

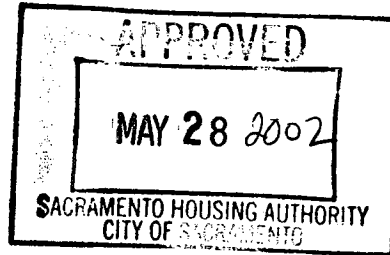


**Sacramento
Housing &
Redevelopment
Agency**

Housing Authority of the
City of Sacramento
Sacramento, California

May 14, 2002

5.1



Honorable Members in Session:

SUBJECT: APPROVAL OF BOND DOCUMENTS TO FINANCE THE NATOMAS PARK APARTMENTS

LOCATION & COUNCIL DISTRICT

1851 Club Center Drive, North Natomas, District 1

RECOMMENDATION

Staff recommends adoption of the attached resolution approving bond documents authorizing the issuance of not more than \$19,950,000 for the acquisition, construction, and permanent financing for the Natomas Park Apartments.

CONTACT PERSONS

Beverly Fretz-Brown, Director of Development Services, 440-1347
Darren Bobrowsky, Program Manager, Housing Finance, 440-1399, ext. 1420

FOR COUNCIL MEETING OF May 28, 2002

SUMMARY

The report recommends final authorization of multi-family mortgage revenue bond issues to provide acquisition, construction and permanent financing for the Natomas Park Apartments (a locational map is included as Attachment I). The City Council and Housing Authority of the City of Sacramento previously held hearings and adopted resolutions approving these projects, subject to the award of private activity bond allocation and approval of bond documents.

Prior Governing Board Action

On January 15, 2002, the Housing Authority of the City of Sacramento and Sacramento City Council held inducement and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings and

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the City of Sacramento
May 14, 2002
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adopted resolutions authorizing the issuance of tax-exempt mortgage revenue bonds for the Natomas Park Apartments.

On April 2, 2002, the California Debt Limit Allocation Committee (CDLAC) awarded private activity bond allocation for this project. Bonds must be issued within 90 days of this allocation date.

The following chart is a summary of the project. Complete project description, including developer information, sources and uses of funds, and project cash flows can be found in Attachment II and Attachment III.

<u>Project</u>	<u>Location</u>	<u>Total # Units</u>	<u>Affordability</u>	<u>Bond Amount</u>
Natomas Park Apartments	1851 Club Center Dr., North Natomas	212	43 units (20%) @ 50% of median income and 49 units (23%) @ 60% of median income	\$19,950,000

Maximum rent and income limits for the mortgage revenue bond and low-income housing tax credit programs can be found in Attachment IV.

FINANCIAL CONSIDERATIONS

The proposed mortgage revenue bonds will not be an obligation of the City, Housing Authority, or the Agency. Instead, they will be an obligation of the projects' owners and are secured by a third party credit enhancement. Upon issuance of the bonds, the Agency will collect a one-time fee of 25 basis points (.25%) of the issuance amount. The Agency will also collect annual administrative fees equal to 15 basis points (.15%) of the issuance amount to offset the ongoing monitoring of the project.

POLICY CONSIDERATIONS

The actions recommended in this report are consistent with previously approved Mortgage Revenue Bond Policy. The Agency will actively monitor the developer's compliance with the regulatory agreement and the physical condition of the property.

ENVIRONMENTAL REVIEW

The proposed action is exempt from CEQA review per Guidelines Section 15310. An Environmental Assessment and Finding of No Significant Impact (FONSI) were prepared for the project to fulfill NEPA requirements, pursuant to 24 CFR Part 58.

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M/WBE CONSIDERATIONS

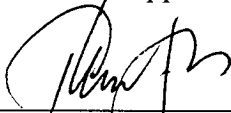
M/WBE policy will be followed to the extent of its applicability.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

ELKHORN BL

ATTACHMENT 1
NATOMAS PARK APTS.

LEDA PARKWAY

NATOMAS PARK APTS.

5 NB RAMP
STATE ROUTE 99
99 NB RAMP

DALHART WY
HOYT ST
ROCKMONT CR
MABRY DR
BURBERRY WY

NATOMAS BL

CLUB CENTER DR

ARCHCREST WY
NORTH BEND DR

BROOKMERE WY
NORTH BORO LIGHT DR
NEW HAMPSHIRE WY
MINDEN WY
NORTH PARK DR

AINGER CR

CAGNEY WY

PANFROOT DR

AIMWELL AV

CREST DR

LYMAN GR

BAINES AV

NORTH BEND DR

ITASCA AV

DEL PASO RD

Joint Use
Las Rios Community College

Charter School

SORENTO RD

CAREY RD

DR WAINMAN

SOUTH MARKET CT

RT 5 SB ON R
RT 5 NB ON R

SPORTS PK

GATEWAY PARK BL

RICHTER AV

STRIKER AV

ARENA BL

NORTH MARKET BL

NATIONAL DR

LENNANE DR

NORTH FREEWAY BL

STREET A
WINDSONG ST
FLORAL DR

DUCKHORN DR

ARENA BL

SAINTSBURY DR
POPLAR BLVD WY

STEFANIKER DR
ANTHEA ST

WITTER WY

ASCANTAR DR
ZALEMA CT

SAN JUAN RD

ENDEAVOR WY

INNOVATOR DR

OSUNA WY

LEJANO WY

URBANA WY

OSUNA WY

LEJANO WY

URBANA WY

GATEWAY PARK BL

TRUXEL RD

VALLE

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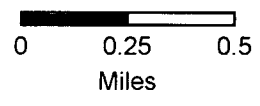
VALLE

