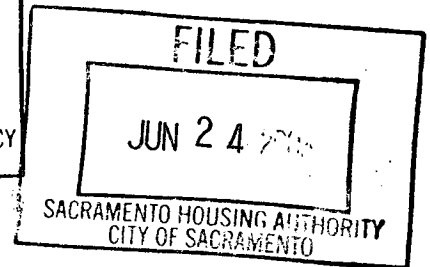
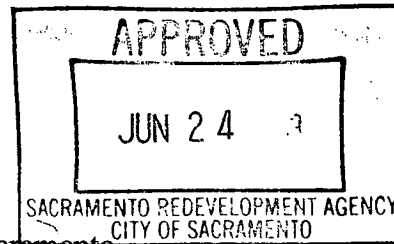
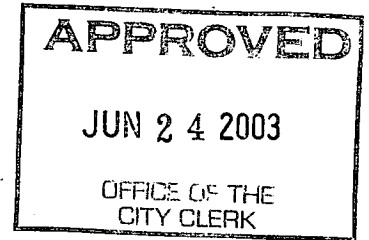




**Sacramento
Housing &
Redevelopment
Agency**

6.2A

May 21, 2003



City Council, Housing Authority and
Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: ADOPTION AND APPROVAL OF THE PHOENIX PARK (PREVIOUSLY
KNOWN AS FRANKLIN VILLA) REVISED FINANCING PLAN**

LOCATION & COUNCIL DISTRICT

Area bounded by Franklin Boulevard, Brookfield Drive, and Morrison Creek, Council District 8.

RECOMMENDATIONS

Staff recommends adoption of the attached resolutions by the City Council, the Redevelopment Agency, and the Housing Authority of the City of Sacramento as follows:

- approving the Revised Phoenix Park Financing Plan;
- approving a Disposition and Development Agreement (“DDA”) between the Housing Authority and Phoenix Park I, Limited Partnership (LP) and Phoenix Park II, Limited Partnership, which authorizes the sale of the buildings and Housing Authority’s (HA) interest in the development and loans in the amounts of \$13,500,000 and \$8,148,000 for the buildings and the development interest respectively;
- approving a DDA between the Housing Authority and Norwood Avenue Housing Corporation (Norwood) which authorizes the sale of land and a loan to Norwood in the amount of \$2,552,000 for the purchase of the land subject to the execution of a ground lease and assumption of the land lease between the Housing Authority and Phoenix Park I, and II, LPs; and
- authorizing the Executive Director or her designee to accept up to \$2 million in loans and provide guarantees secured by Agency property to facilitate the purchase of units in the three neighboring Franklin Villa Homeownership Associations (HOA) the current project area subject either to establishing a repayment source and schedule that is commercially reasonable or providing sufficient collateral to repay the loan.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 3

subject either to establishing a repayment source and schedule that is commercially reasonable or providing sufficient collateral to repay the loan.

City Council of the City of Sacramento also authorizes SHRA as follows:

- to enter into contractual agreements with Norwood Phoenix Park Limited Liability Company (LLC), the developer of the project, as the construction manager for Phoenix Park I and Phoenix Park II, to provide services to develop Phoenix Park I and II consistent with the Revised Phoenix Park Financing Plan;
- to accept a grant in the sum of \$397,400 from the U.S. Department of Education for on-site education services at Phoenix Park and to amend the Agency budget accordingly; and
- to solicit and enter into an agreement in an amount not to exceed \$165,000 with a qualified service provider to carry out activities pursuant to the U.S. Department of Education Grant received; and
- to accept a grant in the sum of \$178,830 of Economic Development Initiative Grant (EDI) grant funds from the U.S. Department of Housing and Urban Development (HUD) for improvements to the Phoenix Park resident community center and to authorize a subgrantee agreement between the Agency and Phoenix Park I LP.

Housing Authority and City Council of the City of Sacramento as follows:

- indicate the intent of the Housing Authority to issue up to \$17,200,000 in tax-exempt mortgage revenue bonds to finance Phoenix Park II;
- authorize an application to California Debt Limitation Allocation Committee (CDLAC) for allocation authority to issue tax-exempt mortgage bonds; and
- authorize the City of Sacramento to conduct a Tax Equity Financial Responsibility Act (TEFRA) public hearing related to the proposed tax-exempt bond financing for Phoenix Park II.

Housing Authority of the City of Sacramento authorizes the Executive Director as follows:

- to approve an application to HUD for authority to dispose of one public housing unit currently subsidized under a Housing Authority annual contribution contract (ACC) located at 24 El Limon Court #4 and, upon approval, to convey the unit pursuant to the DDA.

CONTACT PERSONS

Cassandra H.B. Jennings, Deputy Executive Director, 440-1333

Darren Bobrowsky, Program Manager Housing Finance, 440-1399 ext 1454

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards
May 21, 2003
Page 3

FOR COUNCIL MEETING OF June 24, 2003

SUMMARY

This report recommends approval of the revised Phoenix Park (formerly Franklin Villa) Financing Plan Implementation Strategy and authorizes all actions necessary to carry out the plans. Although the Agency is recommending the amendment of some features of the plan, the goals of the project have not changed. All requested actions and authorizations are directly associated to achieving a single ownership and single private property management of the fourplex units located in the project. No additional local funds are required to carry out the recommendations in this report.

COMMISSION ACTION

At its meeting May 21, 2003, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Burruss, Castello, Farley, Harland, Hoag, Piatkowski, Simon

NOES: None

ABSENT: McCarty, Stivers

BACKGROUND

Since the October 1, 2002, adoption of the Franklin Villa Financing Plan, Revised Implementation Strategy, and Relocation Plan, the Agency has made significant progress, while addressing a variety of changes and challenges along the way. The purpose of this report is to inform the Council of the progress that has been made, request changes and approvals that are necessary to carry out the plans. This report reflects the recommendations and steps required to finance the project and to accomplish the vision for a safe and livable Phoenix Park community. Please see Attachment I for a location map of the project.

In pursuit of the Phoenix Park strategy, the following has been accomplished:

- a Resolution of Necessity was adopted and approved by the City Council in November 19, 2002 supporting the acts necessary to purchase the 464 units in Morrison Creek Terrace (Terrace) and Morrison Creek Commons (Commons);

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 5

- 328 units have been purchased or are under contract within Terrace and Commons as of May 12, 2003,;
- orders of possession have been issued for the 136 remaining units in Terrace and Commons;
- the John Stewart Company was selected to provide on-site management and maintenance of all Agency-owned properties in all five HOA areas;
- the John Stewart Company has taken over responsibility for project management and has hired a current resident as one of a three member of the property maintenance team;
- a new name for the Terrace and Commons apartment community, "Phoenix Park", was selected by residents, property owners, and other partners through a special nomination and election process ;
- three community design workshops were conducted with residents, property owners, neighbors and partners in Phoenix Park;
- staff attended special meetings with interested neighbors of Phoenix Park, as well as residents and various City and County partners;
- preliminary plans have been completed that reconfigure the 2 bedroom condominiums into 1-, 2-, 3- and 4-bedroom apartments for seniors and families;
- the architectural team has designed a site plan that includes the reconfiguration of the troubled alleyways into private backyards and secured maintenance access ways;
- schematic designs are nearly complete for the resident activity center which will include large and small meeting/training/learning spaces, SETA Head Start space, property management and resident services offices, a swimming pool, and laundry facilities (Please see Attachment II for a copy of the site plan and Attachment III for elevations of the resident center).;
- age appropriate common and play areas are being designed with resident input;
- Sacramento Police Department reports an overall decrease in crime of 22 percent (9/1/01-4/15/02 compared to 9/1/02-4/15/03), with the most significant drops in robbery (down 50 percent), residential burglaries (down 34 percent) and auto burglaries (down 52 percent);
- Phoenix Park POP officers participated in a special 46 day operation with the Drug Enforcement Administration/Mobile Enforcement Team that resulted in 26 narcotics arrests, six non-drug arrests, eight firearms seized, \$22,050 in cash confiscated, and a total of 32 Federal and State charges filed;
- a City/Agency team has been working to address planning and entitlement issues, which will be reviewed by the Planning Commission on May 22, 2003;
- the Agency was awarded an additional \$1.5 million of HELP funds from California Housing Finance Agency

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 5

- a \$397,400 education grant to provide education activities on-site was awarded to the Agency on behalf of Phoenix Park by the U.S. Department of Education;
- the Agency was awarded a grant of \$178,830 from the U.S. Department of Housing and Urban Development (HUD) Economic Development Initiative (EDI) program for improvement to the Phoenix Park resident community center;
- negotiations are near completion to secure a \$6 million predevelopment loan from the Bank of America;
- the Agency has submitted an application to the Federal Home Loan Bank for a \$1 million grant of Affordable Housing Program (AHP) funds;
- a life skills/parenting program will begin on June 2 to promote healthy family values and self-esteem;
- the Social Services partnership team is developing a program to coordinate early childhood education programs in Phoenix Park and surrounding areas to ensure that children receive the requisite skills to enter kindergarten at Parkway Elementary school;
- during the summer of 2003, SHRA in conjunction with the City will offer an expanded summer camp program for children in Phoenix Park; and
- 23 owner occupants households have been successfully relocated, 11 have signed purchase offers, and the Agency is working diligently with the remaining 3 to negotiate an agreement

Project

In the course of the last eight months a variety of new challenges have arisen to affect the project's financing strategy for Phoenix Park. Among the changes, on March 18, 2003, the State's Tax Credit Allocation Committee (TCAC) significantly altered the regulations governing the tax credit program, rendering the option to finance the project as two tax credit proposals infeasible. This financing change, the need to eliminate alleyways to make the area unfriendly to crime, and the resulting requirements identified by the City during the entitlement process have resulted in further significant physical improvements to the project.

The number of post rehabilitation units will decrease in part to comply with the City's parking requirements of 1.5 parking spaces for every unit. Of the existing 464 of the existing units in the project area, 360 will remain. The decrease reflects the impact of conversion from a development composed entirely of 2-bedroom units, to one providing a mix of 1, 2, 3, and 4-bedroom units. Additionally, the plan introduces community open space with age-appropriate play areas, additional laundry facilities, and construction of a resident activity center. The center will include on-site management offices, meeting and learning space, a Head Start Child development center, a swimming pool, and laundry facilities.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 6

The newly proposed project will be divided into two separate projects which will be referred to as Phoenix Park I and Phoenix Park II in the remaining body of the report. .

Current and Proposed Unit Configuration for Phoenix Park Project

	Current	Current % of Units	Proposed			Proposed % of Units		
			PPI	PII	Combined	PPI	PII	Combined
1 Bed			22	19	41	12%	10%	11%
2 Bed	464	100%	84	90	174	47%	50%	49%
3 Bed			47	46	93	27%	25%	26%
4 Bed			25	27	52	14%	15%	14%
Total	464	100%	178	182	360	100%	100%	100%

Although the project (464 units) cannot be financed as two tax credit projects as originally proposed, it is still necessary to split the project into two separate financing scenarios because of size and complexity. The two plans will be financed consecutively but will utilize different sources for the second portion. Staff will apply for 9% tax credits to finance Phoenix Park I. A combination of mortgage revenue bonds, 4% tax credits, and a loan from the California Department of Housing and Community Development (HCD) will finance Phoenix Park II. Financing these plans consecutively is necessary in order to make this project financially viable and provide reasonable assurances to the private sector investors to intervene in the project.

Project Affordability

The following chart outlines the preliminary affordability restrictions that will govern the occupancy requirements of the project for 55 years.

Income Targeting for the Project

% AMI	# of Units			% Total		
	PPI	PPII	Combined	PPI	PPII	Combined
30%	20	46	66	11%	25%	18%
40%	20	0	20	11%	0%	6%
50%	89	7	96	50%	4%	27%
60%	47	127	174	27%	70%	48%
Manager Units	2	2	4	1%	1%	1%
Total	178	182	360	100%	100%	100%

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 8

The project will also be supported by a set aside of project-based Housing Choice (Section 8) Vouchers (HCV). More specifically, 80 percent of the existing units or 288 units will be designated as project-based HCVs. The utilization of these vouchers will allow the project to collect rents in excess of the tax credit rents, allowing the projects to support more debt while maintaining that tenants pay no more than 30 percent of their income towards housing. The remaining 20 percent of the units will only be tax credit restricted and will allow for flexibility in accommodating residents from a variety of income ranges.

Financing Plan

Please See Attachment IV-A, IV-B, IV-C, and IV-D.

Ownership Structure

The Agency has been working to create an ownership structure that is consistent with the regulations governing the funding sources for which the project will be applying. Federal regulations specify the ownership structures of both tax credit and bond projects. The required structure consists of a managing general partner and a limited partner that collectively form a limited partnership (LP), the legal entity that owns the project.

The role of the managing general partner is to oversee the development and management of the project. Norwood Avenue Housing Corporation (Norwood), an Agency-affiliated non-profit corporation established by the City Council in 1991, will act as the managing general partner for the project.

The limited partner provides equity in exchange for future tax benefits. The limited partner will be determined after financing has been awarded, but is assumed to be the same for each part of the first phase.

As previously stated, the managing general partner and the limited partner form the limited partnership (LP). The Agency has created two limited partnerships; one for each project. Phoenix Park I LP will be associated with Phoenix Park I and Phoenix Park II LP will be associated with Phoenix Park II.

Finally, the Norwood has created a development entity, Phoenix Park Norwood Limited Liability Corporation (LLC). Norwood is the sole member of the LLC and will act as the developer for both partnerships. Please see Attachment IV-E for a diagram of the ownership structure and Attachment IV-F for an organizational chart for Norwood Avenue Housing Corporation.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 9

Site Control & Project Disposition

State regulations require that a project owner must show evidence of site control when submitting both tax credit and bond applications. Currently, the Housing Authority owns, has purchase contracts for, or has been issued orders of possession for all of the units in the project. In order for Phoenix Park I and II to be eligible to apply for funding, the Housing Authority must dispose its interest in the project to the appropriate party. This will be accomplished by executing two disposition and development agreements (DDA).

The first DDA will transfer the buildings and all other Housing Authority interest in the project and the second DDA will transfer the ownership of the land. In the first DDA, the buildings and other Agency interests in the project will be disposed of to the limited partnerships. The DDA will specify that the Housing Authority will make two loans for \$13,500,000 and \$8,148,000 respectively, for the purchase of the buildings and the Housing Authority's other interests in the project.

