



May 4, 2004

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

Honorable Members in Session:

**SUBJECT: TAX-EXEMPT BOND PROPOSAL: CREEKSIDE VILLAGE SENIOR
APARTMENTS**

LOCATION & COUNCIL DISTRICT

6465 Village Centre Drive
District 8

RECOMMENDATION

Staff recommends adoption of the attached resolutions which authorize the Executive Director or her designee to:

- indicate the approval of the Housing Authority of the City of Sacramento (Housing Authority) to issue up to \$16,000,000 in tax-exempt mortgage revenue bonds to provide acquisition, construction, and permanent financing for the Creekside Village Senior Apartments located within the City of Sacramento;
- authorize an application to the California Debt Limit Allocation Committee (CDLAC) for allocation authority to issue the bonds; and
- indicate that the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing related to the financing of the project.

CONTACT PERSONS

Darren Bobrowsky, Director of Development Services, 440-1310
Christine Weichert, Development Services, Program Manager, 440-1353
Kelly Korver, Housing Finance Analyst, 440-1399 x1264

FOR COUNCIL MEETING OF May 17, 2005

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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SUMMARY

This report recommends approval of \$16,000,000 in tax-exempt mortgage revenue bonds for the acquisition, construction, and permanent financing for the Creekside Village Senior Apartments. Associated with the bond financing is 1) adoption of an inducement resolution to indicate the Housing Authority's intent to issue mortgage revenue bonds; 2) holding a TEFRA public hearing; and 3) authorization of an application to CDLAC for authority to issue the bonds. These actions will not bind the Housing Authority to issue bonds until and unless all other necessary actions and approvals are taken or received in accordance with all applicable laws and to the satisfaction of the City Council. The hearing of this report by the City Council shall serve as the public hearing required under TEFRA.

COMMISSION ACTION

At its meeting May 4, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:	Burns, Burruss, Gale, Gore, Hoag, Piatkowski, Shah., Simon, Stivers
NOES:	None
ABSENT:	Coriano, Harland

BACKGROUND

USA Properties Fund, Inc., ("Developer") has submitted an application to the Agency for the issuance of up to \$16,000,000 in tax-exempt mortgage revenue bonds to finance the acquisition and rehabilitation of the 296-unit Creekside Village Senior Apartment complex. A location map is included as Attachment I.

Creekside Village was built in 1987 and has 216 one-bedroom and 80 two-bedroom units that range in size from 504 to 755 square feet. There are eight two story and eight three story buildings on site. In addition the complex has a clubhouse, three laundry rooms, a pool, spa and 284 parking spaces. The community is gated and provides organized activities for its residents.

Project Description

The Agency is proposing to issue tax-exempt mortgage revenue bonds to be used in conjunction with low income housing tax credits to finance the acquisition and rehabilitation by USA Properties. USA Properties plans to make approximately \$3 million of improvements to the complex. Exterior improvements include roof repairs and

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replacement, repair of dry rot, resurfacing of the pool and spa, and creating a larger recreation center with a new television, game room and library areas. USA Properties will also create an outdoor fireplace and barbeque area near the pool and enhance the garden area by installing raised planter boxes and a tool shed. Improvements to the units will include the replacement of appliances, A/C units, floor coverings, and blinds. Smoke detectors will be installed in all bedrooms and kitchen cabinet doors will be replaced.

Agency Financing

USA Properties has estimated the need for \$500,000 in Agency assistance, but formal governing body action on this funding can not be taken until a relocation plan for the project is completed and approved. The relocation plan will provide an estimate of the costs to relocate tenants who may not qualify to live in income restricted units. These relocation costs will impact the amount of subsidy being requested of the Agency. If a loan is needed, staff will prepare a recommendation for the Sacramento Housing and Redevelopment Loan Committee, which has loan authority for up to \$1 million. A 30-year cash flow statement demonstrating the projects ability to repay a \$500,000 Agency loan is included as Attachment II.

Developer

USA Properties Fund, Inc. (the "Developer"), a privately owned real estate and development organization based in Roseville, has been in operation since 1981. Since 1985, the developer has developed and constructed or rehabilitated over 48 multi-family projects including over 6,500 units. Recent projects completed by the Developer in the Sacramento region include Terracina Gold Apartments (280 units), Terracina Meadows Apartments (156 units), Terracina Park Meadows (144 units) and Vintage Willow Creek Senior Apartments (184 units). USA Properties has a demonstrated knowledge and experience in the delivery of high quality projects.