VALLE

VALLE

Discovery

RIO NORTE WY
CATIE DR
RIO ROMA WY
WING PARKWAY



Project Summary

		Natomas Park Apartments			
Address	1851 Club Center Drive, North Natomas				
Number of Units	212				
Affordability	20% of units @ or below 50% of AMI 23% of units @ or below 60% of AMI 57% of units @ Market				
Unit Mix and Rents	Very-Low HOME	High HOME	Bond (50% AMI)	Tax Credit (60% AMI)	Market Rate
1 BD/1 BA	1 @ \$493	1 @ \$513	6 @ \$563	9 @ \$599	23 @ \$750
2 BD/2 BA	1 @ \$584	5 @ \$636	16 @ \$634	25 @ \$711	61 @ \$975
3 BD/3 BA	1 @ \$665	2 @ \$851	10 @ \$704	15 @ \$812	36 @ \$1295
Square Footage					
1 BD	656				
2 BD	954				
3 BD	1,215				
Resident Facilities	Clubhouse with pool, fitness center, resident activities courts, laundry room washer/dryer hook-ups in every unit, playgrounds/tot lots, garages				
Sources and Uses of Funds					
Sources					
		<i>Per Unit</i>	<i>Per Sq. Ft.</i>		
Senior Bond Proceeds	\$ 17,415,000	\$ 82,146	\$	86.32	
Junior Bond Proceeds	\$ 1,500,000	\$ 7,075	\$	7.43	
SHRA Loan	\$ 1,000,000	\$ 4,717	\$	4.96	
Tax Credit Investor Equity	\$ 2,708,596	\$ 12,776	\$	13.42	
Developer Equity	\$ 300,000	\$ 1,415	\$	1.49	
Developer Fee Note	\$ 893,825	\$ 4,216	\$	4.43	
Interest Income	\$ 289,714	\$ 1,367	\$	1.44	
NOI Prior to Loan Conversion	\$ 1,605,712	\$ 7,574	\$	7.96	
Total Sources of Funds	\$ 25,712,847	\$ 121,287	\$	127.44	
Uses					
		<i>Per Unit</i>	<i>Per Sq. Ft.</i>		
Land Acquisition	\$ 1,705,680	\$ 8,046	\$	8.45	
Construction	\$ 14,593,945	\$ 68,839	\$	72.33	
Loan Interest Prior to Perm. Loan	\$ 1,566,588	\$ 7,390	\$	7.76	
Financing Costs	\$ 1,275,084	\$ 6,015	\$	6.32	
Construction Contingency	\$ 776,274	\$ 3,662	\$	3.85	
Government Fees	\$ 2,986,452	\$ 14,087	\$	14.80	
Other Costs	\$ 1,368,824	\$ 6,457	\$	6.78	
Developer Fee	\$ 1,440,000	\$ 6,792	\$	7.14	
Total Uses of Funds	\$ 25,712,847	\$ 121,287	\$	127.44	
Management - Operations					
Proposed Developer	St. Anton Partners, LP				
Property Management Company	Jon Berkley Management, Inc.				
Operations Budget (Total/Per Unit)	\$ 599,556	\$	2,828		
Reserves (Total/Per Unit)	\$ 31,800	\$	150		
Letter of Credit Provided By:	Fannie Mae				
Tax Credit Investor:	Paramount				

Maximum Rent and Income Restrictions

Mortgage Revenue Bond Program

(20% of units set aside for tenants at or below 50% of area median income(AMI))

Maximum Income Limits:	
<u>Family Size</u>	50% AMI <u>Max. Income</u>
1 person	\$ 19,700
2 person	\$ 22,500
3 person	\$ 25,350
4 person	\$ 28,150

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Rent</u>
1 Bedroom	\$ 562
2 Bedroom	\$ 634
3 Bedroom	\$ 704

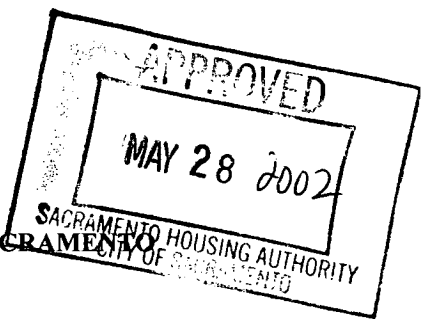
Four Percent Low-Income Housing Tax Credit Program

