



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



5.1

October 9, 1991

Redevelopment Agency
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Acquisition of Property at 10th and T Streets



LOCATION AND COUNCIL DISTRICT:

Northwest Corner of 10th and T
Streets, Sacramento, CA
District No. 1

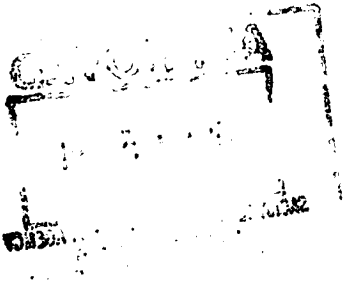
SUMMARY

This report recommends the acquisition of four merged parcels in the Southside Park neighborhood in order to develop housing and prevent the incursion of commercial development into a predominately residential area. The parcels are zoned C-2, and an office building has been approved for the site. A purchase price of \$712,800 (21,600 square feet @ \$33/sq.ft.) has been negotiated. Authorization is requested to allocate a portion of Southside Park Site Acquisition funds and Central City Housing Strategy Implementation funds to acquire the site and to issue a Request For Proposal (RFP) for multifamily housing on the site.

COMMISSION ACTION

It is anticipated that at its meeting of October 9, 1991, the Sacramento Housing and

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Redevelopment Commission will adopt a motion recommending you take the above-mentioned action. In the event they fail to do so, you will be advised prior to your October 15, 1991 meeting.

STAFF RECOMMENDATION

Staff recommends approval of the attached resolution which:

- a) Authorizes the Executive Director to acquire the site at the purchase price of \$712,800;
- b) Allocates \$350,000 in Downtown Tax Increment Financing from the Southside Site Acquisition Program toward the purchase of the property; and
- c) Allocates \$390,000 in Downtown Tax Increment Financing from the Central City Housing Strategy Implementation Program toward the purchase of the property and for payment of closing, holding and predevelopment costs;
- d) Authorizes the Executive Director to issue a Request for Proposal for multifamily housing development on the site.

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BACKGROUND

At the direction of City Council on September 3, 1991, Agency staff began negotiating with GFS Development, the owners of the 10th and "T" Streets site, to establish a purchase price for the property. The property consists of four merged parcels, zoned C-2 (APN 009-0072-009, -010, -011, and -012), totalling 21,600 square feet. (See Map, Attachment B.) The developers had received the necessary entitlements to proceed with the construction of a three-story 25,000 square foot office building. Staff agreed with the Neighborhood Association's contention that housing was more appropriate for the site, which was also the conclusion reached by the 1989 Southside Park Housing Improvement Study and the recent Central City Housing Strategy.

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Agency staff ultimately negotiated a sales price of \$712,800, and entered into an Agreement for the Purchase and Sale of Real Property, with escrow closing required by October 21, 1991. A \$10,000 deposit has been placed in escrow, to be increased to \$24,000 upon City Council approval of the purchase. (If the City Council rejects the proposal, the initial \$10,000 deposit is refundable.) If the City Council approves the purchase and closes escrow by October 21, 1991, the full deposit of \$24,000 is credited toward the purchase price. However, if escrow does not close by October 21, 1991, the full deposit becomes a nonrefundable option fee.

The Southside Park Neighborhood Association met September 22, 1991 to discuss the acquisition of the site. It recommended the following actions:

1. The site be purchased for future residential development.
2. Acquisition funds be allocated from the following sources:
 - a. \$350,000 from the Southside Park Site Acquisition fund (part of a previous allocation from Downtown Tax Increment funds); the balance of funds remaining in the Southside Acquisition fund has been designated for infill sites for single-family housing and will be used to complete the purchase of those sites; and
 - b. \$390,000 from the Central City Housing Strategy project fund.

Staff supports the Neighborhood Association's financing recommendations for the purchase of the property. If the site is acquired, staff requests the authorization to issue a Request For Proposal (RFP) for multifamily housing on the site. The Agency would offer to write down the land cost. Responding developers would have to submit financing plans, rent structures, and anticipated non-Agency subsidy sources, if any are shown to be needed. If no responses to the RFP are forthcoming that are financially

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feasible without additional Agency assistance, then the property will be land-banked for future residential development.

FINANCIAL CONSIDERATIONS

The negotiated purchase price is \$712,800. Staff recommends allocation of \$740,000 of Tax Allocation Bond proceeds towards this project. The remaining \$27,200 would be available for closing, holding and other costs related to the subsequent RFP and predevelopment.

