident Grievance Procedure is on file.

E. Plans for Enhancing Resident-Management Relations.

1. House Rules

House rules and regulations will be attached to the lease and will be reviewed with the tenants at the time they move in.

2. Tenant Information Sheets

River City Senior Apartments Management Plan

Information sheets will be developed with the assistance of Petaluma Ecumenical Properties (DBA PEP Housing) staff immediately before rent-up and may be provided to all applicants.

3. Emergency Procedures.

An emergency procedures sheet will be developed with the assistance of Petaluma Ecumenical Properties (DBA PEP Housing) staff and will be provided to all residents at move-in. This sheet will describe the procedures to be followed in the event of fire, earthquake, or other major disturbance requiring emergency action on the part of management, staff, or residents. Periodic tenant meetings will be held to keep residents acquainted with emergency procedures.

III. Maintenance and Security

A. Identification and Repair of Construction Defects

The project architect and the Owners representative will inspect the project during the entire construction process to ensure that no construction defects are missed. If defects are found, the contractor shall immediately be notified of the defects. Progress payments will not be submitted for payment unless unconditional lien releases are attached to the contractor's request. The notice of completion will not be recorded if there are significant defects present. Finally, the contractor's retention will not be paid until all punch list items are corrected.

If after Owner notification, the contractor fails to correct defects within a reasonable period, then the Owner shall inform the contractor that it will disburse funds from the retention in order to cure the defect. The Owner shall consult with its attorneys before carrying out this action.

B. Identification of Maintenance Staff.

All routine janitorial and light maintenance other than that performed by the Agent's maintenance staff will be contracted out. Work requiring licensed contractors shall be contracted for by the Agent.

C. Preventive Maintenance Schedule

Inspection forms will be used twice monthly, or more often if required, by the Property Manager and the Agent to inspect the interior and exterior of the project. Notations will be made for any areas requiring special attention. Work resulting from these inspections shall be performed pursuant to Section III B above. The Property Manager and/or Agent will also inspect the interiors of all units on an annual basis, usually as part of the annual recertification of residents' eligibility

D. Tenant Requested Maintenance.

Tenants will fill out a repair request form and deliver it to the Property Manager. The Property Manager will then assign the work depending on the nature and scope of work. In the event that the damages are tenant-caused, the tenant will be charged for the actual cost of repairs.

**River City Senior Apartments
Management Plan**

E. Method of Completing Tenant Maintenance Request.

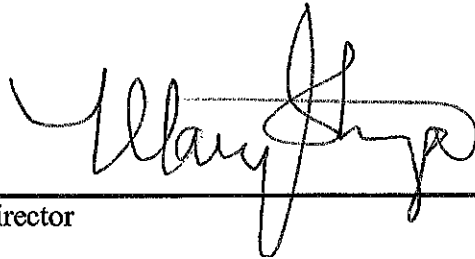
The Property Manager shall review the request and determine whether it requires emergency or routine attention. Emergency repairs are those that cause or may cause significant damage or make any area unsafe or uninhabitable. Emergency repairs shall be corrected within 24 hours. Routine repairs shall be made within a reasonable amount of time as determined by the Property Manager in consultation with corporate staff.

F. Schedule of Useful Life and Replacement Needs for Major Items

Roof	5 – 10 years
Carpet/Flooring	3 – 30 years
Kitchen Appliances	10 years
Common Appliances	10 years
Mechanical	5 – 35 years
Paving	5 – 10 years
Landscaping	2 – 10 years

Petaluma Ecumenical Properties

By:



Executive Director



2018 FFIEC Geocode Census Report

Address: 951 PETALUMA BLVD S, PETALUMA, CA, 94952
MSA: 42220 - SANTA ROSA, CA
State: 06 - CALIFORNIA
County: 097 - SONOMA COUNTY
Tract Code: 1507.01

Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2018 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$84,100
2018 Estimated Tract Median Family Income	\$105,731
2010 Tract Median Family Income	\$97,546
Tract Median Family Income %	125.72
Tract Population	5064
Tract Minority %	38.33
Tract Minority Population	1941
Owner-Occupied Units	909
1- to 4- Family Units	1690

Census Income Information

Tract Income Level	Upper
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$77,587
2018 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$84,100
% below Poverty Line	16.28
Tract Median Family Income %	125.72
2010 Tract Median Family Income	\$97,546
2018 Estimated Tract Median Family Income	\$105,731
2010 Tract Median Household Income	\$70,016

Census Population Information

Tract Population	5064
Tract Minority %	38.33
Number of Families	959
Number of Households	2039
Non-Hispanic White Population	3123
Tract Minority Population	1941
American Indian Population	0
Asian/Hawaiian/Pacific Islander Population	225
Black Population	33
Hispanic Population	1526
Other/Two or More Races Population	157

Census Housing Information

Total Housing Units	2093
1- to 4- Family Units	1690
Median House Age (Years)	63
Owner-Occupied Units	909
Renter Occupied Units	1130
Owner Occupied 1- to 4- Family Units	895
Inside Principal City?	NO
Vacant Units	54

PEP Housing Resident Services Coordinator

PEP Housing fully understands that seniors require supportive services to help them gracefully age in place. Because those supportive services are currently provided by a complex fragmented system, PEP Housing recognizes that many of its residents need assistance in learning about, accessing, and coordinating the benefits and services that will help them remain in cost-effective independent living for as long as possible, including recovering from medical procedures and other age-related crises.

In order to fill that need, PEP Housing provides its residents with the services of Resident Services Coordinators (RSCs). RSCs assess resident needs, identify and link residents to appropriate services, and monitor the delivery of services. They assist residents by: offering information about and referrals to available community services; organize educational presentations, provide preventive health information and services; arrange for homemaker and chore assistance, transportation, and meals. Service Coordinators also help residents build informal support networks with other residents or community partners.

ERIN HOFFMAN, P.S.C. – Supervisor of Resident Services

Ms. Hoffman joined PEP Housing in 2003 and has been assisting residents as an RSC for more than eight years. Her main duties with the residents are to assist them in identifying, locating and acquiring the services necessary for them to remain self-reliant and age in place in their own homes. She provides assistance and access to community based support and resources for low-income seniors to remain self-sufficient and continue to live financially independent. Highlights of Ms. Hoffman's responsibilities are as follows:

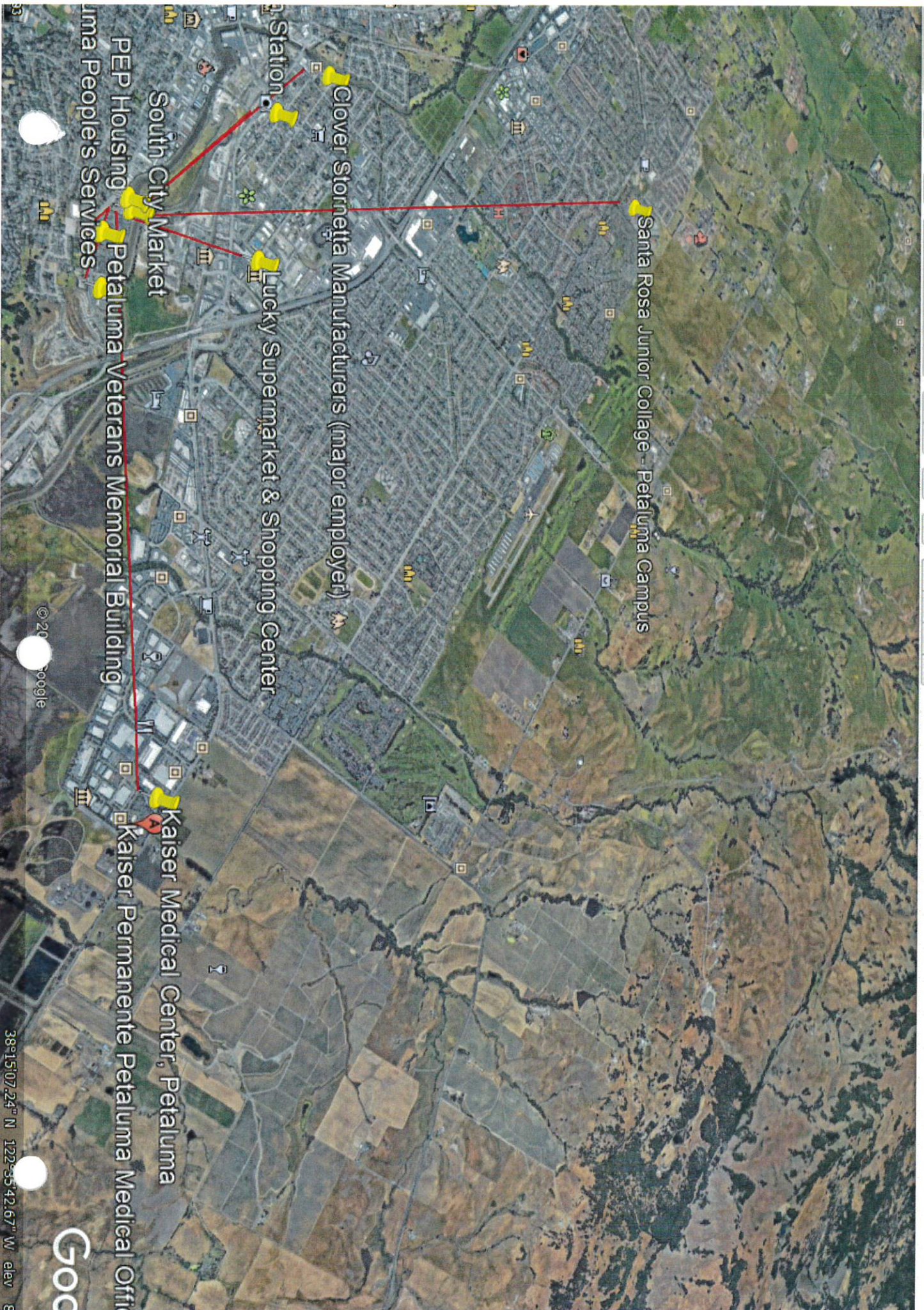
- Assessment & Advocacy. Ms. Hoffman assesses and counsels residents on health issues, financial issues, benefits, and home care, providing ongoing assistance to and advocacy on behalf of residents. Ms. Hoffman participates in regional and national trainings and conferences in order to stay current with the latest changes in benefits and services and currently is responsible for assessing and advocating on behalf of 50% of more of PEP residents (approximately 400 individuals).
- Education. Ms. Hoffman schedules and coordinates periodic wellness seminars such as vision loss classes, fall prevention classes, life planning presentations, and health insurance updates as well as preventive health services such as monthly blood pressure checks. She also coordinates vital surplus food distribution programs for PEP's extremely low-income residents.
- Social Events & Networking. Ms. Hoffman organizes and/or supports opportunities for PEP Housing residents to socialize and receive community service information.

PAT FELDMAN – Resident Services Coordinator

Ms. Feldman joined PEP Housing in March of 2018. After graduating from San Diego University with a Bachelor's degree in Psychology and a Master's in Rehabilitation Counseling, Pat spent 5 years working to help seniors live as comfortably and as long as possible in their own homes.

MARILYN BUONO – Resident Services Coordinator

Ms. Buono joined PEP Housing in September of 2018. Marilyn comes with a long history and experience of working with seniors and has knowledge in advocacy and community services available for seniors.



Santa Rosa Junior Collage - Petaluma Campus

Clover Stornetta Manufacturers (major employer)

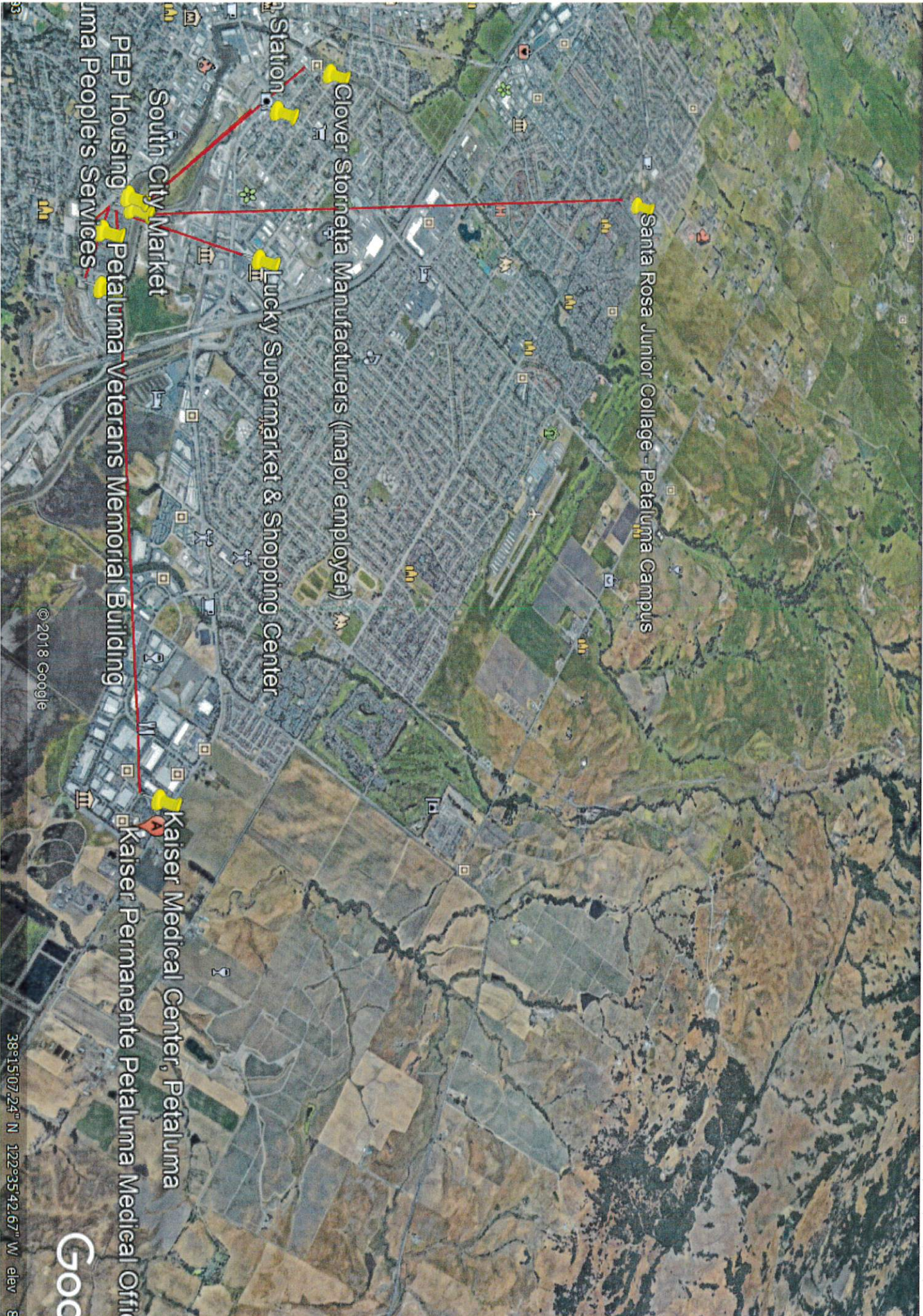
Lucky Supermarket & Shopping Center

South City Market

PEP Housing
Petaluma Veterans Memorial Building

Kaiser Medical Center, Petaluma

Kaiser Permanente Petaluma Medical Office



Santa Rosa Junior Collage - Petaluma Campus

Clover Stornetta Manufacturers (major employer)

Lucky Supermårket & Shopping Center

South City Market

PEP Housing

Petaluma Veterans Memorial Building

Kaiser Medical Center, Petaluma

Kaiser Permanente Petaluma Medical Office

©2018 Google

38°15'07.24" N 122°35'42.67" W elev 84



PEP Housing

River City Senior Apartments

951 Petaluma Blvd S

Petaluma, CA



ROBERT HAYES + ASSOCIATES
620 BUTTE STREET
SAUSALITO CA 94965



Building community from the heart

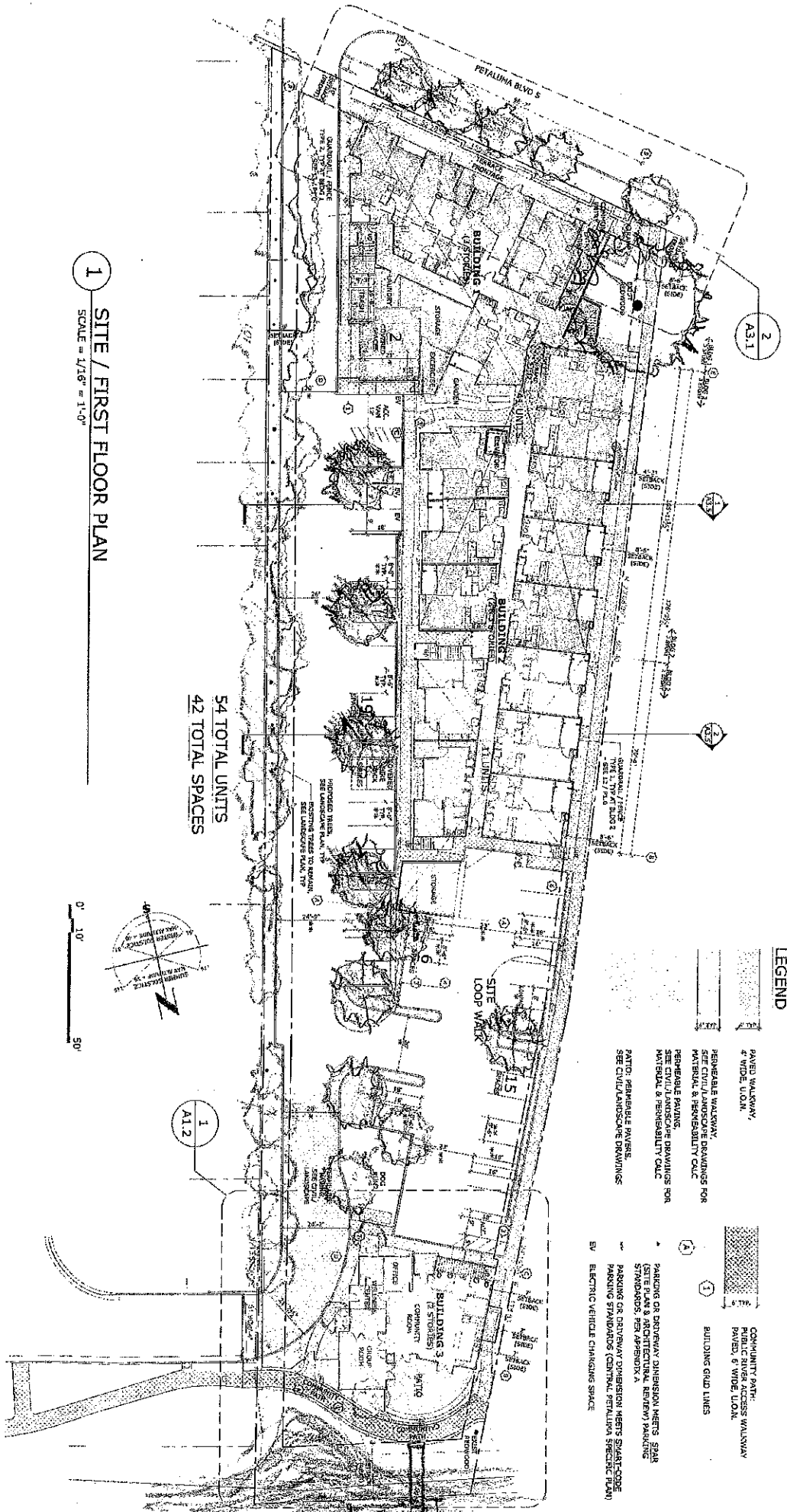


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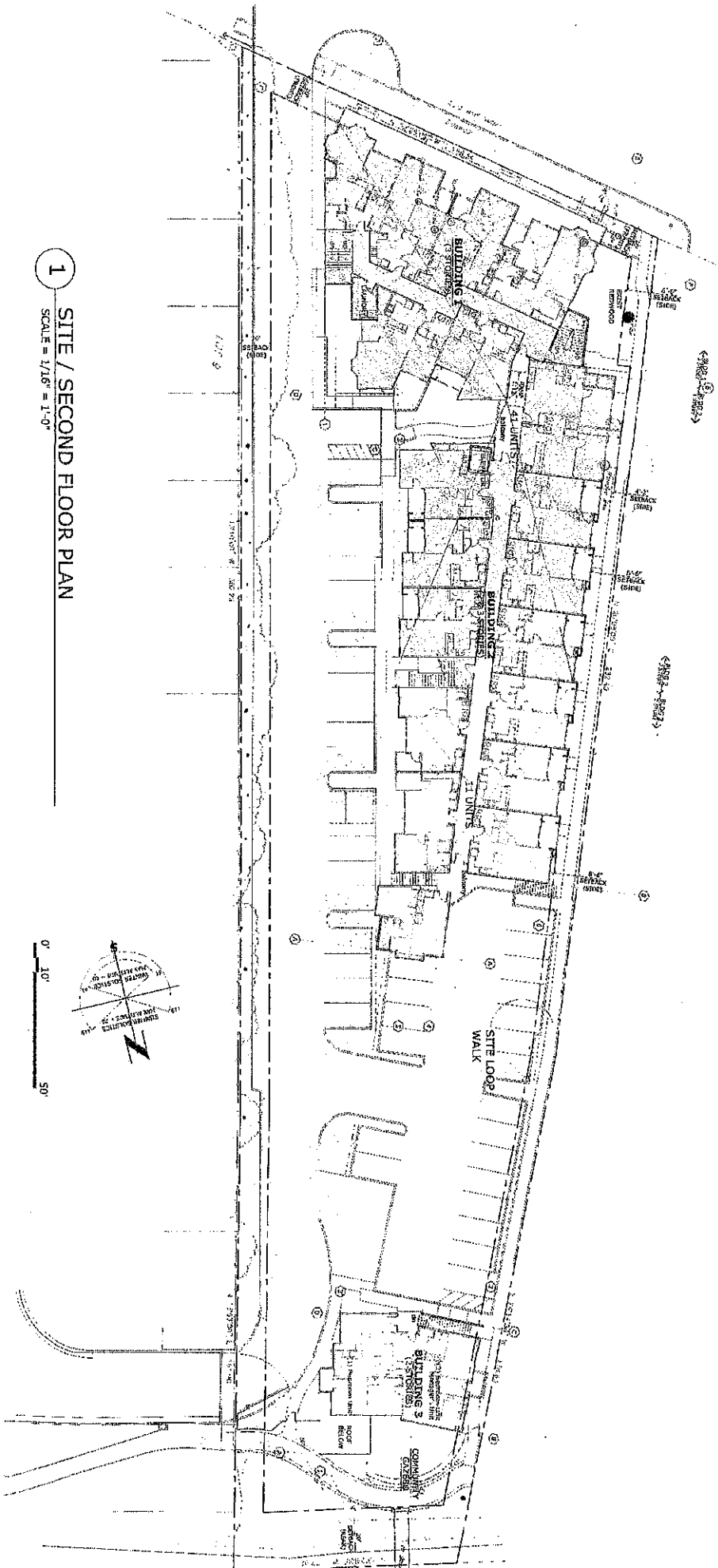
PEP HOUSING RIVER CITY SENIOR APARTMENTS
 951 Petaluma Blvd S

1 SITE / FIRST FLOOR PLAN
 SCALE = 1/16" = 1'-0"

54 TOTAL UNITS
 42 TOTAL SPACES



- LEGEND**
- PAVED WALKWAY, 4' WIDE, U.O.M.
 - PERMEABLE WALKWAY, SEE CIVIL/LANDSCAPE DRAWINGS FOR MATERIAL & PERMEABILITY CALC.
 - PERMEABLE PAVING, SEE CIVIL/LANDSCAPE DRAWINGS FOR MATERIAL & PERMEABILITY CALC.
 - PATIO, PERMEABLE PAVING, SEE CIVIL/LANDSCAPE DRAWINGS
 - COMMUNITY PATH, PUBLIC RIVER ACCESS WALKWAY, PAVED, 6' WIDE, U.O.M.
 - BUILDING GRID LINES
 - PARKING OR DRIVEWAY DIMENSION MEETS STALL STANDARDS, PER APPENDIX A
 - PARKING OR DRIVEWAY DIMENSION MEETS SMART-CODE STANDARDS, CENTRAL PETALUMA SPECIFIC PLAN
 - EV, ELECTRIC VEHICLE CHARGING SPACE



1 SITE / SECOND FLOOR PLAN
SCALE = 1/16" = 1'-0"

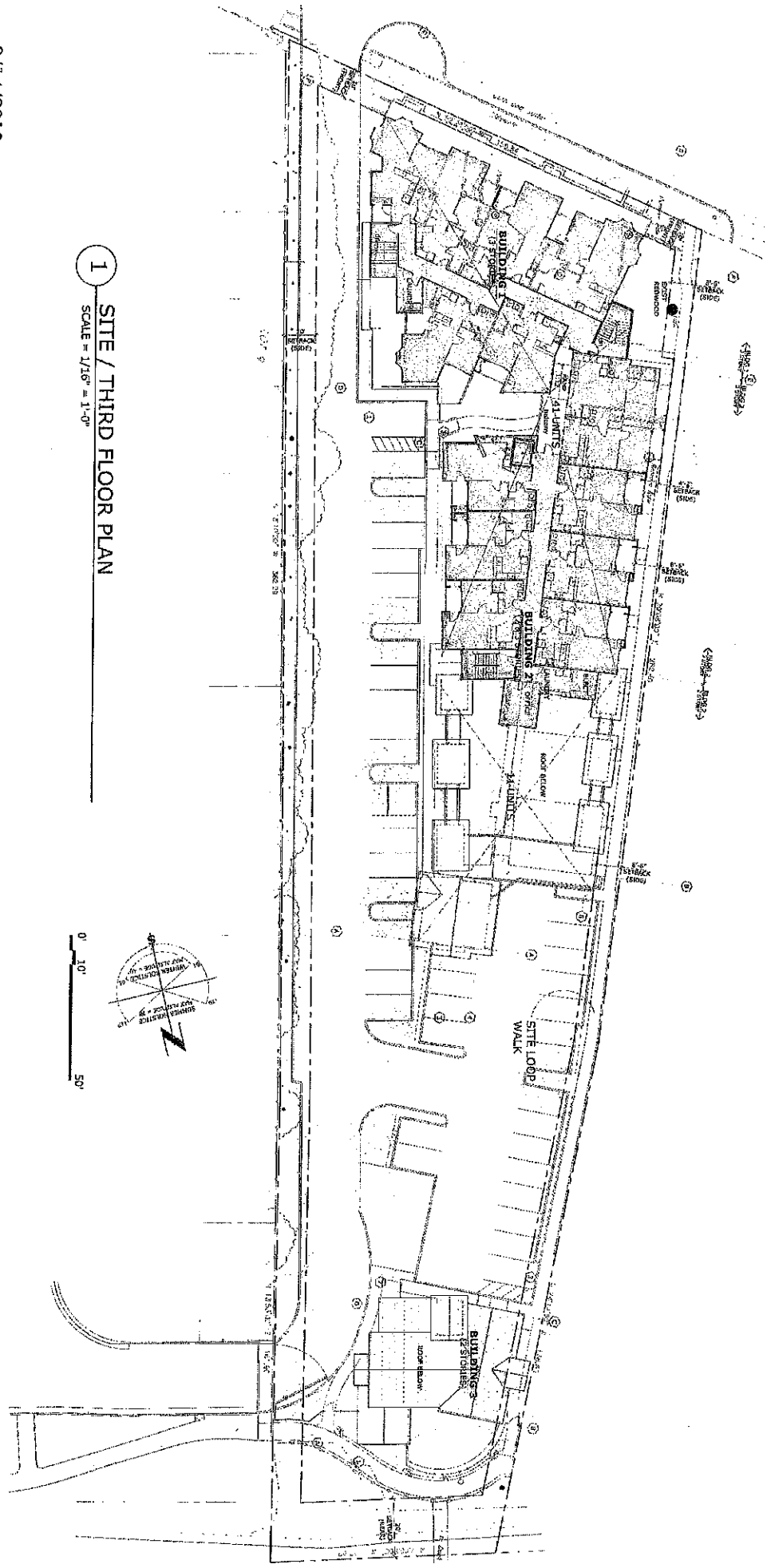
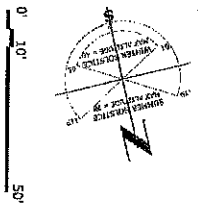
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951 Petaluma Blvd S

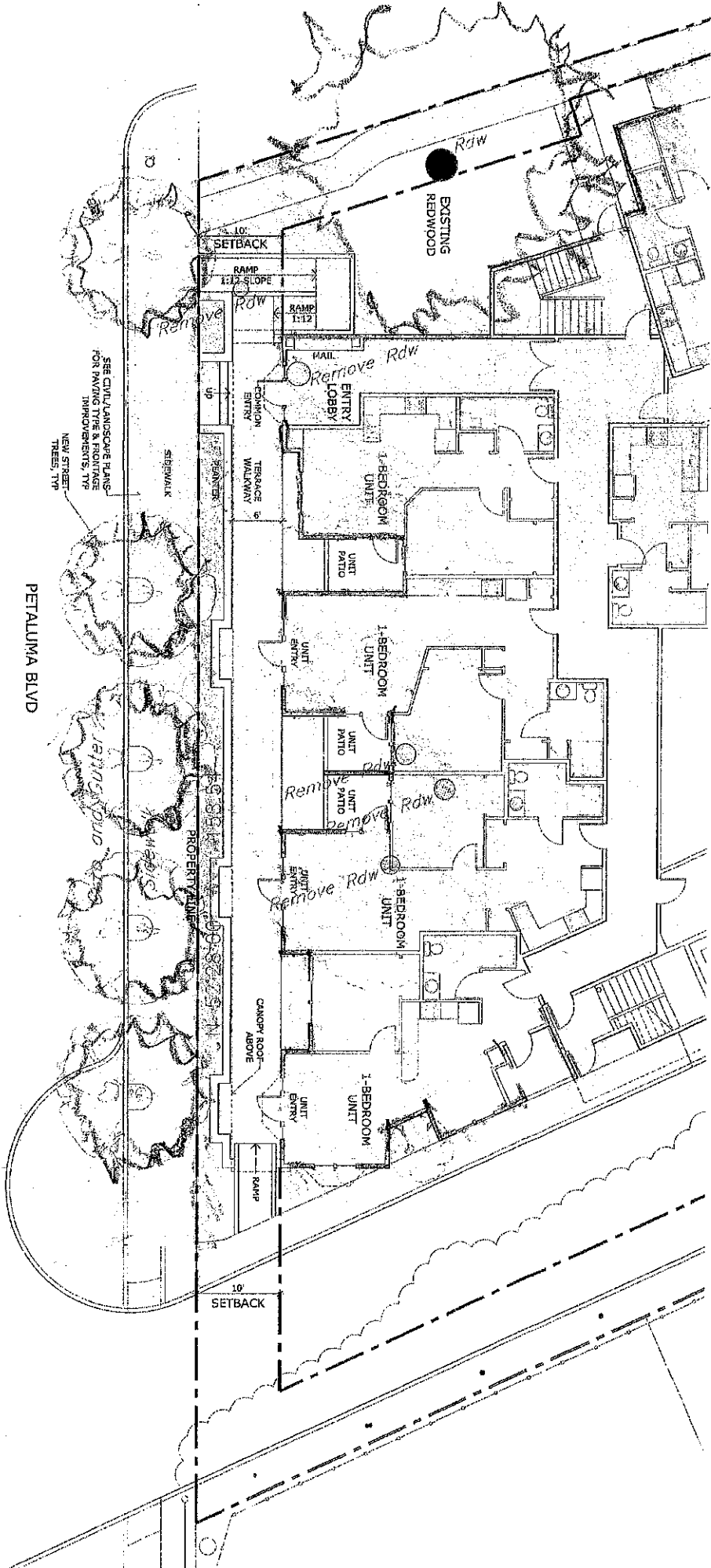
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PEP HOUSING RIVER CITY SENIOR APARTMENTS
951 Petaluma Blvd S

1 SITE / THIRD FLOOR PLAN
SCALE = 1/16" = 1'-0"

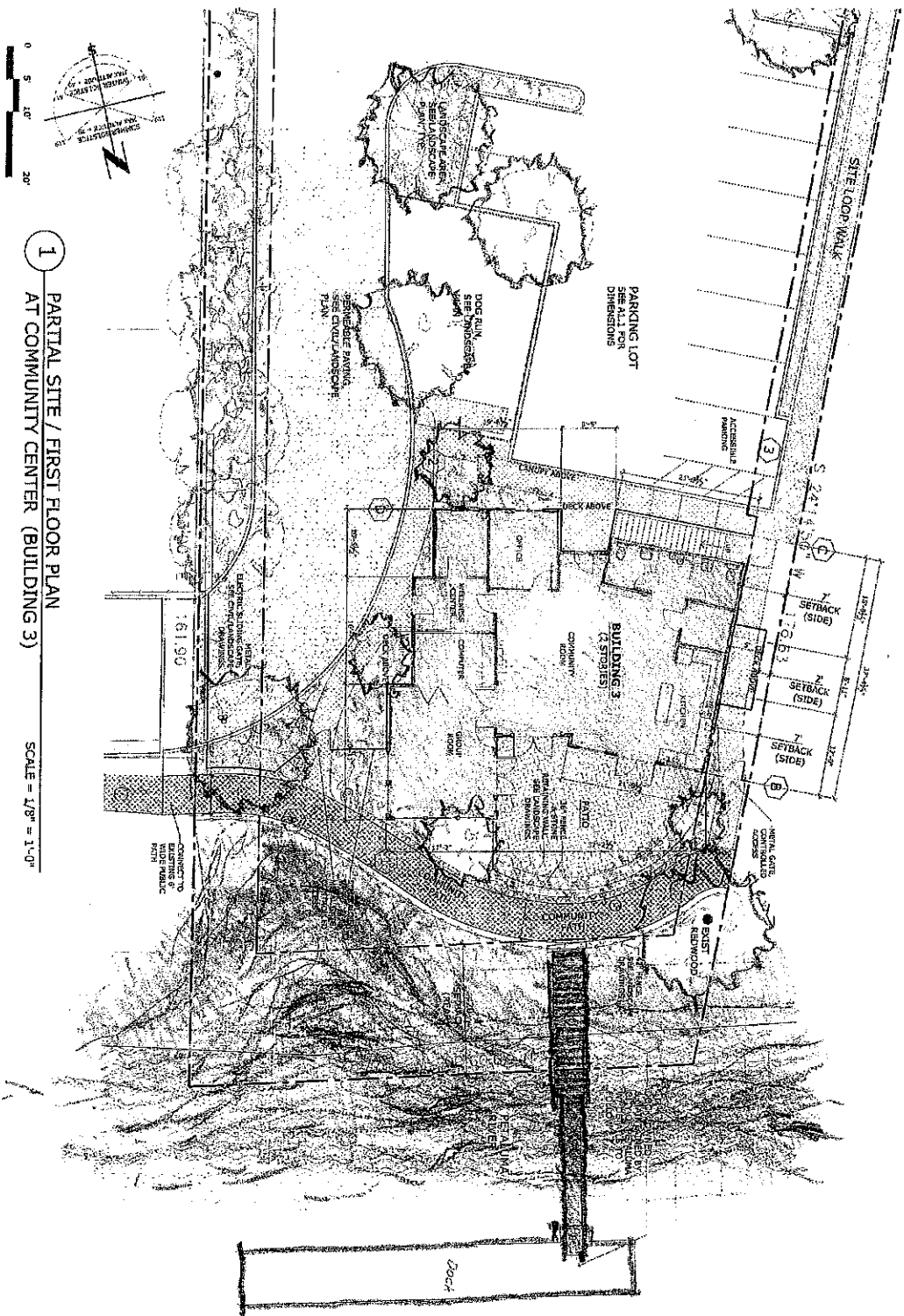


2 PARTIAL SITE / FLOOR PLAN; FIRST FLOOR
SCALE = 1/8" = 1'-0"



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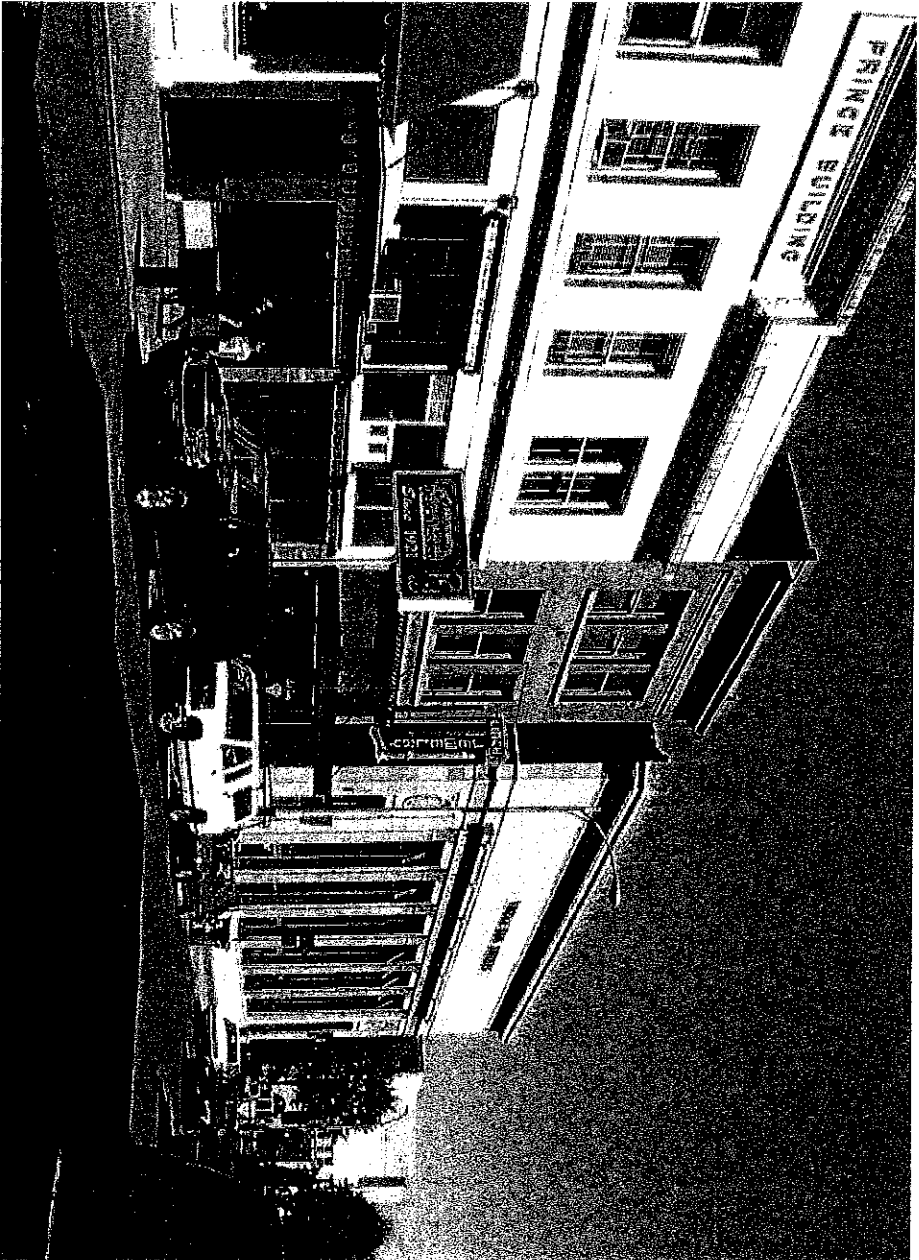


