



**Sacramento  
Housing &  
Redevelopment  
Agency**

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

**Public Hearing  
November 25, 2008**

**Honorable Mayor and Members of the City Council  
Chair and Members of the Housing Authority**

**Title: Southcrest Apartment Project**

**Location/Council District: 7390 24<sup>th</sup> Street, Council District 8**

**Recommendation:** 1) Adopt a **City Resolution** a) indicating that the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and permanent financing of the project, and b) approving the issuance of tax-exempt obligations; and 2) adopt a **Housing Authority Resolution** a) approving documents authorizing up to \$2,200,000 in tax-exempt bonds to finance the rehabilitation of the project, and b) authorizing the Interim Executive Director, or her designee, to execute all documents necessary to issue the bonds

**Contact:** Lisa Bates, Deputy Executive Director, 440-1319; Christine Weichert, Assistant Director, Housing and Community Development, 440-1353

**Presenters:** Jeree Glasser-Hedrick, Housing Finance Program Manager; Bernadette Austin, Housing Finance Analyst

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The Southcrest Apartments Project (Project) is an existing 30-unit affordable multifamily housing development located at 7390 24<sup>th</sup> Street. Location map and site maps are included as Attachments 2 and 3. The project was presented to the City Council on November 6, 2007. At that time, the City Council held a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and approved a loan of \$1,500,000 consisting of City Home Investment Partnership Program (HOME) funds for the acquisition, rehabilitation and permanent financing of Southcrest Apartments. In addition, the Housing Authority adopted a resolution

Approval of Bond Documents for the Southcrest Apartment Project

authorizing the issuance of tax exempt mortgage revenue bonds for the Project, subject to receipt of a private activity bond allocation from the State of California. At the time, the Housing Assistance Payment Contract (HAP) was set to expire and the project was at risk of being converted to market rate. Domus Development (Developer) acquired the property in December of 2007 utilizing the \$1,500,000 Agency loan. The acquisition of the property facilitated the preservation of its affordability and provided the developer time to secure the financing required to renovate the property. On September 24, 2008 the California Debt Limit Allocation Committee (CDLAC) approved a bond allocation for the project. Action is needed to provide final authorization for the issuance of the tax-exempt mortgage revenue bonds, approval of the bond documents for the issuance, and extension of the TEFRA.

**Project Financing:** The project is proposed to be funded with tax-exempt mortgage revenue bonds, 4% Low Income Housing Tax Credits (LIHTC's), the Agency loan, and a deferred developer fee. The bonds, tax credits, and Agency loan together will require six units to be affordable by individuals earning 50 percent or less of Area Median Income (AMI) and 24 units to be affordable by individuals earning 60 percent or less of AMI for a period of 55 years. The existing project is made affordable by a project-based Housing Assistance Payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD) that covers all 30 units. Under the HAP contract, tenants pay 30 percent of their income for rent and the balance of the rent is paid by HUD. In actuality, the HAP contract will require that all the residents, excluding the manager, earn 50 percent or less of AMI for the term of the contract. Should the HAP contract not be renewed at any time, the bond, tax credit, and Agency loan affordability restrictions would continue in effect for the remainder of their 55-year terms. All current tenants residing in the project have incomes that are at or below the proposed thresholds. While there may be some temporary relocation due to the renovation, no one will be permanently displaced by this action.

A project summary, including a proposed sources and uses of funds, is included as Attachment 4, and a project cash flow proforma is included as Attachment 5. A schedule of maximum rents and incomes is included as Attachment 6.

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

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**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Sections 15310 and 15301(a) and (d) which exempts bond and loan financing and rehabilitation of existing facilities where the use remains unchanged.

**Sustainability Considerations:** The Project has been reviewed for consistency with the focus areas, goals, policies, and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following focus areas: the project supports Focus Area number one – Energy Independence, by replacing resource inefficient infrastructure, including dual-pane windows and sliding doors and energy efficient appliances. The project also supports Focus Area number six – Urban Design, Land Use, Green Building and Transportation, by reducing dependence on private automobiles due to the fact that the property is located in close proximity to the Florin Road Light Rail station and Regional Transit bus stops.

**Other:** The project consists of the rehabilitation of a multifamily residential complex in which the unit density will not be changed and the estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation. Therefore, the proposed action is categorically excluded from environmental review under the National Environmental Policy Act (NEPA) pursuant to 24 CFR Section 58.35(a)(3).

