



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



9

August 23, 1988

Budget and Finance Committee  
of the City Council  
Sacramento, CA

Honorable Members in Session:

SUBJECT: Loan to Riverview Plaza

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency and City Council of the City of Sacramento.

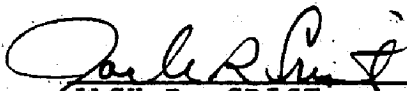
RECOMMENDATION

The staff recommends approval of the attached resolution approving the loan classification.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COMMITTEE:

  
JACK R. CRIST  
Deputy City Manager

Attachment



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



DATE: August 15, 1988

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

Honorable Members in Session:

SUBJECT: Loans to Riverview Plaza

SUMMARY

The City Council and City Redevelopment Agency are requested to approve the classification as loans of monies previously dedicated to Riverview Plaza.

BACKGROUND

The following local grant and funding sources were initially budgeted to the Riverview Plaza project.

\$7,040,000	Construction Loan from Tax Increment Funds
1,000,000	Section 108
2,000,000	HODAG
956,512	CDBG
2,577,985	Tax Increment
909,041	Other City Sources (MRB fees, parking facility revenues, emergency reserve)(1)

(1) MRB fees \$231,122, parking facility \$210,000, emergency reserve \$212,444 and 1988 Tax Increment cash \$255,475.

8-23-88  
D-1

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council  
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In order to maximize the proceeds of our tax credit syndication of the project and reduce the Housing Authority's risk of having to pay a considerable sum of money to repurchase the property back from the limited partnership in 12 to 14 years, it is recommended that the City Council and Redevelopment Agency convert certain funds previously committed to the project to non-recourse loans.

It is also recommended that up to \$1.5 million in loan proceeds be unsecured, in order to satisfy a HUD requirement relating to equity contributions of the limited partnership that will own Riverview. HUD requires the partnership demonstrate a 10% equity requirement. Given that FUND, Inc. has no assets, this unsecured loan arrangement will satisfy HUD's equity requirements.

Staff intends to transfer the property to the limited partnership in early September, prior to the project being placed in service. To transfer the property staff requires HUD's approval. It is also necessary to enter into a partnership agreement, execute a purchase and sale agreement, create a land lease and transfer all loans to the partnership. Staff has already obtained the approval on all of these items, except those requested in this staff report.

The Syndication has been somewhat delayed due to some very complicated legal questions concerning the use of certain funds on the property and the effect these funds have on the project's qualification for the nine percent credit. Resolving this problem may require a letter ruling from the IRS. This ruling will likely not be obtained until November 1, 1988. The syndication of the property cannot be completed until after the ruling.

Staff is proceeding with obtaining a loan commitment on the property and in talking to potential investors.

## ENVIRONMENTAL REVIEW

NEPA: Exempt activity 58.34(9)(ii) the services affect only the social or economic environment.

CEQA: Catagorical exemption Section 15300.1, Section 21090 public resources code. Related to ministerial project and not discretionary.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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## FINANCIAL DATA

This report has no financial implications. The amount of funds budgeted to the project will not change as a result of this staff report. The report merely reclassifies grants as loans.

## POLICY IMPLICATIONS

Actions requested under this staff report are consistent with past Council action on the syndication.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting on August 15, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Pettit, Simon, Simpson, Strong, Wiggins,  
Wooley, Moose

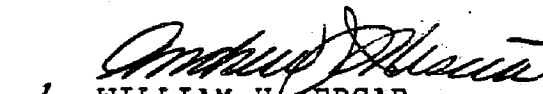
NOES: None

ABSENT: Sheldon, Yew

## RECOMMENDATION

Staff recommends that you adopt the attached resolutions which approves the classification as loans of monies previously dedicated to Riverview Plaza.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE, City Manager

1374D

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

August 23, 1988

## DESIGNATION OF LOANS TO RIVERVIEW PLAZA

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

WHEREAS, the Housing Authority of the City of Sacramento is developing Riverview Plaza (the Project) at 620 I St.; and

WHEREAS, the Housing Authority is proposing to transfer the ownership of the residential portion of the building to a limited partnership (the Partnership) for the purposes of syndicating Riverview Plaza; and

WHEREAS, the City has committed funds to the project and will treat such funds as loans to the Partnership.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SACRAMENTO:

Section 1: The promissory note for \$2,000,000 (the Hodag Note) between the City and the Sacramento Housing Authority, signed September 25, 1986, shall be assigned to the Partnership.

