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

Public Hearing
September 10, 2013

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

Title: Tax Equity and Fiscal Responsibility (TEFRA) Hearing and Approval of Tax Exempt Bonds for The Warren Project

Location/Council District: 16th and N Streets, Council District 4

Issue: Conduct a public hearing concerning issuance of a tax-exempt mortgage revenue bond obligation.

Recommendation: Conduct a public hearing and upon conclusion adopt: 1) a **Housing Authority Resolution** a) acknowledging that the Housing Authority (Authority) intends to execute and deliver the obligations to pay the costs of financing the acquisition and construction of the Warren Project (Project), b) declaring that the Authority reasonably expects that a portion of the proceeds of the obligations will be used for reimbursement of expenditures that are paid before the date of initial execution and delivery of the obligations, c) declaring that the maximum amount of proceeds of the obligations is not to exceed $30,000,000, d) acknowledging that there are no funds other than proceeds of the obligations that are reasonably expected to be available for the Project, e) declaring that the Developer shall be responsible for the payment of all present and future costs in connection with the Project, f) authorizing the appropriate officers of the 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. g) acknowledging that the adoption of this resolution shall not obligate the Authority to provide financing to the Developer or any department of the Authority or the City of Sacramento to approve any application or request for any environmental, General Plan, zoning or any other permit for the acquisition, construction or operation of the Project, and 2) a **City Council** Resolution: a) approving the execution and delivery of the obligations solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed project, and b) making related findings.

September 10, 2013

The Warren – TEFRA Hearing and Approval of Tax Exempt Bonds

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

Presenters: Joel Riphagen, Housing Finance Analyst, Development Finance

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: The Warren is a proposed mixed-use, mixed-income new construction project at the northwest corner of 16th and N Streets in Sacramento. The project will consist of approximately 5,500 square feet of ground floor retail space, a two-level parking garage, and five floors of residential units above the retail and parking. The 118 residential units will consist of studios and 1- and 2-bedroom units, with 24 of the units (20 percent) affordable to households earning less than 50 percent of Area Median Income (AMI), and the remainder rented at market rate. A vicinity map and building rendering are provided as Attachments 1 and 2.

The new building will include a landscaped second-floor courtyard for tenants with a barbeque area, as well as bicycle storage, internet connections, in-unit washers and dryers, and community rooms for resident use on each floor. Funding for the project includes a mortgage revenue bond and Low-Income Housing Tax Credits (LIHTC), developer equity and a deferred developer fee, and a grant from the Capital Area Development Agency (CADA). CADA currently owns the land and will be granting it to the project. No loan is being requested from SHRA. The purpose of this staff report is to hold the required Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and approve the issuance of bonds for the project.

The bonds and tax credits together will require that 20 percent of the units (24 units total) be affordable to households earning less than 50 percent of AMI. The affordability restrictions will be enforced by regulatory agreements that last for 55 years.

Staff recommends Housing Authority action to approve an issuance of up to $30,000,000 in tax-exempt mortgage revenue bonds and City Council action to approve the issuance of a tax-exempt obligation. Further background on the project, developer and the property is included as Attachment 3. A project summary, including proposed sources and uses of funds, is included as Attachment 4. A project cash flow pro-forma and a schedule of maximum rents are included as Attachments 5 and 6.

Policy Considerations: The recommended actions are consistent with the approved Multifamily Lending and Mortgage Revenue Bond Policies. Regulatory restrictions on the property will be specified in bond and loan regulatory agreements with the Housing Authority. Compliance with the regulatory agreements will be monitored on a regular basis for 55 years.

Economic Impacts: This residential new construction project is expected to create 259.9 total jobs (145.9 direct jobs and 114 jobs through indirect and induced activities) and create $36,031,581 in total economic output ($22,143,497 of direct output and another $13,888,084 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA): The bond financing of this project is exempt pursuant to CEQA Guideline 15310. Neither SHRA nor the City is providing federal funding to this project, so the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: The project is considered an infill development, which provides multiple benefits including providing mixed income housing options close to jobs, reducing the need to build new development on the urban fringe, increasing the viability of and dependency on alternative modes of transportation, preserving natural resources, and providing for efficient use of land, services and infrastructure.

