



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand  
Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** May 11, 2021

Approved

Date

**5/12/2021**

**COUNCIL DISTRICT: 6**

**SUBJECT: APPROVAL OF THE ISSUANCE OF A TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTE AND THE LOAN OF THE PROCEEDS THEREOF AND APPROVING RELATED DOCUMENTS FOR THE IMMANUEL-SOBRATO COMMUNITY PROJECT**

## RECOMMENDATION

(a) Adopt a resolution:

- (1) Authorizing the issuance of a tax-exempt multifamily housing revenue note designated as “City of San José Multifamily Housing Revenue Note (Immanuel-Sobrato Community), Series 2021D” in a principal amount not to exceed \$34,980,000 (the “2021D Note”);
- (2) Approving the loan of 2021D Note proceeds to MP Moorpark Associates, L.P. a California limited partnership created by MidPen Housing Corporation, a California not-for-profit corporation, to finance the construction and development of 108-unit multifamily development known as the Immanuel-Sobrato Community located at the corner of Leigh Avenue and Moorpark Avenue (f.k.a 1710 Moorpark Avenue) in San José (the “Development”);
- (3) Approving in substantially final form the Funding Loan Agreement, the Project Loan Agreement, Regulatory Agreement and Declaration of Restrictive Covenants, and related documents (collectively, the “2021D Note Documents”); and
- (4) Authorizing and directing the City Manager, Director of Housing, Director of Finance, Assistant Director of Finance, Deputy Director, Debt & Treasury Management or their designees, to execute and deliver the 2021D Note Documents together with any documents ancillary to the 2021D Note Documents.

(b) Adopt a resolution:

- (1) Authorizing a change in City loan terms to allow an increase in the Development's rents and income up to 60% AMI (low income) for new tenants in subsidized units in the event of expiration or termination of Project Based Vouchers, and for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for the feasibility of the Development and allowed by other funds;
- (2) Authorizing the Director of Housing to negotiate and execute loan documents, amendments, and all other documents related to this action; and
- (3) Approving the Relocation Plan for the Development, prepared by AutoTemp dated August 2020.

### **OUTCOME**

Approval of the recommended actions will enable the issuance of a multifamily housing revenue note to finance a portion of the costs to construct the Development, a 108-unit affordable rental project, with apartments serving very low and extremely very low Chronically Homeless households (except for two unrestricted managers' units), and remaining affordable for a period of at least 55 years following completion.

The Development will serve Chronically Homeless households with current maximum annual incomes between 30% and 50% of area median income ("AMI") at affordable rent in accordance with California Health and Safety Code Section 50053, as may be amended from time to time. Ninety-seven (97) of the units will be supported by Project Based Vouchers for at least 20 years.

Approval of the recommended action will also allow the City Loan for the Development to provide for an increase in rents and income restrictions (but not more than 60% AMI) for new tenants in subsidized units in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure, if needed to ensure the Development's continued financial feasibility.

### **EXECUTIVE SUMMARY**

In accordance with the City's Policy for Issuance of Multifamily Housing Revenue Bonds, MidPen Housing Corporation, a California not-for-profit corporation (the "Developer"), has requested that the City issue a tax-exempt multifamily housing revenue note in an amount not to exceed \$34,980,000 (the "Series 2021D Note"). The 2021D Note will be purchased initially by Silicon Valley Bank ("SVB"); after construction and lease-up, California Community Reinvestment Corporation ("CCRC") intends to purchase the Series 2021D Note from SVB.

The proceeds of the 2021D Note will be loaned to MP Moorpark Associates, L.P., a California limited partnership (the “Borrower”) formed by the Developer. The Borrower will use these proceeds, and other funds, to finance the construction of the Development, a 108-unit rental housing project to be known as the Immanuel-Sobrato Community.

The 2021D Note will not be paid from or secured by the general taxing power of the City or any other City asset.

**BACKGROUND**

***Borrower.*** The Borrower is a California limited partnership consisting of the following entities:

- (1) General Partner: MP Moorpark, LLC, a California limited liability corporation, the sole member of which is the Developer.
- (2) Limited Partner: An entity to be formed by National Equity Fund Inc., an Illinois not-for-profit corporation.

The Developer has requested that the City issue the 2021D Note for the purpose of lending the proceeds thereof to the Borrower. The proceeds of the 2021D Note, together with other funds, will be used by the Borrower to finance the construction of the Development.

***Development Overview.*** The Development involves the construction of (a) 106 studio apartments for Chronically Homeless households and (b) two unrestricted two-bedroom managers’ units. The unit mix and affordability levels by Area Median Income (AMI) will be as follows:

| UNIT SIZE      | UP TO 30% AMI |               |            | UP TO 50% AMI |               |            | TOTAL      |
|----------------|---------------|---------------|------------|---------------|---------------|------------|------------|
|                | Units         | Max Income ** | Rent Limit | Units         | Max Income ** | Rent Limit |            |
| Studio         | 53            | \$37,900      | \$955      | 53            | \$63,200      | \$1,592    | 106        |
| Manager's Unit | N/A           | N/A           | N/A        | N/A           | N/A           | N/A        | 2 *        |
| <b>Total</b>   | <b>53</b>     |               |            | <b>53</b>     |               |            | <b>106</b> |

\* Unrestricted managers’ units

\*\*Maximum income limits are based upon HCD occupancy guidelines of 1 person per bedroom, plus 1.

**Section 8 Project-Based Voucher Supported Unit Mix**

| Unit size and Affordability | 30% AMI | 50% AMI | Total |
|-----------------------------|---------|---------|-------|
| Studios                     | 44      | 53      | 97    |
| Total                       | 44      | 53      | 97    |

A “Chronically Homeless” household is occupied by a resident who has experienced homelessness for at least one year or has experienced at least four episodes of homelessness in the prior three years and also has a disabling condition that prevents them from maintaining employment or housing. Ninety-seven (97) units will be supported by Project Based Vouchers (“PBVs”) for at least 20 years. An Agreement to enter into a Housing Assistance Payment (“AHAP”) contract will be provided with respect to these 97 units prior to the 2021D Note closing. Supportive services will be provided to these households by the Borrower.

The affordability restrictions for the Development will remain for a period of at least 55 years from the recording of the notice of construction completion.

The Development will be constructed on a parcel that is currently owned by the Immanuel Evangelical Lutheran Church of San José (the “Church”) and will be leased to the Borrower for a term of at least 99 years.

The Development will consist of one four-story Type V-A wood-frame structure over a one-story Type 1-A concrete podium base served by two elevators. The ground floor level will contain the parking garage, lobby, front desk, mailbox area and approximately 2,400 square feet of commercial space that will be leased to the Church for non-religious community serving programming.

There will be a total of 37 parking spaces including four accessible parking spaces. A secured bicycle room will hold 54 bikes.

Residential amenities include full kitchens, bathrooms and closets. Eleven units will have mobility features and five units will have communication features in compliance with California Building Code Chapter 11B. Shared and community amenities include interior amenity space (file room, IDF closet, computer lab, fitness room and services suite) and common area (laundry room outdoor space, security desk, maintenance rooms).

The Development will incorporate advanced green building methods, recycled content materials, energy and water-efficient appliances and fixtures, photovoltaic panels and drought-tolerant landscaping.

May 11, 2021

**Subject: Approval of Issuance of a Tax-Exempt Multifamily Housing Revenue Note and Loan of Proceeds Thereof and Approving Related Documents for Immanuel-Sobrato Community Project**

Page 5

The Development will be subject to low-income housing tax credit (“LIHTC”) restrictions. The Housing Authority of the County of Santa Clara will provide PBVs for the 97 units which will be permanent supportive housing units under a County supportive/homeless housing initiative. The County will also provide funding subject to affordability restrictions.

**Construction Schedule.** Construction is expected to commence in June 2021 and continue through January 2023, with 100% occupancy targeted for July 2023. Some demolition is needed to remove a one-story fellowship hall with office spaces built in the 1950s. The project has committed to improving all frontages of the new building with new curbs, gutters, sidewalks, trees, and handicapped ramps. In addition to these off-site improvements, the project will significantly improve the traffic intersection of Moorpark Avenue and Leigh Avenue, directly adjacent to the San José City College. Of significance is the replacement of the outdated signal pole with the mast arm on the Southwest corner of the intersection. Per the Conditions of Approval, the project will also work with the Public Works Department and Department of Transportation to process a street vacation on Moorpark Avenue.

**Relocation.** The Developer engaged Auto Temp, an experienced acquisition and relocation firm to prepare a commercial relocation plan. The Developer submitted the relocation plan to TCAC on September 21, 2020. The relocation plan is Attachment C to this report. The relocation plan identifies eight commercial/non-profit occupants, one which will need to be permanently displaced for the development to proceed and two which are operated by the owner of the property (the “Owner”). The relocation plan provides that the remaining occupants will be relocated to the existing structure/sanctuary located on the south portion of the property whose ownership will be retained by the Owner. The relocation plan provides the procedures to be followed by the Developer to relocate these tenants consistent with state and federal relocation law. The Developer has indicated that the commercial tenants have been noticed as required under the plan and will be relocated by end of May in order to begin construction in June.

**City Loan for the Development.** The City has agreed to lend to the Borrower for eligible Development Costs up to \$7,823,677 during the construction period (the “City Construction Loan”) and up to \$10,317,000 during the permanent period after construction and lease-up (the “City Permanent Loan” and, with the City Construction Loan, the “City Loan”). The interest rate is 0.5% on the City Construction Loan and 3.0% on the City Permanent Loan. The City Loan will be accompanied by an Affordability Restriction (the “City’s Affordability Restriction”) to be recorded on the leasehold. The City’s Affordability Restriction will run for at least 55 years from the completion of the Development and may be subordinated to SVB’s construction loan and CCRC’s permanent loan if required for feasibility, consistent with the City’s subordination policy.

