

**REPORT TO HOUSING AUTHORITY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org



**CONSENT
MAY 16, 2006**

Honorable Chair and Members of the Board

Subject: APPROVAL OF BOND DOCUMENTS FOR WESTVIEW RANCH
APARTMENTS

Location/Council District: Area Bound by Picasso Circle, Bankside Way, and Macon Drive, District 1

Recommendation: Staff recommends adoption of the attached resolution which:

- Approves documents authorizing a bond issuance of not more than \$13,000,000 for acquisition, construction, and permanent financing of Westview Ranch Apartments; and
- Authorizes the Executive Director or her designee to execute all documents necessary to issue bonds.

Contact:

Christine Weichert, Interim Housing Policy and Development Director, 440-1353
Jeree Glasser, Housing Finance Analyst, 440-1399 ext. 1421

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 \$13,000,000 in tax-exempt mortgage revenue bonds for Westview Ranch Apartments, subject to receipt of private activity bond allocation from the State of California. The Tax Equity and Fiscal Responsibility (TEFRA) hearing was held on January 17, 2006, the same day the TEFRA resolution as well as the Inducement was approved. Following these approvals, an application was submitted to the California Debt Limit Allocation Committee (CDLAC) for the bond allocation, which was awarded on March 15, 2006. The purpose of this staff report is to obtain approval of the bond documents and final authorization of the bond issuance.

Committee/Commission Action: Not Applicable

Background:

Description of Development: Westview Ranch Apartments will be a newly constructed 128-unit family apartment complex located within the Reynen and Bardis master planned community of JMA North Natomas. The apartment complex will satisfy the mixed income housing requirements of the JMA North Natomas development as well as the Village Greens development (being development by Winncrest/Lennar Homes). The project is located on a 5.6 acre parcel bounded by Picasso Circle, Bankside Way, and Macon Drive. A map of the project is included as Attachment A.

The project will include 85 very low-income and 42 low-income units in eleven two- and three-story residential buildings. The units will be a mix of one-, two-, and three-bedrooms ranging in size from 599 square feet to 1,144 square feet. The construction budget for the project is approximately \$12.8 million or \$99,700 per unit. Buildings will be wood frame construction with a stucco siding and clay shingle roof tiles. The site will also include a 3,650 square foot club house which will contain a leasing office, kitchen, library with computer lab, fitness center, laundry facility, meeting and conference rooms, and mail center. The site will be professionally landscaped and include a swimming pool. There will be 126 covered parking spaces including 20 garage spaces on site for residents, plus an additional 98 spaces of uncovered parking. A site plan and sample floor plans are included as Attachments B and C, respectively.

Project Financing: The developer has proposed to finance the Westview Ranch Apartments through primarily the issuance of tax-exempt mortgage revenue bonds, low income housing tax credits, an Agency loan and a developer contribution in the form of a deferred fee note. In addition, the master developer, Reynen and Bardis, is contributing the land at a cost of \$1 and the Winncrest/Lennar Homes, the developer of Village Greens, will be providing an additional \$1.8 million in subsidy for construction of the project. A project summary, including a proposed sources and uses of funds, is included as Attachment D. The project's financing combined with the Inclusionary restrictions to which the property is subject, will require 33% of the units remain affordable to individuals earning 60% Area Median Income (AMI) or less and that the remaining 66% of the units remain affordable to individuals earning 50% of AMI or less. A project cash flow proforma is included as Attachment E and a schedule of maximum rents and incomes is included as Attachment F.

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 an obligation solely of the project and the owner who will bear all costs associated with issuing the bonds. The Agency will receive a one-time issuance fee of 0.25 percent (basis points) of the bond issuance amount, which is payable at the bond closing. The Agency will also collect an annual payment of 0.15 percent (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 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.

Environmental Considerations: The potential environmental impacts of the development project were evaluated by the City of Sacramento, which prepared an Initial Study and issued a Negative Declaration, finding that the project will not have a significant adverse impact on the environment.

The proposed actions set out in this staff report are exempt from further environmental review in reliance on the City's environmental determination as allowed under the CEQA Guidelines Section 15096. In addition, CEQA Guidelines Section 15310 and the Agency's Environmental Procedures provide that approval of loans and bond financing funding mechanisms are exempt from environmental review. An Environmental Review Record and Environmental Assessment was prepared and a Finding of No Significant Impact was made for the Agency's HOME loan funding per NEPA requirements pursuant to 24 CFR Part 58. Therefore, no further environmental review is required.