1 PARTIAL SITE / FIRST FLOOR PLAN
 AT COMMUNITY CENTER (BUILDING 3) SCALE = 1/8" = 1'-0"

Petaluma Blvd Corridor

Historic design references

Downtown Petaluma & along the Boulevard

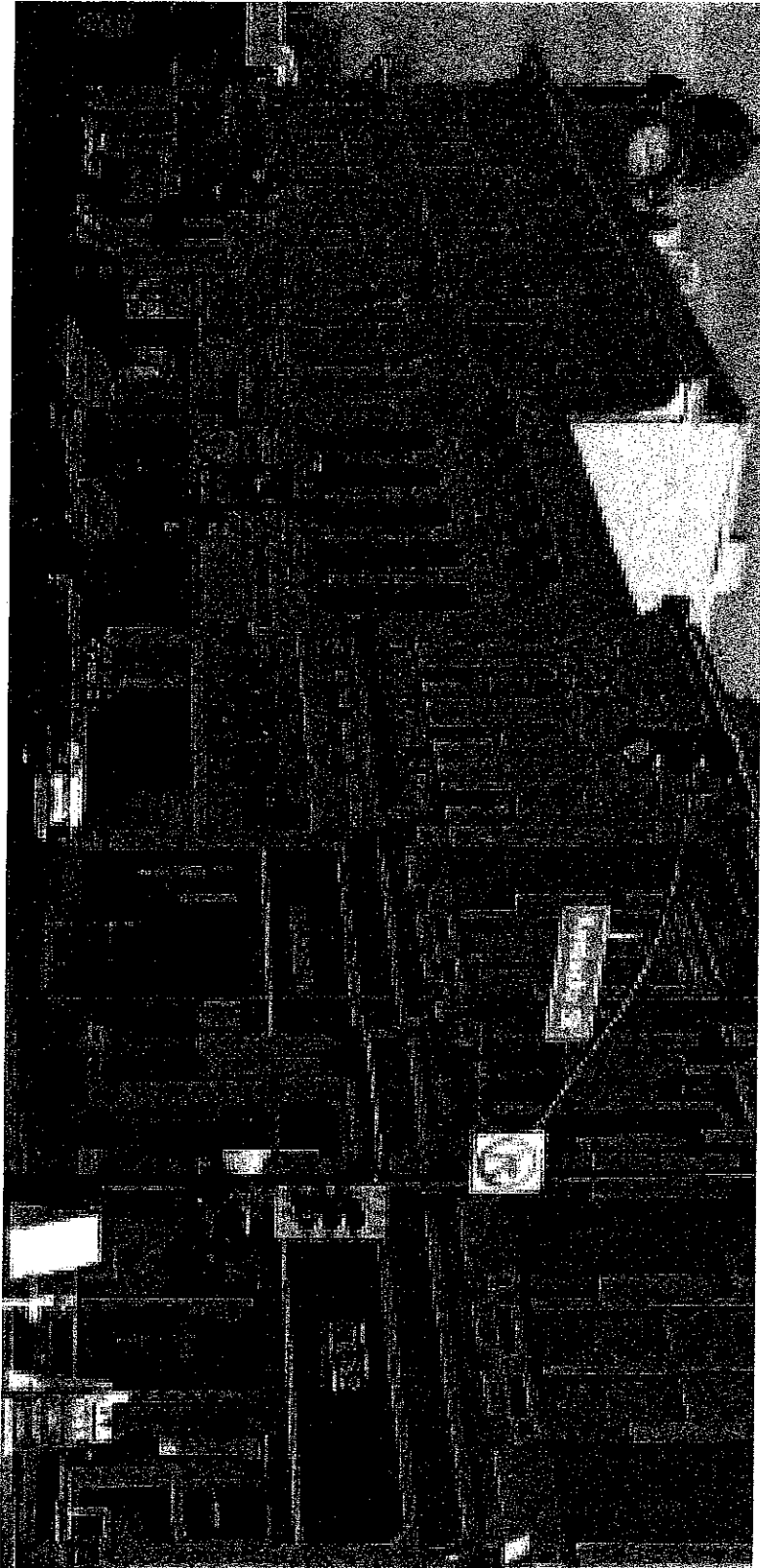


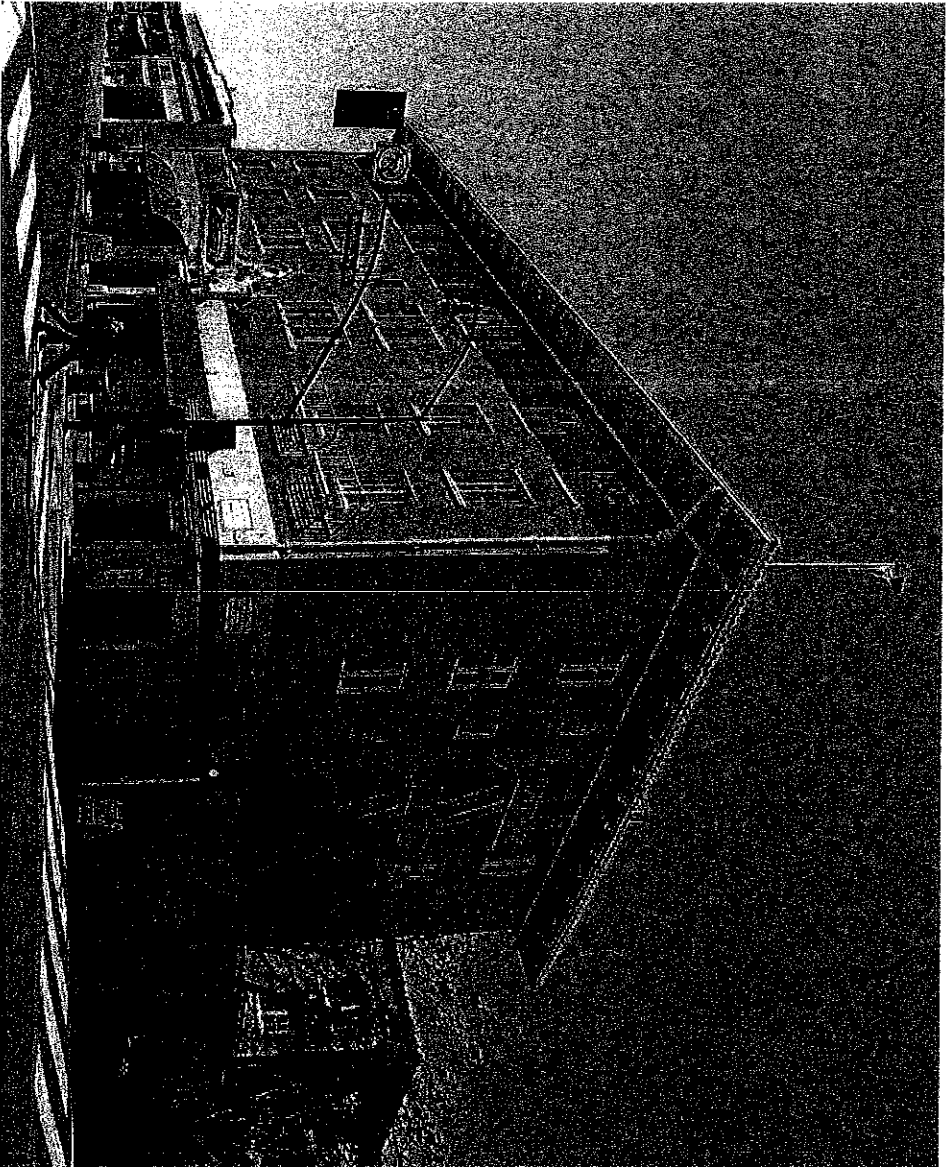
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951 Petaluma Blvd S

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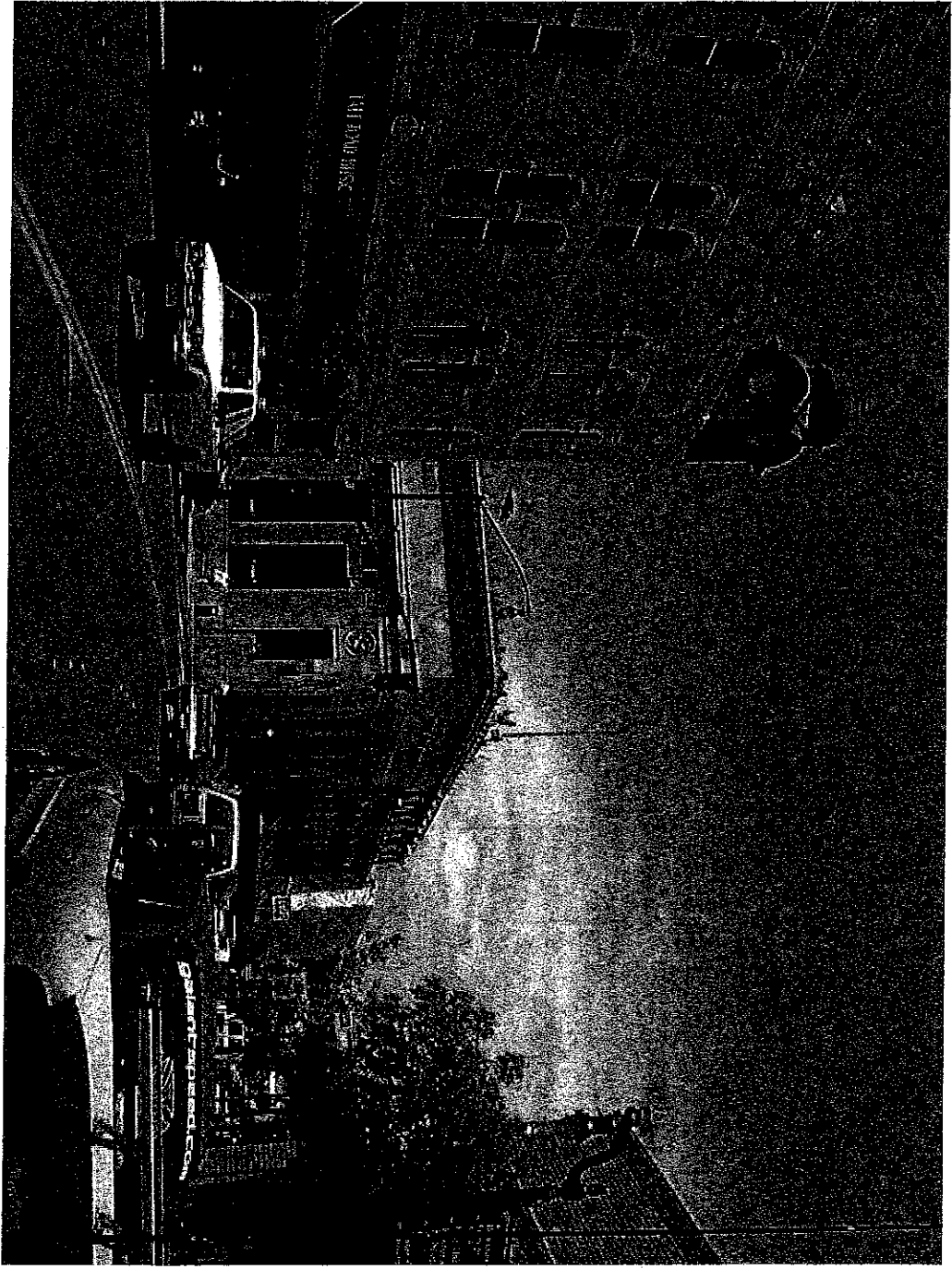


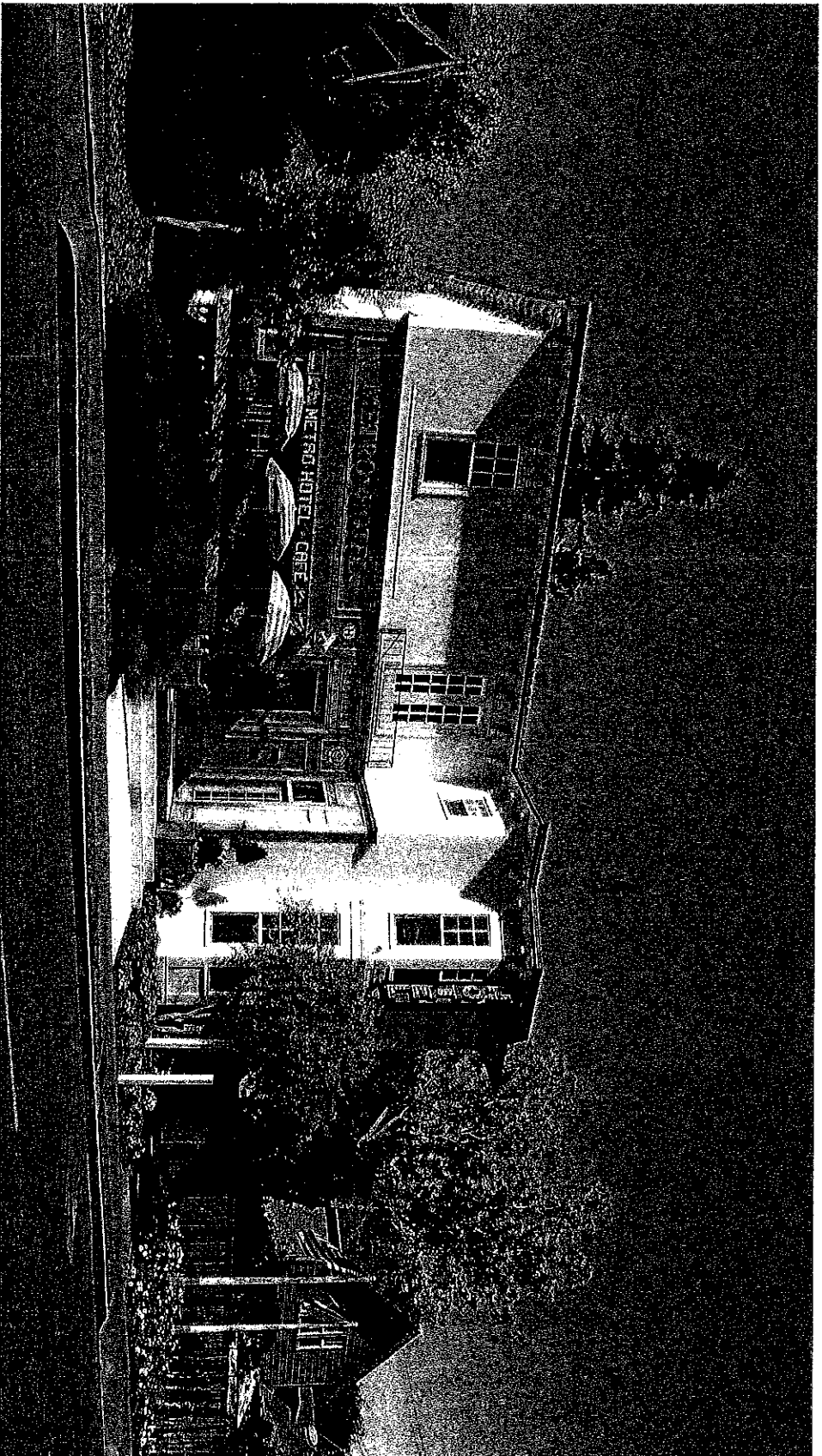
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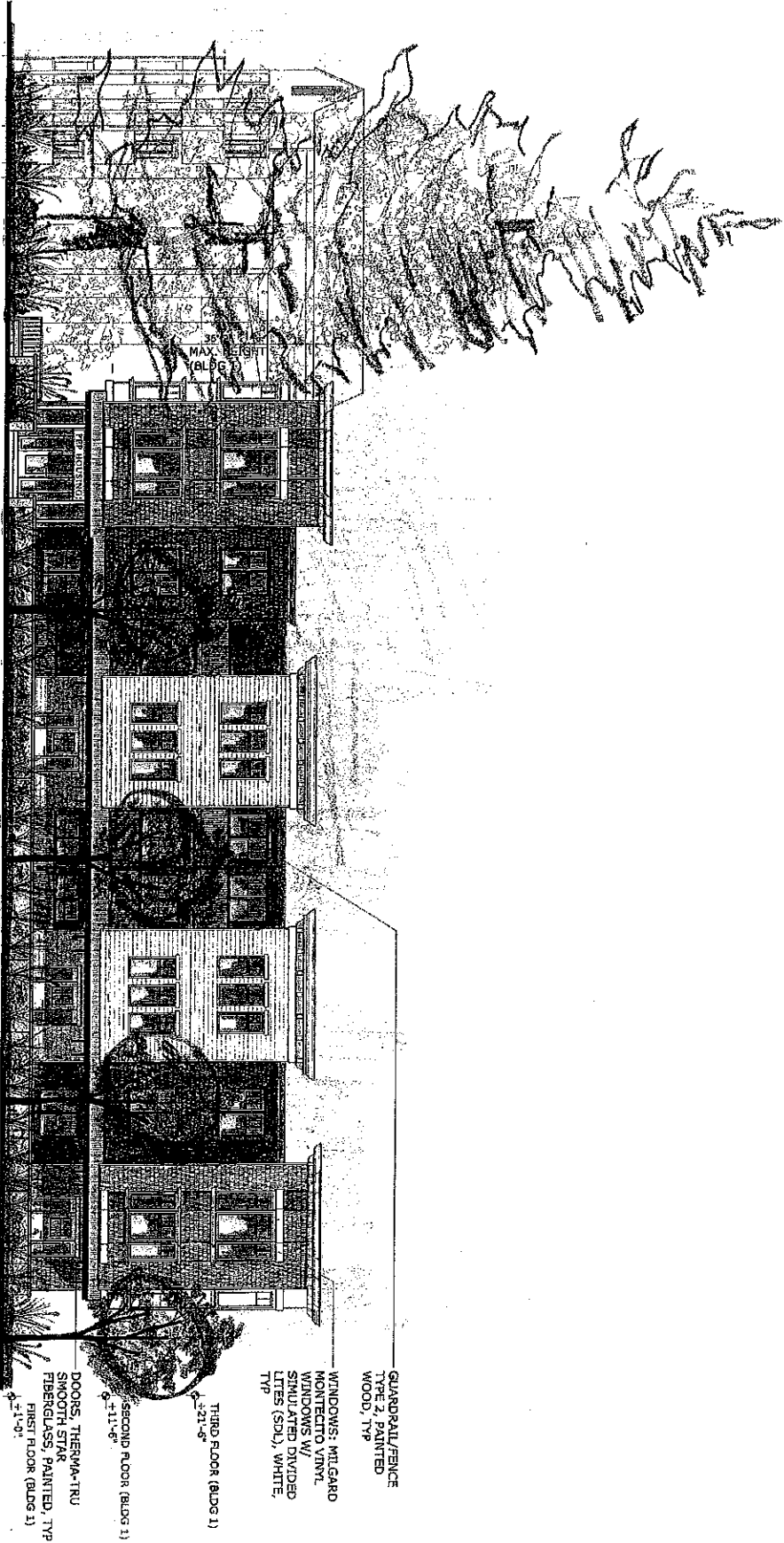
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951 Petaluma Blvd S





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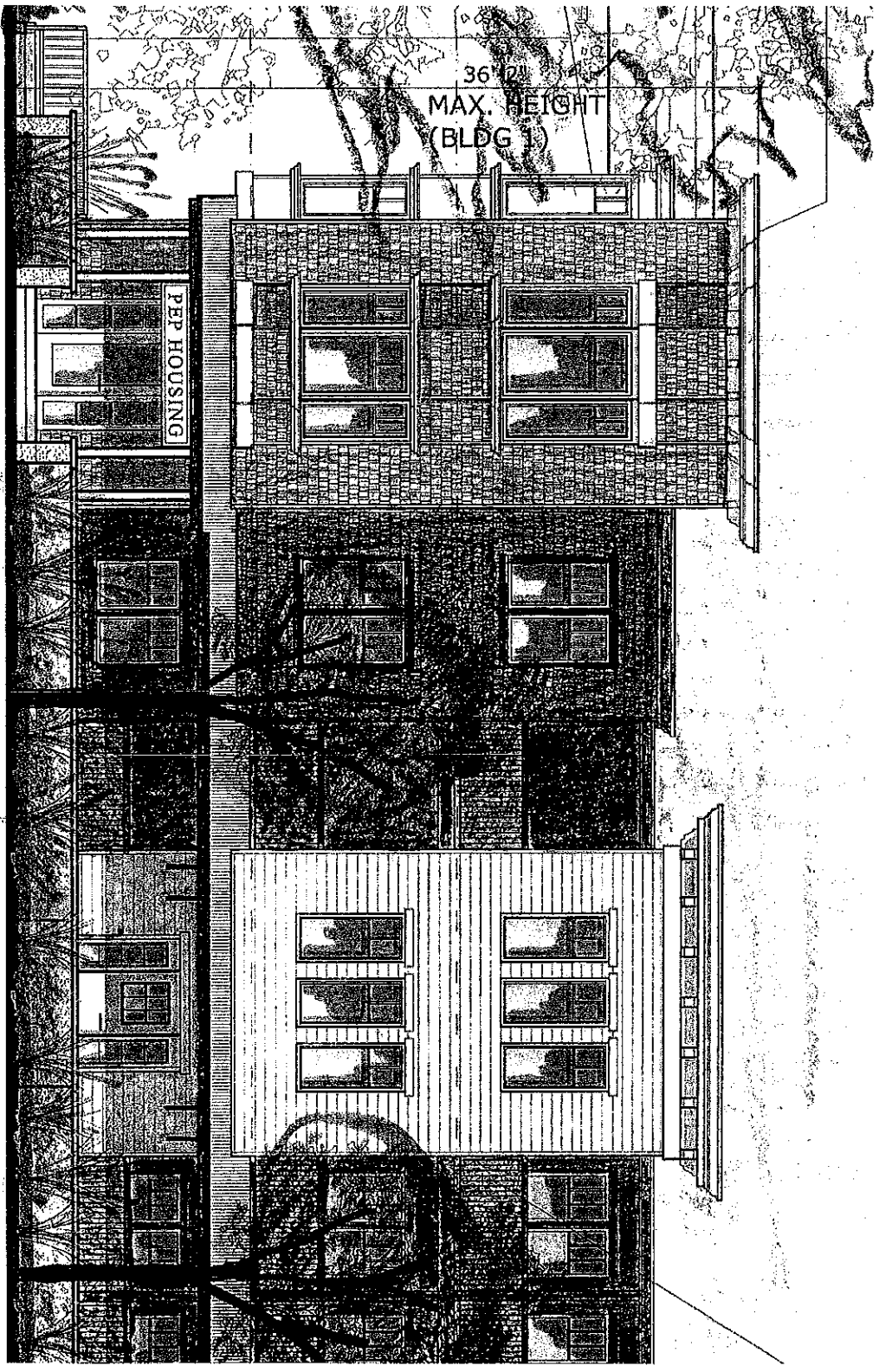
1

SOUTH ELEVATION, PETALUMA BLVD.
SCALE = 1/8" = 1'-0"

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951 Petaluma Blvd S

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River Warehouse

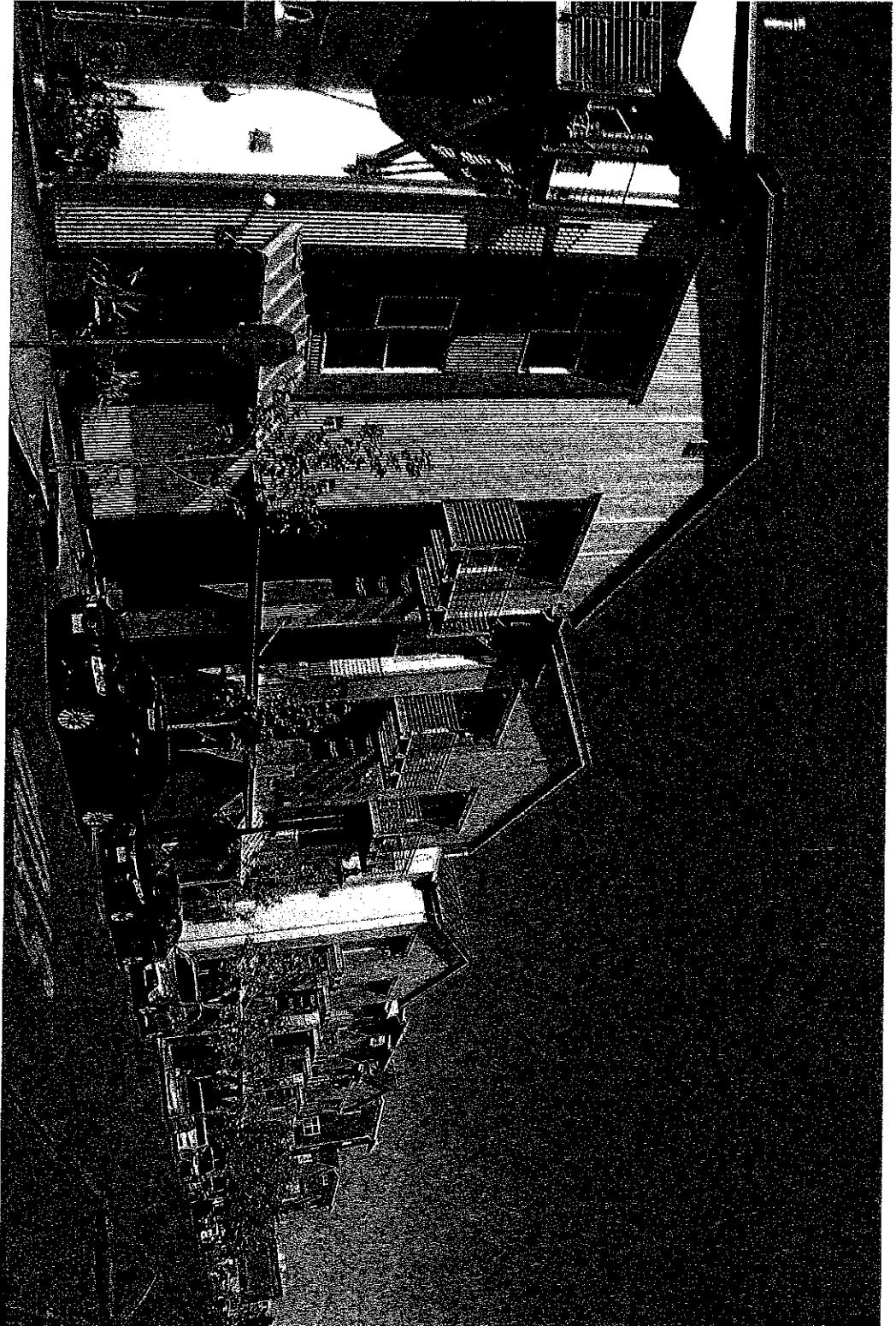
Historic/Contemporary design references

River-based industrial character



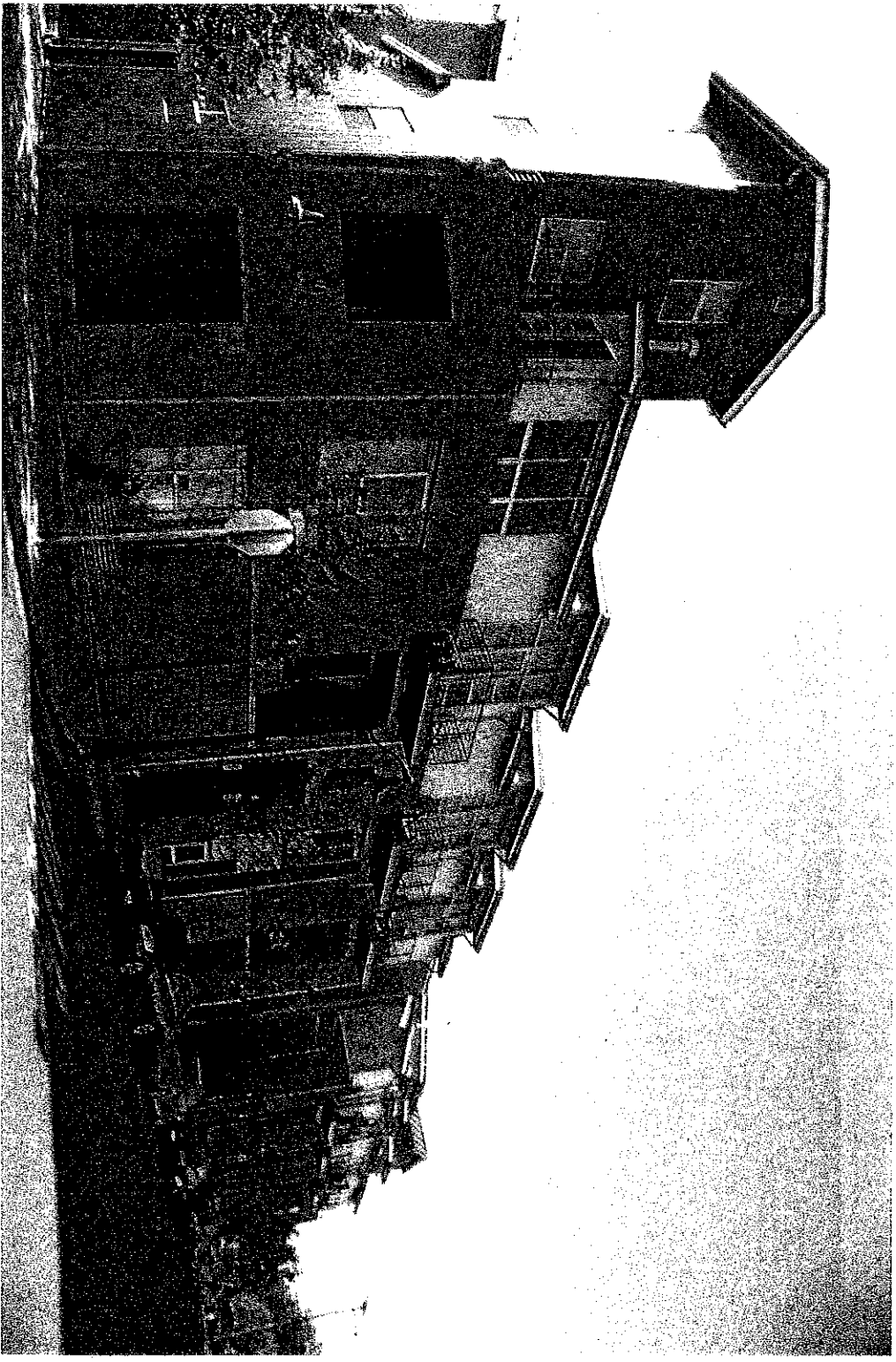
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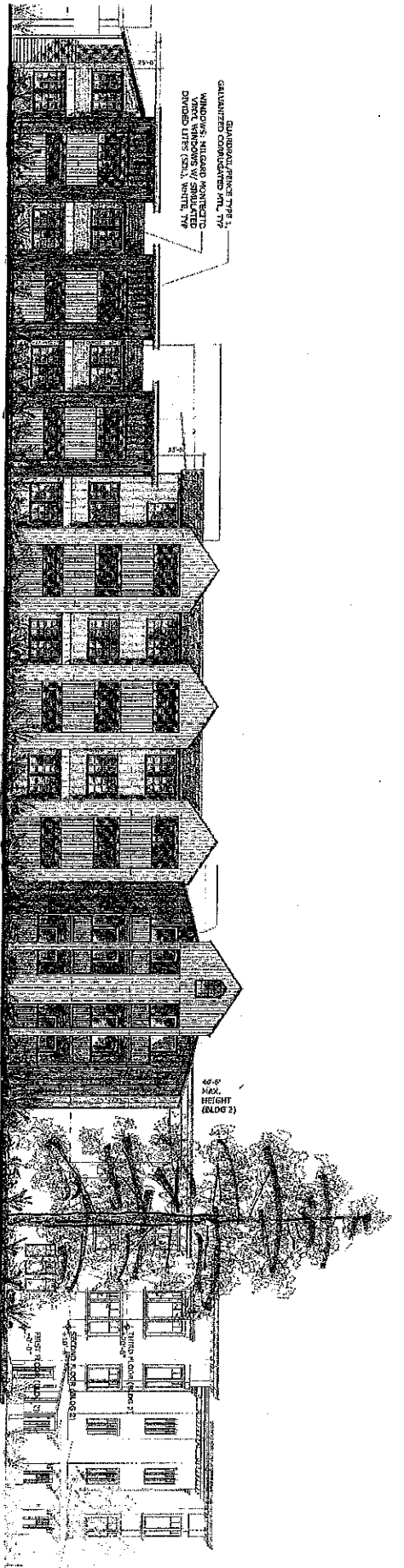
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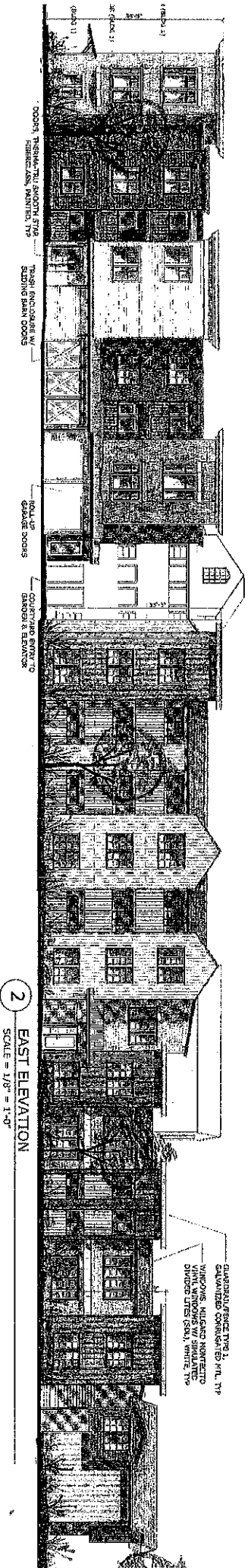
PEP HOUSING RIVER CITY SENIOR APARTMENTS
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1 WEST ELEVATION
SCALE = 1/8" = 1'-0"

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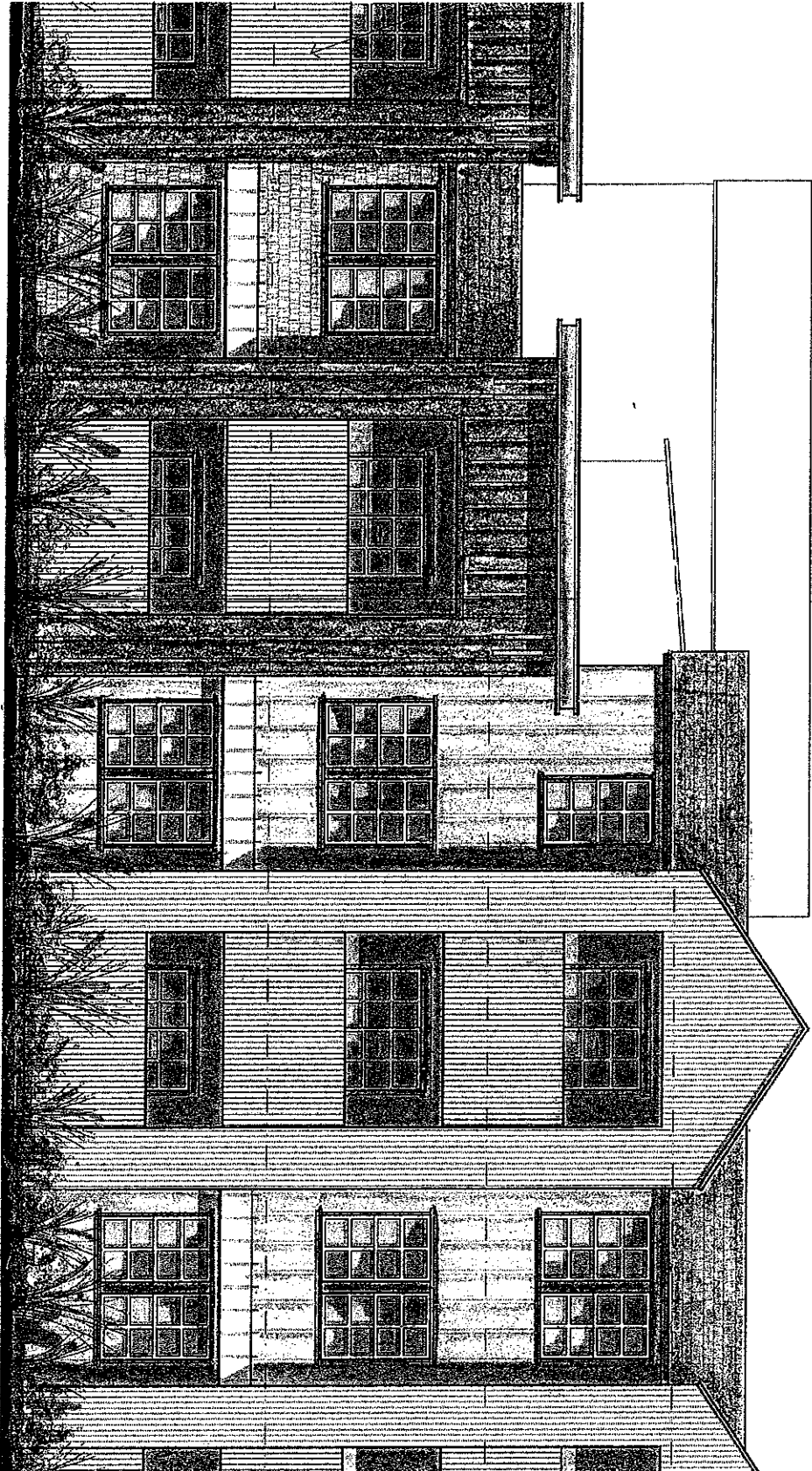
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2 EAST ELEVATION
SCALE = 1/8" = 1'-0"

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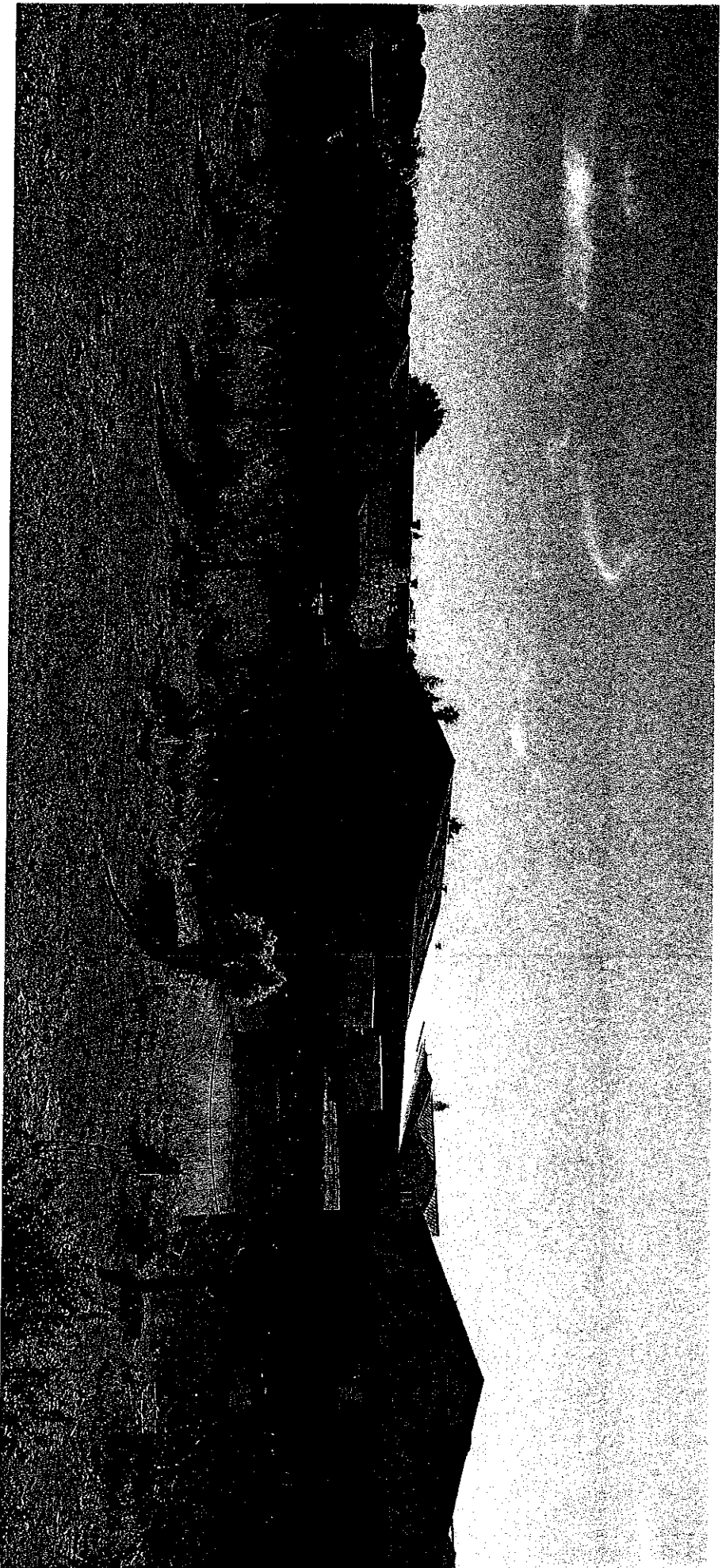


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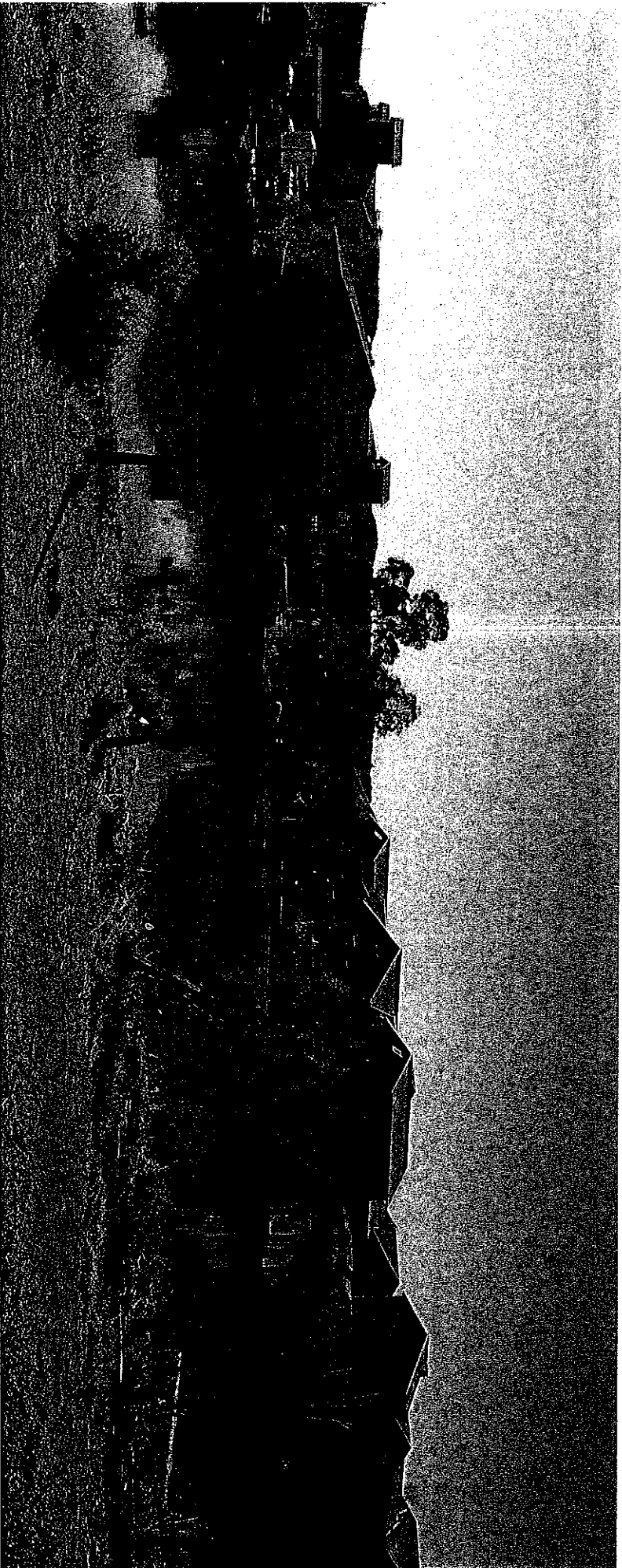
River Frontage

The Petaluma River as a street
Existing patterns at river's edge



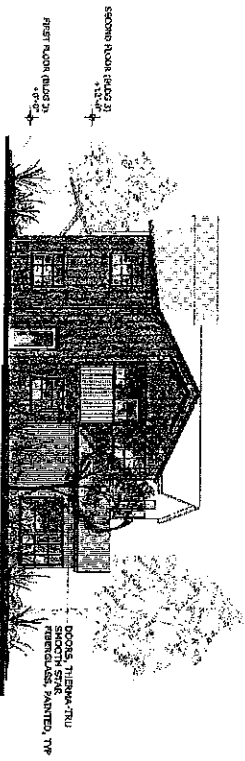
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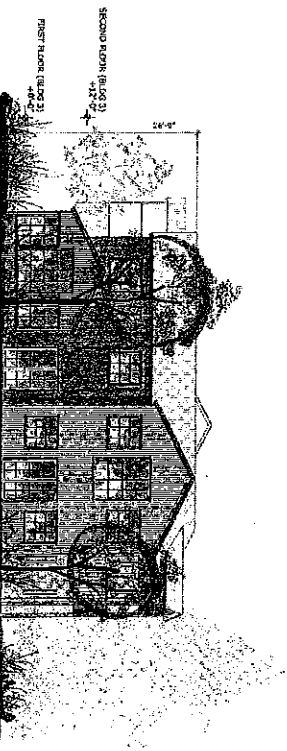


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Planning Commission

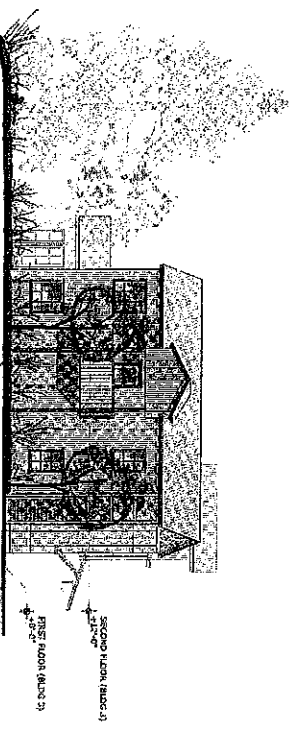
PEP HOUSING RIVER CITY SENIOR APARTMENTS
951 Petaluma Blvd S