**Rationale for Recommendation:** The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

**Financial Considerations:** Staff recommends approval of the issuance of up to \$2,200,000 in tax-exempt bonds. The Developer will be responsible for payment of the CDLAC processing fee and posting of the performance deposit required by CDLAC.

The proposed bond issuance will not be an obligation of the City, the Housing Authority, or the Sacramento Housing and Redevelopment Agency. The bonds will be an obligation solely of the Project and the owner who will bear all costs associated with issuing the bonds. The Agency will receive a one-time issuance fee of .25 percent of the bond issuance amount, which is payable at bond closing. The Agency will also collect an annual payment of .15 percent of the total bond issuance amount for monitoring of the regulatory restrictions and administration of the bonds. This fee is payable in advance in semi-annual installments for the entire period of the regulatory agreement. The law firm of Jones Hall is acting as bond counsel for the Housing Authority. Copies of the bond documents are on file with the Agency Clerk.

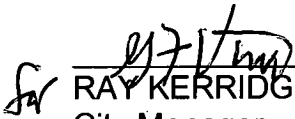
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**M/WBE Considerations:** Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by:   
LA SHELLE DOZIER  
Interim Executive Director

Recommendation Approved:

  
RAY KERRIDGE  
City Manager

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### **Southcrest Apartments Project Background Information**

The developer, Domus Development, LLC, proposes to rehabilitate an existing 30-unit affordable multifamily housing project located at 7390 24<sup>th</sup> Street. In November 2007 the City Council awarded the Developer a \$1,500,000 City Home Investment Partnership (HOME) loan and approved issuance of up to \$3,000,000 in tax-exempt bonds by the Housing Authority. The Housing Assistance Payment (HAP) contract, in which HUD maintained the affordability of the property, was due to expire in October 2007. The Developer negotiated with the seller to renew the HAP contract as a term of the purchase agreement. In December 2007 the Developer used funds from the HOME loan to acquire the property and thereby preserve the affordability of the property. Following the acquisition, the Developer has worked to secure additional funds for renovation. The Developer secured a bond allocation through the California Debt Limit Allocation Committee (CDLAC) in September 2008. The Developer will leverage public funds with a deferred developer fee and equity generated through the award of 4% Low-Income Housing Tax Credits (LIHTC) through the California Tax Credit Allocation Committee. With these financial commitments the Developer is now ready to close on the bonds and is requesting final approval of the corresponding bond documents.

Description of Development: The Southcrest Apartments is located in the Meadowview neighborhood within District 8. A location map is included as Attachment 2. The project consists of three two-story buildings and one single-story community building. The community building houses the laundry room, management/leasing office, and maintenance closet. The developer proposes to increase this space to include a community room for resident activities and to re-orient the management/leasing office to face the parking area. The entrances to the building will be modified to become fully ADA accessible.

The residential buildings contain 15 one-bedroom and 15 two-bedroom units. The one-bedroom units are 900 square feet, and two-bedroom units are 1,100 square feet in size. Two units will be modified to be fully ADA accessible. An additional handicap parking stall will be added. Sidewalks will be repaired, and damaged flatwork will be ground or replaced. All windows and sliding glass doors will be replaced with new dual-pane glass. The kitchen improvements will include new countertops and cabinetry, and new appliances as needed. All decks will be rebuilt, and all porch fences will be replaced. A site plan is included as Attachment 3.

All units are rental units and will be affordable to low- and very low-income residents. Rent restrictions will be enforced through regulatory agreements with the Housing Authority and the Agency for a term of 55 years.

Approval of Bond Documents for the Southcrest Apartment Project

Developer: Domus Development, LLC is a developer of affordable rental housing focusing on the acquisition and rehabilitation of existing rental housing communities using tax-exempt bonds and low-income housing tax credits. The principals of Domus have completed rehabilitation and construction of several affordable housing projects in northern California, including Northland Village.

Property Management: Property management will be performed by Domus Management Company, LLC (DMC). DMC was established in 2007 by principals and executives who have extensive experience in affordable housing property management. The primary manager's experience includes supervision of over 5,500 units of affordable housing including both senior and multifamily projects. The principals have worked with projects financed through a variety of sources, including LIHTC's, the Multi Family Housing Program (MHP), the Home Investment Partnership Program (HOME), the California Department of Housing and Community Development (HCD), and the U.S. Department of Housing and Urban Development (HUD).

Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management.