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

The recommended actions are also consistent with the City Inclusionary Housing Ordinance. The project will meet the mixed income housing requirements for the Reynen and Bardis developed community of JMA North Natomas as well and the Winncrest developed community of Village Greens, subject to Sacramento City Code 17.190. The inclusionary housing requirements will be detailed in an Inclusionary Housing Regulatory Agreement recorded on the underlying land. Compliance with the Inclusionary Housing Regulatory Agreement 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:

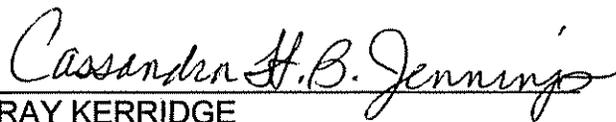
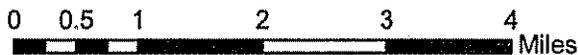
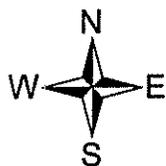
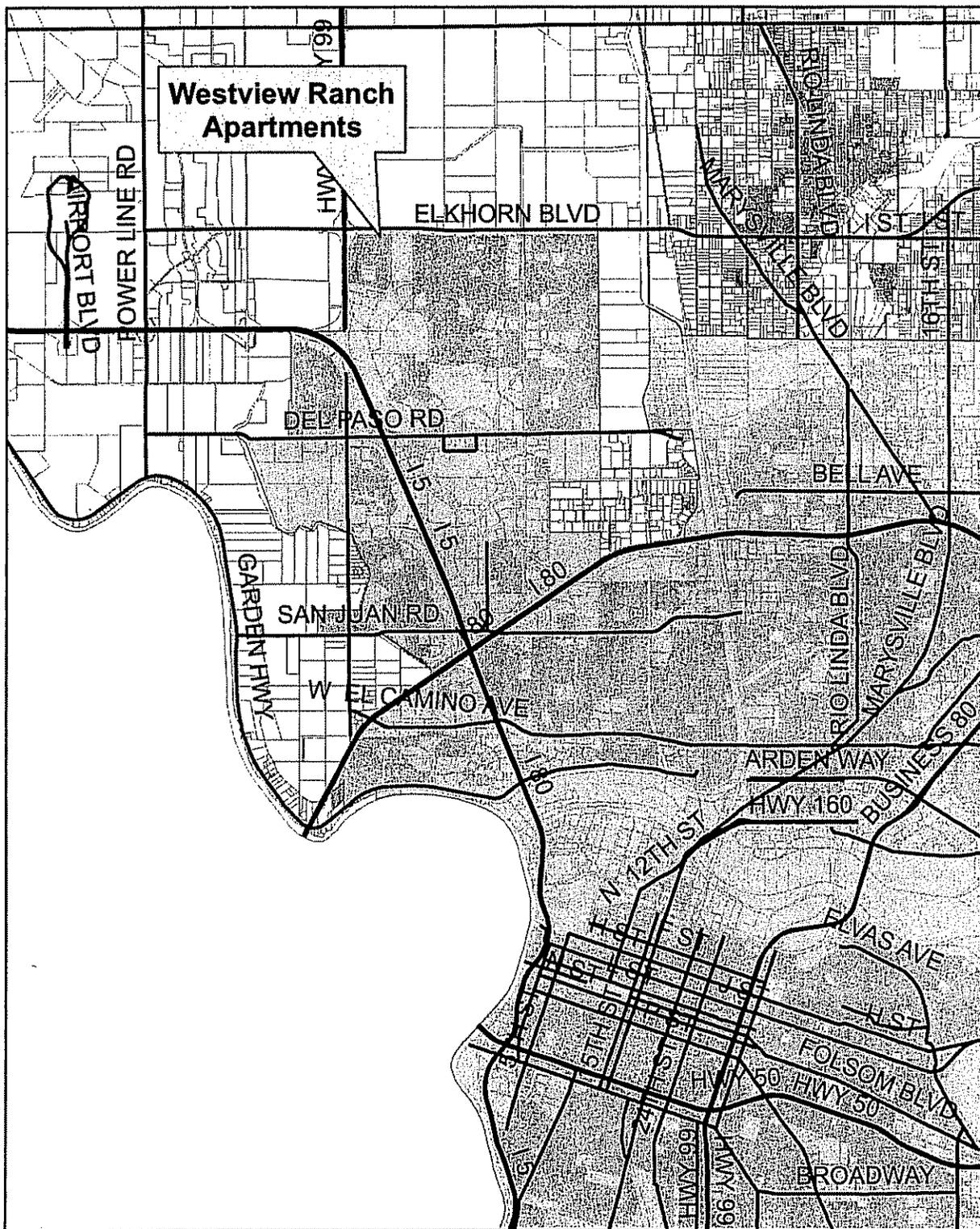
for 
RAY KERRIDGE
City Manager

