



Public Hearing  
July 15, 2014

**Honorable Mayor and Members of the City Council**

**Title: Sierra Vista Apartment Project: Tax Equity and Financial Responsibility Act (TEFRA) Hearing and Community Development Block Grant (CDBG) 2014 One-Year Action Plan Amendment**

**Location/Council District: 1115 23rd Street, Council District 4**

**Issue:** This report will serve as the required public TEFRA hearing for the Sierra Vista Apartment (Project) bond issuance and will amend the 2014 One-Year Action Plan to approve additional CDBG funds for the Project after holding the required public hearing.

**Recommendation:** Adopt 1) a **City Council Resolution** a) indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed acquisition, construction, and permanent financing of the Sierra Vista Project; and 2) a **City Council Resolution** a) approving an amendment to the 2014 One-Year Action Plan to defund \$850,000 of CDBG Funds (\$450,000 in Single Family Housing and \$400,000 of Economic Development Revolving Loan Funds), b) reallocating the \$850,000 of CDBG Funds to the Sierra Vista Project, c) conducting the required public hearing associated with the Action Plan Amendment, d) authorizing the Sacramento Housing and Redevelopment Agency (Agency) to amend the Loan Commitment approved on June 10, 2014 issued to the Development Team to include the additional \$850,000 in CDBG funding for the Sierra Vista Project, e) authorizing the Agency to amend the budget and execute all necessary documents associated with the CDBG Funds, and f) making related findings.

**Contact:** Christine Weichert, Assistant Director, Development Finance, 440-1353;  
Tyrone Williams, Director of Development, 440-1316

**Presenters:** Jeree Glasser-Hedrick

**Department:** Sacramento Housing and Redevelopment Agency (Agency)

**Description/Analysis**

**Issue:** In 2007 the Housing Authority of the City of Sacramento (Housing Authority) adopted a Repositioning Strategy in response to reductions in the funding sources for public housing capital improvements and operations.

## Approval of TEFRA and CDBG Funds for Sierra Vista Apartments

In 2009, to implement the Strategy, the Housing Authority created a nonprofit public benefit corporation under California law called Sacramento Housing Authority Repositioning Program, Inc. ("SHARP"). SHARP's corporate structure is similar to the Norwood Avenue Housing Corporation non-profit that the Agency operates. The Housing Authority authorized the transfer of Sierra Vista to SHARP for ultimate transfer to a low income housing tax credit partnership for rehabilitation.

As a result, a partnership between BRIDGE Housing Corporation (BRIDGE) and the Sacramento Housing Authority Repositioning Program (SHARP), collectively the Development Team, was formed to facilitate the attraction of private debt and equity necessary to fund the improvements required in three downtown high-rise buildings including Sierra Vista Apartments.

On June 10, 2014, the City of Sacramento (City) authorized the Agency to provide a \$2,200,000 loan commitment to the Project utilizing Home Investment Partnership Program (HOME) and CDBG funds and the Housing Authority approved \$200,000 in Housing Authority Low Moderate funds for the Project. On June 24, 2014, the Housing Authority approved the issuance of \$13,500,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the Project. After having received these approvals, the Development Team submitted a competitive four percent Low Income Housing Tax Credit (LIHTC) application to the California Tax Credit Allocation Committee (CTCAC), and an application for an allocation of tax-exempt Mortgage Revenue bonds from the California Debt Limit Allocation Committee (CDLAC). In order for the Development Team's CDLAC application to be complete, the City Council must adopt a resolution indicating they have held the required Tax Equity Financial Responsibility Act (TEFRA) public hearing. Additionally, the Agency recommends approval of an amendment to the 2014 One-Year Action Plan allocating an additional \$850,000 to the Project, which is required for the Project's financial feasibility.

Sierra Vista Apartments is located in midtown Sacramento at 1115 23rd Street. It is a 78-unit, nine-story, reinforced concrete structure constructed in 1971. Although structurally sound, the forty-four year old building needs significant upgrades to preserve the building as housing for extremely low-income seniors. A vicinity map is included as Attachment 1.

The physical needs assessment for the property identifies the need for approximately \$9.7 million in construction "hard costs." Work to be done includes correcting life-safety concerns, seismic upgrades, remediating environmental issues, upgrading and waterproofing the building's exterior, replacing windows, upgrading mechanical and electrical systems, making energy efficiency improvements, upgrading unit interiors, and resolving code compliance issues. In addition, the ground floor entry and common areas will be significantly altered and increased in size to improve security, function, and usefulness to tenants. A proposed architectural illustration is included as Attachment 2.

## Approval of TEFRA and CDBG Funds for Sierra Vista Apartments

BRIDGE, an experienced non-profit affordable housing developer based in San Francisco, was selected through a competitive Request for Qualifications (RFQ) in 2012 and will remain as part of the Development Team throughout construction. Upon completion of the work, BRIDGE will exit the partnership, leaving SHARP to continue in an ownership role.