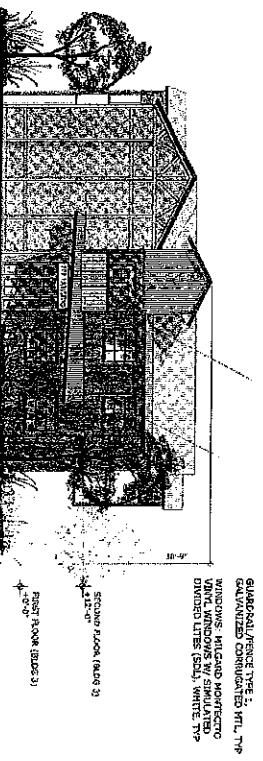
4 EAST ELEVATION; BUILDING 3
SCALE = 1/8" = 1'-0"



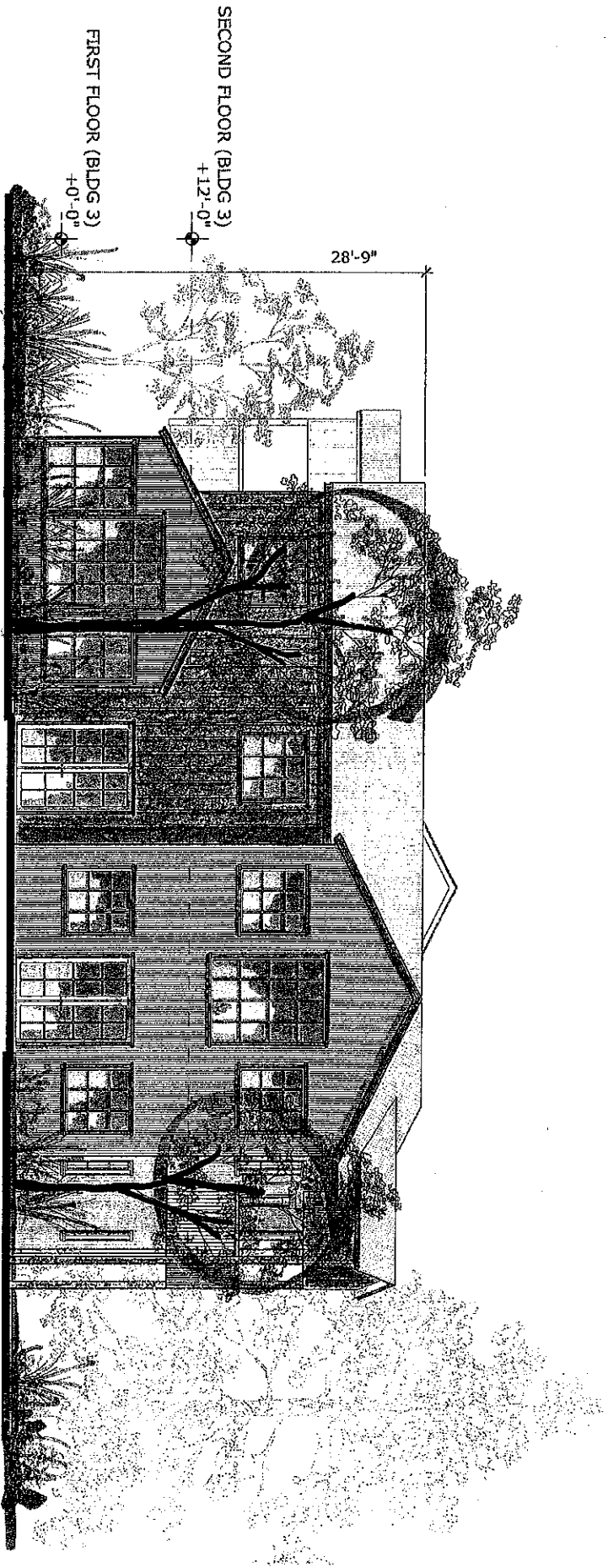
3 NORTH ELEVATION; BUILDING 3
(FROM PETALUMMA RIVER)
SCALE = 1/8" = 1'-0"



2 WEST ELEVATION; BUILDING 3
SCALE = 1/8" = 1'-0"



1 SOUTH ELEVATION; BUILDING 3
(FROM PARKING LOT)
SCALE = 1/8" = 1'-0"



3

NORTH ELEVATION; BUILDING 3
(FROM PETALUMA RIVER)

SCALE = 1/8" = 1'-0"

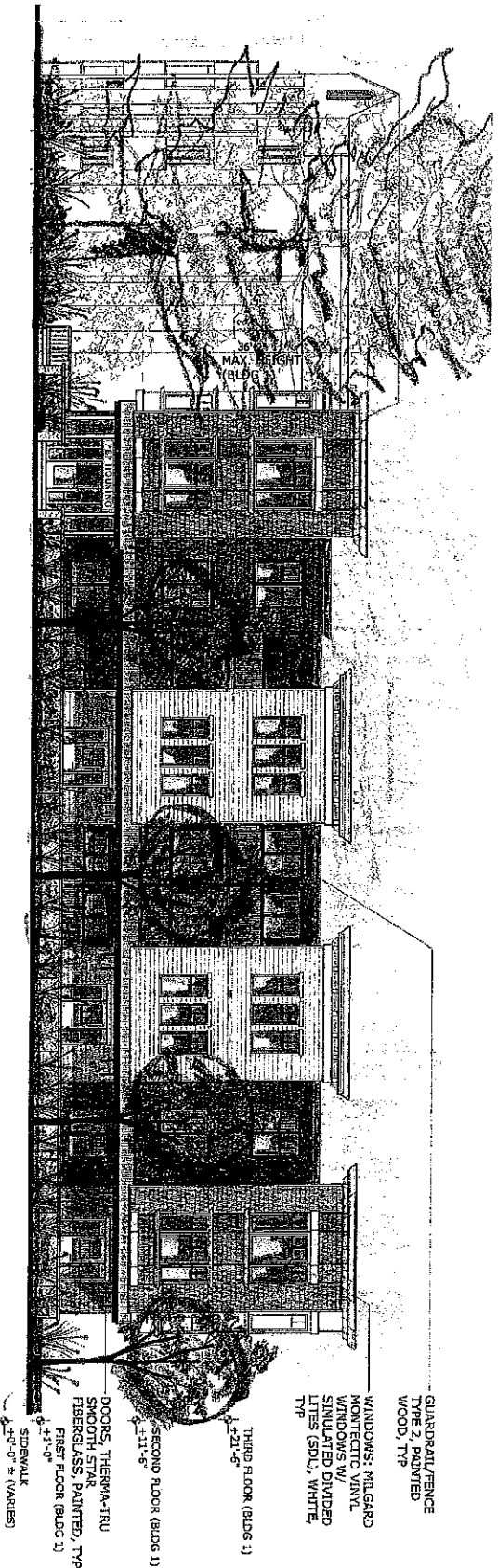
8/14/2018
Planning Commission

PEP HOUSING RIVER CITY SENIOR APARTMENTS
951 Petaluma Blvd S

PEP Housing

River City Senior Apartments

951 Petaluma Blvd S Petaluma, CA



GUARDRAIL/FENCE
TYPE 2, PAINTED
WOOD, TYP

WINDOWS: MILGARD
MONTECITO VINYL
WINDOWS W/
SIMULATED DIVIDED
LITES (SDU), WHITE,
TYP

THIRD FLOOR (BLDG 1)
±21'-6"

SECOND FLOOR (BLDG 1)
±11'-6"

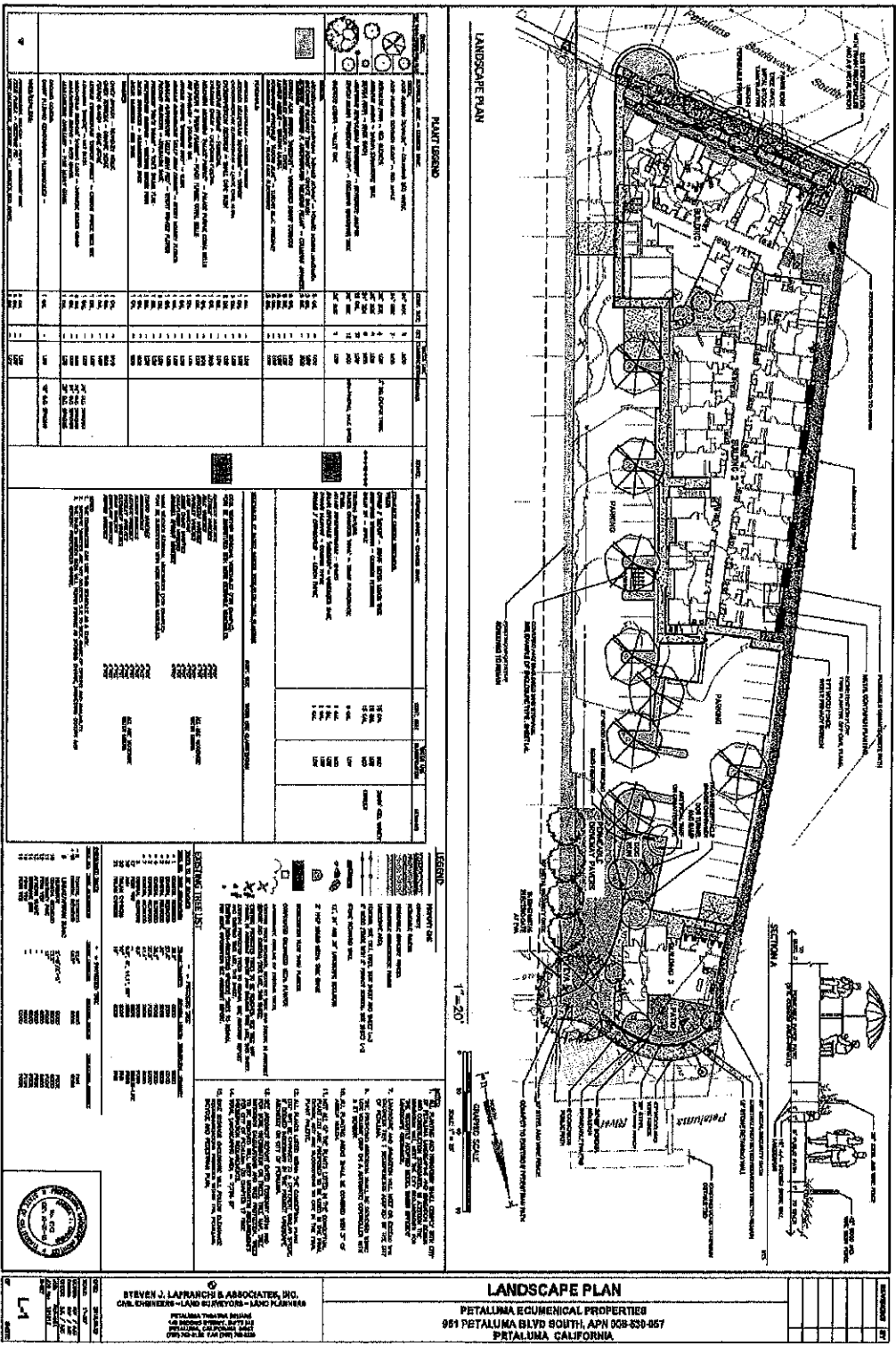
DOORS: THERMA-TRU
SMOOTH STAR
FIBERGLASS, PAINTED, TYP
FIRST FLOOR (BLDG 1)
±3'-0"

SIDEWALK
±3'-0" ± (VARIES)



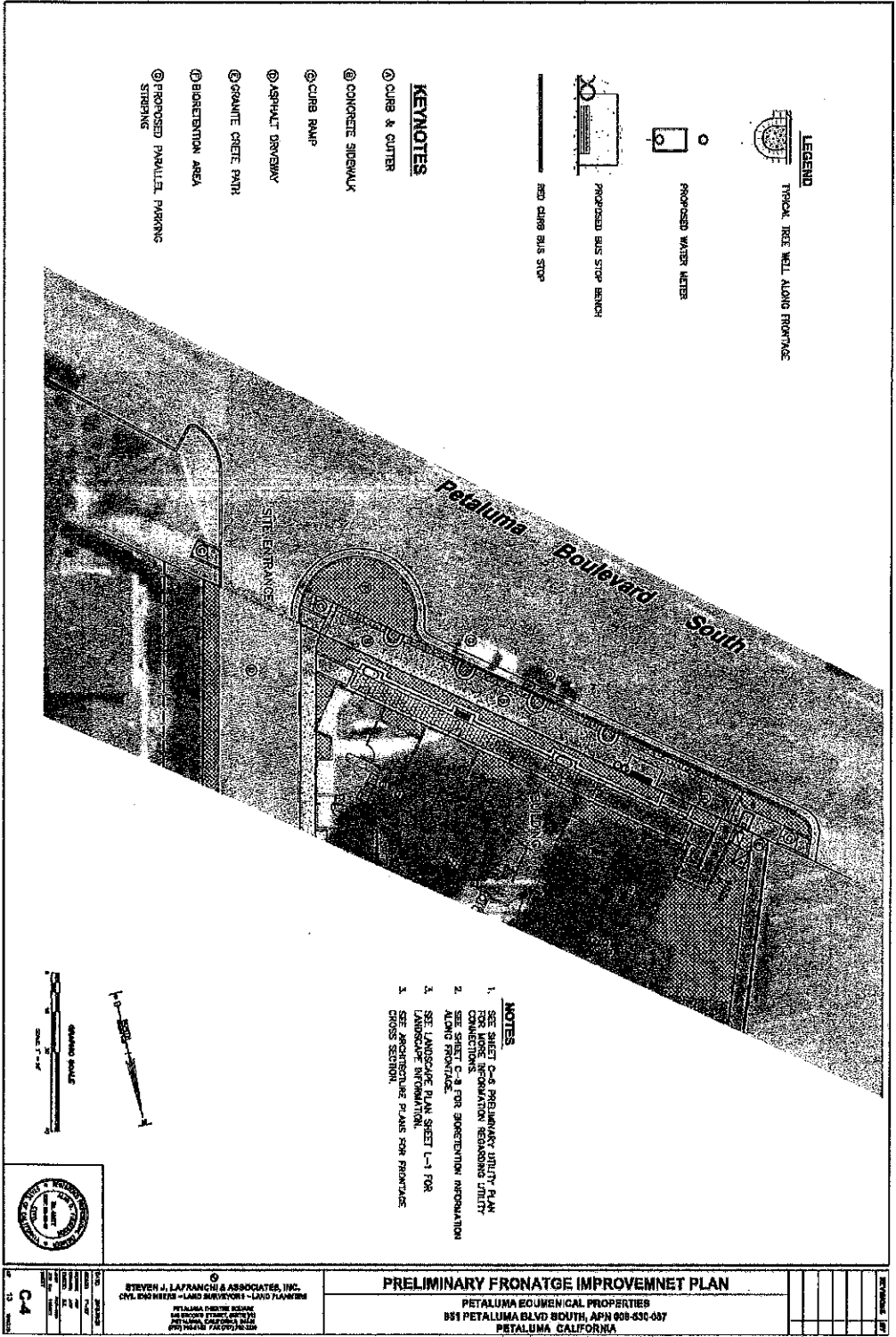
ROBERT HAYES + ASSOCIATES
620 BUTTE STREET
SAUSALITO CA 94965





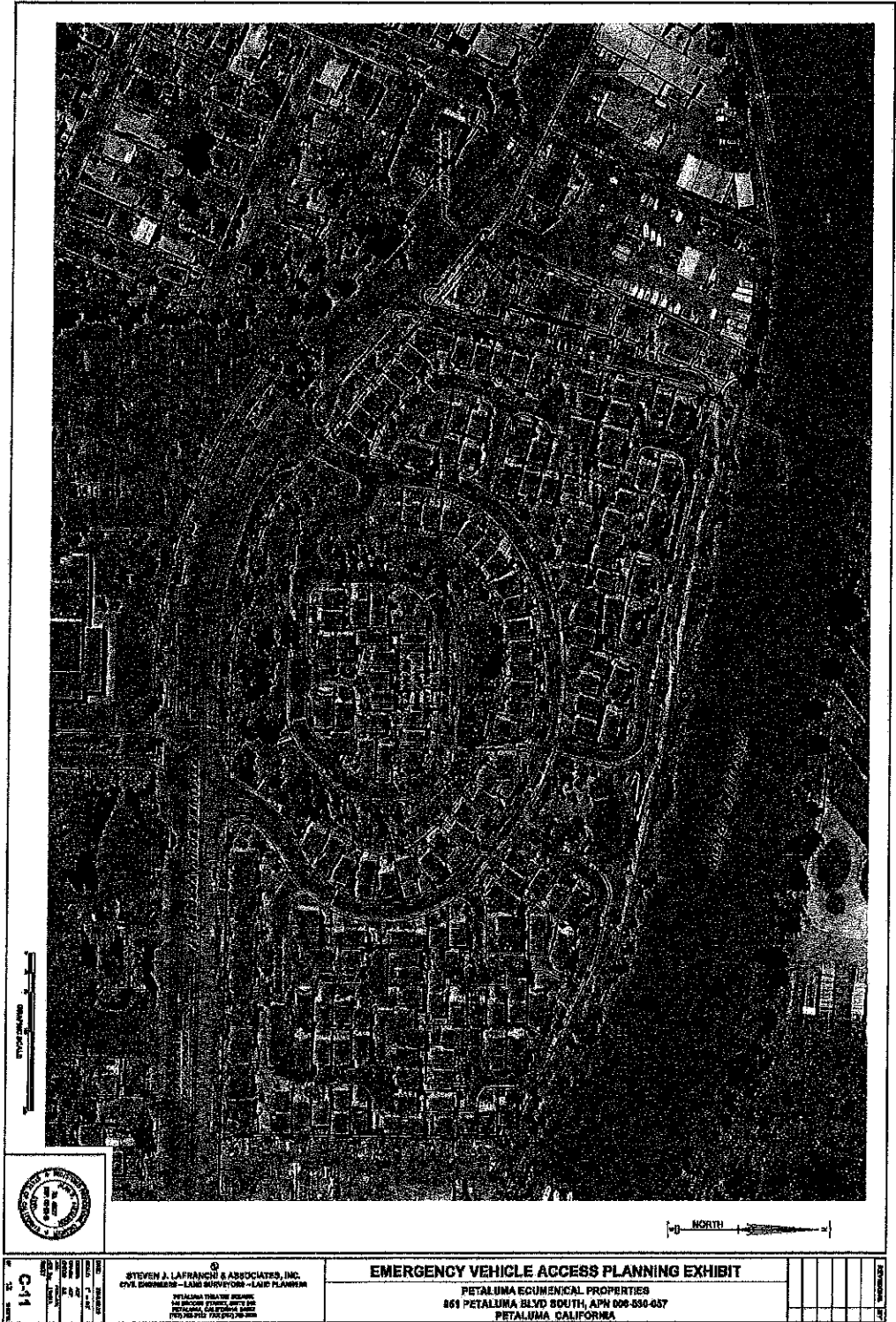
PEP HOUSING RIVER CITY SENIOR APARTMENTS
 951 Petaluma Blvd S

<p>TREES</p>	<p>BIRD FEEDERS</p>
<p>PERENNIALS</p>	<p>BENCHING</p>
<p>SHRUBS AND SPREADERS</p>	<p>LANDSCAPE PALETTE PETALUMA ECUMENICAL PROPERTIES 951 PETALUMA BLVD SOUTH, APN 008-530-057 PETALUMA, CALIFORNIA</p>
<p>COMMUNITY GARDEN SPACES</p>	<p>SEATING</p>
<p>MATERIALS</p>	<p>CONCRETE</p>



8/14/2018
 Planning Commission

PEP HOUSING RIVER CITY SENIOR APARTMENTS
 951 Petaluma Blvd S



DATE	8/14/2018
BY	[Signature]
TITLE	City Engineer
PROJECT	PEP HOUSING RIVER CITY SENIOR APARTMENTS
FILE NO.	C-11

STEVEN J. LAFRANCO & ASSOCIATES, INC.
 CIVIL ENGINEERS - LAND SURVEYORS - LAND PLANNERS
 PETALUMA TRAILER BOARDS
 400 BROADWAY STREET, SUITE 200
 PETALUMA, CALIFORNIA 94954
 (707) 765-7300 FAX (707) 765-7301

EMERGENCY VEHICLE ACCESS PLANNING EXHIBIT
 PETALUMA ECUMENICAL PROPERTIES
 861 PETALUMA BLVD SOUTH, APN 006-030-037
 PETALUMA, CALIFORNIA

DATE	
BY	
TITLE	
PROJECT	
FILE NO.	

**RESOLUTION OF THE CITY OF PETALUMA PLANNING COMMISSION
APPROVING SITE PLAN AND ARCHITECTURAL REVIEW
WITH ASSOCIATED WARRANTS FOR THE PEP HOUSING PROJECT
LOCATED AT 951 PETALUMA BLVD SOUTH**

**APN 008-530-007
FILE NO. PLSR-18-0006**

WHEREAS, Robert W. Hayes, on behalf of the applicant, Petaluma Ecumenical Properties (PEP), and the property owner, the City of Petaluma, filed an application for Site Plan and Architectural Review with associated requests for Warrants for the Project; and

WHEREAS, the proposed project includes Site Plan and Architectural Review for the construction a 53 one-bedroom rental housing units that will be affordable for seniors of low and very-low income levels, plus one two-bedroom on-site manager unit and ancillary community rooms; and

WHEREAS, associated with the Site Plan and Architectural Review, is a request for Warrants for: (a) allowance of an edgeward building placement type in a T5 zone (SmartCode §4.10(i)); (b) allowance of a side setback greater than 10 feet (SmartCode §4.10(f)); (c) a reduction to required principal building frontage from 75 percent to 62 percent of the lot frontage (SmartCode §4.10(h)); (d) reduction to the required depth of a front terrace from 8 feet to 6 feet (SmartCode §4.40.110(B)); and (e) reduction of the minimum ground floor ceiling height from 10 feet to 9.5 feet (SmartCode §4.10(m)); and

WHEREAS, the project has been reviewed in compliance with the California Environmental Quality Act (CEQA) and has been determined to be categorically exempt pursuant to Article 12.5, Section 15194 (Affordable Housing Exemption) of the California Environmental Quality Act (CEQA) Guidelines; and

WHEREAS, prior to acting on this Site Plan and Architectural Review application, public notice was published in the *Petaluma Argus-Courier* and mailed to residents and occupants within 1000 feet of the Project site in compliance with state and local law; and

WHEREAS, a public hearing sign was posted on site at least 17 days prior to the Planning Commission meeting, consistent with the City Council Resolution No. 18-107; and

WHEREAS, the Planning Commission held a duly noticed public hearing to consider the Project on August 14, 2018, at which time all interested parties had the opportunity to be heard; and

NOW THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF PETALUMA AS FOLLOWS:

1. The foregoing recitals are true and correct and incorporated herein by reference.

2. Based on its review of the entire record herein, the Planning Commission makes the following findings:

General Plan

- a. The Project is, as conditioned, consistent with the Petaluma General Plan, as follows:

Land Use Map

- i. The Project is consistent with the General Plan 2025 Mixed Use (MU) land use designation in that the MU classification includes a residential use.

Goal 1-G-1: Land Use: “Maintain a balanced land use program that meets the long-term residential, employment, retail, institutional, education, recreation, and open space needs of the community.”

- ii. Policy 1-P-2 states, “Use land efficiently by promoting infill development, at equal or higher density and intensity than surrounding uses.”

Policy 1-P-11 states, “Allow land use intensification at strategic locations along the arterial corridors leading to Downtown and Central Petaluma, including aging commercial and industrial sites.”

Consistency Analysis: The General Plan Land Use Map applies a Mixed Use designation to the project site and, contrary to other similarly designated properties outside the CPSP, there is no Floor Area Ratio (FAR) or residential density standard. Building FAR and residential density are, instead, indirectly regulated by the SmartCode’s bulk and height standards. The project proposes a 54 unit residential project at a density permitted by the T5 zoning and is situated along the Golden Gate Transit corridor with local connectivity to Downtown Petaluma and regional connectivity to Santa Rosa and San Francisco. Although the project does feature a combination of uses, the proposed density and residential use serves to transition from the Mixed Use designated area, to the R3 (Residential 3), PUD (Planned Unit District), and C1 (Commercial 1) designated areas in close proximity to the site. The project is consistent with Policy 1-P-2 and 1-P-11.

Goal 1-G-5: Petaluma River: “Develop land uses in proximity to the Petaluma River that ensure the restoration of the natural River corridor, provide for adequate storm flow capacities, and enable public access and stewardship.”

- iii. Policy 1-P-43 states, “Development shall incorporate the River as a major design focal point, orienting buildings and activities toward the River and providing water access, to the extent deemed feasible.”

Policy 1-P-44 states, “Develop the Petaluma River as a publicly accessible green ribbon, fronted by streets, paths, access points, and open spaces, by implementing the Petaluma River Access and Enhancement Plan within the context of the PRC Design Standards.”

Policy 1-P-45 states, "Development along the River shall include the creation and maintenance, in perpetuity, of public access sites. Amenities provided may include ramps, steps, docks or other means of access to the water."

Consistency Analysis: As proposed, the Project includes a community building for its residents at the rear of the subject property and oriented towards the riverfront. Additionally, the Project as conditioned will provide an 8-foot wide riverfront path that is publicly accessible, extends across the entire width of the property and will provide new connectivity between the site's existing publicly owned and maintained dock and the McNear Landing Park to the east. The Project is therefore, consistent with Policy 1-P-43, 1-P-44 and 1-P-45.

Goal 2-G-1: City Form and Identity: "Preserve Petaluma's setting as an urban place surrounded largely by rural land uses and densities, agriculture and open space."

- iv. Policy 2-P-1 states, "As depicted on the Land Use Map allow for urban development at defined densities and intensities to prevent the need to extend outward beyond the Urban Growth Boundary."

Consistency Analysis: The Project is located within the Central Petaluma Specific Plan (CPSP) boundary, and, pursuant to General Plan Page 1-7, densities and floor-area-ratio (FAR) shall be undertaken in accordance with the CPSP. The CPSP regulates density and FAR indirectly through building height, mass and bulk development standards embodied in Appendix A (SmartCode). As proposed, the Project applies the Main Street Building typology in a manner that enables a substantial increase in density while complementing the scale and built form of the immediate neighborhood. As a result, the Project furthers the subject policy.

Housing Element Goal 1: Housing Supply: "Provide adequate residential development opportunities to accommodate projected residential growth and facilitate mobility within the ownership and rental markets."

- v. Policy 1.1 states, "Promote residential development within the Urban Growth Boundary."

Programs 1.1 states, "Utilize sites within the UGB to accommodate anticipated long-term residential growth."

Policy 1.2 states, "Encourage the development of housing on underutilized land that is appropriately zoned."

Program 1.2 states, "Utilize the Central Petaluma Specific Plan to facilitate the development of vacant and underutilized land at the heart of the City."

Consistency Analysis: The project is located within the Urban Growth Boundary (UGB), within the CPSP, and on property that is underutilized and zoned for urban development of an appropriate residential density and building intensity. For these reasons, the Project is consistent with the aforementioned Housing Element policies.

Planning Subareas: “Land use development in the CPSP subarea shall be undertaken according to the Central Petaluma Specific Plan, unless amended herein or on the Land Use Map. Densities and FARs within the boundary of the CPSP shall be undertaken in accordance with the CPSP.”

- vi. Policy 2-P-12 states, “Support the establishment of pedestrian access to the River, including the provision of a facility to allow launching of small, lightweight waterborne craft.

Consistency Analysis: The subject property is within the CPSP subarea of the General Plan per Figure 2-1 of the Petaluma General Plan 2025. As noted above, the project extends an existing riverfront multi-use trail and preserves an existing dock.

GOAL 5-G-5: Bicycle and Pedestrian Improvements: Create and maintain a safe, comprehensive and integrated bicycle and pedestrian system throughout Petaluma that encourages bicycling and walking and is accessible to all.

- vii. Policy 5-P-15 states, “Implement the bikeway system as outlined in the Bicycle and Pedestrian Plan, and expand and improve the bikeway system wherever the opportunity arises.”

Policy 5-P-20 states, “Ensure that new development provides connections to and does not interfere with existing and proposed bicycle facilities.”

Policy 5-P-22 states, “Preserve and enhance pedestrian connectivity in existing neighborhoods and require a well connected pedestrian network linking new and existing developments to adjacent land uses.”

Policy 5-P-23 states, “Require the provision of pedestrian site access for all new development.”

Policy 5-P-25 states, “Establish a network of multi-use trails to facilitate safe and direct off-street bicycle and pedestrian travel. At the minimum, Class I standards shall be applied unless otherwise specified.”

Policy 5-P-30 states, “Require all new development abutting any public trail to provide access to the trail.”

Consistency Analysis: As previously noted the Project would construct a multi-use path along the riverfront that will provide access between an existing dock on the subject property and a public park on the adjacent McNear residential community property.

GOAL 6-G-2: Parks and Recreation: Ensure park and recreational assets are maintained to allow safe access and use.

- viii. Policy 6-P-18 states, “Development that occurs adjacent to designated trails and

pathway corridors shall be required to install and maintain the publicly owned and accessible trail, in perpetuity.”

Consistency Analysis: See analysis under Goal 1-G-5 (Petaluma River) above.

Central Petaluma Specific Plan: Policies

- b. The Project is, as conditioned, consistent with the Central Petaluma Specific Plan policies, as follows:

(Riverfront Warehouse Area) Land Use – Objective 4: Provide for a mix of compatible light industrial, office, retail and residential uses that maintains the unique character of the area.

- i. Policy 4.3 states, “Allow new housing within this area”

Consistency Analysis: The proposed project adds an additional 54 housing units to the City of Petaluma’s housing stock. Additionally, the proposed architecture includes building heights from 2 to 3 stories, simple rectangular forms, recurring gabled roofs and corrugate metal finishes. The project also provides front and side setbacks, which serve to reinforce the existing irregularity of the Petaluma Boulevard South block face. For these reasons, the project is consistent and complementary to the existing scale and character of the immediate area.

SmartCode (Compliance with Standards)

- c. (Table 3.1: Building Function) As proposed, the Project would accommodate a multi-family housing use (including uses accessory thereto; e.g., gym, laundry facilities, storage space, and community rooms), which is permitted by right at the project site, pursuant to Table 3.1.
- d. (Section 4: Urban Standards) The Project is consistent with the following urban standards at SmartCode Chapter 4: Building Placement, Private Frontage, Landscape and Utility, and Building Type, except as noted below under findings pertaining to Warrants.
- e. (Section 5: Thoroughfare Standards) As proposed, the Project is consistent with the urban standards at Section 5: Thoroughfare Standards, including but not limited to, those relating to thoroughfare design, intersections, public frontages, public planting, and public lighting.
- f. (Section 6: Parking Standards) As proposed, the Project conforms to the urban standards at Section 6: Parking Standards pertaining to parking design and development standards as well as bicycle parking.

SmartCode (Warrant: Edgeyard Building Placement in a T5 Zone)

- g. SmartCode §4.10(i) and §4.30 permit the following building placements in the T5 Transect: sideyard, rearyard, and courtyard. These building placements generally minimize front and side setbacks in an effort to foster an active street frontage and enhance the spatial

definition of the public thoroughfare space. The project proposes an edgeyard building placement as it includes front, side and rear setbacks.

SmartCode §8.10.020 provides for the issuance of either a Warrant or Variance to deviate from requirements of the code. Each type is described, as follows:

“A Warrant is a ruling that would permit a practice that is not consistent with a specific provision of this Code but is justified by the provisions of the Intent at the beginning of this code. The Director shall have the authority to approve or disapprove administratively a request for a Warrant pursuant to process established by the Director.

A Variance is any ruling on a deviation other than a Warrant. Variances shall be granted in accordance with Section 24.050 (Variances) of the Zoning code.”

The Planning Commission finds a Warrant to be the appropriate permit type for deviating from the required ‘Building Placement in a T5 zone’ and also finds that approval is justified since (a) the proposed front setback accommodates a terrace, which promotes active engagement of the subject property with the public realm, and (b) the proposed side yards accommodate on-site vehicle and pedestrian circulation that connects the front of the property to the river and provides emergency vehicle access.

SmartCode (Warrant: Side Setback greater than 10 feet)

- h. SmartCode §4.10(f) requires that the property provide a side yard setback no greater than 10 feet. Along the east side of the subject property, the project provides a side setback, at its narrowest point, of 24 feet and thereby, deviates from the requirements of the SmartCode. The Planning Commission finds a Warrant to be the appropriate permit type for deviating from the side setback limitations because (a) it accommodates the vehicular and pedestrian on-site circulation needs noted above, and (b) positively contributes to the site design as it enables the property to transition from its high-density use to the lower density of the neighboring properties.

SmartCode (Warrant: Reduction to Required Principal Building Frontage)

- i. SmartCode §4.10(h) requires that new principal buildings in the T5 zone occupy 75 percent of the total lot frontage. The front building of the project occupies 62 percent of the total lot frontage and thereby, deviates from the requirements of the SmartCode. The Planning Commission finds a Warrant to be the appropriate permit type for deviating from the required occupied building frontage because (a) the project includes a wider side yard area, as noted above, for circulation and design purposes, and (b) the 1.31-acre lot is larger than the .5-acre scale that is otherwise anticipated as the largest lot size for the proposed main street building type.

SmartCode (Warrant: Reduction to Required Depth of Front Terrace)

- j. SmartCode §4.10(h) requires that terraced private frontages must provide a depth of at least 8 feet from the front edge of the terrace to the face of the attached building wall. The project’s terrace has a depth of 6 feet and, therefore, deviates from the SmartCode urban

design standards. The Planning Commission finds a Warrant to be the appropriate permit type for reducing the required depth of a front terrace because (a) the 2 feet of difference is otherwise provided as a 3 foot deep landscaping strip between the sidewalk and the terrace; and, (b) the terrace meets all other urban design standards of the SmartCode and includes access to the residential lobby, as well as, individual access to three dwelling units.

SmartCode (Warrant: Reduction to Minimum Ground Floor Ceiling Height)

- k. SmartCode §4.10(m) requires that residential ground floor uses in the T5 transect zone have a minimum floor to ceiling height of 10 feet. The ground floor of the front building has a floor to ceiling height of 9.5 feet, and therefore, deviates from the SmartCode urban design standards. The Planning Commission finds a Warrant to be the appropriate permit type for reducing the required floor to ceiling height because (a) the ground floor is elevated one foot above the adjacent sidewalk and features a raised terrace that spans the width of the building, thereby achieving the intended pedestrian scale of the SmartCode's prescribed ground floor ceiling heights, and (b) the overall architectural detailing and three story building mass is compatible with the single and two-story developments on the adjacent properties.

Petaluma River Access and Enhancement Plan

- l. Goal 5: Expand public access to and awareness of the River.

Consistency Analysis: The Project expands public access to the Petaluma River through the construction of a new publicly accessible Class I pathway along the riverfront and connecting to the adjacent property to the east.

- m. Goal 6: Assure permanent maintenance and promote public safety along the River.

Consistency Analysis: See analysis under General Plan Policy 1-P-43, 1-P-44 and 1-P-45 above.

- n. Objective 5.1: Establish a continuous pedestrian and bicycle trail system as designated in this plan.

Consistency Analysis: See analysis under Goal 5 above.

- o. Trail Design Policy 5.4: Create trail access points at the ends of public streets that terminate at the River wherever feasible. Seating, pedestrian lighting, bicycle parking signs, planting, water access, and other amenities shall be encouraged.

Consistency Analysis: See analysis under Goal 5 above.

Implementing Zoning Ordinance

- p. The project is consistent with Implementing Zoning Ordinance §24.010 – Site Plan and Architectural Review, in that all required findings found in §24.010(G) can be made as follows:

- i. The project includes three building masses that are designed to be sensitive to the immediate neighborhood character. The architectural treatments of the front building resonate with the residential character of the neighboring properties to the east, and the architectural treatments of the middle and rear buildings resonate with the riverfront warehouse characteristics of properties to the west. The project expertly applies the use of quality materials to reinforce this shift between architectural vocabularies. The front building, reinforces vertical changes in plane, characteristic of residential uses, with material transition between shingle and horizontal lap siding, and integrates the overall form with a wooden cornice treatment. Casement windows with simulated divided lites, wooden lintels, and wooden balcony railings further reinforce the residential character. Conversely, the rear two building use a transition between board and batten siding, shingle siding and galvanized corrugated metal siding to evoke an industrial aesthetic while maintaining a residential scale harmonious with the site's intended residential use.
- ii. The architectural style of the proposed building is appropriate and compatible with the overall character of the neighborhood in that building features reflect a contemporary expression of historic riverfront industrial buildings, as well as traditional residential buildings. Compatibility with the neighborhood is advanced through the Project's conformance with the SmartCode frontage type standards. The project proposes a three-story building mass at the front of the property and transitions to a two-story scale closer to the river. The organization of the building into multiple vertical bays further diminishes the larger scale of the development and facilitates the project's compatibility with the neighboring properties.
- iii. The Project's siting is appropriate given its conformance to most mandatory setback standards of the SmartCode and modifications to setbacks as warranted. Furthermore, the required warrants relate directly to the proposal's approach to soften the overall massing of the development in a manner that enhances its compatibility with adjacent properties and the broader neighborhood. This is achieved through a more active and engaging street front, as well as a more distinct physical separation from the eastern neighbor – thereby also marking the end of the Central Petaluma Specific Plan area.
- iv. The Project excludes proposed signage. Therefore, this finding is not applicable.
- v. As reflected by the findings above, the Project's bulk and height is appropriate with the neighboring context and meets the requirements of the SmartCode. The Project includes the use of both muted earth tone colors and contrasting primary colors. The resulting composition from these colors is appropriate given their ability to enhance the appearance of multiple buildings and add visual interest to the overall project.
- vi. Proposed landscaping within the Project is limited to street tree planting, landscaping along the public frontage, and throughout the on-site pedestrian pathways. The project will also retain two of the mature redwood trees on the property. Further, the project is subject to tree removal mitigation requirements specified in IZO §17.065.
- vii. The project's ingress, egress, internal circulation for bicycles and automobiles, off-street automobile and bicycle parking facilities, and pedestrian ways promote safety and

convenience and conform to City standards since the project incorporates various new circulation and access features. The project provides a surplus of covered and uncovered bicycle parking facilities, which will be provided at the center of the site.

Based on its review of the entire record herein, including the August 14, 2018, Planning Commission staff report, all supporting, referenced, and incorporated documents, and all comments received, the Planning Commission hereby approves Site Plan and Architectural Review and Warrant for (a) allowance of an edgeward building placement type in a T5 zone (SmartCode §4.10(i)); (b) allowance of a side setback greater than 10 feet (SmartCode §4.10(f)); (c) a reduction to required principal building frontage from 75 percent to 62 percent of the lot frontage (SmartCode §4.10(h)); (d) reduction to the required depth of a front terrace from 8 feet to 6 feet (SmartCode §4.40.110(B)); and (e) reduction of the minimum ground floor ceiling height from 10 feet to 9.5 feet (SmartCode §4.10(m)); subject to the conditions of approval attached hereto as **Exhibit 1**.

Experience and Qualifications

PEP Housing is a nonprofit corporation dedicated to providing limited-income seniors with access to quality affordable housing that includes supportive services and advocacy. PEP Housing was started in 1978 by a group of clergy and civic leaders who were concerned about local seniors experiencing homelessness or living in appalling substandard conditions. We are proud of what we have accomplished since then, having provided comfortable affordable homes for over 2,000 vulnerable seniors, managing 17 properties (in Sonoma, Butte, Marin and Mendocino Counties), several approved projects currently in the planning stages, and winning outstanding awards for our senior-friendly, service-enriched and environmentally sensitive buildings.

What was once a volunteer organization has grown into a fully-staffed group of professionals including certified occupancy specialists, tax credit specialists, licensed human resource professionals, experienced real estate developers and brokers, and certified public accounts, all of whom offer a full complement of vital services, furthering PEP Housing's original mission and vision. Our award-winning maintenance staff keeps PEP's properties in pristine condition; our property managers work closely with our residents to create trust and a sense of home; our resident services staff offer supportive services to residents. We have long recognized that our residents need more than a place to live.

Our professional Resident Services Coordinators, accredited through Ohio State University Department of Gerontology with on-going in-service training and support provided by the American Association of Service Coordinators, insure our residents have the benefits and supportive services they need to live independently with confidence, dignity and ease. They also inspire and empower our residents to adopt a positive and pro-active approach lifestyle which supports overall health.

PEP Housing continues its commitment to provide affordable housing to North Bay's low-income seniors by constantly looking for new opportunities to develop affordable senior and veterans' housing. PEP Housing has 54 units of senior housing in predevelopment in Petaluma which has been fully entitled and another 60 units of affordable senior and veterans housing in Vacaville which will be fully entitled by the end of November. PEP Housing's goal is to bring its model of quality affordable housing to other communities, growing its housing stock significantly and maintaining affordable resents for low-income seniors living in PEP Housing apartments.

While PEP Housing is a small organization, our track record shows we are able to successfully build complex projects. Toussin Senior Apartments, a 13-unit project in Kentfield was funded with 19 sources of funding. PEP won the Novogradac National Development Award of Distinction for Demonstrated Financial Innovation for Toussin Senior Apartments.

PEP Housing develops, owns and manages affordable housing for seniors and veterans. We have developed utilizing varying layers of financing from the U.S. Department of Housing and Urban Development, Low Income Housing Tax Credits (9% and 4%), and Federal Home Loan Bank affordable Housing Program, Tax-Exempt Bonds, CDBG, HOME, and local government support.

PEP Housing's Awards include:

- 2009 Governor's Environmental and Economic

Leadership Award (GEELA) in the category of Sustainable Communities

- 2011 Advocates of the Year Residents of PEP Housing, Leading Age California
- 2011 MetLife Foundation Award of Excellence in Affordable Housing
- 2012 Merritt Community Capital Corporation's Sponsor of the Year
- 2012 The Press Democrat Readers' Choice Award Best Senior Living, Best Place to Volunteer and Best Fundraising Event.
- 2013 Novogradac Journal of Tax Credits Special Achievement in the Development of Affordable Housing – Project that best demonstrates financial innovation
- 2013 Governor's Environmental and Economic Leadership Award
- 2014 North Bay Business Journal's Best Places to Work
- 2015 North Bay Top Project Kellgren Senior Apartment Community, North Bay Business Journal
- 2018 North Bay Business Journal's #1 Senior Living Communities, #2 Nonprofits, Top Ten in Green Building Projects and Companies.