In order to maximize tax credit equity, the land will be leased by the Housing Authority to Phoenix Park I LP and Phoenix Park II LP and then sold to Norwood subject to the preexisting lease. The second DDA specifies that the Housing Authority will make a loan of \$2,552,000 to Norwood for purchase of the Phoenix Park land, which Norwood will continue to lease to the respective limited partnerships. A copy of both DDAs are on file with the Agency Clerk.

Disposition of Conventional Housing

The project contains one conventional housing unit at 24 El Limon Way owned by the Housing Authority (HA). The HA cannot directly dispose of conventional housing units, as the units are subsidized by an annual contributions contract (ACC) that can only be terminated with approval from HUD. HUD requires a resolution from the local Agency, indicating its intent to dispose of the property. This staff report requests approval of the required resolution.

FINANCIAL CONSIDERATIONS

This report does not propose any new Agency subsidy. The Table below outlines the amounts and sources of the already committed Agency funds.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 9

PREVIOUSLY APPROVED LOCAL FINANCIAL COMMITMENT

Sources		Amounts
Previously Committed (Long Term Loan)	2001	\$5,000,000
HOME (Long Term Loan)	2002	\$2,300,000
Housing Trust Fund (Long Term Loan)	2002	\$200,000
CDBG District 8 (Long Term Loan)	2002	\$200,000
Housing Authority/RVP (Long Term Loan)	2002	\$1,000,000
Downtown TI L/M (Interim Loan)	2002	\$4,700,000
Richard Blvd. TI L/M (Interim Loan)	2002	\$1,300,000
Franklin Blvd TI L/M (Interim Loan)	2002	\$500,000
CDBG RLF (Interim Loan)	2002	\$500,000
TOTAL AGENCY FUNDS	2003	\$15,700,000

The interim Agency loans will be repaid to the Downtown, Richards Boulevard, and Franklin Boulevard redevelopment areas beginning in late 2004 through 2006. The loans will be repaid proportionately among the redevelopment project areas. The Community Development Block Grant Revolving Loan Fund (CDBG RLF) will be the last to be repaid. This schedule is consistent with the repayment plan adopted by the City Council in October 2002. The long-term Agency loans totaling \$8.7 million (\$24,167 per unit at the reduced unit count and approximately 11% of the total project costs) will have a term of 55 years. They will be repaid from the project, as cash flow is available.

In October 2002, the cost estimates to rebuild "Franklin Villa" were based upon general assumptions which have been refined as we proceeded through the acquisition process and as we have worked with the architectural team to design a project which is uncomfortable to gangs, drugs and crime and attractive to seniors, small, and large families. In the intervening time, the project has moved from vision to a more defined project complete through the entitlements phase. Although there is no increase in the local commitment of funding requested at this time, the total project cost projections have increased approximately 23.8% percent or \$15.4 million. The increase in the scope and nature of the construction, architecture, demolition, and site work, and the associated costs required to obtain entitlements as a result of the project scope, and extra costs associated with financing the resulting project have contributed to the increased cost of the project. In addition, there has been a significant increase in property transition costs and related legal costs as a result of the lawsuits filed to challenge this project.

All increased costs will be covered by external sources. Adoption of the attached bond resolutions will not result in any direct financial impact to the City or the Housing Authority. Mortgage Revenue Bonds, in general, do not represent a financial obligation of the Housing Authority of the City of Sacramento, the County of Sacramento, or the Sacramento Housing and Redevelopment Agency.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 11

In addition, staff will continue to seek additional funding from grants, foundations and other appropriate funding sources in order to accelerate the repayment of interim loans to the project and to reduce the current level of local funding required for permanent financing. Please see Attachment IV-D for a detailed breakdown of the changes in sources and uses for the project.

POLICY CONSIDERATIONS

The actions requested in this report are consistent with the Agency's priorities to fund the acquisition and rehabilitation of deteriorated properties. The actions are also consistent with the City's adopted Franklin Villa Revitalization Plan of 1997-2001, and the Revised Phoenix Park Implementation Strategy, and the adopted Multifamily Mortgage Revenue Bond Program.

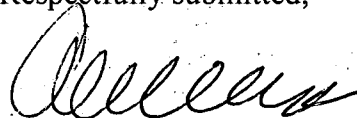
ENVIRONMENTAL REVIEW

The proposed project is exempt from further review under the California Environmental Quality Act as approved and adopted pursuant to Resolution Number 2002-038 adopted by the Redevelopment Agency of the City of Sacramento, 2002-009 adopted by the Housing Authority of the City of Sacramento, and 2002-657 adopted by the City Council of the City of Sacramento. The project is a continuing project under NEPA, consistent with the Finding of No Significant Impact (FONSI).

M/WBE CONSIDERATIONS

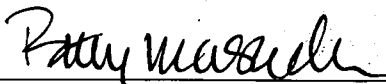
The Agency's M/WBE policy and program will apply to contracting activities that are federally funded.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

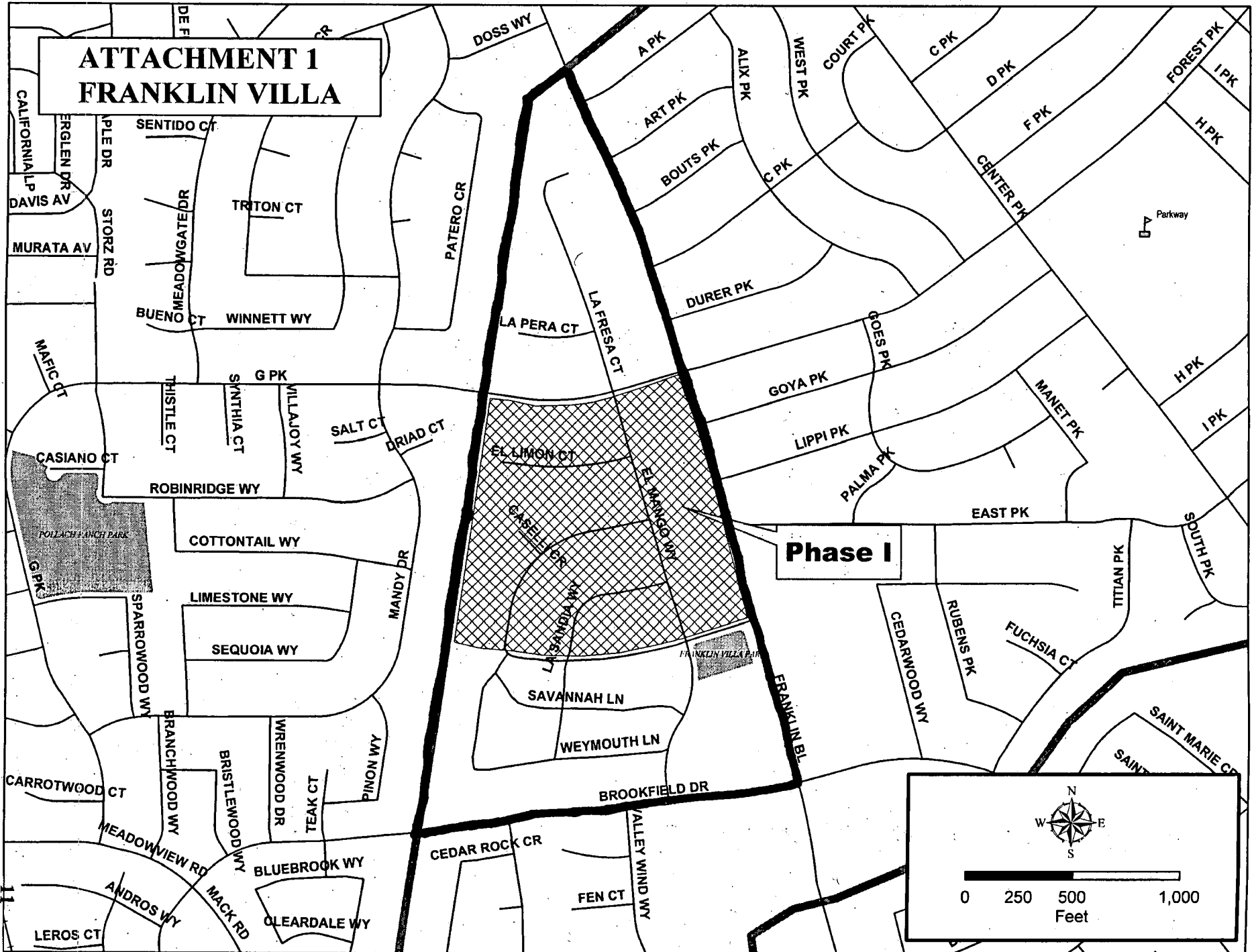
May 21, 2003

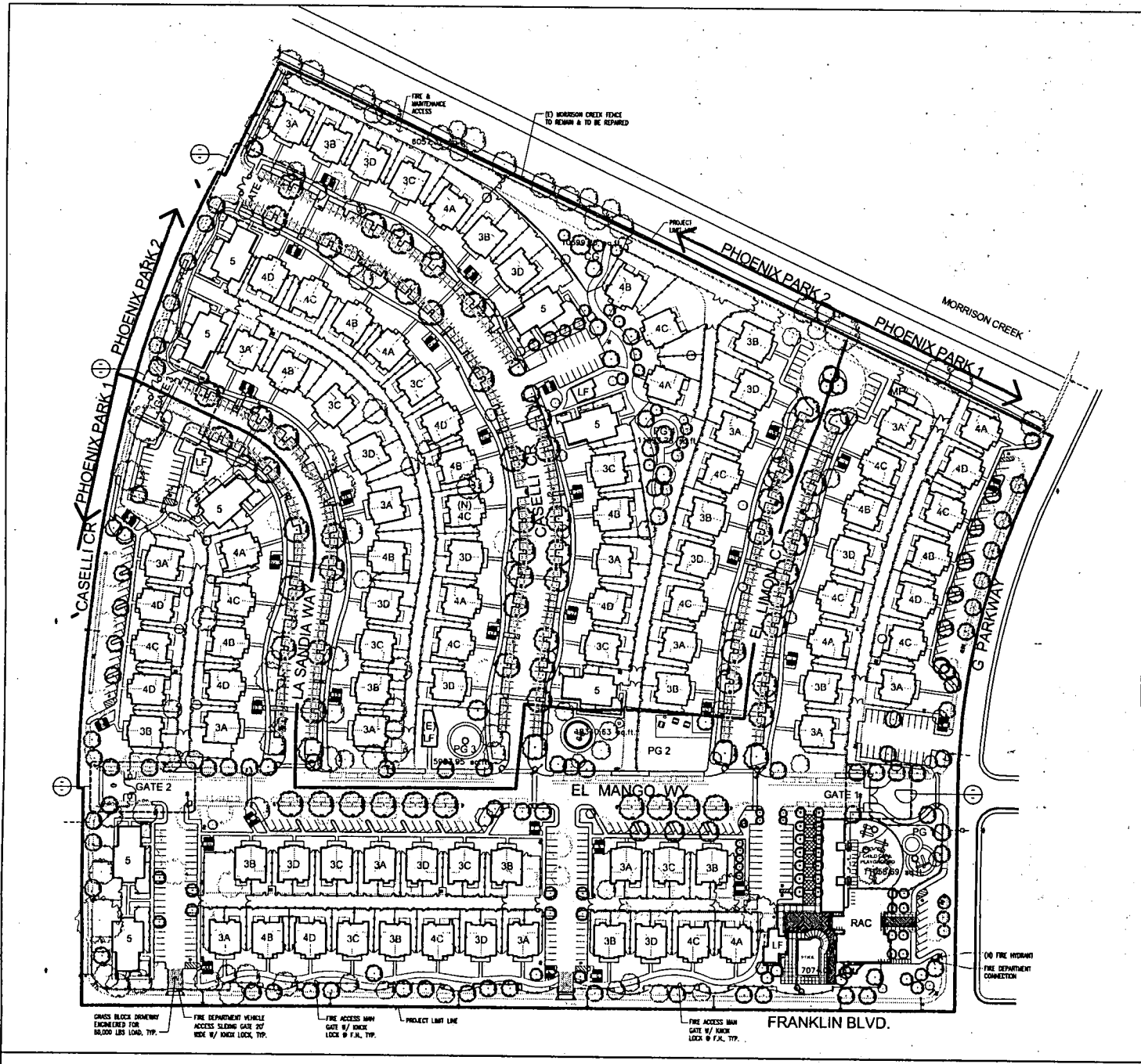
Page 11

Table of Contents

- 1) Attachment I - Map, page 12
- 2) Attachment II - Franklin Villa Site Map, page 13
- 3) Attachment III - Elevations of Resident Activity Center, page 14
- 4) Attachment IV - Financing Plan, page 15-23
- 5) Attachment IVA - Project Summary and Rent and Income for Phoenix Park I, page 24
- 6) Attachment IV-B - Project Summary and Rent and Income for Phoenix Park I, page 25
- Attachment IV-C - Phoenix Park Project Summary, page 26
- Attachment IV-D - Phoenix Park Summary of Funding Comparison, page 27
- Attachment IV-E- Project Ownership Structure, page 28
- Attachment IV-F Norwood Avenue Housing Corporation Organizational Chart, page 29
- City Resolution, page 30-31
- Authority Resolution, page 32-33
- Agency Resolution, page 34-35
- Authority (Inducement), page 33-37
- City Resolution (TEFRA), page 38-39

ATTACHMENT 1 FRANKLIN VILLA





LEGEND

- (00) RELOCATED BUILDING
- RAC RECREATIONAL ACTIVITY CENTER & CHILD CARE CENTER
- PG PLAYGROUND
- CG COMMUNITY GARDEN
- BP BIKE PATH
- LF LAUNDRY FACILITY
- MF MAINTENANCE FACILITY
- FH EXISTING OR RELOCATED FIRE HYDRANT

WROUGHT IRON FENCE, GATES AT FRONT YARDS:
 14'-0" HIG. CLR. GATES BETWEEN REAR YARDS FOR UTILITY MAINTENANCE ACCESS:
 6'-0" HIGH AT PERIMETER,
 5'-0" HIGH BETWEEN PRIVATE YARDS

PRIVATE BACKYARDS - EXISTING ALLEYS ARE ABANDONED & CONVERTED TO PRIVATE BACKYARDS. EXISTING ALLEY PAVING WILL REMAIN AND SURFACE DRAINAGE IMPROVED. EXISTING CONCRETE DRIVEWAYS IN ALLEYS WILL ALSO REMAIN AS PAVED PRIVATE BACKYARDS, BUT SECTIONS WILL BE REMOVED FOR PLANTING AREAS.