On August 20, 1990, the City Council approved a staff recommendation to allocate \$2.1 million in 1990 Tax Allocation Bond proceeds to the Southside Park Site Acquisition and Rehabilitation Program. Of that amount, \$1.2 million was designated for acquisition and \$900,000 for housing rehab. Attachment A reflects the current status of bond proceed commitments.

If the Neighborhood Association's recommendations are accepted, \$180,000 would remain in the acquisition fund after allocating \$350,000 for the purchase of the 10th and T Street site. To date, \$670,000 has been spent on the purchase of infill sites. The remaining \$180,000 has been designated for the cost of moving one boarded property and completing the purchase of other single-family home sites on which negotiations have begun.

With regard to the \$390,000 from Central City Housing Strategy Implementation projects, \$3,356,670 has been allocated from 1990 Downtown Tax Allocation Bond (TAB) proceeds and 1989 Certificates of Participation (COP). Staff reports on the use of those funds are now before the Commission and City Council. The Central City proposal does not include funds for acquisition of a site in Southside; although the expenditure plan recommends \$2 million be used for a Notice of Funds Available (NOFA) for "R" Street

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Corridor housing projects. Although the 10th and "T" Street site is not within the "R" Street Corridor, it is in a supporting neighborhood adjacent to the Corridor. A portion of the Central City funds can be recouped from sale proceeds from the Co-housing Project at 5th & "T" Streets. The Agency is expecting a partial payment of \$200,000 at close of escrow (expected in early 1992).

POLICY CONSIDERATIONS

The Commission and City Council have reaffirmed their commitments to the improvement of the Southside Park neighborhood on numerous occasions in the past. The action proposed in this report is consistent with the Policy of the City Council for rezoning and promotion of housing on properties zoned C-2. The use of Southside Park Site Acquisition funds for the purchase of the 10th and "T" Street site is consistent with these neighborhood improvement policies.

The use of Central City Housing Strategy implementation funds for purchase of the site is also consistent with the findings and recommendations of the Central City Housing Study. If the site is purchased for housing, it will prevent the further encroachment of office/commercial uses into a residential area while rezoning policies are being formulated. Being one block from the "R" Street Corridor, it will similarly support the policies of increasing housing densities along the Corridor. (Central City Housing Strategy, Report to the City Planning Commission and SHRA, 9/11/91.) Development of housing on the site will be of benefit to the Merged Downtown Project Area, providing housing for downtown workers.

ENVIRONMENTAL REVIEW

The proposed action would authorize acquisition of a site for future housing. Housing is allowed on the proposed site with a special permit and the site is currently vacant with

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no particular environmental constraints. Full environmental review will be conducted on whatever project is ultimately proposed for the site, prior to any site specific project approval.

MBE/WBE


The Agency's MBE/WBE policies will apply to the RFP discussed in this report.

Respectfully submitted by,


JOHN E. MOLLOY
Executive Director

For Council Meeting of:
October 15, 1991

TRANSMITTAL APPROVED BY:


WALTER J. SLUPE
City Manager

Contact Person: Bina Lefkovitz, 440-1357

JEM:JW:BFB:plf

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RESOLUTION NO. 91-087

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF **APPROVED**
OCT 15 1991
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

AUTHORIZING THE ACQUISITION OF REAL PROPERTY IN THE SOUTHSIDE PARK PRESERVATION AREA AND VARIOUS RELATED MATTERS

WHEREAS, the Agency desires to utilize Merged Downtown Project Area funds for the 10th & "T" Street project; and

WHEREAS, the 10th and "T" Street project is in the Southside Park Area which is adjacent to the Merged Downtown Project Area and is one of the primary sources of housing for downtown workers; and

WHEREAS, the Agency desires to upgrade and enhance the preservation of housing which will primarily benefit the Merged Downtown Project Area; and

WHEREAS, no other appropriate city or county funds are available and, therefore no other means of financing is reasonably available.

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

Section 1: The Redevelopment Agency finds that the use of Downtown Redevelopment Project area funds for the 10th & "T" Street project will be of benefit to the Merged Downtown Project Area.

Section 2: The Executive Director is authorized to acquire the following parcels at the northwest corner of 10th and "T" Streets in the City of Sacramento: APN 009-0072-009, -010, -011, and -012. The purchase price shall be \$712,800.

