



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL, REDEVELOPMENT
AGENCY AND HOUSING AUTHORITY**

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

Public Hearing

November 6, 2008

**Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority and Redevelopment Agency Boards**

Title: Riverview Plaza Financial Restructure and Rent Increase

Location/Council District: 600 I Street, Council District 1

Recommendation: Conduct a public hearing and upon conclusion, adopt 1) a **Redevelopment Agency Resolution** a) authorizing the forgiveness of a Downtown Tax Increment (DTI) loan in the principal amount of \$1,000,000 to Riverview Plaza Associates; 2) a **City Resolution** authorizing the forgiveness of a Community Development Block Grant (CDBG) loan in the principal amount of \$1,398,512, and a Housing Development Action Grant Loan (HODAG) loan in the principal amount of \$2,000,000 (including all accrued interest) to the Partnership; 3) a **City Housing Authority Resolution** a) authorizing the forgiveness of all accrued and future ground lease payments by and between the Housing Authority and the Partnership; and b) authorizing its consent as limited partner of the Partnership for the following: i) write-down and reconveyance of CDBG, HODAG and DTI loans; and ii) approval of recommended residential rent increases in conformance with regulatory agreements.

Contact: Lisa Bates, Deputy Executive Director, 440-1316; Jim Hare, Assistant Director, 440-1313

Presenters: Katherine Klein McFadden, Management Analyst

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Riverview Plaza is a 20-year old mixed-used, senior affordable housing development located at 600 I Street. In the first of a three step process, staff received approval in August 2008 for a residential ownership restructure which included the substitution of the Housing Authority as the new limited partner and a \$5 million forgivable loan to address immediate repair needs. This second report makes recommendations to achieve a balanced operating budget by debt

Riverview Financial Restructure and Rent Increase

forgiveness, increasing revenue potential and addressing a longer term repositioning strategy.

Financial Restructure

The operation of Riverview Plaza is burdened by long-term debt obligations and ground lease payments. The construction of Riverview Plaza was originally funded by several sources including CDBG, HODAG, and DTI. The combined principal balance of these subordinate loans is approximately \$4.4 million with \$6.6 million interest accrual. The CDBG and HODAG loans have a fixed interest rate of 9.45%. To date, the Partnership has made \$4.2 million in loan interest payments on the three loans. The Partnership does not have the ability to repay principal balance and remaining interest by the loans' due dates. Staff is recommending forgiveness of the CDBG, HODAG, and DTI loans. Attachment 3 provides more detailed information on the original financing structure and proposed financial restructure.

Riverview Plaza entered into a ground lease with the Housing Authority of the City of Sacramento in 1988. Currently, the minimum annual lease payment is \$325,603. As the new limited partner of the Partnership, the Housing Authority would like to forgive all accrued and future ground lease payments.

Debt and ground lease forgiveness will help achieve sustainable long-term operations by allowing future cash flow to fund operation and maintenance needs of the property. A copy of the projected operating cash flow proforma is included as Attachment 5.

Rent Increase

The statement of administrative policies governing Riverview Plaza requires the Agency governing boards to approve any rent increases. The Agency has found it advisable to implement rent increases periodically in order to offset increases in operating expenses. The current rent structure was approved in 1997 and allowed for a 2.5% annual increase, but only until 2002. As a result, many of the units are below the levels allowed by the regulatory agreements, and this has caused the property to operate at a deficit for a number of years.

This report recommends authorizing increases across all three tiers of the current rent structure. To minimize the financial impact on current residents, a limited rent increase of 2.5% annually for those residents is proposed beginning in January 2009. The average rent increase for the first year will range from approximately \$5 to \$10 per unit monthly. Turnover units will be subject to a new rent structure, based on levels allowed by the regulatory agreements. A schedule of rent increase projections is included in Attachment 4.

Long Term Repositioning Strategy

Staff is recommending Riverview Plaza be included in the current Agency repositioning analysis for downtown elderly high-rise buildings. A project team is analyzing the development and implementation of the repositioning strategies for each high-rise. The project team will prepare a detailed financial analysis which will address long-term affordability and capital needs. A recommended

Riverview Financial Restructure and Rent Increase

repositioning strategy for Riverview Plaza will be brought back to the Council for approval.

