



## REPORT TO HOUSING AUTHORITY

### City of Sacramento

915 I Street, Sacramento, CA 95814-2671

[www.CityofSacramento.org](http://www.CityofSacramento.org)

**CONSENT**  
**February 28, 2006**

Honorable Mayor and  
Members of the City Council

**Subject:** APPROVAL OF BOND DOCUMENTS FOR NORTHLAND VILLAGE  
APARTMENTS

**Location/Council District:** 3730 Modell Way, District 2

**Recommendation:**

- approves documents authorizing a bond issuance of not more than \$18,620,000 for the acquisition, rehabilitation, and permanent financing for the Northland Village Apartments; and
- authorizes the Executive Director or her designee to execute all documents necessary to issue the bonds.

**Contact:** Christine Weichert, Housing Finance Program Manager, 440-1353  
Jeree Glasser, Housing Finance Analyst, 440-1399 x1421

**Presenters:** Not Applicable

**Department:** Sacramento Housing and Redevelopment Agency

**Summary:** This report recommends approval of the bond documents and final authorization to issue up to \$18,620,000 in tax-exempt bonds to finance the acquisition, rehabilitation, and permanent financing for the Northland Village Apartments.

**Background Information:** The Housing Authority of the City of Sacramento held an inducement hearing on April 26, 2005, and adopted a resolution authorizing the issuance of tax-exempt mortgage revenue bonds for the Northland Village 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 accompanying TEFRA resolution was approved. Following the inducement and TEFRA approvals, an application was submitted to the California Debt Limit Allocation Committee (CDLAC) for the allocation of bonds, which were awarded. The purpose of



this staff report is to obtain approval of the bond documents and final authorization of the bond issuance.

Project Description:

Northland Village is currently owned and will be rehabilitated and operated by Domus Development LLC (“Developer”). The project is located on Norwood Avenue between Morrison Avenue and Morey Avenue. The project consists of 144 apartment units in 32 two-story buildings located on 10.66 acres of land. Maps of the site are included as Attachments A and B.

The Developer is proposing to invest approximately \$7,115,955 in project renovations and improvements (approximately \$49,000 per unit) and an additional \$310,000 in on and off site improvements. The funding will be utilized to rehabilitate interior and exterior portions of the existing units, make repairs and improvements to the roads, and construct new community spaces. Specifically, the renovations will include replacement of damaged exterior plywood, landscaping upgrades, replacement of the heating and cooling systems and windows in the flats, bathroom upgrades, installation of surveillance cameras at the entrance, repairs to the sidewalks, and an overlay for the roads. Funding will also be used to construct a new community center which will house a second floor manager’s unit, install new tot lot equipment, and make improvements to the existing basketball courts. Improvements also are planned to the vacant lot located in the northeast corner of the complex.

As a result of the rehabilitation, no tenants will be permanently dislocated; however during the rehabilitation existing tenants may be temporarily relocated following State Relocation law. The developer has set aside adequate funds to cover expenses associated with the need for temporary relocation.

Project Financing:

The project will be financed with proceeds from the Agency’s issuance of tax-exempt mortgage revenue bonds, 4% tax credits, Multifamily Housing Program funding, net income from operations, and a deferred developer fee. Income to Northland Village Apartments will be supplemented by the project-based Section 8 Housing Assistance Payment (HAP) contract on 144 of the units. The Developer will be required to renew the HAP contract on the property as long as it is offered by HUD.

The following table demonstrates the affordability mix of the rehabilitated project.

Unit Type	Percent of Units	Affordability Restrictions	Units	Regulatory Requirements
LIHTC & MHP	65%	Low (60%)	94	55 years
Tax Exempt Bonds & MHP	34%	Very Low (30%)	49	55 years
MHP	<1%	Extremely Low (25%)	1	55 years
Mangers Units	<1%	None	1	None
Total	100		145	

\* LIHTC = Low Income Housing Tax Credits

\* MHP= Multifamily Housing Program

**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 developer. The owner will bear all costs associated with issuing the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (25 basis points) of the bond issuance amount, which is payable at bond closing. 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 document are on file with the City Clerk.

**Environmental Considerations:** The proposed action is exempt from environmental review under the California Environmental Quality Act ("CEQA") per the Agency's adopted Environmental Procedures, Section 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 (e) provide that rehabilitation of an existing development with a minor addition (community room/facility) is exempt from environmental review. NEPA does not apply.