- GATE 1 TENANT & GUEST ENTRY GATE - CARD CONTROL & TELEPHONE INTERCOM
- GATE 2 TENANT ENTRY GATE - CARD CONTROL
- GATE 3 EXIT GATE ONLY - AUTOMATIC
- GATE 4 EXIT GATE ONLY - AUTOMATIC

- NEW ACCESSIBLE RAMPS & CROSSWALKS
- NEW TRASH & RECYCLING ENCLOSURES TO MEET LOCAL REQUIREMENTS
- EXISTING TREE TO REMAIN
- EXISTING TREE TO BE REMOVED
- NEW TREE
- * EXISTING OR NEW LIGHT POLE

COMPARTMENTED APARTMENT BUILDING BUILDING # & # OF UNITS FURNISH STYLE, SEE SH. A.1.1

TYPICAL 80' PAVING, SEE 1/A1.12 HAS STALL, 8'x8' PLANTING AREA 6'-0" SIDEWALK SHADE TREE

TYPICAL 80' PAVING, SEE 1/A1.12 SIDEWALK SHADE TREE



380 14TH STREET
 OAKLAND, CA 94612
 TELEPHONE (510)763-1313

□ B. KWON CHA AIA
 □ FRANK STENER AIA
 □ EILEEN W. MOOR AIA

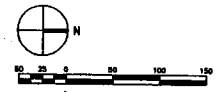
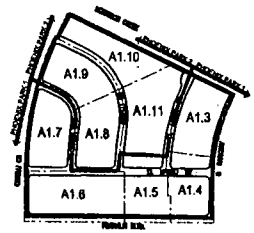
ARCHITECT'S STAMP

CONSULTANT

CONSULTANT'S STAMP



PHOENIX PARK 1 & 2
 Area within the City of Sacramento Bounded by
 Franklin Blvd., Caseville Circle, Morrison Creek, and G Parkway
 Sacramento Housing and Redevelopment Agency



SITE PLAN 50' 1

SITE PLAN

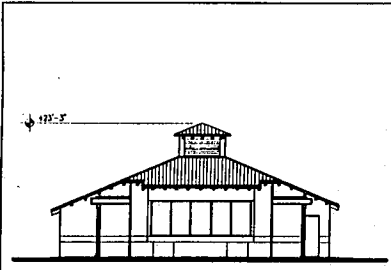
REV.	DATE	BY	CHK.
1/1/02			
2/1/02			
3/1/02			
4/1/02			
5/1/02			

DRAWN BY: CHECKED BY:

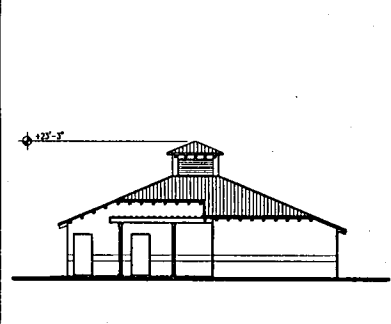
A1.2

JOB NO. 02200 1 OF 0023

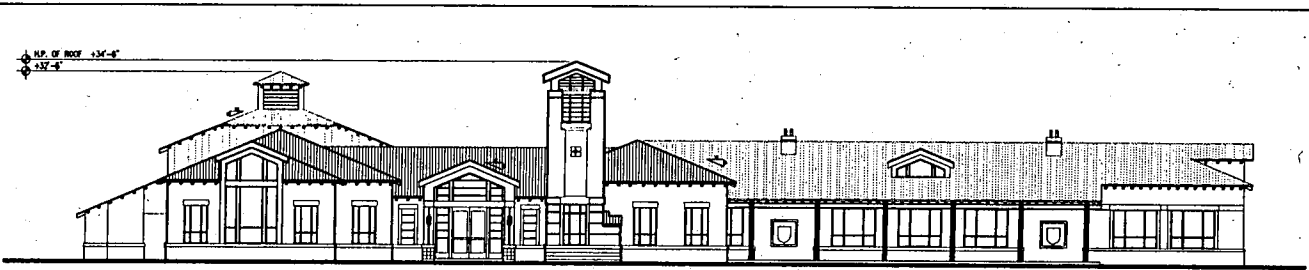
© 2000 VBN Architects



NORTH ELEVATION (LAUNDRY FACILITY) 1/8" 5



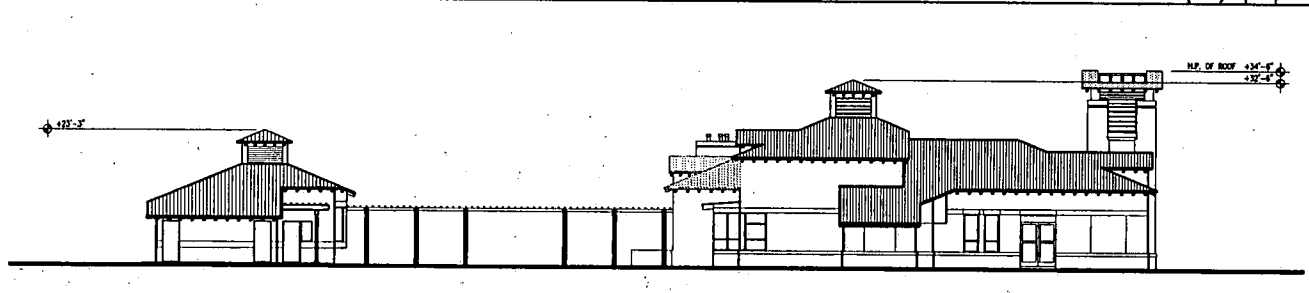
SOUTH ELEVATION (LAUNDRY FACILITY) 1/8" 6



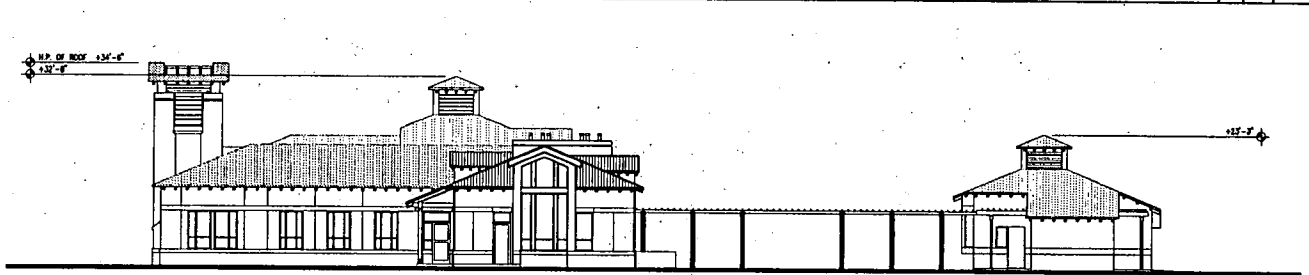
NORTH ELEVATION (RAC) 1/8" 1



SOUTH ELEVATION (RAC) 1/8" 2



EAST ELEVATION (RAC & LAUNDRY FACILITY) 1/8" 3



WEST ELEVATION (RAC & LAUNDRY FACILITY) 1/8" 4

VBN
ARCHITECTS

340 14TH STREET
OAKLAND, CA 94612
TELEPHONE (510)763-1313

□ S. IRON CHAN AA
□ FRANK STERNER AA
□ ELIEZER H. MORRIS AA

ARCHITECTS FIRM

CONSULTANT

CONSULTANT'S FIRM



PHOENIX PARK 1 & 2

Area within the City of Sacramento Bounded by
Franklin Blvd., Cassill Circle, Morrison Creek, and G Parkway

Sacramento Housing and Redevelopment Agency

RESIDENTS
ACTIVITY CENTER
WITH CHILD CARE
& LAUNDRY
ELEVATIONS

DATE	BY	CHK
1/13/01	Planning Application	
2/21/01	Permitting	
4/22/01	Permitting	
5/28/01	Permitting	

38 10 02228 1 OF 2623

A3.1

© 2000 VBN Architects

Revised Financing Plan for Phoenix Park

Overview

On October 1, 2002, City Council approved the Franklin Villa Financing Plan. In the past eight months, the Agency has made significant strides in clarifying the issues that were unresolved at the time of approval and implementing a number of components of the approved financing plan. Despite these accomplishments, the Agency has been challenged by recent regulatory changes by the State Tax Credit Allocation Committee (TCAC). As a result, the Agency must revise its Financing Plan in order to outline a feasible financing scenario for the Phoenix Park Project.

Purpose

The purpose of this revised financing plan is to detail how the Phoenix Park project (formerly known as Franklin Villa Phase I) will be financed and specify the steps necessary to achieve project feasibility.

Background

The Financing Plan approved in October of 2002 proposed to finance the acquisition and rehabilitation of the project as two separate 9% Low Income Housing Tax Credit (LIHTC) projects that were to be submitted in consecutive tax credit rounds. In March of 2003, TCAC significantly changed the criteria upon which tax credits will be awarded. The changes made it impossible to submit two 9% LIHTC applications. Consequently, the Agency altered its financing plans for Phoenix Park to utilize 9% LIHTC to finance the first section (Phoenix Park I) and Mortgage Revenue Bonds (MRB) combined with 4% LIHTC and housing bond proceeds from the State's Housing and Community Development Department to finance the second section (Phoenix Park II).

The 464 units in the project area will be divided up into two sections and converted into a total of 360 1-, 2-, 3-, and 4-bedroom units. Phoenix Park I will result in 178 rehabilitated/reconfigured units and a resident activity center. Phoenix Park II will result in 182 rehabilitated/reconfigured units. At present, the development consists entirely of two bedroom fourplexes. This plan reconfigures all but five of the buildings, providing a mix of one to four bedroom units to accommodate households of various sizes. This reconfiguration, with the addition of larger family units, the resident activity center, play areas, and parking results in a decrease in the number of units and a vastly improved living environment. The following chart summarizes the current unit mix and the proposed unit mix for the units in Phoenix Park I and Phoenix Park II.

Current and Proposed Unit Configuration for Phoenix Park Project

	Current	Current % of Units	Proposed			Proposed % of Units		
			PPI	PII	Combined	PPI	PII	Combined
1 Bed			22	19	41	12%	10%	11%
2 Bed	464	100%	84	90	174	47%	50%	49%
3 Bed			47	46	93	27%	25%	26%
4 Bed			25	27	52	14%	15%	14%
Total	464	100%	178	182	360	100%	100%	100%

Affordability Restrictions

Under the proposed financing plan, all units excluding the four manager units will remain affordable to those earning between 30 percent Area Median Income (AMI) and 60 percent AMI. In addition, 80 percent of the units in the project will be supported by a set aside of Project-Based Housing Choice Vouchers (HCV), formerly known as Section 8. The utilization of project-based HCV will allow the project to collect rents in excess of the tax credit rent limits, essential for covering operating costs, while maintaining that the tenants pay no more than 30 percent of their income for housing. The remaining 20 percent of the units will be tax credit restricted and will allow for flexibility in targeting the location of HOME-assisted units and units for residents who wish to remain in the project, but are not eligible for HCVs. The following charts display the proposed income targeting of the project area.

Income Targeting for the Project

% AMI	# of Units			% Total		
	PPI	PPII	Combined	PPI	PPII	Combined
30%	20	46	66	11%	25%	18%
40%	20	0	20	11%	0%	6%
50%	89	7	96	50%	4%	27%
60%	47	127	174	27%	70%	48%
Manager Units	2	2	4	1%	1%	1%
Total	178	182	360	100%	100%	100%

A preliminary summary of the development proposal for Phoenix Park I and Phoenix Park II, including a complete breakdown of the proposed affordability and maximum rent and income limits, can be found in Attachment IV-A and IV-B.

Rationale for Altering Financing

In the October 2002 Financing Plan, the project was proposed to be financed through two separate tax credit applications in two different but consecutive tax credit rounds. This scenario was proposed for two reasons. First, private lenders focused on the risk and cost-implications of a delay between the two parts of the project, believing that an inability to finance consecutive

applications would jeopardize the project's feasibility. Second, existing Tax Credit Allocation Committee (TCAC) rules specified that a project could be no more than 200 units; but is ensured each region at least one project per round regardless of cost. However, on March 19, 2003, TCAC adopted new regulations making the above-mentioned financing scenario infeasible. The new regulations placed a limit on the amount of credit that can be requested in each round unless a project receives a waiver to compete as a large acquisition/rehabilitation project, and that the geographic set-aside system, which guaranteed a Sacramento project, would be replaced in 2004. Due to the size and cost of Phoenix Park, the amount of allocation required for the first application will far surpass Sacramento's (last) geographic set-aside and may therefore be subject to carry-over funding in 2004. Accordingly, only Phoenix Park I will apply for a waiver to compete as a large acquisition/rehabilitation project in the 9% tax credit competitive program. As an alternative, the Agency proposes to finance Phoenix Park II with Mortgage Revenue Bonds (MRB) and 4% tax credits in combination with a low interest loan from the California Department of Housing and Community Development's (HCD) Multifamily Housing Program (MHP). The bond application will be submitted in January of 2004, maintaining the financing timeline required by the lenders and investors. We plan to apply for the MHP funds in the second round of 2003.

Proposed Predevelopment and Permanent Financing

This section will outline both the predevelopment and permanent financing sources associated with this project. It will aggregate the sources for both Phoenix Park I and II when discussing predevelopment sources and separate the projects when discussing the permanent financing sources.

Acquisition and Predevelopment Interim Financing

The Agency has secured sufficient predevelopment financing to purchase all the units in the project and to pay for the predevelopment expenses typically funded by the applicant. Due to the size of the Phoenix Park project and the cost of acquiring the units, it has been necessary to secure \$24.2 million of predevelopment funds for this project. Of this amount, \$8.7 million is being funded from the Agency's long-term loan, approximately \$7 million from the Agency's predevelopment interim financing, \$6 million from a private lender providing predevelopment bridge financing, and \$2.5 million of HELP funds received from the California Housing Finance Agency as a long-term loan.

Agency Acquisition and Predevelopment Financing

The \$7 million Agency predevelopment bridge financing was approved in October of 2002. These funds consist of \$4.7 million for Merged Downtown Tax Increment Housing Set-aside funds, \$1.3 million Richards Blvd. Tax Increment Housing Set-aside funds, \$500,000 Franklin Boulevard Tax Increment Housing Set-aside funds, and \$500,000 of CDBG revolving loan fund. This loan has a 5-year term with repayment to begin in late 2004 after origination of the construction loan and tax credit equity payments. The loan will be paid off to all sources in late 2006.

External Acquisition and Predevelopment Financing

The remaining \$6 million required to acquire units in the project, will be financed with proceeds obtained through a tax-exempt line of credit or a private acquisition/bridge loan to be provided by Bank of America. The authority to negotiate this funding, enter in to necessary agreements to secure this funding, and provide adequate collateral and Agency obligations to secure this funding was approved in the financing plan approved in October 2002.

