



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO HOUSING AUTHORITY  
City of Sacramento  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)**

**CONSENT  
November 28, 2006**

**Honorable Chair and  
Members of the Housing Authority of the City of Sacramento**

**Title:** Approval of Bond Documents for Summerfield Plaza Apartments

**Location/Council District:**

- 521 Wilson Avenue, District 1
- 2624 Traction Avenue, District 2 (North Sacramento Redevelopment Area)

**Recommendation:** Staff recommends adoption of the attached **Housing Authority Resolution** which: 1) approves documents authorizing a tax-exempt bond issuance of up to \$2,750,000 and a taxable bond issuance of up to \$1,400,000 for the acquisition, rehabilitation, and permanent financing of the Summerfield Plaza Apartments; and 2) authorizes the Executive Director or her designee to execute all documents necessary to issue the bonds.

**Contact:** Jim Hare, Assistant Director of Housing Policy and Development, 440-1313  
Richard Marsh, Housing Finance Analyst, 440-1399 x1298

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The Housing Authority of the City of Sacramento held an inducement hearing on October 11, 2005, and adopted a resolution authorizing the issuance of up to \$4,500,000 in tax-exempt mortgage revenue bonds for the Summerfield Plaza Apartments, subject to receipt of private activity bond allocation from the State of California. The Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was held on the same date and the TEFRA resolution approved. Following the inducement and TEFRA approvals, an application was submitted to the California Debt Limit Allocation Committee (CDLAC) for the bond allocation, which was awarded on December 21, 2005.

In order to accommodate CDLAC's bond closing deadline, and to allow National Church Residences ("Developer") to apply for FHA 221(d)(4) insurance on the new mortgage loan, a process that would take several months, the Housing Authority approved on April 11, 2006, and subsequently issued in escrow, tax-exempt bonds in the amount of \$2,810,000. Upon approval of the FHA insurance, anticipated in November, the bonds are to be securitized by GNMA



## Approval of Bond Documents for Summerfield Plaza Apartments

and remarketed (but only in an amount up to \$2,750,000 due to FHA underwriting considerations). Additionally, the Developer has requested the Housing Authority issue up to \$1,400,000 in taxable bonds in order to comply with HUD requirements for seller-financing of the acquisition. The purpose of this staff report is to obtain final authorization for the issuance of tax-exempt and taxable bonds for the project and approval of the bond documents for the issuance.

Description of Development: Summerfield Plaza Apartments consists of two 20-unit apartment complexes serving seniors and the disabled. While all the units are under single ownership and management, the apartments are located on non-contiguous parcels approximately 1.3 miles apart. The 521 Wilson Avenue portion consists of 20 apartments, an office and laundry building, and a maintenance shop on approximately 1.57 acres. The 2624 Traction Avenue portion consists of another 20 apartment units, a laundry building, an office and community building, and a maintenance shop on approximately 1.35 acres. Vicinity and site maps are included as Attachments 1, 2, and 3, respectively. Altogether, the project includes 10 studios, 25 one-bedroom units, and 5 two-bedroom units, ranging from approximately 500 to 700 square feet in size. Both properties are fenced and gated. The grounds are fully landscaped and on-site surface parking is provided.

The property has been owned since construction by National Church Residences, a non-denominational and secular non-profit corporation, through a subsidiary. The property is to be acquired by Summerfield Village Apartments L.P., an affiliated partnership. The project is to remain a facility for seniors and the disabled. The Developer is to invest approximately \$1,180,000 (\$29,500 per unit) to improve the site and rehabilitate the exterior and interior of the facility. Site work will include improvements to the irrigation system, landscaping, and asphalt. Exterior work will include repair and/or replacement of all roofing, siding, and windows, and painting. Apartment interiors will be improved as needed with electrical and plumbing upgrades, replacement of appliances, cabinets, carpet and vinyl, and painting. Handicapped-designated units will be modified to be fully compliant with current ADA requirements. Additionally, a community room is to be constructed at the Wilson Avenue site and the community room at the Traction Avenue site is to be enlarged and upgraded. The improvements will bring the property up to current market standards.

Developer: National Church Residences has developed numerous affordable apartment projects across the U.S. since its inception in 1961. The organization is non-denominational and secular and provides a continuum of care for elderly and disabled of all denominations through affordable housing, assisted living, supportive services, and health care facilities in 27 states and Puerto Rico. Their current portfolio of owned and/or managed properties includes more than 15,000 units in approximately 240 projects. Summerfield Plaza is the only project developed by the company in Sacramento to date, but the firm has six other projects in California, located in Alhambra (2), Cudahy, Cypress, Laguna Beach, and Pacifica.