(Rents @ 60% of area median income less a utility allowance)

Maximum Income Limits:	
<u>Family Size</u>	60% AMI <u>Max. Income</u>
1 person	\$ 23,640
2 person	\$ 27,000
3 person	\$ 30,420
4 person	\$ 33,780

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Approx. Net Rent</u>
1 Bedroom	\$ 596
2 Bedroom	\$ 707
3 Bedroom	\$ 806

2002-004



RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF HOUSING AUTHORITY OF THE CITY OF SACRAMENTO MULTIFAMILY HOUSING REVENUE BONDS (NATOMAS PARK APARTMENTS) 2002 ISSUE B, 2002 ISSUE B-T AND 2002 ISSUE B-S, AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A SUBORDINATE INDENTURE, A FINANCING AGREEMENT, A LOAN AGREEMENT, A REGULATORY AGREEMENT, AN OFFICIAL STATEMENT AND A BOND PURCHASE AGREEMENT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND APPROVING OTHER RELATED ACTIONS IN CONNECTION THEREWITH

WHEREAS, 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, construction, rehabilitation and development of multifamily rental housing facilities to be occupied in part by persons of low and very low income;

WHEREAS, 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, construction 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;

WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

WHEREAS, Natomas Sacramento L.P., a California limited partnership (the "Borrower"), has requested that the Authority issue and sell the Bonds (hereinafter defined) for the purpose of financing the acquisition, construction and development of a multifamily rental housing project to be commonly known as the Natomas Park Apartments to be located South of Club Center Drive and East of Danbrook Drive (in the North Natomas area), Sacramento, California (the "Project"); and

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the 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.

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

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

Section 2. Pursuant to the Act and the Trust Indenture and Subordinate Indenture (each hereinafter defined), revenue bonds of the Authority, designated as "Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Natomas Park Apartments) 2002 Issue B," designated as "Housing Authority of the City of Sacramento Taxable Multifamily Housing Revenue Bonds (Natomas Park Apartments) 2002 Issue B-T," and designated as "Housing Authority of the City of Sacramento Subordinate Multifamily Housing Revenue Bonds (Natomas Park Apartments) 2002 Issue B-S" in aggregate principal amounts not to exceed \$15,950,000, \$2,250,000 and \$1,750,000, respectively (collectively, 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.

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) the trust indenture with respect to the Issue B and Issue B-T Bonds (the "Indenture") between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");
- (b) the subordinate indenture with respect to the Issue B-S Bonds (the "Subordinate Indenture") between the Authority and Wells Fargo Bank, National Association, as trustee;
- (c) the financing agreement with respect to the Issue B and Issue B-T Bonds (the "Financing Agreement") among the Authority, the Trustee and the Borrower;
- (d) the subordinate loan agreement with respect to the Issue B-S Bonds (the "Loan Agreement") among the Authority, the Trustee and the Borrower;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

(f) the regulatory agreement and declaration of restrictive covenants (the "Regulatory Agreement") among the Authority, the Trustee and the Borrower;

(g) the bond purchase agreement or agreements, (the "Purchase Contract") among the Authority, the Borrower and Newman & Associates, Inc., (the "Underwriter") and

(h) the preliminary official statement (the "Preliminary Official Statement") which (i) is hereby authorized to be distributed to persons who may be interested in purchasing the bonds, and (ii) shall be brought to final form (the "Official Statement") upon the sale of the Bonds, and the Official Statement which (i) shall be executed on behalf of the Authority by a Designated Officer (as hereinafter defined) and (ii) shall be delivered by the Underwriter to all actual purchasers of the Bonds.

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 Bonds in excess of \$19,925,000 or an aggregate principal amount of Issue B Bonds and Issue B-S Bonds in excess of the allocation received for the Project from the California Debt Limit Allocation Committee), 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 and the Subordinate Indenture, as appropriate, 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 in accordance with the Purchase Contract, 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

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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 Issue B Bonds, the Issue B-T Bonds and the Issue B-S Bonds to be issued and delivered and any remarketing provisions with respect thereto, 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 and delivery 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, an Assignment and Intercreditor Agreement and a LIHTC Agreement required by Fannie Mae, as credit enhancer, to be executed by the Issuer, and any other certificates, agreements, deeds of trust and other documents described in the Indenture, the Subordinate Indenture, the Financing Agreement, the Loan Agreement, the Regulatory Agreement, the Purchase Contract 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.