**City as Issuer of Multifamily Housing Bonds.** The City’s Policy for Issuance of Multifamily Housing Revenue Bonds requires the City to be the issuer of tax-exempt multifamily housing revenue obligations in connection with the financing or refinancing of affordable rental housing projects for which it has provided, or will be providing, a loan.

**Prevailing Wages and Labor Standards.** In accordance with City Resolutions No. 61144 and 61716, City prevailing wages policy will apply to the Development and will be overseen by the City’s Office of Equality Assurance. The City’s loans and fee reductions are excluded from the requirements of Part 3 of Chapter 14.10 pursuant to Section 14.10.250.B.

**Sources of Project Funding.** The 2021D Note will fund a portion of the total development costs, which are currently estimated to be \$73,625,213. During the construction period, the 2021D Note will be drawn down over time up to the authorized amount of \$34,980,000. The 2021D Note will bear a fixed interest rate during construction. Following the completion of construction of the Development and its lease-up (“at permanent”), the Series 2021D Note will be repaid to a remaining principal amount of approximately \$13,011,000, will bear interest at a different fixed rate and will be purchased from SVB by CCRC in accordance with the terms of a loan purchase agreement to be entered into among SVB, CCRC and the Borrower. The primary source of repayment of the 2021D Note at permanent is anticipated to be low-income housing tax credit proceeds.

The sources and uses of funding for the Development’s construction and permanent phases currently are estimated as follows (actual amounts may vary from these estimates):

| <b>City of San José – Immanuel-Sobrato Community<br/>Plan of Finance – Sources of Funding</b> |                      |                      |
|---|----------------------|----------------------|
| <b>Source</b>   | <b>Construction</b>  | <b>Permanent</b>     |
| 2021D Note.....   | \$ 34,980,000        | \$ 13,011,000        |
| City of San José .....  | 7,823,677            | 10,317,000           |
| County of Santa Clara Loan (and accrued interest) .....                                       | 16,214,054           | 16,214,054           |
| MidPen/Sobrato Foundation Loan .....  | 2,610,000            | 2,610,000            |
| Reimbursement – Immanuel Lutheran Church .....  | 1,000,000            | 1,000,000            |
| AHP Loan .....  | 1,060,000            | 1,060,000            |
| Tax Credit Equity .....   | 2,911,406            | 29,113,158           |
| Deferred Costs .....  | 6,726,077            | 0                    |
| Deferred Developer Fee .....  | 300,000              | 300,000              |
| <b>Total.....</b>   | <b>\$ 73,625,213</b> | <b>\$ 73,625,213</b> |

---



---

**City of San José – Immanuel-Sobrato Community  
Plan of Finance – Uses of Funding at Permanent**

---



---

| Uses  | Permanent     |
|---|---------------|
| Acquisition Costs (including Off-Site Improvements) ..... | \$ 4,839,643  |
| Construction.....   | 46,434,554    |
| Architect & Engineering.....                              | 2,602,396     |
| Contingency.....  | 4,739,385     |
| Construction Interest and Fees.....                       | 2,763,248     |
| Reserves.....   | 4,659,484     |
| Issuance and Financing Fees.....                          | 855,485       |
| Miscellaneous Costs and Fees.....                         | 3,931,018     |
| Developer Fee.....  | 2,800,000     |
| Total.....  | \$ 73,625,213 |

---



---

***Financing History of the Project – Key Dates.*** The following are the key dates relating to the financing history of the Development:

- September 15, 2020– City Loan for the Development was approved by the City Council.
- September 22, 2020 - The Director of Finance and Director of Housing signed a Declaration evidencing the intent to reimburse expenditures with the proceeds of obligation for the Development in an amount not to exceed \$40,000,000.
- September 24, 2020 - The City submitted a joint application to CDLAC and CTCAC for a private activity allocation in the amount of \$34,980,000 (CDLAC) and \$2,629,516 in annual 4% Federal tax credits (CTCAC).
- December 21, 2020 - The City received a private activity bond allocation from CDLAC for the 2021 Note and the Borrower received a reservation of 4% Federal tax credits in the requested amounts.
- February 4, 2021 - The Director of Finance held a TEFRA hearing regarding the issuance of tax-exempt multifamily housing revenue obligations in an amount not to exceed \$40,000,000 to finance the construction of the Development.
- March 4, 2021 - The Mayor certified the actions of the Director of Finance.

**ANALYSIS**

This portion of the report is divided into several sections to address the items in staff’s recommendation to proceed with the financing for the Development. These sections describe the financing structure, financing documents, financing team participants, and financing schedule.

## **Bond Financing Structure**

### ***Overview of the Multifamily Housing Revenue Note Financing***

**General.** Multifamily housing financing historically has involved the issuance of tax-exempt bonds on behalf of private developers of qualifying affordable rental apartment projects. The City would issue tax-exempt bonds and loan the proceeds to the developer/borrower. The advantages of tax-exempt financing to developers include below-market interest rates and low-income housing tax credits – features that are not available with a conventional multifamily housing mortgage loan.

The 2021D Note operates in a similar manner to tax-exempt multifamily housing bonds. The City Charter provides that the City may issue revenue bonds and execute and deliver revenue note pursuant to California law. The City is authorized to issue the 2021D Note pursuant to California Health and Safety Code Sections 52075-52098, as amended (the “Act”), which authorize cities to issue revenue bonds and execute and deliver revenue note for the purpose of financing the acquisition and construction of multifamily rental housing. Section 52011 of the California Health and Safety Code defines “Bonds” to include note for purposes of the Act. The Series 2021D Note uses a portion of the State’s annual federal tax-exempt private activity volume cap allocated by CDLAC.

The Series 2021D Note also allows the Development to qualify for tax credits provided through the California Tax Credit Allocation Commission (CTCAC).

The 2021D Note is a limited obligation of the City, payable solely from loan repayments by the Borrower and is not secured by the general taxing power of the City or any other asset of the City.

The note financing structure has become commonplace and is utilized because of a ruling of the Office of the Comptroller of the Currency (“OCC”) that distinguished loans from bonds for purposes of Community Reinvestment Act (“CRA”) credit. Banks have been utilizing the note financing approach on the belief that it meets OCC’s definition of a CRA loan as well as CDLAC’s requirements for tax-exempt financing.

**Requirements for Tax-Exemption.** For a private activity multifamily housing revenue bond or note to qualify for tax exemption, federal law requires, among other matters, that one of two restrictions apply: either (1) at least 20% of the units in the housing development must be reserved for occupancy by individuals and families whose income is 50% or less of area median income or (2) at least 40% of the units must be reserved for occupancy by individuals and families whose income is 60% or less of area median income. While this second restriction will be incorporated into the Regulatory Agreement for the Series 2021D Note, the Development will also be subject to additional affordability restrictions.



May 11, 2021

**Subject: Approval of Issuance of a Tax-Exempt Multifamily Housing Revenue Note and Loan of Proceeds Thereof and Approving Related Documents for Immanuel-Sobrato Community Project**

Page 9

***Structure of the 2021D Note***

**Direct Purchase/Funding Structure.** The 2021D Note will be structured as non-rated and non-credit-enhanced obligations that is directly funded and purchased initially by SVB. Pursuant to the City’s policies regarding non-credit-enhanced bonds, SVB will sign an Investor Letter acknowledging that it is a “qualified institutional buyer” or “accredited investor” that is, a sophisticated investor, as required under the City’s Policy for the Issuance of Multifamily Housing Revenue Bonds, who understands and accepts the risks associated with unrated obligations secured solely by the Development rents. If SVB wishes to transfer the 2021D Note, the new holder must sign and deliver a similar Investor Letter to the City and Fiscal Agent. The 2021D Note may only be transferred in whole to a transferee who agrees to become the Funding Lender under the Funding Loan Agreement (described later). SVB and CCRC may sell, grant or convey participation interests in the 2021D Note to an “accredited investor or “qualified institutional buyer” (collectively, a “Qualified Transferee”) that delivers an Investor Letter to the Fiscal Agent. An Investor Letter is not required for transfers of the 2021D Note to an affiliate of SVB or CCRC or to a special purpose trust or custodial arrangement in which the beneficial owners are “Qualified Transferee”, or in circumstances where interests in the special purpose trust or custodial arrangement are credit-enhanced resulting in a rating of at least “A” or higher.

**Principal Amounts and Terms.** Based on current projections, the estimated maximum par amount of the 2021D Note will be \$34,980,000. After the Development is constructed and leased up, and conversion to the permanent loan phase occurs (the “Conversion Date”), the Series 2021D Note is expected to be paid down to a permanent loan amount that is estimated at \$13,011,000– at which point it will be purchased from SVB by CCRC. The source of 2021D Note paydown on the Conversion Date will be low income housing tax credit proceeds. The Conversion Date is anticipated to occur approximately 29 months after 2021D Note closing, subject to two three-month extensions.

The maturity of the 2021D Note is expected to be approximately 16 years after Conversion. The 2021D Note will amortize on a 30-year basis.

**Interest Rate.** During construction, the interest rate on the 2021D Note will be fixed. The interest rate will convert to a higher fixed rate after the Conversion Date based on the 10 year US Treasury rate plus a spread – with the rate set prior to 2021D Note closing. The estimated construction loan rate is estimated at 3.25%; the permanent loan rate is estimated at 3.92% based on the most recent projections.

### ***Financing Documents***

The following is a brief description of the documents the City Council is being asked to approve and authorize its execution. Copies of these documents will be posted on the City's website for the May 25, 2021 meeting.