PEP Housing's Leadership Awards

- Leota Fisher, Board Member, Leading Age California Volunteer of the Year, 2007
- Bill Fishman, Board President, Community Recognition Awards (Petaluma), Service to Seniors, 2007
- Mary Stompe, Leading Age California 2009 Outstanding Mentor Award
- Leota Fisher, Board Member, Community Recognition Awards (Petaluma) Volunteer of the Year, 2010
- Mary Stompe, Executive Director, AHMA-NCNH 2010 Pioneer in Affordable Housing Award, 2010
- Rich Rodkin, Board President, Leading Age California Trustee of the Year 2013
- Mary Stompe, Executive Director, North Bay Business Journal's Women in Business Leaders, Innovators and Visionaries 2013
- Mary Stompe, Executive Director, Leading Age (National) Outstanding Advocacy Award, 2014
- Sid Lipton, Board Member, Community Recognition Awards (Petaluma) Service to Seniors, 2015

Executive Staff

Mary Stompe, Executive Director

Mary Stompe has been serving as PEP Housing's Executive Director since 2004. Prior to joining PEP Housing, Ms. Stompe worked in nonprofit administration, mostly for educational and social service organizations. She started her career as a Certified Public Accountant working as an Auditor for a Public Accounting Firm. She founded Rebuilding Together, Petaluma, a nonprofit organization dedicated to providing seniors and people with disabilities with no cost home repairs, allowing them to remain in their homes. Ms. Stompe has also served as a Petaluma City Councilmember. She is a Certified Public Accountant, Senior Professional in Human Resources, and a real estate broker. She has an MBA in Business Administration and a Bachelor of Science degree in Management. She serves on the Board of Directors for Leading Age, California as Vice President and serves as a member of the Housing Cabinet and Public Policy cabinet. She also serves on the Political Action Committee Board of Directors. Stompe recently was awarded the "Getting it done" award by Supervisor Arnold. Stompe was awarded the Outstanding Advocacy award by Leading Age, a national association of 6,000 not-for-profit organizations dedicated to making America a better place to grow old. Stompe serves on the County of Marin Parks and Open Space Commission and volunteers for many nonprofit organizations.

Sibyl Lister, Finance Director

Years ago, Sibyl Lister had a special affinity for her great aunt, and that strong relationship provided a lesson early on in her adult life about challenges that face older adults. She fulfilled a desire from back then of working with seniors to make a difference in their lives when she joined PEP in March of 2006 as Finance Director. Prior to joining PEP Housing, she was a self-employed CPA for 10 years, while providing all phases of Controller/CFO services and management advisory services. Earlier, Ms. Lister worked as a Senior Auditor with a Marin CPA firm conducting audits and reviews for a diverse client base. Ms. Lister attended Golden Gate University where she received a B.A. with honors in Accounting.

Sibyl has been active with the schools through PTAs and Site Councils over the years and with other nonprofits for some volunteer events along the way, including PEP's Relay for Life team. Sibyl says: "I am proud of all of us for the job we do and I enjoy all the staff. It's nice to do something worthwhile for the community."

Dominic Roybal, Director of Property Management

Dominic Roybal is a Sonoma County native with deep roots within Sonoma County. Dominic is dedicated to helping people and often volunteers in the community. Dominic has a drive to provide senior residents with caring, compassionate, and outstanding service. Dominic has been with PEP for the past two years in the Property Management Department, and he has specifically focused on the property

management & compliance sector of the organization. Dominic has served in the property management industry for over nine years and has a broad range of experience in the affordable housing industry.

Pam Lemos, Director of Maintenance

Pam was added to the PEP Maintenance team in 2012! She is very proud to be employed by PEP and agrees with her colleague's assessment: She is a great fit. She obviously enjoys her job, and loves the relationships she has made with her co-workers and the residents of PEP Housing. It really shows to all who know her: She wears a cheerful smile seemingly at all times.

Jim Wallen, Director of Housing Development

Jim comes to PEP from a family that has been in both real estate and construction industries for decades. In his position here as Director of Development he utilizes all of his thirty years' experience in cross enterprise operations management, sales and marketing. Jim brings an innovative, results-driven professional leadership styles creating fluid team dynamics, effective solutions-oriented problem solving and construction development management. Jim's career spans across architecture, sales and real estate management. He graduated from Chico State University in Business Administration Financing.



Wells Fargo Bank, N. A.
MAC A0119-177
333 Market Street, 17th Floor
San Francisco, CA 94105

November 15, 2018

Ms. Mary Stompe
Executive Director
Petaluma Ecumenical Properties
DbA PEP Housing
951 Petaluma Blvd., South
Petaluma, CA 94952

RE: River City/951 Petaluma Blvd. S, Petaluma, CA

Dear Mary:

I have reviewed the pro-forma for your River City project, a new 54-unit affordable senior rental development located at 951 Petaluma Blvd. S., Petaluma, CA. I understand that the project will have units reserved for veterans, a wellness center, community room, dog run and will be built green at the Green Rating level of Silver that will incorporate solar panels. We anticipate the project will be very successful.


Wells Fargo is one of the leading affordable housing debt and equity providers in the country and as you know, Wells Fargo and PEP Housing had successfully developed the Orange Tree Senior Apartments (\$9.6MM construction loan) and the Sun House project (\$11MM construction loan and a \$13MM tax credit equity investment) together and based on our very positive experience working with you and your successful track record of developing affordable housing, Wells Fargo would be very interested in discussing financing for your new River City project.

Our typical terms for construction financing would be a maximum LTV of 80% and final budget, due diligence approvals and credit approvals. The interest rate would be a LIBOR based rate which appears to be supported by your pro-forma.

We value our relationship with PEP and look forward to receiving your financing request. Please let me know if I can answer any questions.

Sincerely,

John S) Kauh
Senior Vice President & Office Manager

 **IRS** DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
CINCINNATI OH 45999-0023

Date of this notice: 05-15-2018

005889.852776.63342.23251 1 MB 0.424 530

Employer Identification Number:
82-5501768



Form: SS-4

Number of this notice: CP 575 B



RIVER CITY SENIOR APARTMENTS LP
% CAULFIELD LANE SENIOR HOUSING INC
951 PETALUMA BLVD S
PETALUMA CA 94952

For assistance you may call us at
1-800-829-4933

005889

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 82-5501768. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear-off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 1065

03/15/2019

If you have questions about the form(s) or the due dates(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, Accounting Periods and Methods.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, Entity Classification Election. See Form 8832 and its instructions for additional information.

PROMISSORY NOTE

\$600,000.00

Petaluma, California
Sept 19, 2018

FOR VALUE RECEIVED, the undersigned, River City Senior Apartments, L.P, a California limited partnership, with offices at 951 Petaluma Blvd. South, Petaluma, California 94952 ("Maker"), hereby unconditionally promises to pay to the order of Petaluma Ecumenical Properties, a California nonprofit public benefit corporation, with offices at 951 Petaluma Blvd. South, Petaluma, California 94952 ("Holder"), or assigns, the principal amount of Six Hundred Thousand and No/100 Dollars (\$600,000.00), or such lesser amount actually advanced to Maker from time to time, with simple interest at 3% per year (computed on the basis of 360-day year and charged for the actual number of days elapsed). No interest shall accrue on funds until such funds are disbursed by Holder.

1. The principal and all accrued interest shall be due and payable shall be due and payable on the earlier of (a) two (2) years from the date of this Promissory Note or (b) the close of construction financing for the River City Senior Apartments affordable housing project to be constructed by Maker.

2. Payments under this Promissory Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts to Holder at the address set forth above or in such other manner and at such other address as Holder or any subsequent holder hereof shall specify to Maker.

3. Whenever any payment to be made hereunder shall be due on a Saturday, Sunday or on a legal holiday, such payment may be made on the next succeeding business day, and such extension of time shall be included in the computation of interest due hereunder.

4. Maker may prepay all or any part of the amounts outstanding under this Promissory Note at any time without penalty or premium.

5. This Promissory Note may not be modified, terminated or discharged, nor shall any waiver hereunder be effective, except pursuant to a written instrument signed by the party against whom the same is asserted.

6. Maker acknowledges and agrees that this Promissory Note is a negotiable instrument and that Holder or any other holder hereof may freely sell, assign, transfer or otherwise dispose of this Promissory Note and Maker hereby consents and agrees that any subsequent holder of this Promissory Note shall have all of the rights of Holder provided herein.

7. Presentment for payment, demand, protest and notice of demand, protest and non-payment and all other notices are hereby waived by Maker to the extent permitted by law. To the extent permitted by law, Maker hereby waives and renounces for itself, its successors and assigns, all rights to the benefits of any statute of limitations and any moratorium, stay, extension, or exemption now provided, or which may hereafter be provided by the Constitution and laws of the United States and of any state thereof, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Promissory Note. Maker acknowledges that this Promissory Note and Maker's obligations under this Promissory Note are and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances which might otherwise constitute a defense to this Promissory Note and the obligations of Maker under this Promissory Note or the obligations of any other person or party relating to this Promissory Note or the obligations of Maker hereunder or otherwise with respect to the indebtedness evidenced by this Promissory Note.

8. No delay, omission or failure on the part of the holder hereof in exercising or asserting any right hereunder shall operate as or constitute a waiver thereof, and no single or partial exercise by the holder hereof of any right shall preclude other or further exercise thereof or of any other right.

9. This Promissory Note shall be governed by and construed in accordance with the laws of the State of California.

10. Maker represents that Maker has full power, authority and legal right to execute and deliver this Promissory Note and that the debt hereunder constitutes a valid and binding obligation of Maker.

11. A "Default" shall be deemed to occur hereunder if Maker shall fail to pay when due any sums payable hereunder within ten (10) calendar days after the same is due. In the event of a Default hereunder Holder may, at its sole option, declare all sums owing under this Promissory Note immediately due and payable. Maker shall pay reasonable attorneys' fees, costs and expenses incurred by Holder in connection with or as a result of any Default. Upon a Default, interest shall accrue at the rate of 10% per year.

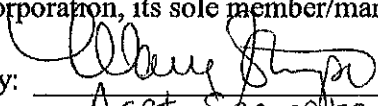
12. The loan shall be recourse to Maker.

IN WITNESS WHEREOF, Maker has caused this Promissory Note to be executed by the duly authorized officer as of the date first written above.

River City Senior Apartments, L.P.,
a California limited partnership

By: River City Senior Apartments LLC,
a California limited liability company,
its general partner

By: Caulfield Lane Senior Housing, Inc.,
a California nonprofit public benefit
corporation, its sole member/manager

By: 
Its: Asst. Secretary



DEPARTMENT OF VETERANS AFFAIRS
Veterans Health Administration
Sierra Pacific Network
201 Walnut Avenue
Marine Island, CA 94592

In Reply Refer To: 10N21

September 6, 2017

Mary Stompe, Executive Director
PEP Housing
951 Petaluma Blvd. South
Petaluma, CA 94952

Santa Rosa Housing Authority
90 Santa Rosa Ave.
Santa Rosa, California 95401

This letter is to state the support of VA Integrated Service Network 21 (VISN 21) and the San Francisco VA Health Care System/ Santa Rosa HUD-VASH program for PEP Housing's Veteran Housing application to the Santa Rosa Housing Authority. This application is for 20 Project-Based HUD-VASH Vouchers (PBV's) that will be located in Petaluma, CA. The Santa Rosa Housing Authority will be requesting HUD approval to convert 20 vouchers to PBV's from its existing allocation of HUD-VASH Vouchers, which VISN 21/SFVA also supports.

If awarded, this project will provide 20 homeless Veterans with permanent housing, along with case management support services provided by the VA HUD-VASH team.

This housing will supply Sonoma County with a much needed addition to affordable housing in a county with a 1 percent vacancy rate, and will also provide services in a central location to Veterans.

Sincerely,

Danica Bogicevic, LCSW-C
VISN 21 Network Homeless Coordinator

Phone: (707) 235-4517
e-mail: Danica.Bogicevic@va.gov

"America is #1-Thanks to our Veterans"

Robert W. Hayes Architects & Planners

FIRM PROFILE

1. General Information – Robert W. Hayes Architects is a consulting firm providing Architectural design, land use, and land planning services. Since it's founding in 1999, the firm has served clients throughout the Bay Area, the Monterey Area, as well as elsewhere in California and in Hawaii. Clients have included the Catholic Archdiocese of San Francisco, various not for profit housing developers (PEP, and EAH), the University of California @ Berkeley, residential and commercial developers, and homeowners. Robert W. Hayes Architects currently employs 3 office and field staff in its Sausalito office.

Services provided by Robert W. Hayes Architects include exceptional architectural design of all building types; institutional, multifamily, single family, commercial and industrial, land use planning, complete and thorough project documentation, and seasoned construction administration services.

Robert W. Hayes Architects is a California Corporation.

2. Project Experience – Robert W. Hayes Architects is an architectural firm committed to providing clients with team members having exceptionally high levels of experience and maintaining these individuals on the project from start to finish. This provides the Client and the project with a high degree of know how and continuity throughout all phases. Our office provides needs programming, building design, and construction administration services, on many building types. These building types include laboratory and medical facilities, gymnasium and auditoriums, school facilities, office and industrial buildings, multifamily and senior housing, as well as single family homes. Our participation includes establishing the Client needs, providing close communication and direction with the all project team members (owners, engineers other consultants, public agencies, geotechnical engineers, contractors, etc.). Our firm's core principal is the production and coordination of accurate and thorough design drawings and specifications to minimize scope change during construction. We provide construction administration services in a timely well thought out manner and with aggressive scrutiny during the bidding, and construction process.

Robert W. Hayes Architect

President

January, 2019



ROBERT W. HAYES, ARCHITECT

Mr. Hayes has been engaged in the practice of Architecture in the north San Francisco Bay area since 1982. He has performed and directed major health care campus projects, K-8 school campus projects, University laboratory and computer science building projects, retirement centers, multifamily and senior housing facility projects, industrial and office building projects as well as many single family homes. He has been involved at the Project Director level on all the projects noted above. These projects have been as small as a bathroom remodel to as large as a medical campus of over a million square feet and costing over one billion dollars. He has exceptional skill at working with people as well as vast technical knowledge and keen design sensitivity.

EDUCATION

B.S., Architecture, California Polytechnic University, San Luis Obispo, 1980

REGISTRATION

Licensed Architect - California, No. C19256

Class A Building Inspector

PROFESSIONAL HISTORY

1999 - Present	Architectural practice in Sausalito
1990 - 1998	Project Director: Anshen + Allen Architects: San Francisco
1985 - 1989	Project Director: Treffinger Walz & Macleod Architects; San Rafael
1982 - 1984	Project Architect: Sim Van der Ryn Architects: Sausalito
1977 - 1981	Journeyman Carpenter; South Bay

January, 2019



ROBERT W. HAYES, ARCHITECT

	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX
SOURCES OF FUNDS													
1	First Mortgage - supported by tenant rents and Section 8												
2	City of Peabunna												
3	City of Peabunna (Land Loan)												
4	City of Peabunna												
5	MRP (Gap Source)												
6	Special Land/PEP												
7	Construction Loan												
8	General Partner												
9	United Partner @ 50.86%												
10	TOTAL SOURCES												
AMOUNT TERMS													
11	1,940,800 30 yr amort 15 yr term												
12	1,995,000 55 yr term												
13	1,350,000 55 yr term												
14	1,100,000 55 yr term												
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A	B	C	D	120 months											
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INCOME EXPENSES AND CASH FLOW ANALYSIS				2017		2018		2019		2020		2021		2022	
				2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Section 8 Income														
2	16R 50% anti - MHP														
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	CU	CO	CP	CG	CR	CS	CT	CU
17	DISBURSEMENTS OF UNITED PARTNER CAPITAL CONTRIBUTIONS							
18								
19								
20								
21	Land							
22	Demolition / remediation							
23	Legal & Closing Costs / carrying costs							
24	Off-Site Improvements - basic eligible							
25	New Construction - INCLUDES SITEWORK & UTILITIES							
26	Contractor general requirements overhead/profit							
27	Contractor bond and insurance							
28	Permit							
29	Permit Fee							
30	Permit Fee							
31	Furniture Purchased by Owner							
32	Construction contingency							
33	Impact Fees (not of waived fees)							
34	Permits and utility hookups							
35	Site work							
36	Site work							
37	Site work							
38	Site work							
39	Site cost contingency							
40	Cost of Insurance							
41	Construction Loan Fees							
42	Permit loan fee							
43	Permit fee							
44	Taxes during construction							
45	Construction loan interest during construction - 18 months							
46	Construction loan interest post construction - 6 months							
47	Construction lender legal and costs							
48	Costs of Construction Insurance							
49	Construction Loan Closing							
50	Appraisal							
51	Tax Credit Allocation Committee Fee							
52	Legal Fees - Organization							
53	Legal Fees - Construction Loan Closing							
54	Legal - Organization							
55	Legal - Construction loan closing							
56	Title - Construction loan closing							
57	Market Study							
58	Prevaling wage monitoring							
59	Consultant - Syndication							
60	Marketing							
61	Project Audit							
62	Construction - 6 mo operations							
63	Site 6 mo Operations Reserve							
64	Development Fee							
65	Consultant/Processing Agent							
66	Equipment of Construction Loan							
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87	TOTAL PROJECT COSTS							
		891,710	294,202	0	0	7,825,987	200,000	
		891,710	294,202	0	0	7,825,987	200,000	

ANALYSIS OF TAXABLE INCOME	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM
1 Net Operating Income	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
2 Interest on Deposits	241,278	241,763	242,091	242,255	242,245	242,052	241,984	241,971	242,289	239,227	227,951	206,424	204,820	202,552	200,102	227,518
3 Interest on City Mortgage	5,942	4,186	4,407	4,619	4,821	4,171	4,950	5,149	5,331	5,520	5,250	5,459	5,629	5,818	6,039	5,914
4 Interest on City of Paducah Loans	58,547	115,899	114,086	112,472	110,757	108,038	107,203	104,990	102,771	100,468	98,002	85,364	82,625	80,686	86,596	83,433
5 Interest on MAP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Interest on deferred developer fee	187,818	180,713	183,595	196,470	199,491	222,449	205,524	208,658	211,852	215,105	218,423	221,903	225,246	228,788	232,266	235,682
7 Capital Int. Carryover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Depreciation	814,880	868,308	844,778	813,780	823,420	790,958	776,838	773,424	771,113	771,150	739,245	724,180	728,207	773,777	774,781	794,705
9 Excess Items	194,931	53,490	64,120	64,620	63,941	63,530	63,949	59,263	59,019	59,590	53,250	51,812	50,919	47,247	49,581	19,642
10 Total Deductions	1,720,139	1,266,071	1,216,546	1,167,571	1,169,218	1,166,208	1,148,261	1,146,825	1,144,742	1,144,643	1,150,290	1,153,150	1,148,159	1,141,169	1,132,263	1,119,652
11 NET TAXABLE INCOME	-1,478,219	-1,020,110	-970,050	-940,881	-942,152	-920,100	-901,647	-900,412	-893,148	-898,997	-907,089	-917,328	-905,641	-902,793	-903,062	-896,530
12 General Partner Share @ 01%	-148	-102	-97	-94	-94	-92	-90	-90	-89	-89	-90	-90	-89	-89	-89	-88
13 Special Allocation to GP @ 50.0%	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202	-202
14 Municipal Tax Burden	-1,210,918	-781,727	-729,464	-685,379	-677,248	-666,855	-658,888	-657,489	-656,892	-656,128	-655,340	-654,133	-653,594	-653,279	-653,006	-652,888
15 Benefits from Leases	281,492	154,177	151,915	143,830	142,369	135,739	129,814	127,575	125,157	123,087	122,291	18,138	19,025	18,859	18,854	18,823
16 Investor Limited Partner Share of Tax Credits	808,223	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788	860,788
17 Federal Low-Income Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 State Low Income Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 State Tax Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Total Tax Credits	1,188,692	1,154,899	1,142,703	1,134,718	1,133,138	1,128,538	1,120,702	1,118,363	1,115,945	1,115,875	204,857	18,138	19,025	18,859	18,854	18,823

ACCOUNT DESCRIPTION	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	
10375 FUNDING DEBT																	
6 First Mortgage	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
7 City of Paulina	1,828,007	1,813,888	1,827,143	1,858,356	1,820,312	1,786,487	1,765,350	1,729,688	1,692,380	1,652,827	1,610,269	1,565,748	1,517,203	1,467,714	1,413,348	1,360,000	
8 MHP (GAP Source)	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	
9 Sponsor Loan/PEAP	9,589,897	10,140,934	10,222,582	10,447,705	10,505,796	10,776,882	10,991,070	11,038,331	11,208,889	11,442,646	11,819,723	11,800,180	11,854,081	12,171,483	12,382,482	12,587,117	
10 App	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
11 Chartered Developer Fee Owed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Management Fees Owed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 TOTAL DEBT	17,396,684	17,810,500	17,936,385	17,793,730	18,022,202	18,222,202	18,152,819	18,244,901	18,417,887	18,551,824	18,686,937	18,822,202	18,958,448	19,095,289	19,232,540	19,370,147	
14 City of Paulina	0.00%	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
15 Interest on Last Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Amount Paid from Capital Contributions	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680
17 Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 New Balance	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680	3,378,680
19 MHP (GAP Source)	1.31%	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
20 Interest on Last Balance	45,187	48,122	51,122	54,198	57,352	60,584	63,894	67,282	70,758	74,324	77,980	81,726	85,562	89,488	93,504	97,610	101,806
21 Amount Paid from Capital Contributions	9,584,428	10,181,719	10,533,828	10,489,052	10,847,137	10,805,238	10,972,417	11,150,295	11,338,258	11,526,599	11,715,629	11,904,639	12,093,928	12,283,698	12,472,949	12,661,682	12,850,004
22 Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 New Balance	9,600,887	10,140,934	10,282,582	10,447,705	10,605,790	10,768,892	10,931,070	11,093,381	11,258,889	11,424,848	11,619,723	11,800,180	11,984,081	12,171,483	12,362,482	12,557,117	12,750,447
24 Sponsor Loan/PEAP	0	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
25 Interest on Last Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26 Amount Paid from Capital Contributions	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
27 Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28 New Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
29 APP	0.02%	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30 Interest on Last Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31 Amount Paid from Capital Contributions	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
32 Amount Paid from Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33 New Balance	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000

	HL	HY	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK
												Last Credit Year					
1	CAPITAL ACCOUNT ANALYSIS DURING OWNERSHIP BY LIMITED PARTNERSHIP																
2	Initial Return Share	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
3	Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
4	Share from State	25,668.77	24,613.53	22,924.82	22,115.43	22,382.72	21,568.48	20,753.87	20,111.31	19,376.17	18,643.17	17,813.17	17,426.92	16,627.82	15,897.17	14,926.27	14,087.27
5	Share from State	813.72	829.53	824.82	813.43	813.43	808.48	797.87	773.31	771.03	770.17	760.17	754.02	738.23	724.70	717.23	704.27
6	Share at end of year	24,877.61	23,917.27	23,144.00	22,302.00	22,569.29	20,759.90	20,076.00	19,338.02	18,604.43	17,872.34	17,087.68	16,363.50	15,649.59	14,906.81	14,170.04	13,366.52
7	Outstanding Nonrecourse Debt	14,466,212	13,515,672	13,897,875	13,897,898	13,897,898	13,897,898	14,142,198	14,473,594	14,644,082	14,877,824	14,994,883	15,173,322	15,350,205	15,546,598	15,737,595	15,982,184
8	Minimum Gain on Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Minimum Gain on Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Minimum Gain on Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	CAPITAL ACCOUNT																
12	Capital Account Balance	0	-462,695	6,780,895	6,057,491	5,972,112	4,894,164	4,047,509	3,428,873	2,821,974	2,228,387	1,639,280	1,059,920	995,787	875,183	794,413	694,607
13	Capital Contributions	897,710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Distributions	-1,244,816	-781,787	-729,424	-85,979	-977,949	-446,885	-418,659	-407,289	-506,886	-584,726	-682,340	-81,133	-80,904	-80,279	-80,305	-83,683
15	Adjusted 1/2 of solar credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Evaporation Expenses	-106,489	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Cash Flow	-462,695	6,780,895	6,057,491	5,972,112	4,894,164	4,047,509	3,428,873	2,821,974	2,228,387	1,639,280	1,059,920	995,787	875,183	794,413	694,607	605,924
18	End of Year Capital Account	0	6,780,895	6,057,491	5,972,112	4,894,164	4,047,509	3,428,873	2,821,974	2,228,387	1,639,280	1,059,920	995,787	875,183	794,413	694,607	605,924
19	Minimum Gain Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Capital Account prior Chargeback	0	6,780,895	6,057,491	5,972,112	4,894,164	4,047,509	3,428,873	2,821,974	2,228,387	1,639,280	1,059,920	995,787	875,183	794,413	694,607	605,924
21	Minimum Gain Chargeback	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	CAPITAL ACCOUNT																
23	CALCULATION OF TAX CONSEQUENCES ON SALE (TRANSFERS) OF LIMITED PARTNERSHIP INTERESTS (outside basis)																
24	Initial Capital Account	897,710	8,025,287	6,960,384	6,169,680	5,481,602	4,603,853	4,156,598	3,538,362	2,930,383	2,334,878	1,748,749	1,199,409	1,075,276	894,882	804,402	604,096
25	Capital Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Adjusted Basis during Ownership	-1,244,816	-781,787	-729,424	-85,979	-977,949	-446,885	-418,659	-407,289	-506,886	-584,726	-682,340	-81,133	-80,904	-80,279	-80,305	-83,683
27	Adjusted Basis during Ownership	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Gain or Partnership Interest	-358,206	6,660,384	5,169,880	5,481,602	4,603,853	4,156,598	3,538,362	2,930,383	2,334,878	1,748,749	1,199,409	1,075,276	894,882	804,402	604,096	715,413
29	Gain or Partnership Interest	-358,206	6,660,384	5,169,880	5,481,602	4,603,853	4,156,598	3,538,362	2,930,383	2,334,878	1,748,749	1,199,409	1,075,276	894,882	804,402	604,096	715,413
30	Tax Basis (Lessons) on Sale	-358,206	6,660,384	5,169,880	5,481,602	4,603,853	4,156,598	3,538,362	2,930,383	2,334,878	1,748,749	1,199,409	1,075,276	894,882	804,402	604,096	715,413
31	AMT Tax Benefit (Losses)	-74,173	1,446,931	1,295,085	1,151,153	1,008,787	872,370	743,059	615,481	490,334	397,237	244,842	225,908	208,788	187,035	168,900	150,237

INTERNAL RATE OF RETURN (CALCULATED QUARTERLY)	DATE	INVESTMENT	BENEFIT	NET	NPV	IRR
46	Mar-16				0	
47	Jun-16				0	
48	Sep-16				0	
49	Dec-16				0	
50	Mar-17				0	
51	Jun-17				0	
52	Sep-17				0	
53	Dec-17				0	
54	Mar-18				0	
55	Jun-18				0	
56	Sep-18				0	
57	Dec-18				0	
58	Mar-19				0	
59	Jun-19				0	
60	Sep-19				0	
61	Dec-19				0	
62	Mar-20				0	
63	Jun-20				0	
64	Sep-20				0	
65	Dec-20				0	
66	Mar-21				0	
67	Jun-21				0	
68	Sep-21				0	
69	Dec-21				0	
70	Mar-22				0	
71	Jun-22				0	
72	Sep-22				0	
73	Dec-22				0	
74	Mar-23				0	
75	Jun-23				0	
76	Sep-23				0	
77	Dec-23				0	
78	Mar-24				0	
79	Jun-24				0	
80	Sep-24				0	
81	Dec-24				0	
82	Mar-25				0	
83	Jun-25				0	
84	Sep-25				0	
85	Dec-25				0	
86	Mar-26				0	
87	Jun-26				0	
88	Sep-26				0	
89	Dec-26				0	
90	Mar-27				0	
91	Jun-27				0	
92	Sep-27				0	
93	Dec-27				0	
94	Mar-28				0	
95	Jun-28				0	
96	Sep-28				0	
97	Dec-28				0	
98	Mar-29				0	
99	Jun-29				0	
100	Sep-29				0	
101	Dec-29				0	
102	Mar-30				0	
103	Jun-30				0	
104	Sep-30				0	
105	Dec-30				0	
106	Mar-31				0	
107	Jun-31				0	
108	Sep-31				0	
109	Dec-31				0	
110	Mar-32				0	
111	Jun-32				0	
112	Sep-32				0	
113	Dec-32				0	
114	Mar-33				0	
115	Jun-33				0	
116	Sep-33				0	
117	Dec-33				0	
118	Mar-34				0	
119	Jun-34				0	
120	Sep-34				0	
121	Dec-34				0	
122	Mar-35				0	
123	Jun-35				0	
124	Sep-35				0	
125	Dec-35				0	
126	Mar-36				0	
127	Jun-36				0	
128	Sep-36				0	
129	Dec-36				0	
130	Mar-37				0	
131	Jun-37				0	
132	Sep-37				0	
133	Dec-37				0	
134	Mar-38				0	
135	Jun-38				0	
136	Sep-38				0	
137	Dec-38				0	
138	Mar-39				0	
139	Jun-39				0	
140	Sep-39				0	
141	Dec-39				0	
142	Mar-40				0	
143	Jun-40				0	
144	Sep-40				0	
145	Dec-40				0	
146	Mar-41				0	
147	Jun-41				0	
148	Sep-41				0	
149	Dec-41				0	
150	Mar-42				0	
151	Jun-42				0	
152	Sep-42				0	
153	Dec-42				0	
154	Mar-43				0	
155	Jun-43				0	
156	Sep-43				0	
157	Dec-43				0	
158	Mar-44				0	
159	Jun-44				0	
160	Sep-44				0	
161	Dec-44				0	
162	Mar-45				0	
163	Jun-45				0	
164	Sep-45				0	
165	Dec-45				0	
166	Mar-46				0	
167	Jun-46				0	
168	Sep-46				0	
169	Dec-46				0	
170	Mar-47				0	
171	Jun-47				0	
172	Sep-47				0	
173	Dec-47				0	
174	Mar-48				0	
175	Jun-48				0	
176	Sep-48				0	
177	Dec-48				0	
178	Mar-49				0	
179	Jun-49				0	
180	Sep-49				0	
181	Dec-49				0	
182	Mar-50				0	
183	Jun-50				0	
184	Sep-50				0	
185	Dec-50				0	
186	Mar-51				0	
187	Jun-51				0	
188	Sep-51				0	
189	Dec-51				0	
190	Mar-52				0	
191	Jun-52				0	
192	Sep-52				0	
193	Dec-52				0	
194	Mar-53				0	
195	Jun-53				0	
196	Sep-53				0	
197	Dec-53				0	
198	Mar-54				0	
199	Jun-54				0	
200	Sep-54				0	
201	Dec-54				0	
202	Mar-55				0	
203	Jun-55				0	
204	Sep-55				0	
205	Dec-55				0	
206	Mar-56				0	
207	Jun-56				0	
208	Sep-56				0	
209	Dec-56				0	
210	Mar-57				0	
211	Jun-57				0	
212	Sep-57				0	
213	Dec-57				0	
214	Mar-58				0	
215	Jun-58				0	
216	Sep-58				0	
217	Dec-58				0	
218	Mar-59				0	
219	Jun-59				0	
220	Sep-59				0	
221	Dec-59				0	
222	Mar-60				0	
223	Jun-60				0	
224	Sep-60				0	
225	Dec-60				0	
226	Mar-61				0	
227	Jun-61				0	
228	Sep-61				0	
229	Dec-61				0	
230	Mar-62				0	
231	Jun-62				0	
232	Sep-62				0	
233	Dec-62				0	
234	Mar-63				0	
235	Jun-63				0	
236	Sep-63				0	
237	Dec-63				0	
238	Mar-64				0	
239	Jun-64				0	
240	Sep-64				0	
241	Dec-64				0	
242	Mar-65				0	
243	Jun-65				0	
244	Sep-65				0	
245	Dec-65				0	
246	Mar-66				0	
247	Jun-66				0	
248	Sep-66				0	
249	Dec-66				0	
250	Mar-67				0	
251	Jun-67				0	
252	Sep-67				0	
253	Dec-67				0	
254	Mar-68				0	
255	Jun-68				0	
256	Sep-68				0	
257	Dec-68				0	
258	Mar-69				0	
259	Jun-69				0	
260	Sep-69				0	
261	Dec-69				0	
262	Mar-70				0	
263	Jun-70				0	
264	Sep-70				0	
265	Dec-70				0	
266	Mar-71				0	
267	Jun-71				0	
268	Sep-71				0	
269	Dec-71				0	
270	Mar-72				0	
271	Jun-72				0	
272	Sep-72				0	
273	Dec-72				0	
274	Mar-73				0	
275	Jun-73				0	
276	Sep-73				0	
277	Dec-73				0	
278	Mar-74				0	
279	Jun-74				0	
280	Sep-74				0	
281	Dec-74				0	
282	Mar-75				0	
283	Jun-75				0	
284	Sep-75				0	
285	Dec-75				0	
286	Mar-76				0	
287	Jun-76				0	
288	Sep-76				0	
289	Dec-76				0	
290	Mar-77				0	
291	Jun-77				0	
292	Sep-77				0	
293	Dec-77				0	
294	Mar-78				0	
295	Jun-78				0	
296	Sep-78				0	
297	Dec-78				0	
298	Mar-79				0	
299	Jun-79				0	
300	Sep-79				0	
301	Dec-79				0	
302	Mar-80				0	
303	Jun-80				0	
304	Sep-80				0	
305	Dec-80				0	
306	Mar-81				0	
307	Jun-81				0	
308	Sep-81				0	
309	Dec-81				0	
310	Mar-82				0	
311	Jun-82				0	
312	Sep-82				0	
313	Dec-82				0	
314	Mar-83				0	
315	Jun-83				0	
316	Sep-83				0	
317	Dec-83				0	
318	Mar-84				0	
319	Jun-84				0	
320	Sep-84				0	
321	Dec-84					

**River City
951 Petaluma Blvd South
Preliminary Estimate**

Location: Petaluma
Architect: Robert W. Hayes, Architect
415-332-0999

Estimate # 19004
Building Area: 46,170 sf
Site Area: 56,992 sf
Estimate Date November 19, 2018

Estimator: Patrick Draeger
Drawing Date: August 3, 2018

Cost Summary

1000 GENERAL REQUIREMENTS		690,480
2000 SITEWORK		1,508,449
3000 CONCRETE		759,872
4000 MASONRY		-
5000 METALS		57,700
6000 WOOD AND PLASTICS		3,359,840
7000 THERMAL AND MOISTURE PROTECTION		1,491,541
8000 DOORS AND WINDOWS		465,857
9000 FINISHES		1,719,613
10000 SPECIALTIES		56,500
11000 EQUIPMENT		145,750
12000 FURNISHINGS		19,766
13000 SPECIAL CONSTRUCTION		-
14000 CONVEYING SYSTEMS		-
15000 MECHANICAL		2,550,893
16000 ELECTRICAL		1,864,376
Subtotal		14,690,636
Contingency		734,532
Builder's Risk Insurance		-
Liability Insurance	0.75%	115,689
Performance Bond		82,266
Overhead and Profit	6.00%	937,387
Total Job Cost		16,560,511

Foundation + 350,000
\$ 16,910,511

TIMELINE RIVER CITY PETALUMA, CA

<u>Action</u>	<u>Date</u>
RFP is awarded to PEP	May 2017
Preliminary Design Review	September 2017
Signed Resolution Agreement with City of Petaluma	October 2017
Application for Entitlements and Design Review	March 2018
Apply for In-Lieu/Commercial Linkage funds	March 2018
CEQA process	Exemption by City of Petaluma
Executed DDLA	August 2018
Phase 1 Environmental	June 2018 (subject to DDLA approval)
NEPA	November 2018 (completed within 6 months)
Planning Commission Approves Project	August 2018
Apply for Section 8 Vouchers	November 2018
Apply for Veteran Housing and Homeless Prevention Funding (VHHP)	February 2019 *
Apply for Affordable Housing Program (AHP)	March 2019 *
Apply for additional City of Petaluma Funding	January 2019 *
Apply for Low Income Housing Tax Credit Program (9%)	July 2019 *
Building permits	October 2019 *
Commencement of Construction	November 2019 *
Completion of Construction	No later than 16 months after the commencement of construction

*Conservative estimate

Sonoma County
 Community Development Commission

Sonoma County Home Site Map Contact Us Search

95\$ U/A
 \$47
 \$1,447
 FMR.

River City
 9510

Utility Allowances

Effective October 2018 - Sept. 30, 2019

For attached dwellings:

GAS

Usage	0 BR	1 BR	2 BR	3 BR	4 BR
* Space Heating	\$11	\$14	\$20	\$24	\$28
Cooking	\$4	\$6	\$7	\$8	\$9
* Water Heating	\$6	\$8	\$9	\$11	\$13

WOOD

Usage	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$27	\$27	\$27	\$53	\$80

PROPANE

Usage	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$36	\$47	\$66	\$74	\$83
Cooking	\$14	\$21	\$24	\$27	\$31
Water Heating	\$21	\$27	\$31	\$38	\$45

ELECTRICITY

Usage	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$26	\$39	\$57	\$72	\$88
* Cooking	\$8	\$9	\$12	\$15	\$19
Water Heating	\$24	\$30	\$36	\$45	\$56

OTHER ALLOWANCES

Usage	0 BR	1 BR	2 BR	3 BR	4 BR
* Other Electric	\$20	\$24	\$30	\$33	\$36
Water	\$26	\$37	\$48	\$58	\$74
Sewer	\$40	\$56	\$71	\$87	\$111
Garbage	\$22	\$22	\$22	\$38	\$38
Range	\$4	\$4	\$4	\$4	\$4

\$55 \$71

APPRAISAL REPORT

A REVELOPMENT SITE
951 Petaluma Boulevard, South
Petaluma, Sonoma County, California 94952
CBRE, Inc. File No. 16-231SF-0034-2

John C. Brown
City Manager
CITY OF PETALUMA
Post Office Box 61
Petaluma, California 94953

www.cbre.com/valuation

CBRE



2175 N. California Blvd., Suite 300
Walnut Creek, CA 94596

T 925-296-7700
F 925-296-7770

www.cbre.com

March 9, 2017

John C. Brown
City Manager
CITY OF PETALUMA
Post Office Box 61
Petaluma, California 94953

RE: Appraisal of A Revelopment Site
951 Petaluma Boulevard, South
Petaluma, Sonoma County, California 94952
CBRE, Inc. File No 16-231SF-0034-2

Dear Mr. Brown:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following appraisal report.

The subject represents a 1.30-acre site in Petaluma that is owned by the City of Petaluma. The site is located on a main arterial for the area and is improved with a 9,897 square foot wood framed office/flex building originally built in 1978. The City purchased the building in 2006 together with PEP Housing, a non-profit group that provides affordable housing to seniors. In 2011 the City bought out PEP's ownership share of the property and leased it back to PEP at a below market rent.

The existing lease to PEP is well below market levels and can be terminated by the owner without cause. Per the client's request we are valuing the fee simple interest of the subject and ignoring the lease in place.

The subject improvements appear to have been originally used as light assembly flex building with an office component. While the entire building features drop tile ceilings, only about 43% of the building reflects a typical office build-out. The balance of the building features minimal build-out and signs of deferred maintenance. Overall, the improvements are considered to be in fair-to-average condition.

As is, the subject represents a low coverage building with surplus land on the east end of the site. However, due to the configuration of the site, it is unlikely the surplus portion could ever be separately parcelized and effectively utilized. The east end of the site also abuts the Petaluma River, and there is a small dock that hasn't been used in many years. As such, the subject represents a low coverage office/flex property with improvements that are nearing the end of their economic life.

The site currently has a zoning designation of T-5 Urban Core. The zoning designation allows for a variety of commercial and residential uses. The designation has a maximum FAR of 4.0 with an allowed residential density of 60 units per acre. Development activity in Downtown Petaluma has increased over the past few years, and developers are actively pursuing redevelopment sites in Petaluma. Based on our analysis, the highest and best use of the site would be for development as a mixed-use project that would contain both a commercial and residential component.

