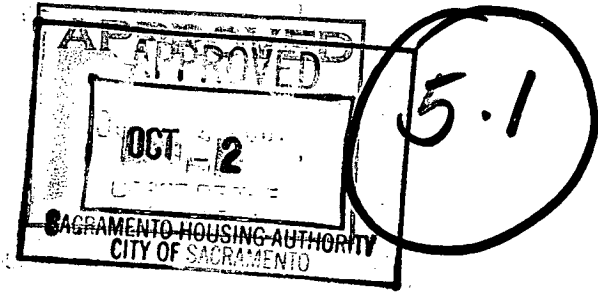




**Sacramento  
Housing &  
Redevelopment  
Agency**



September 19, 2001

Housing Authority of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT: APPROVAL OF BOND DOCUMENTS TO FINANCE THE FLORIN  
MEADOWS APARTMENTS (7301 29<sup>th</sup> Street)**

**LOCATION & COUNCIL DISTRICT - 7301 29<sup>th</sup> Street, District 8**

**RECOMMENDATION**

Staff recommends adoption of the attached resolution, which authorizes the Executive Director or her designee to approve the issuance of not more than \$10,000,000 in tax-exempt multifamily mortgage revenue bonds for the acquisition and rehabilitation financing for the Florin Meadows Apartments.

**CONTACT PERSONS**

Beverly Fretz-Brown, Development Services Director, 440-1357  
Darren Bobrowsky, Program Manager, 440-1328

**FOR COUNCIL MEETING OF October 2, 2001**

**SUMMARY**

This report recommends final authorization of a \$10,000,000 multifamily mortgage revenue bond issue to provide acquisition, rehabilitation, and permanent financing for the Florin Meadows Apartments. The Housing Authority of the City and City Council previously held hearings and adopted resolutions approving this project subject to the award of private activity bond allocation and approval of bond documents.

## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority  
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### BACKGROUND

#### Prior Governing Board Action

On May 2, 2001, the Housing Authority of the City of Sacramento and City Council held an inducement and Tax Equity and Fiscal Responsibility Act (TEFRA) hearings and adopted resolutions authorizing the issuance of tax-exempt mortgage revenue bonds for Florin Meadows Apartments, subject to private activity bond allocation from the State.

On August 22, 2001, the California Debt Limit Allocation Committee (CDLAC) awarded an allocation of private activity bonds for this project. Bonds must be issued within 120 days of this allocation date.

#### Project Description

Florin Meadows Apartments is a 244-unit affordable rental complex located at 7301 29<sup>th</sup> Street (a map is included in Attachment I). The project was originally financed with federal funding and therefore has a project based Section 8 contract making all the units affordable. This federal financing can now be repaid and therefore the property is subject to being converted to market rate rents resulting in the loss of 244 affordable units. Through the use of the of tax exempt mortgage revenue bonds, low income housing tax credits, and an approved Agency loan of \$1,200,000, the units will remain affordable for an additional 55 years.

The project's scope of rehabilitation will include renovation of an office and recreation center in one building and Head Start classrooms and Neighborhood Networks Learning Center in another building for a total of 5,000 square feet in community space. Five percent of the apartment units will have retrofitted bathrooms and accessible entries to comply with the Americans with Disabilities Act. Apartment rehabilitation will include new dual-pane windows, new appliances, kitchen counters, plumbing, tub surrounds, doors and new floors. Two of the project's three tot lots will be upgraded and one will be replaced with an adventure lot for older children. In addition, the developer will have a higher than normal annual replacement reserves and capitalize a replacement reserve of \$150,000 at close of escrow to meet the Agency's rehabilitation standards and expected useful life schedule. A project summary is included as Attachment II.

## SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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### Developer

The Developer, FM Florin Meadows Associates, L.P., is comprised of Pacific American Properties, Inc., Jon Berkley Management Inc., and Pacific Housing, the non-profit managing general partner. Pacific American Properties Inc. is experienced in the development of affordable apartment properties including two affordable developments in Sacramento, Parkside Terrace and Countrywood Village Apartments. Since 1995, Pacific American Properties and their market rate parent company, Flower Flanagan, have acquired over 140 multi-family properties containing over 30,000 units.