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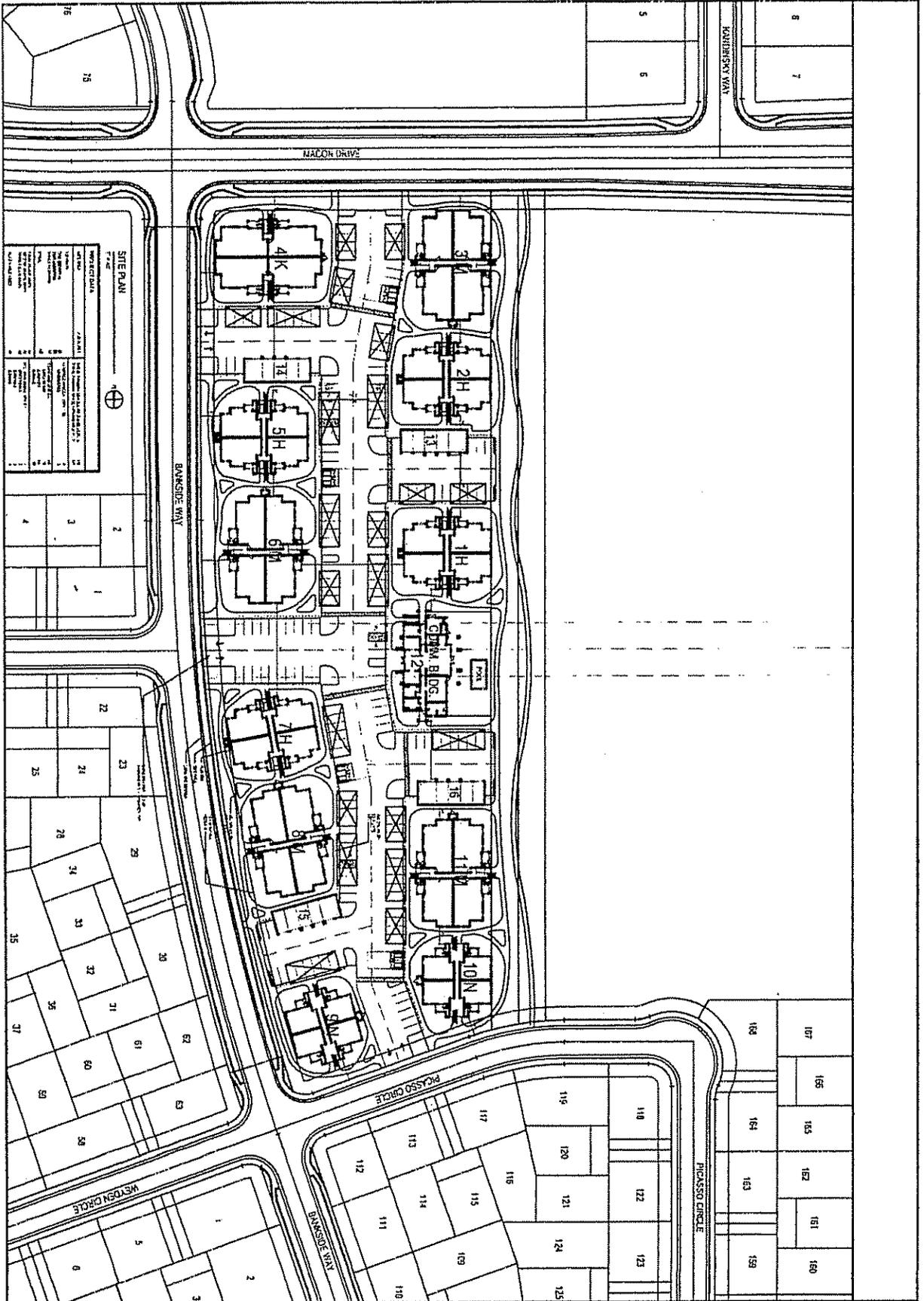
Page 5	Attachment A: Vicinity Map
Page 6	Attachment B: Project Map
Page 7	Attachment C: Westview Ranch Unit Floor Plans
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Vicinity Map Westview Ranch Apartments