**Funding Loan Agreement.** The Funding Loan Agreement is among the City, SVB, as funding lender (the "Funding Lender") and U.S. Bank National Association as fiscal agent (the "Fiscal Agent"). The Funding Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City. Pursuant to the Funding Loan Agreement, the Fiscal Agent is authorized to receive, hold, invest, and disburse 2021D Note proceeds and other funds established thereunder; to authenticate the 2021D Note; and to apply and disburse payments to the Noteholder. The Funding Loan Agreement allows for SVB to pursue remedies on behalf of itself as the Noteholder. The Funding Loan Agreement sets forth the guidelines for the administration, investment and treatment of investment earnings generated by each fund and account, and restrictions relating to any subsequent transfer of the 2021D Note. The Project Loan Agreement (described below) obligates the Borrower to compensate the Fiscal Agent for services rendered under the Funding Loan Agreement.

**Project Loan Agreement.** The Project Loan Agreement is among the City, the Fiscal Agent and the Borrower (the "Project Loan Agreement"). The Project Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City. The Project Loan Agreement provides for the loan of 2021D Note proceeds to the Borrower for the construction of the Development, and for the repayment of such loan by the Borrower. The loan of 2021D Note proceeds will be evidenced by a promissory note (the "Project Note") that corresponds to the repayment terms of the 2021D Note. The City's rights to receive payments under the Project Note will be assigned to SVB, along with certain other rights under the Project Loan Agreement; however, certain reserved rights have been retained by the City, such as the City's right to receive fees, notices and to indemnification.

**Regulatory Agreement and Declaration of Restrictive Covenants.** The regulatory agreement and declaration of restrictive covenants (the "Regulatory Agreement") is among the City, the Fiscal Agent and the Borrower. The Regulatory Agreement contains certain covenants and restrictions regarding the Development and its operations intended to assure compliance with the Internal Revenue Code of 1986. The Regulatory Agreement is executed by the Director of Finance and Director of Housing, or other authorized officers, on behalf of the City. The Regulatory Agreement restricts the rental of Development units to low-income residents for a period of at least 55 years after 50% of the units in the Development are first occupied.

### ***Financing Team Participants***

The financing team participants for the 2021D Note consists of:

- **City’s Municipal Advisor:** Ross Financial
- **Bond Counsel:** Stradling, Yocca, Carlson & Rauth
- **Fiscal Agent:** U.S. Bank National Association
- **2021D Note Purchaser:** Silicon Valley Bank

All costs associated with the City’s Municipal Advisor, Bond Counsel and Fiscal Agent are contingent upon the sale of the 2021D Note and will be paid from 2021D Note proceeds, tax credit equity and/or Borrower funds.

### ***Financing Schedule***

The current proposed schedule is as follows:

- Council Approval of 2021D Note Documents May 25, 2021
- CDLAC Deadline for 2021D Note Closing June 21, 2021

### ***Public Disclosure Report Relating to Conduit Revenue Obligations***

The Borrower, through California Housing Partnership Corporation, its financial consultant, has prepared a public disclosures report pursuant to California Government Code Section 5852.1, providing good faith estimates of certain costs associated with the issuance of the 2021D Note.

### ***City Subordinate Financing***

The City has agreed to lend up to \$7,823,677 during the construction period and \$10,317,000 during the permanent period after construction and lease up. As authorized by the recommended actions and under her Delegation of Authority, the Director of Housing will negotiate City Loan documents to include the following terms:

- **Interest Rate:** The fixed interest rate on the City Loan will be 0.5% during the construction period and 3.0% during the permanent loan period.
- **Loan Term:** The construction loan term will be 30 months with one potential six-month extension; the permanent loan term will be 55 years from the completion of the Development.
- The City Loan, as well as the loan from the County, may be subordinated to SVB’s construction loan and CCRC’s permanent loan if required for financial feasibility, consistent with the City’s subordination policy.

May 11, 2021

**Subject: Approval of Issuance of a Tax-Exempt Multifamily Housing Revenue Note and Loan of Proceeds Thereof and Approving Related Documents for Immanuel-Sobrato Community Project**

Page 12

- **Developer Fee:** The total Developer Fee is \$2,800,000, however, \$300,000 of the developer fee will be deferred to the permanent period and repaid from the Borrower's share of net cash flow.
- **Affordability Restrictions:** The City will require that all non-manager units be restricted to Affordable Rent, that 53 units be restricted to households with incomes that do not exceed 30% AMI and 53 units are restricted to households with incomes that do not exceed 50% AMI. The City Affordability Restrictions will not be subordinated to SVB's construction loan and CCRC's permanent loan.
- **"Float Up":** Subject to City Council approval, Development rents and income restrictions are subject to increase (but not more than 60% AMI) for new tenants in subsidized units in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure, to the extent, the City has determined the increase to ensure the Development's continued financial feasibility.
- **Prevailing Wage:** The City's Prevailing Wage policy will apply.

***City Issuance and Monitoring Fees***

**City Policy.** The City's Policy for Issuance of Multifamily Housing Revenue Bonds requires that the issuance fee and annual monitoring fee be calculated as follows:

Issuance Fee is an amount equal to the sum of (a) 0.50% of the first \$10,000,000 issued and (b) 0.25% of the remaining par issued.

Annual Fee applicable to not-for-profit developers is an amount equal to 0.125% of the par at Conversion for the 55-year term of the regulatory period.

Based on a maximum aggregate Note par of \$34,980,000 and the expected par of \$13,011,000 at Conversion, the City's Policy would require an issuance fee of \$112,450, an annual monitoring fee of \$43,725 during construction and lease-up, and, following conversion, an annual monitoring fee of \$16,263.75 throughout the 55-year Regulatory Agreement term. If the 2021D Note matures or is redeemed prior to maturity, the City has the option to require the Borrower to prepay the annual fee due for the remainder of the Regulatory Agreement term.

As the 2021D Note does not involve a 'related party' transaction under Federal tax law, the City will be entitled to collect its full fees under the City Policy.

## **CONCLUSION**

The recommended actions will enable the issuance of tax-exempt multifamily housing revenue note for the purpose of financing a portion of the costs to construct the Development with all apartments serving Chronically Homeless households. The City funding targets households with incomes ranging from 30% to 50% of AMI with a period of affordability of at least 55 years following completion. Ninety-seven (97) units will be supported by Project Based Vouchers for at least 20 years which will allow households which much lower incomes to live in the Development.

Approval of the recommendation action will also allow the City Loan for the Development to provide for an increase in rents and income restrictions (but not more than 60% AMI) for new tenants in subsidized units in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure, if needed to ensure the continued financial feasibility of the Development.

## **EVALUATION AND FOLLOW-UP**

This Memorandum presents the set of recommendations related to the City Council's approval of the issuance of the 2021D Note and requires no follow-up to the City Council. Once the 2021D Note close, anticipated in mid-June 2021, and the construction of the Development commences, the Housing Department will provide updates in its Quarterly Construction Reports posted at [www.sjhousing.org](http://www.sjhousing.org) under "Reports & Data."

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo aligns with one or more of Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

The method of notifying the community of the City's intent to issue the tax-exempt private activity Bonds is the Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing. The TEFRA Hearing was held on February 4, 2021, before the Director of Finance. The public hearing notice for this hearing was published in the *San José Post - Record* on January 15, 2021. No public comments were made at the TEFRA hearing.

This Memorandum and the 2021D Note Documents will be posted on the City's website for the May 25, 2021 meeting.

HONORABLE MAYOR AND CITY COUNCIL

May 11, 2021

**Subject: Approval of Issuance of a Tax-Exempt Multifamily Housing Revenue Note and Loan of Proceeds Thereof and Approving Related Documents for Immanuel-Sobrato Community Project**

Page 14

### **COORDINATION**

This report has been prepared by the Finance Department and the Housing Department in coordination with the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION / INPUT**

This item was not heard by the Housing and Community Development Commission, as approvals of affordable development financing do not fall under the functions, powers and duties of the Commission delineated in Section 2.08.2840 of the San José Municipal Code.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's *Consolidated Plan 2015-2020*, adopted by City Council on May 5, 2015, to provide homes for very low- and extremely low-income households; and with Goal H-2 of the City's *Housing Element 2014-2023*, adopted by City Council on January 27, 2015, to "increase, preserve, and improve San José's affordable housing stock."

### **COST SUMMARY/IMPLICATIONS**

The Borrower will pay all issuance costs of 2021D Note from tax credit equity and/or Borrower funds. The 2021D Note will not be paid from, nor secured by, the general taxing power of the City or any other City asset.

The City is expected to receive revenue from the issuance of the Note in the amount of \$112,450 and annual monitoring in the amounts of \$43,725 during construction and \$16,264 after construction and lease-up.

Funding in the amount of \$10,971,000 has been previously appropriated in the Low and Moderate Income Housing Asset fund for a Construction-Permanent Loan. There is no fiscal impact to the General Fund as a result of this action.

HONORABLE MAYOR AND CITY COUNCIL

May 11, 2021

**Subject: Approval of Issuance of a Tax-Exempt Multifamily Housing Revenue Note and Loan of Proceeds Thereof and Approving Related Documents for Immanuel-Sobrato Community Project**

Page 15

**CEQA**

Exempt per Public Resources Code Section 21080(b)(1) and CEQA Guidelines Section 15369, Ministerial Project pursuant to Government Code Section 65913.4, File No. ER20-109.

/s/

JULIA H. COOPER  
Director of Finance

/s/

JACKY MORALES-FERRAND  
Director, Housing Department

For questions, please contact Nikolai J. Sklaroff, Deputy Director of Finance, Debt & Treasury Management at (408) 535-7832 or Rachel VanderVeen, Deputy Director of the Housing Department at (408) 535-8231.