Social Services Plan: Social Services will be provided by LifeSTEPS, a nonprofit 501(c)(3) corporation. LifeSTEPS proposes to offer educational and social programs. Educational courses will be offered in areas such as computer learning, internet training, and word processing. LifeSTEPS provides social services at 85 properties throughout the state of California including 11 properties in Sacramento.

Project Financing: The developer has proposed to finance the Southcrest Apartments project using approximately \$1,236,000 in tax credit equity, \$1,473,000 in bond financing, the \$1,500,000 HOME loan through the Agency, and \$129,000 in deferred developer fee. The total developer fee comprises less than 11 percent of total project costs, rather than the 15 percent allowed under the California Debt Limit Allocation Committee (CDLAC) guidelines. Subject to approval of the Agency HOME loan, the developer will be applying for tax-exempt bonds and tax credits.

Low-income Set-aside Requirements: The developer proposes to set aside all 30 units as affordable multi family housing. The project has an existing project-based voucher with the Department of Housing and Urban Development (HUD) that must be renewed annually. The developer, Domus Development, LLC seeks to preserve this property as an affordable housing project by securing a Housing Assistance Payment (HAP) contract that would ensure affordability for residents over a 20 year period. The HAP contract, if approved, will require all of the 30 units to be affordable to households at 50 percent of the Area Median Income (AMI) for a period of 20 years.

Southcrest Apartments will have 11 units assisted by the HOME loan and subject to HOME restrictions. Three of the HOME-assisted units will be affordable to households at 50 percent AMI, while the remaining eight units will be affordable to households at 60 percent AMI. Regulatory agreements will maintain the affordability for 55 years.

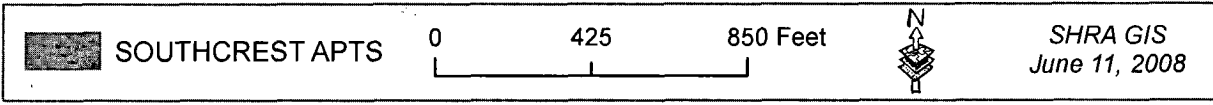
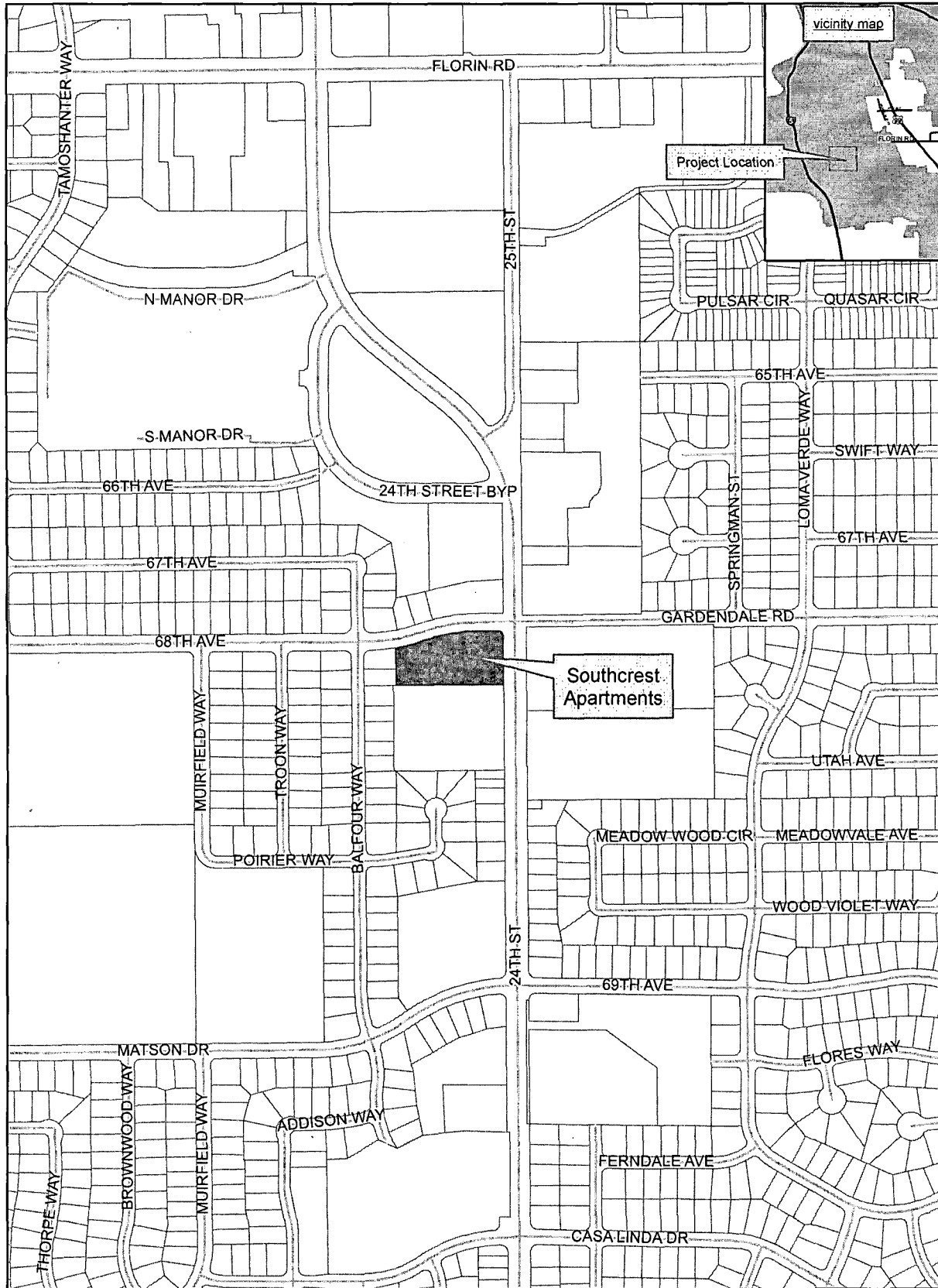
## Approval of Bond Documents for the Southcrest Apartment Project