The most likely buyer of the subject would potentially generate interim income prior to development; however, any interim income is considered to be offset by demolition costs, and no adjustments have been applied in our analysis

The subject is more fully described, legally and physically, within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 19, 2017	\$1,330,000
Compiled by CBRE			

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

John C. Brown
March 9, 2017
Page 3

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

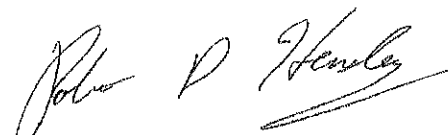
Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Michael O'Brien
Senior Appraiser
CA Certification No. AG043783
Exp. Date: March 6, 2018

Phone: 925-296-7746
Fax: 925-296-7770
Email: mike.j.obrien@cbre.com



Robert Hensley, MAI
Managing Director
CA Certification No. AG016190
Exp. Date: September 10, 2018

Phone: 925-296-7740
Fax: 925-296-7770
Email: Robert.hensley@cbre.com

CBRE

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of California.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Robert Hensley, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
11. Mike O'Brien has, and Robert Hensley, MAI has not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Mike O'Brien and Robert Hensley, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

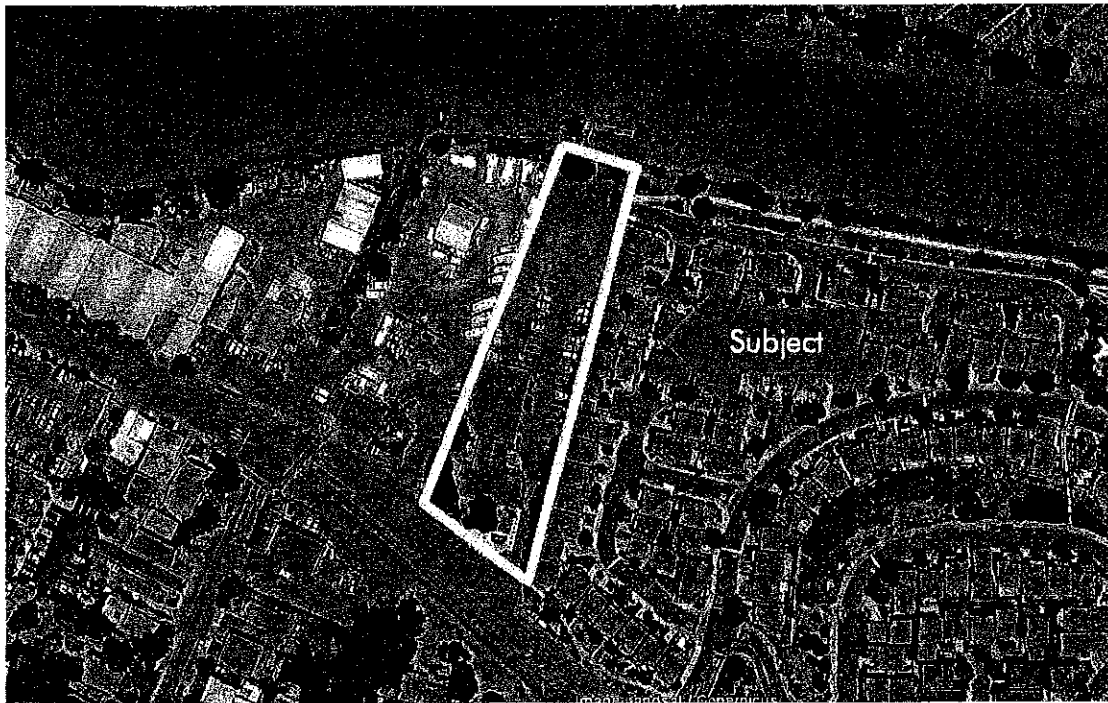


Michael O'Brien
CA Certification No. AG043783



Robert Hensley, MAI
CA Certification No. AG016190

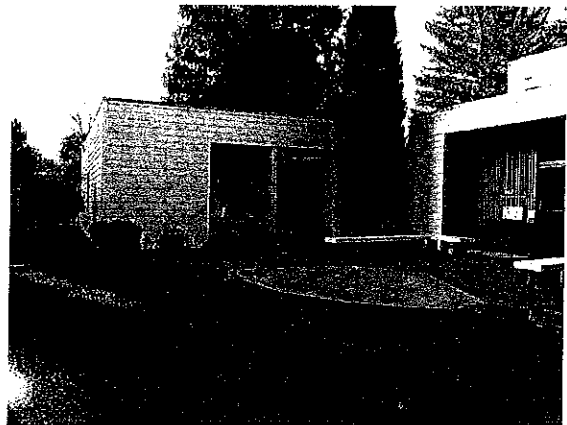
Subject Photographs



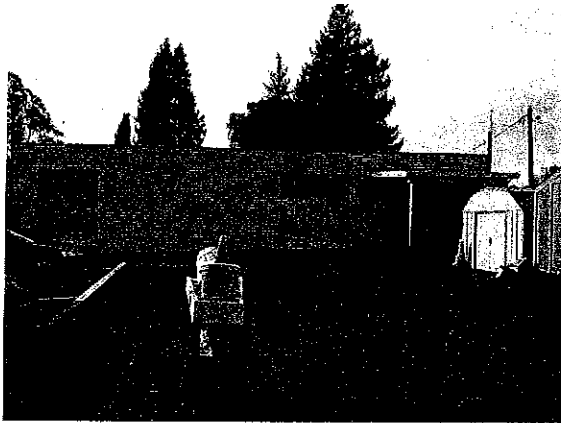
Aerial View



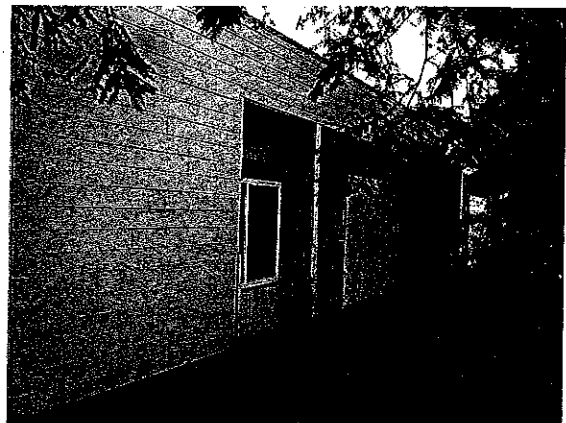
View of Subject



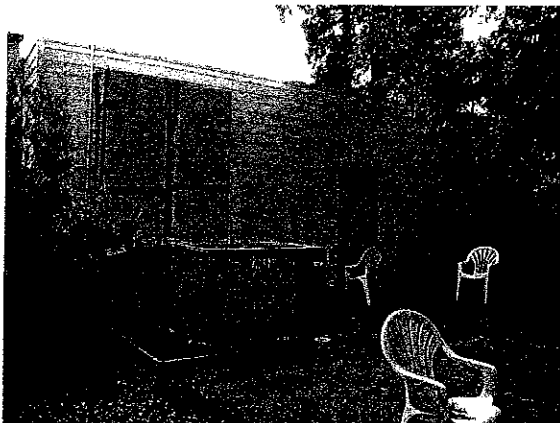
View of Subject



View of Subject East Side



View of Subject North Side



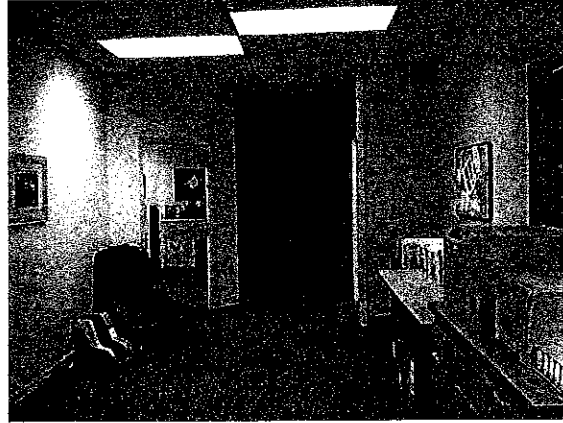
View of Subject North Side



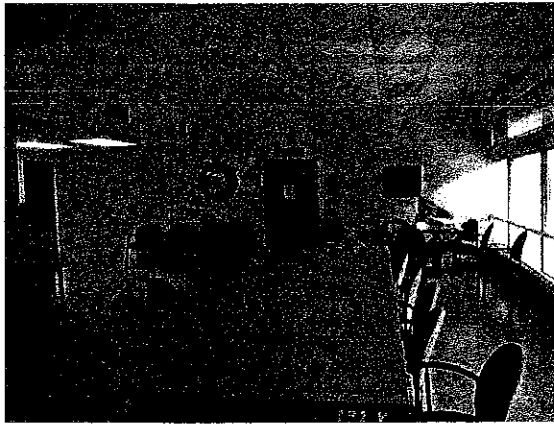
View of Subject North Side



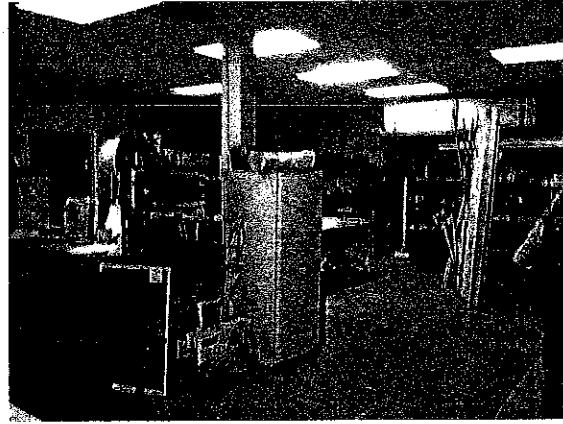
Interior View North Side of Bldg.



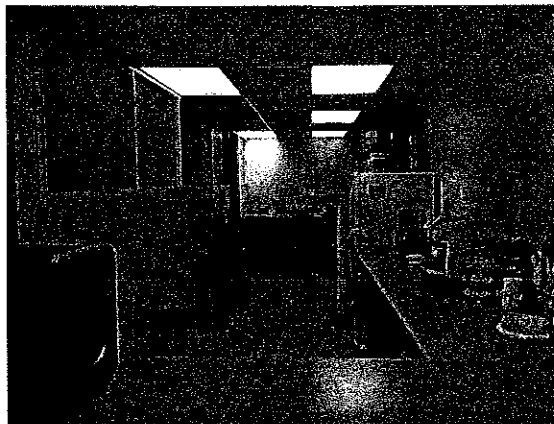
Interior View North Side of Bldg.



Interior View South Side of Bldg.



Interior View South Side of Bldg.



Interior View South Side of Bldg.



View of Access from Petaluma Blvd. South



View of Access Looking West



View of Site Looking West



View of Site Looking West



View of Dock on East End of Site



View Looking North on Petaluma Blvd. South; Subject at Right



View Looking South on Petaluma Blvd. South; Subject at Left

Executive Summary

Property Name	A Revelopment Site	
Location	951 Petaluma Boulevard, South, Petaluma, Sonoma County, California 94952	
Highest and Best Use		
As If Vacant	Commercial/Residential, Mixed-Use	
As Improved	Redevelopment as a Commercial/Residential, Mixed-Use Project (with interim office use while getting entitled)	
Property Rights Appraised	Fee Simple Estate	
Land Area	1.30 AC	56,628 SF
Improvements		
Property Type	Office/Flex	(Single Tenant)
Number of Buildings	1	
Number of Stories	2	
Net Rentable Area	9,897 SF	
Year Built	1978	
Condition	Fair-to-Average	
Major Tenants		
P.E.P. Inc.	9,897 SF	
Buyer Profile	Developer	
VALUATION	Total	Per SF
Land Value	\$1,330,000	\$23.49

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	January 19, 2017	\$1,330,000

Compiled by CBRE

Strengths, Weaknesses, Opportunities and Threats (SWOT)

Strengths and weaknesses are internal to the subject; opportunities and threats are external to the subject

Strengths/ Opportunities

- The subject represents a mixed-use site in Petaluma with frontage on a main arterial
- The immediate area has seen increased demand from both developers and users over the past few years
- The subject could potentially support a mixed use project with a maximum FAR of 4.0 with a residential density of 60 units per acre
- The subject has frontage on the Petaluma River, which would be an amenity to a residential project

Weaknesses/ Threats

- The subject represents a narrow site that would offer limited visibility for a commercial project
- The site is located south of the Downtown core

Extraordinary Assumptions

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser’s opinions or conclusions.” ^[1]

- None noted

Hypothetical Conditions

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.” ^[2]

- None noted

[1] The Appraisal Foundation, *USPAP, 2014-2015 ed.*, U-3.

[2] The Appraisal Foundation, *USPAP, 2014-2015 ed.*, U-3.

Table of Contents

Certification	i
Subject Photographs	ii
Executive Summary	vi
Table of Contents	viii
Introduction	1
Area Analysis	4
Neighborhood Analysis	7
Site Analysis	12
Zoning	15
Improvements Analysis – As Is	16
Tax and Assessment Data	18
Market Analysis	19
Highest and Best Use	31
Appraisal Methodology	33
Land Value	34
Reconciliation of Value	38
Assumptions and Limiting Conditions	39

ADDENDA

- A Land Sale Data Sheets
- B Subject Property Data
- C Précis METRO Report - Economy.com, Inc.
- D Client Contract Information
- E Qualifications

Introduction

INTRODUCTION

Property Description:	A Revelopment Site	
Location:	951 Petaluma Boulevard, South, Petaluma, California	
Assessor's Parcel Number(s):	008-530-007	
Appraisal Premise:	Date of Value:	Property Rights Appraised:
As Is	January 19, 2017	Fee Simple Estate
Date of Inspection:	January 13, 2017	
Date of Report:	March 9, 2017	
Estimated Exposure Time:	12 Months	
Estimated Marketing Time:	12 Months	

Ownership and Property History

According to public records, title to the subject is vested in the City of Petaluma. According to an owner representative, the City originally purchased the building together with a local non-profit housing group, PEP Housing, in 2006. In 2011 the City bought out the non-profit group's ownership position and leased the property back to PEP Housing at a below market rate. The existing lease can be terminated without cause by ownership, and the client has requested that we value the fee simple interest of the subject.

To the best of our knowledge, there have been no other ownership transfers within the past three years and the site is not currently for sale.

Intended Use Of Report

This appraisal is to be used for internal decision-making purposes, and no other use is permitted.

Intended User Of Report

This appraisal is to be used by The City of Petaluma, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of

the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report. ¹

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject property.

Definition of Value

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. ²

Scope of Work

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records

Extent to Which the Property is Inspected

CBRE, Inc. toured the subject, as well as its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data

¹ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

² Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

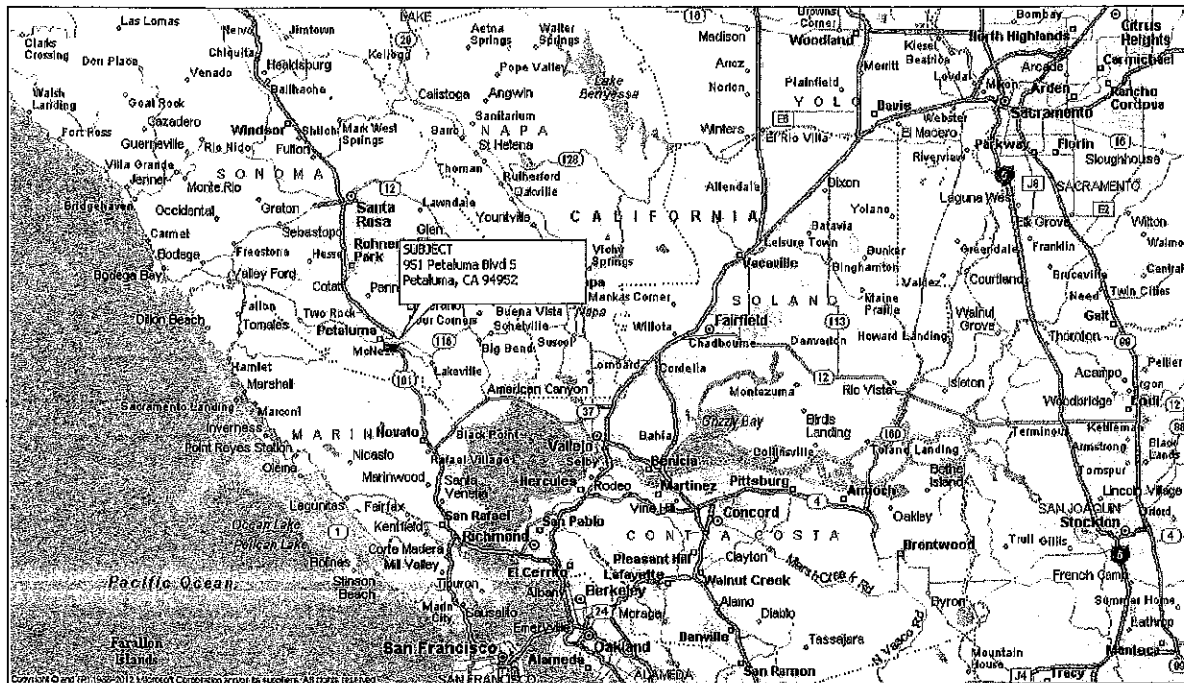
Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	Public Records
Improved Data	
Gross Improvements Size/Units	Owner provided data, appraiser estimates
Net Rentable Area/Units	Owner provided data, appraiser estimates
Area Breakdown/Use	Appraiser
No. Bldgs.	Appraiser
Parking Spaces	Appraiser
Year Built/Developed	Public Records
Economic Data	
Deferred Maintenance:	N/A
Building Costs:	N/A
Income Data:	N/A
Expense Data:	N/A
Compiled by CBRE	

Area Analysis



Moody's Economy.com provides the following Santa Rosa, CA metro area economic summary as of August 2016. The subject's Petaluma location is within the Santa Rosa metro area. The full Moody's Economy.com report is presented in the Addenda.

SANTA ROSA, CA - ECONOMIC INDICATORS												
Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross Metro Product (C\$B)	21.5	22.1	22.1	22.6	23.7	25.1	26.1	27.0	27.8	28.3	28.8	29.4
% Change	1.1	2.5	0.1	2.3	5.0	5.7	4.1	3.4	2.9	2.1	1.7	2.0
Total Employment (Ths)	167.5	169.5	172.5	181.0	191.2	197.1	201.2	203.7	206.2	208.6	209.8	210.4
% Change	-2.0	1.2	1.8	4.9	5.6	3.1	2.1	1.3	1.2	1.2	0.6	0.3
Unemployment Rate (%)	10.7	10.1	8.8	6.9	5.5	4.5	3.8	3.5	3.5	3.5	3.8	4.1
Personal Income Growth (%)	1.6	6.3	5.6	4.8	5.7	7.3	6.0	5.5	6.1	5.1	4.1	4.1
Median Household Income (\$ Ths)	61.4	60.4	60.9	63.8	67.8	70.7	72.6	75.1	78.3	80.9	83.1	85.4
Population (Ths)	484.8	487.8	490.7	495.0	499.7	502.1	504.5	507.5	510.4	513.4	516.4	519.4
% Change	1.1	0.6	0.6	0.9	0.9	0.5	0.5	0.6	0.6	0.6	0.6	0.6
Net Migration (000)	3.6	1.6	1.8	3.0	3.6	1.1	1.3	1.9	1.9	1.8	1.8	1.9
Single-Family Permits	287.0	449.0	312.0	453.0	419.0	431.0	612.4	1020.7	1094.8	1173.2	1142.1	1138.2
Multifamily Permits	190.0	183.0	248.0	593.0	244.0	190.0	280.1	304.7	344.7	323.2	302.5	297.4
Hhfa House Price (1995Q1=100)	194.1	180.1	179.9	208.4	239.4	261.7	281.2	297.3	309.6	317.7	328.2	341.9

Source: Moody's Economy.com

Recent Performance

Santa Rosa is marching to a faster beat as its bedrock winemaking and leisure/hospitality industries pick up the tempo. Sturdy sales of Santa Rosa metro area-produced wines and rising tourist visits are hoisting job and income gains comfortably above the U.S. average and are within striking distance of other North Bay counties. Robust job gains across industries and wage tiers have nudged the economy closer to full employment, and greater competition for workers is boosting

wages. Average hourly earnings are rising at nearly twice the U.S. rate, narrowing the gap with the state average.

Though rapid house price gains are straining housing affordability, more households are taking the leap to homeownership thanks to better wage growth and reduced debt burdens. With home sales firming, single-family construction is starting to show green shoots.

Vintners

A more bountiful harvest will bring relief to Santa Rosa metro area winemakers after record high temperatures hurt grape yields in 2015. The lighter crop pushed up grape costs for Santa Rosa, CA metro area vintners, opening the door for wine aficionados and casual drinkers alike to explore more affordable wines from the Pacific Northwest as well as lower-cost imports made accessible by the strong dollar. However, higher yields this year will hold down grape costs and ease supply concerns, enabling Santa Rosa metro area vintners to capitalize on rising demand for more sophisticated wines. Rising foot traffic at local wineries will be a major advantage and will help boost direct-to-consumer purchases, which are more lucrative than sales to wholesale distributors. Tourist visits to the Santa Rosa metro area reached a new high watermark in the first half of 2016.

Foodies

Santa Rosa metro area's large constellation of organic and specialty food makers will sustain above-average gains in manufacturing employment. Partnerships between wineries, restaurants, and local food and beverage makers have raised the profile of local artisanal food products, helping Santa Rosa metro area-based firms gain shelf space in food stores nationwide. Thanks to abundant industrial space and relatively low business costs for the region, small- and medium-sized producers are scaling up in Santa Rosa metro area itself, helping to hoist total factory employment to its highest point since 2006. For example, Miyoko's Creamery, a producer of vegan dairy products, will shift operations to a new plant in Petaluma as it expands its product line to Whole Foods stores. As consumers grow increasingly health-conscious and as higher disposable incomes allow for more discretionary food purchases, more firms will follow suit. However, the new positions will do little to move the needle on personal income since jobs in food manufacturing are generally lower-paying than positions in medical device and electronics manufacturing.

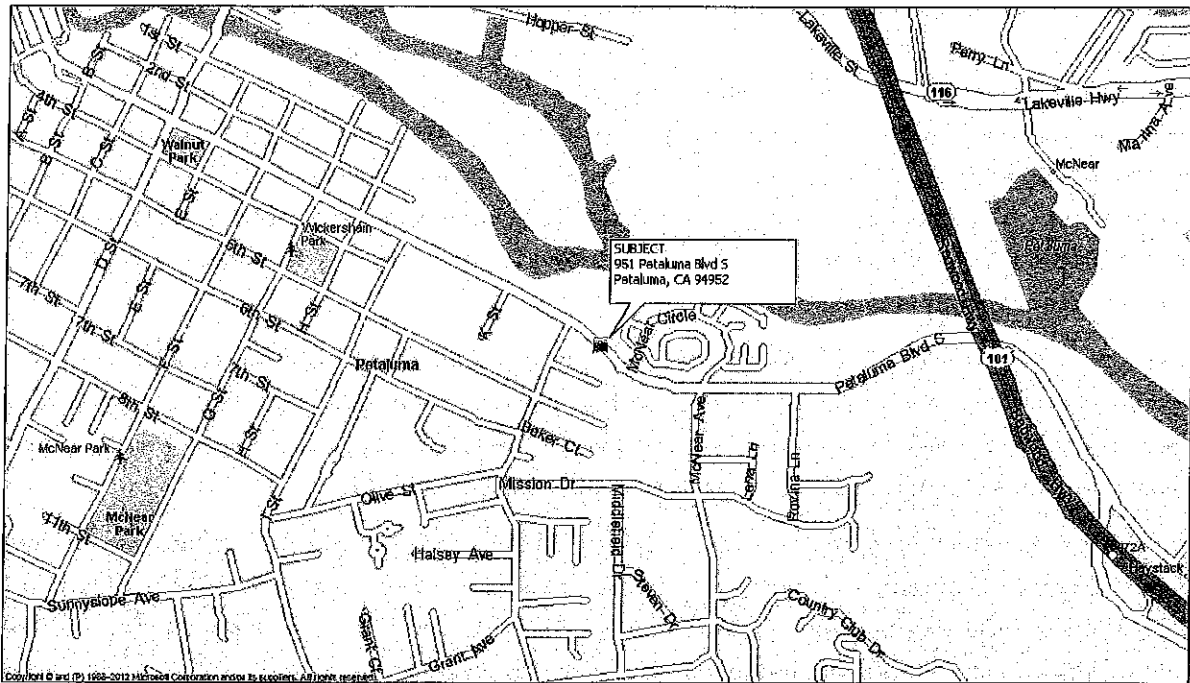
Pharma

Spillover from Marin County's burgeoning biotech corridor will be an upside risk for tech-related professional services in Santa Rosa metro area. Marin-based biopharmaceuticals firms are rapidly expanding as an aging population drives demand for gene-based treatments. With office space in Marin increasingly scarce, the Santa Rosa metro area's educated workforce and cluster of medical device firms could prove attractive. However, growth in life sciences research positions will be modest at best given the increasing cost effectiveness of conducting research in emerging markets.

Conclusion

Santa Rosa's economy will expand at a faster pace in 2016 as disposable incomes rise locally and nationally, boosting sales of higher-end wines and specialty food products. Local tech firms will also provide support. Longer term, the Santa Rosa, CA metro area's prestige in winemaking and status as a premier destination for wine.

Neighborhood Analysis



Location

The subject neighborhood is within the City of Petaluma and is considered a suburban location in Sonoma County.

Boundaries

The neighborhood boundaries are detailed as follows:

North:	Petaluma River
South:	Olive Street
East:	U.S. Highway 101
West:	D Street

Land Use

Land uses within the subject neighborhood consist primarily of commercial, light industrial and residential uses. The subject is located on a major thoroughfare for the neighborhood, Petaluma Boulevard South, which includes various low density commercial uses. Uses in the immediate area include light industrial uses, restaurants, and auto-related uses. A newer residential development is located immediately south of the subject.

Downtown Petaluma is located approximately ½ mile north of the subject and includes retail uses oriented towards pedestrian retail.

Growth Patterns

New development has occurred on an in-fill basis and has consisted of mixed-use commercial and residential multi-family developments. Additionally, there are some adaptive uses of former industrial buildings. Over the past ten years, some industrial developments in the area were demolished, or were renovated to alternative uses. The subject is south of the Theater District development. This project, constructed by Basin Street Properties, is the largest new development in the neighborhood in some years. The mixed-use project includes residential and retail components, a 13-screen multi-plex cinema and office space in several buildings. The complex includes 184,000 square feet of retail and office development including the theater as well as 90 apartments and 44 condominiums.

Regency Centers developed East Washington Place, a 380,000 square-foot Target anchored power center, in 2013. The property is located at the intersection of U.S. Highway 101 and East Washington Street, with freeway visibility. The project has 140,000 square feet of junior anchor space plus 80,000 square feet of shops, restaurants, and office space.

The most important development in the subject's neighborhood in the near future will be the completion of a passenger rail line and station in the area. Upon completion, SMART (Sonoma-Marin Rail Transit) will be a passenger rail line which will connect Larkspur Landing to the south with a station in Cloverdale to the north. The project was voter-approved, and is being funded by a number of different sources, including a 0.25% sales tax in Marin County and Sonoma County, and federal, state, regional, and local transportation agency allocations.

Phase One of the project is known as the Initial Operating Segment, which runs from Larkspur Landing in the south to Sonoma County Airport in Santa Rosa to the north. The Downtown Petaluma Station will be completed in 2017. The Downtown Petaluma Station is at the south corner of East Washington Street and Lakeville Street.

To prepare for the impact this rail line and the Downtown Petaluma station will have on the neighborhood, the City of Petaluma has approved a SMART Rail Station Transit-Oriented District Master Plan, which provides development guidelines for the portions of the Downtown area which will likely be redeveloped from low-density, single-story uses to higher-density uses. A number of new zoning designations were created and adopted as part of this Master Plan, including the subject's T-5 designation.

The arrival of the Downtown Petaluma SMART station is expected to spur redevelopment in the area. There is a proposed 174 multi-family residential units north of the subject along Water Street. This proposed project, which has not been approved by the City of Petaluma, is a good example of the type of project the Downtown area could see once the station is open.

The Downtown experienced an increase in retail activity several years ago, including several new office and residential developments. To the northeast of the subject a site was improved with 74 residential units with 42,106 square feet of ground floor commercial (office and retail) uses. Part

of the project included a 530 space parking garage that has about 30,000 square feet of retail and office space. The parking garage was completed in 2005. The neighborhood is considered to be in the slight growth stage of its life cycle as there is still some land available for new development. The only retail construction in the area is Brewster's Brew Garden, which is currently under construction north of the subject on Petaluma Boulevard North. The facility will feature a Beer Garden with full service restaurant and is scheduled for completion at the end of 2016. The project is expected to spur retail activity in the subject's immediate area. Just south of the subject at the intersection of Highway 101 is Quarry Heights, a 272 home development at the site of a former quarry that began in 2010.

Access

Washington Street is the main east-west thoroughfare in Downtown Petaluma and connects with Highway 101. Petaluma Boulevard is the main north-south corridor that bisects Downtown Petaluma. Petaluma Boulevard intersects with Washington Street to the north of the subject, and Highway 101 south of the subject. Access to Highway 101 is ½ mile south of the subject. The Highway 101 interchange south of the subject was recently reconfigured to improve access to the City and accommodate the new SMART Train development.

Public transportation in the area currently consists of bus service provided by Petaluma Transit; however, the completion of the SMART rail line will introduce passenger rail service to the neighborhood. Access to the area in general is currently good and will improve once the SMART rail line is completed.

Demographics

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
951 Petaluma Blvd South Petaluma, CA	1 Mile	3 Miles	5 Miles
Population			
2021 Total Population	12,497	62,705	70,738
2016 Total Population	11,934	60,302	68,116
2010 Total Population	11,263	57,812	65,471
2000 Total Population	10,328	55,071	62,382
Annual Growth 2016 - 2021	0.93%	0.78%	0.76%
Annual Growth 2010 - 2016	0.97%	0.71%	0.66%
Annual Growth 2000 - 2010	0.87%	0.49%	0.48%
Households			
2021 Total Households	4,913	23,369	26,398
2016 Total Households	4,714	22,571	25,528
2010 Total Households	4,504	21,865	24,787
2000 Total Households	4,115	20,237	22,925
Annual Growth 2016 - 2021	0.83%	0.70%	0.67%
Annual Growth 2010 - 2016	0.76%	0.53%	0.49%
Annual Growth 2000 - 2010	0.91%	0.78%	0.78%
Income			
2016 Median Household Income	\$73,462	\$76,673	\$77,541
2016 Average Household Income	\$96,784	\$99,248	\$100,754
2016 Per Capita Income	\$38,899	\$37,601	\$38,189
2016 Pop 25+ College Graduates	3,771	16,020	18,077
Age 25+ Percent College Graduates - 2016	44.2%	37.6%	37.5%
Source: Nielsen/Claritas			

Conclusion

As shown above, the data indicates the population within the subject neighborhood saw moderate growth over the past six years, with similar growth expected over the next five years. The outlook for the neighborhood is for minimal growth in terms of households and population. As a result, the demand for existing developments is expected to be stable. Generally, the neighborhood is expected to remain stable in the foreseeable future.

Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Gross Site Area	1.30 Acres	56,628 Sq. Ft.	
Net Site Area	1.30 Acres	56,628 Sq. Ft.	
Primary Road Frontage	Petaluma Blvd. S	150 Feet	
Average Depth	450 Feet		
Excess Land Area	None	n/a	
Surplus Land Area	None	n/a	
Shape	Mostly Rectangular		
Topography	Level		
Zoning District	T-5 Urban Center		
Flood Map Panel No. & Date	06097C0982G	1-Oct-15	
Flood Zone	Zone X		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	No		
Comparative Analysis		Rating	
Visibility	Average		
Functional Utility	Assumed adequate		
Traffic Volume	Average		
Adequacy of Utilities	Assumed adequate		
Landscaping	Average		
Drainage	Assumed adequate		
Utilities	Provider	Adequacy	
Water	City of Petaluma	Yes	
Sewer	City of Petaluma	Yes	
Natural Gas	PG&E	Yes	
Electricity	PG&E	Yes	
Telephone	AT&T	Yes	
Mass Transit	Local bus, SMART Train	Yes	
Other	Yes	No	Unknown
Detrimental Easements			x
Encroachments			x
Deed Restrictions			x
Reciprocal Parking Rights		x	
Source: Various sources compiled by CBRE			

Comments

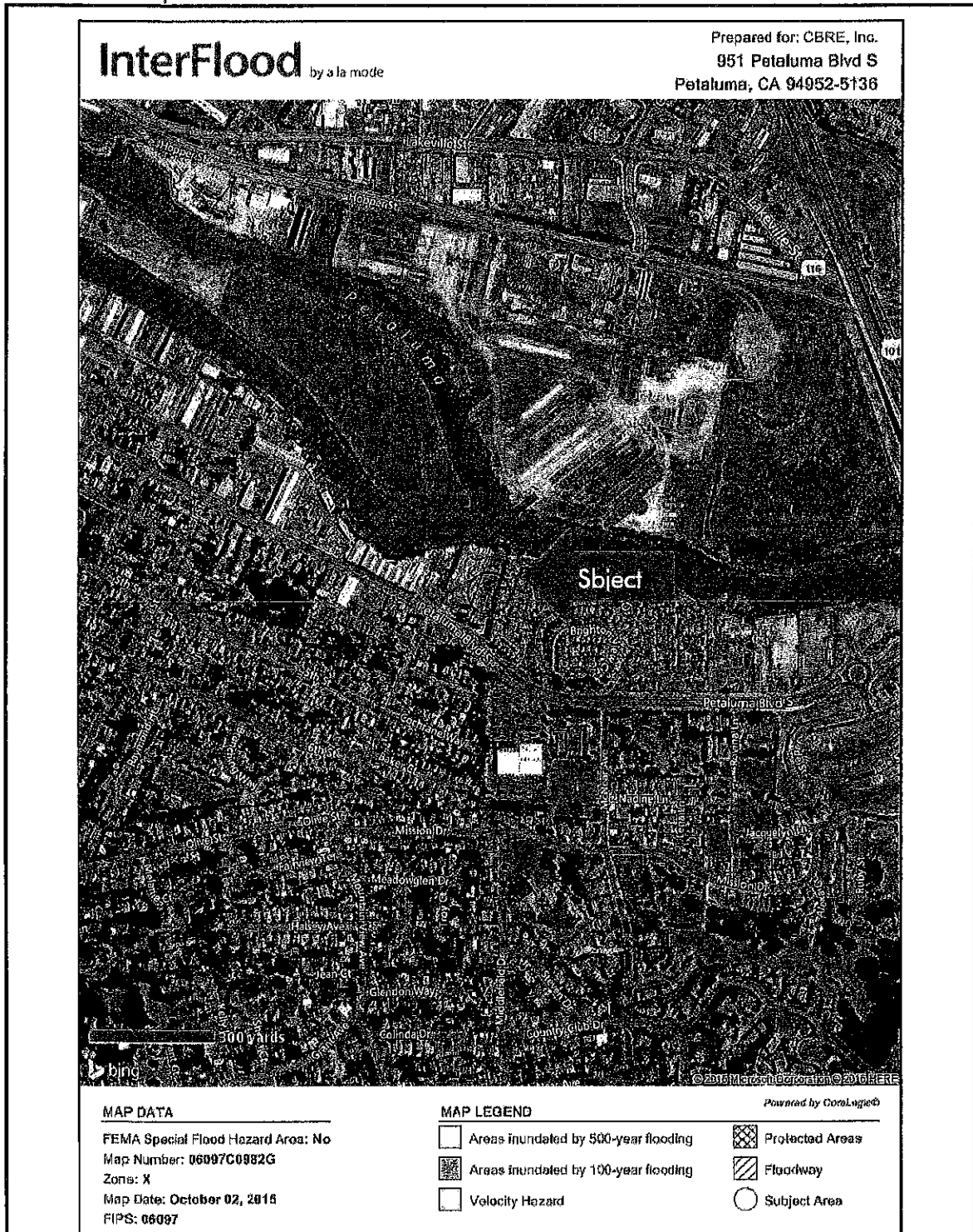
The subject is a narrow, rectangular, interior parcel located on the east side of Petaluma Boulevard South. The site is mostly level and at street grade, and access to the site is via a curb cut along Petaluma Boulevard South. The north and south sides of the site are fenced and the entrance along Petaluma Boulevard is gated. The east end of the site has direct frontage on the Petaluma River, and features a small, older dock that is accessed via a secure gate.

As is, the subject is considered to be a low coverage site with surplus land. However, due to the configuration of the site it is unlikely that the surplus portion could be separately parcelized and effectively utilized. The subject represents a low coverage property with improvements that are nearing the end of their economic life. The improvements are located on the west end of the site, and a portion of the west end of the site is paved. There are also several large redwood trees on the west end of the site near the building. The east of the site is not paved and is improved with gravel. There is a newer condominium development to the immediate south, retail and light industrial uses to the north, and commercial and retail uses to the west.

Conclusion

The site is well located and afforded average access and visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use.

Flood Plain Map



Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	T-5 Urban Center
Legally Conforming	Yes
Uses Permitted	Office, retail, residential, mixed-use
Zoning Change	Not likely
Source: Planning & Zoning Dept.	

Analysis and Conclusion

The subject is zoned T-5, Urban Center, a zoning designation created in Petaluma's approved SMART Station TOD Master Plan to provide for the development of vacant land parcels and buildings in Downtown Petaluma which have reached the end of their economic lives. The Master Plan was instituted to allow the Downtown area to be redeveloped after the completion of the Downtown Petaluma SMART passenger rail station in 2017. The T-5 zoning designation allows for a maximum of 60 residential units per acre and an FAR of 4.0. The City has indicated they would support commercial/residential or mixed-use projects.

Improvements Analysis – As Is

IMPROVEMENTS SUMMARY AND ANALYSIS

Property Type	Office/Flex (Single Tenant)
Number of Buildings	1
Number of Stories	2
Gross Building Area	9,897 SF
Net Rentable Area	9,897 SF
Major Tenants	
P.E.P. Inc.	9,897 SF
Site Coverage	16.3%
Land-to-Building Ratio	5.72 : 1
Floor Area Ratio (FAR)	0.17
Parking Improvements	Open
Total Spaces:	25
Parking Ratio (per 1,000 SF NRA)	2.53
Year Built	1978
Actual Age	39 Years
Effective Age	39 Years
Total Economic Life	41-45 Years
Remaining Economic Life	2-6 Years
Age/Life Depreciation	86.7%
Functional Utility	Typical

Improvement Summary Description	Comparative Rating			
	Good	Avg.	Fair	Poor
Foundation		X		
Frame			X	
Exterior Walls			X	
Interior Walls			X	
Roof		X		
Ceiling		X		
HVAC System				X
Exterior Lighting			X	
Interior Lighting			X	
Flooring			X	
Plumbing		X		
Elevators/Stairwells		X		
Life Safety and Fire Protection		X		
Furnishings		N/A		
Parking				X
Landscaping			X	

Source: Various sources compiled by CBRE

As will be detailed later in this report, the highest and best use of the subject is to redevelop the site as a commercial or residential mixed-use project. The existing improvements are nearing the end of their economic life, and represent an interim use. The most likely buyer would generate interim income from the improvements that would be considered to offset any demolition costs. As such, a brief description of the improvements is presented below.

The subject site is currently improved with a partial two-story building originally built in 1978. The building has a central entrance and a west and east wing. There is also a small second floor component that has a kitchen and a small office area.

The current tenant uses the west end of the building (approximately 43%) for office use, with the balance of the building being used as storage. The west end of the building features several private offices with typical Class C finishes, including drop tile ceilings, commercial grade carpeting and fluorescent lighting. The lobby area features vaulted ceilings consistent with 1970's design and ceramic tile and hardwood flooring. This portion of the building is considered to be in average condition.

The current tenant is a non-profit housing group that has been working with the City for many years. The tenant has been paying \$0.20 PSF, NNN for the building since 2011. The lease rate is flat for the term and is considered to be leased at below market levels. The lease can be terminated without cause by the landlord.

It appears the balance of the building was previously used for some type of light industrial or assembly purposes. While this portion of the building features drop tile ceilings, there is minimal build-out and features vinyl tile and finished concrete flooring. There is also a kitchen area as well as a separate storage area. This portion of the building has an inefficient layout and functional issues. According to the property representative, the HVAC for this side of the building is no longer functional. There are various signs of deferred maintenance and this portion of the improvements is considered to be in poor-to-fair condition.

The dock is not currently being utilized, and we are not aware of the current condition and whether it would need to be reinforced. As a result, we have not attributed any value to the structure as any renovation costs are considered to offset any additional value add of the structure.

Overall, the improvements are considered to be in fair-to-average condition.

Tax and Assessment Data

In California, privately held real property is typically assessed at 100% of full cash value (which is interpreted to mean market value of the fee simple estate) as determined by the County Assessor. Generally, a reassessment occurs only when a property is sold (or transferred) or when new construction occurs (as differentiated from replacing existing construction). In the case of long-term ground leases, the general rule is that a reassessment is made at the time of assigning or terminating a lease where the remaining term is more than 35 years. For reassessment purposes, the lease term includes all options to extend. Assessments for properties that were acquired before the tax year 1975-1976 were stabilized as of the tax year 1975-1976. Property taxes are limited by state law to 1% of the assessed value plus voter-approved obligations and special assessments. If no sale (or transfer) occurs or no new building takes place, assessments may not increase by more than 2% annually. The following table summarizes the actual and pro forma assessment values.

AD VALOREM TAX INFORMATION				
Assessor's Market Value	Land	Improvements	Total	Pro Forma
008-530-007	\$0	\$0	\$0	
General Tax Rate			1.1350%	1.1350%
General Tax:			\$0	\$0
Special Assessments:			\$0	\$0
Total Taxes			\$0	\$0
Source: Assessor's Office				

Conclusion

The property is owned by the City of Petaluma and the subject has historically been exempt from property taxes. For the purposes of this analysis, CBRE, Inc. assumes that all taxes are current. If the subject sold for the value estimate in this report, a reassessment at that value would most likely occur, with tax increases limited to two percent annually thereafter until the property is sold again. The consequences of this reassessment have been considered in the appropriate valuation sections.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The subject represents a mixed-use redevelopment site in Petaluma. The highest and best use of the site is considered to be redeveloped for commercial or residential use. As such, we have presented both a retail overview and a multi-family overview. Primary data sources utilized for this analysis include Costar.com, Realfacts, Claritas and CBRE's survey of the market.

City of Petaluma Retail Market

According to Costar.com, the retail inventory for buildings in the City of Petaluma is 468 buildings totaling approximately 4.12 million square feet.

The following chart table shows the historical inventory and vacancy trends for retail buildings in the City of Petaluma.

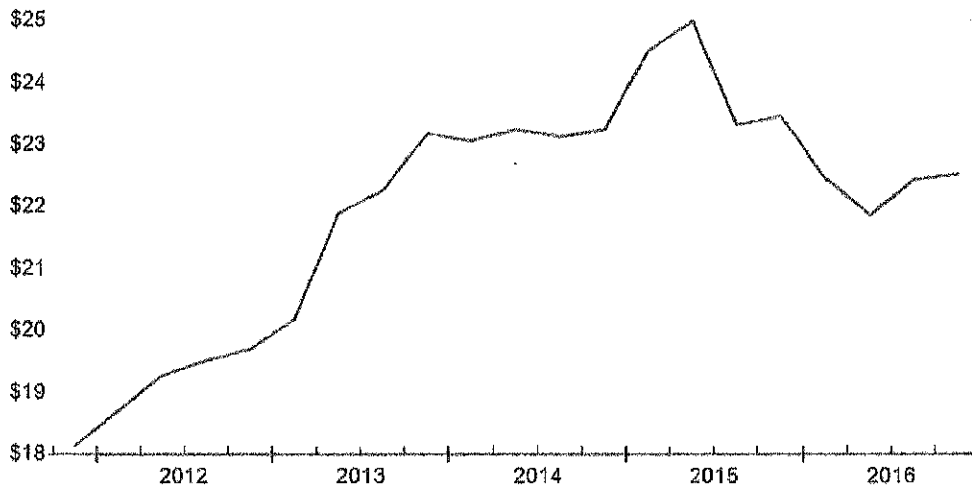
Year	Inventory		Vacant SF			Vacant Percent		
	Bldgs	SF	Direct	Sublet	Total	% Direct	% Sublet	% Total
YTD	468	4,122,417	141,447	1,823	143,270	3.4	0.0	3.5
2016	468	4,122,417	137,797	1,823	139,620	3.3	0.0	3.4
2015	468	4,122,417	187,552	0	187,552	4.5	0.0	4.5
2014	467	4,107,414	173,267	0	173,267	4.2	0.0	4.2
2013	462	3,954,914	184,126	0	184,126	4.7	0.0	4.7
2012	450	3,601,673	134,393	1,300	135,693	3.7	0.0	3.8
2011	450	3,601,673	212,245	0	212,245	5.9	0.0	5.9
2010	450	3,601,673	239,626	0	239,626	6.7	0.0	6.7
2009	450	3,601,673	262,321	1,482	263,803	7.3	0.0	7.3
2008	450	3,601,673	178,266	1,717	179,983	4.9	0.0	5.0

Source: Costar.com

The lack of new product has kept vacancy below 5.0% for more than six years. The current rate of 3.5% reflects a 10 basis point increase from year-end indicators. Brokers in the local market have indicated that demand continues to be strong, and there is limited quality space available.

Lease Rates

The following chart summarizes the historical trends in rental rates over the past five years.