Legend

- Major Roads
- Parcels
- ▨ City of Sacramento



SITE PLAN

NO.	DESCRIPTION	DATE
1	PRELIMINARY	10/15/08
2	REVISED	11/10/08
3	REVISED	12/15/08
4	REVISED	01/15/09
5	REVISED	02/15/09
6	REVISED	03/15/09
7	REVISED	04/15/09
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GARDNER-BASHUISSEN
ARCHITECTS

**NATOMAS ELKHORN APARTMENTS
128 UNIT APARTMENT COMPLEX**

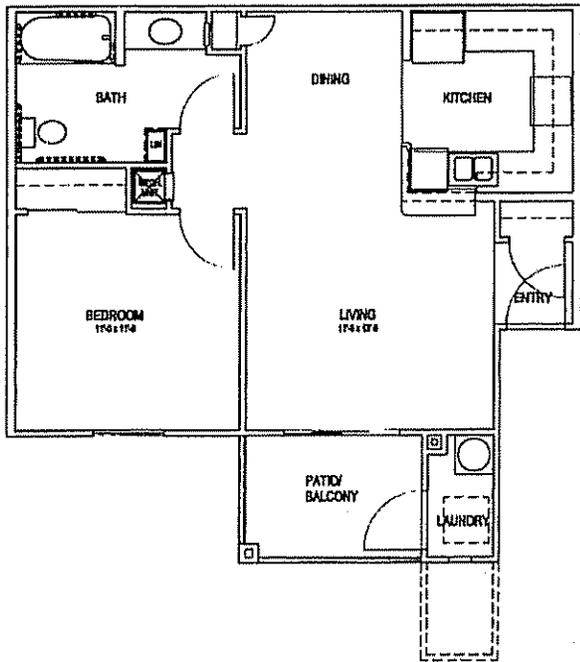
ELKHORN BLVD.
SACRAMENTO, CALIFORNIA

DATE OF SHEET: 10/15/08

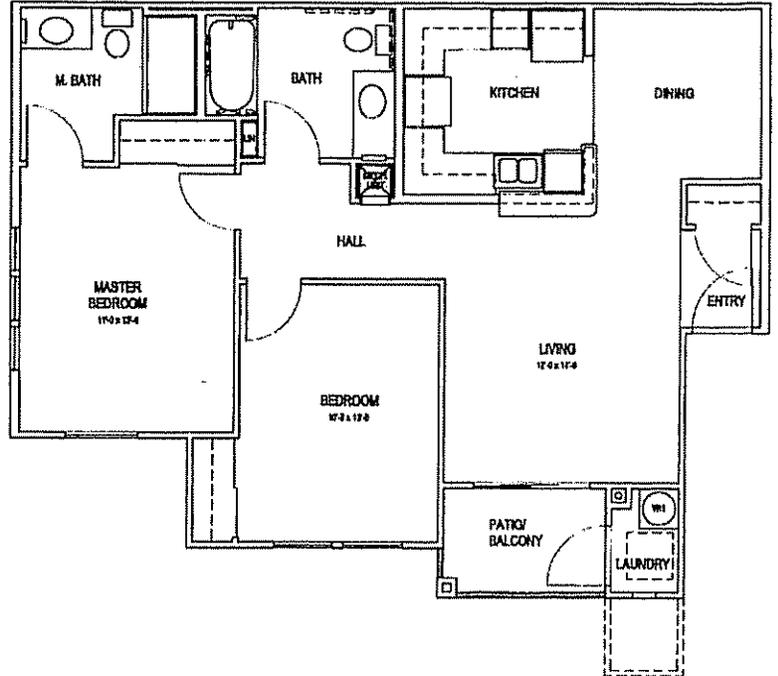
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WESTVIEW RANCH APARTMENTS