As a condition of receiving the benefits of below-market rate loans and grants, federal law requires that project units be set aside for targeted income groups. The following chart summarizes the proposed affordability restrictions for the project:

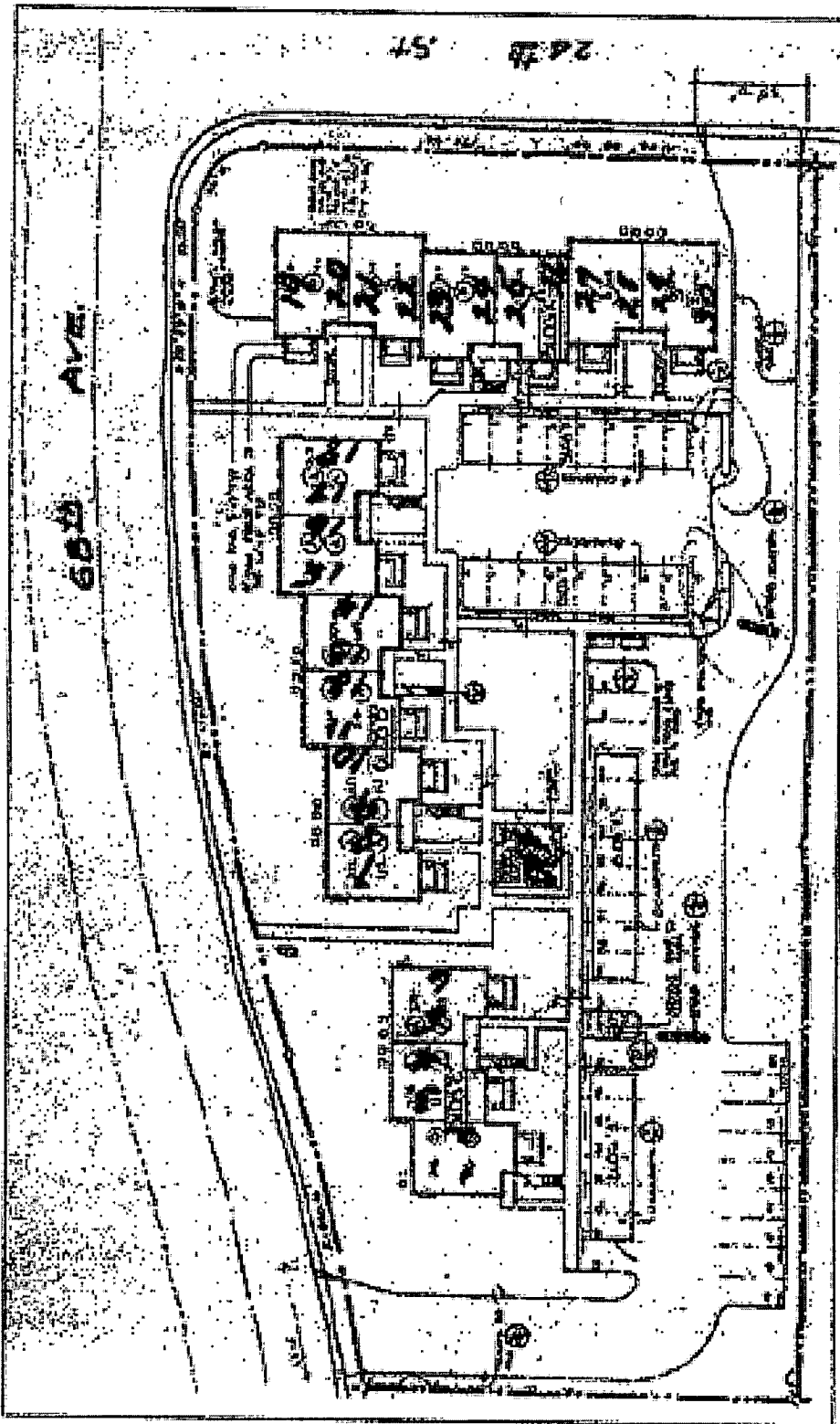
<b>Funding</b>	<b>% of Units</b>	<b>Affordability Restrictions</b>	<b>No. Units</b>	<b>Regulatory Requirements</b>
- Mortgage Revenue Bonds	20%	Very Low-Income (50% AMI)	6	55 years
- 4% Tax Credits - Agency HOME Loan	80%	Low-Income (60% AMI)	24	55 years
<b>Total</b>	<b>100%</b>		<b>30</b>	