The Housing Authority will continue to own the underlying land, and it is anticipated that the Housing Authority will continue to provide property management services at Sierra Vista. In addition, Housing with Heart, Inc., will provide a minimum of 15 hours of resident services each week.

The property will continue to be occupied during the planned 11-month rehabilitation period although three floors of tenants will be temporarily relocated to off-site locations on a rotating basis until work is complete. Vacating full floors will expedite the remediation and rehabilitation work. After approximately two months of temporary relocation, tenants will return to their renovated units.

Project funding sources will include more than \$8 million of low-income housing tax credit equity, approximately \$4 million in mortgage revenue bond proceeds, a \$3.25 million Agency loan (\$2.4 million previously allocated HOME, Housing Authority Low Moderate funds, and CDBG funds, plus an additional \$850,000 in CDBG Single Family Housing and Economic Development Revolving Loan Funds recommended in this report), a \$6.4 million Housing Authority seller carryback loan for the building acquisition, and a \$392,000 seller financed ground lease. Since the property will continue to operate during renovation, more than \$465,000 of expected operating income will contribute to Project funding as well.

Units will be regulated at 30, 40, and 50 percent of Area Median Income (AMI). In connection with its loan and the issuance of bonds, the Agency will impose an Agency regulatory agreement and bond regulatory agreement to maintain the use of the property as affordable senior housing. However, the property also has an ongoing Housing Assistance Payments (HAP) contract from the United States Department of Housing and Urban Development (HUD). This contract will ensure that no tenant pays more than 30 percent of their income for housing, with HUD paying the difference. Since all potential residents on the waiting list for such vouchers are extremely low income (30 percent of AMI or below), actual rents charged to tenants at Sierra Vista will be affordable at or below 30 percent of AMI.

Further background on the Project, developer, and the property is included as Attachment 3. A Project summary, including a proposed sources and uses of funds, is included as Attachment 4. A Project cash flow pro-forma is included as Attachment 5, and a schedule of maximum rents is included as Attachment 6.

**Policy Considerations:** The recommended actions are consistent with the strategy adopted in the Housing Authority's 2007 Repositioning Strategy to attract non-traditional sources of equity and debt to preserve affordable housing. The proposed appropriation of CDBG funds for the Project is consistent with the

Approval of TEFRA and CDBG Funds for Sierra Vista Apartments

goals and objectives in the adopted Consolidated Plan, including assisting low- and moderate-income persons with housing.

**Economic Impacts:** This residential rehabilitation project is expected to create approximately 110 total jobs (62 direct jobs and 48 jobs through indirect and induced activities) and result in approximately \$15.3 million in total economic output (\$9.4 million direct output and another \$5.9 million 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 proposed action is categorically exempt under California Environmental Quality Act (CEQA) Guidelines Section 15301 which exempts actions on existing facilities, including rehabilitation and financing, where the use remains unchanged.

**National Environmental Policy Act (NEPA):** The proposed action is categorically excluded under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3)(ii) because the project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed by more than 20 percent and the estimated cost of rehabilitation is less than 75 percent of the cost of replacement after rehabilitation.

**Sustainability Considerations:** The renovation of Sierra Vista Apartments is consistent with City Sustainability Master Plan goal number one (Energy Independence) by improving energy efficiency and a consequent reduction in fossil fuel use, as well as the reduction of peak electrical demand through installation of photovoltaic generating equipment. The Project is consistent with goal number five (Public Health and Nutrition) in that it will rehabilitate an inefficient, aged building and contribute to improvement of the midtown neighborhood.

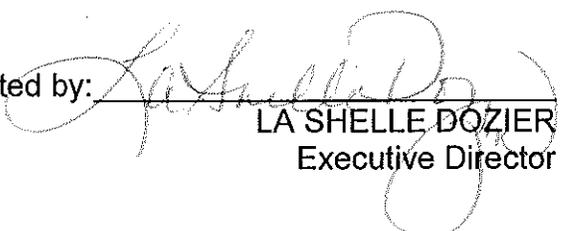
**Commission Action:** It is anticipated that, at its meeting on July 9, 2014, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

Approval of TEFRA and CDBG Funds for Sierra Vista Apartments

**Rationale for Recommendation:** The actions recommended in this report are consistent with preservation efforts as outlined in the Housing Element and enable the Agency to continue to preserve existing affordable housing units and to provide a range of affordable housing opportunities in the City.