Attachment A: Site Map

Attachment B: Public Disclosure Report

Attachment C: Relocation Plan

# ATTACHMENT A – SITE MAP

**Leigh Avenue and Moorpark Avenue,  
(f.k.a 1710 Moorpark Avenue), San José, CA**





# ATTACHMENT B – PUBLIC DISCLOSURE REPORT

## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the “Borrower”) identified below has provided the following required information to the City of San José (the “City”) prior to the City’s regular meeting (the “Meeting”) of its City Council (the “City Council”) at which Meeting the City Council will consider the authorization of conduit revenue Note as identified below.

1. Name of Borrower: **MP Moorpark Associates, L.P., a California limited partnership.**
2. City Council Meeting Date: **May 25, 2021.**
3. Name of Bond Issue / Conduit Revenue Obligations: **City of San José Multifamily Housing Revenue Note (Immanuel-Sobrato Community) Series 2021D (the “Note”)**
4.  Private Placement Lender or Note Purchaser,  Underwriter or  Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Note:

(A) The true interest cost of the Note, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of the Note (to the nearest ten-thousandth of one percent): **(a) 3.25% during construction and 3.92% at permanent (estimated rate as of 4/26/21; rate is variable during construction and fixed during permanent with rate to be set prior to closing; permanent rate underwritten at 4.42%).**

(B) The estimated finance charges of the Note, which mean the sum of all fees and charges paid to third parties: collectively, **\$1,902,565 (\$855,485 paid at closing per the costs of issuance budget, \$429,057 paid during the term of the Note and \$618,023 paid from Note maturity through the end of the 55 year compliance period in the Regulatory Agreement).**

(C) The amount of proceeds received, or deemed received, by the public body for sale of the Note less the finance charges of such Note described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of such Note: an estimated **\$33,079,681 (All finance charges funded from a source other than the proceeds of the Note; estimated construction interest of \$1,900,319 funded from Note proceeds).**

(D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Note plus the finance charges of the Note described in subparagraph (B) not paid with the proceeds of such Note (which total payment amount shall be calculated to the final maturity of such Note): **\$41,668,560 (consisting of: (a) estimated principal and interest payments of \$39,765,995 with respect to the Note and (b) estimated finance charges identified in (B)).**

This document has been made available to the public at the Meeting of the City Council.

Dated: April 26, 2021

Information Provided by: California Housing Partnership Corporation

## **ATTACHMENT C – RELOCATION PLAN**

### **ATTACHMENT 9-A**

#### **Relocation Plan**

**(See Section 5211 of the CDLAC Regulations and Section 10322 (h)(28) of the TCAC Regulations)**

- **Relocation Plan prepared by Autotemp for the relocation of commercial tenants located at 1710 Moorpark Ave. in the City of San Jose, CA, dated August 2020. There will be no residential tenant relocation occurring at this property.**
- **Relocation Plan Budget**

**ATTACHMENT C – RELOCATION PLAN**

A U T O



T E M P

**1710 MOORPARK AVENUE  
SAN JOSE, CA 95128  
COMMERCIAL RELOCATION PLAN**

**PREPARED FOR**

**MidPen Housing  
303 Vintage Park Dr., Suite 250  
Foster City, CA 94404**

**By**

**AUTOTEMP  
373 4<sup>TH</sup> STREET, SUITE 2A  
OAKLAND, CA 94607  
510.238.9386**

**August 2020**

# ATTACHMENT C – RELOCATION PLAN

## INTRODUCTION

Since its inception in 1970, MidPen Housing Corporation (MidPen or Developer) has earned a reputation as one of northern California's leading, non-profit sponsors and developers of assisted rental housing for low-, and moderate-income families, seniors, single adults and, persons with special needs.

The Corporation includes two other affiliated corporations; 'MidPen Property Management Corporation (MPPMC)' and, 'MidPen Resident Services Corporation (MPRSC)'.

The housing management corporation is the affiliate which manages 103 properties in 10 Bay area counties from Fairfield to Monterey. MPPMC has provided professional property management services for almost forty years. The service corporation (MPRSC) provides on-site service coordination; computer education programs for students, seniors and, persons with special needs; summer youth programs; arranges for on-site child care; and, provides a broad range of services and supports for MPHC residents.

MidPen is in partnership with Immanuel Evangelical Lutheran Church of San Jose (IELC), is a congregation that welcomes all people without exception. It started 150 years ago as a congregation of Swede agriculture workers. The Church has Sunday Worship, Bible Study and an after-school Homework Academy. It is engaged with Community Organizing activities, and hosts private events in the fellowship hall. IELC is the current land owner and will retain the master ground lease.

MidPen, through MP Moorpark Associates, L.P. (L.P. or Developer) intends to acquire through a long-term ground lease, the northern portion of 1710 Moorpark Avenue in the City of San Jose, California. MidPen, as managing partner, proposes to demolish the existing fellowship hall and offices on the property and to build the 1710 Moorpark Apartments; 108 affordable apartments including two two-bedroom manager's units. The 106 studio units will be affordable to formerly homeless individuals earning at or below 60% of the Area Median Income (AMI). Amenities will include:

## ATTACHMENT C – RELOCATION PLAN

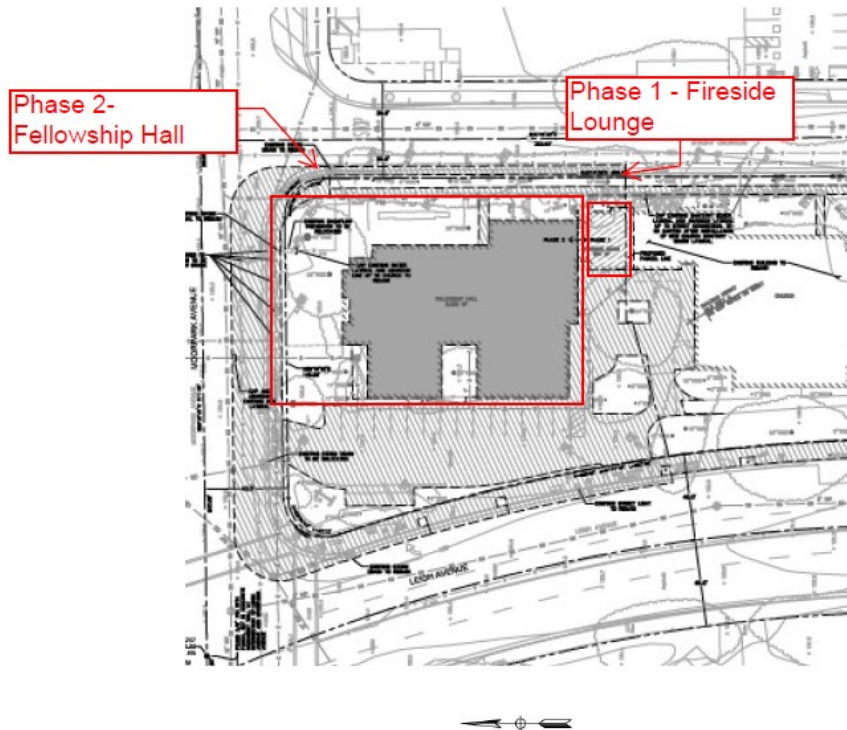
### *1710 Moorpark Avenue Relocation Plan*

- 24/7 monitored main lobby
- Mailroom
- Secured parking spaces
- Secured bicycle storage
- Property Management Offices
- MidPen and County Service Provider Offices
- Community Room with Kitchen
- Approximately 3,900 SF outdoor terrace
- Laundry Facility
- Computer Lab
- Smoking Area
- Dog Run
- Fitness Room
- Church Flex Space/Community Space

As a result of the proposed future development, the northern portion of the parcel is currently under private ownership and is anticipated to be acquired for this project. This parcel contains eight commercial/non-profit occupants, one that will have to be permanently displaced in order for the development to move forward and two that are operated by IELC. The remaining occupants will be relocated to the existing structure/sanctuary located on the south portion of the property whose ownership will be retained by IELC. The first phase of the project will include the demolition of the Fireside Lounge, at the center, in the fall of 2020, followed by the demolition of the Fellowship Hall to the north in early 2021. See the Site Plan below.

# ATTACHMENT C – RELOCATION PLAN

## 1710 Moorpark Avenue Relocation Plan



The project complies with all of the General Plan guidelines, housing element and zoning requirements and conforms to the adjacent land uses. There is no foreseen negative impact on the surrounding neighborhood.

The Project site which is the subject of this Relocation Plan is located in the City of San Jose in the County of Santa Clara. The subject property is located at 1710 Moorpark Avenue, immediately south of Interstate 280, east of Leigh Avenue. Please see **Attachment 1** for the project site location. The area is comprised of single- and multi-family homes, commercial and institutional uses.

Autotemp an experienced acquisition and relocation firm, has been selected to prepare this commercial Relocation Plan (the 'Plan'), and will provide all subsequently required relocation assistance. In compliance with statutory requirements, the Plan has been prepared to evaluate the present circumstances and replacement site requirements of the current Project occupants.

This Plan provides for the results of a needs assessment survey, their incorporation into the planning process, and details of the Partner's proposed

## **ATTACHMENT C – RELOCATION PLAN**

### ***1710 Moorpark Avenue Relocation Plan***

relocation plan. This Plan sets forth policies and procedures necessary to conform with the statutes and regulations established by the Uniform Relocation Act (46 U.S.C. § 4600 et seq.), its implementing regulations (49 C.F.R. Part 24), the California Relocation Assistance Law, California Government Code Section 7260 et seq (the "CRAL") and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq. (the "Guidelines") for commercial displacements along with HUD 1378 and all other funding regulations and requirements.

Funding sources include Low Income Housing Tax Credits (LIHTC) and Tax-Exempt Bonds, funding from the City of San Jose and the County of Santa Clara Measure A. Operations will be subsidized with a Project Based Section 8 (HAP) contract.