CHAIR

ATTEST:

SECRETARY

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DATE ADOPTED: _____

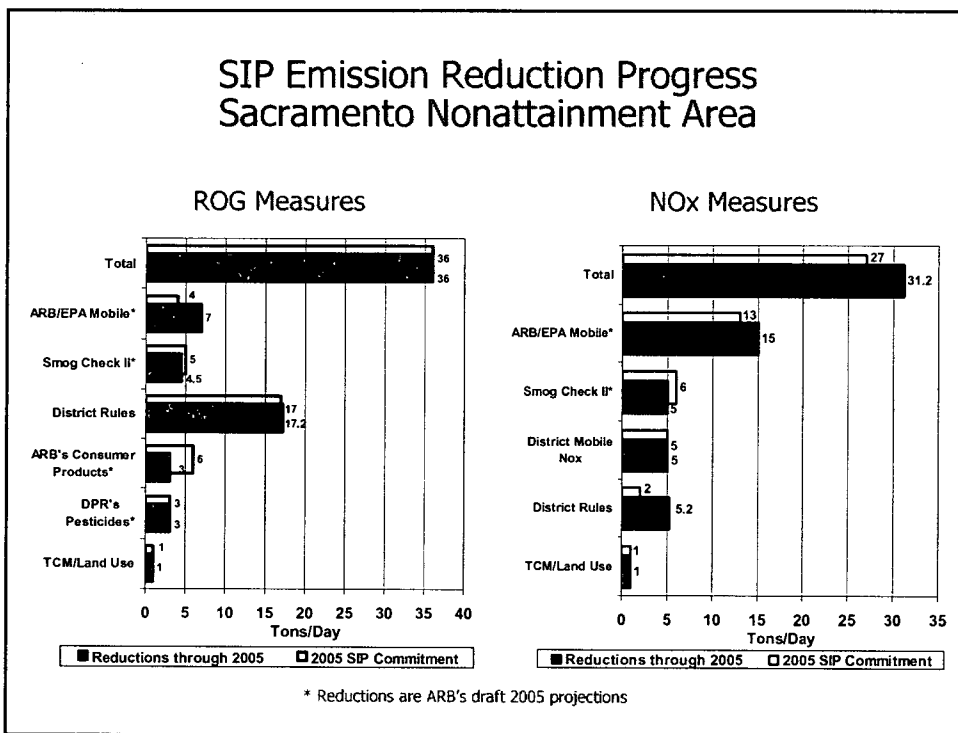
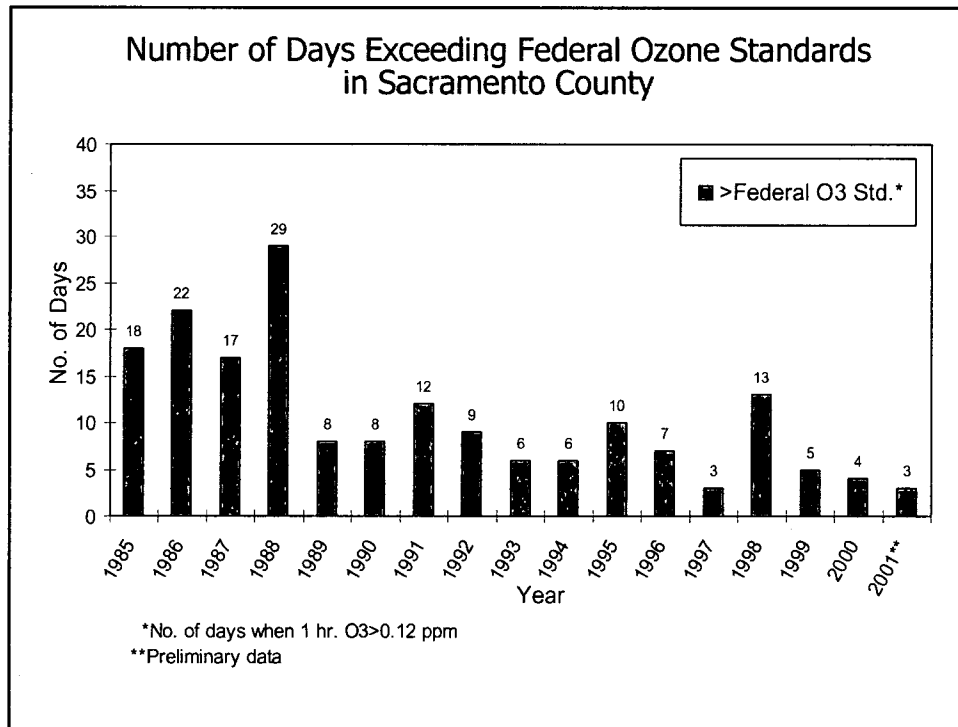
**Air Quality Planning Update:
Issues and Upcoming Action Items**