**Policy Considerations:** The recommended actions are consistent with the mortgage revenue bond policy in effect at the time of the inducement hearing. Regulatory restrictions on the property are specified in the Bond Regulatory Agreement between the Developer and the Housing Authority, and the Loan Regulatory Agreement between the Developer and the Agency. Compliance with the Regulatory Agreements will be monitored by the Agency on a regular basis.

**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:

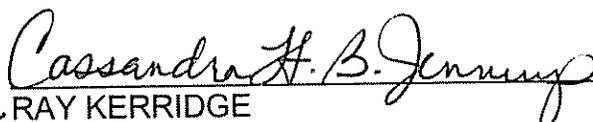
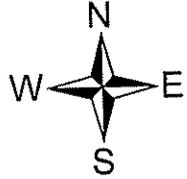
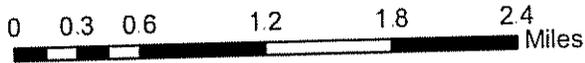
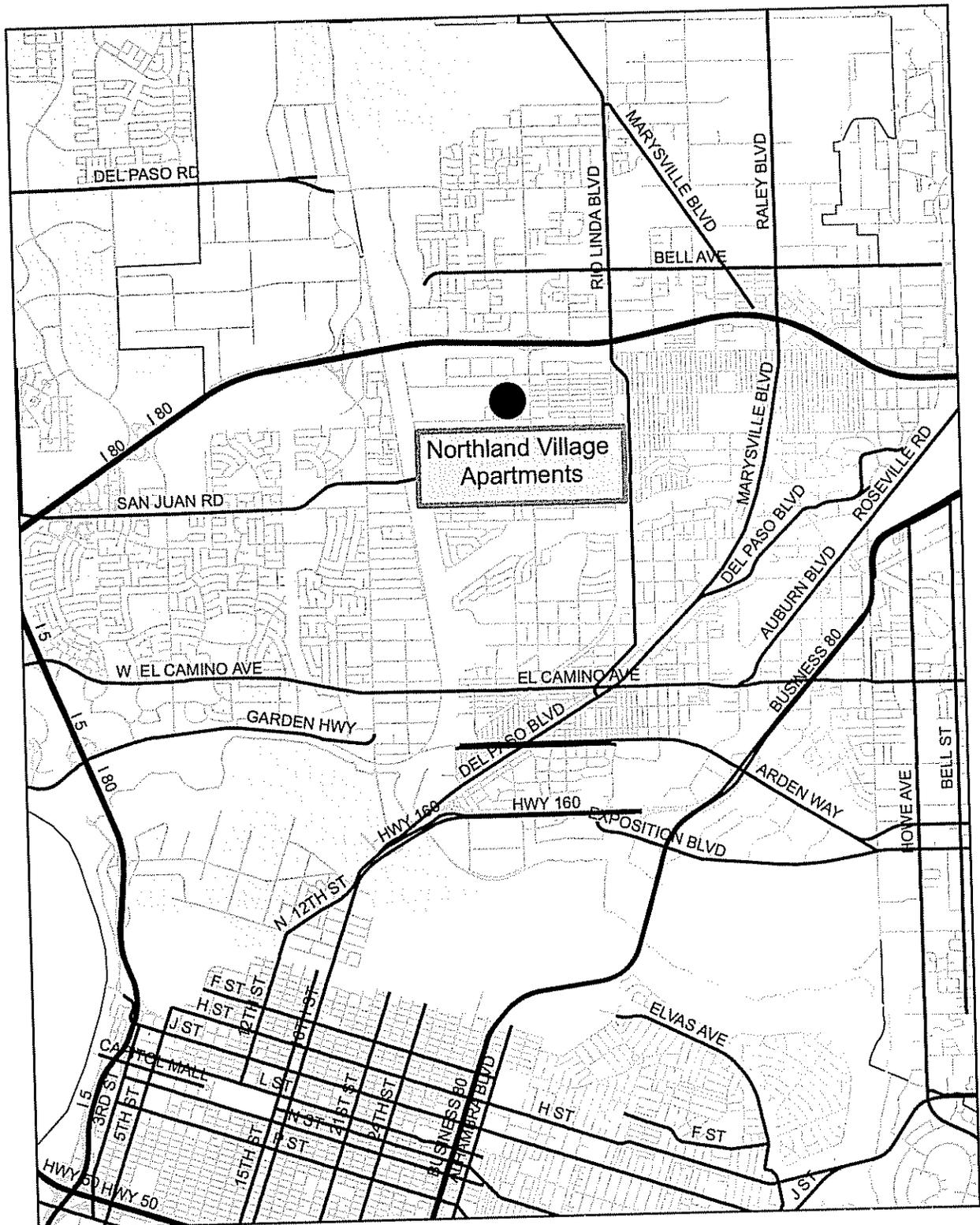
  