Approval of Bond Documents for Summerfield Plaza Apartments

**Property Management:** The Developer currently manages the property and provides services to the residents through a services coordinator, and will continue to do so after the acquisition. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found the policies and procedures to be satisfactory.

**Project Financing:** Financing for the project is primarily from the tax-exempt and taxable mortgage revenue bonds and 4 percent tax credits. The tax-exempt bonds will be securitized by GNMA and credit-enhanced through FHA 221(d)(4) insurance. The bonds will be publicly-offered through a bond underwriter approved by the Agency. The taxable bonds will be acquired privately and held by the seller in order to comply with HUD requirements for seller-financing of an acquisition. A project summary, including a sources and uses of funds, is included as Attachment 4.

The new financing will require at least 30 percent of the units (12 units) to be affordable by individuals earning 50 percent or less of the Area Median Income (AMI), and the remaining 28 units to be affordable by individuals earning 60 percent or less of AMI, for a period of 55 years. In actuality, all 40 units are covered by a HUD project-based Section 8 Housing Assistance Payment contract, which means that all of the tenants will be at 50 percent or less of AMI, and will pay only 30 percent of their income in rent. The Developer will be required to renew the HAP contract on the property as long as it is offered by HUD. A project cash flow proforma is included as Attachment 5 and a schedule of maximum rents and incomes is included as Attachment 6.

**Committee/Commission Action:** Not applicable. Issuance of bonds for this project was previously reviewed and approved by the Sacramento Housing and Redevelopment Commission.

**Policy Considerations:** The recommended actions are consistent with previously approved mortgage revenue bond policy. Regulatory restrictions on the property are specified in the Bond Regulatory Agreement between the Developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis.

**Environmental Considerations:** The proposed action is exempt from environmental review under the Agency's Environmental Review Policies and Procedures, Sections 7-3.1 and 7-3.10, which were adopted pursuant to CEQA Guidelines Section 15022, and provide that loans and bond financing funding mechanisms are exempt under Section 15310. In addition, CEQA Guidelines Section 15301(a) and (d) exempts rehabilitation of existing facilities to upgrade the structures and to meet public health and safety standards. NEPA does not apply.

**Rationale for Recommendation:** The recommended actions are consistent with the Agency's Multifamily Mortgage Revenue Bond Program guidelines and the project will extend the terms of affordability for 40 apartments serving senior

Approval of Bond Documents for Summerfield Plaza Apartments

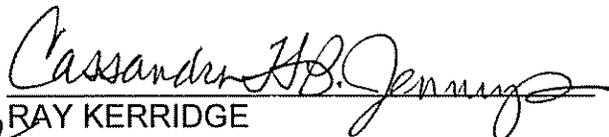
and disabled individuals. This is an administrative action which formalizes the approval of the issuance of tax-exempt bonds and authorizes the issuance of taxable bonds for the project.

**Financial Considerations:** The proposed bond issuance will not be an obligation of the City, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be the obligation solely of the project and the owner who will bear all costs associated with issuing the bonds. The Agency already received a one-time issuance fee of 0.25 percent (25 basis points) of the tax-exempt bond issuance amount, and will receive a similar issuance fee at the time of closing on the taxable portion. The Agency will also collect an annual payment of 0.15 percent (15 basis points) of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds. This fee is payable in advance in equal semi-annual installments for the entire period of the regulatory agreement. The law firm of Jones Hall is acting as bond counsel for the Housing Authority. Copies of the bond documents are on file with the Agency Clerk.