Policy Considerations: This request is consistent with the policies of the City of Sacramento supporting the preservation of affordable housing.

Environmental Consideration

California Environmental Quality Act (CEQA): The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301 which exempt loan financing and operation of existing facilities where the use remains unchanged.

Sustainability Considerations: The Riverview Plaza Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved the contents of this report will advance the following goals, policies and targets as follows: the project supports Goal number 5 – Public health and Nutrition, specifically Target number 5 which calls for the redevelopment or rehabilitation of areas within the City based on old, wasteful, and/or dysfunctional designs to achieve better results for people and the environment.

Other: The National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its October 15, 2008 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Coriano, Dean, Fowler, Gore, Morgan, Otto, Shah, Stivers

NOES: None

ABSENT: Mohr

Rationale for Recommendation: After review of the Partnership's financial records, staff has concluded that the Partnership is unable to repay existing CDBG, HODAG and DTI loans in the combined principal amount of approximately \$4.4 million. Over the past 20 years, the Partnership has paid off a \$7 million permanent loan and made loan interest payments of \$4.2 million on these three existing loans. CDBG loan payments have exceeded the \$1.4 million initial investment and have come back to the CDBG program as program income. Additionally, payments on the HODAG loan nearly equal the \$2 million principal balance. Despite having made sizable loan interest payments, the Partnership will not be able to pay down the remaining accrued interest and principal balance

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by the loans' due dates. Inability to fully repay these loans is due to high loan interest rates and the low rent structure currently in place.

Approval of the proposed rent increase and debt forgiveness will permit the Housing Authority, as the property manager, to cover the operating expenses of Riverview Plaza. Additionally, the revenue increase will enable the Partnership to resume CalHFA loan payments, repay this loan by 2016, and fund a capital needs reserve.

The inclusion of Riverview Plaza in the Agency's repositioning analysis for elderly high-rise buildings will enable the Housing Authority and Partnership to determine the most financially sustainable approach to address long-term affordability and remaining property capital needs.

Financial Considerations: Forgiveness of the existing \$1,398,512 CDBG loan, \$2,000,000 HODAG loan, \$1,000,000 DTI loan (plus all remaining interest) and ground lease payments will allow future cash flow to fund property operations. Increased revenue will also permit timely repayment of the CalHFA loan.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:


LA SHELLE DOZIER
Interim Executive Director

Recommendation Approved:

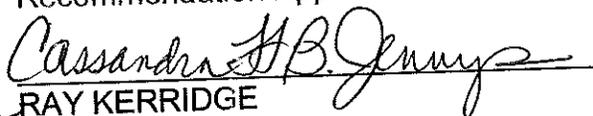

RAY KERRIDGE
City Manager

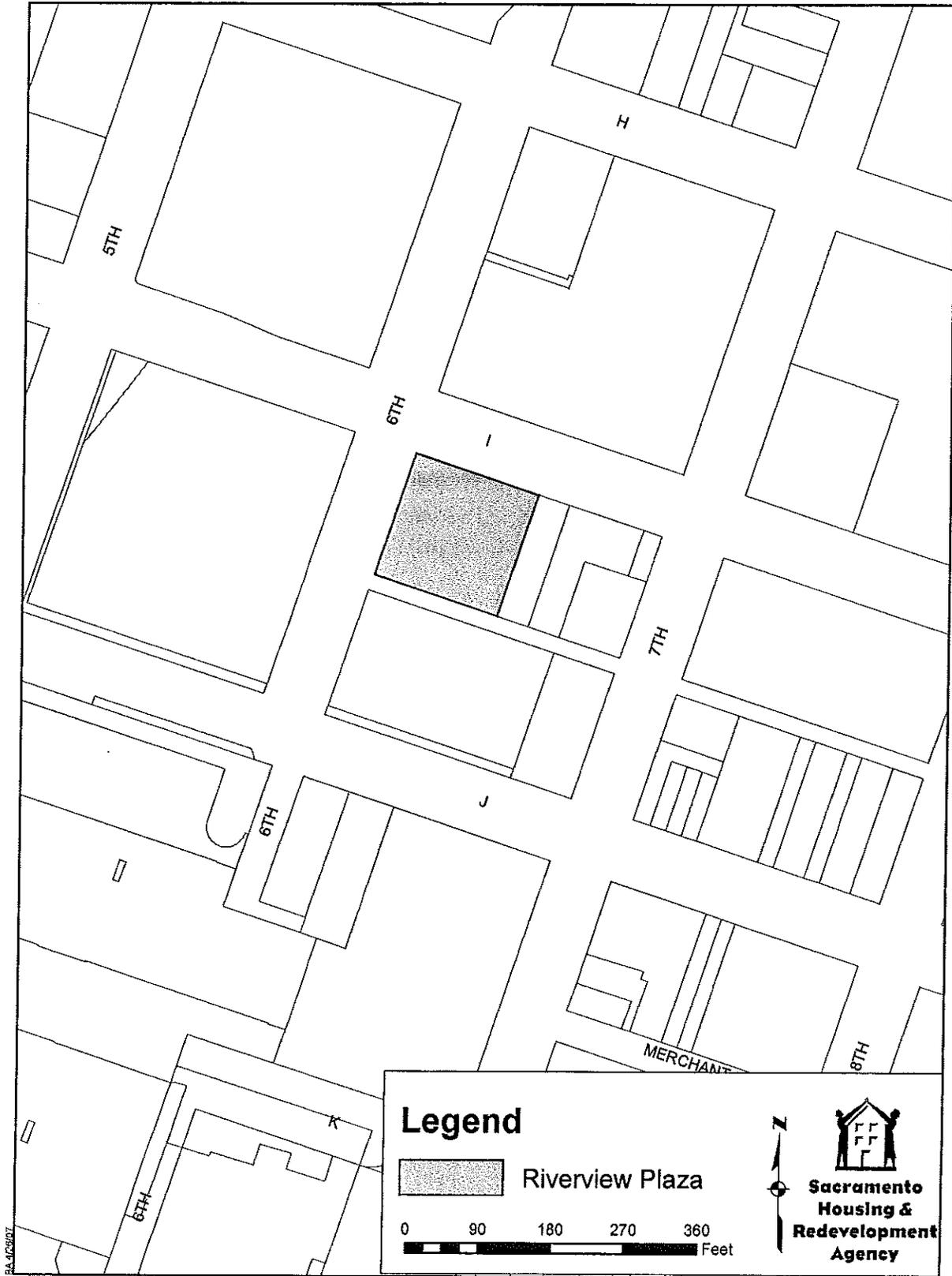
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Riverview Plaza Vicinity Map



Riverview Plaza Location Map



Riverview Financial Restructure and Rent Increase

Attachment 3**Background**Description of Development

Riverview Plaza is a mixed-use development located at 600 I Street in downtown Sacramento. Office and retail tenants occupy approximately 24,800 square feet on the first two floors. Agency staff occupies approximately 16,000 square feet, with the balance occupied by a day-care center, hair salon, and vacant retail space. The residential portion of the building (floors 3-16) consists of 123 affordable one-bedroom senior apartments, a two-bedroom manager's apartment, and common areas including a large commercial kitchen, dining area, and swimming pool.

The development was constructed in 1988 and placed in service as a nine percent Low Income Housing Tax Credit (LIHTC) project in 1989. In August 2008, staff received approvals for the restructure of the residential ownership. The restructure included the purchase of the initial investor limited partner's interest by the Housing Authority of the City of Sacramento. The residential owner, Riverview Plaza Associates, a California Limited Partnership, is now comprised of the Housing Authority of the City of Sacramento (with a 99% percent interest), and a non-profit general partner, Sacramento Housing Development Corporation (with a 1% percent interest), for which the Sacramento County Board of Supervisors serves as the Board of Directors.

Financial Restructure

In April 1988, City Council approved proceeding with a tax credit syndication of the Riverview Plaza development. Initially, 40 percent of the project was affordable to low-income (affordable to households who earn 60 percent or less of area median adjusted for family size) and 60 percent to low/moderate income (affordable to households who earn 80 percent or less of area median income adjusted for family size). To increase affordability and the amount of tax credits available to the project, City Council adopted a resolution in May 1988 that converted the project to 100 percent low-income.