Jon Berkley Management, Inc. currently manages the project and will continue to provide property management services. Jon Berkley Management Inc. has successfully turned around troubled properties plagued with gang and drug activities including the subject property, Florin Meadows and Whispering Pines Apartments, by working with the residents, establishing resident councils, special resident support groups, and partnering with local law enforcement.

Pacific Housing, Inc., the non-profit managing general partner, will provide the resident services for the tenants of this property. These services include an expanded Head Start program, continuation of a computer learning center operated by Neighborhood Networks, creation of an after-school program that offers homework assistance, and a job training and placement program.

### FINANCIAL CONSIDERATIONS

The proposed mortgage revenue bonds will not be an obligation of the City, Housing Authority, or the Agency. Instead, they will be an obligation of the project's owner and will privately placed with US Bank. Upon issuance of the bonds, the Agency will collect a one-time fee of 25 basis points (.25%) of the issuance amounts (\$25,000). The Agency will also collect annual administrative fees equal to 15 basis points (.15%) of the issuance amount (\$15,000) to offset the ongoing monitoring of the project. A project cash flow is provided as Attachment III.

### POLICY CONSIDERATIONS

The actions recommended in this report are consistent with previously approved Mortgage Revenue Bond Policy. The Agency will actively monitor the developer's compliance with the regulatory agreement and the physical condition of the property.

### ENVIRONMENTAL REVIEW

The proposed action is exempt from CEQA per Guidelines Section 15301, and categorically excluded from NEPA per 24 CFR Part 58.35(a)(3).


**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Housing Authority  
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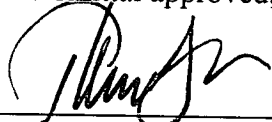
**M/WBE CONSIDERATIONS**


M/WBE considerations are not applicable to the actions recommended in this report.