# SOUTHCREST APARTMENTS



Site Map



SITE PLAN

## Southcrest Apartments

<b>Address</b>	7390 24th Street, Sacramento		
<b>Number of Units</b>	30		
<b>Year Built</b>	Acquisition/Rehabilitation		
<b>Acreage</b>	1.60 acres		
<b>Affordability</b>	6 units (20%) at or below 50% of median income 24 units (80%) at or below 60% of median income		
<b>Unit Mix and Rents</b>		(50% AMI)	(60% AMI)
1 Bedroom		0	16
2 Bedroom		6	8
Total		6	24
<b>Unit Square Footage</b>	1 Bedroom	16,500 square feet at 1,100 sq. ft. per unit	
	2 Bedroom	13,500 square feet at 900 sq. ft. per unit	
	Total	30,600 square feet, including 600 sq. ft. in community space	
<b>Resident Facilities</b>	The site will include a community space, laundry room, leasing office, mailbox area, and utility closet.		
<b>Permanent Sources</b>	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Tax Credit Equity	\$ 1,236,000	\$ 41,200	\$ 41.20
SHRA Loan	\$ 1,500,000	\$ 50,000	\$ 50.00
Tax-Exempt Bonds	\$ 1,473,000	\$ 49,100	\$ 49.10
Deferred Developer Fee	\$ 129,000	\$ 4,300	\$ 4.30
<b>TOTAL SOURCES</b>	\$ 4,338,000	\$ 144,600	144.60
<b>Permanent Uses</b>			
Acquisition Costs	\$ 1,892,000	\$ 63,067	\$ 63.07
Construction Costs	\$ 1,114,000	\$ 37,133	\$ 37.13
Contractor Overhead & Profit	\$ 71,000	\$ -	\$ -
Architecture and Engineering	\$ 112,000	\$ 3,733	\$ 3.73
Development Impact Fees	\$ 10,000	\$ 333	\$ 0.33
Contingency	\$ 141,000	\$ 4,700	\$ 4.70
Financing Costs	\$ 275,000	\$ 9,167	\$ 9.17
Reserves	\$ 61,000	\$ 2,033	\$ 2.03
Legal Fees	\$ 45,000	\$ 1,500	\$ 1.50
Relocation	\$ 15,000	\$ 500	\$ 0.50
Developer Fee	\$ 471,000	\$ 15,700	\$ 15.70
TCAC	\$ 16,000	\$ 533	\$ 0.53
Insur, 3rd Party Fees, Marketing, Other	\$ 115,000	\$ 3,833	\$ 3.83
<b>TOTAL USES</b>	\$ 4,338,000	\$ 142,233	\$ 144.60
<b>Management / Operations</b>	Proposed Developer: Domus Development LLC		
Property Management Company:	Domus Management Company, LLC (DMC)		
Operations Budget:	\$128,900	\$4,297	
Replacement Reserves:	\$9,000	\$300	