It should be noted that, with certain narrow exceptions, Federal funds cannot be used for any "displaced person" who is an alien not lawfully present in the United States.

No mandatory displacement activities will take place prior to the required reviews and approval of this Plan.

### **A. METHODOLOGY AND ASSESSMENT OF NEEDS**

To obtain information necessary for the preparation of this Plan, information was provided by the current property owners along with interviews and visual inspections of the commercial/non-profit entities that would be impacted by the implementation of the prospective project.

All information of a statistical nature supplied by the occupant was anecdotal and not validated by documentary evidence that otherwise may be required to comply with mandatory relocation and eligibility qualifying criteria.

The entities to be prospectively displaced by implementation of the proposed project include various church groups and non-profits, two of which are owned and managed by IELC and ineligible for relocation benefits due to the voluntary nature of the acquisition. One entity signed an acknowledgement of their

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

ineligibility for relocation benefits prior to entering into a lease and occupying space at the site. Inquiries and observations made of the commercial occupants included existing conditions, such as type of business or service provided; type of occupancy; current monthly lease/rental amounts; description and size of needs/operations; special requirements, if any; and, area/facility preferences for replacement locations. The table below represents some of the needs of the eligible potentially displaced entities, with the potential permanently displaced entity in bold. As mentioned previously, all other entities will remain on site.

| Commercial       |                   |                                     |
|------------------|-------------------|-------------------------------------|
| Type of Business | Ownership Type    | Special Needs/ Equipment            |
| church           | Non-profit        | Congregation                        |
| church           | Non-profit        | Congregation                        |
| church           | Non-profit        | Congregation                        |
| <b>church</b>    | <b>Non-profit</b> | <b>Meeting Space/ADA accessible</b> |
| AA group         | Non-profit        | Meeting space                       |

### **B. REPLACEMENT RESOURCES**

While there is no specific requirement under California or Federal Relocation Law or Guidelines mandating that alternate relocation sites be made available to commercial occupants at the time of displacement, MidPen is committed to making every reasonable effort to satisfactorily relocate the businesses.

This Relocation Plan outlines the requirements for moving the businesses being displaced, and demonstrates the level of advisory and financial assistance that will be provided.

### **C. CONCURRENT DISPLACEMENT**

Based on the anticipated needs of the Project, there is no known concurrent displacement at this time which may impact, negatively, upon the ability to relocate the occupants of the site.



## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

#### **D. TEMPORARY RELOCATION**

There is no *anticipated* requirement for temporary relocation.

#### **E. PROGRAM ASSURANCES AND STANDARDS**

Adequate funds shall be made available to relocate the commercial occupants on the site.

Relocation assistance services will be provided to ensure that displacement does not result in different or separate treatment of occupants based on race, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the California Fair Employment & Housing Act, and the Unruh Act, as well as any arbitrary or unlawful discrimination.

The occupants of the site will not be permanently displaced without Ninety (90) days advance written notice. The relocation program to be implemented by the Partners conforms with the standards and provisions set forth in Government Code section 7260 et seq., the Guidelines, and all other applicable regulations and requirements.

#### **F. RELOCATION ASSISTANCE PROGRAM**

Autotemp staff will be available to assist tenants being displaced with questions about relocation and, actual assistance in relocating. Relocation staff may be contacted, at **888.202.9195**, between the hours of 8:30 AM. to 6:00 PM, Monday through Friday, and also available on-site by appointment.

The Relocation Office is located at **373 4<sup>th</sup> Street, Suite 2A, Oakland, CA**. A comprehensive relocation assistance program, with technical and advisory assistance, will be provided to the tenants being displaced.

Specific activities will include:

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

1. Distribution of informational statements. **Attachment 2** contains a *sample* of the informational notices that will be given to the displaced businesses occupants;
2. Timely referrals to commercial property units; and,
3. Assistance with completion and filing of relocation claims and appeals forms, if necessary.
4. To fully inform eligible project occupants of the nature of, and procedures for, obtaining relocation assistance and benefits;
5. To determine the needs of each displacee eligible for assistance;
6. To provide assistance that does not result in different or separate treatment due to race, color, religion, national origin, sex, sexual orientation, marital status or other arbitrary circumstances;
7. To assist each eligible person to complete applications for benefits.
8. To make relocation benefit payments in accordance with the Guidelines, where applicable;
9. To inform all persons subject to displacement of MidPen's policies with regard to eviction and property management; and,
10. To establish and maintain a formal grievance procedure for use by displaced persons seeking administrative review of MidPen's decisions with respect to relocation assistance.

### **G. CITIZEN PARTICIPATION**

The Developer will ensure the following:

1. As an insignificant number of commercial entities are being displaced, a Relocation Plan is not required to be prepared

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

pursuant to Section 6038 of the Guidelines. This Relocation Plan was prepared for planning purposes only.

2. Full and timely access to documents relevant to the relocation program;
3. Providing technical assistance necessary to interpret elements of the relocation program and other pertinent materials;
4. The Plan will be reviewed to ensure that it is feasible and complies with locally-adopted rules and regulations governing relocation.

#### **H. RELOCATION BENEFIT CATEGORIES**

Benefits will be provided in accordance with the URA, the CRAL, the Guidelines, and all other applicable regulations and requirements. Benefits will be paid upon submission of required claim forms and documentation in accordance with approved procedures as outlined in **Attachment 3**. MidPen will provide appropriate benefits for the site tenants/displacees as required by the above laws and requirements.

Commercial occupants are considered eligible for relocation assistance and benefits if they lawfully occupied the subject property on the date of the “Initiation of Negotiations” for acquisition of the property. The date of ‘Initiation of Negotiations’ for this Project is the latter of the date of acquisition of the property or initial funding approval.

It should be noted that the following benefits have been adjusted to reflect the preliminary changes pursuant to federal law under MAP-21. However, the final rule has not been published to date, which may require an adjustment to category expenses, but not to dollar limitations.

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

#### **Commercial Moving Expense Payments**

Relocation benefits will be provided to the commercial occupants pursuant to State, and Federal law. Benefits will be paid upon submission of required claim forms and documentation in accordance with the procedures outlined in **Attachment 3**.

Pursuant to Relocation Law, eligible businesses may receive a relocation payment to cover the reasonable cost of moving their personal property from the Project site, to the selected replacement site, or to the existing sanctuary. Those entities that remain on-site will be only eligible for moving assistance, as searching and reestablishment benefits or a “Fixed Payment” are not applicable.

There are two (2) options:

- A. Payment for Actual Reasonable and Necessary Moving and Related Expenses; or,**
- B. A Fixed Payment Not to Exceed \$40,000.**

#### **Payment for Actual Reasonable and Necessary Moving and Related Expenses:**

This payment may include the following:

- a)** Transportation of personal property. Transportation costs to the replacement location (transportation costs are limited to a distance of fifty [50] miles, unless otherwise agreed to by the Agency);
- b)** Packing, crating, uncrating and unpacking personal property;
- c)** Disconnecting, dismantling, removing, reassembling and installing relocated and substitute machinery, equipment and other personal property.

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

This includes connection to utilities available nearby and modifications necessary to adapt such property to the replacement structure(s)/site or, to the utilities or, to adapt the utilities to the personal property;

- d) Storage of personal property not to exceed twelve (12) months, unless the Agency determines that a longer period is necessary;
- e) Insurance at the replacement value of the personal property in connection with the move, and necessary storage;
- f) The replacement value of property lost, stolen or damaged in the process of moving (though, not through the fault or negligence of the displaced person, his or her agents or employees), *if* insurance covering such loss, theft or damage is not reasonably available;
- g) Any license, permit or certification required for the business at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit or certification;
- h) Professional services as the Agency determines to be actual, reasonable and necessary for: i) planning the move of the personal property; ii) moving the personal property; and, iii) installing the relocated personal property at the replacement location;
- i) Re-lettering signs, and replacing stationary on-hand at the time of displacement, that is made obsolete as a result of the move;
- j) Actual direct loss of tangible personal property incurred as a result of moving or, discontinuing the business. The

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

payment will consist of the lesser of:

- i) The fair market value of the item, **as-is**, for continued use at the displacement site, *less* the proceeds from its sale. (To be eligible for payment, the business owner must make a “good-faith” effort to sell the personal property, unless the Agency determines that such effort is not necessary.

When payment for property loss is claimed for goods held for sale, the fair market value will be based on the cost of the goods to the business, *not* the *potential* selling price); or,

- ii) The estimated cost of moving the item, **as-is**, but with no allowance for storage, or for reconnecting a piece of equipment if the equipment is in storage or not being used at the acquired site. (If one elects to discontinue the business, the estimated cost will be based on a moving distance of fifty [50] miles).
- k) The reasonable cost incurred in attempting to sell an item that is not to be relocated;
- l) Purchase of substitute personal property. If an item of personal property which is used as part of a business is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, one will be entitled to payment for the lesser of:
  - i) The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or,
  - ii) The estimated cost of moving and reinstalling the replaced item, but with no allowance for storage.

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

At the Agency's discretion, the estimated cost for a low-cost or uncomplicated move may be based on a single bid, or estimate.

- m) Searching for a replacement location. One's business is entitled to reimbursement for actual expenses, *not-to-exceed* two thousand five hundred dollars (\$2,500.), as the Agency determines to be reasonable, which are incurred in searching for a replacement location, including:
  - i) Transportation;
  - ii) Meals and lodging away from the primary place of residence;
  - iii) Time spent searching, based on reasonable salary or earnings;
  - iv) Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site;
  - v) Time spent in obtaining permits and attending zoning or other mandatory hearings; and,
  - vi) Time spent negotiating the purchase of a replacement site based on reasonable salary or earnings.
  