Commission Action: At its meeting on August 21, 2013, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this project. The votes were as follows:

AYES: Alcalay, Chan, Gore, Griffin, LeDuc, Morgan, Morton, Rosa, Stivers

NOES: none

ABSENT: Johnson, Shah

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

Financial Considerations: The proposed bond issuance will not be an obligation of the City, the Housing Authority, or SHRA. The bonds will be an obligation solely of the project and the owner who will bear all costs associated with issuing the bonds. SHRA

will receive a one-time issuance fee of 0.25 percent of the bond issuance amount, which is payable at bond closing. SHRA will also collect an annual fee of 0.15 percent of the total bond issuance amount and a supplemental annual fee equal to 20 percent of 1 percent of the value of the affordable units in the project. The law firm of Orrick, Herrington & Sutcliffe LLP is acting as bond counsel for the Housing Authority.

M/WBE and Section 3 Considerations: The activities recommended in this staff report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully Submitted by: _____
LA SHELLE DOZIER
Executive Director

Table of Contents

	Report	pg. 1
Attachments		
1	Location Map	pg. 5
2	Building Rendering	pg. 6
3	Background	pg. 7
4	Project Financial Summary	pg. 9
5	Cash Flow Proforma	pg. 10
6	Maximum Rents and Incomes	pg. 11
7	Resolution – Housing Authority – Bond Reimbursement	pg. 12
8	Resolution – City Council – TEFRA Hearing	pg. 15

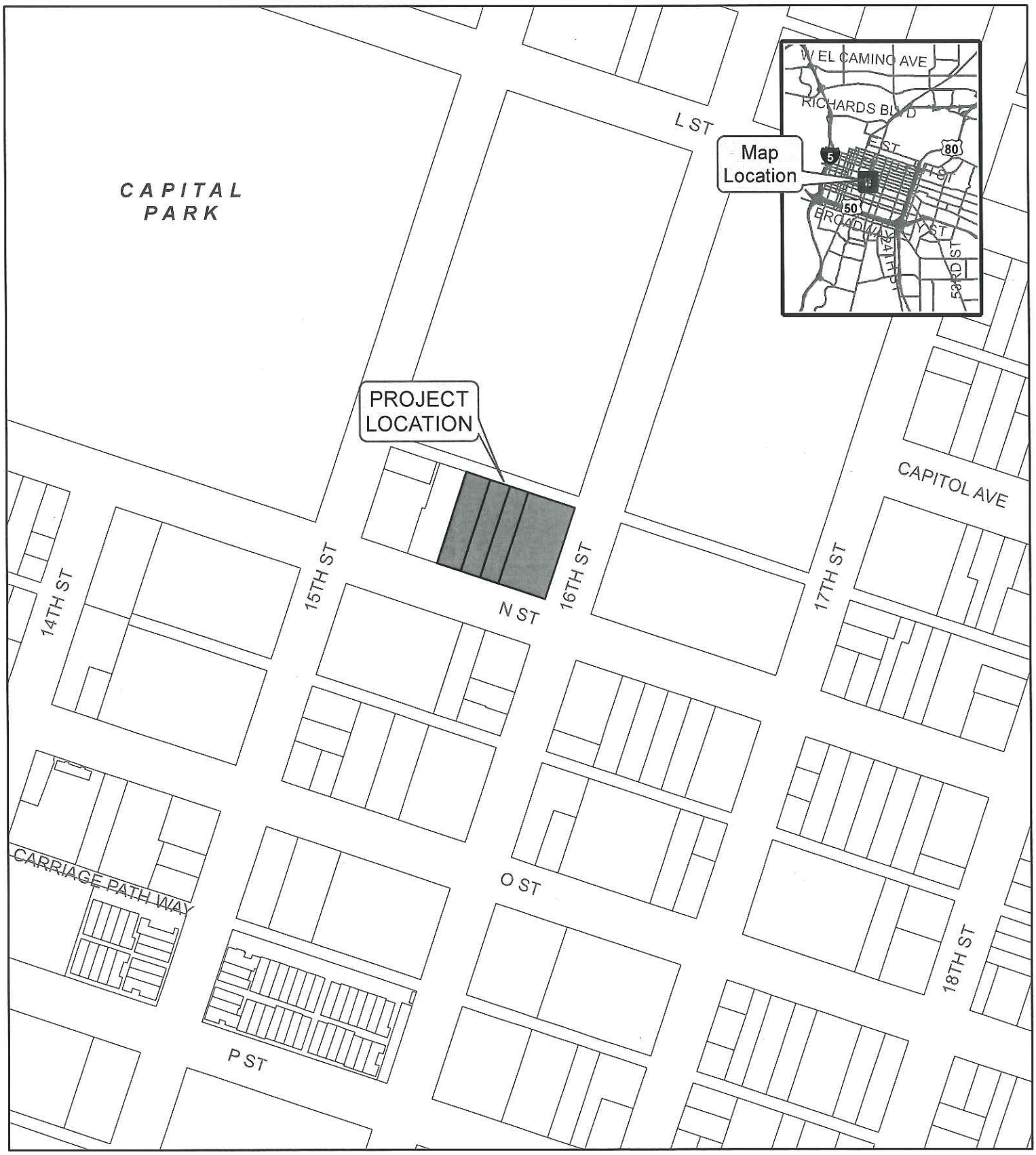
Approved as to form:
_____
Agency Counsel