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

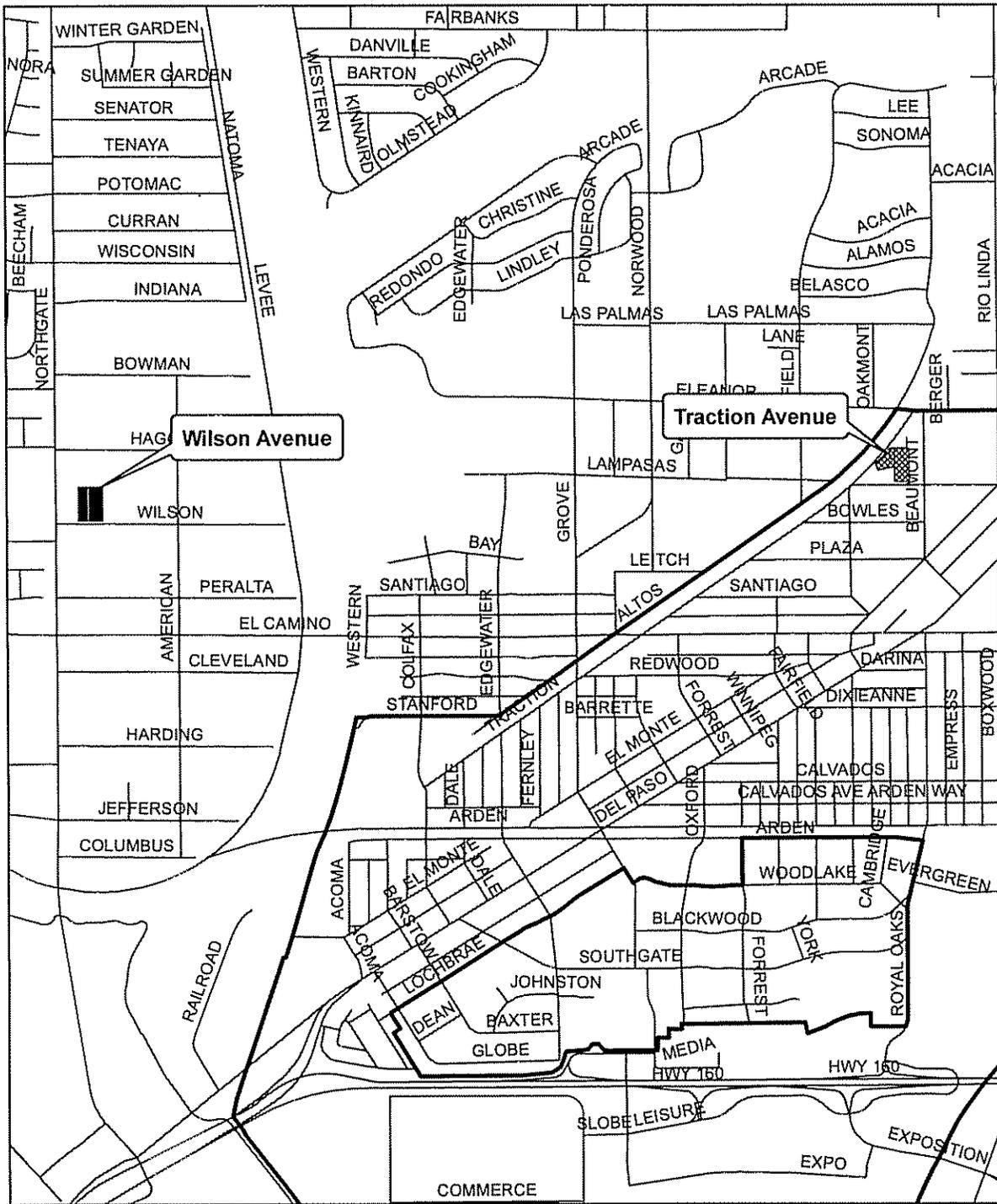
Respectfully Submitted by:   
ANNE M. MOORE  
Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

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# Summerfield Plaza Vicinity Map