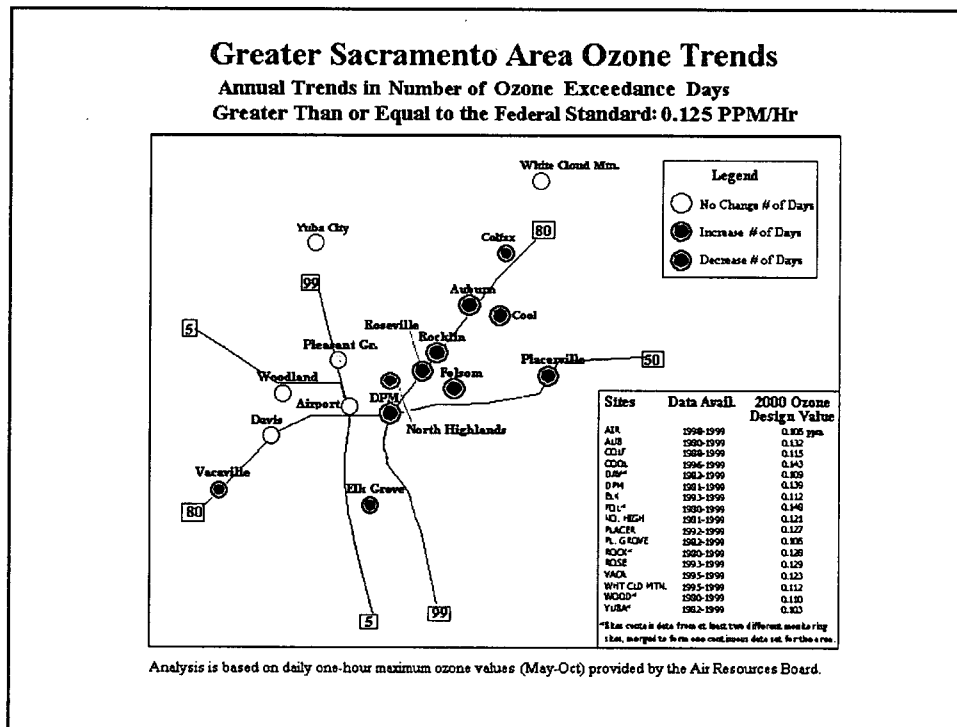
**Sacramento City Council
May 28, 2002**

First presented to: Sacramento Metropolitan AQMD
March 28, 2002

Introduction

- Progress towards air quality goals
- Air quality goal / Consequences
- Prediction for 2005 air quality
- Issues - Conformity/SIP update
- Next steps





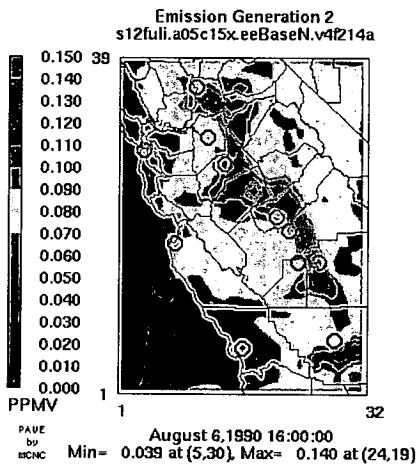
- ## Attainment Criteria for 2005 Deadline
- No more than 3 exceedances of the federal 1-hour ozone standard (0.12 ppm) at any one monitoring site over 3-year period.
 - Attainment monitoring period begins 2003 and continues through 2005.
 - In 2001, Folsom monitoring site had 3 violations, the highest number in the region

Consequences for not meeting 2005 deadline

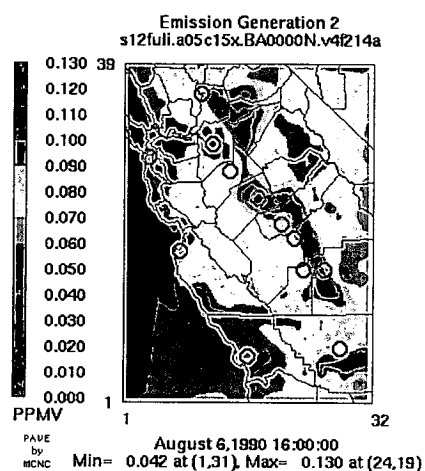
- EPA may grant a 1 year extension if
 - All planned commitments have been met, and
 - No more than one exceedance in 2005
 - A second extension is allowed if no more than one exceedance occurs in 2006
- Fees assessed on major stationary sources (est. \$500,000 per year)
- Additional requirements apply to permitting stationary sources

