



**Sacramento
Housing &
Redevelopment
Agency**

July 21, 2004

6.1

Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE
AGENCY-OWNED LOT AT 4070 2ND AVENUE**

LOCATION & COUNCIL DISTRICT

Oak Park Redevelopment Area, Council District 5

RECOMMENDATION

Staff recommends adoption of the attached resolution(s) which authorize(s) the Executive Director or her designee to:

- enter into Disposition and Development Agreement with the Oak Park Rotary House Foundation for the sale of 4070 2nd Avenue for development of a single family residence;
- amend the Agency budget to provide a loan from Oak Park Development Assistance to the Oak Park Rotary House Foundation for the purchase of 4070 2nd Avenue and;
- upon completion of sale, transfer sale proceeds to the Oak Park Redevelopment Low-moderate Housing Fund account.

CONTACT PERSONS

Jim Hare, Program Manager – Development Services, 440-1313
Alida Martinez, Development Analyst, 440-1399 extension 1464.

FOR COUNCIL MEETING OF August 5, 2004

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SUMMARY

This report recommends sale of an Agency-owned lot at 4070 2nd Avenue to the Oak Park Rotary House Foundation (Rotary). Rotary will build and maintain a residence for parents of a child undergoing long-term treatment at Shriner's Hospital or at UC Davis Medical Center. The Rotary is purchasing the lot for the bid price of \$49,999, financed with an Agency zero-interest, 30-year forgivable loan, with the balance due if the property is sold or transferred before the 30-year term.

PAC/RAC/TAC ACTION

At its meeting July 7, 2004, the Oak Park Project Advisory Committee adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Davis, Hearne, Johnson, Moore, Parker, Sumpter, and Williams

NOES: Azar

ABSENT: Binion, Ligons, and White

COMMISSION ACTION

At its meeting July 21, 2004, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Burruss, Coriano, Farley, Gore, Harland, Hoag, McCarty, Piatkowski, Simon, Stivers

NOES: None

ABSENT: None

BACKGROUND

The Rotary Club is the world's oldest and largest service organization with clubs in over 163 countries. In celebration of its 100th anniversary in 2005, the local Rotary Clubs have been charged with developing "Centennial Projects". To meet this goal, the North Sacramento Rotary Club, along with other independent

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Rotary clubs, formed the Oak Park Rotary House Foundation to develop a house for parents of a child undergoing long-term treatment at Shriner's Hospital in Oak Park. The families to be served would be primarily low-income families from other countries referred by international Rotary clubs.

In 2003, the Rotary contacted the Agency to ask if there were any Agency-owned properties available in Oak Park where this type of housing could be built. The parcel at 4070 2nd Avenue was determined to be a good fit for this project, as it is within walking distance to Shriner's Hospital and due to its small size (45 x 67 feet), is not suited for traditional single-family development. See Attachment I for site map.

The Agency originally purchased this lot in 1992 for the Oak Park Boarded Homes Program with low-moderate-income housing funds. The proposed project is inconsistent with requirements of low-mod housing funds. Therefore staff recommends using non-housing Oak Park tax increment funds to repay the low-mod fund.

The Agency solicited and advertised for bids to sell the property, in order to repay the low-mod fund. Rotary was the only bidder at a price of \$49,999, with the required \$1,000 deposit. Rotary's bid was conditioned on the Agency providing a loan to purchase the property.

FINANCIAL CONSIDERATIONS

The \$49,999 loan will be funded from the Oak Park Tax Increment Development Assistance fund. Rotary will use the loan proceeds to buy the lot from the Agency. The sale proceeds will be deposited into the Oak Park Tax Increment Low-Mod Housing Fund. See Attachment II for Section 33433 Report.

The terms of the loan to Rotary include:

- 30-year note;
- Forgivable at the rate of 1/30 per year;
- Zero interest rate;
- Upon sale or transfer prior to the end of the loan term, the remaining principal is due.

POLICY CONSIDERATIONS

The Rotary House project is consistent with community development goals listed in the Oak Park Redevelopment Area Implementation Plan. They include promote new construction on vacant lots, stabilize, and increase property values.