APPROVED AS TO FORM:
_____
CITY ATTORNEY

Back to Report Table of Contents

SHRA

The Warren



Project Parcel

Feet
0 200 400

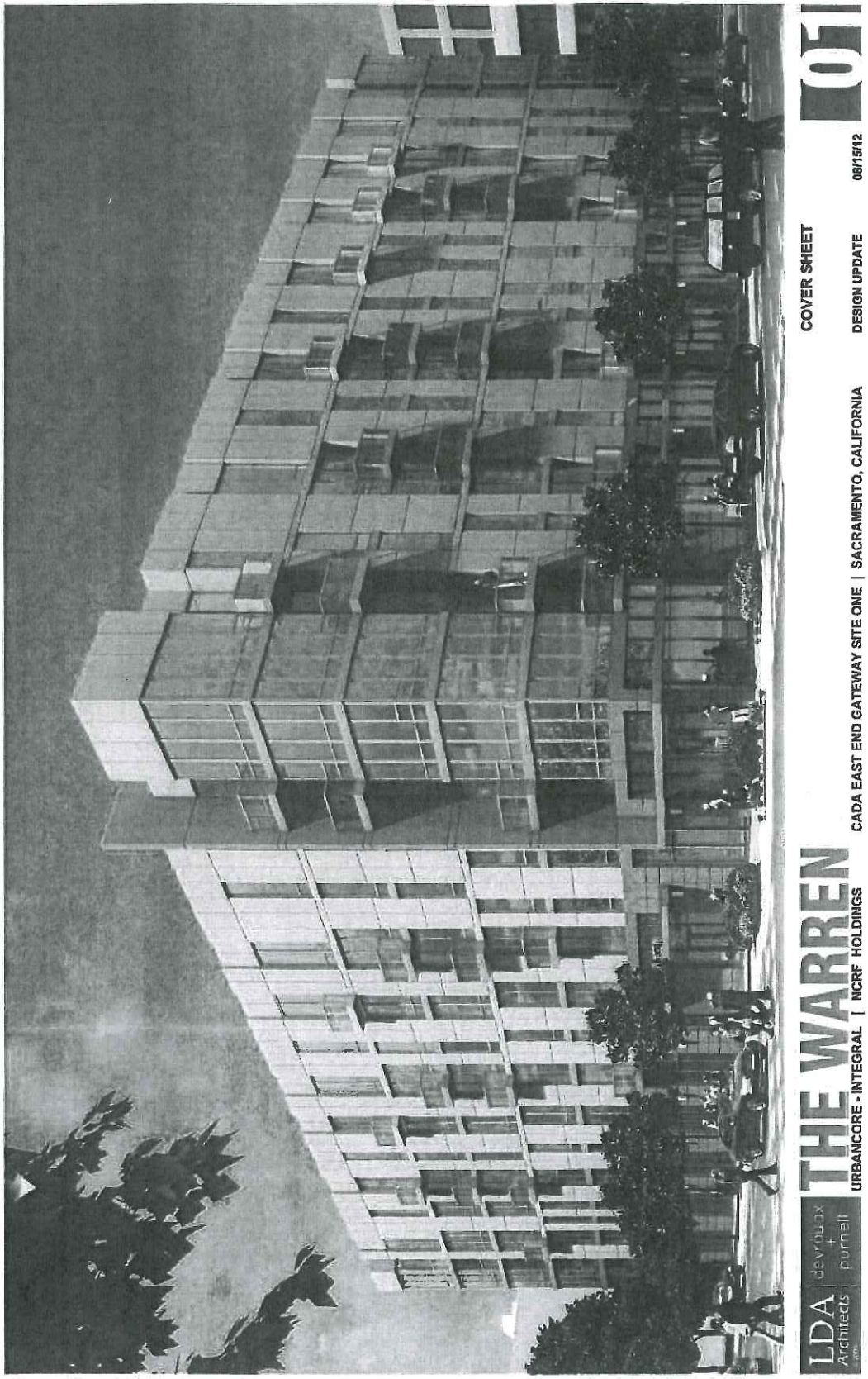
N

SHRA GIS
July 31, 2013

Back to Report Table of Contents

Attachment 2

Building Rendering



Back to Report Table of Contents

Attachment 3

The Warren
Background Information

The Developer, a joint venture of UrbanCore-Integral and the Nehemiah Corporation, proposes to create a mixed-income, mixed-use development at the northwest corner of 16th and N Streets in Sacramento. The proposed project will consist of about 5,500 square feet of ground floor retail space, a two-level parking garage, and five floors of residential units above the retail and parking. Parking spaces will be available to residential tenants.

Project Description: The project's 118 residential units will consist of studios and 1- and 2-bedroom units, with 24 of the units (20 percent) affordable to households earning less than 50% of Area Median Income (AMI), and the rest rented at market rate. A vicinity map and building rendering are provided as Attachments 1 and 2. The new building will include a landscaped second-floor courtyard for tenants with a barbeque area, as well as bicycle storage, internet connections, in-unit washers and dryers, and community rooms for resident use on each floor.

Developer: The Developer, East End Gateway One LLC, is led by UrbanCore-Integral and the Nehemiah Corporation. UrbanCore-Integral is a joint venture of UrbanCore and Integral Development. Most recently, UrbanCore-Integral partnered with the John Stewart Company to develop Cannery Place Apartments at Township 9 in Sacramento.

