

City of Sacramento

Legislation Text

File #: 2021-00155, Version: 1

Title:

(City Council / Housing Authority) The Wong Center Senior Housing Community Tax Equity and Fiscal Responsibility Act Hearing and Approval of Tax Exempt Bonds (Noticed 04/06/2021) [Published for 10-Day Review 04/08/2021]

File ID: 2021-00155

Location: 631 F Street, Sacramento CA 95814, District 4

Recommendation:

Conduct a public hearing and upon conclusion, adopt: 1) a City Council Resolution indicating the City Council has conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing related to the proposed construction and financing of The Wong Center Senior Housing Community; and 2) a Housing Authority Resolution: a) indicating the intention of the Housing Authority of the City of Sacramento to issue up to \$35 million in tax-exempt mortgage revenue bonds to provide acquisition, construction and permanent financing for the Project, and b) authorizing an application to the California Debt Limit Allocation Committee for allocation authority to issue bonds.

Contact: Christine Weichert, Director, Development Finance, (916) 440-1353; Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenter: Christine Weichert, Director, Development Finance, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Attachments:

- 1-Description/Analysis
- 2-City Council Resolution - TEFRA Hearing
- 3-Housing Authority Resolution - Tax Exempt Bonds
- 4-Vicinity Map
- 5-Project Rendering
- 6-Residential Project Summary
- 7-Cash Flow Proforma
- 8-Maximum Income and Rent Limits
- 9-Scope of Development

Description/Analysis

Issue Detail: The Wong Center Senior Housing Community is a new construction affordable housing development located on 2.05 vacant acres at 631 F Street within the Railyards Specific Plan in Downtown Sacramento. A vicinity map and rendering are included as Attachments 4 and 5.

Mutual Housing California (Developer) has applied to Sacramento Housing and Redevelopment Agency for the issuance of up to \$35 million in tax exempt mortgage revenue bonds. The project is anticipated to be funded with four percent Low Income Housing Tax Credits a deferred developer fee, a general partner contribution, and a conventional loan.

Description of Development: The Wong Center Senior Housing Community will have 134 one-bedroom units and 16 two-bedroom units, for a total of 150 units; all of which will be affordable at 50% Area Median Income (AMI) with the exception of one exempt manager's unit. The project will be a single, four-story building that is wood framed construction with stucco exteriors. The exteriors include varying accents with extensive trim and multi-color painting scheme. Each apartment will contain luxury vinyl plank flooring, central heating and air, and energy efficient appliances. Details of the scope of development are included as Attachment 9.

Amenities will include 4,000 square feet of multi-purpose community spaces including a community room with shared kitchen, meeting room, and offices. Three outdoor community spaces will include numerous seating and socializing areas, bocce court, dog park, barbecue, and gardening plots. The remaining open space areas will have lush landscaping to add to and tie into the aesthetic quality and consistency across the community.

Mixed Income Housing Ordinance compliance: The Mixed Income Housing Ordinance, adopted by the City Council in 2015, requires large subdivisions such as the Railyard of Sacramento to provide housing for a variety of incomes and family types. The Mixed Income Housing Strategy (Ordinance No. 2016-0044) includes integrating a variety of housing that will benefit sustainability and success of the Railyards over its multi-year build-out, as well as the greater community; specifically, diversity of housing targeted to residents with incomes at or below 60% of Area Median Income.

To meet a portion of the Railyard Mixed Income Housing Ordinance obligation, the developer proposes to build the 150-unit affordable Wong Center Senior Housing Community which includes one exempt management unit.

Resident Services: Resident Services will be offered by Mutual Housing, who will provide a minimum of 20 hours of on-site resident services per week. These services will consist of six hours where a resident services coordinator is on-site, six hours of health and wellness programming, and eight hours of additional services tailored to seniors.

Property Management: The Project will be managed by Mutual Housing Management, a property management company with staff experienced in operating affordable apartment communities. SHRA staff, has reviewed and approved the management plan and has ensured that the company meets SHRA's requirements for property management.

Project Financing: The financing will be structured as a Low Income Housing Tax Credit project with tax-exempt bonds in the amount of \$35 million, a development loan in the amount of \$12,771,000 and a land donation from the Master Developer LDK in the amount of \$4 million.