The tax credit syndication included the approval that the project would rely on an annual tax increment pledge by the City Redevelopment Agency of \$658,000 ("Operating Guarantee") to fund all operating shortfalls for 15 years. This operating guarantee terminated in 2004. Without the annual tax increment pledge of \$658,000, the project has had to accrue ground lease payments and interest on existing debt obligations.

Riverview Plaza entered into a ground lease with the Housing Authority of the City of Sacramento in 1988. This lease is for a term of forty (40) years and effective January 1, 2002, provides for rental payments of \$200,000 per year plus an amount determined based upon increases in the Consumer Price Index. Currently, the minimum lease payment is \$325,603. As the new limited partner of the Partnership, the Housing Authority would like to forgive all accrued and future ground lease payments.

The following chart summarizes the original permanent financing structure and the proposed financial restructure.

Original Permanent Financing Structure 1989		
Source	Amount	Status
1 st Mortgage	\$ 7,040,000	Paid in full
Housing Authority Loan	\$ 2,080,000	Paid in full
Redevelopment Agency Loan	\$ 42,280	Paid in full
CALHFA Loan	\$ 932,744	Due 2016

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CDBG Loan	\$ 1,398,512	Due 2018
Downtown Tax Increment	\$ 1,000,000	Due 2018
HODAG Loan	\$ 2,000,000	Due 2028

Proposed Financial Restructure 2008		
Source	Amount	Status
CALHFA Loan	\$ 932,744	Pay off by 2016
CDBG Loan	\$ 1,398,512	Proposed Forgiveness
Downtown Tax Increment	\$ 1,000,000	Proposed Forgiveness
HODAG Loan	\$ 2,000,000	Proposed Forgiveness
Downtown Housing Set-Aside (Forgivable loan approved Aug 2008)	\$ 5,000,000	To be forgiven upon completion of repair work (estimate 2009)

Rent Increase

Riverview Plaza residential rent structure was initially divided into three tiers based on limitations imposed by the funding entities. The tax credit syndication included approval that the project could use the annual tax increment pledge by the City Redevelopment Agency of \$658,000 ("Operating Guarantee") to fund all operating shortfalls for 15 years, the Housing Authority as a policy maintained rents similar to those of conventional public housing. This operating shortfall guarantee terminated in 2004. The current rent structure was unanimously approved in 1997 and allowed for a 2.5% annual rent increase, but only until 2002.

The existing regulatory agreements on the property allow the following affordability levels and rent limits:

Tier I	
Units:	25 units @ 50% Area Median Income (AMI) ("Very Low Income")
Affordability:	50% AMI
Gross Rent:	25% of income
Compliance Period:	30 years beginning 1989
Compliance End:	2019
Tier II	
Units:	51 units @ 50% Area Median Income (AMI) ("Very Low Income")
Affordability:	50% AMI ("Very Low Income")
Gross Rent:	30% of 50% AMI (Including utilities)
Compliance Period:	20 years beginning 1989 (HODAG Units) 55 years beginning 2008 (Downtown Housing Set-Aside Units)
Compliance End:	18 units @ 50% AMI until 2009 (Converts to Tier III) 33 units @ 50% AMI until 2063
Tier III	
Units:	47 units
Affordability:	60% Area Median Income ("Low Income")
Gross Rent:	30% of 60% AMI (Including utilities)
Compliance Period:	30 years beginning 1989
Compliance End:	2019

The decrease in debt obligations and increased revenue will allow Riverview Plaza to achieve break-even operations and become self-sustaining.