Urban Core is based in San Francisco and is primarily engaged in the development of mixed-use, mixed-income, urban infill properties. They have participated in the development of a number of significant properties with non-profit affordable housing developers in San Francisco and the surrounding Bay Area. Integral Development, LLC, a recent addition to the partnership, is based in Atlanta, Georgia, where they are involved in the development of mixed-use, mixed-income, and urban infill properties. The firm provides property management, financial services, and development and construction services to their own portfolio and serves as primary consultants to the affordable housing community in and around Atlanta, Georgia.

Nehemiah Corporation will be involved in the project through its subsidiary, NCRF Holdings, Inc. Nehemiah Corporation has been active in serving the needs of low-income communities, particularly through is long-running downpayment assistance program. NCRF Holdings, Inc was formed to develop catalyst infill real estate projects, the revenues from which will be used to fund Nehemiah's nonprofit activities. Its primary current development project in Sacramento is Township 9.

Property Management: Property management will be provided by Riverstone Residential Group, a large nationwide multifamily property manager. Riverstone manages over 800 apartment communities nationwide, including both market rate and affordable properties. The property manager has submitted a property management plan that is acceptable to the Agency.

Resident Services: Resident Services will be provided to the residents by Pacific Housing Inc., a nonprofit 501(c)(3) corporation. Pacific Housing proposes to offer instructional programs in areas such as exercise, nutrition, financial planning, computer training, and English as a Second Language, along with coordinating social activities for the residents. Ultimately, programs will be tailored to the needs of the residents. The service provider will be required to provide a minimum of 12.5 hours of services per week.