**Financial Considerations:** An Agency loan of \$2.4 million comprised of up to \$1.4 million of federal HOME funds, \$800,000 of CDBG funds, and \$200,000 Housing Authority Low Moderate funds was approved on June 10, 2014. Funds recommended for approval in this report include an additional \$850,000 of CDBG funding comprised of \$450,000 defunded from the Single Family Housing Revolving Loan Fund Repayments and \$400,000 defunded from the Economic Development Revolving Loan Repayments.

**M/WBE and Section 3 Considerations:** Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent they may be applicable.

Respectfully Submitted by:   
LA SHELLE DOZIER  
Executive Director

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Approved as to form:

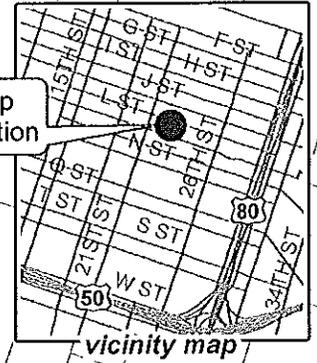
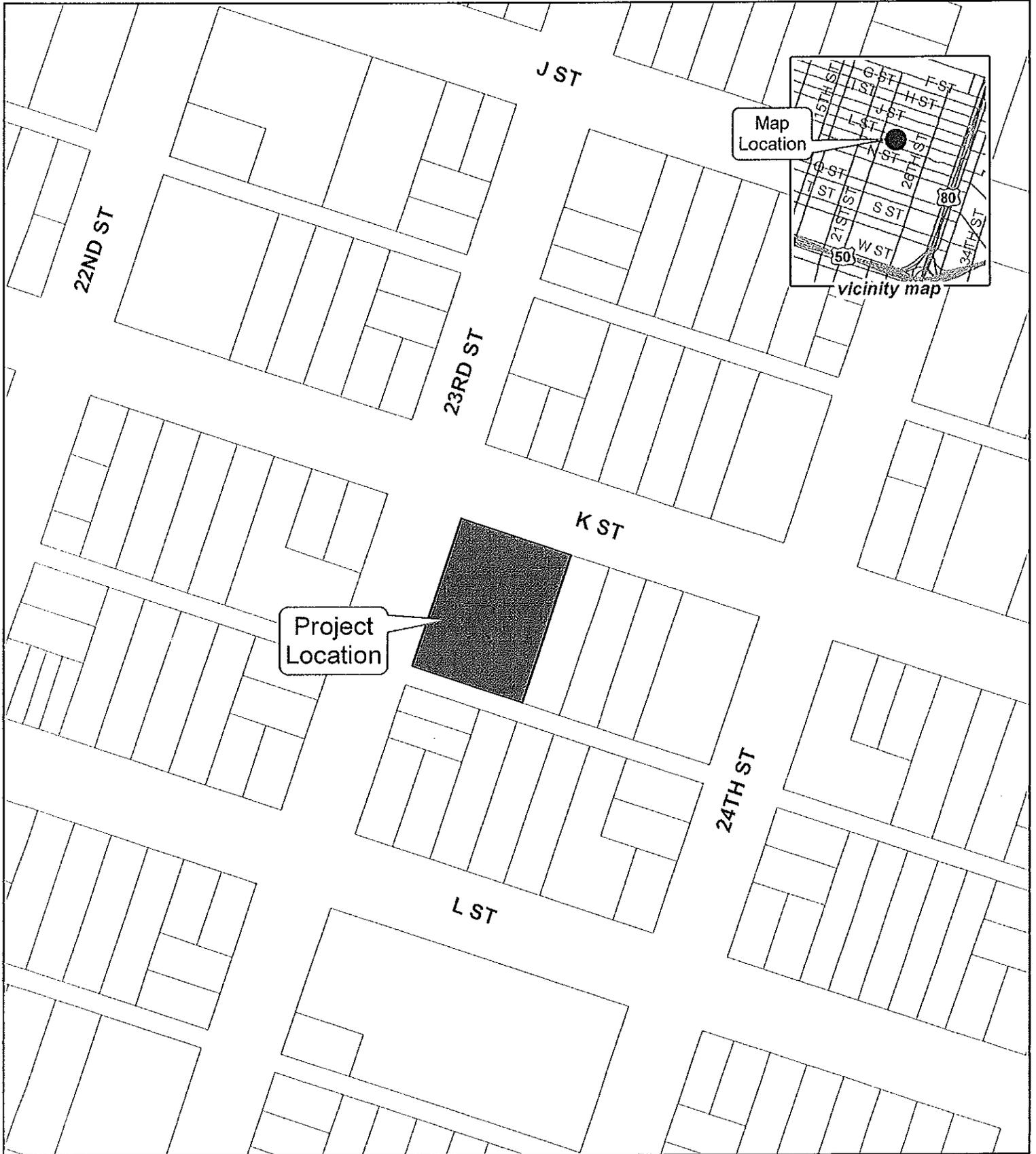
  