- n) Other related moving expenses as the Agency determines to be reasonable and necessary, including:
  - i) Connection to available nearby utilities from the public right-of-way to improvements at the replacement site;
  - ii) Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for one's business operation including, but not limited to soil testing, feasibility and marketing studies (excluding any fees or commissions directly

## ATTACHMENT C – RELOCATION PLAN

### *1710 Moorpark Avenue Relocation Plan*

related to the purchase or lease of such site). At the Agency's discretion, a reasonable *pre-approved* hourly rate may be established; and,

- iii) Impact fees or one-time assessments for anticipated heavy utility usage, as determined by the Agency.
- o) Actual and reasonable expenses necessary to re-establish a displaced small business at its new location, not-to-exceed twenty-five thousand dollars (\$25,000.). Examples of expenses that may be considered for reimbursement include advertising, redecoration and certain increase costs of operation at the new location.

#### **Fixed payment in Lieu of a Payment for Actual Reasonable Moving and Related Expenses:**

The amount of this payment shall be based on the average, annual net earnings of the business. The payment to an eligible business may not be less than \$1,000.00, or more than \$40,000.

To qualify, for this payment a displaced business:

- a) Cannot be a part of a commercial enterprise having at least three (3) other establishments which are not being displaced by the Agency as part of this project, and which is under the same ownership and engaged in the same, or similar business activities; and,
- b) Must not be able to relocate without substantial loss of patronage; and,
- c) Must have contributed at least 33.33% of the owner's total gross income during each of the two (2) taxation years prior to displacement, or



## **ATTACHMENT C – RELOCATION PLAN**

### ***1710 Moorpark Avenue Relocation Plan***

meet specific earnings criteria.

#### **I. PAYMENT OF RELOCATION BENEFITS**

Relocation benefit payments will be made expeditiously. Claims and supporting documentation for relocation benefits must be filed with MidPen within eighteen (18) months from the date the claimant moves from the displacement property. Procedures for preparing and filing of claims and processing and delivering of payments are included in this Plan as **Attachment 3**.

#### **J. EVICTION POLICY**

At any time after the acquisition of the property, the occupants became tenants of MidPen. MidPen recognizes that eviction is permissible only as a last resort and that relocation records must be documented to reflect the specific circumstances surrounding any eviction. Eviction will only take place in cases of nonpayment of rent; serious violation(s) of the rental agreement; a dangerous or illegal act performed by Lessee, its employees, invitees or, any combination thereof in the unit; or, if the lessee/displacée refuses all reasonable offers to move. Eviction will not affect the eligibility of a person legally entitled to relocation benefits.

#### **K. APPEALS POLICY**

The appeals policy will follow the standards described in Section 6150 et seq. of the Guidelines. Briefly stated, displaced tenants will have the right to ask for review when there is a perceived grievance regarding any of a displacee's rights to relocation, and relocation assistance, such as a determination as to eligibility, the amount of a payment.

#### **L. PROJECTED DATES OF DISPLACEMENT**

The commercial occupants will receive a 90 day notice to vacate before they are required to move. This notice is expected to be issued on or about July 15, 2020 for those entities being displaced from the Fireside Lounge and January 02, 2021 for those entities being displaced from the Fellowship Hall; with the property vacated by March 2021.

# ATTACHMENT C – RELOCATION PLAN

## *1710 Moorpark Avenue Relocation Plan*

### **M. ESTIMATED RELOCATION COSTS**

MidPen pledges to appropriate the necessary funds, on a timely basis, to ensure the successful completion of the project. Any and all required financial assistance will be provided. The relocation budget is estimated as follows:

|                     |                    |
|---------------------|--------------------|
| Relocation Benefits | \$44,000.00        |
| Relocation Services | \$24,000.00        |
| <b>TOTAL</b>        | <b>\$68,000.00</b> |

**(Remainder of page intentionally left blank)**

## ATTACHMENT C – RELOCATION PLAN

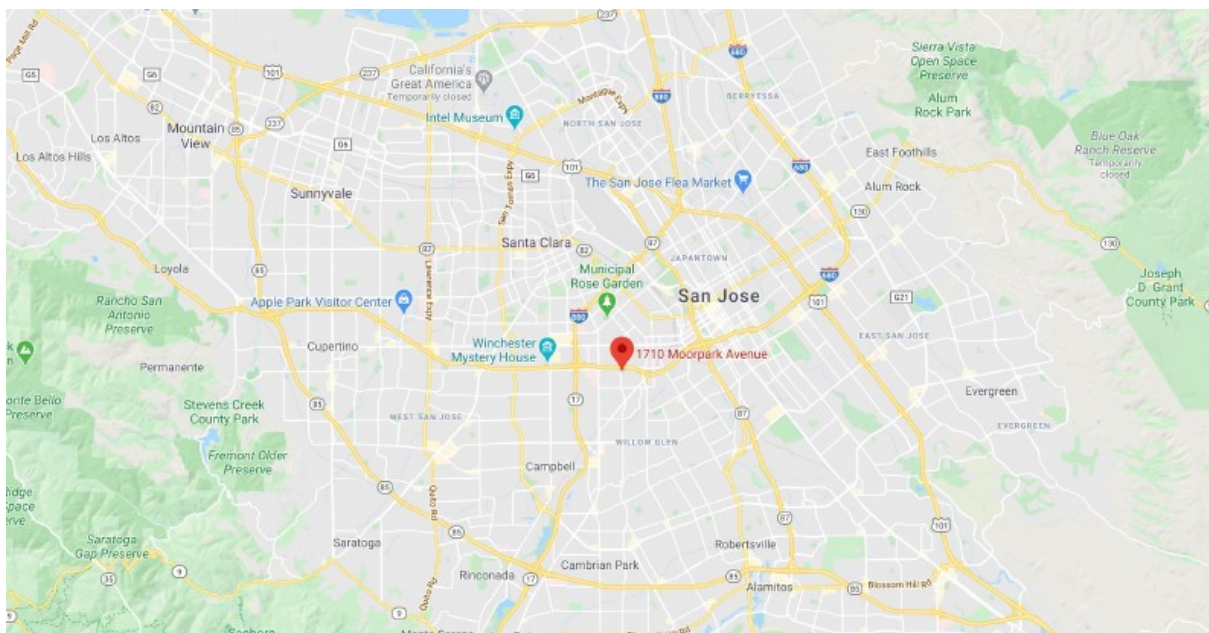
### TABLE OF ATTACHMENTS

- Attachment 1:** Project Site Maps
- Attachment 2:** Sample Informational Statements – Commercial Occupants
- Attachment 3:** Relocation Payment Policy and Procedures for Relocation Payments and Assistance

# ATTACHMENT C – RELOCATION PLAN

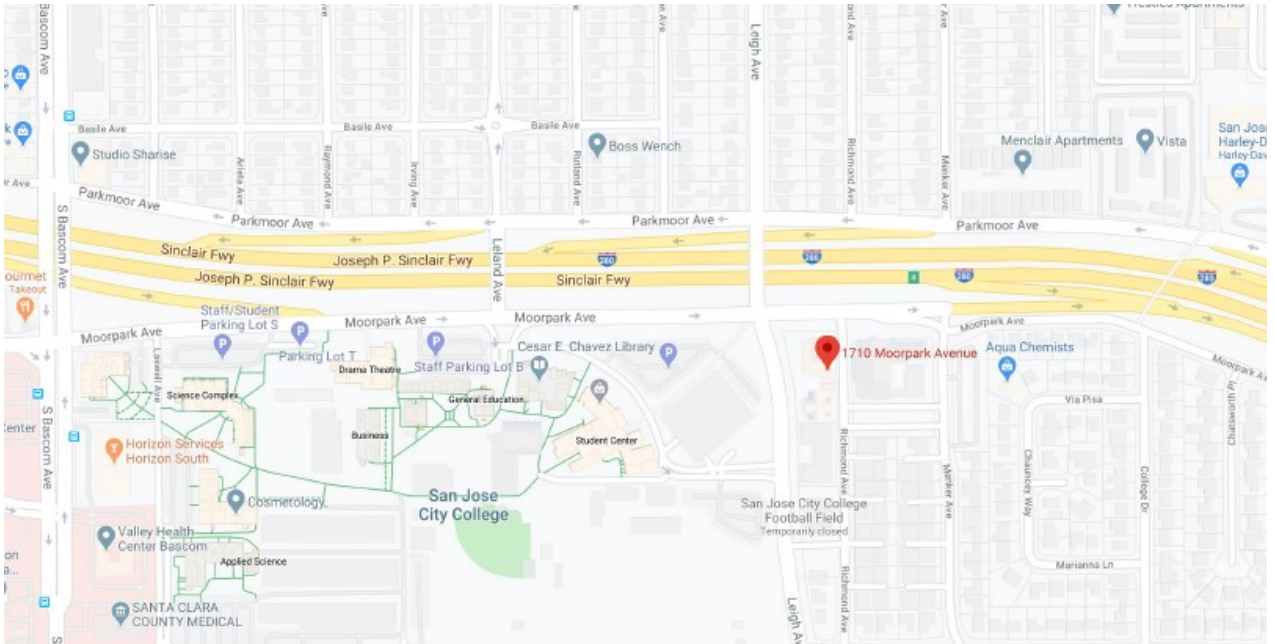
## ATTACHMENT 1: PROJECT SITE MAPS

**Figure 1. Regional Location**



# ATTACHMENT C – RELOCATION PLAN

**Figure 2. General Site-specific Location**



# ATTACHMENT C – RELOCATION PLAN

Figure 3. Overhead view



**ATTACHMENT 2:  
SAMPLE INFORMATIONAL STATEMENT FOR  
COMMERCIAL OCCUPANTS**

**Introduction**

The property on which you now conduct your business is in an area to be improved by MidPen Housing (“MidPen”). MidPen’s plans require the acquisition of the parcel and the relocation of existing commercial uses. You will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. MidPen has retained the services of Autotemp, a qualified professional relocation firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:

**Autotemp  
373 4<sup>th</sup> Street Suite 2A  
Oakland, CA 94607  
Telephone: 888.202.9195**

Spanish speaking representatives are available. **Si necesita esta información en español, por favor llame a su representante.**

**Please continue to pay your rent to your current landlord, otherwise you may be evicted and jeopardize the relocation benefits to which you may be entitled to receive. Once MidPen acquires the property, you will also be required to pay rent to MidPen.**

**Summary of Relocation Assistance**

As an eligible displaced person, you will be offered appropriate financial and advisory assistance to help you relocate, including:

- A. Payment for your moving expenses. You will receive either:
- A Payment for Actual Reasonable Moving and Related Expenses, or
  - A Fixed Payment In Lieu of a Payment for Actual Moving and Related Expenses
- B. Referrals to suitable replacement locations.