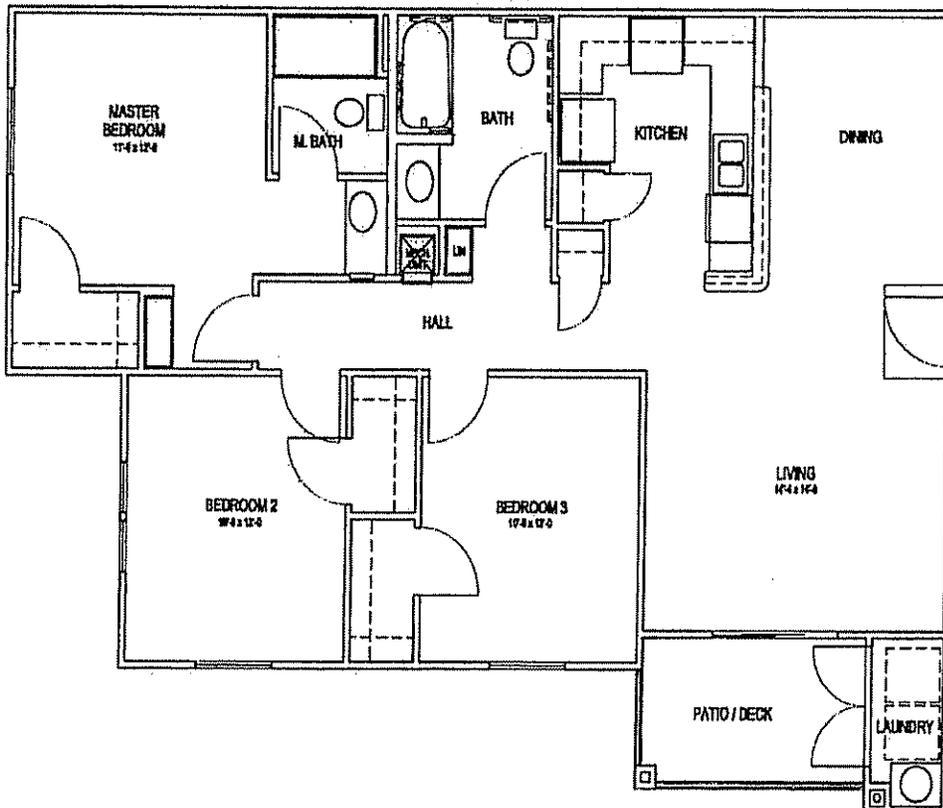
Unit Floor Plans



1-bedroom Unit
599 sf



2-bedroom Unit
893 sf



3-bedroom Unit
1,144 sf

Westview Ranch Apartments Project Summary																																																																																					
Address Number of Units Year Built Acreage	Bound by Picasso Circle, Bankside Way and Macon Drive 128 New Construction 5.6 gross acres																																																																																				
Affordability	85 units (66%) at or below 50% of median 42 units (33%) at or below 60% of median																																																																																				
Unit Mix and Gross Rents	<table border="1"> <thead> <tr> <th></th> <th><u>(50% AMI)</u></th> <th><u>(60% AMI)</u></th> </tr> </thead> <tbody> <tr> <td>1-Bedroom / 1-Bath</td> <td>24 @ \$601</td> <td>12 @ \$721</td> </tr> <tr> <td>2-Bedroom / 2-Bath</td> <td>32 @ \$721</td> <td>15 @ \$865</td> </tr> <tr> <td>3-Bedroom / 2-Bath</td> <td>29 @ \$833</td> <td>15 @ \$999</td> </tr> <tr> <td>Total</td> <td>85</td> <td>42</td> </tr> </tbody> </table>		<u>(50% AMI)</u>	<u>(60% AMI)</u>	1-Bedroom / 1-Bath	24 @ \$601	12 @ \$721	2-Bedroom / 2-Bath	32 @ \$721	15 @ \$865	3-Bedroom / 2-Bath	29 @ \$833	15 @ \$999	Total	85	42																																																																					
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Architecture and Engineering	\$ 280,380	\$ 2,190	\$ 1.62																																																																																		
Financing Costs, Taxes & Insurance	\$ 1,945,820	\$ 15,202	\$ 11.22																																																																																		
Rent and Operating Reserves	\$ 302,740	\$ 2,365	\$ 1.75																																																																																		
Development Impact Fees	\$ 3,175,000	\$ 24,805	\$ 18.31																																																																																		
Contingency	\$ 679,693	\$ 5,310	\$ 3.92																																																																																		
Other Costs	\$ 417,527	\$ 3,262	\$ 2.41																																																																																		
Developer Fee:	\$ 2,500,000	\$ 19,531	\$ 14.42																																																																																		
Total Uses of Funds:	\$ 22,062,152	\$ 172,361	\$ 127.25																																																																																		
Management - Operations	<table border="1"> <tbody> <tr> <td>Proposed Developer:</td> <td>St. Anton Capital, LLC.</td> </tr> <tr> <td>Property Management Company:</td> <td>St. Anton Management</td> </tr> <tr> <td>Operations Budget:</td> <td>\$ 391,346 \$ 3,057 (Stabilized, excl. taxes and reserves)</td> </tr> <tr> <td>Replacement Reserves:</td> <td>\$ 32,000 \$ 250 (Set-aside per year)</td> </tr> </tbody> </table>	Proposed Developer:	St. Anton Capital, LLC.	Property Management Company:	St. Anton Management	Operations Budget:	\$ 391,346 \$ 3,057 (Stabilized, excl. taxes and reserves)	Replacement Reserves:	\$ 32,000 \$ 250 (Set-aside per year)																																																																												
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**Cash Flow Proforma
Westview Ranch Apartments**