2005 Ozone Forecasts from SJV Modeling

2005 O3: With Bay Area Emissions



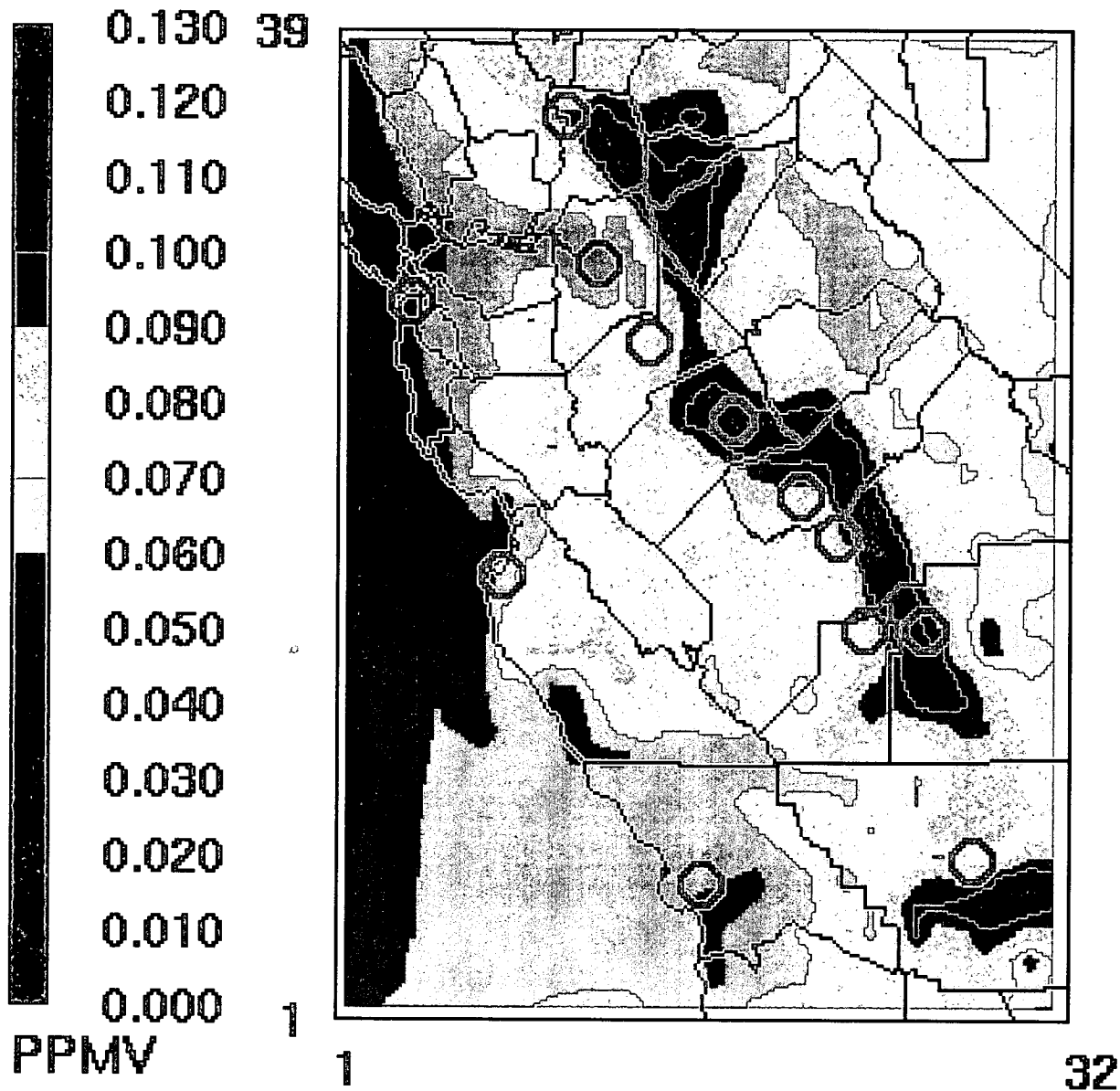
2005 O3: No Bay Area Emissions



Note: Factors adding to uncertainty of ozone modeling results for the Sacramento region include the following:

1. Sacramento area is at the northern border of the San Joaquin Valley modeling domain, so boundary conditions may have significant influence.
2. Not all emission control measures may be included in the 2005 inventory, such as District mobile NOx measure.
3. The above ozone maps are snapshots of a single forecasted ozone episode (Aug. 3-6, 1990) selected by the SJVUAPCD.

