

**RESOLUTION NO. 99-001**

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF JAN 05 1999

**CENTRAL CITY HOUSING NOTICE OF FUNDING  
AVAILABILITY; CITY LOW-INCOME HOUSING TRUST  
FUND ADMINISTRATIVE GUIDELINES AMENDMENT**

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

Section 1. The Executive Director is authorized to issue a Notice of Funding Availability (NOFA), attached to this resolution, which calls for the development of housing in the Central City of Sacramento (area bounded by Highway 50, the Capitol City Freeway, the American River, and the Sacramento River), affordable to low or moderate income households.

Section 2. For developments of more than eleven (11) units, development proposals are to pay all workers a wage rate equivalent to 85% of the state prevailing wage.

Section 3. The Executive Director is authorized to establish a selection committee to review the proposals. Selection Committee members will include a Sacramento Housing and Redevelopment Commissioner, an Agency staff member, a staff member from the City's Downtown Enterprise Department, a private lender or developer, a central city representative and a licensed architect.

Section 4. Merged Downtown 1998 Tax Allocation Bond funds in the amount of \$5.7 million and \$2.3 million from City Housing Trust Fund are appropriated to provide funding for projects selected and approved for funding through the Central City of NOFA.

Section 5. Merged Downtown 1998 Tax Allocation Bond funds in the amount of \$300,000 are appropriated to the Fainted Ladies Loan Program.

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**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

**NOTICE OF FUNDING AVAILABILITY (DRAFT)**

**CENTRAL CITY HOUSING**

**January 6, 1999**

**ATTACHMENT I**

The Redevelopment Agency of the City of Sacramento is offering financing for the development of market-rate or mixed-income housing within the Central City of Sacramento.

A total of \$8,000,000 of funding is available to assist in the development of Central City housing projects and is available as follows:

\$5.7 million Tax Increment

\$2.3 million Housing Trust Fund

\$8.0 million total

Proposals for the following project types and size will be received:

- Rental or ownership housing - mixed use, live work, loft, adaptive re-use or other types of unique urban housing
- New Construction (10 units or more)
- Rehabilitation (10 units or more)
- Adaptive Reuse – conversion of buildings to residential use (No size restriction)

In order to be accepted as complete, each proposal must contain the completed Agency application with all attachments including letters of interest from proposed financing sources prior to the submission deadline of Wednesday April, 28, 1999.

Agency funding shall be used to supplement construction financing from conventional sources, grants, or loans from other sources, and owner/developer equity. Applicants are expected to make an equity contribution and to obtain the maximum conventional debt financing, as well as to aggressively seek out funding from other private and public sources. Applications will be subject to the attached guidelines.

ALL PROPOSALS MUST BE RECEIVED NO LATER THAN 5:00 P.M., WEDNESDAY APRIL 14, 1999, IN THE OFFICE OF THE AGENCY CLERK, 630 I STREET, 3<sup>RD</sup> FLOOR, SACRAMENTO, CA 95814.

For more information, contact Lisa Bates, Development Services, Housing Finance Division, 630 I Street, 2<sup>nd</sup> Floor, Sacramento, CA, 95814 (916) 440-1399 extension 1421.

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## SELECTION PROCESS

- All proposals shall be reviewed by Agency staff for completeness and responsiveness to the threshold requirements of the NOFA, and the rules and regulations of the funding sources (Housing Trust Fund and Downtown Tax Increment funds)
- Projects will be evaluated in accordance with the project priorities listed below.
- Qualified proposals will be reviewed by a Selection Committee whose members will include Sacramento Housing and Redevelopment Commissioner, Agency staff member, City staff member, licensed architect, private lender/developer, and central city neighborhood representative. The Selection Committee will select those proposals that best meet the objectives of this NOFA and which will maximize the use of available funds.
- The Agency shall apply industry- and Agency-standard underwriting criteria in assessing the need for Agency funding. The Agency reserves the right to recommend alternative financing structures, to make modifications to development proposals, and to reject at its sole discretion proposals which it deems incomplete or non-responsive.
- Proposals selected by the Selection Committee for funding shall be forwarded to the Redevelopment Commission and City Council for final approval.