Low-Income Set-Aside Requirements: As a condition of receiving tax credits and the benefits of tax-exempt bond financing, federal law requires that a number of apartments be set-aside for targeted income groups. Income restrictions from Low-Income Housing Tax Credit (LIHTC) financing require that no households have income higher than 60 percent of the Area Median Income. SHRA further requires that 20 percent of the units be restricted to households with income no greater than 50 percent AMI. Maximum rent and income limits can be found in Attachment 8. Project affordability restrictions will be specified in regulatory agreements with the Developer. The anticipated sources and their affordability requirements are summarized in the following table:

The Wong Center Senior Housing Community

Unit Type	Units	% of Units	Affordability Restriction (55 years)
4% LIHTC, State Tax Credits, Tax-exempt Bonds	149	99%	Very Low Income 50% of Area Median Income
Management Unit	1	1%	Exempt Management Units
Total	150	100%	

Policy Considerations: The recommended actions are consistent with a) SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies; b) the 2013-2021 Housing Element, encourages the development of senior housing, particularly in neighborhoods that are accessible to public transit, commercial services, and health and community facilities (Resolution No. 2013-415). Additionally, on May 30, 2017, the City of Sacramento approved the Railyards Mixed Income Housing Strategy as part of the Development Agreement. Regulatory restrictions on the property will be specified in regulatory agreements between the Developer and the Housing Authority for a period of 55 years for the mortgage revenue bond assisted units. Compliance with the regulatory agreements will be monitored by SHRA on an annual basis. All units will be regulated for a period of 55 years as a Low Income Housing Tax Credit funding requirement.

The Sacramento City Code Section 4.04.020 and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior

to council action. This contract was published for 10-day review on April 8, 2021 as required.

Economic Impacts: This multifamily residential project is expected to create an estimated 422.36 total jobs (237.11 direct jobs and 185.24 jobs through indirect and induced activities) and create an estimated \$37,048,711 in total economic output (\$22,768,582 of direct output and another \$14,280,1129 of output through indirect and induced activities).

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations:

California Environmental Quality Act (CEQA): The project has been reviewed pursuant to CEQA, and it has been determined that the Project is consistent with the Railyards Specific Plan and the project is therefore exempt from CEQA pursuant to Guidelines section 15182.

Sustainability: The proposed project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, these projects will advance the following goal, policy and target of goal number one - Energy Independence, specifically by reducing the use of fossil fuels and providing long-term affordable and reliable energy.

Commission/Committee Action: Sacramento Housing and Redevelopment Commission: At its April 7, 2021 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES:

NOES:

ABSENT:

Rationale for Recommendation: The actions recommended in this report enable SHRA to continue to fulfill its mission to provide a range of affordable housing opportunities in the City and are consistent with the SHRA's approved Multifamily Lending and Mortgage Revenue Bond Policies, the City of Sacramento's 2013-2021 Housing Element, and the Ordinance No. 2017-040 adopting the Railyards Mixed Income Housing Strategy as part of the Development Agreement.

Financial Considerations: SHRA will receive a one-time issuance fee of 0.25 percent of the bond amount, which is payable at bond closing; and annual payment for monitoring the regulatory restrictions and administration of the bonds of 0.125 percent of the bond amount or an amount not to exceed \$25,000 for the term of 55 years. The Developer will be responsible for payment of all costs, fees, and deposits relating to the bond application. Mortgage Revenue Bonds do not represent a financial obligation of SHRA, Housing Authority, or City of Sacramento. The law firm Orrick, Herrington and Sutcliffe, LLP, is acting as bond counsel for the Housing Authority.

Local Business Enterprise (LBE) and Minority and Women's Business Enterprise (MBE/WBE): Minority and Women's Business Enterprise requirements and Section 3 will be applied to all activities to the greatest extent possible and as required by federal funding and in accordance with SHRA's Section 3 Economic Opportunity Plan. The Developer and General Contractor will work with SHRA's Section 3 Coordinator, Sacramento Employment and Training Agency, the Greater Sacramento Urban League or similar programs, to promote employment opportunities.