**Southcrest Apartments**  
Project Cash Flow Proforma

Unit Type	Square Feet	Total Sq Feet	TCAC Rent	HAP Rent	Utility Allowance	Market Rent	Actual Rent	Rent per Sq Foot	Monthly Rent	Annual Rent	Excess HAP	Annual HAP			
1 BD / 1 BA @ 50% AMI	0	900	\$ 665	\$ 725	\$ 42	\$ 837	\$ 623	\$ 0.69	\$ -	\$ -	\$ 102	\$ -			
1 BD / 1 BA @ 60% AMI	16	14,400	\$ 798	\$ 725	\$ 42	\$ 837	\$ 753	\$ 0.84	\$ 12,053	\$ 144,634	\$ -	\$ -			
2 BD / 1 BA @ 50% AMI	6	6,600	\$ 798	\$ 782	\$ 55	\$ 988	\$ 743	\$ 0.68	\$ 4,458	\$ 53,496	\$ 39	\$ 2,808			
2 BD / 1 BA @ 60% AMI	7	1,100	\$ 958	\$ 782	\$ 55	\$ 988	\$ 889	\$ 0.81	\$ 6,224	\$ 74,693	\$ -	\$ -			
Manager's Unit	1	1,100	\$ 958	\$ 782	\$ 55	\$ 988	\$ 889	\$ 0.81	\$ 889	\$ 10,670	\$ -	\$ -			
<b>Totals</b>	<b>30</b>	<b>29,800</b>							\$ 23,624	\$ 283,493	\$ 141	\$ 2,808			
<b>annual</b>	<b>rate</b>	<b>increase</b>	<b>per unit</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 20</b>	<b>Year 30</b>
Potential Gross Income	2.50%	2.50%	\$ 3,817	283,493	290,580	297,845	305,291	312,923	320,746	328,765	336,984	345,408	354,044	453,206	580,142
Excess HAP Income	2.50%	2.50%	\$ 83	2,808	2,878	2,950	3,024	3,100	3,177	3,256	3,338	3,421	3,507	4,489	5,746
Other Income	2.50%	2.50%	\$ 480	1,260	1,292	1,324	1,357	1,391	1,426	1,461	1,498	1,535	1,574	2,014	2,578
Less Vacancy	5.00%		\$ 300	(14,378)	(14,737)	(15,106)	(15,484)	(15,871)	(16,267)	(16,674)	(17,091)	(17,518)	(17,954)	(22,985)	(29,423)
Effective Gross Income			\$ 4,680	\$273,183	\$280,012	\$287,013	\$294,188	\$301,543	\$309,081	\$316,808	\$324,728	\$332,847	\$341,168	\$436,724	\$559,043
<b>Operating Expenses</b>															
Operating Expenses	3.50%	\$ 3,817	114,500	118,508	122,655	126,948	131,391	135,990	140,750	145,676	150,775	156,052	161,510	220,126	310,510
Assessments	3.50%	\$ 83	2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407	3,527	4,806	6,780
Property Management	3.50%	\$ 480	14,400	14,904	15,426	15,966	16,524	17,103	17,701	18,321	18,962	19,626	20,314	27,684	39,051
Replacement Reserves		\$ 300	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Total Expenses		\$ 4,680	\$140,400	\$144,999	\$149,759	\$154,686	\$159,785	\$165,062	\$170,524	\$176,177	\$182,029	\$188,085	\$194,317	\$261,617	\$365,341
<b>Net Operating Income</b>			<b>\$132,783</b>	<b>\$135,013</b>	<b>\$137,254</b>	<b>\$139,502</b>	<b>\$141,758</b>	<b>\$144,019</b>	<b>\$146,284</b>	<b>\$148,551</b>	<b>\$150,818</b>	<b>\$153,083</b>	<b>\$155,348</b>	<b>\$175,107</b>	<b>\$193,702</b>
<b>Debt Service</b>															
Bank Loan A	5.75%	30	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537
HA Monitoring Fee	0.15%	\$2,200,000	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Debt Service Subtotal			\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837	\$89,837
DCR on Senior Bonds			1.48	1.50	1.53	1.55	1.58	1.60	1.63	1.65	1.68	1.70	1.75	1.95	2.16
<b>Other Operating Expenses</b>															
Social Services	2.00%	6,000	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	8,741	10,655
PLOT Fee	2.00%	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Other Operating Expenses Subtotal		\$9,800	\$9,800	\$9,920	\$10,042	\$10,167	\$10,295	\$10,424	\$10,557	\$10,692	\$10,830	\$10,971	\$11,114	\$12,541	\$14,455
<b>Modified NOI for DCR Calculation</b>			<b>\$122,983</b>	<b>\$125,093</b>	<b>\$127,211</b>	<b>\$129,335</b>	<b>\$131,464</b>	<b>\$133,595</b>	<b>\$135,727</b>	<b>\$137,859</b>	<b>\$139,988</b>	<b>\$142,113</b>	<b>\$144,242</b>	<b>\$162,566</b>	<b>\$179,247</b>
<b>Priority Distributions</b>															
Asset Management Fee (GP)	2.00%	5,000	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,094	7,284	8,879
Partnership Management Fee (LP)	2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Priority Distributions Subtotal		5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,094	6,211	7,284	8,879
<b>Net Cash after Priority Distributions</b>			<b>\$28,146</b>	<b>\$30,156</b>	<b>\$32,172</b>	<b>\$34,192</b>	<b>\$36,214</b>	<b>\$38,237</b>	<b>\$40,259</b>	<b>\$42,278</b>	<b>\$44,293</b>	<b>\$46,300</b>	<b>\$48,300</b>	<b>\$65,445</b>	<b>\$80,531</b>
<b>Deferred Developer Fee</b>															
Principal Balance	4.00%	\$129,460	129,460	106,493	80,596	51,648	19,522	0	0	0	0	0	0	0	0
Interest for Period			5,178	4,260	3,224	2,066	781	0	0	0	0	0	0	0	0
Accumulated Interest			5,178	4,260	3,224	2,066	781	0	0	0	0	0	0	0	0
Payment			28,146	30,156	32,172	34,192	36,214	38,237	40,259	42,278	44,293	46,300	48,300	65,445	80,531
Balance			\$106,493	\$80,596	\$51,648	\$19,522	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash after Deferred Developer Fee</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,911</b>	<b>\$38,237</b>	<b>\$40,259</b>	<b>\$42,278</b>	<b>\$44,293</b>	<b>\$46,300</b>	<b>\$48,300</b>	<b>\$65,445</b>	<b>\$80,531</b>
<b>SHRA HOME loan</b>															
Principal Balance	4.00%	\$1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Interest for Period			60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Accumulated Interest			60,000	120,000	180,000	240,000	300,000	360,000	420,000	480,000	540,000	600,000	660,000	720,000	780,000
Payment			0	0	0	0	0	0	0	0	0	0	0	0	0
Balance			\$1,560,000	\$1,620,000	\$1,680,000	\$1,740,000	\$1,784,089	\$1,822,597	\$1,859,328	\$1,894,283	\$1,927,464	\$1,958,874	\$1,988,624	\$2,017,724	\$2,046,174
<b>Combined Debt Coverage Ratio</b>					1.42	1.44	1.44	1.24	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Net Cash After HOME Loan Repayment</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,745</b>	<b>\$16,990</b>	<b>\$17,233</b>	<b>\$17,473</b>	<b>\$17,710</b>	<b>\$17,947</b>	<b>\$19,810</b>	<b>\$20,995</b>