Security: Developer will be required to provide a security camera system and lighting adequate to properly illuminate all common spaces.

Project Financing: Funding for the project includes a mortgage revenue bond and Low-Income Housing Tax Credits (LIHTC), developer equity and a deferred developer fee, and a grant from the Capital Area Development Agency (CADA). CADA currently owns the land and will be granting it to the project. No loan is being requested from the SHRA.

The bonds and tax credits together will require that 20 percent of the units (24 units total) be affordable to households earning less than 50 percent of AMI. The affordability restrictions will be enforced by regulatory agreements that last for 55 years.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires the apartments be set-aside for targeted income groups. Regulatory restrictions on the units will last for 55 years. The following chart summarizes the combined proposed affordability restrictions:

Funding	**% of Units**	**Affordability Restrictions**	**No. Units**	**Regulatory Requirements**
Tax-Exempt Bonds Tax Credits (LIHTC)	20%	Very Low Income (50% AMI)	24	55 years
Unrestricted	80%	Unrestricted	94	None
Total	**100%**		**118**	

Maximum rent and income limits for the mortgage revenue bond program can be found in Attachment 5. The project's affordability restrictions will be specified in regulatory agreements with the Developer.

Back to Report Table of Contents

The Warren
Project Summary

Address	16th and N		
Number of Units	118		
Year Built	New Construction		
Acreage	0.68 acres		
Affordability	24 units at or below 50% of Area Median Income (AMI) 94 unregulated market rate units		
Unit Mix and Rents	(50% AMI)	Unregulated	Total
1 Bedroom	12	65	77
2 Bedroom	12	29	41
Total	24	94	118
Square Footage	*Per Unit*	*Total*	
1 Bedroom	703	54,131	
2 Bedroom	1,044	42,804	
Leasing/Community/Hallway Space		21,437	
Parking		52,607	
Retail		5,542	
Total		176,521	
Resident Facilities	Washer/dryer in unit, internet, community rooms, BBQ area, landscaped courtyard, bicycle storage		
Estimated Sources	*Total*	*Per Unit*	*Per SF*
Tax Credit Equity	$ 1,784,119	$ 15,120	$ 10.11
Mortgage Revenue Bond	$ 25,892,563	$ 219,429	$ 146.68
Developer Equity	$ 1,383,165	$ 11,722	$ 7.84
Deferred Developer Fee	$ 1,250,000	$ 10,593	$ 7.08
CADA Grant	$ 700,000	$ 5,932	$ 3.97
TOTAL SOURCES	$ 31,009,847	$ 262,795	$ 175.67
Estimated Uses	*Total*	*Per Unit*	*Per SF*
Construction	$ 19,375,671	$ 164,201	$ 109.76
Building Permits	$ 1,536,386	$ 13,020	$ 8.70
Architecture, Engineering, Survey	$ 1,322,182	$ 11,205	$ 7.49
Contingency	$ 1,810,349	$ 15,342	$ 10.26
Financing Costs	$ 1,793,922	$ 15,203	$ 10.16
Legal Fees	$ 407,000	$ 3,449	$ 2.31
Reserves	$ 1,345,178	$ 11,400	$ 7.62
Developer Fee	$ 2,500,000	$ 21,186	$ 14.16
Third Party Reports, Marketing, Other	$ 919,159	$ 7,789	$ 5.21
TOTAL USES	$ 31,009,847	$ 262,795	$ 175.67
Management / Operations			
Property Management Company:	Riverstone Residential Group		
Resident Services Provider:	Pacific Housing		
Operations Budget:	$706,419	per year	$5,987 per unit
Resident Services Budget:	$11,685	per year	$99 per unit
Replacement Reserves:	$29,500	per year	$250 per unit