## **ATTACHMENT C – RELOCATION PLAN**

- C. Other help to reestablish your business and minimize the impact of the move including help in preparing claim forms to request relocation payments.

If you disagree with MidPen's decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

### **SOME GENERAL QUESTIONS**

#### **How will I know I am eligible for relocation assistance?**

Ordinarily, eligibility begins on the date the owner of the property receives MidPen's initial written offer to purchase it. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

#### **How Will MidPen Know How Much Help I Need?**

You will be contacted at an early date and personally interviewed by a representative of MidPen to determine your needs and preferences for a replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that MidPen, through its relocation consultant, can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

#### **How Soon Will I Have to Move?**

Every reasonable effort will be made to provide you with sufficient time to find and reestablish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice. It is important, however, that you keep in close contact with MidPen so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

#### **I Own The Property; Will I Be Paid For It Before I Have To Move?**

If you reach a voluntary agreement to sell your property to MidPen, you will not be required to move before you receive the agreed purchase price. If the property is acquired through an eminent domain proceeding, you cannot be required to move before the estimated fair market value of the property has been deposited with the court. (You should be able to withdraw this amount immediately, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property).

#### **Will I Have To Pay Rent To MidPen Before I Move?**

You may be required to pay a fair rent to MidPen for the period between the acquisition of your property and the date that you move. Your rent and the terms of your tenancy will be generally the same as in the prior arrangement.



## **ATTACHMENT C – RELOCATION PLAN**

### **How Will I Find A Replacement Location?**

MidPen will provide you with current and continuing information on available replacement locations that meet your needs. MidPen may also provide you with the names of real estate agents and brokers who can assist you in finding the type of replacement location you require. While MidPen will assist you in obtaining a suitable replacement location, you should take an active role in finding and relocating to a location of your choice. No one knows your needs better than you. You will want a facility that provides sufficient space for your planned activities. You will also want to ensure that there are no zoning or other requirements which will unduly restrict your planned operations. Ask MidPen to explain which kind of moving costs are eligible for repayment and which are not eligible. That will enable you to carry out your move in the most advantageous manner.

### **What Other Assistance Will be Available To Help Me?**

In addition to help in finding a suitable replacement location, other assistance, as necessary, will be provided by MidPen. This includes information on Federal, State, and local programs that may be of help in reestablishing a business. For example, the Small Business Administration (SBA) provides managerial and technical assistance to some businesses. There may also be a government grant or loan program which can help you reestablish your business. MidPen will assist you in applying for help available from government agencies. The range of services depends on the needs of the business being displaced. You should ask the MidPen representative to tell you about the specific services that will be available to you.

### **I Have A Replacement Location And Want To Move. What Should I Do?**

Before you make any arrangements to move, notify MidPen, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. MidPen will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

### **I Plan To Discontinue My Business Rather Than Move. What Should I Do?**

If you have decided to discontinue your business rather than reestablish, you may still be eligible to receive a payment. Contact MidPen and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

### **What Kinds of Payments For Moving Expenses Will I Receive?**

Every business is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- A. **A Payment For Actual Reasonable Moving and Related Expenses**, or
- B. **A Fixed Payment In Lieu of Moving and Related Expenses** (if you meet the eligibility requirements).

## ATTACHMENT C – RELOCATION PLAN

### What is the Payment for Actual Reasonable Moving and Related Expenses?

If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may claim the cost of:

1. Transportation of personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the Agency determines that relocation beyond 50 miles is justified.
2. Packing, crating, unpacking, and uncrating of the personal property.
3. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, and certain substitute personal property. This includes connection to utilities available within the building. It also includes modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property.
4. Storage of the personal property not to exceed 12 months, unless the Agency determines that a longer period is necessary.
5. Insurance for the replacement value of the personal property in connection with the move and necessary storage.
6. The replacement value of property lost, stolen or damaged in the process of moving (not through fault or negligence of the displaced person, his or her agent or employee), where insurance covering such loss, theft or damage is not reasonably available.
7. Any license, permit or certification required of your business at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, or certification.
8. Professional services as the Agency determines to be actual, reasonable and necessary for (1) planning the move of the personal property, (ii) moving the personal property, and (iii) installing the relocated personal property at the replacement location.
9. Re-lettering signs and replacing stationary on hand at the time of displacement that is made obsolete as a result of the move.
10. Actual direct loss of tangible personal property incurred as a result of moving or discontinuing your business. The payment will consist of the lesser of:
  - (i) The fair market value of the item, **as is** for continued use at the displacement site, less the proceeds from its sale. (To be eligible for payment, you must make a good

## ATTACHMENT C – RELOCATION PLAN

- faith effort to sell the personal property, unless the Agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value will be based on the cost of the goods to the business, not the potential selling price.); **or**
- (ii) The estimated cost of moving the item **as is**, but with no allowance for storage; or for reconnecting a piece of equipment if the equipment is in storage or not being used at the acquired site. (If you elect to discontinue your business, the estimated cost will be based on a moving distance of 50 miles.)
11. The reasonable cost incurred in attempting to sell an item that is not to be relocated.
12. Purchase of substitute personal property. If an item of personal property which is used as part of your business is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, you will be entitled to payment for the lesser of:
- (i) The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or
- (ii) The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At the Agency's discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.
13. Searching for a replacement location. Your business is entitled to reimbursement for actual expenses, not to exceed \$ 2,500 as the Agency determines to be reasonable, which are incurred in searching for a replacement location including:
- i) Transportation
- ii) Meals and lodging away from home.
- iii) Time spent searching, based on reasonable salary or earnings.
- iv) Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site.
- v) Time spent in obtaining permits and attending zoning hearings; and
- vi) Time spent negotiating the purchase of a replacement site based on a reasonable salary or earnings.
14. Other related moving expenses as the Agency determines to be reasonable and necessary, including:
- i) Connection to available nearby utilities from the right-of-way to improvements at the replacement site;
- ii) Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for your business operation, including but not limited to soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site). At the Agency's discretion, a reasonable pre-approved hourly rate may be established

## ATTACHMENT C – RELOCATION PLAN

- iii) Impact fees or one-time assessments for anticipated heavy utility usage, as determined by the Agency.

The Agency's relocation representative will explain all eligible moving costs, as well as, those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. The Agency will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by the Agency. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the Agency cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by the Agency or, if you prefer, you may have the Agency pay the mover directly. In either case, let the Agency's relocation representative know before you move. The Agency representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable bid or estimate obtained by the Agency. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the Agency before you may receive the payment.

### **What are Reestablishment Expenses?**

In addition to actual, reasonable moving and related expenses, a small business, non-profit organization or farm may be eligible to receive a payment of up to \$25,000 for expenses actually incurred in relocating and reestablishing its operation at a replacement site.

Eligible expenses must be reasonable and necessary, as determined by the Agency. They may include but are not limited to the following:

- A. Repairs or improvements to the replacement real property as required by federal, state or local law, code or ordinance.
- B. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- C. Construction and Installation costs for exterior signage to advertise the business.
- D. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
- E. Advertising of replacement location.

## ATTACHMENT C – RELOCATION PLAN

- F. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
  - 1. Lease or rental charges
  - 2. Personal or real property taxes
  - 3. Insurance premiums, and
  - 4. Utility charges (excluding Impact fees)
- G. Other items that the Agency considers essential to the reestablishment of the business.

### **What Expenses Are Not eligible for Reestablishment Payment?**

The following is a non-exclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

- A. Purchase of capital assets, such as, office furniture, filing cabinets, machinery or trade fixtures.
- B. Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- C. Interior or exterior refurbishment at the replacement site, except as otherwise provided for under the business reestablishment payment.
- D. Interest costs associated with any relocation expense or the purchase of replacement property.
- E. Payment to a part-time business in the home which does not contribute materially to the household income.

### **What is Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses?**

A Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses to a business or farm operation is based on the average annual net earnings of the business or farm operation. The payment to an eligible business or farm operation may not be less than \$1,000.00, or more than \$40,000.00. The nonprofit organization may be eligible for a payment from \$1,000.00 to \$40,000.00 subject to the following:

A displaced nonprofit organization may choose a fixed payment as stated above if MidPen determines that it cannot be relocated without a substantial loss of existing patronage (membership or clientele.) A nonprofit organization is assumed to meet this test, unless MidPen demonstrates otherwise. Any payment in excess of \$1,000.00 must be supported with financial statements for the two 12 month periods prior to displacement. The amount to be used for the payment is the average of the last two (2) years annual net earnings. Documentation required may be income tax returns, certified financial statements and

## ATTACHMENT C – RELOCATION PLAN

accounting records or other similar evidence acceptable to MidPen. To qualify for an In-Lieu payment:

A. A displaced **business**:

1. Must own or rent personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move, and the business vacates or relocates from its displacement site.
2. Must be unable to relocate without a substantial loss of existing patronage.
3. Must not be part of a commercial enterprise having more than one other entity which is not being acquired by MidPen, and which is under the same ownership and engaged in the same or similar business activities.
4. Must not be operated at a displacement dwelling/site solely for the purpose of renting such dwelling/site to others.
5. Must have contributed materially to the income of the displaced person during the two (2) taxable years prior to displacement.