Agency Counsel

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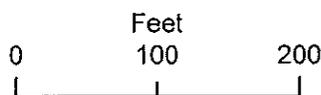
  
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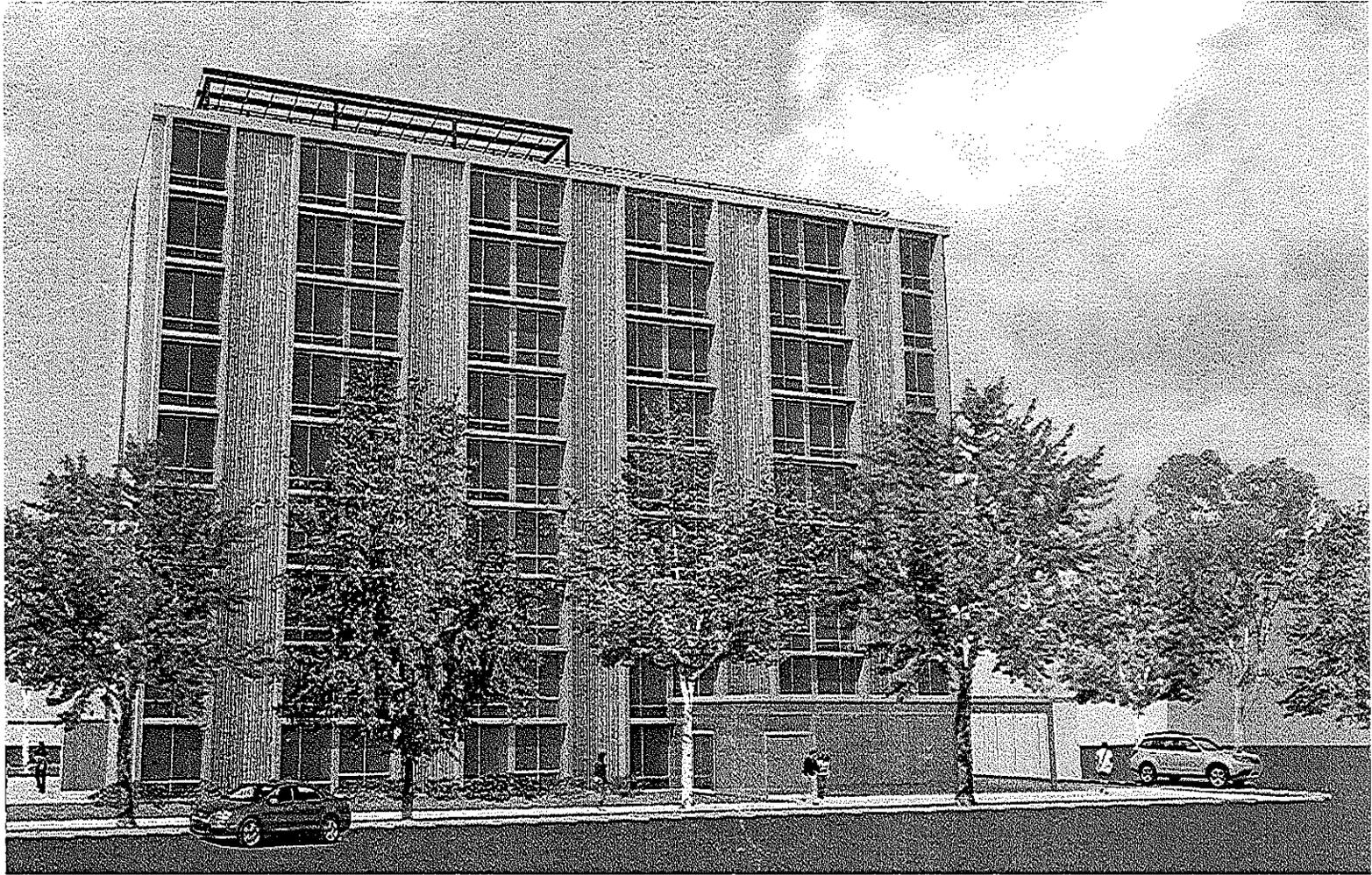
# Sierra Vista Apartments



Sierra Vista Apartments



SHRA GIS  
June 17, 2014



Preliminary Conceptual Rendering

## Sierra Vista Senior Apartments Background Information

The Development Team, a partnership between BRIDGE Housing Corporation (BRIDGE) and the Sacramento Housing Authority Repositioning Program (SHARP), proposes to rehabilitate the Sierra Vista Apartments (Project) at 1115 23rd Street in Sacramento. This collaboration is a result of an asset repositioning strategy by the Housing Authority of the City of Sacramento (Housing Authority), which is intended to address the limited funding available to rehabilitate aging public housing units.