Schedule of Rent Increase Projections Riverview Plaza		1	2	3	4	5	6	7	8	9	10
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tier I											
50% of Median Income (Per CalHFA)	Annual Increase										
Current Resident Average Rent	2.50%	\$231	\$236	\$242	\$248	\$255	\$261	\$267	\$274	\$281	\$288
Number of Units		23	20	18	15	13	10	8	5	3	0
Maximum Rent Allowed (less UA)	2.50%	\$567	\$581	\$596	\$611	\$626	\$642	\$658	\$674	\$691	\$708
Number of Units		3	5	8	10	13	15	18	20	23	25
Sub-total Monthly Income		\$6,607	\$7,634	\$8,708	\$9,831	\$11,005	\$12,232	\$13,513	\$14,850	\$16,246	\$17,703
		25	25	25	25	25	25	25	25	25	25
Tier II											
50% of Area Median Income											
Current Resident Average Rent	2.50%	\$401	\$411	\$421	\$432	\$442	\$453	\$465	\$476	\$488	\$501
Number of Units		46	41	36	31	26	20	15	10	5	0
Maximum Rent Allowed (less UA)	2.50%	\$611	\$626	\$642	\$658	\$674	\$691	\$709	\$726	\$744	\$763
Number of Units		5	10	15	20	26	31	36	41	46	51
Sub-total Monthly Income		\$21,512	\$23,148	\$24,854	\$26,629	\$28,479	\$30,404	\$32,407	\$34,492	\$36,660	\$38,916
		51	51	51	51	51	51	51	51	51	51
		0	0	0	0	0	0	0	0	0	0
Tier III											
60% of Area Median Income											
Current Resident Average Rent	2.50%	\$437	\$448	\$459	\$470	\$482	\$494	\$506	\$519	\$532	\$545
Number of Units		42	38	33	28	24	19	14	9	5	0
Maximum Rent Allowed (less UA)	2.50%	\$744	\$763	\$782	\$801	\$821	\$842	\$863	\$884	\$906	\$929
Number of Units		5	9	14	19	24	28	33	38	42	47
Sub-total Monthly Income		\$21,967	\$23,997	\$26,115	\$28,323	\$30,626	\$33,026	\$35,526	\$38,132	\$40,845	\$43,670
		47	47	47	47	47	47	47	47	47	47
Manager Unit	2.50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residential Rent Monthly Income		\$50,085	\$54,779	\$59,676	\$64,784	\$70,110	\$75,661	\$81,447	\$87,474	\$93,752	\$100,289
HCV Monthly Rental Increase	2.50%	\$6,974	\$7,148	\$7,327	\$7,510	\$7,698	\$7,890	\$8,088	\$8,290	\$8,497	\$8,710
Residential Rent/HCV Monthly Revenue		\$57,059	\$61,927	\$67,003	\$72,294	\$77,808	\$83,552	\$89,534	\$95,764	\$102,249	\$108,998
Total Annual Residential Rental Income		\$684,712	\$743,129	\$804,038	\$867,529	\$933,691	\$1,002,620	\$1,074,411	\$1,149,165	\$1,226,986	\$1,307,979
Total No. of Units		124	124	124	124	124	124	124	124	124	124