## PROJECT PRIORITIES:

The Redevelopment Agency of the City of Sacramento has the following project priorities for funding of applications:

### Design

Projects which:

- Create a residential community which revitalizes, integrates into and enhances the surrounding neighborhood
- Present a catalyst for revitalizing Central City neighborhoods
- Provide for a superior urban design that will enhance the look and feel of the neighborhood and incorporates street friendly, pedestrian friendly elements
- Provide for exceptional amenities including parking, open space, and other resident facilities.
- Maximize the number of units provided on the site

### Type

- Mixed-use projects that support and complement residential use in the Central City
- Mixed income projects that incorporate very low and low income units

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- Projects that preserve architecturally and historically significant structures
  - Projects that provide for a net increase in housing units in the Central City (substantial rehabilitation and adaptive reuse of existing buildings qualify)

**Location**

- Projects close to support services (neighborhood serving retail and business)
- Adaptive reuse of buildings in the K Street and R Street areas

**Economics**

- Projects that can demonstrates market viability for proposed product type
- Projects that are economically feasible, generate property tax or other revenues for the City, and leverage other funds
- Projects which provide mechanism to leverage additional State or Federal public financing for City (i.e. for infrastructure improvements)

**Readiness**

- Aggressive schedule for development

**PROJECT REQUIREMENTS:**

- The proposal must include evidence that the proposer owns the property or has a legally binding contract as of the application deadline.
- The proposal must include a letter of acknowledging the proposal from the Council Member's office whose district the project is located.
- The proposal must be consistent with all related community plans and strategies including but not limited to: Central City Housing Strategy, Central City Community Plan, Capitol Area Plan, R Street Corridor Plan, Merged Downtown Redevelopment Plan and Central City Neighborhood Design Guidelines

**TYPES OF ASSISTANCE**

Agency loans are intended to provide "gap" financing, and applicants are expected to maximize the use of private capital. In reviewing applications, the Agency uses the following general underwriting guidelines.

**TYPES OF LOANS.** Loans can be for acquisition/rehabilitation, construction, bridge, and permanent financing. Predevelopment financing is generally not provided.

**EQUITY.** A minimum equity contribution of 10 percent of value is required. Agency staff will determine the financing gap and need for funds based on its review and analysis of the application.

**INTEREST RATE.** Four percent (4%) simple.

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CLTV. The total combined debt on rental property should not exceed 90 percent of the value of the project. For ownership projects, debt may be forgiven for costs that exceed market value.

AMORTIZATION/REPAYMENT. Amortization and repayment schedules for direct loans are flexible and can be tailored to project feasibility requirements; however, the maximum repayment term is 30 years, and loans are expected to be fully repaid.

APPLICATION. To be considered for funding, all applications must be complete and meet Project Requirements listed above.

**FUNDING REQUIREMENTS:**

**Tax Increment:**

All units within the project must be affordable to families earning up to 110 percent of median income for a 30-year period.

**Housing Trust Fund**

Ten percent of the units in the project must be set-aside for families earning up to 80 percent of median income for a 30-year period. For rental projects rents must be affordable to tenants earning 60 percent of median income and for homeownership projects homes must be affordable to families earning 80 percent of median income.

**AFFORDABILITY**

Affordability is based on the area median income for the County of Sacramento. The median income will likely increase for 1999. The following table summarizes the 1998 income data for various households:

HOUSEHOLD SIZE	AREA MEDIAN INCOME	50 % OF AMI	60 % OF AMI	80% OF AMI	110% OF AMI
1	\$36,000	\$18,000	\$21,600	\$28,800	\$39,600
2	\$41,100	\$20,550	\$24,660	\$32,900	\$45,210
3	\$46,300	\$23,150	\$27,780	\$37,000	\$50,930
4	\$51,400	\$25,700	\$30,840	\$41,100	\$56,540
5	\$55,500	\$27,750	\$33,300	\$44,400	\$61,050
6	\$59,600	\$29,800	\$35,760	\$47,700	\$65,560

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**MAXIMUM RENTS**

The maximum rent to be charged for an assisted unit may not exceed 30 percent of the targeted income adjusted for household size appropriate for the unit, less an allowance of utilities. The following table summarizes rent data for various units sizes and income levels:

1998 MAXIMUM RENTS				
BEDROOM SIZE	EST. UTILITY ALLOWANCE	50% NET RENT	60% NET RENT	110 % NET RENT
0	\$29	\$421	\$511	\$961
1	\$37	\$444	\$541	\$1,023
2	\$53	\$525	\$641	\$1,220
3	\$72	\$596	\$729	\$1,398
4	\$89	\$656	\$805	\$1,550
5	\$105	\$716	\$881	\$1,703

**MAXIMUM SALES PRICE**

For homeownership projects the house payment may not exceed 30 percent of 80 percent of median income for HTF assisted units and 35 percent of 110 percent for tax increment assisted units. The following table summarizes approximate sales price limits based on 1998 income data:

1998 MAXIMUM SALES PRICE		
BEDROOM SIZE	80% PRICE	110% PRICE
2	\$102,985	\$165,205
3	\$114,329	\$183,400

**CALCULATION OF ASSISTED UNITS**

For Housing Trust Funds, the number of "assisted units" is determined by dividing the Agency loan amount by the total cost of the project and multiplying by the total number of units in the project. For example:

$$\$500,000 \text{ loan amount} \div \$2,000,000 \text{ total cost} \times 70 \text{ units} = 17.5 \text{ (18 assisted units)}$$

All units within projects assisted with TI funds are considered assisted units.

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## SUBMITTAL REQUIREMENTS

Completed application that includes the following information:

### Property Information

Evidence of site control. Applicant must be legal owner or a binding purchase agreement must be in place. Letters of intent are not acceptable.

Current preliminary title report (must be dated within 6 months).

Location map.

Soils, Phase 1 report, asbestos and/or lead materials report, if rehab.

Current structural pest report, if rehab.

Sewer scope report.

### Project Information

Site plan, to scale, indicating existing and proposed improvements.

Building plans, to scale, indicating existing and proposed improvements.

Evidence of entitlements or description entitlements need and projected schedule for obtaining

Scope of work including structural repairs, hazardous materials abatement, sewer repair, fire marshal, utility company requirements, and unit-by-unit replacement needs.

Cost estimates corresponding to scope of work. In order for a commitment to be made, sufficient cost detail must be provided.

Proforma budget

Market analysis

Proforma cash flow statement and 10-year operating statement showing all loan payments

Status of other financing commitments.

Management plan consistent with Agency standards.

Letter of acknowledgement from Council/Supervisor District Office.

### Developer Information

Last three years financial statements for each partner/developer

Current personal financial statement, and past three years tax returns for each partner or stockholder with 20 percent or more ownership of the business.

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Organizational status, structure and documentation for each separate ownership entity and the borrowing entity (articles of incorporation, by-laws, partnership agreements, 501(c)(3) status- if applicable)

Disclosure regarding default/bankruptcy

Resume of team

IRS form 8821

**Business and Employment Opportunity Requirements**

The Agency's Office of Equal Opportunity in Construction (OEOC) shall assist applicants in designing a plan that offers employment and economic opportunities to area residents, local small businesses, and M/WBE firms. The Agency's development assistance agreement will include this agreed upon plan.

**Tentative Schedule**

NOFA Issued	January 6, 1999
NOFA submission deadline	April 28, 1999
Staff review of applications	April 28, 1999 to May 28, 1999
Selection Committee review and interview	Week of June 7, 1999
Selection of applicants	June 14, 1999
Negotiation Period	June 14, 1999 – September 15, 1999
Approved by Redevelopment Commission	October 1999
Adopted by City Council	November 1999

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Section 6. Staff is directed to return to Council after twelve months, from the implementation of this prevailing wage requirement, to provide Council with Staff's analysis of the prevailing wage requirement on locally funded projects. At that time, Staff will also make its recommendation regarding the prevailing wage requirement.

Section 7. The City Low-Income Housing Trust Fund Administrative Guidelines are amended to include the following:

Under "Eligible Projects:" For the Central City, a minimum of ten percent of the units will meet occupancy and rent requirements.

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CHAIR

ATTEST:

SECRETARY

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