Respectfully submitted,

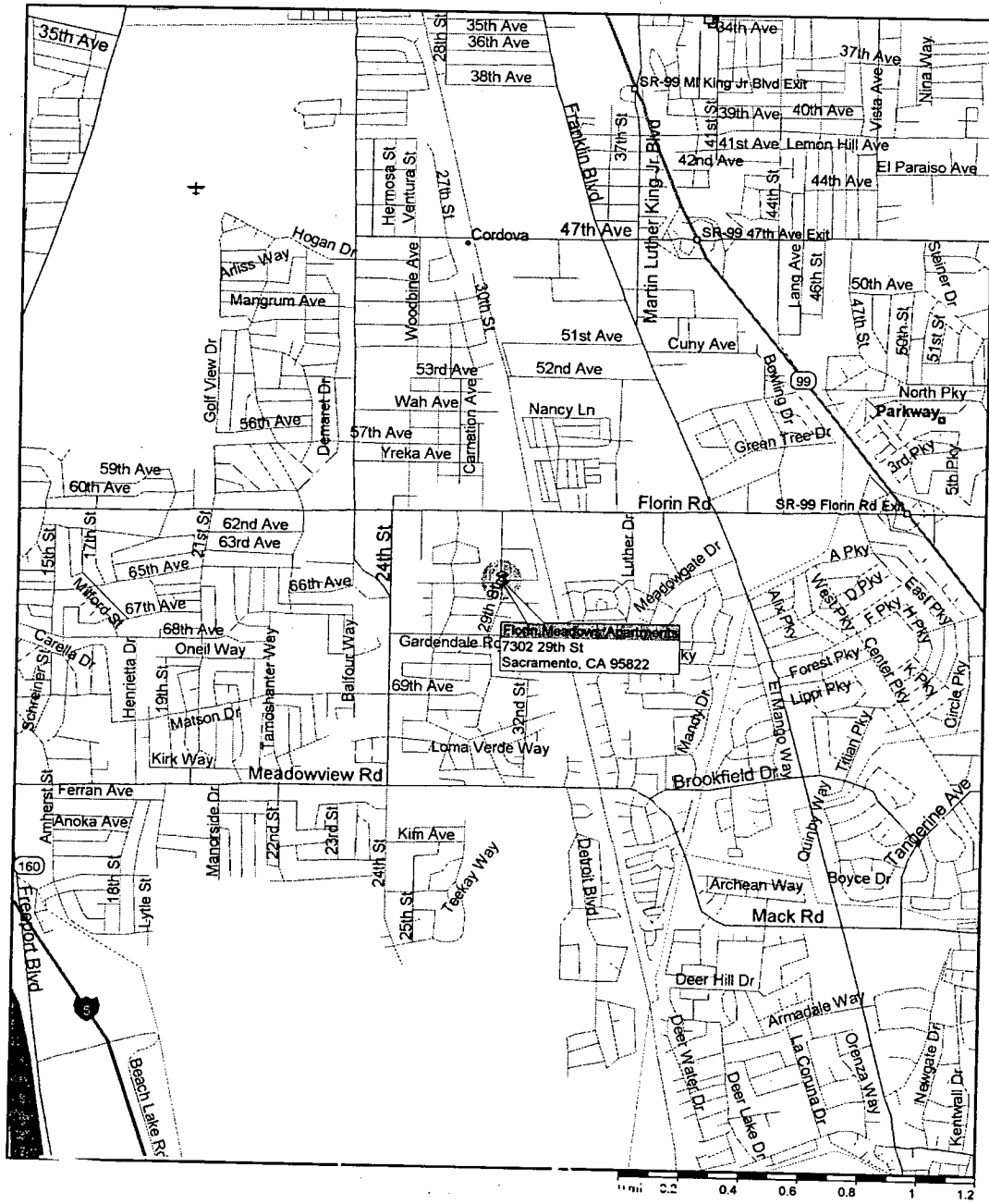
  
ANNE M. MOORE  
Executive Director

Transmittal approved,



 ROBERT P. THOMAS  
City Manager

### FLORIN MEADOWS APARTMENTS



		<b>Florin Meadows Apartments</b>			
<b>Address</b>	7301 29th Street				
<b>Number of Units</b>	244				
<b>Year Built</b>	1965				
<b>Affordability</b>	20% of units @ or below 50% of median 80% of units @ or below 60% of median				
<b>Unit Mix and Rents</b>	<b>HOME</b>	<b>Bond</b>	<b>Tax Credit</b>		
2 BD / 1 BA	12 @ \$569	20 @ \$575	127 @ \$600		
3 BD / 1 BA	1 @ \$645, 5@ \$653	11@ \$653	68 @ \$700		
<b>Square Footage</b>	2 BD	750			
	3 BD	915			
<b>Resident Facilities</b>	Basketball Court, three tot lot (one adventure), on-site computer learning center, two laundry rooms, 5,000 square feet of office/recreation center plus a HeadStart childcare and computer learning center (two separate buildings).				
<b>Sources and Uses of Funds</b>					
<b>Sources</b>					
			<b>Per Unit</b>	<b>Per Square Foot</b>	
Bond Proceeds	\$ 10,000,000	\$	40,984	\$ 115.91	
Investor Equity	\$ 3,939,547	\$	16,146	\$ 45.66	
Developer Fee Note	\$ 904,402	\$	3,707	\$ 10.48	
Interest Income	\$ 145,797	\$	598	\$ 1.69	
Cash flow during rehabilitation	\$ 196,283	\$	804	\$ 2.28	
Agency Loan	\$ 1,200,000	\$	4,918	\$ 13.91	
<b>Total Sources of Funds</b>	<b>\$ 16,386,029</b>	<b>\$</b>	<b>67,156</b>	<b>\$ 82.96</b>	
<b>Uses</b>					
			<b>Per Unit</b>	<b>Per Square Foot</b>	
Property Acquisition	\$ 10,200,000	\$	41,803	\$ 118.23	
Construction	\$ 4,079,713	\$	16,720	\$ 47.29	
Survey Engineering	\$ 21,000	\$	86	\$ 0.24	
Loan Interest prior to Perm. Loan	\$ 202,033	\$	828	\$ 2.34	
Bond Financing Costs	\$ 278,250	\$	1,140	\$ 3.23	
Legal	\$ 72,500	\$	297	\$ 0.84	
Other Costs	\$ 182,533	\$	748	\$ 2.12	
Capitalized Reserves	\$ 150,000	\$	615	\$ 1.74	
Developer Fee	\$ 1,200,000	\$	4,918	\$ 13.91	
<b>Total Uses of Funds</b>	<b>\$ 16,386,029</b>	<b>\$</b>	<b>67,156</b>	<b>\$ 82.96</b>	
<b>Management - Operations</b>					
Proposed Developer	FM Florin Meadows Associates L.P.				
Property Management Company	Jon Berkeley Management Inc.				
Operations Budget (Total / Per Unit)	\$ 764,129	\$	3,132		
Reserves (Total / Per Unit)	\$ 73,200	\$	300		
Letter of Credit Provided By:	US Bank				
Tax Credit Investor	Paramount Financial				