On June 10, 2014 the City of Sacramento authorized the Agency to provide a \$2.4 million dollar loan to the Project. In anticipation of the Development Team submitting applications for funding to the California Tax Credit Allocation Committee (CTCAC) and the California Debt Limit Allocation Committee (CDLAC) on July 1, 2014, it was necessary for the Housing Authority of the City of Sacramento (Housing Authority) to obtain authorization to issue bonds for the project. The approval was received on June 24, 2014. In order for the CDLAC application to be considered complete, a Tax Equity and Financial Responsibility Act (TEFRA) hearing must occur. This report will provide the public TEFRA hearing required for the CDLAC application and recommends approval for an additional \$850,000 of CDBG funding for the project.

Project Description: Sierra Vista is a 78-unit, nine-story, reinforced concrete structure constructed in 1971. Although structurally sound, the forty-three year old building needs significant upgrades to preserve it as housing for very low-income seniors. The approximately \$9.7 million rehabilitation costs proposed for the project will include correcting life-safety concerns, seismic upgrades, remediating environmental issues, upgrading and waterproofing the building's exterior, replacing windows, upgrading mechanical and electrical systems, making energy efficiency improvements, upgrading unit interiors, and resolving code compliance issues. In addition, the ground floor entry and common areas will be significantly altered and increased in size to improve security, function and usefulness to tenants. The proposed rehabilitation conforms to the Agency's required 15 years of useful life for all major building systems.

Developer: BRIDGE Housing Corporation is a non-profit developer based in San Francisco, California. They have won numerous awards for design, finance, environmental sustainability, and multifamily affordable communities, and have participated in the development of over 14,000 housing units. BRIDGE was established in 1983 and their projects display the same quality of construction as market-rate housing. BRIDGE strives to create sustainable living environments that enhance and uplift the neighborhoods around them and to prevent people from being priced out of their own communities. BRIDGE recently completed the Foothill Farms Senior Housing project in Sacramento County.

SHARP is a non-profit public benefit corporation created by the Housing Authority in 2009, to implement the Repositioning Strategy Guiding Principles adopted by the Housing Authority in 2007. Its activities include acquiring, providing, developing, financing, rehabilitating, owning and operating affordable housing, for the purpose of

repositioning aging Housing Authority assets to maintain and preserve their affordable units. It is currently partnering with BRIDGE to rehabilitate three Housing Authority properties, including Washington Plaza (rehabilitation currently underway) and Sutterview Apartments.

Property Management: The property is proposed to be managed by the Housing Authority. Housing Authority staff currently manages the units at Washington Plaza, along with 3,300 other housing units throughout the City and County of Sacramento.

Resident Services: Resident services at Sierra Vista will be provided by Housing with HEART, an affiliate of Jamboree Housing Corporation. Housing with HEART will provide 15 hours of services to the residents per week, including health and wellness and life building services. Housing with HEART provides services at several properties in the City and County of Sacramento, including the Hotel Berry.

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), a seller carryback loan for the building from the Housing Authority, seller financed groundlease, an Agency gap financing loan, and income from operations during the construction period.

The property also has an ongoing Housing Assistance Payments (HAP) contract from the US Department of Housing and Urban Development (HUD), which will provide a source of ongoing income to supplement rents paid by tenants. Pursuant to the HAP contract, each unit will have a Housing Choice Voucher associated with it. Tenants will pay no more than 30 percent of their income in rent each month, and the HUD voucher will pay the difference between the tenant's payment and a market rent calculated by HUD.

These funding sources together will require that all of the units in the property, excluding one manager's unit, be affordable to households earning less than 50 percent of Area Median Income (AMI). In addition, all of the potential tenants on the Housing Choice Voucher waiting list are extremely low income, so actual rents charged to tenants will be below 30 percent of AMI.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately one to two percent below prevailing market rates.

The bonds for the project are intended to be privately-placed. The Agency will report back to the Housing Authority on the placement and the actual bond amounts with the request for final approval of the bond documents. The law firm of Orrick, Herrington and Sutcliffe LLP, will serve as bond counsel to the Housing Authority.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The “volume cap” is limited and is allocated by CDLAC through a competitive state-wide process.

Project Inducement: CDLAC requires that an “inducement” resolution be adopted by the entity proposing to issue the bonds. The Inducement was approved by the Housing Authority June 24, 2015 and will allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that have already been incurred and will be incurred in the future

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. The Agency’s gap financing will also restrict rents at the property. Regulatory restrictions on the units will last for up to 55 years. The following chart summarizes the combined proposed affordability restrictions:

<b>Funding</b>	<b>% of Units</b>	<b>Affordability Restrictions</b>	<b>No. Units</b>	<b>Regulatory Requirements</b>
Tax-Exempt Bonds, Tax Credits (LIHTC), Agency Loan	99%	(50% AMI) LI (40% AMI) VLI (30% AMI) ELI	53 16 8	55 years 55 years
Unrestricted	1%	Unrestricted	1	None
<b>Total</b>	<b>100%</b>		<b>78</b>	

Maximum rent and income limits using Federal rents can be found in Attachment 6. The project’s affordability restrictions will be specified in regulatory agreements with the Developer.