**Riverview Plaza
Operating Cash Flow
Proforma**

Unit Type	Affordability	Number of Units	Per Unit Sq. Feet	Total Sq. Feet	Gross Rent	Utility Allowance	2010		2011		2012		2013		2014		2015		2016		2017		2018	
							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10								
1 Bedroom Tier 1	50% MI (CalHFA)	25	600	15,000	\$621	\$54	\$567	\$567	\$170,100															
1 Bedroom Tier 2	50% AMI	51	600	30,600	\$665	\$54	\$611	\$611	\$373,932															
1 Bedroom Tier 3	60% AMI	47	600	28,200	\$798	\$54	\$744	\$744	\$419,616															
Manager (2 BR)		1	800	800	\$0	\$0	\$0	\$0	\$0															
Totals		124		74,600					\$963,648															
Annual Increase																								
Projected Annual Residential Rental Income							\$684,712	\$743,129	\$804,038	\$867,529	\$933,691	\$1,002,620	\$1,074,411	\$1,149,165	\$1,226,986	\$1,307,979								
Other Income: Ancillary		2.50%					\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244								
Interest Income - Investment		2.50%					\$10,000	\$10,250	\$10,506	\$10,769	\$11,038	\$11,314	\$11,597	\$11,887	\$12,184	\$12,489								
Gross Potential Income							\$699,712	\$758,504	\$819,798	\$883,682	\$950,248	\$1,019,591	\$1,091,806	\$1,166,996	\$1,245,262	\$1,326,712								
Less Vacancy @		5.00%					(\$34,986)	(\$37,925)	(\$40,990)	(\$44,184)	(\$47,512)	(\$50,980)	(\$54,590)	(\$58,350)	(\$62,263)	(\$66,336)								
Less Manager Unit							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0								
Effective Income							\$664,726	\$720,578	\$778,808	\$839,498	\$902,736	\$968,611	\$1,037,216	\$1,108,646	\$1,182,999	\$1,260,376								
Effective Gross Income							\$664,726	\$720,578	\$778,808	\$839,498	\$902,736	\$968,611	\$1,037,216	\$1,108,646	\$1,182,999	\$1,260,376								
Operating Expenses		3.50%					\$497,084	\$514,482	\$532,489	\$551,126	\$570,415	\$590,380	\$611,043	\$632,430	\$654,565	\$677,474								
Total Expenses							\$497,084	\$514,482	\$532,489	\$551,126	\$570,415	\$590,380	\$611,043	\$632,430	\$654,565	\$677,474								
Net Operating Income (NOI)							\$167,642	\$206,096	\$246,319	\$288,372	\$332,321	\$378,231	\$426,173	\$476,216	\$528,434	\$582,902								
Capital Needs Reserve																								
Beginning Balance							\$200,000	\$255,881	\$324,580	\$406,686	\$502,810	\$613,583	\$739,661	\$881,718	\$1,033,110	\$1,161,545								
Annual Deposit							\$55,881	\$68,699	\$82,106	\$96,124	\$110,774	\$126,077	\$142,058	\$151,392	\$162,434	\$168,902								
Accumulated Balance							\$255,881	\$324,580	\$406,686	\$502,810	\$613,583	\$739,661	\$881,718	\$1,033,110	\$1,161,545	\$1,244,447								
NOI Adjusted for Reserves							\$111,762	\$137,398	\$164,213	\$192,248	\$221,547	\$252,154	\$284,115	\$324,824	\$0	\$0								
Debt Service-Existing Debt																								
CalHFA/R/HCP							\$1,464,402	\$1,380,623	\$1,271,207	\$1,134,977	\$970,711	\$777,147	\$552,975	\$296,842	\$0	\$0								
Accrued Interest Payment							\$27,982	\$27,982	\$27,982	\$27,982	\$27,982	\$27,982	\$27,982	\$27,982	\$27,982	\$27,982								
Balance							\$111,762	\$137,398	\$164,213	\$192,248	\$221,547	\$252,154	\$284,115	\$324,824	\$0	\$0								
Net Cash After Debt Service							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0								

RESOLUTION NO. 2008 -

Adopted by the Housing Authority of the City of Sacramento

on date of

RIVERVIEW PLAZA: AUTHORIZE GROUND LEASE PAYMENT FORGIVENESS, LIMITED PARTNER CONSENT TO LOAN WRITE-DOWNS, AND APPROVAL OF RESIDENTIAL RENT INCREASE

BACKGROUND

- A. Riverview Plaza is a 16-story commercial and age-restricted residential development located at 600 I Street, Sacramento. The 124-unit residential portion is owned by Riverview Plaza Associates, a California Limited Partnership (Partnership). The substitution of the Housing Authority of the City of Sacramento as limited partner of the Partnership was approved in August 2008.
- B. The current residential rent structure was approved in 1997 and allowed for a 2.5% annual increase, but only until 2002. As a result, many of the residential units are below the levels allowed by the regulatory agreements, and this has caused the property to operate at a deficit for a number of years.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. It is determined that the action proposed by this resolution is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301 which exempts bond and loan financing and operation of existing facilities where the use remains unchanged.
- Section 2. Authorize the forgiveness of all accrued and future ground lease payments by and between the Housing Authority and the Partnership
- Section 3. Authorize consent as limited partner of the Partnership for the write-down of the following existing loans: Community Development Block Grant (CDBG), Housing Development Action Grant (HODAG) and Downtown Tax Increment (DTI) loans, subject to loan forgiveness approvals by the City of Sacramento and Redevelopment Agency of the City of Sacramento.
- Section 4. Approve a 2.5% annual rent increase to current residents until unit rents reach maximum regulatory rent or unit turnover.
- Section 5. Authorize residential rents at unit turnover to be in conformance with the requirements of the California Housing Finance Agency (CalHFA), Housing Development Action Grant (HODAG), Low Income Housing Tax Credit (LIHTC), and Downtown Housing Set-Aside regulatory