Back to Report Table of Contents

Unit Type	Number	Square Feet	Total Sq Feet	Maximum Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent
1 BR @ 50% AMI	12	698	8,376	$ 678	$ 70	$ 608	$ 0.87	$ 7,296	$ 87,552
2 BR @ 50% AMI	12	988	11,856	$ 813	$ 88	$ 725	$ 0.73	$ 8,700	$ 104,400
1 BR @ Market	65	698	45,370			$ 1,525	$ 2.18	$ 99,125	$ 1,189,500
2 BR @ Market	29	988	28,652			$ 2,142	$ 2.17	$ 62,118	$ 745,416
	118		94,254					$ 177,239	$ 2,126,868

Income	Rate	Annual Increase	Per unit	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5	2023 Year 10	2028 Year 15	2033 Year 20	2038 Year 25	2043 Year 30
Potential Gross Income		2.00%		2,126,868	2,169,405	2,212,793	2,257,049	2,302,190	2,541,804	2,806,357	3,098,445	3,420,934	3,776,987
Parking Income		2.00%		198,000	201,960	205,999	210,119	214,322	236,628	261,257	288,449	318,471	351,617
Less Vacancy at 5%				116,243	118,568	120,940	123,358	125,826	138,922	153,381	169,345	186,970	206,430
Retail Income		2.00%		$158,967	$162,146	$165,389	$168,697	$172,071	$189,980	$209,754	$231,585	$255,688	$282,301
Less Vacancy at 20%				$31,793	$32,429	$33,078	$33,739	$34,414	$37,996	$41,951	$46,317	$51,138	$56,460
CADA Annual Payment				$151,584	$143,580	$142,564	$141,435	$140,188	$83,254				
Effective Gross Income				$2,487,382	$2,526,094	$2,572,728	$2,620,203	$2,668,531	$2,874,749	$3,082,036	$3,402,817	$3,756,985	$4,148,015
Operating Expenses													
Operating Expenses		3.00%	3,101	365,918	376,896	388,202	399,848	411,844	477,440	553,484	641,639	743,836	862,310
Property Management Fee		3.00%	540	63,720	65,632	67,601	69,629	71,717	83,140	96,382	111,733	129,530	150,160
Social Services		3.00%	99	11,685	12,036	12,397	12,769	13,152	15,246	17,675	20,490	23,753	27,536
Taxes and Assessments		2.00%	2,006	236,678	241,412	246,240	251,165	256,188	282,852	312,292	344,795	380,682	420,303
Replacement Reserves		3.00%	250	29,500	30,385	31,297	32,235	33,203	38,491	44,621	51,728	59,967	69,519
Total Expenses			5,996	$707,501	$726,359	$745,736	$765,646	$786,103	$897,169	$1,024,454	$1,170,386	$1,337,768	$1,529,829
Net Operating Income				**$1,779,881**	**$1,799,735**	**$1,826,993**	**$1,854,557**	**$1,882,428**	**$1,977,580**	**$2,057,582**	**$2,232,431**	**$2,419,217**	**$2,618,186**
Debt Service	**Amount**	**Rate**	**Term**										
Senior Loan	$25,892,563	4.88%	35	1,544,420	1,544,420	1,544,420	1,544,420	1,544,420	1,544,420	1,544,420			
SHRA Monitoring Fee	$27,085,121	0.15%	55	40,628	40,628	40,628	40,628	40,628	40,628	40,628	40,628	40,628	40,628
Debt Service Subtotal				$1,585,048	$1,585,048	$1,585,048	$1,585,048	$1,585,048	$1,585,048	$1,585,048	$40,628	$40,628	$40,628
DCR on Senior Loan				1.12	1.14	1.15	1.17	1.19	1.25	1.30	54.95	59.55	64.44
Priority Distributions													
Asset Management Fee		2.00%		$10,000	$10,200	$10,404	$10,612	$10,824	$11,951	$13,195	$14,568	$16,084	$17,758
Managing General Partner Fee		3.00%		$20,000	$20,600	$21,218	$21,855	$22,510	$26,095	$30,252	$35,070	$40,656	$47,131
Administrative General Partner Fee		2.00%		$10,000	$10,200	$10,404	$10,612	$10,824	$11,951	$13,195	$14,568	$16,084	$17,758
SHRA Supplemental Annual Fee				$9,522	$9,685	$9,851	$10,018	$10,189	$11,078	$12,033	$13,055	$14,148	$15,311
Net Cash after Priority Distributions				$155,311	$174,202	$200,472	$227,024	$253,857	$343,407	$417,055	$2,129,110	$2,307,701	$2,497,358
Deferred Developer Fee													
Principal Balance	$1,250,000	0.00%		1,250,000	1,094,689	920,487	720,015	492,991	0	0			
Interest for Period				0	0	0	0	0	0	0			
Accumulated Interest				0	0	0	0	0	0	0			
Payment				155,311	174,202	200,472	227,024	253,857	0	0			
Balance				$1,094,689	$920,487	$720,015	$492,991	$239,134	$0	$0			
Net Cash after Deferred Developer Fee				$0	$0	$0	$0	$0	$343,407	$417,055	$2,129,110	$2,307,701	$2,497,358