Section 2: That the Hodag Note shall be non-recourse debt and that interest be charged at the Applicable Federal Rate (AFR) as announced by the Internal Revenue Service (IRS) in effect on the date the loan is transferred, or such other rate as determined appropriate by staff, and be payable out of surplus cash.

Section 3: A note (CDBG Note) in the amount of \$1,956,512 shall be entered into between the City and the Partnership. Such note will be funded from City Block grant funds budgeted to the Project.

Section 4: The CDBG Note shall charge interest at the AFR, as announced by the IRS, existing at the time the note is entered into or such other interest rate determined appropriate by staff, and shall be payable out of surplus cash.

Section 5: Principal and interest on the CDBG and the Hodag notes shall be currently due to the extent that surplus cash exists. If surplus cash is not available, then such principal and interest payments shall accrue and be fully due and payable upon the sale or transfer of the property by the Partnership.

Section 6: The CDBG Note in an amount not to exceed \$1,500,000 shall be unsecured in order to satisfy the Hodag equity requirements of 10% of the cost of the residential portion of the building. At such time as the Partnership can satisfy the 10% equity requirement from capital contributions, the loans shall be non-recourse and secured by a deed of trust.

Section 7: Previous resolutions regarding the financing of the Project shall be amended hereby to account for the transfer of the Project to the Partnership and the classification of funds as loans.

Section 8: Upon closing of the permanent financing, the deeds of trust shall be recorded in the following order of priority:

- 1st Permanent loan
- 2nd Hodag
- 3rd RHCP
- 4th CDBG

Section 10: This resolution shall be effective upon its adoption.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

1100WPP(1383)

# RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

August 23, 1988

## DESIGNATION OF LOANS TO RIVERVIEW PLAZA

WHEREAS, the Redevelopment Agency of the City of Sacramento had previously intended to commit tax increment cash as an interim construction loan to the Housing Authority, for the development of Riverview Plaza, (the Project); and

WHEREAS, the Housing Authority is proposing to transfer the ownership of the Project to a limited Partnership (the Partnership) for the purposes of syndicating Riverview Plaza.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The \$7,040,000 construction loan from FUND 100 provided by the City Redevelopment Agency to the City Housing Authority for the construction of Riverview Plaza shall be transferred to the Partnership.

Section 2: The loan shall be non-recourse debt and bear interest at rate of ten (10) percent.

Section 3: The principal and interest on the construction loan shall be paid to the Redevelopment Agency upon the funding of a permanent loan on the Project.

Section 4: This resolution is effective upon its adoption.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

1100WPP2(1399)

# RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO  
ON DATE OF

August 23, 1988

## DESIGNATION OF LOANS TO RIVERVIEW PLAZA

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

WHEREAS, the Housing Authority of the City of Sacramento is developing Riverview Plaza (the Project) at 620 I St.; and

WHEREAS, the Housing Authority is proposing to transfer the ownership of the residential portion of the building to a limited partnership (the Partnership).

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The note and deed of trust by the Authority in favor of California Housing Finance Agency, dated September 25, 1986, and the amendment to said note, dated March 30, 1988, shall be assigned to the Partnership.

Section 2: The Regulatory Agreements and Restrictive Covenants related to the Project shall be assigned to and assumed by the Partnership in writing.

Section 3: The promissory note in the principal amount of \$2,000,000 between the City of Sacramento and the Authority, executed September 25, 1986, shall be assigned to and assumed by the Partnership in writing.

Section 4: The Executive Director is authorized to execute such instruments and take such actions necessary to carry out the provisions of this resolution.



Section 5: This resolution shall be effective upon its adoption.

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CHAIR

ATTEST:

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SECRETARY

1100WPP2(1383)