for RAY KERRIDGE  
Interim City Manager

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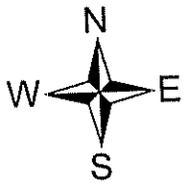
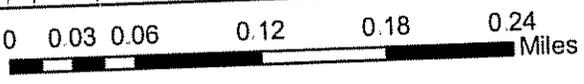
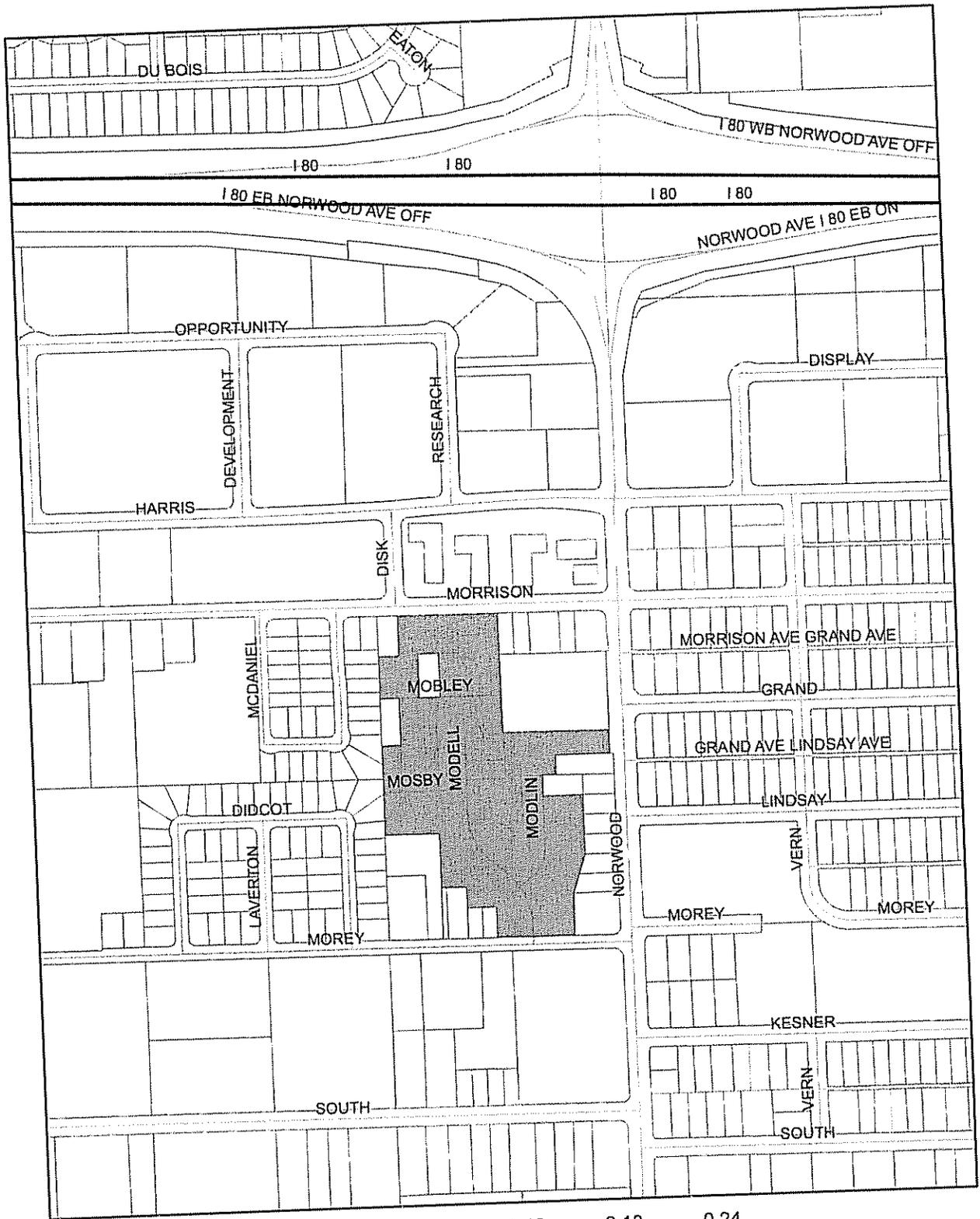
Page 5	Attachment A: Northland Village Apartments Vicinity Map
Page 6	Attachment B: Northland Apartments Site Map
Page 7	Attachment C: Project Budget and Unit Mix
Page 8	Attachment D: Project Cash Flow
Page 9	Attachment E: Rent and Income Level Restrictions
Page 10-12	Housing Authority Resolution