Back to Report Table of Contents

Attachment 6

MAXIMUM RENT AND INCOME LEVELS 2013

(Rents @ 50% of AMI where applicable)

Maximum Income Limits:	
	50% AMI
Family Size	Max Income
1 person	$25,350
2 person	$28,950
3 person	$32,550

Maximum Rent Limits: Low-Income Housing Tax Credit Program	
Unit Size	Gross Rent
	50% AMI
1 Bedroom	$679
2 Bedroom	$813

Back to Report Table of Contents

RESOLUTION NO. 2013 - __

Adopted by the Housing Authority of the City of Sacramento

On date of

THE WARREN - DECLARING HOUSING AUTHORITY 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 execute and deliver tax-exempt obligations in a principal amount not to exceed $30,000,000 (the "Obligations") for the purpose of making a loan to East End Gateway One, LLC, a California limited liability corporation, or such other California limited liability company or limited partnership formed or to be formed by Urban Core-Integral and Nehemiah Corporation (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 118-unit multifamily housing facility to be commonly known as The Warren (the "Project"). The Project will be located at the Northwest corner of the intersection of 16th Street and N Street in the City of Sacramento, California (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 execution and delivery 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; and

C. It is in the public interest and for the public benefit that the 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 Authority intends to execute and deliver the Obligations for the purpose of paying the costs of financing the acquisition and construction of the Project.

Section 2. The 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 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 of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed $30,000,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the 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 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 execution and delivery of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the execution and delivery 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 Authority.

Section 6. The appropriate officers or staff of the Authority is hereby authorized, for and in the name of and on behalf of the 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 Authority to provide financing to the Developer for the acquisition and construction of the Project or to execute and deliver the Obligations for purposes of such financing; or (ii) the Authority, of or any department of the 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 or operation of the Project.

Section 8. This resolution shall take effect immediately upon its adoption.

Back to Report Table of Contents

RESOLUTION NO. 2013 -

Adopted by the Sacramento City Council

On date of

THE WARREN - APPROVING THE HOUSING AUTHORITY'S ISSUANCE OF TAX-EXEMPT OBLIGATIONS

BACKGROUND

A. The Housing Authority of the City of Sacramento (the "Issuer") intends to execute and deliver tax-exempt obligations in an principal amount not to exceed $30,000,000 (the "Obligations") for the purpose, among other things, of making a loan to East End Gateway One, LLC, a California limited liability company, or such other California limited liability company or limited partnership formed or to be formed by UrbanCore-Integral and Nehemiah Corporation (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 118-unit multifamily housing facility to be located at the Northwest corner of the intersection of 16th Street and N Street in the City of Sacramento, California (the "Project").

B. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue obligations for the purpose of financing the acquisition, construction/rehabilitation and development of multifamily rental housing facilities to be occupied in part by low and/or very low income tenants.

C. In order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the execution and delivery of the Obligations.

D. This City Council is the elected legislative body of the City.

E. A notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the execution and delivery of the Obligations by the Issuer and the nature and location of the Project.

F. This City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the execution and delivery of the Obligations and the nature and location of the Project.

G. It is in the public interest and for the public benefit that the City approve the execution and delivery of the Obligations for the purpose of financing the acquisition and construction of the Project.

H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project.

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

Section 1. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the Housing Authority's execution and delivery of the Obligations.

Section 3. This resolution shall take effect upon its adoption.