Sierra Vista Apartments  
Project Summary

<b>Address</b>	1115 23rd Street, Sacramento 95814		
<b>Number of Units</b>	78		
<b>Year Built</b>	1971		
<b>Acreage</b>	0.45 (50,605 sq. ft.)		
<b>Affordability</b>	77 units (99%) at or below 30%, 40% and 50% of Area Median Income (AMI) * and 1 Manager's Unit		
<b>Unit Mix and Rents</b>	ELI (30% AMI) *	VLI (40% AMI) *	LI (50% AMI) *
1 Bedroom / 1 Bath Unrestricted	8	16	53
			1
<b>Square Footage</b>	<u>Unit Size (sq.ft.)</u>	<u>Total</u>	
1 Bedroom / 1 Bath	408	31,824 sq.ft.	
Ground Floor Community Area		15,115 sq.ft.	
New Construction		800 sq.ft.	
<b>Total</b>		<u>47,739 sq.ft.</u>	
<b>Resident Facilities</b>	Community room with kitchen, laundry, outdoor patio seating area		
<b>Permanent Sources</b>	<u>Total</u>	<u>Per Unit</u>	<u>Per Square Foot</u>
Mortgage Revenue Bond	3,936,000	50,462	82
Tax Credit Equity	8,214,799	105,318	172
Seller Carry back Loan	6,400,000	82,051	134
Ground Lease @ FMV	392,000	5,026	8
Construction Period Income	467,315	5,991	10
Agency HOME Loan Commitment	1,400,000	17,949	29
Agency CDBG Loan Commitment	800,000	10,256	17
Agency Low/Mod Fund Loan Commitment	200,000	2,564	4
New Agency CDBG Loan Commitment	850,000	10,897	18
<b>TOTAL SOURCES</b>	<b>\$ 22,660,114</b>	<b>\$ 290,514</b>	<b>\$ 474.67</b>
<b>Permanent Uses</b>			
Acquisition	6,792,000	87,077	142
Construction Costs	8,935,316	114,555	187
Permits	65,000	833	1
Architecture , Engineering, Survey	450,000	5,769	9
Hard Cost Contingency	886,032	11,359	19
Soft Cost Contingency	88,000	1,128	2
Financing Cost	650,010	8,333	14
Reserves	563,723	7,227	12
Legal Fees	240,298	3,081	5
Relocation - Temporary	655,000	8,397	14
Developer Fee	2,500,000	32,051	52
Third Party Fees, Marketing, Other	834,735	10,702	17
<b>TOTAL USES</b>	<b>\$ 22,660,114</b>	<b>\$ 290,514</b>	<b>\$ 474.67</b>
<b>Management / Operations</b>			
Proposed Developer:	SHARP, Inc. and BRIDGE Housing Corporation		
Property Management Company:	Housing Authority of the City of Sacramento		
Operations Budget:	\$311,261	\$3,991	
Property Management	\$41,200	\$528	
Resident Services:	\$24,720	\$317	
Replacement Reserves:	\$23,400	\$300	

\* HAP contract ensures all tenants will be extremely low income (30 percent or less of AMI).

Unit Type	Number	Square Feet	Total Sq Feet	TCAC Gross Rent	Utility Allowance	TCAC Net Rent	Rent per Sq Foot	Net Monthly TCAC Rent	Annual TCAC Rent	HAP Rent Increment Per Unit	Total Monthly HAP Increment	Total Annual HAP Increment
1 BD / 1BA @ 30% AMI	8	455	3,640	\$ 386	\$ 66	\$ 320	\$ 0.70	\$ 2,560	\$ 30,720	\$ 477	\$ 3,816	\$ 45,792
1 BD / 1BA @ 40% AMI	16	455	7,280	\$ 515	\$ 66	\$ 449	\$ 0.99	\$ 7,184	\$ 86,208	\$ 348	\$ 5,568	\$ 66,816
1 BD / 1BA @ 50% AMI	53	455	24,115	\$ 644	\$ 66	\$ 578	\$ 1.27	\$ 30,634	\$ 367,608	\$ 219	\$ 11,607	\$ 139,284
Manager's Unit	1	455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total / Average for Restricted Units	78	455	35,490	\$ 590	\$ 66	\$ 524	\$ 1.14	\$ 40,378	\$ 484,536	\$ 273	\$ 20,991	\$ 251,892