Long-Term Agency Loan

The permanent funding gap for this project is \$8.7 million (\$21,534/unit). In October of 2001, the Council approved a funding commitment of \$5 million for Phoenix Park and then followed in October of 2002 by approving \$3.7 million of additional funds required for project feasibility. The \$3.7 million was comprised of \$2.3 million in City HOME funds, \$200,000 in Housing Trust Funds (HTF), \$200,000 in CDBG funds allocated to District 8, and \$1 million in Housing Authority Riverview Plaza Funds (RVP).

The amount of long-term Agency subsidy (\$8.7 million) is required for two reasons 1) there has been tremendous escalation in the real estate values especially at the low end of the market; and 2) with only a few exceptions, federal tax law does not allow tax credits for building purchases that have not been owned by the same owner for 10 years or more prior to their acquisition. Because Phoenix Park does not meet this ownership test or the exceptions, the Project will receive substantially less tax credit and thus less private equity capital. The project's financing team estimates this lost equity to be approximately \$5 million. The Agency's permanent funds effectively fill this gap.

The table below summarizes the predevelopment sources.

Sources		Amounts
Previously Committed (Long-Term Loan)	2001	\$5,000,000
HOME (Long-Term Loan)	2002	\$2,300,000
HTF (Long-Term Loan)	2002	\$200,000
CDBG District 8 (Long-Term Loan)		\$200,000
Housing Authority/RVP (Long-Term Loan)	2002	\$1,000,000
Downtown TI L/M (Interim Loan)	2002	\$4,700,000
Richard Blvd. TI L/M (Interim Loan)	2002	\$1,300,000
Franklin Blvd TI L/M (Interim Loan)	2002	\$500,000
CDBG RLF (Interim Loan)	2002	\$500,000
TOTAL AGENCY FUNDS	2003	\$15,700,000
Cal HFA HELP Funds (Long-Term Loan)	2003	\$2,500,000
External Predevelopment Financing (B of A)	2003	\$6,000,000
TOTAL PREDEVELOPMENT COSTS		\$24,200,000

The \$8.7 million Agency subsidy will be structured as a long-term loan with a term of 55 years. It will be repaid from the project, as cash flow is available. The interim Agency loans will be repaid to the Downtown, Richards Boulevard, and Franklin Boulevard redevelopment areas beginning in late 2004 through 2006 upon take out of permanent financing. The loans will be repaid proportionately among the redevelopment project areas. The Community Development Block Grant Revolving Loan Fund (CDBG RLF) will be the last to be repaid. The external predevelopment financing will be paid of with proceeds from construction financing for the project. And finally the HELP funds will be repaid to the Agency from the project as cash flow is available.

Proposed Permanent Financing of Phoenix Park I&II

Phoenix Park I

Phoenix Park I will be financed using equity raised from the sale of 9% Low Income Housing Tax Credits (LIHTC), a permanent mortgage, HELP funds, SHRA funds, AHP funds, and a deferred developer's fee. The tax credit equity generated will total \$23,666,000. The mortgage will be a \$8.7 million 55 year loan based on the income and expenses from the restricted tax credit rents and the rental income generated by the Housing Choice Voucher payments. All \$2.5 million of HELP funds will be allocated to this project in addition to \$1 million of AHP funds. Please see Attachment IV-A.

Phoenix Park II

Phoenix Park II will be financed using Mortgage Revenue Bonds (MRB), 4% equity raised from sale of tax credits, an MHP loan from HCD, SHRA funds, AHP funds, and deferred developer's fee. The bonds proceeds will total \$17.2 million, including the bridge loan financing. \$9.1 million will be long term permanent financing and will be based on income and expenses from the restricted tax credit rents and the rental income generated by the Housing Choice Voucher payments. The balance will be a construction bridge loan to be repaid with tax credit equity funds. Tax credit equity is anticipated in the amount of \$9.8 million. We anticipate obtaining a MHP loan will total \$11.4 million and an AHP grant totaling \$1 million. Please see Attachment IV-B.

Bond Financing

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

Low-income Set-aside Requirements As a condition for receiving the tax-exempt bond financing benefits of below-market rates, federal law requires that project units be set-aside for targeted income groups. The federal set-aside requirements are that either 20 percent of the project units are rented to households at or below 50 percent of area median income, or 40 percent of project units are rented to households at or below 60

percent of area median. The Agency requires that the deeper affordability terms be required of projects in Sacramento. The term of these affordability restrictions is 30 years or the life of the bonds, whichever is longer. When bond financing is combined with 4% tax credits, the tax credit regulatory period of 55 years applies.

State and Local Approval Process. The Housing Authority must apply for (and receive) authorization from CDLAC prior to issuing mortgage revenue bonds. The “volume cap” that is allocated by CDLAC, through a competitive process for projects statewide, is limited. Staff proposes to submit an application for consideration at the first CDLAC meeting in 2004. If approved, the bond authority to be drawn against CDLAC’s 2004 volume cap on behalf of Phoenix Park Phoenix Park II will be in an amount not exceeding \$17,200,000.

Project Inducement. Prior to granting bond allocation, CDLAC will require that an “inducement” resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the Developer to be reimbursed from bond issue proceeds for acquisition expenses that it has and will incur. Staff thus recommends that the City, acting as the Housing Authority, adopt a resolution to indicate its intent to issue bonds to finance the purchase and construction of the project. Adoption of the resolution will not bind the City to issue bonds until and unless all other necessary actions are taken in accordance with all applicable laws. Staff will return to the Council at a later date with final details on the project’s overall financing plan, scope of construction, regulatory agreement and fees that will be due the Agency.

The chart below summarizes the permanent sources of financing for the project. For simplicity purposes the permanent costs have been aggregated for Phoenix Park I and Phoenix Park II.

Sources	Permanent
Other – HELP funds	\$2,500,000
Tax Credit Equity	\$ 33,452,000
MHP loan	\$11,425,000
Mortgage Revenue Bonds	\$9,115,000
Permanent Loan	\$8,747,000
Long-Term Agency Loan	\$8,700,000
Grants	\$342,000
AHP	\$2,000,000
Cash Flow During Construction	\$993,000
Rebated Performance.	\$155,007
Deferred Developer’s Fee	\$2,571,000
Total	\$80,000,000

A sources and uses statement for the project including predevelopment, construction, and permanent financing has been compiled. Please refer to Attachment IV-C.

Current vs. Previous Costs

The total project cost is estimated to be \$80 million for acquisition, rehabilitation, and other related costs. This is an increase of approximately 23.8% or \$15.4 million from the project proposal submitted in the October 2002 report. The increase will be covered by additional funds that the Agency has identified and either will apply for or has received. The reasons for the increase include but are not limited to the following:

1. Rising property acquisition costs, with continued appreciation in housing prices;
2. Significant legal expenses due to lawsuits challenging this project;
3. Unanticipated costs required to reconfigure the units and alleys and the create private, semi-private, and community open space;
4. Defined costs and fees tied to requirements of the City's entitlement process to carry out the site reconfiguration;
5. Further definition of predevelopment expenses associated with the project;
6. Space requirements for the SETA Head Start program, the property management team, and resident and community users;
7. Increased financing costs associated with the revised Financing Plan; and
8. Increased onsite security cost during construction.

For a detailed breakdown of the source and use changes from October 2002 compared to the numbers presented in this report please see Attachment IV-D.

Ownership Structure

Federal regulations specify the ownership structure of both tax credit and bond projects. This structure consists of a managing general partner and a limited partner that collectively form a limited partnership, the legal entity that owns the project. The role of the managing general partner is to oversee the development and management of the project while the limited partner provides equity in exchange for future tax benefits. The Agency has created two limited partnerships: one for each project. Phoenix Park I LP will be associated with Phoenix Park I and Phoenix Park II LP will be associated with Phoenix Park II. Both partnerships have been structured so that Norwood Avenue Housing Corporation (Norwood), an Agency-affiliated non-profit corporation, created by the City Council in 1991, will act as the managing general partner. The limited partner will be determined after financing has been awarded but is assumed to be the same for each part of the first phase. Norwood has also created a development entity, Norwood Phoenix Park LLC, of which Norwood is the sole member, that will act as the developer for the project. Please see Attachment VI for a diagram of the ownership structure and Attachment VII for an organizational chart for Norwood Avenue Housing Corporation.

Site Control & Project Disposition

State regulations require that a project owner must show evidence of site control when submitting both tax credit and bond applications. Currently, the Housing Authority either owns or has an order of possession for all the units in the project. In order for Phoenix Park I and II to be eligible to apply for funding, the Housing Authority must dispose its interest in the project to

agreements (DDA) to transfer ownership of the project. The first DDA will transfer the ownership of the buildings and all other Housing Authority interest in the project and the second DDA will transfer the land. The first DDA specifies the building and other Agency interests in the project will be disposed of to the limited partnerships. It also specifies that the Housing Authority will make two loans for \$13,500,000 and \$8,148,000 for the purchase of the buildings and the development interest in the project respectively. In order to maximize tax credit equity the land will be leased by the Housing Authority to Phoenix Park I LP and Phoenix Park II LP and then sold to Norwood Avenue Housing subject to the preexisting lease. This DDA specifies that the Housing Authority will make a loan of \$2,552,000 to Norwood for purchase of the Phoenix Park land, which Norwood will continue to lease to the respective limited partnerships. Copies of both DDAs are on file with the Agency Clerk.

Although the Housing Authority will not retain legal ownership of Phoenix Park, the Agency will remain involved in the project. Agency employees currently represent a majority of members on the Norwood Board. In addition, the Agency intends to enter into a contract with Norwood Phoenix Park LLC to provide a wide variety of services related to the project to ensure its success. These services include but are not limited to:

- Preparation of required funding applications
- Financial packaging
- Selection of the construction manager and property management agent
- Selection of other consultants
- Oversight of architectural design
- Oversight of construction management
- On-going coordination of the social service activities
- Oversight of other major aspects of the development process

Disposition of Conventional Housing

The Housing Authority does not have the authority to directly dispose of conventional housing units subsidized by an annual contribution contract (ACC). The Housing Authority must first obtain approval from HUD to terminate an ACC and dispose of the unit before disposition can be carried out. The project contains one conventional housing unit, 24 El Limon Way #4. The Housing Authority will request authority from HUD to dispose of the unit.

Project Feasibility

The financial feasibility of this project is dependent and contingent upon receipt of number of different funding sources. These sources include: an allocation of Low Income Housing 9% Tax Credits (LIHTC) from the California Tax Credit Allocation Committee (TCAC) for Phoenix Park I, an allocation of Mortgage Revenue Bonds (MRB) from the California Debt Limit Allocation Committee (CDLAC) for Phoenix Park II, an allocation of MHP funds from HCD, and a set aside of Project-Based HCV allocated by the U.S. Department of Housing and Urban Development (HUD). The allocation of LIHTCs for projects in Sacramento is considered on a countywide basis. All projects in cities located in Sacramento County and the unincorporated areas compete on an equal basis. Generally, the Sacramento geographic area is allocated credits for one project in each of the two funding rounds each year. While the competition for LIHTCs

is extremely competitive, staff anticipates that this project will score very well in the TCAC ranking system. Additionally, on November 6 and December 10, 2002, the Board of Supervisors and City Council, respectively, awarded exclusive priority to Phoenix Park's application for the Sacramento geographic allotment in the second round of tax credits in 2003. Under that policy, other projects could receive Agency loan and HCV funding only if they only entered the statewide nonprofit, preservation, or small development set-asides and agreed not to compete for the Sacramento geographic allotment. Mortgage revenue bonds are allocated on a statewide basis. Historically receipt of MRBs has been less competitive than tax credits. Staff anticipates the project will score extremely well. The Housing Authority typically approves project-based vouchers on a competitive basis, but a request can be made directly to HUD to allocate vouchers non-competitively. The Housing Authority has submitted a non-competitive request to HUD because the incremental income generated from the vouchers is a major component of the project's feasibility. The Agency has been proactive in working with HUD regarding this issue and anticipates HUD's approval of the waiver.

The Agency is continuing to work with the State Department of Housing and Community Development (HCD) on the timing of their second Notice of Funding Availability (NOFA) under which the Agency will submit an application for Phoenix Park. Previously expected to be issued in July of 2003, the NOFA is now expected to be issued in August of 2003.

Approvals for Additional Funding

The Agency has entered into several purchase agreements with individuals who own units in the current Phoenix Park project as well as in the three other Franklin Villa Homeowner Associations. The terms of these purchase agreements specify the sale of all units within the three neighboring HOA areas. In order to facilitate transactions the Agency is requesting the authority to obtain loans in the amount not to exceed \$2 million to purchase units in the neighboring HOAs. These loans will be secured by the property owned by the Housing Authority within the neighboring HOA. The Agency's use of the loan proceeds will be subject to the establishment of a repayment source.

Additional Funding Opportunities

The Agency is actively seeking outside funding sources to replace internal resources. If such outside funding are received, they will replace the Agency's acquisition bridge loan and permanent funding.

Summary

In summary, the proposed configuration, number of units, affordability, ownership structure, and cost of the Phoenix Park project has changed from what was initially proposed. The changes will facilitate the development of a project that will address the site and ownership issues at the core of the Agency's strategy for revitalization.