Riverview Financial Restructure and Rent Increase

agreements on the property as follows:

Tier I	
Units:	25 units @ 50% Area Median Income (AMI) ("Very Low Income") 13 units @ 80% Area Median Income (AMI) ("Lower Income")
Affordability:	50% AMI 80% AMI (Included in tax credit units)
Gross Rent:	25% of income Excludes Section 8 rents
Compliance Period:	30 years beginning 1989
Compliance End:	2019
Tier II	
Units:	18 units @ 50% Area Median Income (AMI) ("Very Low Income") 33 units @ 50% Area Median Income (AMI) ("Very Low Income")
Affordability:	50% AMI ("Very Low Income") Restricted to elderly residents
Gross Rent:	30% of 50% AMI (Including utilities)
Compliance Period:	20 years beginning 1989; 55 years beginning 2008
Compliance End:	18 units @ 50% AMI until 2009 then units may convert to 60% AMI until 2019 33 units until 2063
Tier III	
Units:	47 units
Affordability:	60% Area Median Income ("Low Income")
Gross Rent:	30% of 60% AMI (Including utilities) Excludes Section 8 rents
Compliance Period:	30 years beginning 1989
Compliance End:	2019

Section 6. The proposed rent adjustments, in Section 4 and 5 would be implemented in the first quarter of 2009.

RESOLUTION NO. 2008 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

**RIVERVIEW PLAZA:
AUTHORIZE FORGIVENESS OF DOWNTOWN TAX INCREMENT LOAN**

BACKGROUND

- A. Riverview Plaza is a 16-story commercial and age-restricted residential project located at 600 I Street, Sacramento. The 124-unit residential portion is owned by Riverview Plaza Associates, a California Limited Partnership (Partnership).
- B. In 1988, the Redevelopment Agency of the City of Sacramento approved an unsecured loan of Downtown Tax Increment funds in the principal amount of \$1,000,000 to the Partnership.
- C. Project cash flow is insufficient to cover operating expenses and long-term debt obligations on the property.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS
FOLLOWS:**

- Section 1. It is determined that the action proposed by this resolution is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(which exempts bond and loan financing and operation of existing facilities where the use remains unchanged).
- Section 2. The Executive Director, or designee, is authorized to forgive the existing Downtown Tax Increment loan in the principal amount of \$1,000,000 to the Partnership.

RESOLUTION NO. 2008 -

Adopted by the Sacramento City Council

on date of

RIVERVIEW PLAZA: AUTHORIZE FORGIVENESS OF COMMUNITY DEVELOPMENT BLOCK GRANT AND HOUSING DEVELOPMENT ACTION GRANT LOANS

BACKGROUND

- A. Riverview Plaza is a 16-story commercial and age-restricted residential project located at 600 I Street, Sacramento. The commercial portion is owned by the Housing Authority of the City of Sacramento. The 124-unit residential portion is owned by Riverview Plaza Associates, a California Limited Partnership (Partnership).
- B. In 1988, the City of Sacramento ("City") approved a loan of Community Development Block Grant (CDBG) funds to the Partnership in the principal amount of \$1,398,512 for the Riverview Plaza development.
- C. In 1988, the City of Sacramento ("City") approved a loan of Housing Development Action Grant (HODAG) funds to the Partnership in the principal amount of \$2,000,000 for the Riverview Plaza development.
- D. The Partnership does not have the ability to repay the principal balance and accrued interest on the CDBG and HODAG loans by the loans' due date.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is determined that the action proposed by this resolution is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301 (which exempts bond and loan financing and operations of existing facilities where the use remains unchanged).
- Section 2. The Sacramento Housing and Redevelopment Agency and the Housing Authority of the City of Sacramento are authorized to forgive the following loans to the Partnership: 1) Community Development Block Grant (CDBG) loan in the principal amount of \$1,398,512, and 2) Housing Development Action Grant (HODAG) loan in the principal amount of \$2,000,000 (including all unpaid accrued interest); and execute any necessary loan reconveyances.