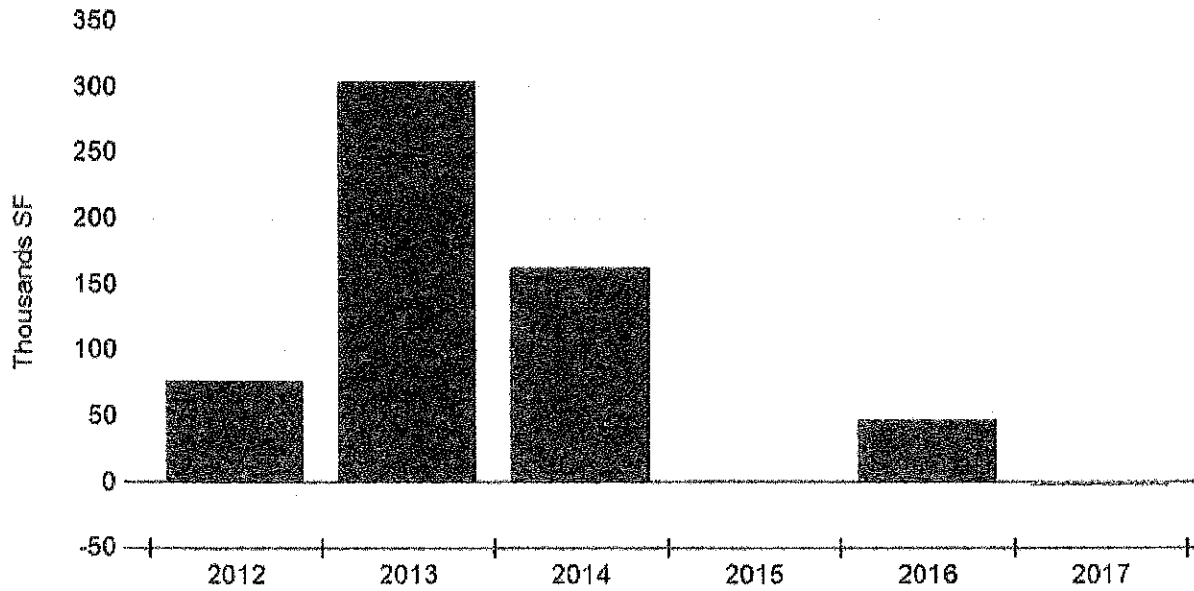


Source: Costar.com

As illustrated above, the overall market has been experiencing generally increasing rental rates since 2012, although asking rents softened in 2015 before increasing again in 2016. The most recent quarter has seen average asking rates increase slightly to \$1.66 PSF, NNN.

Net Absorption

The following chart summarizes the historical trends in absorption over the past five years.



Source: Costar.com

As illustrated above, the overall market has experienced positive absorption three of the past five years, and has posted slight negative absorption year-to-date in 2017.

Demographic Analysis

Demand for additional retail property is a direct function of population change and household income. Retail properties are products of a clearly definable demand relating directly to population shifts and income patterns.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject trade area with primary focus on the twenty mile radius.

POPULATION AND HOUSEHOLD PROJECTIONS			
	1 Mile	3 Miles	5 Miles
Population			
2021 Total Population	12,497	62,705	70,738
2016 Total Population	11,934	60,302	68,116
2010 Total Population	11,263	57,812	65,471
2000 Total Population	10,328	55,071	62,382
Annual Growth 2016 - 2021	0.93%	0.78%	0.76%
Annual Growth 2010 - 2016	0.97%	0.71%	0.66%
Annual Growth 2000 - 2010	0.87%	0.49%	0.48%
Households			
2021 Total Households	4,913	23,369	26,398
2016 Total Households	4,714	22,571	25,528
2010 Total Households	4,504	21,865	24,787
2000 Total Households	4,115	20,237	22,925
Annual Growth 2016 - 2021	0.83%	0.70%	0.67%
Annual Growth 2010 - 2016	0.76%	0.53%	0.49%
Annual Growth 2000 - 2010	0.91%	0.78%	0.78%

Source: Nielsen/Claritas

As shown, the subject's trade area experienced increases in population over the past six years, with similar growth expected over the next five years.

Income Distributions

Household income available for expenditure on consumer items is a primary factor in determining the retail supply and demand levels in a given market area. In the case of this study, a projection of household income identifies (in gross terms) the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject trade area.

HOUSEHOLD INCOME DISTRIBUTION

Households by Income Distribution - 2016	1 Mile	3 Miles	5 Miles
<\$15000	8.27%	7.62%	7.59%
\$15000-\$24999	7.74%	7.20%	6.89%
\$25000-\$34999	7.47%	6.92%	7.02%
\$35000-\$49999	11.03%	10.47%	10.42%
\$50000-\$74999	16.21%	16.59%	16.31%
\$75000-\$99999	14.62%	13.61%	13.45%
\$100000-\$149999	16.65%	19.64%	19.75%
\$150000-\$199999	9.40%	9.15%	9.33%
\$200000+	8.61%	8.81%	9.24%
No Longer Used	0.00%	0.00%	0.00%

Source: Nielsen/Claritas

The following table illustrates the median and average household income levels for the subject trade area.

HOUSEHOLD INCOME LEVELS

Income	1 Mile	3 Miles	5 Miles
2016 Median Household Income	\$73,462	\$76,673	\$77,541
2016 Average Household Income	\$96,784	\$99,248	\$100,754
2016 Per Capita Income	\$38,899	\$37,601	\$38,189

Source: Nielsen/Claritas

An analysis of the income data indicates that the submarket is generally comprised of middle income economic cohort groups.

Employment

An employment breakdown typically indicates the working class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

EMPLOYMENT BY INDUSTRY			
Occupation	1 Mile	3 Miles	5 Miles
Agric/Forestry/Fishing/Hunting/Mining	2.00%	1.26%	1.58%
Construction	7.57%	7.47%	7.64%
Manufacturing	5.97%	6.61%	6.91%
Wholesale Trade	3.52%	3.06%	2.96%
Retail Trade	11.59%	11.81%	11.62%
Transportation/Warehousing/Utilities	4.34%	4.25%	4.29%
Information	1.41%	2.26%	2.25%
Estate/Rental/Leasing	10.07%	7.10%	7.29%
Prof/Scientific/Tech Services	5.86%	7.99%	8.04%
Mgmt of Companies/Enterprises	0.00%	0.02%	0.02%
Admin/Support/Waste Mgmt Svcs	2.94%	4.97%	5.01%
Educational Services	8.28%	8.41%	8.04%
Health Care/Social Assistance	12.13%	12.64%	12.34%
Arts/Entertainment/Recreation	3.53%	3.21%	3.18%
Accommodation/Food Services	11.01%	8.20%	8.09%
Other Services (excl Publ Adm)	6.74%	6.40%	6.44%
Public Administration	3.03%	4.34%	4.30%

Source: Nielsen/Claritas

The previous table illustrates the employment character of the submarket, with the majority of the population holding Health Care, Retail and Accommodation/Food Services -related jobs.

Retail Conclusion

The area retail market and the local submarket are exhibiting strengthening occupancy levels and upward trending rental rates. The overall market and the local submarket are both producing positive absorption. Considering recent trends, the long-term projection for the subject submarket is for continued growth. Discussions with market participants indicated that absorption and rental rates should continue to strengthen in the near-term and that all retail properties will benefit as a result of the improvement in the broader market.

Apartment Market Overview

The subject is part of the Petaluma submarket of the overall Marin/Sonoma apartment market. The following discussion illustrates some general observations in the surrounding apartment market. Apartment market statistics are from Real Facts, as of the Second Quarter 2016 (the most recent report available).

Ranking

The following table shows how Petaluma ranks in terms of Average Rent, Average Occupancy, Rent Growth, and Occupancy Growth among the three cities in Sonoma County that have at least five apartment communities that were included in the survey.



Market Overview

2Q2016

Petaluma is 1 of 3 cities in Sonoma County (with at least 5 communities)

Rent ranking for cities in Sonoma County		Occupancy ranking for cities in Sonoma County	
City	Avg Rent	City	Avg Occ.
1. Petaluma	\$2,104	1. Santa Rosa	96.4%
2. Rohnert Park	\$1,779	2. Petaluma	95.7%
3. Santa Rosa	\$1,703	3. Rohnert Park	94.0%

Rent growth % Rankings Yr. over Yr. for cities in Sonoma County		Occupancy growth Rankings Yr. over Yr. for cities in Sonoma County	
City	Avg Rent	City	Avg Occ.
1. Rohnert Park	15.4%	1. Santa Rosa	2.8%
2. Petaluma	5.5%	2. Petaluma	-0.4%
3. Santa Rosa	2.2%	3. Rohnert Park	-2.7%

Source: Real Facts

As seen Petaluma ranks first in Asking Rent, second in Occupancy and Rent Growth and third in Occupancy Growth.

Market Overview – City of Petaluma and Sonoma County

Market statistics for Sonoma County and the City of Petaluma are shown in the following tables:

Inventory Analysis

Sonoma County
2Q2016

Properties/Units	75 / 10,234	Average units per property	136
Class A	11 / 1,460	Average year built	1988
Class B	12 / 1,717	Size range (units)	43 - 492
Class C	52 / 7,057	Age range	1960 - 2016

Unit Mix (all unit types appear in this report)

Totals	Units	% of Mix	Benchmark % of Mix	Average Sq. Ft	Benchmark Avg Sq Ft	Average Rent	Benchmark Avg. Rent	Avg. Rent Sq. Ft.	Benchmark Avg. Rent Sq. Ft.
All	10,234	100.0%	100.0%	854	849	\$1,792	\$2,091	\$2.10	\$2.46
Urban Loft studio	40	0.4%	0.1%	675	845	\$1,183	\$2,563	\$1.75	\$3.03
jr 1bd	154	1.5%	5.3%	497	487	\$1,096	\$1,938	\$2.21	\$3.98
1bd 1bth	203	2.0%	1.6%	543	563	\$1,585	\$2,046	\$2.92	\$3.63
1bd 1.5bth	4,190	40.9%	39.2%	688	705	\$1,570	\$1,924	\$2.28	\$2.73
1bd TH									
2bd 1bth	1,465	14.3%	16.3%	845	862	\$1,746	\$1,725	\$2.07	\$2.00
2bd 1.5bth	379	3.7%	1.5%	944	930	\$1,647	\$1,886	\$1.74	\$2.03
2bd 2bth	2,639	25.8%	26.7%	1,019	1,021	\$2,080	\$2,417	\$2.04	\$2.37
2bd 2.5th									
2bd TH	641	6.3%	3.2%	1,072	1,079	\$1,946	\$2,413	\$1.82	\$2.24
3bd 1bth									
3bd 1.5bth	10	0.1%	0.3%	1,400	1,104	\$1,700	\$2,391	\$1.21	\$2.17
3bd 2bth	428	4.2%	3.6%	1,250	1,247	\$2,541	\$2,563	\$2.03	\$2.06
3bd 3bth	14	0.1%	0.4%	1,416	1,377	\$2,456	\$4,067	\$1.73	\$2.95
3bd TH	63	0.6%	0.8%	1,431	1,319	\$2,163	\$2,932	\$1.51	\$2.22
4bd	8	0.1%	0.3%	1,720	1,357	\$3,400	\$2,902	\$1.98	\$2.14
5bd 2bth									
5bd TH									

Source: Real Facts

Inventory Analysis

Petaluma
2Q2016

Properties/Units	11 / 1,783	Average units per property	162
Class A	5 / 480	Average year built	1997
Class B	2 / 340	Size range (units)	43 - 492
Class C	4 / 963	Age range	1976 - 2015

Unit Mix (all unit types appear in this report)

Totals	Units	% of Mix	Benchmark % of Mix	Average Sq. Ft	Benchmark Avg Sq Ft	Average Rent	Benchmark Avg. Rent	Avg. Rent Sq. Ft.	Benchmark Avg. Rent Sq. Ft.
All	1,783	100.0%	100.0%	944	849	\$2,104	\$2,091	\$2.23	\$2.46
Urban Loft									
studio	18	1.0%	5.3%	661	487	\$2,019	\$1,938	\$3.05	\$3.98
fr 1bd	31	1.7%	1.6%	622	563	\$2,018	\$2,046	\$3.24	\$3.63
1bd 1bth	490	27.5%	39.2%	750	705	\$2,024	\$1,924	\$2.70	\$2.73
1bd 1.5bth									
1bd TH									
2bd 1bth	496	27.8%	16.3%	846	862	\$1,929	\$1,725	\$2.28	\$2.00
2bd 1.5bth									
2bd 2bth	303	17.0%	26.7%	1,135	1,021	\$2,413	\$2,417	\$2.13	\$2.37
2bd 2.5th									
2bd TH	362	20.3%	3.2%	1,111	1,079	\$2,065	\$2,413	\$1.86	\$2.24
3bd 1bth									
3bd 1.5bth									
3bd 2bth	57	3.2%	3.6%	1,330	1,247	\$2,734	\$2,563	\$2.06	\$2.06
3bd 3bth									
3bd TH	26	1.5%	0.8%	1,636	1,319	\$2,646	\$2,932	\$1.62	\$2.22
4bd									
5bd 2bth									
5bd TH									

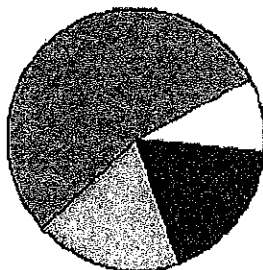
Source: Real Facts

The City of Petaluma apartment market is comprised primarily of one and two bedroom floor plans with most apartment complexes being built during the 1990's. The average year built in the City of Petaluma is 1997, while the county average is lower at 1988.

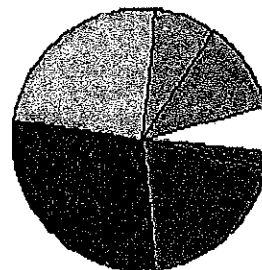
Age of Existing Inventory

Area: Petaluma

Benchmark: Nor Cal Region



- Pre 1960s (0)
- 1960s (0)
- 1970s (2)
- 1980s (2)
- 1990s (1)
- 2000s (6)
- 2010s (1)



- Pre 1960s (42)
- 1960s (389)
- 1970s (364)
- 1980s (485)
- 1990s (154)
- 2000s (224)
- 2010s (110)

Source: Real Facts Second Quarter, 2016

As shown above, the City of Petaluma currently reports an average rent of \$2.23 per square foot for all unit types, an average rent of \$2,104 per month, and an average unit size of 944 square feet.

Historical occupancy and rent trends are shown in the chart below:

	2016	2015	2014	2013
Average Rent/sf (All)	\$2.24	\$2.16	\$1.94	\$1.79
Class A	\$2.26	\$2.17	\$1.93	\$1.90
Class B	\$2.22	\$2.22	\$1.99	\$1.80
Class C	\$2.20	\$2.07	\$1.88	\$1.63
Average Occupancy (All)	90%	92%	96%	96%
Class A	84%	86%	96%	97%
Class B	96%	96%	97%	96%
Class C	98%	96%	97%	96%

Source: Real Facts Second Quarter, 2016

Class A properties indicate the highest rent per square foot, with all properties indicating a 90% occupancy, as of Second Quarter 2016. Class A properties show a low 84% occupancy level, but this is likely due to the newly built Artisan at Petaluma project skewing these figures.

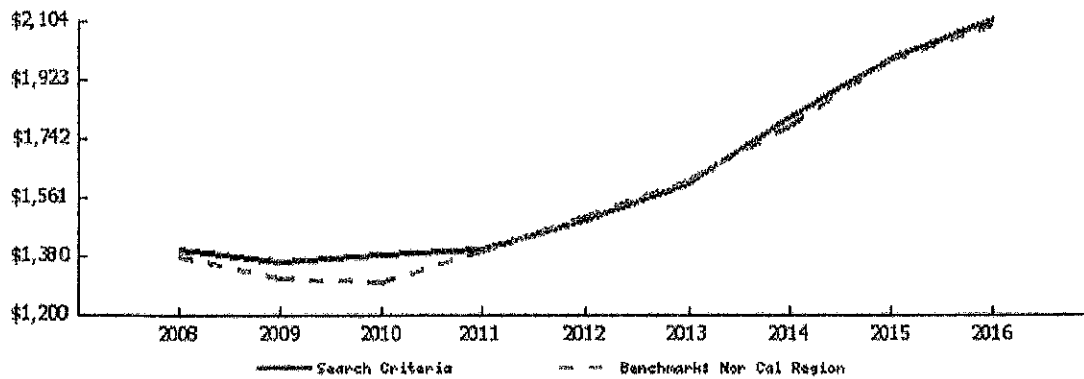
Asking Rents

The following table presents historical information trends for average asking rents.

Rental Trends for City Petaluma

All Classes
Annual Trend

	Average Asking Rent									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	4 Yr. Change
AVERAGE	\$1,396	\$1,359	\$1,382	\$1,398	\$1,490	\$1,604	\$1,806	\$1,987	\$2,104	41.2%
studio	\$1,543	\$1,540	\$1,462	\$1,418	\$1,514	\$1,578	\$1,712	\$1,947	\$2,019	33.3%
1bd 1bth	\$1,263	\$1,246	\$1,264	\$1,286	\$1,363	\$1,480	\$1,691	\$1,858	\$2,040	49.6%
2bd 1bth	\$1,223	\$1,192	\$1,215	\$1,221	\$1,307	\$1,415	\$1,683	\$1,825	\$1,947	48.9%
2bd 2bth	\$1,859	\$1,826	\$1,774	\$1,779	\$1,903	\$2,040	\$2,222	\$2,443	\$2,409	26.6%
2bd TH	\$1,416	\$1,303	\$1,371	\$1,402	\$1,497	\$1,619	\$1,764	\$1,928	\$2,027	35.4%
3bd 2bth	\$2,022	\$1,991	\$1,953	\$1,940	\$2,021	\$2,149	\$2,302	\$2,581	\$2,734	35.3%
3bd TH	\$2,035	\$2,116	\$2,045	\$2,126	\$2,257	\$2,458	\$2,527	\$2,813	\$2,646	17.2%

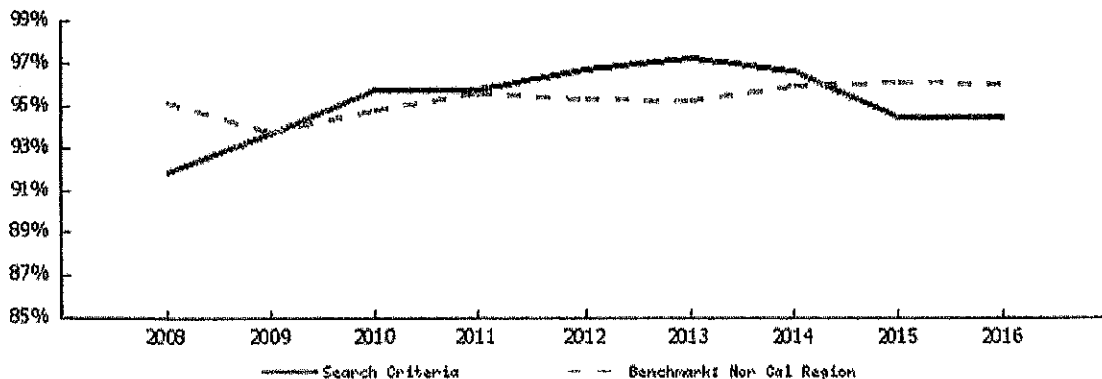


Source: Real Facts Second Quarter, 2016

As shown, average asking rents have shown a steadily increasing trend from 2010 to today. Rents have grown 17% over the last two years according to Real Facts.

Occupancy

	Average Occupancy Rate									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	4 Yr. Change
AVERAGE	91.8%	93.6%	95.7%	95.7%	96.7%	97.2%	96.6%	94.4%	94.4%	-2.4%



Source: Real Facts Second Quarter, 2016

Occupancy rates over the past nine years are shown in the prior chart. Occupancy decreased from 2008 to 2009, increased from 2010 to 2013, but have leveled off over the last two years at 94.4%. The lower occupancy level in the past two years may be due to the renovation work at the subject and the newly constructed Artisan at Petaluma skewing the figures.

New APARTMENT Construction

The following are the residential apartment projects of more than 5 units that are currently being processed by the City of Petaluma Planning Division:

Marina Apartments

Project: Amend the Marina Planned Commercial District (Marina PCD) to allow residential uses and increase in building stories. SPAR for a new 80-unit residential apartment building.
Applicant: Steven J. Lafranchi
Location: 0 Marina Avenue
APN: 005-060-089
File Numbers: PLSR-15-0011, PLZT-15-0001
Project Planner: Kevin Colin 707-778-4314 //kcolin@ci.petaluma.ca.us
Status: Denied by Planning Commission on December 22, 2015; Appeal of Planning Commission decision granted and decision overturned by City Council on April 4, 2016. Planning Commission denial of Site Plan and Architectural Review and Conditional Use Permit on July 12, 2016; Appeal filed by applicant. City Council hearing scheduled for September 12, 2016.

Altura Apartments

Project: Site Plan and Architectural Review for 150 apartment units.
Applicant: Robery Lawler, The Reliant Group
Location: Vacant lot at the northeast corner of Baywood Drive/Perry Lane
APN: 005-201-001
File Number: PLSR-14-0024
Project Planner: Kevin Colin 707-778-4314 //kcolin@ci.petaluma.ca.us
Status: Approved by Planning Commission on November 10, 2015. Multiple building permit applications submitted.

Addison Ranch Apartments

Project: Rezoning and Site Plan and Architectural Review for an additional 100 multi-family units in existing apartment complex (formerly Greenbriar).
Applicant: Gary Whitesides, GALA Construction
Location: 200 Greenbriar Circle
APNs: 007-610-005, 007-610-006, 007-610-029, 007-610-019, and 007-610-031
File Number: 13-SPC-0122
Project Planner: Kevin Colin 707-778-4314 //kcolin@ci.petaluma.ca.us
Status: Land use entitlements approved. Building permit application under review.

Sid Commons

Project: PUD Amendment/Re-zoning to allow for construction of 278 unit apartment complex.
Applicant: Mark Johnson
Location: End of Graylawn Ave. at Petaluma River
APNs: 019-010-006, 007, 008, 009
File Number: 03-GPA-0379-CR
Project Planner: Tiffany Robbe 707-778-4318 //trobbe@ci.petaluma.ca.us
Status: Draft Environmental Impact Report being prepared.

Land Investment Trends/Market Participants

The land market is forward looking, and economic conditions impact the land market as the demand and value of development land relies on the income potential of future building improvements. For commercial land similar to the subject site, trends are established on a local basis.

Conversations with numerous brokers in the North Bay market indicated that demand for both commercial and multi-family sites in the North Bay has increased dramatically over the past year. With local vacancy rates now below 5% in both the retail and multi-family markets, and markets experiencing annual rent growth, most feel construction of new commercial and multi-family projects is imminent over the next few years.

There has been some recent activity and development in the subject's immediate area. There remain few tracts of commercial land available for development with most sales representing the redevelopment and/or rezoning of sites. Most are similar to the subject and involve uses that no longer represent the highest and best use of the land.

There are few sites similar to the subject in the Downtown Petaluma area, and based on the recent activity and our conversations with local brokers, demand for the subject would be good. Most felt that the subject's location south of the Downtown Area was inferior to sites downtown, but the sites location adjacent to both residential and commercial sites make it a good candidate for a mixed-use project.

Brokers felt the lack of demand for older, low coverage office/flex product similar to the subject further demonstrated the subject's potential as a redevelopment site. Participants also noted the subject's location on the Petaluma River could be utilized as a water amenity for a residential project.

Market participants felt the most likely buyer would be a developer that would move forward with redevelopment for a commercial or residential project. Potential interim income from the existing improvements would be considered a positive attribute that would offset demolition costs. Overall, participants felt land value for the subject would be in the range of \$20-\$30 PSF of land area.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed on the following pages.

As Vacant

The current zoning and general plan designation allow various commercial, residential and mixed-uses. Based on the information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be to for the development of a commercial, residential or mixed-use project. The most likely buyer, as vacant, would be an investor (land speculation) or developer. The subject's existing improvements use is considered to be an interim use providing the project is deemed feasible and providing an adequate level of profit to a potential developer.

As Improved

The site is improved with an older, low coverage office/flex building that is in fair to average condition, and is a legal, conforming use. Although the improvements are legally permissible, they are dated, have some functional issues, and are considered to be nearing the end of their economic life. The majority of the improvements have a limited build-out and are in poor-to-fair condition. Given the build-out and low coverage ratio, the subject is considered most similar to an office/light industrial project. The most likely buyer, as is, would likely be a developer that would eventually redevelop the site, obtaining approvals and entitlements within the next 2-6 years. Based on our analysis, the land value of the subject is greater than the value as improved and the current use does not represent the highest and best use of the site.

We researched similar sized, primarily owner user purchases that are illustrated in the table below since it is not an investment grade property.

SUMMARY OF COMPARABLE OFFICE/FLEX SALES													
No.	Name	Transaction Type	Date	Year Built	NRA (SF)	Land to Bldg. Ratio	Office Build-out	Actual Sale Price	Adjusted Sale Price ¹	Price Per SF ¹	Occ.	NOI Per SF	OAR
1	1250 Petaluma Blvd. N Petaluma, CA	Sale	Dec-16	1961	10,800	5.24:1	50%	\$1,400,000	\$1,400,000	\$129.63	0%	O/U	O/U
2	3242 Airway Dr. Santa Rosa, CA	Sale	May-16	1979	10,614	4.01:1	82%	\$1,150,000	\$1,150,000	\$108.35	0%	O/U	O/U
3	607 Martin Ave. Santa Rosa, CA	Sale	Oct-15	1980	29,015	4.17:1	50%	\$2,900,000	\$2,900,000	\$99.95	0%	O/U	O/U
4	606 Portal St. Cotati, CA	Sale	Aug-15	1988	9,554	3.10:1	50%	\$1,250,000	\$1,250,000	\$130.84	0%	O/U	O/U
5	3217 Coffey Ln. Santa Rosa, CA	Sale	Dec-14	1968	6,000	4.00:1	20%	\$665,000	\$665,000	\$110.83	0%	O/U	O/U
6	1323 Scott St. Petaluma, CA	Sale	Oct-14	1978	13,200	2.11:1	20%	\$1,716,000	\$1,716,000	\$130.00	0%	O/U	O/U
Subj. Pro Forma	951 Petaluma Blvd. S Petaluma, CA	---	---	1978	9,897	5.72:1	43%	---	---	---	---	---	---

¹ Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

The sales indicate a range of \$99-\$131 PSF of improvements. Given the subject's size, condition and utility, a price PSF near the lower-end, or \$120 -\$130 PSF would be concluded. This would result in a value as improved of approximately \$1,190,000 -\$1,290,000 (rounded) which is less than our concluded land value.

We have not utilized an income approach because the most likely buyer would be either an owner user or a developer that would most likely value the subject based on land value. Overall, we have concluded that any interim income would be offset by demolition costs.

Based on the foregoing, the highest and best use of the property, as improved, is for interim use as an office/flex property and eventual development of a commercial or residential project.

Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Capitalization Approach

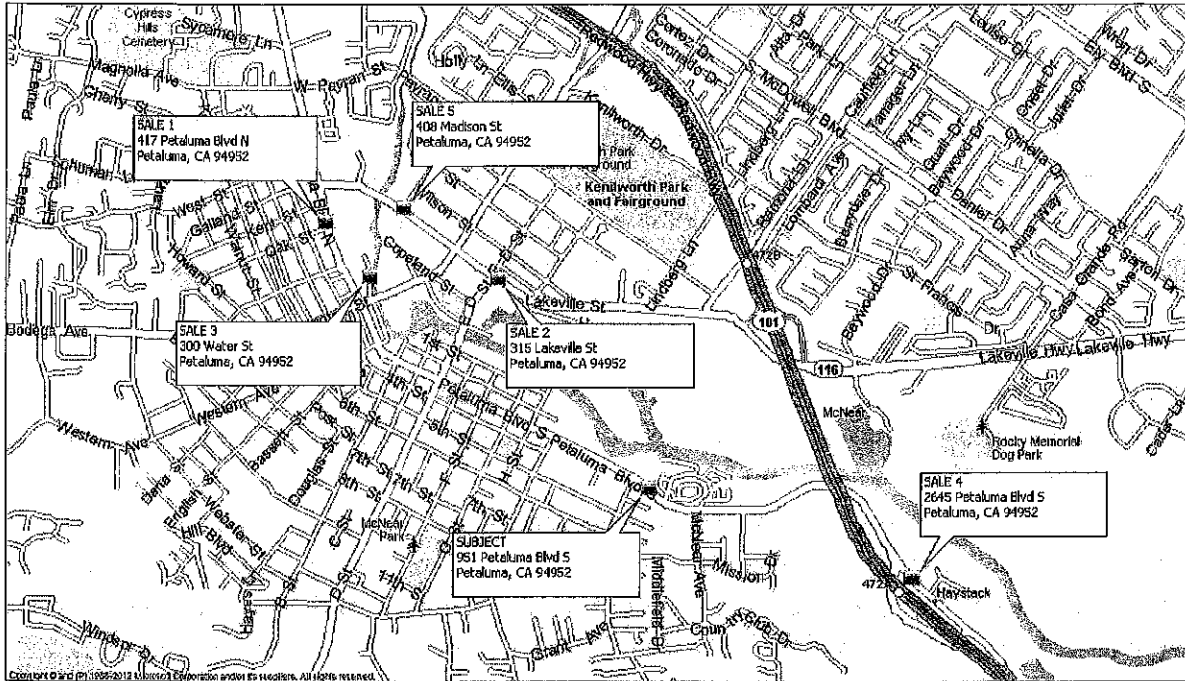
The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In valuing the subject, only the sales comparison is applicable and has been used. This approach is applicable in the valuation of land when land sale data is available.

Land Value

The following maps and table summarize the comparable data used in the valuation of the subject's land area. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction		Proposed Use	Actual Sale Price	Adjusted Sale Price ¹	Size (Acres)	Size (SF)	Price Per SF
		Type	Date						
1	417 Petaluma Blvd. N. Petaluma, CA	Escrow	Jan-17	MU2 Mixed-Use	\$269,550	\$269,500	0.19	8,102	\$33.26
2	315 Lakeville St. Petaluma, CA	Sale	Nov-16	T-5 Urban Center	\$310,000	\$310,000	0.19	8,102	\$38.26
3	300 Water St. Petaluma, CA	Sale	Feb-16	T-5 Urban Center	\$4,165,000	\$4,165,000	2.04	88,862	\$46.87
4	2645 Petaluma Blvd. S Petaluma, CA	Sale	Dec-15	M1 Industrial	\$1,425,000	\$1,425,000	1.90	82,764	\$17.22
5	408 Madison St. Petaluma, CA	Sale	Jun-14	MU1 Mixed-Use	\$345,000	\$345,000	0.34	14,820	\$23.28
Subject	951 Petaluma Blvd. S Petaluma, CA	---	---	T-5 Urban Center	---	---	1.30	56,628	---

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

The subject is zoned, T-5 Urban Center, which allows both commercial and residential uses. The zoning designation has a maximum FAR of 4.0, with a maximum residential density of 60 units per acre.

The sales used represent the best data available for comparison to the subject.

Discussion/Analysis of Land Sales

Land Sale One

This comparable represents a commercial site north of Downtown Petaluma that is currently in escrow. The site is zoned MU2, which allows commercial and residential development at lower densities than the subject. The comparable is superior in size to the subject, but similar in shape and frontage. The comparable's location is also superior; however, the comparable is considered inferior in zoning. Overall, the comparable is superior to the subject.

Land Sale Two

This comparable represents a commercially zoned site in Downtown Petaluma north of the subject. The site is zoned T-5 similar to the subject. The comparable is superior in size to the subject, but represents a through site superior in frontage. The comparable's location is considered superior, but it is considered similar in zoning. Overall, the comparable is superior to the subject.

Land Sale Three

This comparable represents a commercially zoned site in Downtown Petaluma north of the subject. The site is zoned T-5 similar to the subject. The site was improved with an older industrial building, and interim income is considered to be offset by demolition costs. The site was purchased for the development of a multi-family project, but was not entitled at the time of sale. Prior to development the site will need to be bisected by a street extension for access, resulting in two, non-contiguous sites offering inferior utility than a contiguous site. Sources familiar with the transaction indicated that the buyer paid well above market level due to the buyer's motivations. A downward adjustment for conditions of sale was applied to reflect the above market purchase price. The comparable is similar in size, but inferior in shape/utility due to the site eventually being bisected. The comparable is similar in zoning, but is superior in location. Overall, the comparable is superior to the subject.

Land Sale Four

This comparable represents an industrial zoned site located south of the subject on Petaluma Boulevard South. The site represents an industrial zoned site; however, it was included as it represents a recent land sale in the subject's immediate area and is used as a low indicator. The sale occurred in late-2015 under inferior market condition. The comparable is similar in size, but superior in frontage to the subject. The comparable's industrial zoning is considered inferior. The comparable does not have utilities to the site, and an upward adjustment was applied. Overall, the comparable is considered inferior to the subject and is a low indicator.

Land Sale Five

This comparable represents a commercially zoned site in Downtown Petaluma north of the subject. The site is zoned M1, which allows commercial and residential development at lower densities than the subject. The sale occurred in mid-2014 under inferior market conditions. The comparable is superior in size to the subject, but is similar in frontage and location. The comparable is inferior in zoning. Overall, the comparable is inferior to the subject.

Summary of Adjustments

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subject
Transaction Type	Escrow	Sale	Sale	Sale	Sale	---
Transaction Date	Jan-17	Nov-16	Feb-16	Dec-15	Jun-14	---
Proposed Use	MU2 Mixed-Use	T-5 Urban Center	T-5 Urban Center	M1 Industrial	MU1 Mixed-Use	T-5 Urban Center
Actual Sale Price	\$269,550	\$310,000	\$4,165,000	\$1,425,000	\$345,000	---
Adjusted Sale Price ¹	\$269,500	\$310,000	\$4,165,000	\$1,425,000	\$345,000	---
Size (Acres)	0.19	0.19	2.04	1.90	0.34	1.30
Size (SF)	8,102	8,102	88,862	82,764	14,820	56,628
Price Per SF	\$33.26	\$38.26	\$46.87	\$17.22	\$23.28	---
Price (\$ PSF)	\$33.26	\$38.26	\$46.87	\$17.22	\$23.28	---
Property Rights Conveyed	0%	0%	0%	0%	0%	---
Financing Terms ¹	0%	0%	0%	0%	0%	---
Conditions of Sale	0%	0%	-35%	0%	0%	---
Market Conditions (Time)	0%	0%	0%	5%	10%	---
Subtotal	\$33.26	\$38.26	\$30.47	\$18.08	\$25.61	---
Size	-20%	-20%	0%	0%	-10%	---
Shape/Utility	0%	0%	7%	0%	0%	---
Corner	0%	0%	0%	0%	0%	---
Frontage	0%	-5%	0%	-10%	0%	---
Topography	0%	0%	0%	0%	0%	---
Location	-10%	-10%	-10%	0%	0%	---
Zoning/Density	5%	0%	0%	30%	5%	---
Utilities	0%	0%	0%	10%	0%	---
Highest & Best Use	0%	0%	0%	0%	0%	---
Total Other Adjustments	-25%	-35%	-3%	30%	-5%	---
Value Indication for Subject	\$24.95	\$24.87	\$29.55	\$23.50	\$24.33	---
Absolute Adjustment	35%	35%	52%	55%	25%	---

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

Conclusion

The sale comparables indicate an adjusted range of \$23.50 to \$29.55 per square foot of land area. Given the amount of gross adjustments required, equal weight was given to all of the

comparables. Overall, a price per square foot conclusion near the middle of the indicated range is concluded for the subject.

CONCLUDED LAND VALUE				
\$ PSF		Subject SF		Total
\$23.00	x	56,628	=	\$1,302,444
\$24.00	x	56,628	=	\$1,359,072
Indicated Value:				\$1,330,000
Compiled by CBRE				

The most likely buyer of the subject would be a developer that would utilize the improvements for interim income while obtaining entitlements. Any interim income is considered to be offset by demolition costs, and no adjustments have been applied in our analysis.

Reconciliation of Value

In valuing the subject, the Sales Comparison Approach is considered most reliable and has been given sole weight.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 19, 2017	\$1,330,000
Compiled by CBRE			

Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error.

Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated,

data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

ADDENDA

ADDENDUM A

Land Sale Data Sheets

Property Name N/A
 Address 417 Petaluma Blvd., North
 Petaluma, CA 94952

County Sonoma
 Govt./Tax ID 006-162-008
 Land Area Net 0.186 ac/ 8,102 sf
 Land Area Gross N/A/ N/A
 Site Development Status Finished
 Utilities to site
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Rectangular
 Topography Generally Level
 Flood Zone Class N/A
 Flood Panel No./ Date N/A
 Zoning MU2 Mixed Use
 Entitlement Status N/A



Transaction Details

Type	Escrow	Primary Verification	Broker
Interest Transferred	N/A	Transaction Date	01/01/2017
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$269,550
Buyer Type	N/A	Financing	N/A
Recorded Seller	Randy Peterson	Cash Equivalent	\$269,550
Marketing Time	6 Month(s)	Capital Adjustment	\$0
Listing Broker	Damian Friary	Adjusted Price	\$269,550
Doc #	N/A	Adjusted Price / ac and / sf	\$1,449,194 / \$33.27
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

Commercial site currently in escrow in Petaluma. Broker noted the property was on the market for six months, with an original listing price of \$299,500. Broker would not disclose pending sale price but indicated it was within 10% of list price; the sales price noted reflects 90% of list price. Site is zoned for mixed use, and buyer is a user seeking approvals for a retail project.

Property Name 315 Lakeville Street
 Address 315 Lakeville Street
 Petaluma, CA 94952

County Sonoma
 Govt./Tax ID 007-154-013
 Land Area Net 0.186 ac/ 8,102 sf
 Land Area Gross 0.182 ac/ 7,906 sf
 Site Development Status N/A
 Utilities All available
 Maximum FAR 0.00
 Min Land Bldg Ratio N/A
 Shape Rectangular
 Topography Level, At Street Grade
 Flood Zone Class N/A
 Flood Panel No./ Date N/A
 Zoning T-5 Urban Core
 Entitlement Status N/A



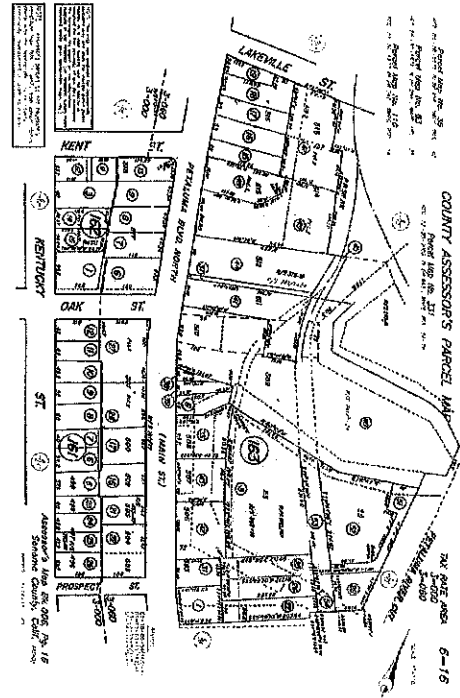
Transaction Details

Type	Sale	Primary Verification	Broker
Interest Transferred	N/A	Transaction Date	11/01/2016
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	Not Recorded Yet	Sale Price	\$310,000
Buyer Type	N/A	Financing	All Cash
Recorded Seller	Timothy Tatum	Cash Equivalent	\$310,000
Marketing Time	12 Month(s)	Capital Adjustment	\$0
Listing Broker	Rick Burg	Adjusted Price	\$310,000
Doc #	N/A	Adjusted Price / ac and / sf	\$1,666,667 / \$38.26
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

Sale of a mixed use commercial site with a maximum density of approximately 30 units per acre. Buyer plans on developing a residential/retail project. Most recent list price was \$349,000. According to the broker the sale has closed, although it has not yet been recorded with the County.

Property Name	T-5 Zoned Acreage
Address	300 Water Street Petaluma, CA 94952
County	Sonoma
Govt./Tax ID	006-163-005, -025, -052, -053
Land Area Net	2.040 ac/ 88,862 sf
Land Area Gross	2.426 ac/ 105,687 sf
Site Development Status	Other(See Comments)
Utilities	All to site
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Moderate Slope
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	060379 - 06097C0982G/ Oct 2015
Zoning	T-5
Entitlement Status	None



Transaction Details

Type	Under Contract/Offer	Primary Verification	PSA, Buyer
Interest Transferred	Fee Simple	Transaction Date	02/22/2016
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	Bellwether Properties	Sale Price	\$4,165,000
Buyer Type	Developer	Financing	Market Rate Financing
Recorded Seller	Schram Family	Cash Equivalent	\$4,165,000
Marketing Time	0 Month(s)	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$4,165,000
Doc #	N/A	Adjusted Price / ac and / sf	\$2,041,667 / \$46.87
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	\$23,937

Comments

This is a four-parcel site in Downtown Petaluma. It was not entitled when it went under contract. The buyer planned to build 174 apartment units on the site, and to break ground on the project sometime between 2018 and 2020. There is a multi-tenant industrial building on the site which is at the end of its economic life. The buyer planned to demolish the building to make way for the new project. Demolition costs were offset by interim income, and no adjustment is made for this factor.

Water Street terminates to the south of this site. Per the local fire code, a new development must have two points of access from roadways. This property has just one. Consequently, a second access point needs to be available prior to development. Additionally, there is a city ordinance in place that stipulates that Water Street must be extended through this site prior to development. The area to be covered by the extension of this roadway has been deducted from the site area. It is not clear who will pay for the extension of the street (the city, the city and the buyer, the buyer and adjacent property owners, etc.), so no adjustment has been made for this factor.

There is an inactive rail line on the site, and the extension of Water Street will be on and around the rail line area.

Property Name	N/A
Address	2645 Petaluma Boulevard S. Petaluma, CA 94952
County	Sonoma
Govt./Tax ID	019-220-006
Land Area Net	1.900 ac/ 82,764 sf
Land Area Gross	1.900 ac/ 82,764 sf
Site Development Status	Semi-Finished
Utilities	Connected
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Triangular
Topography	Level, At Street Grade
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	M1 - Industrial
Entitlement Status	N/A



Transaction Details

Type	Sale	Primary Verification	CoStar, JLL broker
Interest Transferred	Fee Simple	Transaction Date	12/04/2015
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	2645 Petaluma South Storage, LLC	Sale Price	\$1,425,000
Buyer Type	Developer	Financing	All Cash
Recorded Seller	2/3 LLC	Cash Equivalent	\$1,425,000
Marketing Time	34 Month(s)	Capital Adjustment	\$0
Listing Broker	JLL, Tony Sarno	Adjusted Price	\$1,425,000
Doc #	103845	Adjusted Price / ac and / sf	\$750,000 / \$17.22
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A

Comments

This property is located along Petaluma Boulevard South adjacent to the SMART Rail tracks. The property has previously been utilized for yard storage and was purchased for a similar use, but eventual redevelopment. It is zoned industrial and is not located in a flood plain. There are several dilapidated one-story buildings on the site that were assigned no value by the buyer.