Project Summary and Rent and Income Limit

Phoenix Park I, LP				
Address	Financed with 9% Tax Credits			
Number of Units	178			
Affordability	11% of units @ or below 30% of AMI 11% of units @ or below 40% of AMI 50% of units @ or below 50% of AMI 27% of units @ or below 60% of AMI 1% @ manager's unit			
Square Footage	Approximate			
1 Bedroom	610			
2 Bedroom	840			
3 Bedroom	1,204			
4 Bedroom	1,290			
Resident Facilities	Department of Human Assistance to provide social service to residents provided by DHA and other nonprofits Tot lots, resident activity center, recreation, courts, and laundry room, Head Start facility operated by SETA			
Sources and Uses of Funds				
(Permanent) Sources				
	<i>Per Unit</i> <i>Per Sq. Ft.</i>			
Tax Credit Equity	\$ 23,666,000 \$ 132,955 \$ 134.93			
1st Mortgage	\$ 8,745,000 \$ 49,129 \$ 49.86			
2nd Mortgage (SHRA)	\$ 4,892,000 \$ 27,483 \$ 27.89			
HELP Loans	\$ 2,500,000 \$ 14,045 \$ 14.25			
Deferred Developer Fee	\$ 483,000 \$ 2,713 \$ 2.75			
Rebated Performance Fee(s)	\$ 116,000 \$ 652 \$ 0.66			
Cash Flow During Construction	\$ 271,155 \$ 1,523 \$ 1.55			
Grants	\$ 342,000 \$ 1,921 \$ 1.95			
Affordable Housing Program	\$ 1,000,000 \$ 5,618 \$ 5.70			
Total Sources of Funds	\$ 42,015,155 \$ 236,040 \$ 239.54			
Uses				
Acquisition (Land)	\$ 1,435,500 \$ 8,065 \$ 8.18			
Acquisition (Building)	\$ 7,503,655 \$ 42,155 \$ 42.78			
Demolition	\$ 617,000 \$ 3,466 \$ 3.52			
Relocation	\$ 2,337,000 \$ 13,129 \$ 13.32			
Bldgs & Infrastructure Construction	\$ 20,543,000 \$ 115,410 \$ 117.12			
A&E, Legal, Accounting	\$ 3,109,000 \$ 17,466 \$ 17.73			
Financing Costs	\$ 3,969,000 \$ 22,298 \$ 22.63			
Operating Reserve	\$ 951,000 \$ 5,343 \$ 5.42			
Contingency	\$ 297,000 \$ 1,669 \$ 1.69			
Dev Overhead/Profit (Deferred)	\$ 683,000 \$ 3,837 \$ 3.89			
Other	\$ 570,000 \$ 3,202 \$ 3.25			
Total Uses of Funds	\$ 42,015,155 \$ 236,040 \$ 239.54			
Financing Gap surplus/(short)	\$ -			
Maximum Income and Rent Limits				
Maximum Income Limits				
	30% AMI	40% AMI	50% AMI	60% AMI
Family Size	Max Income	Max Income	Max Income	Max Income
1 person	\$12,550	\$16,760	\$20,950	\$25,140
2 person	\$14,350	\$19,120	\$23,900	\$28,680
3 person	\$16,150	\$21,520	\$26,900	\$32,280
4 person	\$17,950	\$23,920	\$29,900	\$35,880
5 person	\$19,400	\$25,840	\$32,300	\$38,760
6 person	\$20,800	\$27,760	\$34,700	\$41,640
7 person	\$22,250	\$29,680	\$37,100	\$44,520
Maximum Rent Limits				
	30% AMI Rent	40% AMI Rent	50% AMI Rent	60% AMI Rent
Unit Size				
1 Bedroom	3 @ \$336	3 @ \$448	11 @ \$560	5 @ \$672
2 Bedroom	9 @ \$403	9 @ \$538	41 @ \$672	23 @ \$807
3 Bedroom	5 @ \$466	5 @ \$622	24 @ \$777	13 @ \$933
4 Bedroom	3 @ \$520	3 @ \$694	13 @ \$867	6 @ \$1,041

Please Note: There are two manager's units that will not have restricted rents

Phoenix Park II, LP	
Address	Financed with Mortgage Revenue Bonds and 4% Tax Credits
Number of Units	182
Affordability	25% of units @ or below 30% of AMI 4% of units @ or below 50% of AMI 70% of units @ or below 60% of AMI 1% @ manager's unit
Square Footage	Approximate
1 Bedroom	610
2 Bedroom	840
3 Bedroom	1,204
4 Bedroom	1,290
Resident Facilities	Department of Human Assistance to provide social service to residents Tot lots, resident activity center, recreation, courts, and laundry room.
Sources and Uses of Funds	
(Permanent) Sources	
	<i>Per Unit</i> <i>Per Sq. Ft.</i>
Tax Credit Equity	\$ 9,786,000 \$ 53,769 \$ 53.82
1st Mortgage (Bond Proceeds)	\$ 9,115,000 \$ 50,082 \$ 50.13
2nd Mortgage (MHP)	\$ 11,425,000 \$ 62,775 \$ 62.84
3rd Mortgage (SHRA)	\$ 3,808,000 \$ 20,923 \$ 20.94
Deferred Developer Fee	\$ 2,085,000 \$ 11,456 \$ 11.47
Rebated Performance Fee(s)	\$ 45,000 \$ 247 \$ 0.25
Cash Flow During Construction	\$ 720,845 \$ 3,961 \$ 3.96
Affordable Housing Program	\$ 1,000,000 \$ 5,495 \$ 5.50
Total Sources of Funds	\$ 37,984,845 \$ 208,708 \$ 208.92
Uses	
Acquisition (Land)	\$ 1,116,500 \$ 6,135 \$ 6.14
Acquisition (Building)	\$ 5,996,345 \$ 32,947 \$ 32.98
Demolition	\$ 290,000 \$ 1,593 \$ 1.60
Relocation	\$ 2,337,000 \$ 12,841 \$ 12.85
Bldgs & Infrastructure Construction	\$ 18,433,000 \$ 101,280 \$ 101.38
A&E, Legal, Accounting	\$ 2,378,000 \$ 13,066 \$ 13.08
Financing Costs	\$ 3,928,000 \$ 21,582 \$ 21.60
Operating Reserve	\$ 866,000 \$ 4,758 \$ 4.76
Contingency	\$ 250,000 \$ 1,374 \$ 1.38
Dev Overhead/Profit (Deferred)	\$ 2,087,500 \$ 11,470 \$ 11.48
Other	\$ 302,500 \$ 1,662 \$ 1.66
Total Uses of Funds	\$ 37,984,845 \$ 208,708 \$ 208.92
Financing Gap surplus/(short)	\$ -
Maximum Income and Rent Limits	
Maximum Income Limits	
	30% AMI 40% AMI 50% AMI 60% AMI
Family Size	Max Income Max Income Max Income Max. Income
1 person	\$12,550 \$16,760 \$20,950 \$25,140
2 person	\$14,350 \$19,120 \$23,900 \$28,680
3 person	\$16,150 \$21,520 \$26,900 \$32,280
4 person	\$17,950 \$23,920 \$29,900 \$35,880
5 person	\$19,400 \$25,840 \$32,300 \$38,760
6 person	\$20,800 \$27,760 \$34,700 \$41,640
7 person	\$22,250 \$29,680 \$37,100 \$44,520
Maximum Rent Limits	
	Net Rents
Unit Size	30% AMI Rent 40% AMI Rent 50% AMI Rent 60% AMI Rent
1 Bedroom	5 @ \$336 - 3 @ \$560 9 @ \$672
2 Bedroom	23 @ \$403 - 3 @ \$672 64 @ \$807
3 Bedroom	12 @ \$466 - - 34 @ \$933
4 Bedroom	7 @ \$520 - - 20 @ \$1,041

Please Note: There are two manager's units that will not have restricted rents

PHOENIX PARK SUMMARY

PROJECT Phase I

360 units

<u>Sources</u>	<u>Predevelopment</u>	<u>Construction</u>	<u>Permanent</u>	<u>Per Unit</u>	
Private Financing					
Tax Credit Equity	-	167,000	33,450,000	92,917	
Mortgage/Bond Proceeds	-	-	17,860,000	49,611	
MHP	-	-	11,425,000	31,736	
CalHFA - HELP	2,500,000	2,500,000	2,500,000	6,944	
Construction Loan	-	28,028,000	-	-	
Cash Flow During Construction	-	993,000	993,000	2,758	
Equity Bridge Loan	-	27,649,000	-	-	
Predev./Acq. Loan	6,000,000	-	-	-	
AHP	-	2,000,000	2,000,000	5,556	
Deferred Developer Fee	-	2,571,000	2,570,000	7,139	
Performance Rebate Fees	-	-	160,000	444	
Grants	-	342,000	342,000	950	
Deferred Costs	-	50,000	-	-	
	Sub-Total \$	8,500,000	64,300,000	\$ 71,300,000	198,056
Long-Term Agency Loan					
Previous Commitment	5,000,000	5,000,000	5,000,000	13,889	
HOME	2,300,000	2,300,000	2,300,000	6,389	
HTF	200,000	200,000	200,000	556	
CDBG District 8	200,000	200,000	200,000	556	
Housing Authority/RVP	1,000,000	1,000,000	1,000,000	2,778	
	Sub-Total \$	8,700,000	8,700,000	\$ 8,700,000	24,167
Predevelopment Agency Funds					
Downtown TI L/M	4,700,000	4,700,000	-	-	
Richard Blvd TI L/M	1,300,000	1,300,000	-	-	
Franklin Blvd TI L/M	500,000	500,000	-	-	
CDBG RLF	500,000	500,000	-	-	
	Sub-Total \$	7,000,000	7,000,000	-	-
TOTAL	\$	24,200,000	\$ 80,000,000	\$ 80,000,000	\$ 222,222
Summary: \$8.7 million of Long-Term Agency Loan with 55 year term paid from residual receipts					
\$7 million of Predevelopment Agency funds to be repaid by year 2006.					
\$2.5 million of HELP funds to be repaid from project cash flow					
\$6 million of predevelopment funds will be repaid upon take out of construction financing					
Uses					
	PP I	PP II	TOTAL	Per Unit	
	(178 units)	(182 units)	(360 units)	Cost	
Acquisition (Land)	1,435,500	1,116,500	2,552,000	7,089	
Acquisition (Building)	7,503,655	5,996,345	13,500,000	37,500	
Demolition	617,000	290,000	907,000	2,519	
Relocation	2,337,000	2,337,000	4,674,000	12,983	
Bldgs & Infrastructure Construction	20,543,000	18,433,000	38,976,000	108,267	
A&E, Legal, Accounting	3,109,000	2,378,000	5,487,000	15,242	
Financing Costs	3,969,000	3,928,000	7,897,000	21,936	
Operating Reserve	951,000	866,000	1,817,000	5,047	
Contingency	297,000	250,000	547,000	1,519	
Developer Overhead/Profit	683,000	2,087,500	2,770,500	7,696	
Other	570,000	302,500	872,500	2,424	
TOTAL	\$	42,015,155	\$ 37,984,845	\$ 80,000,000	\$ 222,222

PHOENIX PARK PERMANENT SUMMARY FUNDING COMPARISON

October 2002 vs. Current

Sources (Permanent)	Current	October 2002	Difference
Tax Credit Equity	33,450,000	34,425,000	(975,000)
Mortgage/Bond Proceeds	17,860,000	19,600,000	(1,740,000)
MHP 2002 State Hsng Bond	11,425,000	-	11,425,000
CalHFA - HELP	2,500,000	-	2,500,000
Construction Loan	-	-	-
Deferred Costs	-	175,000	(175,000)
Cash Flow from Construction	993,000	1,700,000	(707,000)
Affordable Housing Program	2,000,000	-	2,000,000
Deferred Developer Fee	2,570,000	-	2,570,000
Performance Rebate Fees	160,000	-	160,000
Grants	342,000	-	342,000
Long Term Loan	8,700,000	8,700,000	-
TOTAL	\$ 80,000,000	\$ 64,600,000	\$ 15,400,000

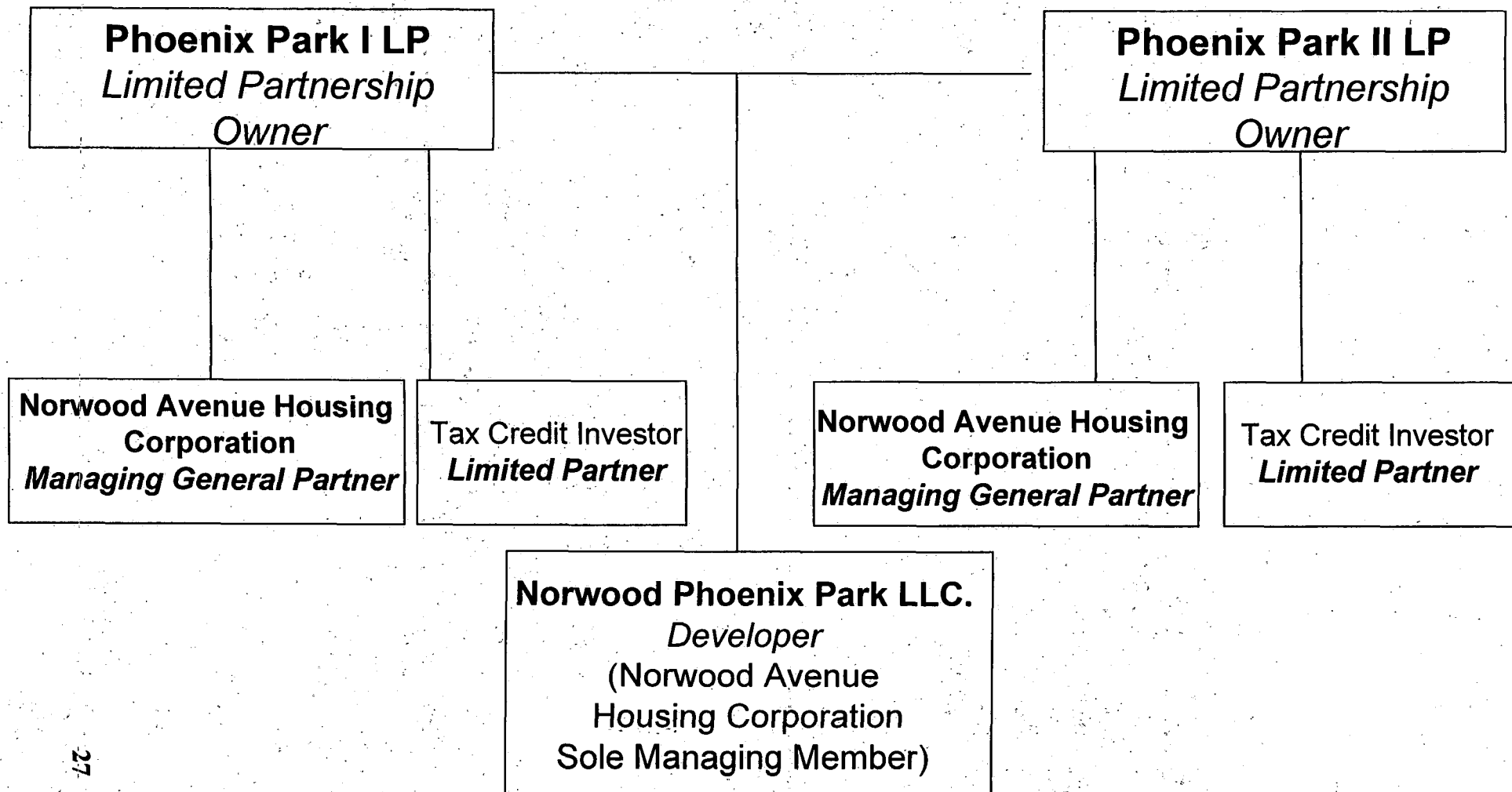
Uses	Current	October 2002	Difference	Difference %
Acquisition (Land)	2,552,000	2,030,000	522,000	25.7%
Acquisition (Building)	13,500,000	12,807,000	693,000	5.4%
Demolition	907,000	794,000	113,000	14.2%
Relocation	4,674,000	4,674,550	(550)	0.0%
Bldgs & Infrastructure Construction	38,976,000	31,913,410	7,062,590	22.1%
A&E, Legal, Accounting	5,487,000	2,830,000	2,657,000	93.9%
Financing Costs	7,897,000	5,110,650	2,786,350	54.5%
Operating Reserve	1,817,000	1,677,520	139,480	8.3%
Contingency	547,000	1,032,870	(485,870)	-47.0%
Developer Overhead/Profit	2,770,500	1,310,000	1,460,500	111.5%
Other	872,500	420,000	452,500	107.7%
TOTAL	80,000,000	64,600,000	15,400,000	23.8%