USA Properties Fund will partner with the non-profit Riverside Charitable Corporation, based in Orange, California, to provide on-site resident services. Riverside is an experienced operator of affordable housing, and is a partner in several affordable projects in Sacramento, including the Terracina Gold Apartments and the Cottage Estates Apartments (also developed by USA Properties). The social services to be offered on site are being evaluated based on the needs and desires of the residents however, the types of services that may offered include wellness and nutrition programs, tax preparation and legal referrals and organized activities and outings to local shopping centers and other attractions.

Property Management

USA Properties Fund, Inc. retains ownership of its developments with the management undertaken by its subsidiary USA Multi-Family Management. USA Multi-Family Management currently manages all of the properties owned by USA Properties Fund,

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

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 Housing Set Aside Requirements

As a condition for receiving the benefits of this below-market rate financing, 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's total units are rented to households earning no more than 50 percent of the area median income or that 40 percent of project units are rented to households earning no more than 60 percent of the area median income. The Agency requires that the deeper affordability terms be required of projects in Sacramento. The term of the affordability restrictions will be 55 years or the life of the bonds, whichever is longer.

State law further requires that monthly rents for the set-aside units be limited to 30 percent of the targeted group's monthly income, adjusted for household size. The project's set-aside requirements will be specified in a regulatory agreement between the Housing Authority and the developer, to be executed upon closing of the bond sale. The following table summarizes the number, percentage and length of affordability proposed for this project.

Unit Type	Affordability Restrictions	# of Units	% of Units	Term for Regulatory Requirements
Tax Exempt Bonds & LIHTC	Very Low Income (50% or less of AMI)	60	20%	55 years
LIHTC	Low Income (60% or less of AMI)	207	70%	55 years
	Moderate Income (80% or less of AMI)	26	9%	55 years
	Manager Units	3	1%	unrestricted
TOTAL		296	100%	

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While tax exempt bond and low income housing tax credit financing will only restrict units at 50 percent and 60 percent of the area median income, USA Properties is proposing to restrict additional units at 80 percent in order to minimize the need to relocate existing tenants. Maximum rent and income limits for mortgage revenue bond, low-income housing tax credit and HOME programs can be found in Attachment III. A project budget and unit mix can be found in Attachment IV.

State and Local Approval Process

The Housing Authority must apply for and receive authorization from CDLAC prior to issuing mortgage revenue bonds. Staff proposes to submit an application for consideration in May 2005. If approved, the bond authority to be drawn against CDLAC's 2005 volume cap on behalf of the Creekside Village Senior Apartments will be an amount not exceeding \$16,000,000.

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 predevelopment and construction 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 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.

FINANCIAL CONSIDERATIONS

Adoption of the attached bond resolutions on pages 11-14 will not result in any direct financial impact to the City, Housing Authority, and/or SHRA. Repayment of the bond is solely the responsibility of the Project and Developer. The Developer will be responsible for payment of the CDLAC processing fee and posting of a one-half percent performance bond. The Agency will receive a one-time issuance fee of 0.25 percent of the bond amount which is payable at the time of refunding. The Agency will also collect an annual payment for monitoring of the regulatory restrictions and administration of the bonds, in the amount of 0.15 percent of the bond amount.

POLICY CONSIDERATIONS

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

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ENVIRONMENTAL REVIEW

The proposed action is exempt from environmental review under the Agency's Environmental Review Policies and Procedures, Section 7-3.1 and 7-3.10, which were adopted pursuant to CEQA Guidelines Section 15022, and provide that loans and bond financing funding mechanisms are exempt under Section 15310. In addition, CEQA Guidelines Section 15301 which exempts rehabilitation of existing facilities to upgrade the structures and minor additions.

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by any Federal Funding.