FOR CITY CLERK USE ONLY

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RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3: The allocation of \$740,000 in Downtown Tax Increment funds is authorized for the purchase of the property, including closing costs. Of that amount, \$350,000 shall be taken from the Southside Park Site Acquisition and Rehabilitation fund and \$390,000 shall be taken from the Central City Housing Strategy implementation program fund.

Section 4: The Executive Director is authorized to amend the budget by transferring \$390,000 from the Central City Housing Strategy implementation program to the Southside Park Site Acquisition and Rehabilitation fund for the purchase of the property.

Section 5: The Central City Housing Strategy implementation program fund shall be reimbursed from sales proceeds received at the close of escrow for the sale of the Agency 5th and "T" Streets site.

Section 6: The Executive Director is authorized to publish a Request for Proposal for multifamily housing development on the site.

CHAIR

ATTEST:

SECRETARY

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RESOLUTION NO.: _____

DATE ADOPTED: _____




POTENTIAL USES OF 1990 TAB & 1989 COP HOUSING COMPONENT

	<u>Taxable</u>	<u>Tax-Exempt</u>	<u>Total</u>	<u>Amount Previously Approved For Allocation By Governing Board</u>	<u>Amount Approved This Report</u>	<u>Amount Encumbered, Expended</u>	<u>Balance Available (Not Allocated, Expended Or Encumbered)</u>
<u>DOWNTOWN PROJECTS:</u> (All projects funded thru Tax Allocation Bonds, except \$2,324,520 which is funded by 1989 COPS)							
Downtown Housing Strategy							
Projects:	\$2,756,670	\$ 600,000	\$3,356,670	\$ 0	\$390,000 (1)	\$ 0	\$ 0
Southside Acquisition & Rehab:	2,100,000	0	2,100,000	2,100,000	350,000	670,000	0
Residential Hotels:	4,500,000	1,400,000	5,900,000	4,303,800 (2)	0	303,800	1,596,200
	0	1,100,000	1,100,000	1,100,000	0	1,100,000	0
Housing Strategy (Preparation):	0	100,000	100,000	100,000	0	100,000	0
Riverview Plaza - Loan Pay-Off Fund:	0	2,500,000	2,500,000	0	0	0	2,500,000
SUBTOTAL - DOWNTOWN	\$9,356,670	\$5,700,000	\$15,056,670	\$7,603,800	\$740,000	\$2,173,800	\$4,096,200
<u>OTHER PROJECTS:</u> (Funded by 1989 COP Funds)							
Local Leverage Funding:	\$ 600,000	\$ 0	\$600,000	\$ 600,000	\$ 0	\$600,000	\$ 0
HUD Opt-outs:	400,000	0	400,000	400,000	0	0	0
Boarded & Vacant Properties:	400,000	0	400,000	200,000 (3)	0	200,000	200,000
Agency Housing Site Acquisition:	0	1,400,000	1,400,000	500,000 (4)	0	500,000	900,000
Transitional Housing:	0	500,000	500,000	0	0	0	500,000
Home Loan Counseling:	0	40,000	40,000	0	0	0	40,000
Non-profit Assistance:	275,480	148,687	424,167	400,000 (5)	0	400,000	24,167
Inebriate Facility:	0	1,449,163	1,449,163	0	0	0	1,449,163
SUBTOTAL-OTHER PROJECTS	\$1,675,480	\$3,537,850	\$5,213,330 (20%)	\$2,100,000	\$ 0	\$1,700,000	\$3,113,330
GRAND TOTAL	\$11,032,150	\$9,237,850	\$20,270,000	\$9,703,800	\$740,000	\$3,873,800	\$7,209,530

- (1) Part of the \$3.7 million covered in the forthcoming Central City Strategy staff report.
- (2) \$303,800 Shasta,
\$1,004,000 SRO New Construction NOFA,
\$2,000,000 SRO Rehabilitation NOFA,
\$400,000 SRO State Leverage Program,
\$596,000 Loaned to Family Housing Project from SRO New Construction line item.
- (3) \$200,000 allocated to Family Housing Demonstration.
- (4) 49th & Folsom.
- (5) \$200,000 for Evergreen Apts. (Mutual Housing),
\$200,000 for Village Park Apts. (RCHC).

SOUTHSIDE PARK NEIGHBORHOOD



-  Sites owned by Agency or in escrow
-  Sites under consideration by Agency
-  10th & "T" Site