

City of Sacramento

Legislation Details (With Text)

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Title: (Housing Authority) Riverview Plaza Asset Repositioning Update [Oral Report]
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Date	Ver.	Action By	Action	Result
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Title:
(Housing Authority) Riverview Plaza Asset Repositioning Update [Oral Report]

File ID: 2019-00577

Location: Riverview Plaza, 600 I Street, District 4

Recommendation:

Receive and file.

Contact: LaTanna Jones, Assistant Director, (916) 440-1334, Sacramento Housing and Redevelopment Agency

Presenter: LaTanna Jones, Assistant Director, (916) 440-1334, Sacramento Housing and Redevelopment Agency

Attachments:

1-Description/Analysis
2-Map

Description/Analysis

Issue Detail: Riverview Plaza is a 16-story residential and commercial mixed-use building located at 600 I Street in Downtown Sacramento which was developed in 1988 as a tax credit project. The

residential portion of the development consists of 124 one-bedroom apartments rented to low- and very-low income senior and disabled residents and is owned by Riverview Plaza Associates, a California Limited Partnership comprised of the Housing Authority of the City of Sacramento and Sacramento Housing Development Corporation (SHDC). The County Board of Supervisors serves as the Board of SHDC and SHRA staff manages the property. The current rental structure of Riverview Plaza is broken out into three tiers as outlined below.

<i>Tier</i>	<i># of Units</i>	<i>Income Restriction (Area Median Income)</i>	<i>End of Compliance Period</i>
1	25	50%	2019
2A	18 HODAG*	50%	2009
2B	33**	50%	2063
3	47	60%	2019

**Housing Development Action Grant*

***Downtown Housing Set Aside Units*

The property is currently encumbered with one permanent loan from the California Housing Finance Agency's (CALHFA) Rental Housing Construction Program. The principal loan amount is \$932,743 with accrued interest in the amount of \$839,460. This loan was extended in 2016 for three years with the full balance due by December 31, 2019.

Staff has assessed the property and has identified a number of issues that need to be addressed which include:

- 1) **Lack of net operating income (NOI)** - NOI is marginal at the site resulting in no additional revenue to pay the CALHFA loan. The Housing Authority has complied with the regulatory requirements to target very-low and low- income households paying affordable rents. However, this requirement has limited the ability to modify rents at a pace consistent with other affordable tax credit properties.
- 2) **Age of building** - The building has aged and a number of repairs need to be immediately addressed. The last substantial rehabilitation on the property occurred in 2008 and the building has not produced sufficient income to support major system repairs since that time. The building currently has a number of issues including water intrusion, outdated HVAC systems, failing drainage pipes, aged elevator systems, flooring throughout the building that need to be replaced, outdated interior and common area facilities, and portions of the building's fire, life and safety evacuation systems that need to be upgraded.

Overall, the current financial and physical structure of Riverview Plaza is not sustainable. Staff has been reviewing a variety of options including tax credits, project basing, and mixed income housing to

ensure that the property can be refinanced and properly structured to support the mission of providing decent, safe and affordable housing. In 2018, the Housing Authority hired CSG Advisors, a financial consulting firm, to assess the property and provide options to refinance Riverview Plaza as part of an asset reposition strategy to restructure all properties managed by the Housing Authority. CSG's analysis proposed a variety of options including utilizing four percent or nine percent tax credits for the repairs, utilizing Project-Based Section 8 vouchers, and/or converting all but the 33 units to market rate. Consistent with the Housing Authority's mission to promote affordable housing opportunities for very-low and low-income households, the goal would be to maintain all units as affordable.

The next steps in evaluating a refinancing strategy will be threefold:

1. Complete a physical needs assessment (PNA) of the property. The PNA will help determine the physical integrity of the structure and establish a basis for the scope of work and cost estimates required for repairs to the property.
2. Meet with residents. Staff will meet with residents of Riverview Plaza ensure a transparent and inclusive process. Resident input will be used to help shape the potential scope of work for the units and building.
3. Meet with CALHFA. Meetings will be scheduled with CALHFA staff to provide them with updates on the Housing Authority's plan to refinance Riverview Plaza and for CALHFA staff to provide input on those proposed plans.

The Housing Authority will return to the SHDC Board and to the City Housing Authority Board to provide updated information and potential refinancing options. SHRA's goal for the property is to upgrade the building and implement a long term financial plan which preserves the units as affordable housing for senior and disabled residents.

Policy Considerations: Not applicable.

Economic Impacts: None

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable

Rationale for Recommendation: Not applicable

Financial Considerations: Not applicable.

LBE - M/WBE and Section 3 requirements: Not applicable.