Respectfully submitted,



ANNE M. MOORE
Executive Director

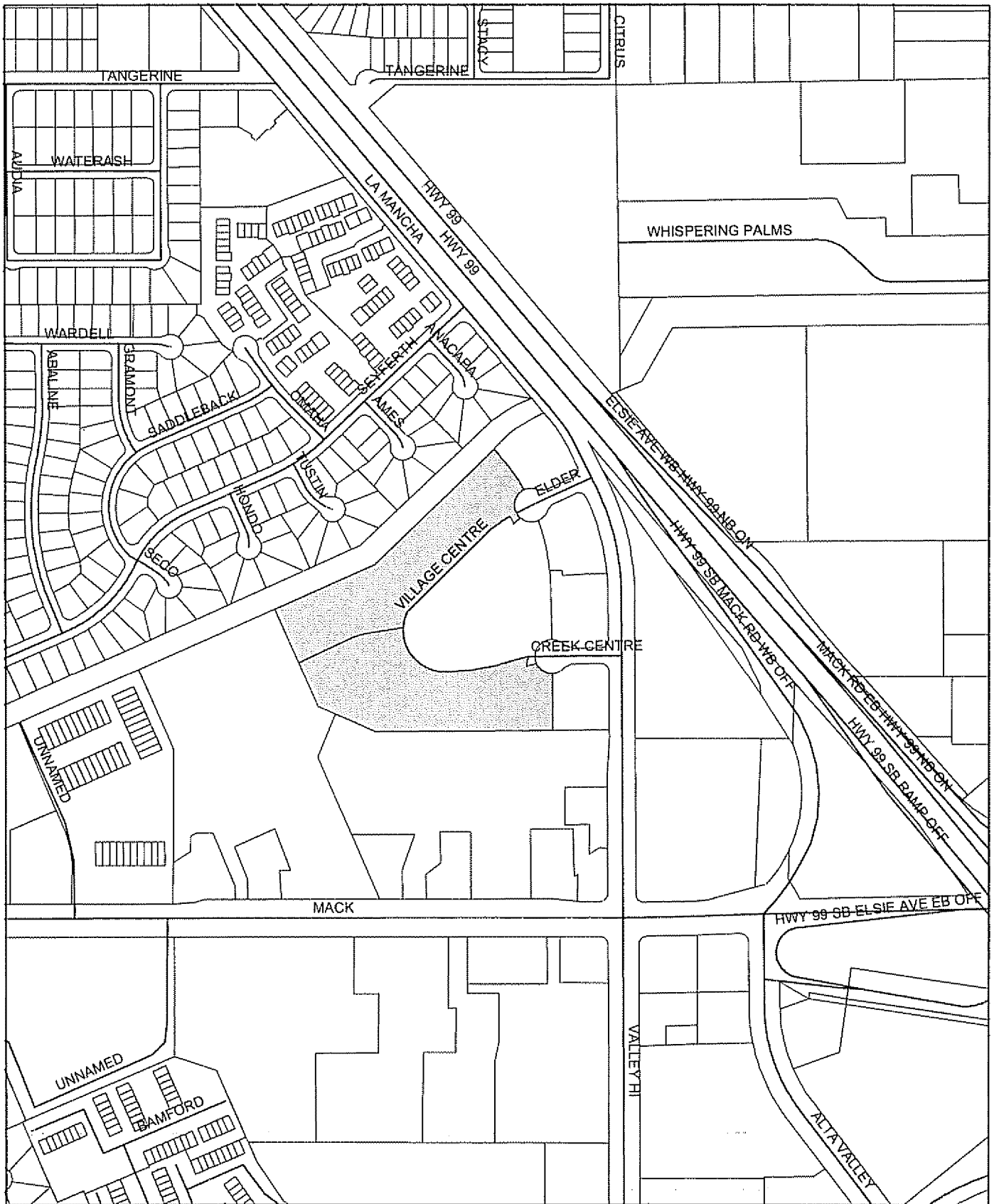
Transmittal approved,



ROBERT P. THOMAS
City Manager

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Legend

 Creekside Village

**Creekside Village Senior Apartments
Site Map**

Creekside Village Senior Apartments

Unit Type	Number	Square Foot	Total Sq Foot	Monthly Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent	Year 15	Year 20	Year 25	Year 30
1 Bedroom @ 50% AMI	44	504	22,176	\$ 553	\$ 1.10	\$24,332	\$291,984	3,235,559	3,661,881	4,143,082	4,607,517
1 Bedroom @ 60% AMI	52	504	26,208	\$ 630	\$ 1.25	\$32,760	\$393,120	55,021	62,251	70,432	79,667
1 Bedroom @ 80% AMI	99	576	57,024	\$ 630	\$ 1.09	\$62,370	\$748,440	164,569	186,207	210,676	238,360
1 Bedroom @ 80% AMI	21	576	12,096	\$ 650	\$ 1.13	\$13,650	\$163,800	39,676	44,890	50,789	57,453
2 Bedroom @ 50% AMI	16	672	10,752	\$ 657	\$ 0.98	\$10,512	\$126,144	35,068	44,890	50,789	57,453
2 Bedroom @ 60% AMI	16	672	10,752	\$ 760	\$ 1.13	\$12,160	\$145,920	39,676	44,890	50,789	57,453
2 Bedroom @ 80% AMI	40	795	30,200	\$ 780	\$ 1.03	\$31,200	\$374,400	39,676	44,890	50,789	57,453
2 Bedroom @ 80% AMI	5	755	3,775	\$ 780	\$ 1.03	\$3,900	\$46,800	39,676	44,890	50,789	57,453
Manager Units @ Market	3	755	2,265	\$ 780	\$ 1.03	\$2,340	\$28,080	39,676	44,890	50,789	57,453
Total / Average	296	627	175,248	\$ 680	\$ 1.09	\$190,884	\$2,300,603	\$3,087,335	\$3,493,036	\$3,952,049	\$4,471,381