JR

10/21/06

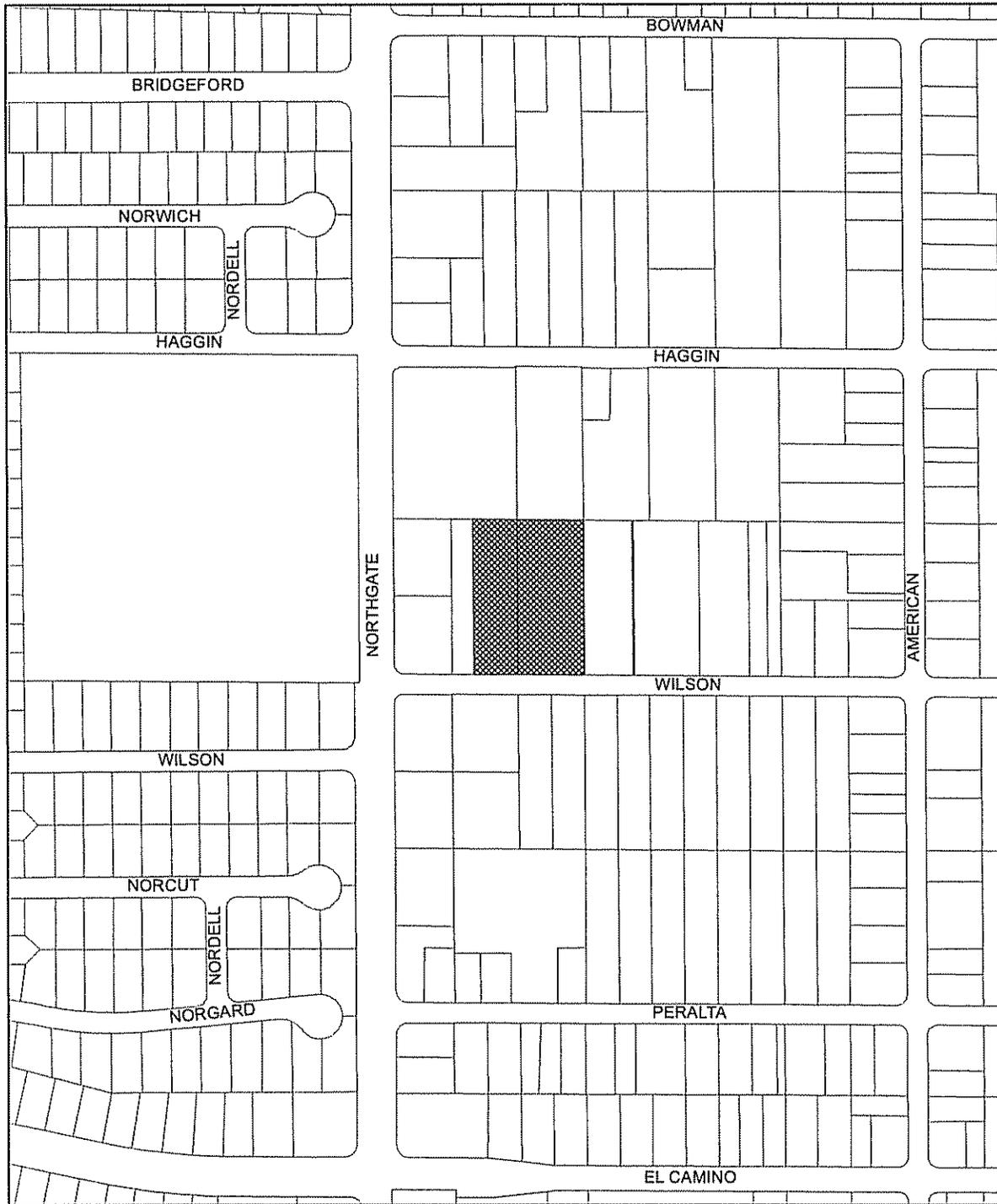
### Legend

-  North Sacramento RDA
-  521 Wilson Avenue
-  2624 Traction Avenue

0 500 1,000 1,500 2,000  
Feet



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# 521 Wilson Avenue Site Map

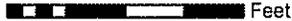
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## Legend

 Subject Site



0 100 200 300 400  
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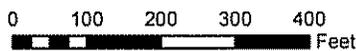
# 2624 Traction Avenue Site Map