2005 SJV Ozone Modeling Forecasts: No Bay Area Emissions

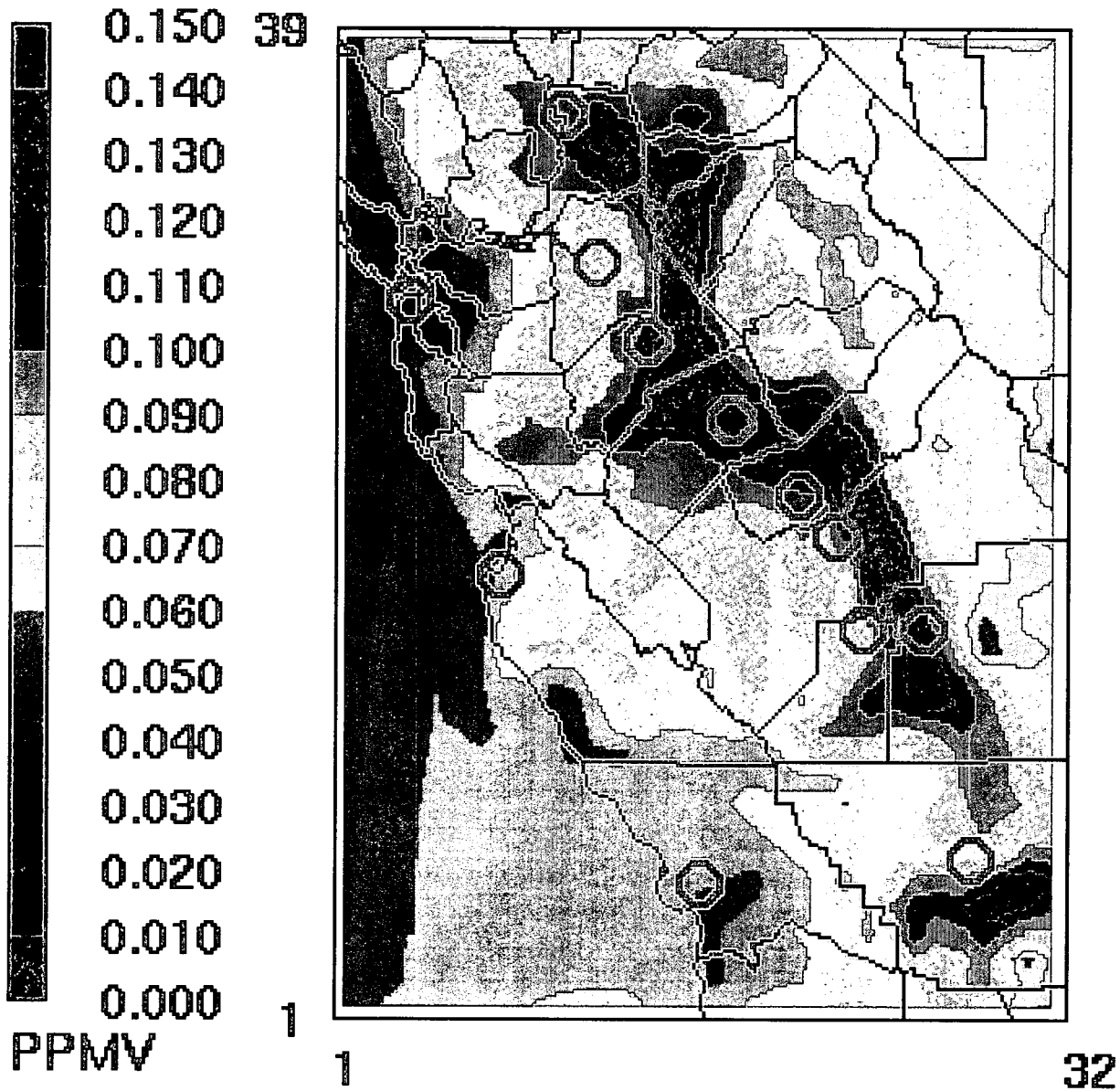


PAVE
by
MCNC

August 6, 1990 16:00:00
Min= 0.042 at (1,31), Max= 0.130 at (24,19)

- Note: Factors adding to uncertainty of ozone modeling results for the Sacramento region include the following:
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2005 SJV Ozone Modeling Forecasts: With Bay Area Emissions