Item	Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Potential Gross Income	2.50%	2,290,608	2,347,873	2,406,579	2,466,734	2,528,403	2,860,656	3,235,559	3,661,881	4,143,082	4,607,517
Other Income	2.50%	38,940	39,914	40,911	41,934	42,982	48,631	55,021	62,251	70,432	79,667
Less Vacancy	5.00%	116,477	119,369	122,374	125,433	128,569	145,464	164,569	186,207	210,676	238,360
Less Manager Units	2.50%	\$28,080	28,792	29,502	30,239	30,995	35,068	39,676	44,890	50,789	57,453
Effective Gross Income		\$2,184,091	\$2,235,615	\$2,295,605	\$2,355,996	\$2,411,821	\$2,728,754	\$3,087,335	\$3,493,036	\$3,952,049	\$4,471,381
Operating Expenses											
Operating Expenses	3.50%	871,072	901,560	933,114	965,773	999,575	1,187,182	1,409,959	1,674,637	1,988,944	2,362,241
Social Services	2.00%	41	12,000	12,485	12,734	12,988	14,341	15,834	17,462	19,301	21,310
Property Taxes	2.00%	101	30,000	30,600	31,212	31,835	32,473	33,584	34,704	35,834	36,975
PILOT	2.00%	422	35,690	35,720	37,454	38,203	43,023	47,501	52,445	57,904	63,930
Replacement Reserves		300	88,800	88,800	88,800	88,800	88,800	88,800	88,800	88,800	88,800
Total Expenses		3,506	1,037,072	1,069,920	1,103,065	1,137,347	1,172,805	1,201,779	1,237,966	1,270,202	1,302,557
Net Operating Income		\$1,147,119	\$1,198,695	\$1,192,540	\$1,252,849	\$1,279,016	\$1,555,949	\$1,885,556	\$2,215,169	\$2,681,847	\$3,168,824

Item	Amount	Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
First Mortgage	\$15,500,000	5.50%	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088	1,056,088
Agency Loan (pending)	\$600,000	4.00%	0	0	0	0	0	0	0	0	0	0
Combined OCR			1.09	1.11	1.13	1.15	1.17	1.17	1.41	1.53	1.65	1.78
Agency Admin Fee		0.15%	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Agency Loan (pending)												
Interest for Period	500,000	4.00%	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Payment			0	0	0	0	0	0	0	0	0	0
Accrued Interest			20,000	40,000	60,000	80,000	100,000	100,000	0	0	0	0
Principal Balance			500,000	500,000	500,000	500,000	500,000	500,000	0	0	0	0
Developer Note												
Interest	990,252	3.00%	29,708	29,508	29,257	28,954	28,605	28,210	27,770	27,285	26,755	26,180
Accum Balance			1,019,960	981,516	918,065	830,399	715,693	580,019	435,318	287,522	135,405	0
Payment			67,031	89,608	112,453	135,561	166,928	208,019	257,522	313,316	365,405	417,949
Balance			952,929	891,908	805,612	694,838	566,754	427,019	287,522	135,405	0	0
Cash Available After Debt Services & Developer Note			0	0	0	0	0	168,467	495,528	535,800	658,760	801,737

MAXIMUM RENT AND INCOME LIMITS - 2005

Maximum Income Limits

Family Size	50 % AMI MRB, HOME* and HTF Programs	60% AMI HOME* and LIHTC** Programs
1 person	\$22,450	\$26,940
2 person	\$25,650	\$30,780
3 person	\$28,850	\$34,620
4 person	\$32,050	\$38,460
5 person	\$34,600	\$41,520

*Published by HUD February 2005 and effective March 31, 2005

**California Tax Allocation Committee 2005 Maximum Income Levels - effective February 11, 2005

Maximum Net Rents

Unit Size	MRB* (50% AMI)	HOME** and HTF (50% AMI)	LIHTC (60% AMI)	HOME** (60% AMI)
1 bedroom	\$593	\$553	\$673	\$711
2 bedroom	\$657	\$657	\$801	\$851
3 bedroom	\$720	\$752	\$918	\$968
4 bedroom	\$667	\$732	\$918	\$953