Phoenix Park Project

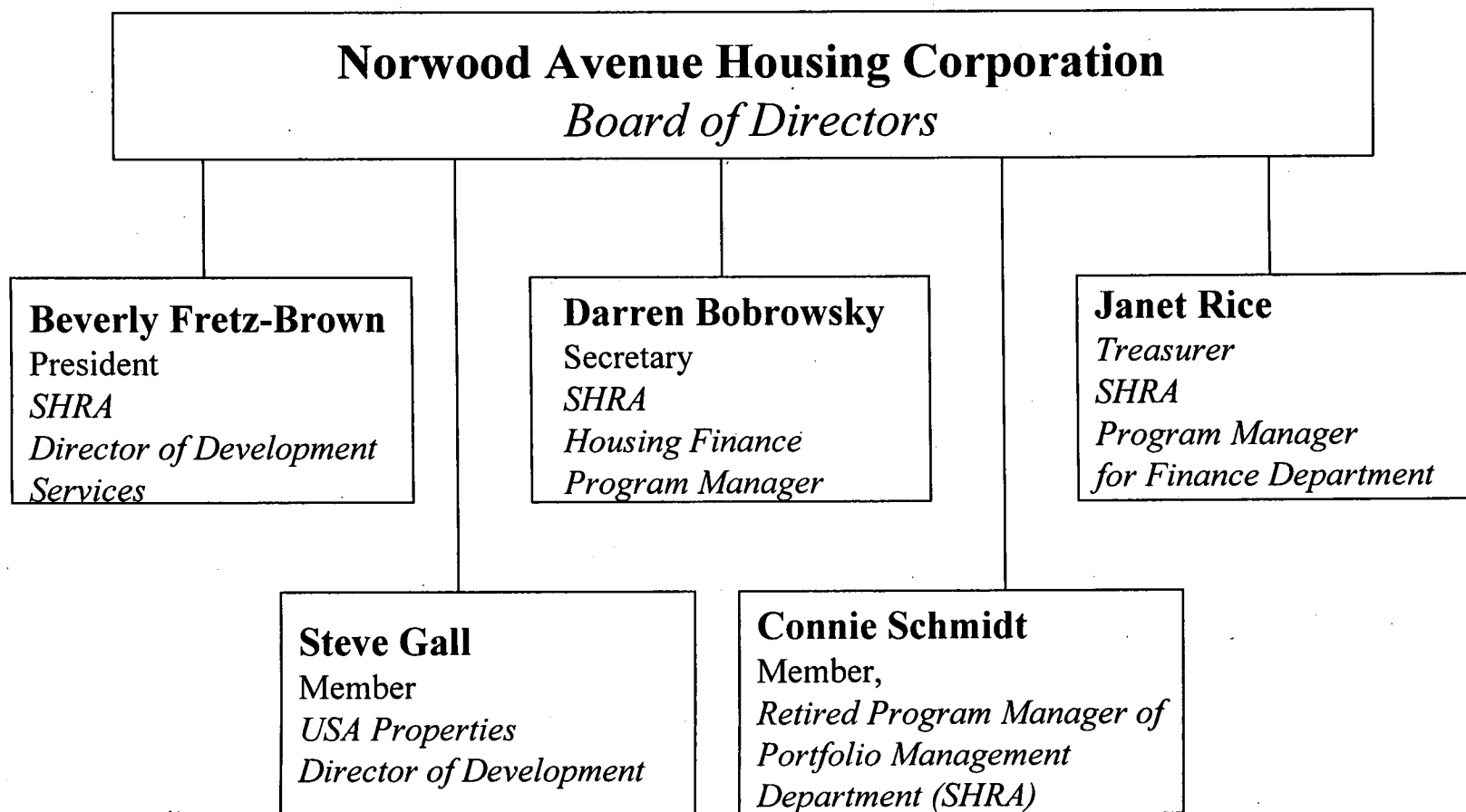
Ownership Structure

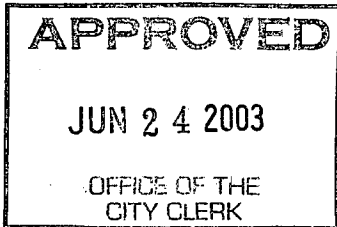
Phoenix Park I 9 Percent Tax Credit Deal

Phoenix Park II Mortgage Revenue Bond Deal



Norwood Avenue Housing Corporation *Organizational Chart*





RESOLUTION NO. 2003-465

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

PHOENIX PARK: CEQA EXEMPTION; APPROVAL OF REVISED FINANCING PLAN; APPROVAL TO OBTAIN LOAN FOR ACQUISITION OF NON-PROJECT PROPERTIES; AUTHORIZATION FOR LOANS AMONG MEMBERS OF SHRA FOR THE PROJECT; AUTHORIZATION FOR DISPOSITION AND DEVELOPMENT AGREEMENT WITH PHOENIX PARK I, LP; AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ACCEPT U.S. DEPT. OF EDUCATION GRANT AND TO SELECT AND ENTER INTO CONTRACTS WITH GRANT SERVICE PROVIDER; AUTHORIZATION TO ENTER INTO AGREEMENT TO PROVIDE SERVICES TO NORWOOD PHOENIX PARK LLC

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The proposed project as set out in the staff report that accompanies this resolution has been reviewed and has been determined to be exempt from further review under the California Environmental Quality Act as approved and adopted pursuant to Resolution Number 2002-038 adopted by the Redevelopment Agency of the City of Sacramento, 2002-009 adopted by the Housing Authority of the City of Sacramento, and 2002-657 adopted by the City Council of the City of Sacramento. The project is a continuing project under NEPA, consistent with the Finding of No Significant Impact.

Section 2. The Revised Implementation and Financing Plan ("Revised Financing Plan") for the Phoenix Park Project ("project"), attached to the staff report that accompanies this resolution, is approved.

Section Section 3. A copy of the proposed Disposition and Development Agreements ("DDAs") with Phoenix Park I, LP, or another entity of which Norwood Avenue Housing Corporation is a managing general partner or managing shareholder, which is formed solely for the purposes of carrying out the project ("Developer"), and with Norwood Avenue Housing Corporation, respectively, are on file with the Agency Clerk. As provided in Section 4, the DDA with Phoenix Park I, LP, may be divided to create a second DDA relating solely to that portion of the property referenced as Phoenix Park II, leaving only the portion of the property referenced as Phoenix Park I in the original DDA. It is anticipated that Phoenix Park II, LP, a limited partnership of which Norwood Avenue Housing Corporation is a managing general partner, would be the developer under such new DDA. Based upon the evidence presented, it is determined that the property to be conveyed under the DDAs is being sold at fair market value and subject to restrictions assuring that it will remain as affordable housing for not less than 55 years. It is further determined that the project will restore lost affordable housing units and will improve the stock of affordable housing by decreasing criminal activity, eliminating building code violations, and rebuilding deteriorating housing stock.

Section 4. The DDA with Developer for the building and associated interests is approved and the Executive Director is authorized to execute such DDA, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA and among other items, the Executive Director is authorized to enter into purchase and sale agreements for the project buildings and other improvements and to make a loan of \$13,500,000 to Developer to be used solely for the purchase of said project interests from the Housing Authority, and to make a loan to Developer in the amount of \$8,148,000 for the purchase of Housing

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Authority's interest in the project development, including without limitation plans, entitlements, predevelopment work and contractual rights. Sacramento Housing and Redevelopment Commission is authorized to approve a DDA for Phoenix Park II made strictly pursuant to the terms of foregoing DDA with Phoenix Park I, LP, which authority shall include without limitation, the allocation of available funding between the DDA for Phoenix Park I and the DDA for Phoenix Park II.

Section 5. The DDA with Norwood Avenue Housing Corporation for the disposition of the land is approved and the Executive Director is authorized to execute the DDA with Norwood Avenue Housing Corporation, an Agency affiliated non-profit corporation, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA, the Executive Director is authorized to enter into purchase and sale agreements for the project land subject to the obligation of Norwood Avenue Housing Corporation to enter into a ground lease with Developer for the project land, and to make a loan or loans totaling \$2,552,000 to Norwood Avenue Housing Corporation for the purchase of the project land. Said agreements shall meet the reasonable requirements of the funding sources, shall be paid for from available and budgeted funds, and shall be secured to the extent of security available after securing financing as set forth in the Revised Financing Plan. Said loan shall be repaid from available cash flow.

Section 6. The Sacramento Housing and Redevelopment ("SHRA") authorized to make loans among the entities comprising SHRA evidencing repayment of funds expended on behalf of the project, which funds are to be repaid from the loan described in Section 4 and 5 of this resolution.

Section 7. SHRA is authorized to take all reasonable actions necessary to accept a grant in the sum of \$397,400 from the U.S. Department of Education ("Grant") for educational activities in the Phoenix Park Project and to amend the budget accordingly.

Section 8. SHRA is authorized to solicit and select, pursuant to SHRA policy, a qualified service provider to carry out activities pursuant to the U.S. Department of Education Grant received, including without limitation, lifeskills and parenting classes. SHRA is further authorized to enter into an agreement with said provider, in form prepared and approved by SHRA Counsel, in an amount not to exceed \$150,000.

Section 9. SHRA is authorized to enter into an agreement with Norwood Phoenix Park LLC, construction manager for the Developer for the Phoenix Park project, by which contract SHRA will provide staff services for implementation of the Revised Implementation Strategy and Financing Plan, for a contract amount adequate to pay for all services so provided. SHRA is authorized to amend the budget accordingly.

Section 10. SHRA is authorized to accept an Economic Development Initiative Grant (EDI) from the United States Department of Housing and Urban Development in the amount of \$178,830. SHRA is further authorized to enter into a sub-grantee agreement with Phoenix Park I, LP, or a related entity, to implement the purposes of the grant.

MAYOR

ATTEST:

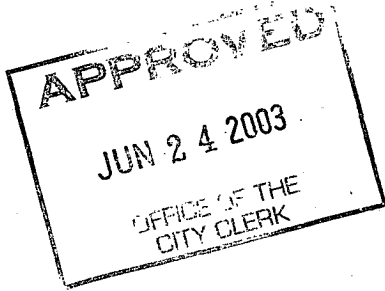
CITY CLERK

FOR CITY CLERK USE ONLY

30

RESOLUTION NO.: _____

DATE ADOPTED: _____



RESOLUTION NO. 2003-466

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**APPROVAL OF THE ISSUANCE OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in an principal amount not to exceed \$17,200,000 (the "Obligations") for the purpose, among other things, of making a loan to Phoenix Park II, LP, a California limited partnership ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of 182-units of multifamily rental housing facilities which are located on Caselli Circle (including, but not limited to, between the addresses 82-160), El Limon Court (including, but not limited to, between the addresses 4-36, even only) and La Sandia Way (including, but not limited to, between the addresses 7488-7532) to be commonly known as the Phoenix Park Apartments (the "Project"); and

WHEREAS, the Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, rehabilitation and development of multifamily rental housing facilities to be occupied in part by low and very low income tenants; and

WHEREAS, in order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

WHEREAS, a notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and

WHEREAS, this City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and

WHEREAS, it is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition, rehabilitation and development of the Project;

WHEREAS, the City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, it is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition, rehabilitation and development of the Project;

WHEREAS, the City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.

Section 3. This resolution shall take effect upon its adoption.

MAYOR

ATTEST:

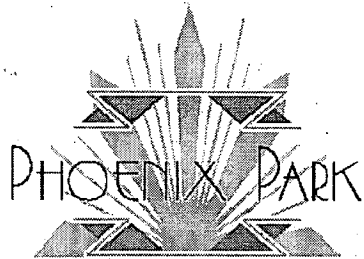
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____ 38

DATE ADOPTED: _____

Franklin Villa Becomes Phoenix Park



**A report on progress, changes, and a
Revised Financing Plan**

The Goal

- TO MAKE PHOENIX PARK
UNCOMFORTABLE to gangs, drugs, and
crime, and
- TO MAKE PHOENIX PARK
COMFORTABLE to seniors and families
large and small.