**MAXIMUM RENT AND INCOME LEVELS**

**Mortgage Revenue Bond Program**  
(Rents @ 50% of AMI)

Maximum Income Limits:	
	50% AMI
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 24,850
2 person	\$ 28,400
3 person	\$ 31,950
4 person	\$ 35,500
5 person	\$ 38,350
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 672
2 Bedroom	\$ 756

**4% Low-Income Housing Tax Credit Program**  
(Rents @ 50% and 60% of AMI)

Maximum Income Limits:		
	50% AMI	60% AMI
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 24,850	\$ 29,820
2 person	\$ 28,400	\$ 34,080
3 person	\$ 31,950	\$ 38,340
4 person	\$ 35,500	\$ 42,600
5 person	\$ 38,350	\$ 46,020
Maximum Rent Limits:		
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 665	\$ 798
2 Bedroom	\$ 798	\$ 958

**HOME Program**

(Rents @ 50% and 60% of AMI)

Maximum Income Limits:		
	50% AMI	65% AMI
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 24,850	\$ 29,820
2 person	\$ 28,400	\$ 34,080
3 person	\$ 31,950	\$ 38,340
4 person	\$ 35,500	\$ 42,600
5 person	\$ 38,350	\$ 46,020
Maximum Rent Limits:		
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 665	\$ 805
2 Bedroom	\$ 798	\$ 982