JR

10/21/05

### Legend

-  North Sacramento RDA
-  Subject Site



## Project Summary

<b>Summerfield Plaza Apartments</b>																																																													
<u>Address</u>	2624 Traction Avenue and 521 Willson Avenue, Sacramento, CA																																																												
<u>Number of Units</u>	40																																																												
<u>Year Built</u>	1985																																																												
<u>Acreage</u>	Total of 2.92 acres																																																												
<u>Affordability</u>	Project-based HAP (Section 8) contract will require that residents in all 40 units are at or below 50% AMI																																																												
<u>Unit Mix and Rents</u>	<u>Proposed Net Rents After Deduction of Utility Allowance</u>  Project-based HAP (Section 8) rents Resident pays 30% of income, only HAP contract pays balance of rent  <u>50% AMI</u> Studio 10 @ \$785 1-Bedroom 25 @ \$906 2-Bedroom 5 @ \$983 40 units																																																												
<u>Square Footage</u>	Studio 500 s f (Approx.) 1-Bedroom 600 s f (Approx.) 2-Bedroom 700 s f (Approx.) Total 23,500 Excluding Common Areas																																																												
<u>Resident Facilities</u>	Community rooms, laundry facilities																																																												
<u>Permanent Sources and Uses</u>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Sources</u></th> <th style="text-align: right;"><u>Total</u></th> <th style="text-align: right;"><u>Per Unit</u></th> <th style="text-align: right;"><u>Per Sq. Ft.</u></th> </tr> </thead> <tbody> <tr> <td>Tax-Exempt Bonds:</td> <td style="text-align: right;">\$ 2,750,000</td> <td style="text-align: right;">\$ 68,750</td> <td style="text-align: right;">\$ 117.02</td> </tr> <tr> <td>Tax Credit Equity:</td> <td style="text-align: right;">\$ 1,295,000</td> <td style="text-align: right;">\$ 32,375</td> <td style="text-align: right;">\$ 55.11</td> </tr> <tr> <td>Seller Note/Taxable Bonds:</td> <td style="text-align: right;">\$ 1,280,000</td> <td style="text-align: right;">\$ 32,000</td> <td style="text-align: right;">\$ 54.47</td> </tr> <tr> <td>Replacement Reserve:</td> <td style="text-align: right;">\$ 260,000</td> <td style="text-align: right;">\$ 6,500</td> <td style="text-align: right;">\$ 11.06</td> </tr> <tr> <td>Cash Flow During Construction:</td> <td style="text-align: right;">\$ 200,000</td> <td style="text-align: right;">\$ 5,000</td> <td style="text-align: right;">\$ 8.51</td> </tr> <tr> <td>Deferred Developer Fee:</td> <td style="text-align: right;">\$ 165,000</td> <td style="text-align: right;">\$ 4,125</td> <td style="text-align: right;">\$ 7.02</td> </tr> <tr> <td><b>Total Sources of Funds:</b></td> <td style="text-align: right;"><b>\$ 5,950,000</b></td> <td style="text-align: right;"><b>\$ 148,750</b></td> <td style="text-align: right;"><b>\$ 253.19</b></td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Uses</u></th> <th style="text-align: right;"><u>Total</u></th> <th style="text-align: right;"><u>Per Unit</u></th> <th style="text-align: right;"><u>Per Sq. Ft.</u></th> </tr> </thead> <tbody> <tr> <td>Purchase Price:</td> <td style="text-align: right;">\$ 2,800,000</td> <td style="text-align: right;">\$ 70,000</td> <td style="text-align: right;">\$ 119.15</td> </tr> <tr> <td>Rehabilitation Costs:</td> <td style="text-align: right;">\$ 1,180,000</td> <td style="text-align: right;">\$ 29,500</td> <td style="text-align: right;">\$ 50.21</td> </tr> <tr> <td>Indirect Costs:</td> <td style="text-align: right;">\$ 1,295,000</td> <td style="text-align: right;">\$ 32,375</td> <td style="text-align: right;">\$ 55.11</td> </tr> <tr> <td>Reserves:</td> <td style="text-align: right;">\$ 200,000</td> <td style="text-align: right;">\$ 5,000</td> <td style="text-align: right;">\$ 8.51</td> </tr> <tr> <td>Developer Fee:</td> <td style="text-align: right;">\$ 475,000</td> <td style="text-align: right;">\$ 11,875</td> <td style="text-align: right;">\$ 20.21</td> </tr> <tr> <td><b>Total Uses of Funds:</b></td> <td style="text-align: right;"><b>\$ 5,950,000</b></td> <td style="text-align: right;"><b>\$ 148,750</b></td> <td style="text-align: right;"><b>\$ 253.19</b></td> </tr> </tbody> </table>	<u>Sources</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>	Tax-Exempt Bonds:	\$ 2,750,000	\$ 68,750	\$ 117.02	Tax Credit Equity:	\$ 1,295,000	\$ 32,375	\$ 55.11	Seller Note/Taxable Bonds:	\$ 1,280,000	\$ 32,000	\$ 54.47	Replacement Reserve:	\$ 260,000	\$ 6,500	\$ 11.06	Cash Flow During Construction:	\$ 200,000	\$ 5,000	\$ 8.51	Deferred Developer Fee:	\$ 165,000	\$ 4,125	\$ 7.02	<b>Total Sources of Funds:</b>	<b>\$ 5,950,000</b>	<b>\$ 148,750</b>	<b>\$ 253.19</b>	<u>Uses</u>	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>	Purchase Price:	\$ 2,800,000	\$ 70,000	\$ 119.15	Rehabilitation Costs:	\$ 1,180,000	\$ 29,500	\$ 50.21	Indirect Costs:	\$ 1,295,000	\$ 32,375	\$ 55.11	Reserves:	\$ 200,000	\$ 5,000	\$ 8.51	Developer Fee:	\$ 475,000	\$ 11,875	\$ 20.21	<b>Total Uses of Funds:</b>	<b>\$ 5,950,000</b>	<b>\$ 148,750</b>	<b>\$ 253.19</b>
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<u>Management - Operations</u>	Proposed Developer: National Church Residences Property Management Company: National Church Residences Operations Budget: \$ 179,210 \$ 4,480 (Stabilized, excl taxes and reserves) Replacement Reserves: \$ 14,000 \$ 350 (Set-aside per year)																																																												