FLORIN MEADOWS APARTMENTS

Bond Financing  
\$10,000,000 @ 6.415% interest-only first 2 years, amortized over 30 years, 17 year call

Agency Financing  
\$1,200,000 @4% 30 years.

Attachment III

(17)

Unit Type	Number	Square Ft.	Total Sq.Ft.	Monthly Rent (Net)	Per Sq. Ft.	Gross Annl. Rent
2 Bedroom / 1 Bath - VL HOME LHR	3	750	2,250	\$ 569	\$ 0.76	\$ 20,484
2 Bedroom / 1 Bath - VL HOME HHR	9	750	6,750	\$ 569	\$ 0.76	\$ 61,452
2 Bedroom / 1 Bath - 50% median	20	750	15,000	\$ 575	\$ 0.77	\$ 138,000
2 Bedroom / 1 Bath - 60% median	127	750	95,250	\$ 600	\$ 0.80	\$ 914,400
3 Bedroom / 1 Bath - VL HOME LHR	1	915	915	\$ 645	\$ 0.70	\$ 7,740
3 Bedroom / 1 Bath - VL HOME HHR	5	915	4,575	\$ 653	\$ 0.71	\$ 39,180
3 Bedroom / 1 Bath - 50% median	11	915	10,065	\$ 653	\$ 0.71	\$ 86,196
3 Bedroom / 1 Bath - 60% median	68	915	62,220	\$ 700	\$ 0.77	\$ 571,200
Total / Average	244	860	197,025	\$ 621	\$ 0.75	\$ 1,838,652