Approval of Bond Documents for the Southcrest Apartment Project

**RESOLUTION NO. 2008 - \_\_\_\_\_**

**Adopted by the Sacramento City Council**

on date of

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

**BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$2,200,000 (the "Obligations") for the purpose, among other things, of making a loan to Southcrest Apartments Associates LP, a California limited partnership, or a California limited liability company or other limited partnership to be formed by Domus Development LLC ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and rehabilitation of a 30-unit multifamily housing facility located at 7390 24<sup>th</sup> Street, Sacramento, California and commonly known as Southcrest Apartments (the "Project"); and
- B. 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/or very low income tenants; and
- C. 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
- D. This City Council is the elected legislative body of the City; and
- E. 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
- F. 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

Approval of Bond Documents for the Southcrest Apartment Project

- G. 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 and rehabilitation of the Project;
- H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- 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.

Approval of Bond Documents for the Southcrest Apartment Project

**RESOLUTION NO. 2008 -**

**Adopted by the Housing Authority of the City Of Sacramento**

on date of

**AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER PLEDGE AND ASSIGNMENT, A MASTER AGENCY AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS AND OTHER DOCUMENTS RELATING THERETO; AND APPROVING OTHER ACTIONS AND MATTERS RELATING THERETO**

**BACKGROUND**

- A. The Housing Authority of the City of Sacramento (the "Authority") is authorized pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "Act") to issue revenue bonds and make loans for the purpose of financing multifamily rental housing projects to be occupied in whole or in part by persons of low and very low income; and
- B. Southcrest Associates, LP, a California limited partnership (the "Borrower"), has requested the Authority to issue revenue bonds designated as the Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Southcrest Apartments) 2008 Issue H (the "Bonds") and to loan the proceeds from the sale thereof to the Borrower to finance the acquisition, rehabilitation and development of a 30-unit multifamily rental housing development located in the City of Sacramento, California and commonly known as the Southcrest Apartments (the "Project"); and
- C. On November 25, 2008, the City Council of the City of Sacramento held public hearings on the proposed issuance of the Bonds, as required under the Internal Revenue Code of 1986, following published notice of such hearings, and, following such public hearings approved the issuance of the Bonds; and
- D. The Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and
- E. All conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds as contemplated by this resolution and the documents referred to herein will exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act;

Approval of Bond Documents for the Southcrest Apartment Project

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

- Section 1. The Authority hereby finds and declares that the above recitals are true and correct.
- Section 2. Pursuant to the Act and the Pledge and Assignment (as defined below), the issuance of the Bonds, in an aggregate principal amount not to exceed \$2,200,000, is hereby authorized. The Chairperson or Executive Director of the Authority, or their designee (the "Authorized Officer"), each acting alone, are hereby authorized and directed to execute the Bonds for and in behalf of the Authority by manual or facsimile signature, in the form set forth in the Pledge and Assignment (defined below), with such changes, deletions and insertions as may be approved by such Authorized Officers and legal counsel to the Authority, such approvals being conclusively evidenced by the execution and delivery thereof, and the Clerk of the Sacramento Housing and Redevelopment Agency or her designee (the "Clerk") is hereby authorized and directed, if required, to attest the Bonds in said form and otherwise in accordance with the Pledge and Assignment.
- Section 3. The Master Pledge and Assignment by and among the Authority, U.S. Bank National Association, as Agent, and U.S. Bank National Association, as Holder (the "Pledge and Assignment"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Pledge and Assignment with such changes, additions or deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.
- Section 4. The Master Agency Agreement by and among the Authority and U.S. Bank National Association, as Agent (the "Agency Agreement"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Agency Agreement with such changes, additions and deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.
- Section 5. The Regulatory Agreement and Declaration of Restrictive Covenants by and between the Authority and the Borrower (the "Regulatory Agreement"), in the form on file with the Clerk, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Authority to execute and deliver the Regulatory Agreement with such changes, additions or deletions as may be approved by such Authorized Officer and legal counsel to the Authority, such approvals to be conclusively evidenced by the execution and delivery thereof.

Approval of Bond Documents for the Southcrest Apartment Project

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

Section 7. All actions heretofore taken by the officers and agents of the Authority with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Authorized Officers, are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, including but not limited to those certificates, agreements and other documents described in the Pledge and Assignment, the Agency Agreement, the Regulatory Agreement, and other documents herein approved.

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