*MRB rents are calculated by taking the maximum income X 30 / 12

**HOME rent limits published February 2005 and effective March 31, 2005

Creekside Village Senior Apartments - Budget and Unit Mix			
Address	6465 Village Center Drive		
Number of Units	296		
Affordability	20% of units @ or below 50% of median income 70% of units @ or below 60% of median income 9% of units @ or below 80% of median income 1% of units @ Market for Manager Units		
Unit Mix and Rents	50% of Median	60% of Median	80% of Median
1 bedroom / 1 bathroom	44	151	21
2 bedroom / 1 bathroom	16	56	5
	3 two bedroom units will be unrestricted Manager Units		
Square Footage			
1 bedroom / 1 bathroom	504 - 576 square feet		
2 bedroom / 1 bathroom	672 - 755 square feet		
Resident Facilities	Amenities at the Creekside Village Senior Apartments include a swimming pool, spa, clubhouse and three laundry rooms.		
Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>
Senior MRB	\$ 15,500,000	\$ 52,365	\$ 88.45
Tax Credit Equity	\$ 6,705,417	\$ 22,653	\$ 38.26
SHRA Loan (pending)	\$ 500,000	\$ 1,689	\$ 2.85
Developer Note	\$ 1,012,715	\$ 3,421	\$ 5.78
TOTAL SOURCES	\$ 23,718,132	\$ 80,129	\$ 135.34
Uses			
Acquisition Costs	\$ 18,000,000	\$ 60,811	\$ 102.71
Permits	\$ 20,000	\$ 68	\$ 0.11
Construction Costs	\$ 2,831,929	\$ 9,567	\$ 16.16
Contingency	\$ 141,596	\$ 478	\$ 0.81
General Conditions	\$ 120,000	\$ 405	\$ 0.68
Architecture & Engineering	\$ 30,000	\$ 101	\$ 0.17
Relocation	\$ 176,000	\$ 595	\$ 1.00
Construction Loan Fee	\$ 15,500	\$ 52	\$ 0.09
Escrow, Title, Legal and Accounting	\$ 60,000	\$ 203	\$ 0.34
Permanent Loan Fees & Bond Costs	\$ 255,750	\$ 864	\$ 1.46
Studies / Appraisals	\$ 20,000	\$ 68	\$ 0.11
TCAC/CDLAC Fees	\$ 53,429	\$ 181	\$ 0.30
Operating Reserve	\$ 481,104	\$ 1,625	\$ 2.75
Contractor Profit and Overhead	\$ 206,635	\$ 698	\$ 1.18
Developer Fee/Overhead	\$ 1,306,189	\$ 4,413	\$ 7.45
TOTAL USES	\$ 23,718,132	\$ 80,129	\$ 135.34
Management / Operations			
Proposed Developer	USA Properties Fund, Inc		
Property Management Company	USA Multi-Family Management		
Operations Budget (Total / Unit)	\$871,072	\$2,943	
Reserves (Total / Unit)	\$88,800	\$300	
Tax Credit Investor	To be determined		

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY
OF SACRAMENTO DECLARING 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 "Authority") intends to issue tax-exempt obligations (the "Obligations") for the purpose, among other things, of making a loan to USA Properties Fund, Inc., or a limited partnership or limited liability company related to or formed by USA Properties Fund, Inc. (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of 296 units of multifamily housing facilities commonly known as the Creekside Village Senior Apartments and located at 6465 Village Center Drive, Sacramento, California. (the "Project"); and

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, rehabilitation and development 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, rehabilitation and development 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, rehabilitation and development of the Project that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$16,000,000.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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 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, rehabilitation and development 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, rehabilitation and development 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, development or operation of the Project.

CHAIR

ATTEST.

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO : _____

DATE ADOPTED: _____

(12)

RESOLUTION NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF SACRAMENTO APPROVING 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 amount not to exceed \$16,000,000 (the "Obligations") for the purpose, among other things, of making a loan to USA Properties Fund, Inc., or a limited partnership or limited liability company related to or formed by USA Properties Fund, Inc (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition, rehabilitation and development of approximately 296 units of multifamily housing rental facilities commonly known as the Creekside Village Senior Apartments and located at 6465 Village Center Drive, Sacramento, California (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 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

WHEREAS, this City Council is the elected legislative body of the City of Sacramento (the "City"); and

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

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. To express the City's consent to the issuance of the Obligations and 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.: _____

DATE ADOPTED: _____