	Increase / Yr	Per Unit	1	2	3	4	5	10	15	20	25	30
Annualized Gross Income	2.5%	\$ 7,648	\$ 1,866,232	\$ 1,912,888	\$ 1,960,710	\$ 2,009,728	\$ 2,059,971	\$ 2,330,668	\$ 2,636,937	\$ 2,983,452	\$ 3,375,502	\$ 3,819,071
Other Income	2.5%	171	50,752	52,021	53,321	54,654	56,021	63,382	71,711	81,135	91,796	103,859
Vacancy / Concessions / Employee (5%)		(393)	(95,849)	(95,644)	(98,035)	(100,486)	(102,999)	(116,533)	(131,847)	(149,173)	(168,775)	(190,954)
Effective Gross Income		\$ 7,464	\$ 1,821,135	\$ 1,869,264	\$ 1,915,996	\$ 1,963,896	\$ 2,012,993	\$ 2,277,517	\$ 2,576,801	\$ 2,915,414	\$ 3,298,523	\$ 3,731,976
<b>Expenses</b>												
Operating and Maintenance	3.5%	\$ 3,005	733,321	758,987	785,552	813,046	841,503	999,441	1,187,023	1,409,811	1,674,413	1,988,677
Property Taxes	2.0%	\$ 126	30,808	31,424	32,053	32,694	33,348	36,818	40,651	44,881	49,553	54,710
Capital Expenditures & Reserves	3.5%	\$ 300	73,200	75,762	78,414	81,158	83,999	99,764	118,488	140,727	167,140	198,509
Total Expenses		\$ 3,432	\$ 837,329	\$ 866,173	\$ 896,018	\$ 926,898	\$ 958,849	\$ 1,136,024	\$ 1,346,162	\$ 1,595,419	\$ 1,891,105	\$ 2,241,897
Net Operating Income		\$ 4,032	\$ 983,806	\$ 1,003,091	\$ 1,019,978	\$ 1,036,998	\$ 1,054,144	\$ 1,141,493	\$ 1,230,639	\$ 1,319,995	\$ 1,407,418	\$ 1,490,080
Debt Service - Tax-exempt Bonds		\$ (2,629)	(641,500)	(641,500)	(751,786)	(751,786)	(751,786)	(751,786)	(751,786)	(751,786)	(751,786)	(751,786)
SHRA Loan**		\$ (282)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)	(\$68,748)
Combined Debt Service		\$ (2,911)	(\$710,248)	(\$710,248)	(\$820,534)	(\$820,534)	(\$820,534)	(\$820,534)	(\$820,534)	(\$820,534)	(\$820,534)	(\$820,534)
Debt Coverage Ratio- Tax Exempt Bonds			1.53	1.56	1.36	1.38	1.40	1.52	1.64	1.76	1.87	1.98
Debt Service Ratio - Bonds and Subordinate			1.39	1.41	1.24	1.26	1.28	1.39	1.50	1.61	1.72	1.82
Cash Flow after Debt Service		\$ 1,121	\$ 273,558	\$ 292,843	\$ 199,444	\$ 216,464	\$ 233,610	\$ 320,959	\$ 410,106	\$ 499,461	\$ 586,884	\$ 669,546
Beginning Developer Fee Balance		\$ 1,200,000	\$ 904,402	\$ 685,108	\$ 433,372	\$ 259,931	\$ 64,818					
Interest Accrued	6%		\$54,264	\$41,106	\$26,002	\$15,596	\$3,889					
Payments		\$ 295,598	273,558	292,843	199,444	216,464	233,610					
Ending Developer Fee Balance		\$ 904,402	\$ 685,108	\$ 433,372	\$ 259,931	\$ 64,818	(0)					

## Maximum Rent and Income Restrictions

### Mortgage Revenue Bond Program

(20% of units set aside for tenants at or below 50% of area median income(AMI))

Maximum Income Limits:	
<u>Family Size</u>	50% AMI <u>Max. Income</u>
1 person	\$ 19,700
2 person	\$ 22,500
3 person	\$ 25,350
4 person	\$ 28,150

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Rent</u>
1 Bedroom	\$ 562
2 Bedroom	\$ 634
3 Bedroom	\$ 704

### Four Percent Low-Income Housing Tax Credit Program

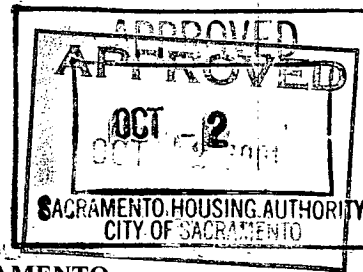
(Rents @ 60% of area median income less a utility allowance)

Maximum Income Limits:	
<u>Family Size</u>	60% AMI <u>Max. Income</u>
1 person	\$ 23,640
2 person	\$ 27,000
3 person	\$ 30,420
4 person	\$ 33,780

Maximum Rent Limits:	
<u>Unit Size</u>	<u>Approx. Net Rent</u>
1 Bedroom	\$ 596
2 Bedroom	\$ 707
3 Bedroom	\$ 806





**RESOLUTION NO. <sup>HA</sup> 2001-012**

**ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO**

ON DATE OF \_\_\_\_\_

**AUTHORIZATION FOR THE ISSUANCE, SALE AND DELIVERY OF HOUSING AUTHORITY OF THE CITY OF SACRAMENTO MULTIFAMILY HOUSING REVENUE BONDS (FLORIN MEADOWS APARTMENTS) 2001 ISSUE G, AUTHORIZATION FOR THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A FINANCING AGREEMENT AND A REGULATORY AGREEMENT, AND AUTHORIZATION FOR THE EXECUTION AND DELIVERY OF AND APPROVING OTHER RELATED DOCUMENTS AND APPROVING OTHER RELATED ACTIONS IN CONNECTION THEREWITH**