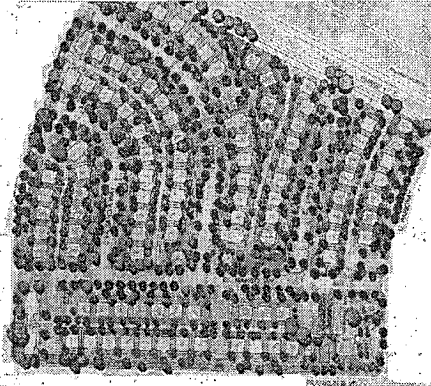
Accomplishments

- 328 units purchased or under contract
- orders of possession on remaining 136
- John Stewart Company property management on site
- New name
- Community Design Workshops (3)
- Schematic design reflects safety and community goals
- Crime down
- Grants awarded
- Social Services planning in motion
- Meetings with neighbors and partners

Franklin Villa Becomes Phoenix Park

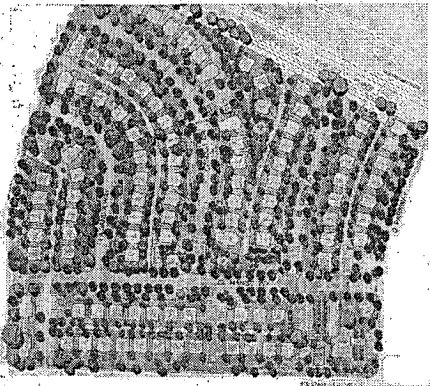
- | | |
|--|---|
| <ul style="list-style-type: none">■ Franklin Villa Financial Model<ul style="list-style-type: none">■ Limited demolition■ Limited infrastructure work■ Limited garage conversions to living space■ 7,500sf Resident Activity Center | <ul style="list-style-type: none">■ Phoenix Park Construction Program<ul style="list-style-type: none">■ Extensive demolition■ Increased infrastructure (parking, sidewalks, landscaping, street improvements, & ADA)■ Extensive unit reconfiguration w/ 100% garage conversions■ 9,000sf Resident Activity Center |
|--|---|

The Site



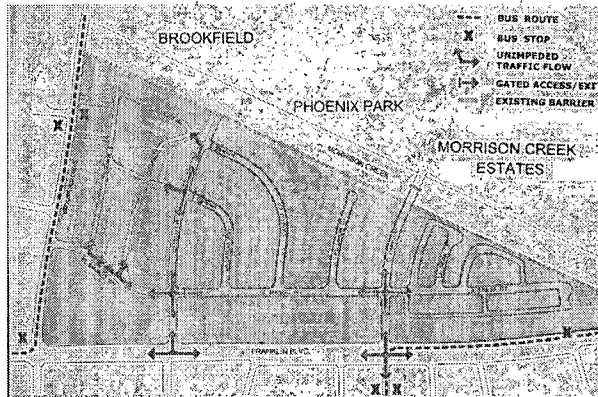
- Uncomfortable to gangs, drugs, & crime
- Comfortable to seniors and families
 - Eliminate alleys
 - Create defensible space
 - Reorganize parking
 - Improve lighting

The Site (continued)



- 646 Parking spaces (606 required)
- Site Amenities
 - Resident Activity Center w/ pool
 - 4 Laundry facilities
 - 3 Age-specific outdoor play areas
 - 1 Water spray play area

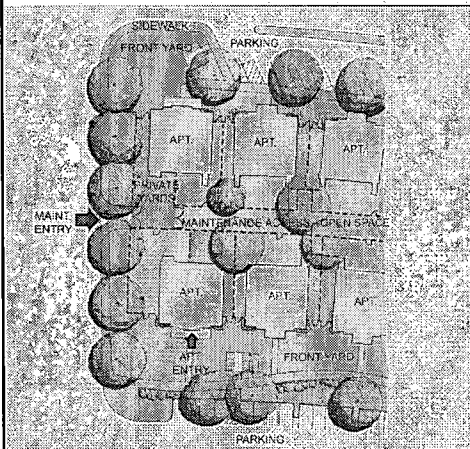
Site Access



■ 4 Gates

- 2 on El Mango (in and out)
- 1 on Caselli (exit only)
- 1 on La Sandia (exit only)

Reconfigured Alleys and Buildings



- Franklin Villa (464-2 bedroom units)
- Becomes Phoenix Park (360-1,2,3 and 4 bedroom units)
 - 226 private patio yards
 - 134 balconies (120 sf)
 - Alleys become secured maintenance access ways

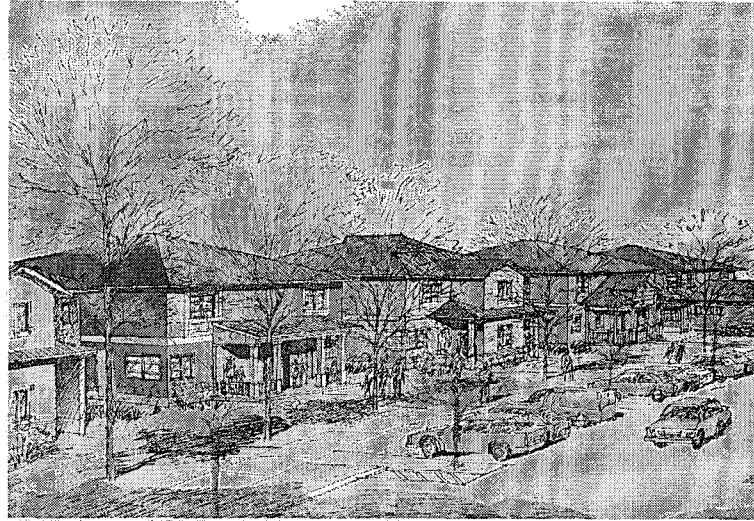
Unit Configuration

<u>Size</u>	<u>Current</u>	<u>%</u>	<u>Proposed</u>	<u>%</u>
1-Bedroom			41	11%
2-bedroom	464	100%	174	49%
3-bedroom			93	26%
4-bedroom			52	14%
TOTAL	464	100%	360	100%

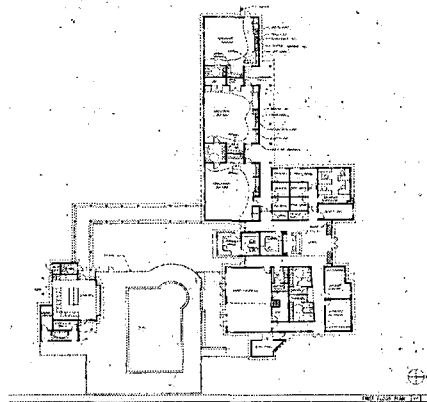
Affordability

- 100% affordable to low, very-low, and extremely low income individuals
- Affordability for 55 years
- 80% of units will be project-based
Housing Choice (Section 8) Vouchers

New Apartment Homes

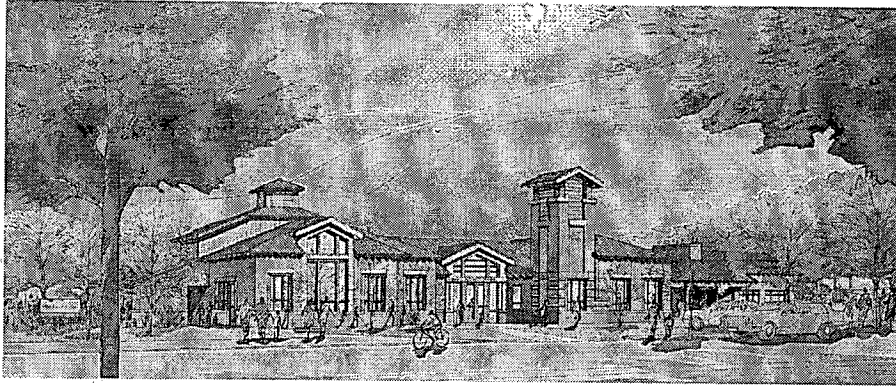


Resident Activity Center



- 9,000 sf center, plus pool, laundry, shower, restrooms
- Head Start (toddlers and preschool age)
- Activity and learning areas
- Resource rooms
- Management offices

Resident Activity Center



New Challenges

- Rising property costs
- Legal expenses
- Security during construction
- Cost of entitlements
- Predevelopment and construction expenses were further defined
- Resident Activity Center requirements
- Associated financing costs

Project Cost

Financial Model:	\$64,600,000
Revised Financing Plan:	\$80,000,000
Difference:	\$15,400,000
% Difference:	23.8%

- No additional Agency subsidy is being requested
- A majority of the difference is related to physical improvements in the property
- Project is on schedule to repay interim \$7 million predevelopment loan from redevelopment areas

Revised Financing Plan

Proposed Financing Sources

■ Phoenix Park I

- 9% Tax Credits
- Conventional loan
- HELP funds from California Housing Finance Agency (CalHFA)
- Affordable Housing Funds (AHP)
- Deferred Developer's Fee

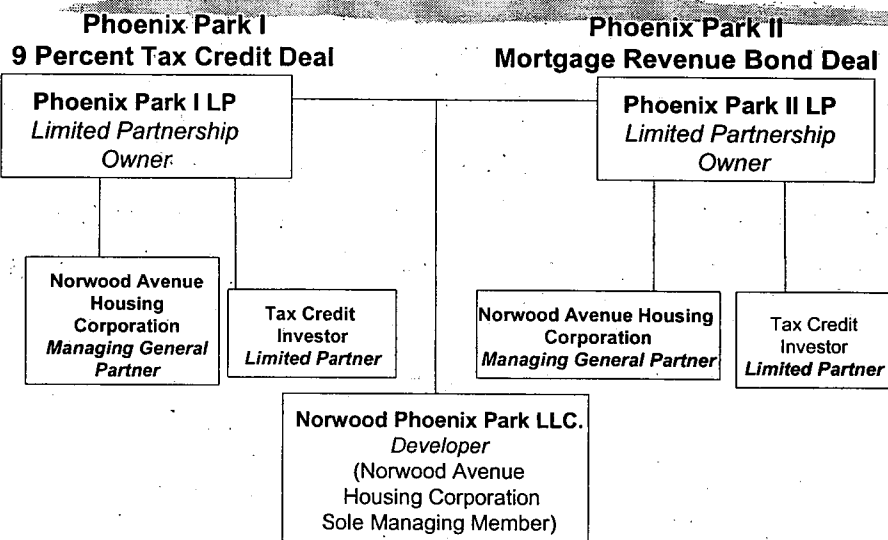
■ Phoenix Park II

- Mortgage Revenue Bonds
- 4% Tax Credits
- 2002 State Housing Bond
- Affordable Housing Program (AHP)
- Deferred Developer's Fee

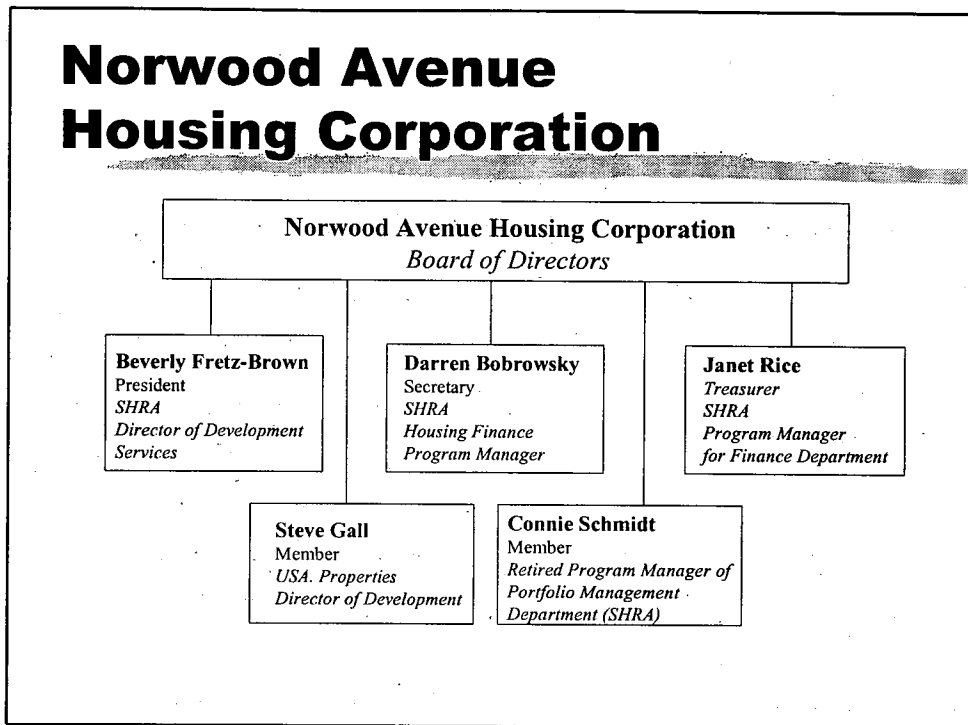
Rationale for Ownership

- The ownership structure of the project will:
 - comply with funding source regulations;
 - maintain Agency control of the project; and
 - limit the Agency's risk.

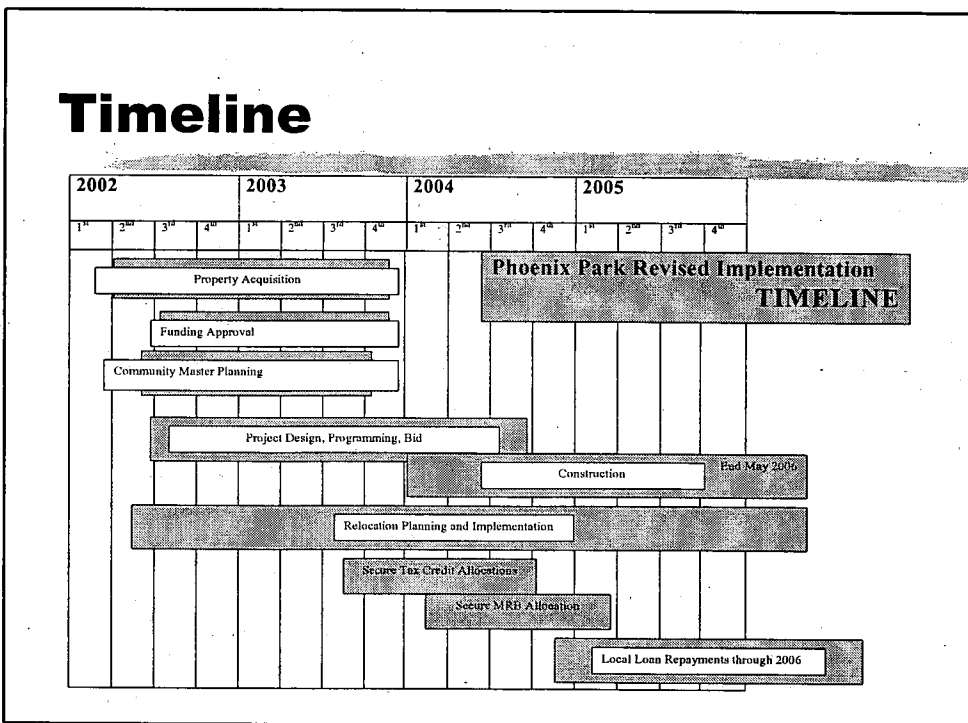
Ownership Structure

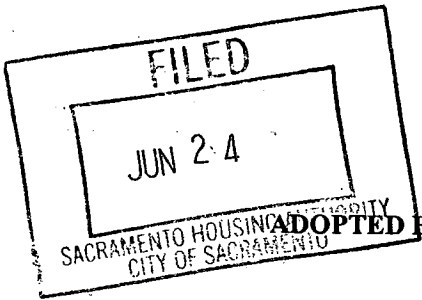


Norwood Avenue Housing Corporation



Timeline





RESOLUTION NO. 2003-005

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

PHOENIX PARK: CEQA EXEMPTION; APPROVAL OF REVISED FINANCING PLAN; APPROVAL TO OBTAIN LOAN FOR ACQUISITION OF NON-PROJECT PROPERTIES; AUTHORIZATION FOR LOANS AMONG MEMBERS OF SHRA FOR THE PROJECT; AUTHORIZATION FOR DISPOSITION AND DEVELOPMENT AGREEMENT WITH PHOENIX PARK I, LP

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

Section 1. The proposed project as set out in the staff report that accompanies this resolution has been reviewed and has been determined to be exempt from further review under the California Environmental Quality Act as approved and adopted pursuant to Resolution Number 2002-038 adopted by the Redevelopment Agency of the City of Sacramento, 2002-009 adopted by the Housing Authority of the City of Sacramento, and 2002-657 adopted by the City Council of the City of Sacramento. The project is a continuing project under NEPA, consistent with the Finding of No Significant Impact.