	Units	Sq. Feet	Rent		Allowance		Rent		Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 16	Year 20	Year 25	Year 30	
			Rent	Allowance	Rent	Allowance														
1 BRx1BA	85	599	24	599	14,376	\$601	(\$48)	\$553	\$159,264											
60%	42	599	12	599	7,188	721	(48)	673	96,912											
2 BRx1BA	32	893	32	893	28,576	721	(64)	657	252,288											
60%	15	893	15	893	13,395	865	(64)	801	144,180											
Manager Unit	1	893	1	893	893	865	(64)	801	9,612											
3 BRx2BA	29	1,144	29	1,144	33,176	833	(81)	752	261,696											
60%	15	1,144	15	1,144	17,160	969	(81)	918	165,240											
Total	128	Per Unit	Annual Increase	Per Unit	114,764				\$1,089,192											
Rental Income	2.50%								\$1,089,192	\$1,116,422	\$1,144,332	\$1,172,941	\$1,202,264	\$1,360,252	\$1,539,000	\$1,577,475	\$1,741,237	\$1,970,050	\$2,228,931	
Less Vacancy					5%				\$54,460	\$55,821	\$57,217	\$58,647	\$60,113	\$68,013	\$76,950	\$78,874	\$87,062	\$98,502	\$111,447	
Net Rental Income									\$1,034,732	\$1,060,601	\$1,087,116	\$1,114,294	\$1,142,151	\$1,292,239	\$1,462,050	\$1,498,601	\$1,654,175	\$1,871,547	\$2,117,484	
Other Income					/month				89,428	91,664	93,955	95,051	97,428	106,081	117,078	118,552	127,769	141,229	154,476	
Total Income									\$1,124,160	\$1,152,264	\$1,181,071	\$1,209,345	\$1,239,579	\$1,398,320	\$1,579,128	\$1,617,153	\$1,781,944	\$2,012,777	\$2,271,960	
Operating Expenses	3.50%				\$3,057				\$391,346	\$405,043	\$419,220	\$433,892	\$449,079	\$533,364	\$633,470	\$655,641	\$752,363	\$893,571	\$1,061,283	
Assessments	2.00%				\$ 136				17,408	17,756	18,111	18,474	18,843	20,804	22,969	23,429	25,360	28,000	30,914	
Replacement Reserves	2.00%				250				32,000	32,640	33,293	33,959	35,331	37,493	37,493	39,008	41,995	43,068	43,068	
Total Expenses					\$3,443				\$440,754	\$455,439	\$470,624	\$485,659	\$501,880	\$589,499	\$693,932	\$716,563	\$816,731	\$962,867	\$1,135,264	
Net Operating Income									\$683,406	\$696,825	\$710,447	\$723,686	\$737,698	\$808,821	\$885,196	\$900,590	\$965,212	\$1,049,810	\$1,136,696	
Debt Service																				
Bonds	30	6.09%			\$7,840,000				\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	\$569,512	
Interest Rate Cap Escrow	0.10%								\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	\$7,840	
Agency Admin. Fee	0.15%				\$10,795,000				16,193	16,193	16,193	16,193	16,193	16,193	16,193	16,193	16,193	16,193	16,193	
Totals									\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	\$593,545	
DSCR									1.20	1.22	1.25	1.27	1.30	1.42	1.55	1.58	1.69	1.84	1.92	
Cash Available for Distribution									\$89,862	\$103,280	\$116,902	\$130,141	\$144,154	\$215,276	\$291,651	\$307,046	\$371,668	\$456,265	\$543,151	
Distribution to L.P.	3.00%								5,000	5,150	5,305	5,464	5,628	6,524	7,563	7,790	8,768	10,164	11,783	
Fee to Non-profit	3.00%								11,450	11,794	12,147	12,512	12,912	13,274	14,505	14,905	15,388	16,815	17,839	
Totals									\$16,450	\$16,944	\$17,452	\$17,611	\$18,139	\$19,798	\$22,067	\$22,294	\$24,155	\$28,978	\$29,622	
Taxes (Payment In Lieu of Taxes)	2.00%				171				21,860	22,297	22,743	23,198	23,662	26,125	26,844	29,421	31,846	35,160	38,820	
Cash After Distributions									\$51,552	\$64,040	\$76,708	\$89,333	\$102,352	\$169,353	\$240,740	\$255,331	\$315,666	\$394,128	\$474,710	
Deferred Developer Fee	4.00%								\$1,472,544	\$1,479,894	\$1,479,894	\$1,462,382	\$1,431,545	\$1,049,655	\$224,897					
Less Payment									(51,552)	(64,040)	(76,708)	(89,333)	(102,352)	(169,353)	(233,893)					
Agency Debt Service	4.00%								\$1,540,000	\$1,601,600	\$1,663,200	\$1,724,800	\$1,786,400	\$2,094,400	\$2,402,400	\$2,464,000	\$1,905,400	\$873,768	\$973,768	
Less Payment									0	0	0	0	0	0	0	(180,000)	(235,000)	(300,000)		
Combined DSCR									0	0	0	0	0	0	0	1.20	1.20	1.21	1.21	
Cash Flow After Debt and Distributions									0	0	0	0	0	0	6,847	75,331	80,666	94,128	474,710	