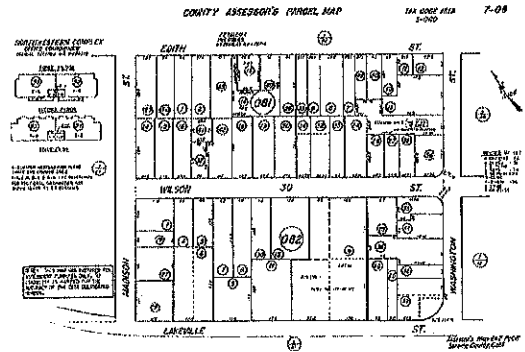
Sale

Land - Retail/Commercial

No. 5

Property Name Commercial Land
 Address 408 Madison Street
 Petaluma, CA 94952

County Sonoma
 Govt./Tax ID 007-082-028
 Land Area Net 0.340 ac/ 14,810 sf
 Land Area Gross 0.340 ac/ 14,810 sf
 Site Development Status Raw
 Utilities All available
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Rectangular
 Topography Generally Level
 Flood Zone Class N/A
 Flood Panel No./ Date N/A
 Zoning MU1 Mixed Use
 Entitlement Status N/A



Transaction Details

Type	Sale	Primary Verification	Buyer, public records
Interest Transferred	Fee Simple	Transaction Date	06/20/2014
Condition of Sale	None	Recording Date	06/20/2014
Recorded Buyer	Yvonne Stemwedel	Sale Price	\$345,000
Buyer Type	End User	Financing	Cash to Seller
Recorded Seller	Lawrence Torliatt Trust	Cash Equivalent	\$345,000
Marketing Time	54 Month(s)	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$345,000
Doc #	042059	Adjusted Price / ac and / sf	\$1,014,706 / \$23.30
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A

Comments

This property was marketed for an extended period of time. Property was improved with a parking lot. Buyer intends to construct a veterinary clinic on the site.

ADDENDUM B

Subject Property Data

Property Detail Report for:



951 PETALUMA BLVD S, PETALUMA, CA, 94952-5136

Owner Information:

Owner Name: **CITY OF PETALUMA**
 Mailing Address: **11 ENGLISH ST, PETALUMA, CA, 94952-2610**
 Vesting Code: **GOVERNMENT** Phone Number:

Location Information:

Legal Description: **92 FM 8-530-02 CW 03 VM 922494**
 County: **SONOMA** FIPS Code: **06097** Census Trct/Blk: **150701 / 2**
 APN: **008-530-007** Alternative APN: Map Ref:
 Twncshp-Rnge-Sect: - - Legal Book/Page: Tract No:
 Legal Lot: Legal Block:
 Subdivison:

Last Market Sale Information:

Sale Date: **6/10/2011** Sale Price: 1st Mtg Amount: \$
 Sale Doc No: **2011049789** Price Per SqFt: 1st Mtg Int Type:
 Transfer Doc No: **2011049789** Price Per Acre: 2nd Mtg Amount: \$
 1st Mtg Doc No: 2nd Mtg Int Type:
 Sale Type: **TRANSFER TAX ON DOCUMENT INDICATED AS EXEMPT**
 Deed Type: **GRANT DEED/DEED OF TRUST**
 Title Company: **NONE AVAILABLE**
 Lender:
 Seller Name: **THE PETALUMA COMMUNITY DEVELOPMENT COMMI,**

Property Characteristics:

Building Area: **10,356** Total Rooms: Construction: **WOOD**
 Living Area: **10,356** Bedrooms: Heat Type: **CENTRAL**
 Garage Area: Baths: **0** Air Cond: **YES**
 Basement Area: Fireplace:
 Parking Type: No of Stories: **1** Roof Type:
 Yr Built/Effective: **1978 / 1980** Quality: Roof Material:
 Pool Code: Style:

Tax and Value Information:

Assessed Value: **\$2,773,359** Assessed Year: **2016** Est Market Val:
 Land Value: **\$1,037,934** Property Tax: Assessor Appd Val:
 Improvement Value: **\$1,735,425** Improvement %: **62.57** Tax Exemption:

Site Information:

Assessor Acres: **1.3** Zoning: Land Use Code: **244**
 Assessor Lot SqFt: **56,628** No of Buildings: Land Use Desc: **OFFICE BUILDING**
 Lot W/D: **/** Res/Comm Units: **1** County Use Code: **0170**
 Calculated Acres: **1.2958** Sewer Type:
 Calculated Lot SqFt: **56,445** Water Type:

ADDENDUM C

Précis METRO Report - Economy.com, Inc.

ECONOMIC DRIVERS



EMPLOYMENT GROWTH RANK

2015-2017
213
3rd quintile

2015-2020
218
3rd quintile

Best=1, Worst=408

RELATIVE COSTS

LIVING
124%

BUSINESS
101%

U.S.=100%

VITALITY

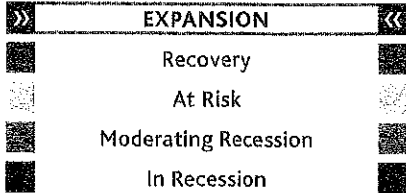
RELATIVE
98%

RANK
174

U.S.=100%

Best=1, Worst=401

BUSINESS CYCLE STATUS



ANALYSIS

Recent Performance. Santa Rosa is marching to a faster beat as its bedrock winemaking and leisure/hospitality industries pick up the tempo. Sturdy sales of SAA-produced wines and rising tourist visits are hoisting job and income gains comfortably above the U.S. average and are within striking distance of other North Bay counties. Robust job gains across industries and wage tiers have nudged the economy closer to full employment, and greater competition for workers is boosting wages. Average hourly earnings are rising at nearly twice the U.S. rate, narrowing the gap with the state average.

Though rapid house price gains are straining housing affordability, more households are taking the leap to homeownership thanks to better wage growth and reduced debt burdens. With home sales firming, single-family construction is starting to show green shoots.

Vintners. A more bountiful harvest will bring relief to SAA winemakers after record high temperatures hurt grape yields in 2015. The lighter crop pushed up grape costs for SAA vintners, opening the door for wine aficionados and casual drinkers alike to explore more affordable wines from the Pacific Northwest as well as lower-cost imports made accessible by the strong dollar. However, higher yields this year will hold down grape costs and ease supply concerns, enabling SAA vintners to capitalize on rising demand for more sophisticated wines. Rising foot traffic at local wineries will be a major advantage and will help boost direct-to-consumer purchases, which are more lucrative than sales to wholesale distributors. Tourist visits to SAA reached a new high watermark in the first half of 2016.

Foodies. SAA's large constellation of organic and specialty food makers will sustain above-average gains in manufacturing employment. Partnerships between wineries, restaurants, and local food and beverage makers have raised the

profile of local artisanal food products, helping SAA-based firms gain shelf space in food stores nationwide. Thanks to abundant industrial space and relatively low business costs for the region, small- and medium-sized producers are scaling up in SAA itself, helping to hoist total factory employment to its highest point since 2006. For example, Miyoko's Creamery, a producer of vegan dairy products, will shift operations to a new plant in Petaluma as it expands its product line to Whole Foods stores. As consumers grow increasingly health-conscious and as higher disposable incomes allow for more discretionary food purchases, more firms will follow suit. However, the new positions will do little to move the needle on personal income since jobs in food manufacturing are generally lower-paying than positions in medical device and electronics manufacturing.

Pharma. Spillover from Marin County's burgeoning biotech corridor will be an upside risk for tech-related professional services in SAA. Marin-based biopharmaceutical firms are rapidly expanding as an aging population drives demand for gene-based treatments. With office space in Marin increasingly scarce, SAA's educated workforce and cluster of medical device firms could prove attractive. However, growth in life sciences research positions will be modest at best given the increasing cost effectiveness of conducting research in emerging markets.

Santa Rosa's economy will expand at a faster pace in 2016 as disposable incomes rise locally and nationally, boosting sales of higher-end wines and specialty food products. Local tech firms will also provide support. Longer term, SAA's prestige in winemaking and status as a premier destination for wine-related tourism will enable the county to keep pace with the U.S. in job and income growth.

Jesse Rogers
August 2016

1-866-275-3266
help@economy.com

STRENGTHS & WEAKNESSES

STRENGTHS

- » World-class wineries serve as a lucrative draw for high-income tourism.
- » Living and business costs are low relative to San Francisco and Silicon Valley.

WEAKNESSES

- » Limited land availability for new wineries and commercial construction hinders growth.
- » Tech companies prefer Silicon Valley or lower-cost alternatives.

FORECAST RISKS

SHORT TERM ↑ LONG TERM ↑

RISK EXPOSURE 2016-2021 **80** 1st quintile Highest=1 Lowest=401

UPSIDE

- » Improving demand from East Asian economies boosts medical device and wine industries.
- » Tech-producing industries rediscover the area's quality of life and skilled labor force.

DOWNSIDE

- » Persistent drought curtails size of grape harvest and damages grape quality.
- » A stronger dollar boosts bulk importing and forces discounting of lower-price wines.

MOODY'S RATING

Aa2

CITY
AS OF JAN 30, 2013

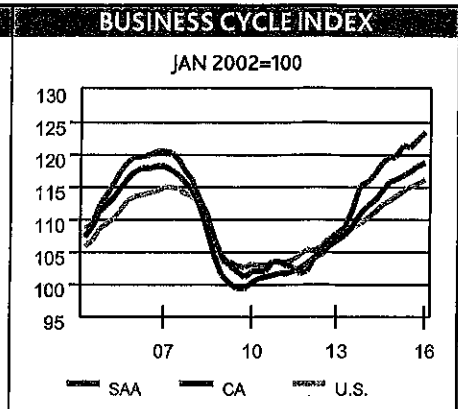
2010	2011	2012	2013	2014	2015	INDICATORS	2016	2017	2018	2019	2020	2021
21.5	22.1	22.1	22.6	23.7	25.1	Gross metro product (C09\$ bil)	26.1	27.0	27.8	28.3	28.8	29.4
1.1	2.5	0.1	2.3	5.0	5.7	% change	4.1	3.4	2.9	2.1	1.7	2.0
167.5	169.5	172.6	181.0	191.2	197.1	Total employment (ths)	201.2	203.7	206.2	208.6	209.8	210.4
-2.0	1.2	1.8	4.9	5.6	3.1	% change	2.1	1.3	1.2	1.2	0.6	0.3
10.7	10.1	8.8	6.9	5.5	4.5	Unemployment rate (%)	3.8	3.5	3.5	3.5	3.8	4.1
1.6	6.3	5.6	4.8	5.7	7.3	Personal income growth (%)	6.0	5.5	6.1	5.1	4.1	4.1
61.4	60.4	60.9	63.8	67.8	70.7	Median household income (\$ ths)	72.6	75.1	78.3	80.9	83.1	85.4
484.8	487.8	490.7	495.0	499.7	502.1	Population (ths)	504.5	507.5	510.4	513.4	516.4	519.4
1.1	0.6	0.6	0.9	0.9	0.5	% change	0.5	0.6	0.6	0.6	0.6	0.6
3.6	1.6	1.8	3.0	3.6	1.1	Net migration (ths)	1.3	1.9	1.9	1.8	1.8	1.9
287	449	312	453	419	431	Single-family permits (#)	612	1,021	1,195	1,173	1,142	1,138
190	183	248	593	244	190	Multifamily permits (#)	280	305	345	323	303	297
194.1	180.1	179.9	208.4	239.4	261.7	FHFA house price (1995Q1=100)	281.2	297.3	309.6	317.7	328.2	341.9

ECONOMIC HEALTH CHECK

3-MO MA

	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16
Employment, change, ths	0.5	0.4	0.5	0.2	0.1	0.4
Unemployment rate, %	4.3	4.1	3.9	3.8	3.8	3.9
Labor force participation rate, %	64.0	64.1	64.0	63.6	63.4	63.6
Employment-to-population ratio, %	61.2	61.5	61.5	61.2	61.0	61.1
Average weekly hours, #	33.7	33.7	33.7	33.3	33.3	33.2
Industrial production, 2007=100	104.5	104.1	103.9	104.0	104.2	104.3
Residential permits, single-family, #	168	151	168	107	100	104
Residential permits, multifamily, #	40	61	152	102	169	154

Sources: BLS, Census Bureau, Moody's Analytics



CURRENT EMPLOYMENT TRENDS

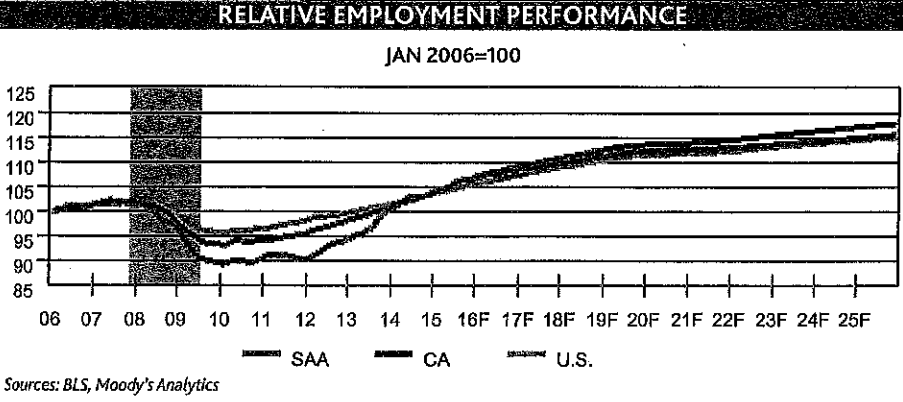
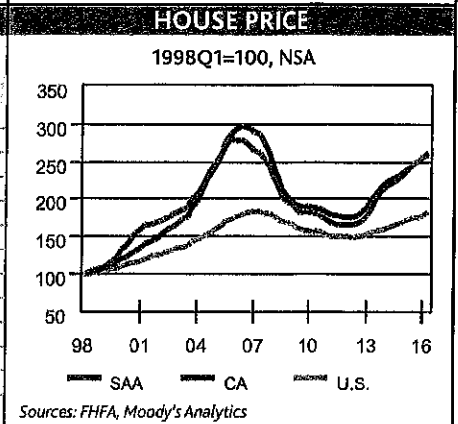
% CHANGE YR AGO

Sources: BLS, Moody's Analytics

% CHANGE YR AGO, 3-MO MA

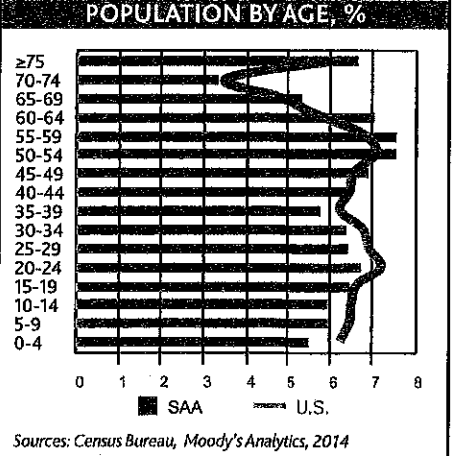
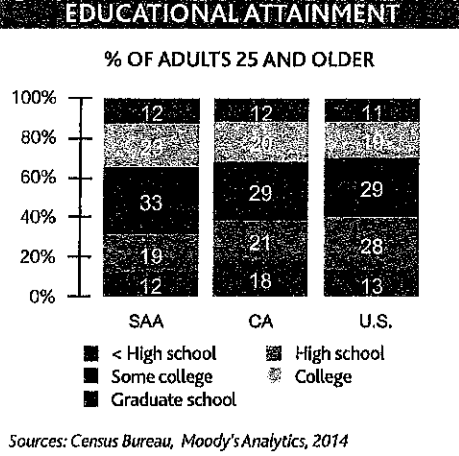
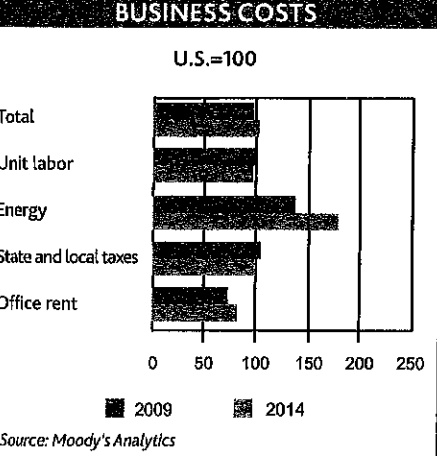
	Nov 15	Mar 16	Jul 16
Total	3.0	2.8	2.7
Construction	8.5	-0.3	0.3
Manufacturing	3.8	0.9	2.3
Trade	0.1	1.2	1.2
Trans/Utilities	-0.5	-1.5	0.0
Information	0.3	-0.6	0.0
Financial Activities	3.7	2.3	1.2
Prof & Business Svcs.	5.2	7.6	8.4
Edu & Health Svcs.	1.9	3.6	2.9
Leisure & Hospitality	5.0	6.8	3.5
Other Services	3.7	3.8	1.6
Government	2.2	0.9	2.1

Sources: BLS, Moody's Analytics



VACANCY RATES

NOT AVAILABLE



EMPLOYMENT & INDUSTRY		MIGRATION FLOWS																																																																																						
<p style="text-align: center;">TOP EMPLOYERS</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Kaiser Permanente</td><td style="text-align: right;">2,640</td></tr> <tr><td>Graton Resort & Casino</td><td style="text-align: right;">2,000</td></tr> <tr><td>St. Joseph Health System</td><td style="text-align: right;">1,578</td></tr> <tr><td>Keysight Technologies</td><td style="text-align: right;">1,300</td></tr> <tr><td>Safeway Inc.</td><td style="text-align: right;">1,200</td></tr> <tr><td>Sutter Santa Rosa Regional Hospital</td><td style="text-align: right;">936</td></tr> <tr><td>Amy's Kitchen</td><td style="text-align: right;">870</td></tr> <tr><td>Medtronic CardioVascular</td><td style="text-align: right;">840</td></tr> <tr><td>Jackson Family Wine</td><td style="text-align: right;">800</td></tr> <tr><td>Cyan</td><td style="text-align: right;">700</td></tr> <tr><td>Wal-Mart Stores Inc.</td><td style="text-align: right;">650</td></tr> <tr><td>Hansel Auto Group</td><td style="text-align: right;">605</td></tr> <tr><td>AT&T</td><td style="text-align: right;">600</td></tr> <tr><td>Lucky</td><td style="text-align: right;">550</td></tr> <tr><td>River Rock Casino</td><td style="text-align: right;">500</td></tr> <tr><td>Pacific Gas and Electric Co.</td><td style="text-align: right;">500</td></tr> <tr><td>Petaluma Acquisitions</td><td style="text-align: right;">455</td></tr> <tr><td>Chilotti Construction Co.</td><td style="text-align: right;">425</td></tr> <tr><td>Exchange Bank</td><td style="text-align: right;">400</td></tr> <tr><td>The Home Depot U.S.A. Inc.</td><td style="text-align: right;">390</td></tr> </table> <p style="font-size: small;">Source: North Bay Business Journal: Book of Lists, 2016</p>	Kaiser Permanente	2,640	Graton Resort & Casino	2,000	St. Joseph Health System	1,578	Keysight Technologies	1,300	Safeway Inc.	1,200	Sutter Santa Rosa Regional Hospital	936	Amy's Kitchen	870	Medtronic CardioVascular	840	Jackson Family Wine	800	Cyan	700	Wal-Mart Stores Inc.	650	Hansel Auto Group	605	AT&T	600	Lucky	550	River Rock Casino	500	Pacific Gas and Electric Co.	500	Petaluma Acquisitions	455	Chilotti Construction Co.	425	Exchange Bank	400	The Home Depot U.S.A. Inc.	390	<p style="text-align: center;">INDUSTRIAL DIVERSITY</p> <p style="text-align: center;">Most Diverse (U.S.)</p> <p style="text-align: center;">Least Diverse</p> <p style="text-align: center;">EMPLOYMENT VOLATILITY</p> <p style="text-align: center;">Due to U.S. fluctuations Relative to U.S.</p> <p style="font-size: small;">■ Not due to U.S. ■ Due to U.S. ■ SAA ■ U.S.</p>	<p style="text-align: center;">INTO SANTA ROSA CA</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2" style="text-align: right;">Number of Migrants</th></tr> <tr><td>San Rafael CA</td><td style="text-align: right;">1,886</td></tr> <tr><td>San Francisco CA</td><td style="text-align: right;">1,435</td></tr> <tr><td>Oakland CA</td><td style="text-align: right;">1,303</td></tr> <tr><td>Sacramento CA</td><td style="text-align: right;">796</td></tr> <tr><td>Los Angeles CA</td><td style="text-align: right;">599</td></tr> <tr><td>San Jose CA</td><td style="text-align: right;">544</td></tr> <tr><td>Napa CA</td><td style="text-align: right;">487</td></tr> <tr><td>Vallejo CA</td><td style="text-align: right;">440</td></tr> <tr><td>San Diego CA</td><td style="text-align: right;">362</td></tr> <tr><td>Riverside CA</td><td style="text-align: right;">294</td></tr> <tr><td>Total in-migration</td><td style="text-align: right;">15,868</td></tr> </table> <p style="text-align: center;">FROM SANTA ROSA CA</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>San Rafael CA</td><td style="text-align: right;">1,167</td></tr> <tr><td>Oakland CA</td><td style="text-align: right;">1,009</td></tr> <tr><td>Sacramento CA</td><td style="text-align: right;">899</td></tr> <tr><td>San Francisco CA</td><td style="text-align: right;">762</td></tr> <tr><td>Vallejo CA</td><td style="text-align: right;">533</td></tr> <tr><td>Napa CA</td><td style="text-align: right;">509</td></tr> <tr><td>Los Angeles CA</td><td style="text-align: right;">382</td></tr> <tr><td>San Diego CA</td><td style="text-align: right;">326</td></tr> <tr><td>San Jose CA</td><td style="text-align: right;">312</td></tr> <tr><td>Portland OR</td><td style="text-align: right;">226</td></tr> <tr><td>Total out-migration</td><td style="text-align: right;">13,809</td></tr> </table> <p style="text-align: right;">Net migration 2,059</p>	Number of Migrants		San Rafael CA	1,886	San Francisco CA	1,435	Oakland CA	1,303	Sacramento CA	796	Los Angeles CA	599	San Jose CA	544	Napa CA	487	Vallejo CA	440	San Diego CA	362	Riverside CA	294	Total in-migration	15,868	San Rafael CA	1,167	Oakland CA	1,009	Sacramento CA	899	San Francisco CA	762	Vallejo CA	533	Napa CA	509	Los Angeles CA	382	San Diego CA	326	San Jose CA	312	Portland OR	226	Total out-migration	13,809
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COMPARATIVE EMPLOYMENT AND INCOME

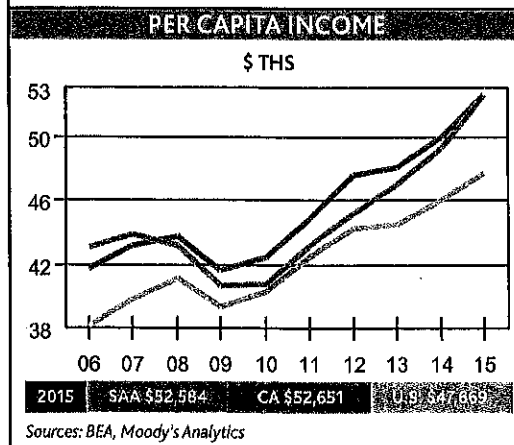
Sector	% of Total Employment			Average Annual Earnings		
	SAA	CA	U.S.	SAA	CA	U.S.
Mining	0.1%	0.2%	0.5%	\$34,149	\$99,523	\$108,705
Construction	5.8%	4.5%	4.5%	\$63,542	\$65,423	\$61,655
Manufacturing	11.0%	8.1%	8.7%	\$76,180	\$95,632	\$78,447
Durable	38.9%	62.7%	63.0%	nd	\$107,474	\$80,476
Nondurable	67.1%	37.3%	37.0%	nd	\$76,741	\$75,052
Transportation/Utilities	2.2%	3.4%	3.8%	nd	\$66,322	\$65,427
Wholesale Trade	3.8%	4.5%	4.1%	\$76,131	\$82,930	\$83,751
Retail Trade	12.5%	10.4%	11.0%	\$36,422	\$38,550	\$33,494
Information	1.4%	3.0%	1.9%	\$81,271	\$154,835	\$108,937
Financial Activities	4.1%	5.0%	5.7%	\$35,341	\$53,230	\$54,020
Prof. and Bus. Services	10.5%	15.6%	13.9%	\$45,699	\$72,230	\$65,204
Educ. and Health Services	16.4%	15.3%	15.5%	\$52,388	\$52,620	\$52,501
Leisure and Hosp. Services	12.5%	11.4%	10.7%	\$24,469	\$30,743	\$26,128
Other Services	3.6%	3.4%	4.0%	\$37,930	\$36,043	\$35,611
Government	16.1%	15.3%	15.5%	\$77,629	\$93,318	\$73,862

Sources: Percent of total employment — BLS, Moody's Analytics, 2015, Average annual earnings — BEA, Moody's Analytics, 2014

NET MIGRATION, #

	2012	2013	2014	2015
Domestic	1,350	2,383	2,879	404
Foreign	477	571	690	717
Total	1,827	2,954	3,569	1,121

Sources: IRS (top), 2014, Census Bureau, Moody's Analytics



HIGH-TECH EMPLOYMENT

	Ths	% of total
SAA	8.6	4.4
U.S.	6,767.6	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
SAA	22.5	11.4
U.S.	13,151.2	9.3

Source: Moody's Analytics, 2015

LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (ths)
6221 General medical and surgical hospitals	0.6	4.0
6214 Outpatient care centers	3.5	3.5
6211 Offices of physicians	0.8	2.9
5511 Management of companies & enterprises	0.7	2.1
GVL Local Government	1.2	24.4
3121 Beverage manufacturing	26.1	7.4
GVS State Government	0.7	5.1
2382 Building equipment contractors	0.9	2.5
7225 Restaurants and other eating places	1.1	15.5
6241 Individual and family services	2.6	7.5
4451 Grocery stores	1.7	6.4
FR Farms	1.7	6.4

Source: Moody's Analytics, 2015

About Moody's Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. With its team of economists, the company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research, and financial risk management. By offering leading-edge software and advisory services, as well as the proprietary credit research produced by Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

Concise and timely economic research by Moody's Analytics supports firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our economic research publications provide in-depth analysis of the global economy, including the U.S. and all of its state and metropolitan areas, all European countries and their subnational areas, Asia, and the Americas. We track and forecast economic growth and cover specialized topics such as labor markets, housing, consumer spending and credit, output and income, mortgage activity, demographics, central bank behavior, and prices. We also provide real-time monitoring of macroeconomic indicators and analysis on timely topics such as monetary policy and sovereign risk. Our clients include multinational corporations, governments at all levels, central banks, financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

Moody's Analytics added the economic forecasting firm Economy.com to its portfolio in 2005. This unit is based in West Chester PA, a suburb of Philadelphia, with offices in London, Prague and Sydney. More information is available at www.economy.com.

Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO). Further information is available at www.moodyanalytics.com.

About Moody's Corporation

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. **Moody's Corporation** (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and **Moody's Analytics**, which encompasses the growing array of Moody's nonratings businesses, including risk management software for financial institutions, quantitative credit analysis tools, economic research and data services, data and analytical tools for the structured finance market, and training and other professional services. The corporation, which reported revenue of \$3.5 billion in 2015, employs approximately 10,400 people worldwide and maintains a presence in 36 countries.

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ADDENDUM D

Client Contract Information

**AMENDMENT NO. 1
TO PROFESSIONAL SERVICES AGREEMENT FOR
Appraisal Services**

THE AGREEMENT entered into and effective as of February 18, 2016, by and between the City of Petaluma, a municipal corporation and a charter city (hereinafter referred to as "City") and CBRE, Inc (hereinafter referred to as "Consultant") is hereby amended as follows:

1. The following sentence is added to the end of Section 1, "Services":

In addition to the services described in Exhibit A, Consultant shall provide the additional services described in Exhibit A-1 attached hereto.

2. The "Not-to-Exceed Amount" specified in Section 2.A is amended as follows:

Original Agreement Amount	\$ <u>4,000</u>
Amendment No. 1	\$ <u>7,500</u>
Total Not-to-Exceed Amount	\$ <u>11,500</u>

3. Term. The term of this Agreement is extended to 6/30/2017, unless sooner terminated in accordance with Section 4. Upon termination, any and all of the City's documents or materials provided to Consultant and any and all of the documents or materials prepared for City or relating to the performance of the Services, shall be delivered to the City as soon as possible, but not later than fourteen (14) days after termination of the Agreement.

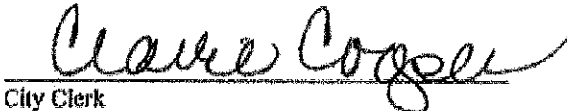
IN WITNESS WHEREOF, the parties hereto have executed this document the 11th day of January, 2017.

CITY OF PETALUMA



City Manager

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

CONSULTANT

By 

Signature

Robert D. Hensley, Managing Director
Name and Title AS AGENT FOR CBRE

2175 N. California Blvd. Suite 300
Address

Walnut Creek CA 94596
City State Zip

95-2743174
Taxpayer I.D. Number

L-0952164
Petaluma Business Tax Certificate Number

APPROVED:

Sue Castellucci
Department Director - Housing

APPROVED:

Cecilia [Signature]
Risk Manager

APPROVED:

[Signature]
Finance Director

file name:

Exhibit A-1
Amended Scope of Work

Scope of work to remain the same as in the Professional Services Agreement dated February 18, 2016 with the following exception:

1. Prepare a Standard Appraisal Report demonstrating the Fair Market Value of the following two properties:
 - APN # 008-125-005 – 307 Petaluma Blvd. So., vacant parcel approximately 20,000 s.f.
 - APN# 008-530-007 – 951 Petaluma Blvd., So., 1.3 acres with a 10,000 building built in 1978

The appraisal will comply with the Uniform Standards of Professional Appraisal Practice (USPAP) Code of Professional Appraisal Practice of the Appraisal Institute.

ADDENDUM E
Qualifications

QUALIFICATIONS OF

ROBERT HENSLEY, MAI Managing Director

CBRE, Inc., Valuation & Advisory Services
2175 N. California Boulevard, Suite 300
Walnut Creek, California 94596
T: (925) 296-7740
F: (925)-296-7770
Robert.Hensley@cbre.com

EDUCATIONAL

Bachelor of Arts in Political Science – University of California, Los Angeles

Successfully completed all the necessary courses to qualify for the MAI designation, and to meet continuing education requirements.

LICENSE(S)/CERTIFICATION(S)

California BRE Certified General Real Estate Appraiser No. AG016190 Expires 09/10/2018

PROFESSIONAL

Appraisal Institute

Designated Member (MAI), Certificate No. 11932

EMPLOYMENT EXPERIENCE

Professional experience in the fee preparation/review of real estate appraisals, feasibility studies, rent analyses and market studies of commercial properties. Primary experience encompasses a wide variety of property types including office, retail, industrial, multifamily, hotel, medical office, skilled nursing facility, residential care, restaurant, parking garage, day care facilities, service station and special purpose.

Other assignments include condemnation, property tax, arbitrations, litigation support and minority interest valuation. Testified as an expert witness on many occasions regarding valuation related issues.

2004 - Present	Managing Director; CBRE, Inc.	San Francisco/Walnut Creek, CA
1999 - 2003	Vice President; Hulberg & Associates, Inc.	San Ramon, CA
1998 - 1999	Manager, Property Tax Consultant; Deloitte & Touché	Oakland, CA
1995 - 1998	Assistant Vice President; Real Estate Tax Services	San Francisco, CA
1993 - 1994	Appraiser; McFadden Appraisal Group	Sacramento, CA



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Robert D. Hensley

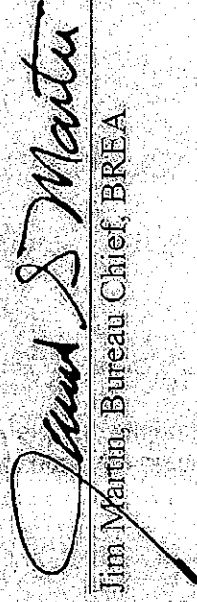
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 016190

Effective Date: September 11, 2016
Date Expires: September 10, 2018


Jim Martin, Bureau Chief, BREA

3027360

**QUALIFICATIONS OF
MICHAEL J. O'BRIEN
APPRAISER**

CBRE Inc.
2175 N. California Boulevard, Suite 300
Walnut Creek, CA 94596
T: 925.296.7746
F: 925.296.7770
mike.j.obrien@cbre.com

EDUCATION

San Francisco State University, B.S. Finance, Cum Laude
Franklin Institute of Technology, Boston MA

LICENSES/CERTIFICATIONS

California BRE Certified Real Estate Appraiser No. AG043783
License Expiration Date: March 6, 2018

PROFESSIONAL PROFILE

- Commercial appraisal experience in a variety of property types, including office, retail, industrial, multi-family, medical, automotive and special purpose
- Complete understanding of formal and informal data sources and of information flow within the commercial real estate industry, including corporate real estate, site selection, and investment/leasing activity
- Extensive experience in market research including program design, supervision of field research teams, establishment of best practice standards and the publishing of regional research reports
- Managed research operations across multiple locations, standardized data collection and reporting processes, made presentations to clients, sales staff and senior management.

PROFESSIONAL EXPERIENCE

CBRE Inc., Walnut Creek, CA 2007- Present
Appraiser

Experienced in the preparation of narrative appraisal reports including discussion of value, highest and best use analysis, site and improvement description, and economic and demographic analysis

CB Richard Ellis, San Francisco, CA 2001- 2007
Director, Bay Area Research

Responsible for all aspects of data collection and reporting on over one billion square feet of commercial real estate product in the San Francisco Bay Area. Managed staff of fifteen researchers and the coordination, review and publication of press-quality quarterly reports for all Bay Area markets and product types.

CB Richard Ellis, San Francisco, CA 1999 - 2001
Senior Analyst, Research Manager

Marusich Contracting/Castro Construction 1987-1997
Project Manager



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Michael J. O'Brien

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

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BREA APPRAISER IDENTIFICATION NUMBER: AAG 043783

Effective Date: March 7, 2016

Date Expires: March 6, 2018

Jim Martin, Bureau Chief, BREA

3025844

THIS DOCUMENT CONTAINS A TRUE WATERMARK. HOLD UP TO LIGHT TO SEE CHAINLINK



DATE: August 14, 2018

TO: **Planning Commission**

FROM: Brittany Bendix, Deputy Planning Manager
REVIEWED BY: Heather Hines, Planning Manager

SUBJECT: **951 Petaluma Blvd. South (PEP Housing)**
Site Plan and Architectural Review
951 Petaluma Blvd. South (APN 008-530-007)
File# PLSR-18-0006

RECOMMENDATION

It is recommended that the Planning Commission adopt:

1. A resolution (**Attachment A**) for the following actions:
 - a. Approval of Site Plan and Architectural Review for the construction of 53 one-bedroom rental housing units that will be affordable for seniors of low and very-low income levels, plus one two-bedroom on-site manager unit and ancillary community rooms. Twenty-five (25) of the residential units are identified for senior veterans.
 - b. Associated approval of Warrants for: (a) allowance of an edgeyard building placement type in a T5 zone (SmartCode §4.10(i)); (b) allowance of a side setback greater than 10 feet (SmartCode §4.10(f)); (c) a reduction to required principal building frontage from 75 percent to 62 percent of the lot frontage (SmartCode §4.10(h)); (d) reduction to the required depth of a front terrace from 8 feet to 6 feet (SmartCode §4.40.110(B)); and (e) reduction of the minimum ground floor ceiling height from 10 feet to 9.5 feet (SmartCode §4.10(m)).

BACKGROUND

Project Location

The project site is an approximately 1.31-acre city-owned parcel located at 951 Petaluma Blvd South, (APN 008-530-007) and within the T5 (Urban Center) Transect Zone. The site is irregularly shaped with approx. 158.5 feet of frontage on Petaluma Blvd South and 78 feet of frontage along the Petaluma River, with a lot depth that ranges from approx. 461 to 524 feet. Presently, the site is developed with a single-story 9,650 square-foot commercial building currently occupied by the

offices for Petaluma Ecumenical Properties and served by 25 on-site off-street parking spaces.

At the front of the property, the site is landscaped and a grouping of four mature redwood trees are prominently visible. The property frontage also includes a bus stop for the 72, 74, 101 and 101-X routes which provide local service to Downtown Petaluma and the SMART Station, as well as regional service between Santa Rosa and San Francisco. The nearest intersecting streets are Mountain View Avenue (200 feet to west) and McNear Avenue (775 feet to east). At the rear of the property is an existing dock in the Petaluma River, although there is no existing publicly accessible path that connects the dock to the site's frontage or the two neighboring properties.

The abutting property to the west of the project site (929 Petaluma Blvd South; APN 008-530-005) includes a single-story commercial building accommodating restaurant and automotive repair uses with recreational vehicle storage occurring at the rear of the site. This property also extends from Petaluma Blvd South to the Petaluma River. However, there are no frontage improvements along Petaluma Blvd South or the Petaluma River at this property,

The abutting property to the east of the project site is the McNear Landing residential community, a Planned Unit Development comprised of 185 residential dwellings that are primarily single-family home. The rear yards of homes in this community span the majority of the project site's eastern edge along the river. Although the rear most portion of the shared property line abuts the current western terminus of Warren Drive and an existing public multi-use path. The path extends along the full width of the residential community and connects to the publicly owned McNear Landing Park.

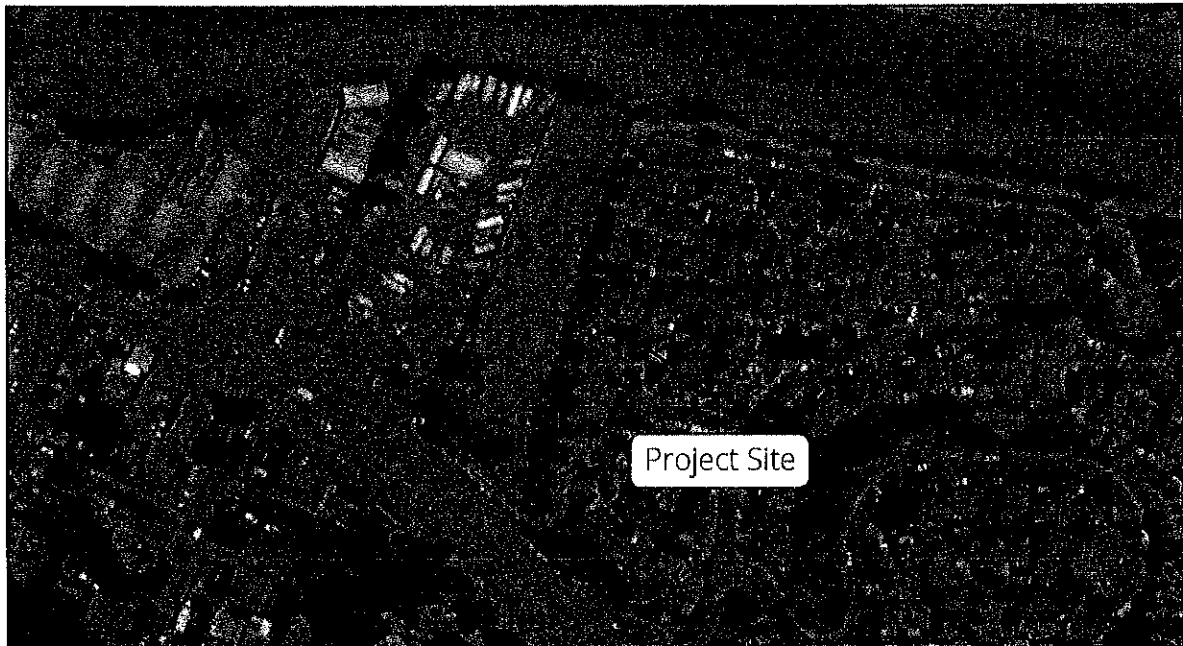


Figure 1: Project Location

Prior Meetings and Public Outreach

The project has been reviewed and discussed at the following public meetings:

- | | |
|----------------|--|
| June 6, 2018 | Pedestrian and Bicycle Advisory Committee (PBAC) reviewed and provided the following comments on the project: <ol style="list-style-type: none">1. Redesign the proposed public path along the rear of property to be 8 feet in width by shifting current vehicle and bike parking spaces to accommodate a greater rear setback for Building 3.2. Make a more bike-friendly path by requiring the path to be on a property to the North of the PEP Housing site (929/931 PBS) with a connection to Mountain View. |
| July 11, 2018 | The applicant presented the project to the Board of the McNear Landing Home Owners Association (1415 N McDowell Blvd.). |
| August 9, 2018 | The applicant is scheduled to present the project at a community meeting at the PEP Housing headquarters (951 Petaluma Blvd. South) |

PROJECT DESCRIPTION

Project Summary

The project proposes demolition of all existing buildings/site features and subsequent construction of fifty-three (53) affordable rental housing units for seniors of low and very-low income levels in a new two to three-story structure (plus one managers unit). A separate two-story structure is proposed along the Petaluma River to house community amenities and two of the residential uses. Twenty-five (25) of the residential units are identified for senior veterans.

The project includes frontage improvements at Petaluma Blvd South consisting of a bulb out at the site entrance and a 9-foot wide sidewalk with 4-foot square tree wells, as required by the SmartCode. Along the Petaluma River, the project proposes a Class I path approximately 6-feet in width along the river frontage from the south to the north of the property. An existing dock in the Petaluma River will remain and be publicly accessible from the new path. Remaining pathways within and adjacent to the proposed building are proposed for private use only and would include access controls to prevent public access through the property. See Sheet A1.1 in **Attachment C** for an annotated site plan.

Project Details

Land Use

As noted above the proposal includes an affordable housing residential use serving low and very-low income seniors, ages 55 and older, with 25 units set aside for senior veterans. Units will be restricted to households with 60 percent Average Medium Incomes (AMI) levels and lower, with half of the units targeted at 50 percent AMI or lower. Included in the project are ancillary residential amenities such as laundry and storage facilities, garden areas, a dog run, a common

room with communal kitchen facilities, a riverfront patio, and space dedicated to an on-site “wellness center” referred to as PEP Landing where healthcare professionals and community members can provide medical, dental or community services necessary for residents.