**Summerfield Plaza Apartments  
Cash Flow Proforma**

Unit Type	Number	Approx. Sq. Feet	Total Sq. Feet	Gross Rent	Utility Allowance	Net Rent	Rent Per Sq. Foot	Annual Rent	Section 8 Net Rent	Section 8 Increment	Annual Section 8
50% AMI Studio	3	500	1,500	\$ 572	\$ 42	\$ 530	\$ 1.06	\$ 19,080	\$ 785	\$ 255	\$ 9,180
60% AMI Studio	7	500	3,500	\$ 687	\$ 42	\$ 645	\$ 1.29	\$ 54,180	\$ 785	\$ 140	\$ 11,760
50% AMI 1 Bedroom	8	600	4,800	\$ 613	\$ 57	\$ 556	\$ 0.93	\$ 53,376	\$ 906	\$ 350	\$ 33,600
60% AMI 1 Bedroom	17	600	10,200	\$ 735	\$ 57	\$ 678	\$ 1.13	\$ 138,312	\$ 906	\$ 228	\$ 46,512
50% AMI 2 Bedroom	1	700	700	\$ 736	\$ 75	\$ 661	\$ 0.94	\$ 7,932	\$ 983	\$ 322	\$ 3,864
60% AMI 2 Bedroom	4	700	2,800	\$ 883	\$ 75	\$ 808	\$ 1.15	\$ 38,784	\$ 983	\$ 175	\$ 8,400
<b>Total</b>	<b>40</b>		<b>23,500</b>					<b>\$ 311,664</b>			<b>\$ 113,316</b>

	Increase per Year	Per Unit	Year 1 2006	Year 2 2007	Year 3 2008	Year 4 2009	Year 5 2010	Year 6 2011	Year 7 2012	Year 10 2015	Year 15 2020	Year 20 2025	Year 25 2030	Year 30 2035
Gross Potential Rent	2.5%	\$ 7,792	\$ 311,664	\$ 319,456	\$ 327,442	\$ 335,628	\$ 344,019	\$ 352,619	\$ 361,435	\$ 389,226	\$ 440,373	\$ 498,242	\$ 563,715	\$ 637,792
Section 8 Income	2.5%	\$ 2,833	113,316	116,149	119,053	122,029	125,080	128,207	131,412	141,516	160,113	181,153	204,958	231,891
Other Income	2.5%	\$ 26	1,054	1,080	1,107	1,135	1,163	1,193	1,222	1,316	1,469	1,685	1,906	2,157
Vacancy/Concessions	5.0%	(\$ 533)	(21,302)	(21,894)	(22,380)	(22,940)	(23,513)	(24,101)	(24,703)	(25,603)	(30,098)	(34,054)	(38,529)	(43,592)
<b>Effective Gross Residential Income</b>		<b>\$ 10,118</b>	<b>\$ 404,732</b>	<b>\$ 414,651</b>	<b>\$ 425,222</b>	<b>\$ 435,652</b>	<b>\$ 446,749</b>	<b>\$ 457,917</b>	<b>\$ 469,365</b>	<b>\$ 505,455</b>	<b>\$ 571,876</b>	<b>\$ 647,025</b>	<b>\$ 732,050</b>	<b>\$ 828,247</b>
<b>Expenses</b>														
Operating Expenses	3.5%	\$ 4,480	\$ 179,210	\$ 185,462	\$ 191,974	\$ 198,693	\$ 205,648	\$ 212,845	\$ 220,295	\$ 244,245	\$ 290,086	\$ 344,531	\$ 409,195	\$ 485,986
Replacement Reserves	3.5%	\$ 350	14,000	14,490	14,997	15,522	16,065	16,628	17,210	19,081	22,662	26,915	31,967	37,966
R. E. Taxes	2.0%	\$ 96	3,853	3,930	4,009	4,089	4,171	4,254	4,339	4,605	5,084	5,613	6,197	6,842
<b>Total Expenses</b>		<b>\$ 4,927</b>	<b>\$ 197,063</b>	<b>\$ 203,902</b>	<b>\$ 210,980</b>	<b>\$ 218,304</b>	<b>\$ 225,884</b>	<b>\$ 233,727</b>	<b>\$ 241,844</b>	<b>\$ 267,930</b>	<b>\$ 317,832</b>	<b>\$ 377,060</b>	<b>\$ 447,359</b>	<b>\$ 530,804</b>
<b>Net Operating Income</b>			<b>\$ 207,669</b>	<b>\$ 210,948</b>	<b>\$ 214,242</b>	<b>\$ 217,548</b>	<b>\$ 224,191</b>	<b>\$ 227,522</b>	<b>\$ 227,522</b>	<b>\$ 237,525</b>	<b>\$ 254,044</b>	<b>\$ 269,966</b>	<b>\$ 284,691</b>	<b>\$ 297,443</b>
Less Debt Service														
Tax-Exempt Bonds	5.95%		\$ 0	\$ 135,000	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422	\$ 180,422
SHRA Admin. Fee	0.15%		4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125	4,125
			\$ 4,125	\$ 139,125	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547	\$ 184,547
<b>Cash Flow After Mortgage Payment</b>			<b>\$ 203,544</b>	<b>\$ 71,823</b>	<b>\$ 29,695</b>	<b>\$ 33,002</b>	<b>\$ 36,319</b>	<b>\$ 39,644</b>	<b>\$ 42,875</b>	<b>\$ 52,978</b>	<b>\$ 69,498</b>	<b>\$ 85,419</b>	<b>\$ 100,144</b>	<b>\$ 112,898</b>
Debt Coverage Ratio			1.52	1.52	1.16	1.18	1.20	1.21	1.23	1.29	1.38	1.46	1.54	1.61
Asset Management Fee	2.5%		\$ 1,627	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657	\$ 5,798	\$ 6,244	\$ 7,065	\$ 7,993	\$ 9,044	\$ 10,232
<b>Cash Flow After Management Fee</b>			<b>\$ 201,917</b>	<b>\$ 66,698</b>	<b>\$ 24,442</b>	<b>\$ 27,617</b>	<b>\$ 30,800</b>	<b>\$ 33,987</b>	<b>\$ 37,177</b>	<b>\$ 46,734</b>	<b>\$ 62,433</b>	<b>\$ 77,425</b>	<b>\$ 91,100</b>	<b>\$ 102,664</b>
Less Payments on Seller Note														
Taxable Bonds	5.40%		\$ 0	\$ 64,778	\$ 22,522	\$ 25,697	\$ 28,880	\$ 32,067	\$ 35,257	\$ 44,814	\$ 60,513	\$ 75,506	\$ 89,180	\$ 100,744
SHRA Admin. Fee	0.15%		1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920	1,920
			\$ 1,920	\$ 66,698	\$ 24,442	\$ 27,617	\$ 30,800	\$ 33,987	\$ 37,177	\$ 46,734	\$ 62,433	\$ 77,425	\$ 91,100	\$ 102,664
<b>Cash Flow</b>			<b>\$ 199,997</b>	<b>\$ 0</b>										