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This report is also consistent with the City's Strategic Plan goal to enhance and preserve the neighborhoods. The proposed action supports the Guiding Principle of that goal which state that programs and strategies should promote the maintenance and development of the fullest range of housing choices in every community in the City of Sacramento.

ENVIRONMENTAL REVIEW

The proposed action for disposition of land for construction of a single family home is exempt from environmental review per CEQA Guidelines §15303(a). The National Environmental Policy Act does not apply.

M/WBE CONSIDERATIONS

The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully submitted,


for ANNE M. MOORE
Executive Director

Transmittal approved,

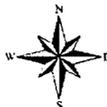

ROBERT P. THOMAS
City Manager

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4070 2nd Avenue



Legend

 Subject Site

HEALTH AND SAFETY CODE SECTION 33433 REPORT

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Disposition and Development Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price	\$27,000.00
Commissions	
Closing Costs	\$814.00
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs	\$1,098.00
TOTAL	\$28,912.00

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at the highest and best use under the redevelopment plan	\$49,999.00

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$49,999.00

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$49,999.00

III. Explanation of Disposition for Less than Full Value

The Agency has repeatedly tried to solicit a developer to construct either an owner-occupied or a rental residential dwelling unit on this vacant parcel site for occupancy by a low-income household, but has been unsuccessful. Due to the narrow lot width, it is infeasible to develop a traditional sized residence on this parcel.

The Agency subsequently solicited bids by publishing a notice offering to sell the Property to the highest bidder. The Rotary House Foundation was the sole bidder. The Agency is imposing covenants and affordability restrictions on the property reducing its fair market value. Therefore, the estimated property value considering development cost and use restrictions is \$49,999.00.

IV. Elimination of Blight

The project eliminates blight in the Oak Park neighborhood by constructing a new single family home on a vacant lot that causes a physical blight and is a haven for ancillary activities, which leads to blight.

RESOLUTION NO. _____

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

OAK PARK REDEVELOPMENT AREA: APPROVAL AND AUTHORIZATION FOR EXECUTION OF DISPOSITION AND DEVELOPMENT AGREEMENT AND LOAN WITH OAK PARK ROTARY HOUSE FOUNDATION

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Oak Park Redevelopment Plan ("Redevelopment Plan") and an "Implementation Plan" for Oak Park Project Area ("Project Area");

WHEREAS, the Agency owns certain real property in the Project Area generally described as 4070 2nd Avenue ("Property") which was acquired with tax increment low-moderate income housing funds;

WHEREAS, the Agency and Oak Park Rotary House Foundation ("Developer") desire to enter into a Disposition and Development Agreement ("DDA"), a copy of which is on file with the Agency Clerk, which would convey fee interest in the Property for the price of \$49,999, and which would require the construction of a single family residence within two years, as further described in the DDA ("Project");

WHEREAS, a report under Health and Safety Code § 33433 is not required because the sales price of the Property was based on a public bid and reflects the fair market value of the Property.

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

Section 1. The Project is exempt from environmental review pursuant to CEQA Guidelines § 15303(a). The Executive Director is directed to prepare a Notice of Exemption for the Project in accordance with CEQA Guidelines §15062.

Section 2. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan.

Section 3. The Disposition and Development Agreements is hereby approved.

Section 4. The Executive Director is authorized to execute the DDA, a loan agreement to fund the Developer's purchase price, and related documents, and enter into other agreements, execute other documents, and perform other actions

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RESOLUTION NO.: _____

DATE ADOPTED: _____ (8)

necessary for the sale of the Property and to ensure proper repayment and/or forgiveness of Agency funds, including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency Counsel.

Section 5. The Agency Budget is hereby amended to transfer \$50,000 from the Oak Park Development Assistance to the Oak Park Rotary House Project to fund a loan to the Oak Park Rotary House Foundation for the purchase of the Property.

Section 6. Upon completion of the sale of the Property, the Agency will transfer the sale proceeds to the Oak Park Redevelopment Low-moderate Housing Fund account.

CHAIR

ATTEST:

SECRETARY

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RESOLUTION NO.: _____

DATE ADOPTED: _____ (9)