Building Placement and Siting

The project includes construction of three residential buildings on the property totaling 46,170 square feet of residential and ancillary uses and occupying 31 percent of the total lot area. Specifically, the building details are as follows:

- ‘Building 1’ is three stories and the footprint, at its greatest extents, is approximately 98 feet 7 inches wide and 84 feet deep. The structure is approximately 16,650 square-foot and contains 17 one-bedroom units (situated as flats), laundry facilities, storage space, and an exercise room. The residential units are accessed from a common lobby area and all units have private decks or patios. The units facing Petaluma Blvd. South have direct access onto a 6-foot deep terrace that spans the entire front façade and 61 percent of the total lot frontage. See Sheets A2.1-A2.4 of **Attachment C** for detailed floor and roof plans.
- ‘Building 2’ is three-stories at its front and two-stories at its rear. At its greatest extents, the building’s footprint is approximately 71 feet wide and 176 feet 4 inches deep. The structure is approximately 25,850 square-foot, and contains 35 one-bedroom units (situated as flats), laundry facilities, storage space and a utility room. Each unit in this building is accessed from a central hallway and has a private deck or patio. See Sheets A2.1-A2.4 of **Attachment C** for detailed floor and roof plans.
- ‘Building 3’ is two-stories and the footprint, at its greatest extents, is approximately 50 feet wide and 49 feet deep. The structure is approximately 3,670 square-foot, and contains a single one-bedroom unit, a two-bedroom manager’s unit, a community room with common kitchen, bathrooms, group and private workspaces, and the wellness center described above. The two dwelling units in this building are located on the second floor and each has access to a private deck. See Sheets A2.5 of **Attachment C** for detailed floor and roof plans.

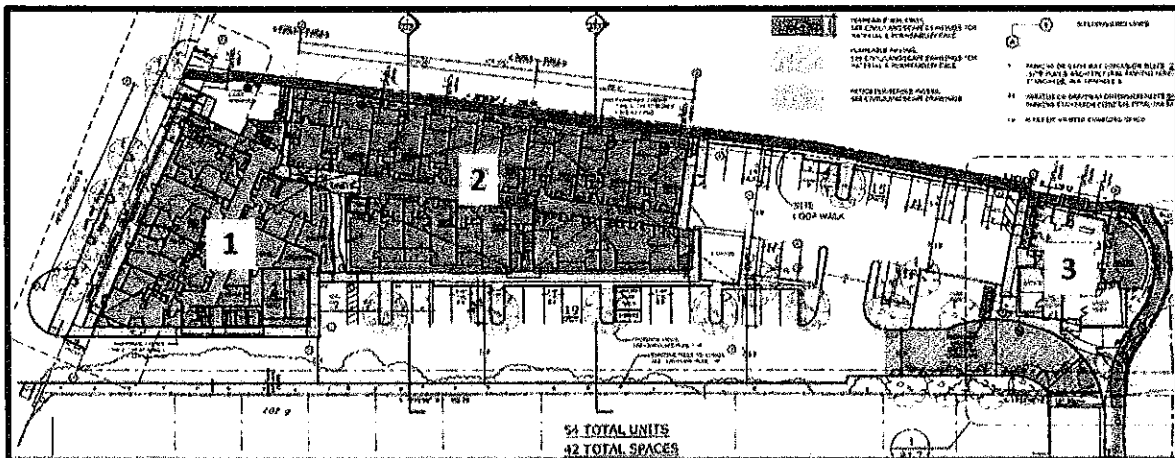


Figure 2: Site Plan with Building Locations

Collectively, the project's structures are placed on the lot so that they provide a 10-foot setback from the front property line, an 8-foot 6-inch setback from the west property line, a 24-foot setback from the east property line and a 20-foot setback from the rear property line. See **Figure 2: Site Plan with Building Locations** (Sheet A1.1 of Attachment C for details)

Building Frontage

The primary building frontage of the project is the front façade of 'Building 1.' The frontage treatments include a 6-foot deep terrace that has a common raised entry and ADA accessible ramp to the residential lobby, as well as individual entries for three of the site's dwelling units. These ground floor spaces have a depth of approximately 30 feet and a floor to ceiling height of 9 feet 6 inches. The terrace is raised one foot above the abutting sidewalk and is buffered by a solid 3-foot tall cement plaster wall and a 3-foot deep planter strip. See **Figure 3: Partial Site/Floor Plan; First Floor** and **Figure 4: South Elevation; Petaluma Blvd. South** (or Sheet A3.1 of Attachment C)

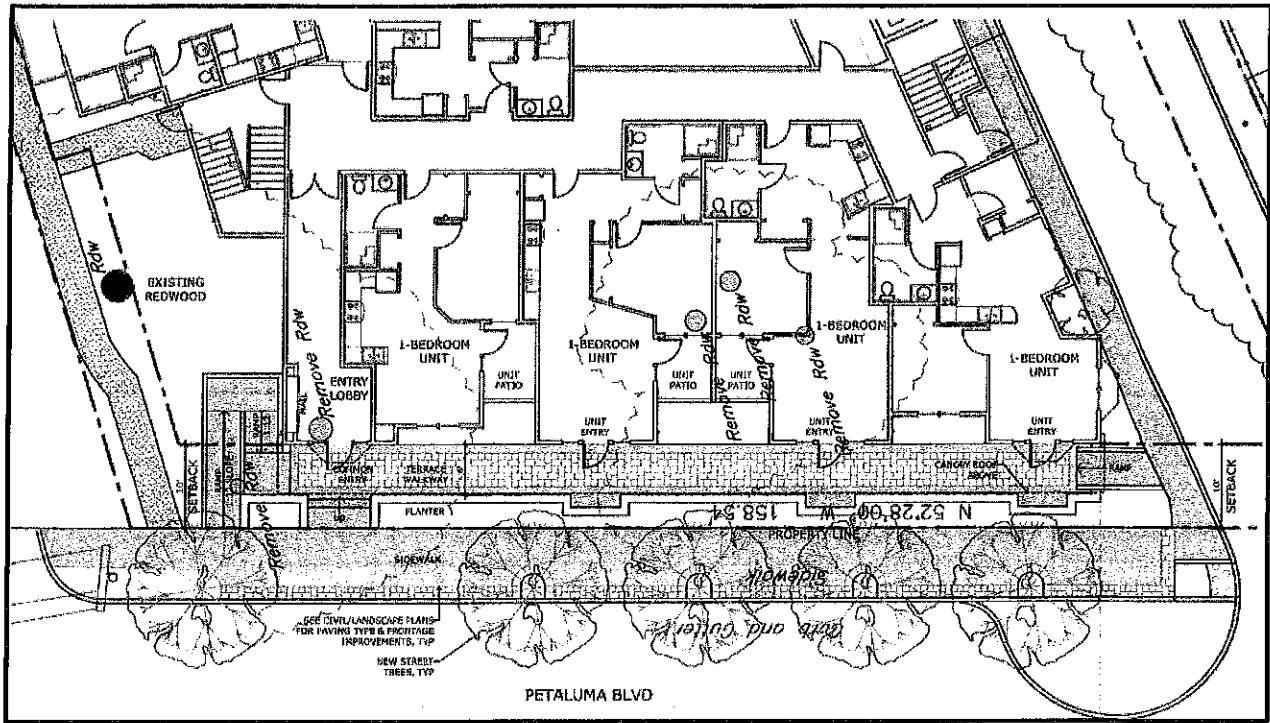


Figure 3: Partial/Site/Floor Plan; First Floor

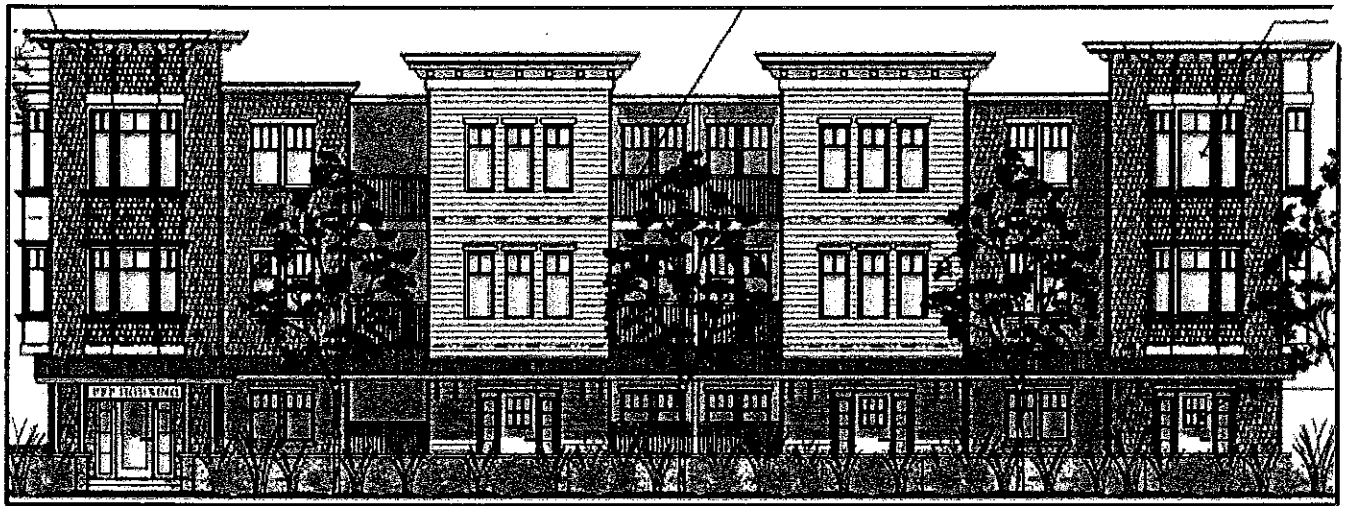


Figure 4: South Elevation; Petaluma Blvd. South

Vehicular Circulation and Parking

The project provides a total of 42 on-site vehicular parking spaces, accessed from a 22-foot wide driveway off Petaluma Blvd. South and recessed approximately 112 feet from the front property line. The parking spaces are provided in surface parking areas, one immediately east of 'Building 2' and a second in the space between 'Building 2' and 'Building 3.' These areas include required landscaping, 12-foot-tall energy-efficient and shielded lighting, and storage facilities for five bicycle parking spaces. The driveway access extends nearly the entire depth of the lot, to a point at the rear where it will connect to the McNear Landing development's Warren Drive. This connection will facilitate emergency vehicle access to all buildings on the subject property.

Architectural Design

The project's architectural design varies across the buildings in an effort to relate to their unique site context. 'Building 1' faces directly onto Petaluma Blvd. South and features traditional residential architecture and materials. The ground floor terrace serves as the base and accentuates the horizontality of its form with a 3-foot-tall concrete landscaping wall and corrugated metal awning that span the entire width of the front façade. The residential floors above are then vertically modulated through changes in plane, as well as in the material transitions between shingle and horizontal lap siding. The roof line then reintegrates the overall building form through a simple wooden cornice treatment and applies more articulated cornices to cap the bay windows. The street facing vinyl casement windows are of a residential scale and will incorporate simulated divided lites. Additional wooden details are also provided in lintel and guardrail elements. See **Figure 5: Partial South Elevation (Sheet P1.0 of Attachment C)**.

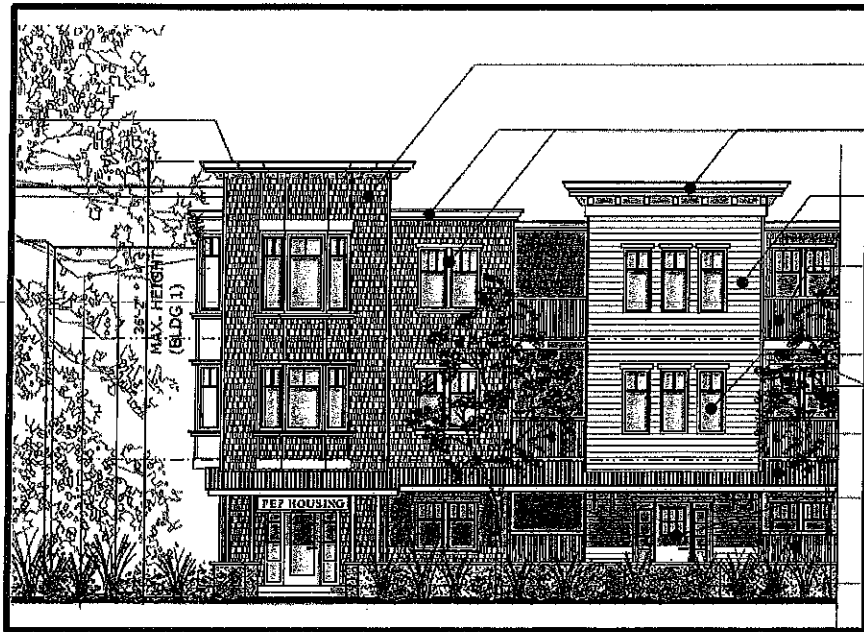


Figure 5: Partial South Elevation, Building 1

‘Building 2’ and ‘Building 3’ reflect a more riverfront industrial architectural character. Without a strong articulated base, the buildings spring from the ground and are vertically modulated by shifts in plane, material, and roofline. These buildings are broken up into vertical bays that transition from board and batten siding with a shed or flat roof form, to galvanized corrugated metal siding with a false gable. These façades also include slightly broader industrial sash vinyl windows with simulated divided lites and corrugated metal guard rails. See **Figure 6: Partial West Elevation, Building 2** and **Figure 7: West Elevation, Building 3** (Sheet P1.0 in Attachment C)

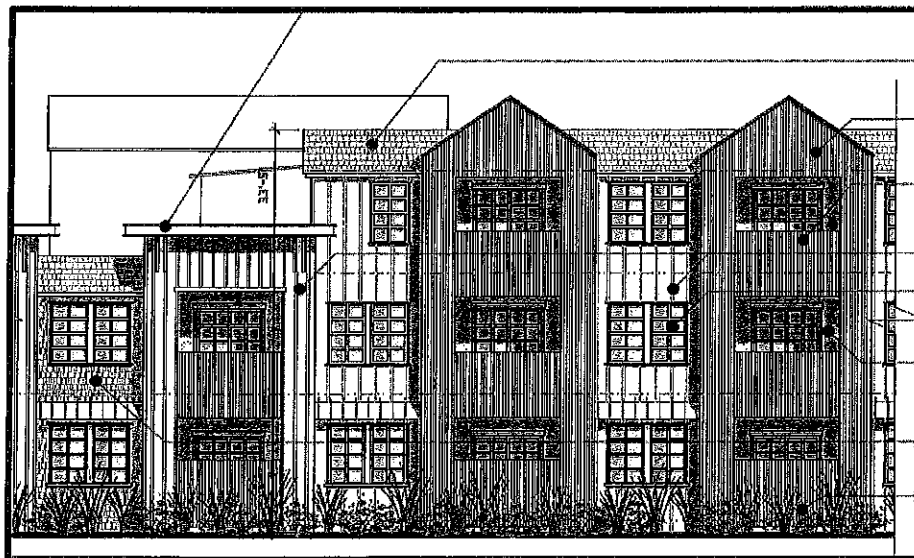


Figure 6: Partial West Elevation, Building 2

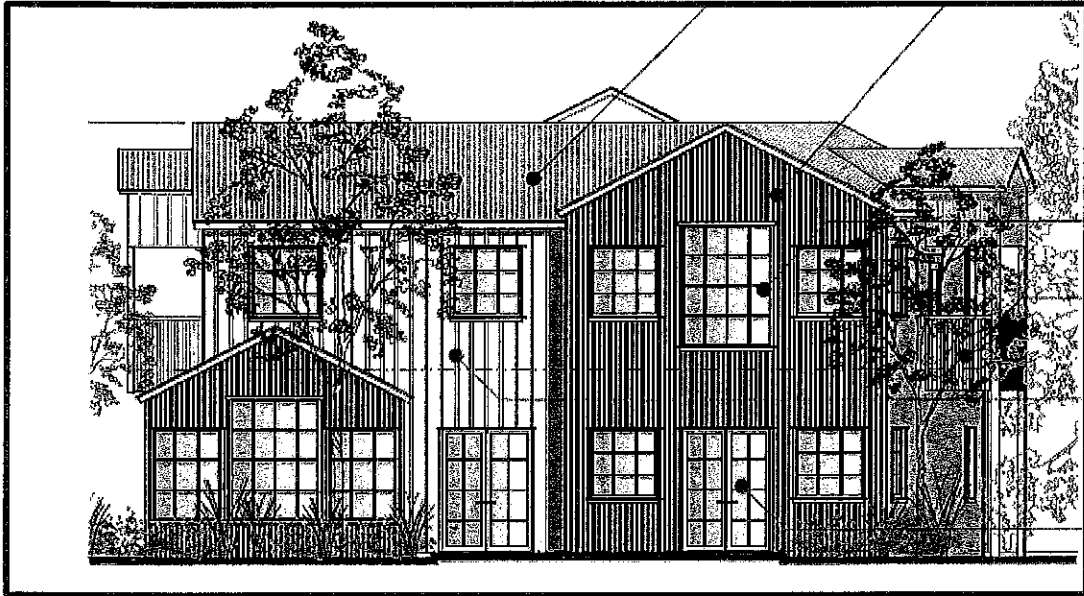


Figure 7: West Elevation, Building 3

STAFF ANALYSIS

Required Approvals

As proposed, the project requests the following approvals by the Planning Commission:

- Site Plan and Architectural Review for a new residential development per Implementing Zoning Ordinance §24.010(G);
- Approval of associated Warrants for: (a) allowance of an edgeward building placement type in a T5 zone (SmartCode §4.10(i)); (b) allowance of a side setback greater than 10 feet (SmartCode §4.10(f)); (c) a reduction to required principal building frontage from 75 percent to 62 percent of the lot frontage (SmartCode §4.10(h)); (d) reduction to the required depth of a front terrace from 8 feet to 6 feet (SmartCode §4.40.110(B)); and (e) reduction of the minimum ground floor ceiling height from 10 feet to 9.5 feet (SmartCode §4.10(m)).

Standards of Review

The project is subject to the following standards of review:

- Petaluma General Plan
- Central Petaluma Specific Plan (CPSP)
- Smart Code
- River Access and Enhancement Plan
- Implementing Zoning Ordinance (§24.010(G) – SPAR Standards)

A detailed summary of applicable standards is provided below.

Land Use

Applicable Standards

The Petaluma General Land Use Map applies a 'Mixed Use' designation to the project site. The 'Mixed Use' classification in the General Plan includes a combination of uses, including retail, residential, commercial and/or offices, and encourages pedestrian-oriented development to the extent possible. The project site is also within the Central Petaluma Specific Plan's Riverfront Warehouse District and the T5 (Urban Center) Transect Zone of the Petaluma SmartCode. The Riverfront Warehouse District is noted for its distinct mix of warehousing and industrial uses that coexist with small-scale residential uses. As previously noted, the T5 Zone is generally characterized by higher density mixed use buildings that accommodate retail, offices, rowhouses and apartments.

Staff Analysis

The project proposes 53 one-bedroom affordable housing units available to seniors at very low and low income levels, and one manager's unit. The project is also supplemented with both residential amenities and community workspaces where PEP Housing, a local non-profit with 40 years of experience, can offer on-call support services. In general, residential uses at this location are supported by the General Plan, CPSP, and the T5 Zone. Therefore Project is consistent with adopted policy and implementing regulations. For example, as reflected in the findings at **Attachment A**, the Project is consistent with the following land use policies:

General Plan: Policy 1-P-2 states, "Use land efficiently by promoting infill development, at equal or higher density and intensity than surrounding uses"; and Policy 1-P-11 states, "Allow land use intensification at strategic locations along the arterial corridors leading to Downtown and Central Petaluma, including aging commercial and industrial sites."

Analysis: The General Plan Land Use Map applies a Mixed Use designation to the project site and, contrary to other similarly designated properties outside the CPSP, there is no Floor Area Ratio (FAR) or residential density standard. Building FAR and residential density are, instead, indirectly regulated by the SmartCode's bulk and height standards. The project proposes a 54 unit residential project at a density permitted by the T5 zoning and is situated along the Golden Gate Transit corridor with local connectivity to Downtown Petaluma and regional connectivity to Santa Rosa and San Francisco. Although the project does feature a combination of uses, the proposed density and residential use serves to transition from the Mixed Use designated area, to the R3 (Residential 3), PUD (Planned Unit District), and C1 (Commercial 1) designated areas in close proximity to the site.

For the above-stated reasons, the project is consistent with Policy 1-P-2 and 1-P-11.

Housing Element: Policy 1.1 states, "Promote residential development within the Urban Growth Boundary"; Program 1.1 states, "Utilize sites within the UGB to accommodate anticipated long-term residential growth"; Policy 1.2 states, "Encourage the development of housing on underutilized land that is appropriately zoned"; and Program 1.2 states, "Utilize the Central Petaluma Specific Plan to facilitate the development of vacant and underutilized

land at the heart of the City.”

Analysis: The project is located within the Urban Growth Boundary (UGB), within the CPSP, and on property that is underutilized, and is zoned for urban development of significant residential density and building intensity. For these reasons, the Project is consistent with the aforementioned Housing Element policies.

Additionally, the project, as proposed, would construct 53 affordable housing units available to low and very-low income levels. The Housing Element has a Regional Housing Need Allocation (RHNA) of 103 low income units and 199 very-low income units between 2015 and 2023. The most recent progress report, dated April 30, 2018, identifies that 23 building permits have been issued toward the low-income unit RHNA number and 9 building permits have been issued toward the very-low income RHNA number.

Central Petaluma Specific Plan: (Riverfront Warehouse Area) Land Use – Objective 4: states, “Provide for a mix of compatible light industrial, office, retail and residential uses that maintains the unique character of the area.”

Analysis: The proposed project adds an additional 54 housing units to the City of Petaluma’s housing stock. Additionally, the proposed architecture includes building heights from 2 to 3 stories, simple rectangular forms, recurring gabled roofs and corrugate metal finishes. The project also provides front and side setbacks, which serve to reinforce the existing irregularity of the Petaluma Boulevard South block face. For these reasons, the project is consistent and complementary to the existing scale and character of the immediate area.

Building Placement and Siting

Applicable Standards

As noted above, the project is within the T5 (Urban Center) Transect Zone of the Petaluma SmartCode. The T5 Transect zone requires new building placement to minimize front and side setbacks in an effort to foster an active street frontage and enhance the spatial definition of the public thoroughfare space. SmartCode Sections 4.10(i) and 4.30 permit the following building placements in the T5 Transect: sideyard, rearyard, and courtyard. Additionally, the SmartCode applies the following setback requirements:

Location	Minimum	Maximum
Front Setback	0 feet	10 feet
Side Setback	0 feet	10 feet
Rear	5 feet	None

Table A: SmartCode Setback Requirements

The project proposes an edgeward building placement because it includes front, side and rear setbacks. Further, the project's three structures are placed on the lot such that, collectively, they provide a 10-foot setback from the front property line, an 8-foot 6-inch setback from the west property line, a +24-foot setback from the east property line and a 20-foot setback from the rear property line. Therefore, the project requires warrants for building placement and side setback.

Staff Analysis

The project deviates from the permitted building placement options primarily because it provides two side yards, one of which is 24-feet wide at its narrowest point and thereby larger than what the SmartCode allows. This wider sideyard, along the eastern edge of the property, serves as the principal driveway for the project, which also connects to Warren Drive as an emergency vehicle access route. Beyond access for off-street parking and emergency vehicle circulation, the driveway also functions to create a transitional buffer between the higher density multi-family use of the subject site and the neighboring single-family dwellings. This transition is appropriate given that the subject property is at the furthest extent of the Central Petaluma Specific Plan area, is zoned for high-density mixed-use, and transitions to a low-density residential development.

Building Frontage

Applicable Standards

Development proposals within the T5 transect may choose among the following five permitted building types: Duplex, Apartment House, Courtyard Building, Main Street Building, and Mid-Rise Building. Each building type has an affiliated set of urban standards that then apply to the project. These standards relate to minimum number of units, minimum and maximum number of stories, maximum dimensions for the building footprint, pedestrian and vehicle accessibility, private open space, and the allowed types of private building frontages (which each have their own additional standards). The project proposes a Main Street Building typology with a terraced private frontage.

As proposed, the project meets all of the requirements of the Main Street Building. However, the project deviates from the required 8-foot depth for a terrace. The project provides a 6-foot deep terrace, raised one-foot above the side walk, with a three-foot deep planting trench beyond the terrace wall. The general requirements of SmartCode §4.10 also require that project occupy a minimum of 75 percent of the property's frontage and provide a ground floor with a 10 foot ceiling height. The proposed front building occupies 62 percent of the lot frontage and provides a ground floor ceiling height of 9.5 feet. See **Figure 8: Proposed Frontage Section at Petaluma Blvd.**

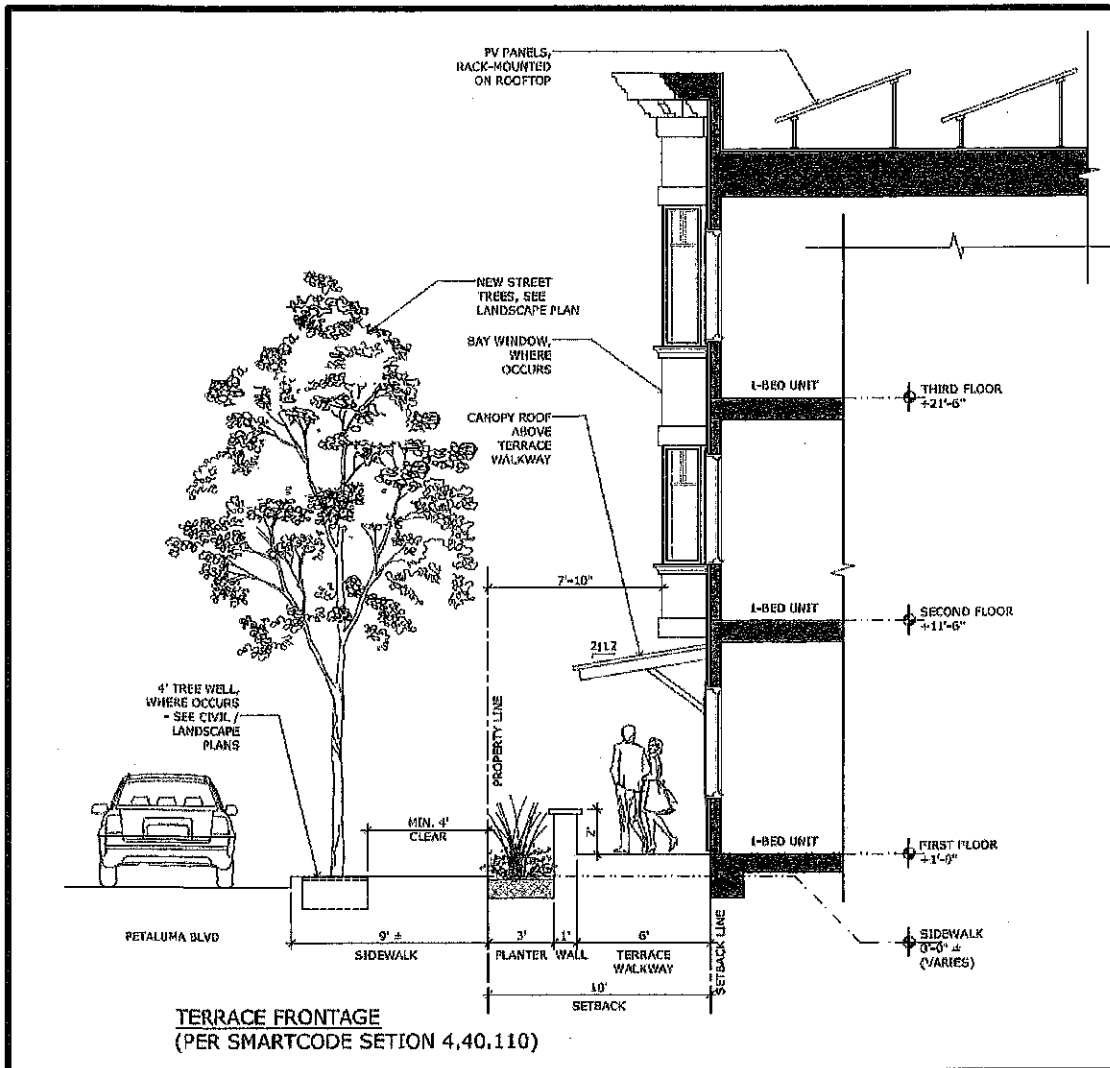


Figure 8: Proposed Frontage Section at Petaluma Blvd.

Staff Analysis

The proposed private frontage treatments are appropriate given the overall architectural composition of the project. As previously noted, the project includes a wider side yard to facilitate a transition between the neighboring properties. Given that the subject property also marks the terminus of the Central Petaluma Specific Plan area's higher density zoning, into a low-density residential development, this spatial transition between properties is appropriate. Furthermore, the project's overall private frontage is well-designed and meets the intent of the SmartCode to provide a pedestrian scale environment that promotes a more engaging and walkable public realm. The shallowness of the terrace is compensated by additional landscaping. Additionally, although the floor to ceiling height of the ground floor is six inches less than the requirement of the SmartCode, the floor level is elevated one foot above the sidewalk grade. This enables the project's overall volume to maintain its sensitivity to smaller neighbors.

In summary, the project is seeking warrants for (a) allowance of an edgeward building placement

type in a T5 zone; allowance of a side setback greater than 10 feet; a reduction to the required 75 percent building frontage, a reduction to the required 8-foot front terrace depth and a reduction of the 10 foot minimum ground floor ceiling height. The SmartCode urban standard requirements for a development in the T5 transect, and the proposed conditions are called out in **Table B** below:

Development Standard	Code Section	Requirement	Proposed
Front Setback	4.10	0 ft minimum; 10 ft maximum	10 ft – complies
Side Setback	4.10	0 ft minimum; 10 ft maximum	8.5 ft from west property line; 24 ft from east property line – needs warrant
Rear Setback	4.10	5 ft minimum	20 ft proposed – complies
Principal Building Frontage	4.10	75% minimum	62% - needs warrant
Permitted Building Placement Types	4.10; 4.30	Sideyard, Rearyard, Courtyard	Edgeyard – needs warrant
Permitted Building Type	4.10; 4.80.030	Townhouse, Apartment House, Courtyard Building; Main Street Building; Mid-Rise	Main Street Building – complies
Number of Units	4.80.140	2 unit minimum	54 units – complies
Allowed Frontage Types	4.80.140	Forecourt, Shopfront, Dooryard, Gallery, Terrace, Arcade	Terrace – complies
Terrace Depth	4.40.110	8 ft minimum	6 ft – needs warrant
Terrace Finished Level above Sidewalk	4.40.110	3.5 ft maximum	1 ft – complies
Ground Floor Ceiling Height	4.10	10 ft minimum	9.5 ft – needs warrant
Length of Terrace	4.40.110	150 ft max	98 feet 7inches – complies
Pedestrian Access	4.80.140	Common front entry for upper floor units; ground floor individual entries along the front or side street	Common access from Petaluma Boulevard South – complies
Private Open Space	4.80.140	None Required	Each unit has access to a private deck or patio.

Table B: SmartCode Urban Standard Requirements and Compliance

Tree Preservation

Applicable Standards/Staff Analysis

The project is subject to Chapter 17 of the Implementing Zoning Ordinance (IZO) which provides regulations for the protection, preservation, and maintenance of groves and stands of mature trees, and mature trees in general. An arborist report, dated February 19, 2018, and prepared by Bill Pramuk of Pramuk, Trees and Associates, LLC, identified eight coast redwoods that are protected trees under the IZO. As proposed, the current site plan would retain two of these trees - #6 and #19 as identified in the report, and Sheet C-5 of Attachment C. The Conditions of Approval will require that the project comply with the tree protection measures identified in the arborist report. Further, the project will be subject to tree removal mitigation requirements specified in IZO §17.065.

Bicycle and Pedestrian Improvements

Applicable Standards/Staff Analysis

General Plan Figure 5-2 (Proposed and Existing Bicycle Facilities) shows the planned extension of a Class I facility along the Petaluma River and a Class II facility across the project site frontage at Petaluma Blvd South, as shown at Figure 9 below.

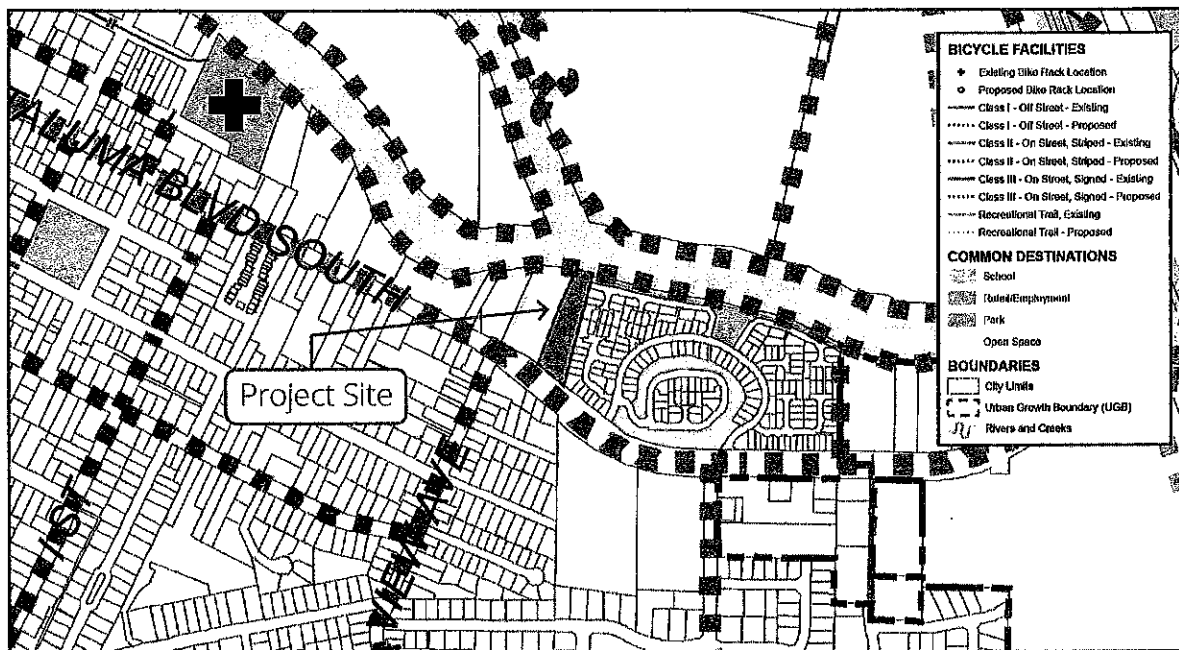


Figure 9: Proposed Frontage Section at Petaluma Blvd.

The project accommodates the planned Class II facility at Petaluma Blvd South although the construction would occur by the City of Petaluma through a fully funded 'Road Diet.' This capital improvement project will extend work already completed on Petaluma Blvd North between Lakeville Street and D Street where the number of vehicular travel lanes was reduced from four to two. Construction of the 'Road Diet' is anticipated to begin in 2019 and conclude in summer 2020.

The project also accommodates the planned Class I facility at the Petaluma River although the proposed width is substandard. As shown at **Attachment C**, the proposed width is approximately 6-feet, although the standard width of a Class I facility is 12-feet. Per the recommendations of the Pedestrian and Bicycle Advisory Committee (PBAC) the Conditions of Approval will require that the Class I path be 8-feet wide.

These proposed improvements are also consistent with the following goals, policies and objectives of the Petaluma River Access and Enhancement Plan:

- Goal 5: Expand public access to and awareness of the River
- Goal 6: Assure permanent maintenance and promote public safety along the River.
- Objective 5.1: Establish a continuous pedestrian and bicycle trail system as designated in this plan.
- Trail Design Policy 5.4: Create trail access points at the ends of public streets that terminate at the River wherever feasible. Seating, pedestrian lighting, bicycle parking signs, planting, water access, and other amenities shall be encouraged.

Urban Design

Applicable Standards / Staff Analysis

The project is consistent with Implementing Zoning Ordinance §24.010 – Site Plan and Architectural Review, in that all required findings found in §24.010(G) can be made as follows:

- a) The project includes three building masses that are designed to be sensitive to the immediate neighborhood character. The architectural treatments of the front building resonate with the residential character of the neighboring properties to the east, and the architectural treatments of the middle and rear buildings resonate with the riverfront warehouse characteristics of properties to the west. The project expertly applies the use of quality materials to reinforce this shift between architectural vocabularies. The front building, reinforces vertical changes in plane, characteristic of residential uses, with material transition between shingle and horizontal lap siding, and integrates the overall form with a wooden cornice treatment. Casement windows with simulated divided lites, wooden lintels, and wooden balcony railings further reinforce the residential character. Conversely, the rear two building use a transition between board and batten siding, shingle siding and galvanized corrugated metal siding to evoke an industrial aesthetic while maintaining a residential scale harmonious with the site's intended residential use.
- b) The architectural style of the proposed building is appropriate and compatible with the overall character of the neighborhood in that building features reflect a contemporary expression of historic riverfront industrial buildings, as well as traditional residential buildings. Compatibility with the neighborhood is advanced through the Project's conformance with the SmartCode frontage type standards. The project proposes a three-story building mass at the front of the property and transitions to a two-story scale closer to the river. The organization of the building into multiple vertical bays further diminishes the larger scale of the development and facilitates the project's compatibility with the

neighboring properties.

- c) The Project's siting is appropriate given its conformance to most mandatory setback standards of the SmartCode and modifications to setbacks as warranted. Furthermore, the required warrants relate directly to the proposal's approach to soften the overall massing of the development in a manner that enhances its compatibility with adjacent properties and the broader neighborhood. This is achieved through a more active and engaging street front, as well as a more distinct physical separation from the eastern neighbor – thereby also marking the end of the Central Petaluma Specific Plan area.
- d) The Project excludes proposed signage. Therefore, this finding is not applicable.
- e) As reflected by the findings above, the Project's bulk and height is appropriate with the neighboring context and meets the requirements of the SmartCode. The Project includes the use of both muted earth tone colors and contrasting primary colors. The resulting composition from these colors is appropriate given their ability to enhance the appearance of multiple buildings and add visual interest to the overall project.
- f) Proposed landscaping within the Project is limited to street tree planting, landscaping along the public frontage, and throughout the on-site pedestrian pathways. The project will also retain two of the mature redwood trees on the property.
- g) The project's ingress, egress, internal circulation for bicycles and automobiles, off-street automobile and bicycle parking facilities, and pedestrian ways promote safety and convenience and conform to City standards since the project incorporates various new circulation and access features. The project provides a surplus of covered and uncovered bicycle parking facilities, which will be provided at the center of the site.

PUBLIC COMMENT

Public notice was published in the Argus Courier on July 11, 2018 and mailed to all property owners and occupants within 1,000 feet of the subject property. On July 12, 2018, a public hearing sign was also posted on the subject property notifying the general public of a Planning Commission hearing on this project. No opposition has been received to date. Staff has received five phone calls in support of the project from individuals asserting the need for more affordable housing units in Petaluma.

CLIMATE ACTION PLAN

On January 22, 2018, the City of Petaluma adopted Resolution No. 2018-009 N.C.S. reaffirming the City's intent to reduce greenhouse gas emissions as part of a coordinated effort through the Sonoma County Regional Climate Protection Authority. As presented in the Sonoma County Climate Action Plan, the City of Petaluma could achieve GHG reduction through a combination Page 18 of state, regional and local measures. At present, the Sonoma County Regional Climate Action Plan is an advisory document to assist the City in achieving its stated intent to reduce GHG emissions. Development projects within the City of Petaluma are encouraged to comply with the intent of the Climate Action Plan and realize GHG reductions through voluntary application of reduction measures.

The project would further the goal of reducing travel demand through focused growth by proposing high density residential development in the city center and in close proximity to transit corridors.

ENVIRONMENTAL REVIEW

The project has been reviewed in compliance with the California Environmental Quality Act (CEQA) and has been determined to be categorically exempt pursuant to Article 12.5, Section 15194 (Affordable Housing Exemption) of the California Environmental Quality Act (CEQA) Guidelines. See **Attachment B** for the Categorical Exemption determination.

ATTACHMENTS

- A: Draft Resolution for SPAR and Warrant Requests
- B: Categorical Exemption Analysis
- C: Project Plans



FY 2019 FAIR MARKET RENT DOCUMENTATION SYSTEM

Final FY 2019 FMRS By Unit Bedrooms				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$1,254	\$1,447	\$1,887	\$2,728	\$3,298

The FY 2019 Fair Market Rents for Santa Rosa, CA MSA are based on the results of a local rent survey.

[HUD Home Page](#) | [HUD User Home](#) | [Data Sets](#) | [Fair Market Rents](#) | [Section 8 Income Limits](#) | [FMR/IL Summary System](#) | [Multifamily Tax Subsidy Project \(MTSP\) Income Limits](#) | [HUD LIHTC Database](#)



Corporate Office
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...providing affordable housing to seniors in Northern California

Description of Other Properties Managed

Board of Directors:

Arthur Cooper
President
Richard Rodkin
Vice President
Sean Pryden
Treasurer
Mary Savage
Secretary
Mary Stompe
Assistant Secretary
Kathleen Doyle
Leota Fisher
Herb Lee
Sid Lipton
Anna Rose
George (Kip) Spragens
Joseph Tinney

PEP Housing is a non-profit corporation dedicated to providing low income seniors access to affordable and quality housing. PEP Housing was established in 1978. We started with one project and now have 16 properties and 464 rentable units serving Sonoma, Marin, Mendocino and Butte Counties.

Our portfolio consists of:

- 575 Vallejo Street (44) Tax Credit Units
- 579 Vallejo Street (40) Tax Credit Units
- 1405 Caulfield Lane (22) Tax Credit/ RHCP Units
- 306 Mountain View (23) RHCP Units
- 154 Wilson Street (6) Tax Credit Units
- 231 Wilson Street (10) Tax Credit Units
- 1275 Lindberg Lane (16) Tax Credit Units
- Duplex – 1400 Caulfield Lane/ 739 S. McDowell Blvd (2) Tax Credit Units
- Edith Street Apartments (22) HUD Units with HOME funding
- Richard S. Lieb Apartments (22) HUD Units with HOME funding
- Casa Grande Apartments (44) HUD Units & (13) Tax Credit Units with HOME funding
- Kellgren Senior Apartments (42) HUD Units & (7) Tax Credit Units
- Acacia Lane (37) HUD Units & (6) Tax Credit Units with HOME funding
- Toussin Senior Apartments in conjunction with the Marin Housing Authority (13) PBV Tax Credit Units
- Orange Tree Senior Apartments (49) HUD/Tax Credit Units
- Sun House Senior Apartments (10) VASH Units & (31) Tax Credit Units
- Daniel Drive in conjunction with the Sonoma County Housing Authority (5) PBV Tax Credit Units

Advisory Council:

Jim Alexander
Bill Fishman
Cindy Hawley
Tim Kellgren
Don Patterson
Len Svinth
Julie Wilder
Delmar Friedrichsen

** See attached information for PEP Housing Properties with PBV Units.

Petaluma Ecumenical Properties dba PEP Housing

Tax ID # 94-2565270

PEP Housing is a non-profit corporation dedicated to providing limited-income seniors access to quality affordable housing with supportive services and advocacy.