## Maximum Rent and Income Restrictions

### Mortgage Revenue Bond Program

#### Summerfield Plaza Apartments

Project-based HAP (Section 8) contract requires all tenants to be at or below 50% of Area Median Income (AMI)

<u>Maximum Income Limits</u>	
<u>Family Size</u>	<u>50% AMI Maximum Income</u>
1 person	\$22,900
2 person	\$26,150
3 person	\$29,450
4 person	\$32,700
5 person	\$35,300
<u>Proposed HAP (Section 8) Rents***</u>	
<u>Unit Size</u>	<u>Net Rent</u>
Studio	\$785
1 Bedroom	\$906
2 Bedroom	\$983
*** Under Section 8, tenant pays 30% of income only. Balance of rent paid by voucher.	

# RESOLUTION NO. 2006 - \_\_\_\_

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON THE DATE OF

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF HOUSING AUTHORITY OF THE CITY OF SACRAMENTO MULTIFAMILY HOUSING REVENUE BONDS (SUMMERFIELD PLAZA APARTMENTS) 2006 ISSUE B, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A LOAN AGREEMENT, A FINANCING AGREEMENT, A REGULATORY AGREEMENT, A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND APPROVING OTHER RELATED ACTIONS IN CONNECTION THEREWITH; SUMMERFIELD PLAZA APARTMENTS**

## **BACKGROUND**

- A. Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, commencing with Section 34200 (the "Act"), authorizes housing authorities to incur indebtedness for the purpose of financing the acquisition, rehabilitation and development of multifamily rental housing facilities to be occupied in part by persons of low and very low income.
- B. The Housing Authority of the City of Sacramento (the "Authority") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the "Program") of financing the acquisition, rehabilitation and development of multifamily rental housing facilities, and has determined to borrow money for such purpose by the issuance of revenue bonds as authorized by the Act.
- C. The Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act.
- D. Pursuant to the Act and a request of Summerfield Village Apartments, L.P., an Ohio limited partnership (the "Borrower"), revenue bonds of the Authority designated as "Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Summerfield Plaza Apartments) 2006 Issue B" in an aggregate principal amount of \$2,810,000 (the "Bonds") were issued for the purpose of financing the acquisition, rehabilitation and development of a multifamily rental housing project commonly known as Summerfield Plaza Apartments located at 2624 Traction Avenue and 521 Wilson Avenue in the City of Sacramento, California (the "Project").