	annual rate	increase per unit	2016 Year 1	2017 Year 2	2018 Year 3	2019 Year 4	2020 Year 5	2025 Year 10	2030 Year 15	2035 Year 20	2040 Year 25	2045 Year 30
<u>Income</u>												
Potential Gross Income	2.00%		494,227	504,111	514,193	524,477	534,967	590,647	652,122	719,995	794,933	877,670
Excess HAP Income	1.50%		255,670	259,505	263,398	267,349	271,359	292,331	314,923	339,262	365,482	393,727
Other Income	2.00%		7,864	8,021	8,182	8,346	8,512	9,398	10,377	11,457	12,649	13,966
Less Vacancy - TCAC rents	3.00%		-14,827	-15,123	-15,426	-15,734	-16,049	-17,719	-19,564	-21,600	-23,848	-26,330
Less Vacancy - Sec 8 PBS increment rent	3.00%		-7,670	-7,785	-7,902	-8,020	-8,141	-8,770	-9,448	-10,178	-10,964	-11,812
Effective Gross Income			\$735,264	\$748,730	\$762,446	\$776,417	\$790,649	\$865,887	\$948,410	\$1,038,936	\$1,138,251	\$1,247,221
<u>Operating Expenses</u>												
Operating Expenses	3.00%	3,991	311,261	320,599	330,217	340,123	350,327	406,125	470,810	545,798	632,729	733,507
Property Management	3.00%	528	41,200	42,436	43,709	45,020	46,371	53,757	62,319	72,244	83,751	97,090
Resident Services	3.00%	317	24,720	25,462	26,225	27,012	27,823	32,254	37,391	43,347	50,251	58,254
Taxes & Assessments	2.00%	64	5,000	5,100	5,202	5,306	5,412	5,975	6,597	7,284	8,042	8,879
Replacement Reserves	0.00%	300	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400	23,400
Total Expenses		5,059	405,581	416,996	428,753	440,862	453,333	521,511	600,517	692,073	798,173	921,131
<b>Net Operating Income</b>			<b>\$329,684</b>	<b>\$331,733</b>	<b>\$333,693</b>	<b>\$335,555</b>	<b>\$337,316</b>	<b>\$344,376</b>	<b>\$347,893</b>	<b>\$346,863</b>	<b>\$340,078</b>	<b>\$326,090</b>
<u>Debt Service</u>	amount	rate	term									
Senior Loan	\$3,936,000	5.500%	35	126,822	253,644	253,644	253,644	253,644	253,644	253,644	253,644	253,644
Housing Authority Monitoring Fee	\$12,581,000	0.150%		18,872	18,872	18,872	18,872	18,872	18,872	18,872	18,872	18,872
Debt Service Subtotal				145,693	272,515	272,515	272,515	272,515	272,515	272,515	272,515	272,515
<u>Priority Distributions</u>												
Asset Management Fee (AMF)		3.00%		5,000	5,150	5,305	5,464	5,628	6,524	7,563	8,768	10,164
Partnership Management Fee (PMF)		3.00%		20,000	20,600	21,218	21,855	22,510	26,095	30,252	35,070	47,131
Priority Distributions Subtotal				25,000	25,750	26,523	27,318	28,138	32,619	37,815	43,838	58,914
Net Cash after Priority Distributions				158,990	33,468	34,655	35,722	36,664	39,241	37,563	30,510	16,743
(5,339)												
<u>Housing Authority Seller Carryback Loan</u>												
Principal Balance	6,400,000	3.16%		6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000
Interest for Period				202,240	215,022	216,792	222,585	228,524	260,710	298,008	342,027	394,845
Accumulated Interest				404,480	460,511	643,835	831,765	1,024,567	2,071,995	3,290,340	4,733,260	6,469,845
Payment				158,990	33,468	34,655	35,722	36,664	39,241	37,563	30,510	-5,339
Balance				6,645,490	6,827,043	7,009,180	7,196,043	7,387,903	8,432,754	9,652,777	11,102,750	12,853,103
14,993,807												
<u>SHRA loan</u>												
Principal Balance	3,250,000	0.00%		3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000
Payment				0	0	0	0	0	0	0	0	0
Payment				0	0	0	0	0	0	0	0	0
Balance				3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000
Ground Lease												
<u>Ground Rent</u>												
Fair Market Value Ground Rent	392,000	3.16%		392,000	392,000	392,000	392,000	392,000	392,000	392,000	392,000	392,000
Interest for Period				13,990	14,432	14,888	17,394	20,321	20,321	20,321	20,321	20,321
Accumulated Interest				64,713	79,145	94,033	175,836	271,406	271,406	271,406	271,406	271,406
Payment				0	0	0	0	0	0	0	0	0
Balance				456,713	471,145	486,033	567,836	663,406	663,406	663,406	663,406	663,406
Combined Debt Coverage Ratio				1.17	1.18	1.19	1.23	1.26	1.26	1.26	1.26	1.26