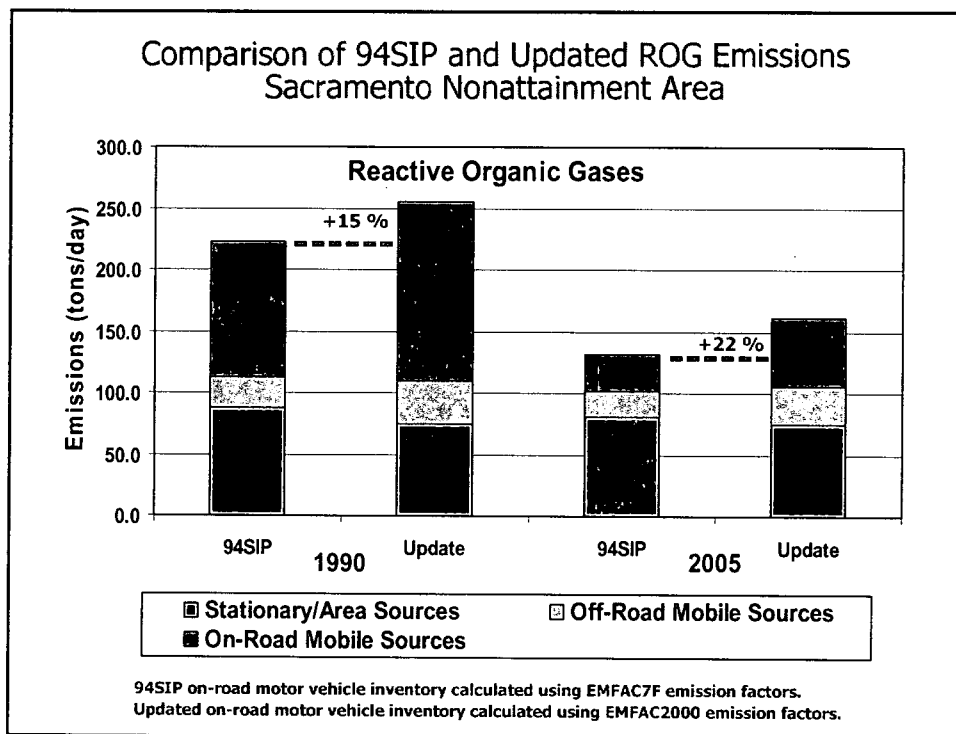
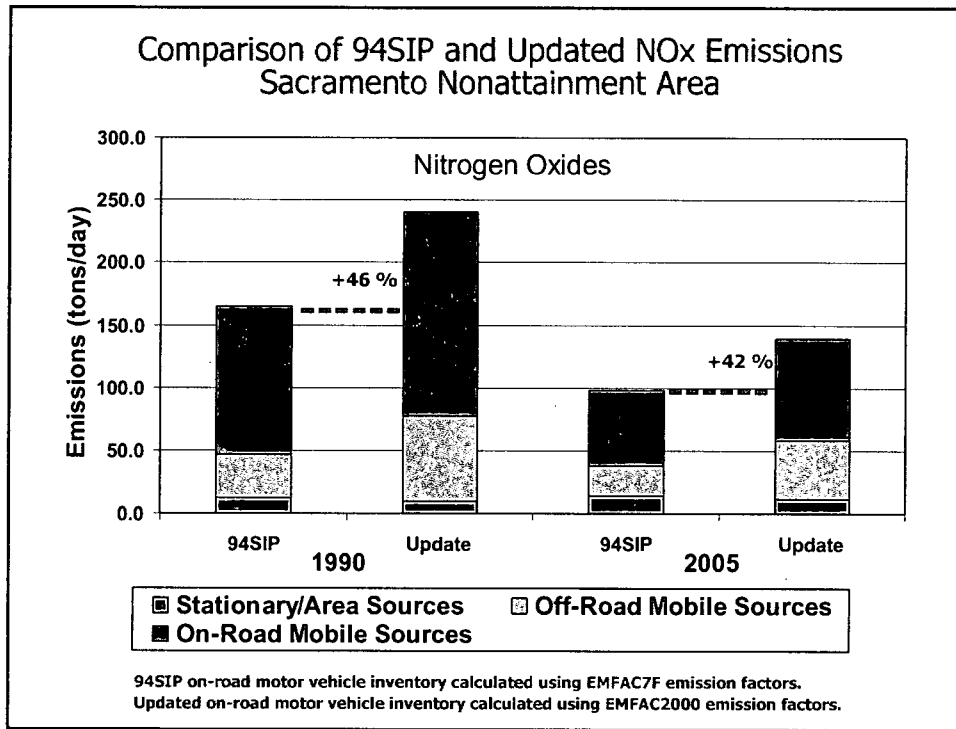


PAVE
by
MCNC

August 6, 1990 16:00:00
Min= 0.039 at (5,30), Max= 0.140 at (24,19)

Note: Factors adding to uncertainty of ozone modeling results for the Sacramento region include the following:

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Transportation Conformity

- Purpose - To ensure transportation plans do not interfere with air quality goals
- Conformity failures (lapses)
 - prevent federal funding of non-exempt transportation projects
 - when transportation emissions are higher than the on-road 'budgets' established in SIP.
- Recent emissions changes likely to cause conformity failure
 - higher emissions from SUVs
 - higher proportion of old vehicles

When will the SIP (Plan) be updated?

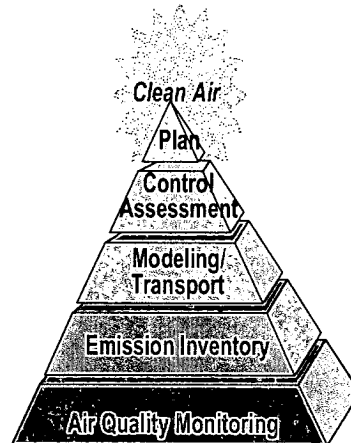
- Attainment Scenario
 - Attain - Maintenance plan is developed and submitted after summer 2005; or
 - Extension - Request and justify extension in 2005 and 2006
 - Fail to attain - Develop new plan (2006/7) to attain by not later than 2010, consequences for stationary sources
- Conformity Scenario
 - Demonstrate attainment by 2005 with bigger mobile budget (would use new data/model) in 2004 or later; or
 - Bump-up to 'extreme' and attain by 2010 w/ consequences

Bump-up to 'extreme'

- Extends deadline for attainment to 2010
- Changes 'major source' to 10 tpy
 - Title V permits and new controls may be required,
 - Potentially 450 sources affected (est. \$500,000 per year)
- Permitting requirements change
 - More credits required (offset ratio 1.5:1) (est. \$2-3 million per year if available); or
 - Best controls (BACT) required for all major sources
(Example: cost of 2 mmBtu boiler is \$20K without BACT and \$35K with BACT)

Next Steps

- Adoption of remaining rules
 - Clean Air Act Fees - August 2002
 - IC Engines - October 2002
- Continue work on plan updates (2004-2007)



Building an Air Quality Plan

Conclusions

- Three exceedances in 2001, count begins 2003
- Some reductions still anticipated to take effect
- Close enough to make it, but not a sure thing, need every available reduction
- Foundation work for new plan underway