- E. The Borrower has requested that the Authority issue and sell the Taxable Bonds and remarket the Tax-Exempt Bonds (each hereinafter defined) for the purpose of financing the acquisition, rehabilitation and development of the Project.
- F. All conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Taxable Bonds and the remarketing of the Tax-Exempt Bonds, and the implementation of the Program as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

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

Section 1. The Authority hereby finds and declares that the above recitals are true and correct.

Section 2. Pursuant to the Act, revenue bonds of the Authority designated as "Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Summerfield Plaza Apartments) 2006 Issue B-1" in an aggregate principal amount not to exceed \$2,750,000 (the "Tax-Exempt Bonds") are hereby authorized to be remarketed and revenue bonds of the Authority designated as "Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Summerfield Plaza Apartments) 2006 Issue B-2" in an aggregate principal amount not to exceed \$1,400,000 (the "Taxable Bonds," and together with the Tax-Exempt Bonds, the "Bonds") are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chairperson, Vice Chairperson or Executive Director of the Authority, and attested by the manual or facsimile signature of the Secretary of the Board of the Authority or the Clerk of the Sacramento Housing and Redevelopment Agency (the "Clerk"), in the form set forth in and otherwise in accordance with the Indenture (hereinafter defined).

Section 3. The following documents with respect to the Bonds (the "Bond Documents") between and/or among the Authority and the institution's named therein, in the forms on file with the Clerk, are hereby approved:

- (a) a trust indenture with respect to the Tax-Exempt Bonds (the "Indenture") between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");
- (b) a financing agreement with respect to the Tax-Exempt Bonds (the "Financing Agreement") the Authority, the Trustee and the Borrower;
- (c) a subordinate indenture with respect to the Taxable Bonds (the "Indenture") between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");

- (d) a subordinate taxable loan agreement with respect to the Taxable Bonds (the "Financing Agreement") the Authority, the Trustee and the Borrower;
- (e) an amended and restated regulatory agreement and declaration of restrictive covenants (2624 Traction Avenue) (the "Traction Regulatory Agreement") among the Authority, the Trustee and the Borrower;
- (f) an amended and restated regulatory agreement and declaration of restrictive covenants (521 Wilson Avenue) (the "Wilson Regulatory Agreement") among the Authority, the Trustee and the Borrower;
- (g) a bond purchase agreement (the "Bond Purchase Agreement") among the Authority, the Borrower and Red Capital Markets, Inc.; and
- (h) a preliminary official statement with respect to the Bonds (the "preliminary Official Statement");

The Chairperson, the Vice Chairperson or the Executive Director of the Authority (the "Designated Officers") are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Documents, and the Secretary of the Board of the Authority or the Clerk is hereby authorized and directed, for and in the name and on behalf of the Authority, to attest the Designated Officer's signature on the Bond Documents, if necessary, in substantially said forms, with such additions thereto or changes therein as are recommended or approved by such officers upon consultation with bond counsel to the Authority, including such additions or changes as are necessary or advisable in accordance with Section 5 hereof (provided that no additions or changes shall authorize an aggregate principal amount of Tax-Exempt Bonds in excess of \$2,750,000), the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the Authority of the Bond Documents. The date, maturity dates, interest rate or rates, interest payment dates, denominations, form registration privileges, manner of execution, place of payment, terms of redemption, and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchasers thereof in accordance with written instructions executed on behalf of the Authority by one of the Designated Officers, which instructions such officers are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price therefor.

Section 5. All actions heretofore taken by the officers and agents of the Authority with respect to the establishment of the Program and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including, but not limited to, determining the principal amount of the Taxable Bonds to be issued and delivered (provided such aggregate principal amount shall not exceed \$1,400,000) and determining the principal amount of the Tax-Exempt Bonds to be remarketed (provided such aggregate principal amount shall not exceed \$2,750,000), and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, delivery and remarketing of the Bonds in accordance with this Resolution and resolutions heretofore adopted by the Authority and in order to carry out the Program, including but not limited to those certificates, agreements, deeds of trust and other documents described in the Indenture, the Subordinate Indenture, the Financing Agreement, the Subordinate Loan Agreement, the Traction Regulatory Agreement, the Wilson Regulatory Agreement, the Bond Purchase Agreement and the other documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof, evidence credit support or additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds.

Section 6. This resolution shall take effect immediately upon its adoption.