Section 2. The Revised Implementation and Financing Plan ("Revised Financing Plan") for the Phoenix Park Project ("project"), attached to the staff report that accompanies this resolution, is approved.

Section 3. A copy of the proposed Disposition and Development Agreements ("DDAs") with Phoenix Park I, LP, or another entity of which Norwood Avenue Housing Corporation is a managing general partner or managing shareholder, which is formed solely for the purposes of carrying out the project ("Developer"), and with Norwood Avenue Housing Corporation, respectively, are on file with the Agency Clerk. As provided in Section 4, the DDA with Phoenix Park I, LP, may be divided to create a second DDA relating solely to that portion of the property referenced as Phoenix Park II, leaving only the portion of the property referenced as Phoenix Park I in the original DDA. It is anticipated that Phoenix Park II, LP, a limited partnership of which Norwood Avenue Housing Corporation is a managing general partner, would be the developer under such new DDA. Based upon the evidence presented, it is determined that the property to be conveyed under the DDAs is being sold at fair market value and subject to restrictions assuring that it will remain as affordable housing for not less than 55 years. It is further determined that the project will restore lost affordable housing units and will improve the stock of affordable housing by decreasing criminal activity, eliminating building code violations, and rebuilding deteriorating housing stock.

Section 4. The DDA with Developer for the building and associated interests is approved and the Executive Director is authorized to execute such DDA, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA and among other items, the Executive Director is authorized to enter into purchase and sale agreements for the project buildings and other improvements and to make a loan of \$13,500,000 to Developer to be used solely for the purchase of said project interests from the Housing Authority, and to make a loan to Developer in the amount of \$8,148,000 for the purchase of Housing

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Authority's interest in the project development, including without limitation plans, entitlements, predevelopment work and contractual rights. Sacramento Housing and Redevelopment Commission is authorized to approve a DDA for Phoenix Park II made strictly pursuant to the terms of foregoing DDA with Phoenix Park I, LP, which authority shall include without limitation, the allocation of available funding between the DDA for Phoenix Park I and the DDA for Phoenix Park II.

Section 5. The DDA with Norwood Avenue Housing Corporation for the disposition of the land is approved and the Executive Director is authorized to execute the DDA with Norwood Avenue Housing Corporation, an Agency affiliated non-profit corporation, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA, the Executive Director is authorized to enter into purchase and sale agreements for the project land subject to the obligation of Norwood Avenue Housing Corporation to enter into a ground lease with Developer for the project land, and to make a loan or loans totaling \$2,552,000 to Norwood Avenue Housing Corporation for the purchase of the project land. Said agreements shall meet the reasonable requirements of the funding sources, shall be paid for from available and budgeted funds, and shall be secured to the extent of security available after securing financing as set forth in the Revised Financing Plan. Said loan shall be repaid from available cash flow.

Section 6. The Executive Director is authorized to make and has made loans, totaling \$24,200,000, among the entities comprising Sacramento Housing and Redevelopment Agency evidencing repayment of funds, expended on behalf of the project which includes a loan from Bank of America in the amount of \$6,000,000 for funds to be expended for the project, all of which funds are to be repaid from the loans described in Section 4 and 5 of this resolution.

Section 7. The Executive Director is authorized to obtain a loan or loans in an amount not to exceed \$2 million on commercially reasonable terms, for the purchase of properties in the Franklin Villa Estates Unit No. 1 Homeowners Association (commonly referenced as Morrison Creek Estates), Brookfield Homeowners Association and Wildwood Homeowners Association (collectively, "Remainder of Franklin Villa"), as reasonably necessary to implement the project. Said loans may be secured by property owned by the Housing Authority within the Remainder of Franklin Villa. Agency's use of the loan proceeds shall be subject to establishing a repayment source for the loan, including without limitation the sale of the properties owned by the Housing Authority within the Remainder of Franklin Villa including properties purchased with the loan proceeds.

Section 8. The Executive Director is authorized to execute documents and provide certifications and submit to the U.S. Department of Housing and Urban Development for approval an application to dispose of one public housing unit within the project that is currently subsidized under a Housing Authority Annual Contribution Contract, which unit is located at 24 El Limon Court, #4. Upon approval of said application, the Executive Director is authorized to convey the unit as part of the property conveyed by the DDA.

CHAIR

ATTEST:

SECRETARY

FOR-CITY-CLERK USE ONLY

32

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**DECLARATION OF INTENTION TO
REIMBURSE EXPENDITURES FROM THE PROCEEDS OF
TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS**

WHEREAS, the Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in an principal amount not to exceed \$17,200,000 (the "Obligations") for the purpose, among other things, of making a loan to Phoenix Park II, LP, a California limited partnership ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of 182-units of multifamily rental housing facilities which are located on Caselli Circle (including, but not limited to, between the addresses 82-160), El Limon Court (including, but not limited to, between the addresses 4-36, even only) and La Sandia Way (including, but not limited to, between the addresses 7488-7532) to be commonly known as the Phoenix Park Apartments (the "Project");

WHEREAS, United States Income Tax Regulations section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

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

Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and rehabilitation of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition and rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and rehabilitation of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$17,200,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____ **35**
DATE ADOPTED: _____

reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and rehabilitation of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the Authority in connection with the issuance of the Obligations. The fees and expense of bond counsel and any financial advisor employed by the Authority in connection with the issuance of the Obligations are to be paid solely from the proceeds of the Obligations or directly by the Developer.

Section 7. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and rehabilitation of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation or operation of the Project.

Section 9. This resolution shall take effect immediately upon its adoption.

CHAIR

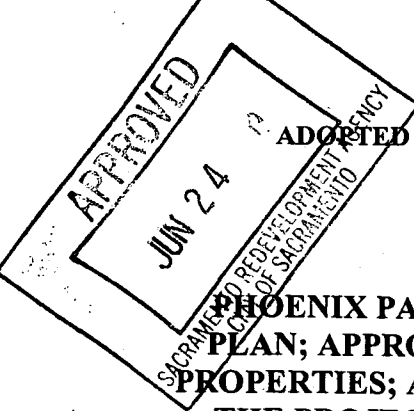
ATTEST:

SECRETARY

RESOLUTION NO. ^{RA} 2003-041

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF



PHOENIX PARK: CEQA EXEMPTION; APPROVAL OF REVISED FINANCING PLAN; APPROVAL TO OBTAIN LOAN FOR ACQUISITION OF NON-PROJECT PROPERTIES; AUTHORIZATION FOR LOANS AMONG MEMBERS OF SHRA FOR THE PROJECT; AUTHORIZATION FOR DISPOSITION AND DEVELOPMENT AGREEMENT WITH PHOENIX PARK I, LP

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The proposed project as set out in the staff report that accompanies this resolution has been reviewed and has been determined to be exempt from further review under the California Environmental Quality Act as approved and adopted pursuant to Resolution Number 2002-038 adopted by the Redevelopment Agency of the City of Sacramento, 2002-009 adopted by the Housing Authority of the City of Sacramento, and 2002-657 adopted by the City Council of the City of Sacramento. The project is a continuing project under NEPA, consistent with the Finding of No Significant Impact.

Section 2. The Revised Implementation and Financing Plan ("Revised Financing Plan") for the Phoenix Park Project ("project"), attached to the staff report that accompanies this resolution, is approved.

Section 3. A copy of the proposed Disposition and Development Agreements ("DDAs") with Phoenix Park I, LP, or another entity of which Norwood Avenue Housing Corporation is a managing general partner or managing shareholder, which is formed solely for the purposes of carrying out the project ("Developer"), and with Norwood Avenue Housing Corporation, respectively, are on file with the Agency Clerk. As provided in Section 4, The DDA with Phoenix Park I, LP, may be divided to create a second DDA relating solely to that portion of the property referenced as Phoenix Park II, leaving only the portion of the property referenced as Phoenix Park I in the original DDA. It is anticipated that Phoenix Park II, LP, a limited partnership of which Norwood Avenue Housing Corporation is a managing general partner, would be the developer under such new DDA. Based upon the evidence presented, it is determined that the property to be conveyed under the DDAs is being sold at fair market value and subject to restrictions assuring that it will remain as affordable housing for not less than 55 years. It is further determined that the project will restore lost affordable housing units and will improve the stock of affordable housing by decreasing criminal activity, eliminating building code violations, and rebuilding deteriorating housing stock.

Section 4. The DDA with Developer for the building and associated interests is approved and the Executive Director is authorized to execute such DDA, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA and among other items, the Executive Director is authorized to enter into purchase and sale agreements for the project buildings and other improvements and to make a loan of \$13,500,000 to Developer to be used solely for the purchase of said project interests from the Housing

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____
DATE ADOPTED: _____

Authority, and to make a loan to Developer in the amount of \$8,148,000 for the purchase of Housing Authority's interest in the project development, including without limitation plans, entitlements, predevelopment work and contractual rights. Sacramento Housing and Redevelopment Agency is authorized to approve a DDA for Phoenix Park II made strictly pursuant to the terms of foregoing DDA with Phoenix Park I, LP, which authority shall include without limitation, the allocation of available funding between the DDA for Phoenix Park I and the DDA for Phoenix Park II.

Section 5. The DDA with Norwood Avenue Housing Corporation for the disposition of the land is approved and the Executive Director is authorized to execute the DDA with Norwood Avenue Housing Corporation, an Agency affiliated non-profit, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to this DDA, the Executive Director is authorized to enter into purchase and sale agreements for the project land subject to the obligation of Norwood Avenue Housing Corporation to enter into a ground lease with Developer for the project land, and to make a loan or loans totaling \$2,552,000 to Norwood Avenue Housing Corporation for the purchase of the project land. Said agreements shall meet the reasonable requirements of the funding sources, shall be paid for from available and budgeted funds, and shall be secured to the extent of security available after securing financing as set forth in the Revised Financing Plan. Said loan shall be repaid from available cash flow.

Section 5. The DDA for the disposition of the land is approved and the Executive Director is authorized to execute the DDA with Norwood Avenue Housing Corporation, an Agency affiliated non-profit corporation, and to take such actions, execute such instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the DDA. Pursuant to such DDA, the Executive Director is authorized to enter into a ground lease agreement with Developer, to enter into purchase and sale agreements with Developer for the project buildings and other improvements and for other project development interests and to make a loan or loans totaling \$2,552,000 to Norwood Avenue Housing Corporation for the purchase of the land subject to the ground lease with Developer. Said agreements shall meet the reasonable requirements of the funding sources, shall be paid for from available and budgeted funds, and shall be secured to the extent of security available after securing financing as set forth in the Revised Financing Plan. Said loan shall be repaid from available cash flow.

Section 6. The Executive Director authorized to make loans among the entities comprising Sacramento Housing and Redevelopment Agency evidencing repayment of funds expended on behalf of the project, which funds are to be repaid from the loan described in Section 4 and 5 of this resolution.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

34

RESOLUTION NO.: _____

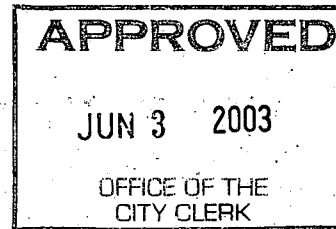
DATE ADOPTED: _____



**Sacramento
Housing &
Redevelopment
Agency**

62 A

May 21, 2003



City Council, Housing Authority and
Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: ADOPTION AND APPROVAL OF THE PHOENIX PARK (PREVIOUSLY
KNOWN AS FRANKLIN VILLA) REVISED FINANCING PLAN**

LOCATION & COUNCIL DISTRICT

Area bounded by Franklin Boulevard, Brookfield Drive, and Morrison Creek, Council District 8.

RECOMMENDATIONS

Staff recommends adoption of the attached resolutions by the City Council, the Redevelopment Agency, and the Housing Authority of the City of Sacramento as follows:

- approving the Revised Phoenix Park Financing Plan;
- approving a Disposition and Development Agreement (“DDA”) between the Housing Authority and Phoenix Park I, Limited Partnership (LP) and Phoenix Park II, Limited Partnership, which authorizes the sale of the buildings and Housing Authority’s (HA) interest in the development and loans in the amounts of \$13,500,000 and \$8,148,000 for the buildings and the development interest respectively;
- approving a DDA between the Housing Authority and Norwood Avenue Housing Corporation (Norwood) which authorizes the sale of land and a loan to Norwood in the amount of \$2,552,000 for the purchase of the land subject to the execution of a ground lease and assumption of the land lease between the Housing Authority and Phoenix Park I, and II, LPs; and
- authorizing the Executive Director or her designee to accept up to \$2 million in loans and provide guarantees secured by Agency property to facilitate the purchase of units in the three neighboring Franklin Villa Homeownership Associations (HOA) the current project area

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Governing Boards

May 21, 2003

Page 4

FOR COUNCIL MEETING OF June 3, 2003

SUMMARY

The actions requested in this report approve the revised Phoenix Park Financing Plan (formerly Franklin Villa) Implementation Strategy and authorize all actions necessary to carry out the plans. Although the Agency is recommending the amendment of some features of the plan, the goals of the project have not changed. All requested actions and authorizations are directly associated to achieving a single ownership and single private property management of the fourplex units located in the project.

COMMISSION ACTION

At its meeting May 21, 2003, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Burruss, Castello, Farley, Harland, Hoag, Piatkowski, Simon

NOES: None

ABSENT: McCarty, Stivers

BACKGROUND

Since the October 1, 2002, adoption of the Franklin Villa Financing Plan, Revised Implementation Strategy, and Relocation Plan, the Agency has made significant progress, while addressing a variety of changes and challenges along the way. The purpose of this report is to inform the Council of the progress that has been made, request changes and approvals that are necessary to carry out the plans. This report reflects the recommendations and steps required to finance the project and to accomplish the vision for a safe and livable Phoenix Park community. Please see Attachment I for a location map of the project.

In pursuit of the Phoenix Park strategy, the following has been accomplished:

- a Resolution of Necessity was adopted and approved by the City Council in November 19, 2002 supporting the acts necessary to purchase the 464 units in Morrison Creek Terrace (Terrace) and Morrison Creek Commons (Commons);