

RESOLUTION NO. 2013-003

Adopted by the Housing Authority
of the City of Sacramento

March 12, 2013

700 BLOCK OF K STREET PROJECT: RESOLUTION DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$20,000,000 (the "Obligations") for the purpose, among other things, of making a loan to 700 Block LLC, a California limited liability corporation, or such other California limited liability company or limited partnership formed or to be formed by 700 Block LLC (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction/rehabilitation of a 137-unit multifamily housing facility located at 700-730 K Street, Sacramento, California and to be commonly known as the 700 Block of K Street (the "Project").
- B. United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure.
- C. It is in the public interest and for the public benefit that the Housing Authority declare its official intent to reimburse the expenditures referenced herein.

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

- Section 1. The Housing Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and construction/rehabilitation of the Project.
- Section 2. The Housing Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition and construction/rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations.
- Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and construction and/or rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$20,000,000.

- Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Housing Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and construction/rehabilitation of the Project that are expected to be reimbursed from the proceeds of the Obligations.
- Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Housing Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Housing Authority.
- Section 6. The appropriate officers or staff of the Housing Authority are hereby authorized, for and in the name of and on behalf of the Housing Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.
- Section 7. The adoption of this Resolution shall not obligate (i) the Housing Authority to provide financing to the Developer for the acquisition and construction/rehabilitation of the Project or to issue the Obligations for purposes of such financing; or (ii) the Housing Authority, of or any department of the Housing Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction/rehabilitation or operation of the Project.
- Section 8. This resolution shall take effect immediately upon its adoption.

Adopted by the Housing Authority of the City of Sacramento on March 12, 2013 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, Hansen, McCarty, Pannell, Schenirer, and Warren

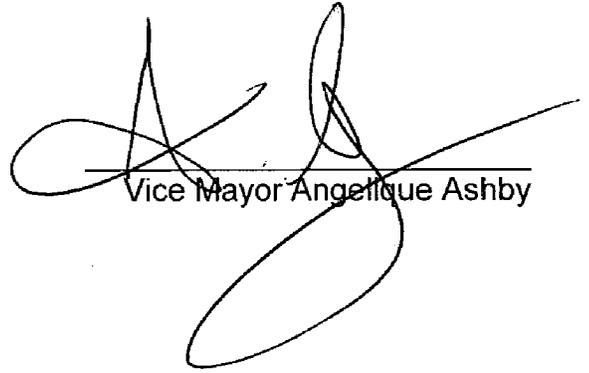
Noes: None.

Abstain: None.

Absent: Mayor Johnson.

Attest:

for Dawn Bullwinkel
Shirley Concolino, City Clerk



Vice Mayor Angelique Ashby



**REPORT TO CITY COUNCIL AND
HOUSING AUTHORITY**
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
March 19, 2013

Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Housing Authority Board

Title: Approval of Ridgeway Studios Financing Documents

Location/Council District: 912-914 12th Street; Council District 4

Recommendation: Adopt 1) a **City Council Resolution** authorizing the Sacramento Housing and Redevelopment Agency (Agency) to enter into and execute a \$1,200,000 Loan Agreement and related documents with Ridgeway SRO Investors LP (Developer), and 2) a **Housing Authority Resolution** authorizing the Executive Director or her designee to enter into and execute an approximately \$518,000 Loan Assumption and Modification Agreement and related documents with the Developer.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The Ridgeway Hotel, built in 1912, is a four-story single room occupancy (SRO) residential hotel located at 912-914 12th Street. The property's residential units have been vacant and boarded since 2007. The building was last rehabilitated 25 years ago and needs substantial renovation. The proposed project will rehabilitate and convert 58 existing SRO rooms with shared baths into 22 affordable studio units with a full kitchen and bathroom. Proposed residential amenities include community space, laundry room, and secure parking for bicycles/scooters. A location map and floor plan are provided as Attachments 1 and 2 respectively.

The project will be funded with nine percent Low Income Housing Tax Credit (LIHTC) equity, a new Agency loan, an assumption of existing Agency and State