WHEREAS, Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, commencing with Section 34200 (the "Act"), authorizes housing authorities to incur indebtedness for the purpose of financing the acquisition, construction, rehabilitation and development of multifamily rental housing facilities to be occupied in part by persons of low and very low income;

WHEREAS, the Housing Authority of the City of Sacramento (the "Authority") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to engage in a program (the "Program") of financing the acquisition, rehabilitation and development of multifamily rental housing facilities, and has determined to borrow money for such purpose by the issuance of revenue bonds as authorized by the Act;

WHEREAS, the Authority hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act;

WHEREAS, Florin Meadows Associates L.P., a California limited partnership (the "Borrower"), has requested that the Authority issue and sell the Bonds (hereinafter defined) for the purpose of financing the acquisition, rehabilitation and development of a multifamily rental housing project to be commonly known as Florin Meadows Apartments located at 7301 29<sup>th</sup> Street, Sacramento, California (the "Project"); and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds and the implementation of the Program as contemplated by this resolution and the documents referred to herein 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.

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

NOW, THEREFORE, BE IT RESOLVED by the Housing Authority of the City of Sacramento, as follows:

Section 1. The Authority hereby finds and declares that the above recitals are true and correct.

Section 2. Pursuant to the Act, revenue bonds of the Authority, designated as "Housing Authority of the City of Sacramento Multifamily Housing Revenue Bonds (Florin Meadows Apartments) 2001 Issue G" in an aggregate principal amount not to exceed \$10,500,000 (the "Bonds"), are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chairperson, Vice Chairperson or Executive Director of the Authority, and attested by the manual or facsimile signature of the Secretary of the Board of the Authority or the Clerk of the Sacramento Housing and Redevelopment Agency (the "Clerk"), in the form set forth in and otherwise in accordance with the Indenture (hereinafter defined).

Section 3. The following documents with respect to the Bonds (the "Bond Documents") between and/or among the Authority and the institution's named therein, in the forms on file with the Clerk, are hereby approved:

(a) a trust indenture (the "Indenture") between the Authority and [Wells Fargo Bank, National Association], as trustee (the "Trustee");

(b) a financing agreement (the "Financing Agreement") among the Authority, the Trustee and the Borrower; and

(c) a regulatory agreement and declaration of restrictive covenants (the "Regulatory Agreement") among the Authority, the Trustee and the Borrower.

The Chairperson, the Vice Chairperson or the Executive Director of the Authority (the "Designated Officers") are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Documents, and the Secretary of the Board of the Authority or the Clerk is hereby authorized and directed, for and in the name and on behalf of the Authority, to attest the Designated Officer's signature on the Bond Documents, if necessary, in substantially said forms, with such additions thereto or changes therein as are recommended or approved by such officers upon consultation with bond counsel to the Authority, including such additions or changes as are necessary or advisable in accordance with Section 5 hereof (provided that no additions or changes shall authorize an aggregate principal amount of Bonds in excess of \$10,500,000), the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the Authority of the Bond Documents. The date, maturity dates, interest rate or rates, interest payment dates, denominations, form registration privileges, manner of execution, place of payment, terms of redemption, and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 4. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_ (10)

executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchasers thereof in accordance with written instructions executed on behalf of the Authority by one of the Designated Officers, which instructions such officers are, and each of them is, hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchasers thereof upon payment of the purchase price therefor.

Section 5. All actions heretofore taken by the officers and agents of the Authority with respect to the establishment of the Program and the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the Authority, including the Designated 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, including, but not limited to, determining the principal amount of the Bonds to be issued and delivered (provided such aggregate principal amount shall not exceed \$10,500,000) and any remarketing provisions with respect thereto, and execute and deliver 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 and resolutions heretofore adopted by the Authority and in order to carry out the Program, including but not limited to those certificates, agreements, deeds of trust and other documents described in the Indenture, the Financing Agreement, the Regulatory Agreement and the other documents herein approved and any certificates, agreements or documents as may be necessary to further the purpose hereof, evidence credit support or additional security for the Bonds, but which shall not create any obligation or liability of the Authority other than with respect to the revenues and assets derived from the proceeds of the Bonds.

Section 6. This resolution shall take effect immediately upon its adoption.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_