B. A displaced **nonprofit organization** (1) must be unable to relocate without a substantial loss of its existing patronage; and, (2) must not be part of an enterprise having another establishment which is not being acquired by MidPen.

C. A displaced **farm operation** must meet certain minimum income requirements.

The average annual net earnings of a business or farm operation are one-half of its net earnings before Federal, State, or local income taxes during the two (2) taxable years immediately prior to the taxable year in which it was displaced. If not in business for a full two years prior to displacement, the net earnings shall be based on the actual period of operation at the acquired site projected to an annual rate. Average net earnings may be based on a different period of time when MidPen determines it to be more equitable. Net earnings include any compensation paid to the owners of the business, a spouse or dependents. The displaced person shall furnish MidPen proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which MidPen determines is satisfactory.

MidPen will inform you as to your eligibility for this payment and the documentation you must submit to support your claim. Remember, when you elect to take this payment you are not entitled to reimbursement for any other moving expenses.

### **How do I File A Claim For A Relocation Payment?**

You must file a claim for a relocation payment. MidPen will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide a security deposit if you lease your new location), discuss your financial needs with MidPen. You may be able to obtain an

## **ATTACHMENT C – RELOCATION PLAN**

advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to file as soon as possible after you move. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, MidPen may extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

### **Appeals**

If you disagree with MidPen's decision as to your right to a relocation payment or the amount of payment, you may appeal the decision to MidPen. MidPen will inform you of its appeal procedures. At a minimum, you will have 18 months to file your appeal with MidPen. Your appeal must be in writing. However, if you need help, MidPen will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter by the courts.

### **Tax Status of Relocation Benefits**

Relocation benefit payments may be considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11(commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

### **Additional Information**

If you have further questions after reading this brochure, contact Autotemp and discuss your concerns with your relocation representative. You may wish to read the California Relocation Assistance Act regulations which describe the relocation process in more detail.

## ATTACHMENT C – RELOCATION PLAN

# SAMPLE INFORMATIONAL STATEMENT FOR COMMERCIAL OCCUPANTS PERSONAL PROPERTY MOVE

### Introduction

The property on which you now conduct your business is in an area to be improved by MidPen Housing (“MidPen”). MidPen’s plans require the acquisition of the parcel and the relocation of existing commercial uses. You will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. MidPen has retained the services of Autotemp, a qualified professional relocation firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:

**Autotemp**  
**373 4<sup>th</sup> Street Suite 2A**  
**Oakland, CA 94607**  
**Telephone: 888.202.9195**

Spanish speaking representatives are available. **Si necesita esta información en español, por favor llame a su representante.**

**Please continue to pay your rent to your current landlord, otherwise you may be evicted and jeopardize the relocation benefits to which you may be entitled to receive. Once MidPen acquires the property, you will also be required to pay rent to MidPen.**

### Summary of Relocation Assistance

As an eligible displaced person, you will be offered appropriate financial and advisory assistance to help you relocate, including:

- A. Payment for your moving expenses.
- B. Other help to reestablish your business and minimize the impact of the move including help in preparing claim forms to request relocation payments.

If you disagree with MidPen's decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

**PREPARED BY AUTOTEMP**



# ATTACHMENT C – RELOCATION PLAN

## SOME GENERAL QUESTIONS

### **How will I know I am eligible for relocation assistance?**

Ordinarily, eligibility begins on the date the owner of the property receives MidPen's initial written offer to purchase it. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

### **How Will MidPen Know How Much Help I Need?**

You will be contacted at an early date and personally interviewed by a representative of MidPen to determine your needs and preferences for a replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that MidPen, through its relocation consultant, can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

### **How Soon Will I Have to Move?**

Every reasonable effort will be made to provide you with sufficient time to find and reestablish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice. It is important, however, that you keep in close contact with MidPen so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

### **Will I Have To Pay Rent To MidPen Before I Move?**

You may be required to pay a fair rent to MidPen for the period between the acquisition of your property and the date that you move. Your rent and the terms of your tenancy will be generally the same as in the prior arrangement.

### **What Kinds of Payments For Moving Expenses Will I Receive?**

Every business is entitled to a relocation payment to cover the reasonable cost of moving.

### **What is the Payment for Actual Reasonable Moving and Related Expenses?**

If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may claim the cost of:

1. Transportation of personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless the Agency determines that relocation beyond 50 miles is justified.
2. Packing, crating, unpacking, and uncrating of the personal property.

## ATTACHMENT C – RELOCATION PLAN

3. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, and certain substitute personal property. This includes connection to utilities available within the building. It also includes modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property.
4. Storage of the personal property not to exceed 12 months, unless the Agency determines that a longer period is necessary.
5. Insurance for the replacement value of the personal property in connection with the move and necessary storage.
6. The replacement value of property lost, stolen or damaged in the process of moving (not through fault or negligence of the displaced person, his or her agent or employee), where insurance covering such loss, theft or damage is not reasonably available.
7. Any license, permit or certification required of your business at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, or certification.
8. Professional services as the Agency determines to be actual, reasonable and necessary for (1) planning the move of the personal property, (ii) moving the personal property, and (iii) installing the relocated personal property at the replacement location.
9. Re-lettering signs and replacing stationary on hand at the time of displacement that is made obsolete as a result of the move.
10. Actual direct loss of tangible personal property incurred as a result of moving or discontinuing your business. The payment will consist of the lesser of:
  - (i) The fair market value of the item, **as is** for continued use at the displacement site, less the proceeds from its sale. (To be eligible for payment, you must make a good faith effort to sell the personal property, unless the Agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value will be based on the cost of the goods to the business, not the potential selling price.); **or**
  - (ii) The estimated cost of moving the item **as is**, but with no allowance for storage; or for reconnecting a piece of equipment if the equipment is in storage or not being used at the acquired site. (If you elect to discontinue your business, the estimated cost will be based on a moving distance of 50 miles.)
11. The reasonable cost incurred in attempting to sell an item that is not to be relocated.

## ATTACHMENT C – RELOCATION PLAN

12. Purchase of substitute personal property. If an item of personal property which is used as part of your business is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, you will be entitled to payment for the lesser of:
  - (i) The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or
  - (ii) The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At the Agency's discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.

The Agency's relocation representative will explain all eligible moving costs, as well as, those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. The Agency will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by the Agency. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the Agency cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by the Agency or, if you prefer, you may have the Agency pay the mover directly. In either case, let the Agency's relocation representative know before you move. The Agency representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable bid or estimate obtained by the Agency. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the Agency before you may receive the payment.

### **How do I File A Claim For A Relocation Payment?**

You must file a claim for a relocation payment. MidPen will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide a security deposit if you lease your new location), discuss your financial needs with MidPen. You may be able to obtain an advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to

*PREPARED BY AUTOTEMP*

## **ATTACHMENT C – RELOCATION PLAN**

file as soon as possible after you move. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, MidPen may extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

### **Appeals**

If you disagree with MidPen's decision as to your right to a relocation payment or the amount of payment, you may appeal the decision to MidPen. MidPen will inform you of its appeal procedures. At a minimum, you will have 18 months to file your appeal with MidPen. Your appeal must be in writing. However, if you need help, MidPen will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter by the courts.

### **Tax Status of Relocation Benefits**

Relocation benefit payments may be considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11(commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

### **Additional Information**

If you have further questions after reading this brochure, contact Autotemp and discuss your concerns with your relocation representative. You may wish to read the California Relocation Assistance Act regulations which describe the relocation process in more detail.

**ATTACHMENT 3:  
RELOCATION PAYMENT POLICY AND  
PROCEDURES  
FOR OBTAINING RELOCATION ASSISTANCE  
AND PAYMENTS**

Claims and supporting documentation for relocation benefits must be filed with MidPen within eighteen (18) months from the date the claimant moves from the acquired property.

The procedure for the preparation and filing of claims and the processing and delivery of payments will be as follows:

- 1.** Claimant(s) will provide all necessary documentation to substantiate eligibility for assistance.
- 2.** Assistance amounts will be determined in accordance with the provisions of the California Relocation Law and Guidelines.
- 3.** Required claim forms will be prepared by relocation personnel in conjunction with claimant(s). Signed claims and supporting documentation will be submitted by relocation personnel to MidPen.
- 4.** MidPen will review and approve claims for payment or request additional information.
- 5.** MidPen will issue benefit checks which will be available for pick-up by Claimants, unless circumstances dictate otherwise.
- 6.** Final payments will be issued after confirmation that the Project area premises have been completely vacated and occupancy at the replacement unit is verified, if applicable.
- 7.** Receipts of payment will be obtained and maintained in the relocation case file.

# ATTACHMENT C – RELOCATION PLAN

## *1710 Moorpark Avenue Relocation Plan*

### **M. ESTIMATED RELOCATION COSTS**

MidPen pledges to appropriate the necessary funds, on a timely basis, to ensure the successful completion of the project. Any and all required financial assistance will be provided. The relocation budget is estimated as follows:

|                     |                    |
|---------------------|--------------------|
| Relocation Benefits | \$44,000.00        |
| Relocation Services | \$24,000.00        |
| <b>TOTAL</b>        | <b>\$68,000.00</b> |

**(Remainder of page intentionally left blank)**