# Northland Village Apartments Vicinity Map



- Legend**
- Major Roads
  - Streets
  - City of Sacramento
- (5)

# Northland Village Apartments Site Map



**Legend**

- Major Roads
- Streets
- Parcels
- Northland Village Apartments

<b>Northland Village Apartments</b>																																																																																																	
<b>Address</b> <b>Number of Units</b>	3730 Modell Way 145																																																																																																
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\* Includes annual Agency administrative fee



## Maximum Rent and Income Restrictions

### Northland Village Apartments

<u>Maximum Income Limits</u>		
<u>Family Size</u>	<u>60% AMI</u>	<u>30%</u>
	<u>Maximum Income</u>	
1 person	\$26,940	\$13,450
2 person	\$30,780	\$15,400
3 person	\$34,620	\$17,300
4 person	\$38,460	\$19,250
5 person	\$41,520	\$20,750
6 person	\$44,640	\$22,300
<u>Maximum Net Rent Limits</u>		
	<u>60%</u>	<u>30%</u>
2 Bedroom	\$812	\$379
3 Bedroom	\$929	\$429
4 Bedroom	\$1,032	\$474

## **RESOLUTION NO. 2006 -**

**ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO**

ON DATE OF

### **AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER PLEDGE AND ASSIGNMENT, A MASTER AGENCY AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS AND OTHER DOCUMENTS RELATING THERETO, AND APPROVING OTHER ACTIONS AND MATTERS RELATING THERETO, ALL WITH RESPECT TO THE NORTHLAND VILLAGE APARTMENTS**

#### **BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Authority") is authorized pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "Act") to issue revenue bonds and make loans with the proceeds thereof for the purpose of financing multifamily rental housing projects to be occupied in whole or in part by persons of low and very low income; and
- B. Northland Village Associates, LP, a California limited partnership (the "Borrower"), has requested the Authority to issue revenue bonds designated as the Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Northland Village Apartments) 2006 Issue A-1, 2006 Issue A-2 and 2006 Issue A-3 (collectively, the "Bonds") and to loan the proceeds from the sale thereof to the Borrower to finance the acquisition and rehabilitation of a 145-unit multifamily rental housing development located in the City of Sacramento, California and commonly known as the Northland Village Apartments (the "Project"); and
- C. On April 26, 2005, the City Council of the City of Sacramento held public hearings on the proposed issuance of the Bonds, as required under the Internal Revenue Code of 1986, following published notice of such hearings, and, following such public hearings approved the issuance of the Bonds; and
- D. The Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and
- E. All conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds as contemplated by this resolution and the documents referred to herein will 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, and after due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. Pursuant to the Act and the Pledge and Assignment (as defined below), the issuance of the Bonds, in an aggregate principal amount not to exceed \$18,620,000, is hereby authorized. The Chairperson or Executive Director of the Authority, or their designee (the "Authorized Officer"), each acting alone, are hereby authorized and directed to execute the Bonds for and in behalf of the Authority by manual or facsimile signature, in the form set forth in the Pledge and Assignment (defined below), with such changes, deletions and insertions as may be approved by such Authorized Officers and legal counsel to the Authority, such approvals being conclusively evidenced by the execution and delivery thereof, and the Clerk of the Sacramento Housing and Redevelopment Agency or her designee (the "Clerk") is hereby authorized and directed to attest the Bonds in said form and otherwise in accordance with the Pledge and Assignment.

Section 3. The Master Pledge and Assignment by and among the Authority, U.S. Bank National Association, as Agent, and U.S. Bank National Association, as Holder (the "Pledge and Assignment"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Pledge and Assignment with such changes, additions or deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Master Agency Agreement by and among the Authority and U.S. Bank National Association, as Agent (the "Agency Agreement"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Agency Agreement with such changes, additions and deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Regulatory Agreement and Declaration of Restrictive Covenants by and between the Authority and the Borrower (the "Regulatory Agreement"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Regulatory Agreement with such changes, additions or deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Bonds, when executed, shall be delivered to U.S. Bank National Association, as the initial holder thereof, upon the funding of the Loan (as defined in the Pledge and Assignment) with the purchase price for the Bonds.

Section 7. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Authorized 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 and execute 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 and delivery of the Bonds in accordance with this Resolution, including but not limited to those certificates, agreements and other documents described in the Pledge and Assignment, the Agency Agreement, the Regulatory Agreement, and other documents herein approved.

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