Sierra Vista Cash Flow

**MAXIMUM HOME AND CDBG RENT AND INCOME LEVELS 2014***Rents @ 50%, 40% and 30% of Area Median Income***Maximum Income Limits:**

Family Size	Max Income		
	50% AMI	40% AMI	30% AMI
1 person	\$24,050	\$19,240	\$14,430
2 person	\$27,500	\$22,000	\$16,500

**Maximum Rent Limits:**

Unit Size	Gross Rent		
	50% AMI	40% AMI	30% AMI
1 Bedroom	\$644.00	\$515.00	\$386.00

*\* Rent listed is the maximum gross rent under tax credit guidelines. However, the project's Housing Assistance Payments (HAP) contract will allow tenants to pay no more than 30% of their income, with HUD paying the difference between the tenant payment and market rent. Further, all potential tenants currently on a waiting list for such units are below 30% AMI. As such, tenant rent payments will be at or below 30% AMI (less than \$387).*

## **RESOLUTION NO. 2014 -**

**Adopted by the Sacramento City Council**

On date of

### **SIERRA VISTA APARTMENTS: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING THE ISSUANCE BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO 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 an principal amount not to exceed \$13,500,000 (the "Obligations") for the purpose, among other things, of making a loan to Sierra Vista Housing Associates L.P., a California limited partnership, or a limited partnership or a limited liability company related to or formed by BRIDGE Housing Corporation and the Sacramento Housing Authority Repositioning Program, Inc. (collectively, the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of a 78-unit multifamily housing facility located at 1115 23rd Street in the City of Sacramento, California (the "Project"); and
- 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; and
- 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; and
- D. This City Council is the elected legislative body of the City; and
- 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; and
- 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; and

- 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 rehabilitation 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 THE 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 execution and delivery of the Obligations.
- Section 3. This resolution shall take effect upon its adoption.

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## RESOLUTION NO. 2014 –

Adopted by the Sacramento City Council

on date of

**APPROVAL OF THE AMENDMENT OF THE 2014 ONE-YEAR ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM; AMENDMENT TO THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY (SHRA) BUDGET TO DEFUND \$400,000 FROM THE ECONOMIC DEVELOPMENT REVOLVING LOAN FUND AND \$450,000 FROM SINGLE FAMILY HOUSING FUND; ALLOCATING THE \$850,000 PROCEEDS TO THE SIERRA VISTA APARTMENT PROJECT; AND ENVIRONMENTAL FINDINGS**

### BACKGROUND

- A. A partnership between the Sacramento Housing Authority Repositioning Program, Inc. ("SHARP") and BRIDGE Housing Corporation ("BRIDGE") (together the "Development Team") has received a total \$2,400,000 loan commitment from the Sacramento Housing and Redevelopment Agency (SHRA) and the Housing Authority of the City of Sacramento for the Sierra Vista Apartment Project. The Development Team has requested an additional \$850,000 of CDBG funding to make the Sierra Vista Apartment renovation project financially feasible. Approval of such additional funding requires an amendment to the 2014 One Year Action Plan.
- B. The U.S. Department of Housing and Urban Development (HUD) requires adoption of an amendment to the annual Action Plan to identify the new programs and projects for expenditure of federal CDBG, Home Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA) funds.
- C. Since 1982, the SHRA, on behalf of City, has served as the public entity designated to efficiently administer the CDBG program and was subsequently designated as the public entity to administer Home Investment Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA) funding originating from HUD.
- D. The Community Development Block Grants from HUD are administered directly by the recipient and the recipient is required to secure environmental clearance. SHRA is designated as the agent of the City of Sacramento, which is the general unit of local government for the purpose of the HUD regulations, and SHRA is authorized to submit a determination of environment clearance under NEPA of the City's behalf and on

behalf of non-profit organizations which receive CDBG funds as sub-grantees.

- E. A noticed public hearing soliciting comments on the 2014 Action Plan Amendment was held by the City Council prior to taking this action.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, are approved.
- Section 2. The 2014 One-Year Action Plan amendment, to defund \$850,000 of CDBG Funds (\$450,000 in Single Family Housing and \$400,000 of Economic Development Revolving Loan Funds) and to reallocate the \$850,000 funding to the Sierra Vista Project, is hereby approved. SHRA is authorized to amend the Loan Commitment approved on June 10, 2014 issued to the Development Team to include the additional \$850,000 in CDBG funding for the Sierra Vista Project.
- Section 3. SHRA is authorized to make amend its budget and execute any and all related documents, as necessary to implement this action to amend the 2014 One-Year Action Plan.