MAXIMUM RENT AND INCOME LEVELS

Mortgage Revenue Bond Program

(Rents @ 50% of AMI)

Maximum Income Limits:	
50% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 22,450
2 person	\$ 25,650
3 person	\$ 28,850
4 person	\$ 32,050
5 person	\$ 34,600
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 601
2 Bedroom	\$ 721
3 Bedroom	\$ 833

4% Low-Income Housing Tax Credit Program

(Rents @ 50% and 60% of AMI)

Maximum Income Limits:	
60% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 26,940
2 person	\$ 30,780
3 person	\$ 34,620
4 person	\$ 38,460
5 person	\$ 41,520
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 721
2 Bedroom	\$ 865
3 Bedroom	\$ 999

Inclusionary Housing

(Rents @ 50% and 80% of AMI)

Maximum Income Limits:		
50% AMI		80% AMI
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 22,450	\$ 35,900
2 person	\$ 25,650	\$ 41,000
3 person	\$ 28,850	\$ 46,150
4 person	\$ 32,050	\$ 51,300
5 person	\$ 34,600	\$ 55,400
Maximum Rent Limits:		
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 641	\$ 1,025
2 Bedroom	\$ 721	\$ 1,154
3 Bedroom	\$ 801	\$ 1,283

RESOLUTION NO. ____

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 DELCARATION OF RESTRICTIVE COVENANTS
AND OTHER DOCUMENTS RELATING THERETO; AND APPROVING
OTHER ACTIONS AND MATTERS RELATING THERETO**

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 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. Westview Sacramento, L.P., 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 (Westview Ranch Apartments) 2006 Issue D (the "Bonds") and to loan the proceeds from the sale thereof to the Borrower to finance the acquisition, construction and development of a 128-unit multifamily rental housing development located in the City of Sacramento, California and to be commonly known as the Westview Ranch Apartments (the "Project"); and
- C. On January 17, 2006, 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. All of the evidence presented having duly considered, the findings, including the environmental findings regarding this action are approved, and the Authority hereby finds and declares that the above recitals are true and correct.

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 \$13,000,000, 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, Union Bank of California, N.A., as Agent, and Union Bank of California, N.A., 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 Union Bank of California, N.A., 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 Union Bank of California, N.A., 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.