

March 16, 2005



**Sacramento
Housing &
Redevelopment
Agency**

City Council, Housing Authority and
Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: APPROVAL OF THE DISPOSITION OF 31-37 CORAL GABLES COURT
BY THE REDEVELOPMENT AGENCY TO THE HOUSING AUTHORITY
AND APPROVAL OF HOUSING TRUST FUND LOAN**

LOCATION & COUNCIL DISTRICT

31 Coral Gables Court – District 8

RECOMMENDATION

Staff recommends adoption of the attached resolutions by the City Council, the Redevelopment Agency, and the Housing Authority of the City of Sacramento as follows:

- approves a Purchase and Sales Agreement between the Redevelopment Agency of the City and Housing Authority which authorizes the sale of the property located at 31-37 Coral Gables Court for \$77,055;
- approves a budget transfer of \$310,000 from the City Housing Trust Funds to the Coral Gables Project;
- authorizes the Executive Director to loan \$310,000 in City Housing Trust Fund to the Housing Authority for the acquisition and rehabilitation of 31-37 Coral Gables;
- authorizes the Executive Director to execute all necessary documents associated with the transaction; and
- authorizes the Executive Director to release an invitation for bid (IFB) for the rehabilitation of 31-37 Coral Gables Court and award a contract for the rehabilitation.

CONTACT PERSONS

Christine Groth Weichert, Housing Finance Program Manager, 440-1353
Jeree Glasser, Housing Finance Analyst, 440-1399 ext. 1421

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FOR COUNCIL MEETING OF - March 29, 2005

SUMMARY

This report recommends the transfer of a four-plex located at 31-37 Coral Gables Court to the Housing Authority of the City of Sacramento (HA) from the Redevelopment Agency of the City of Sacramento (Agency). Additionally, the report recommends a HTF loan to the HA, in an amount not to exceed \$310,000, for the acquisition and rehabilitation of the four-plex. The property was purchased by the Agency in 1999 and has been vacant since that time. The HA's rehabilitation of the property will put the four-plex back into productive use, benefiting the neighborhood, while enabling the Agency to remain vested in the area.

COMMISSION ACTION

At its meeting March 16, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:	Burns, Burruss, Coriano, Gore, Harland, Hoag, Piatkowski, Simon, Stivers
NOES:	None
ABSENT:	None

BACKGROUND

The small area at Coral Gables Court, a map is included as Attachment I, has been the site of problem properties for over a decade. In the early 1990s, the HA acquired seven boarded and vacant four-plex properties from American Savings Bank. The HA rehabilitated the units and converted them into duplexes which are now being occupied by public housing tenants.

At the same time, the Agency and Sacramento Valley Organizing Community (SVOC) negotiated with World Savings Bank to acquire a 44-unit apartment complex that had been foreclosed upon. With Agency Financing, SVOC purchased and rehabilitated the apartments now known as Villa Jardin.

During that time period, five of the eight four-plex rental properties immediately adjacent to Villa Jardin and the public housing units had fallen into disrepair and were foreclosed

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upon by their respective lenders. The Agency attempted to purchase these four-plexes but was only able to negotiate a purchase and sale agreement for the four-plex immediately to the east of Villa Jardin. After purchasing the property in 1999, the Agency looked for potential purchasers for 31-37 Coral Gables while the surrounding area continued to experience problems related to absentee ownership. Despite its efforts, the Agency has struggled to identify a buyer with the capacity to complete the rehabilitation of the four-plex, provide adequate management and maintenance services, and the commitment to work towards the long-term stability of the neighborhood.

SHRA staff recommends disposition of the property to our HA and approval of a HTF acquisition and rehabilitation loan to the HA to improve the property. The HA has a proven track record of rehabilitating, managing and maintaining housing units and has a vested interest in ensuring the long-term stability of the Coral Gables Court area.

Project Description

31-37 Coral Gables is located on Coral Gables Court off Meadowview Road near the intersection of Meadowview Road and 24th Street. The surrounding neighborhood is comprised of primarily small and moderate sized multifamily residential dwelling units, including seven duplexes operated as conventional housing to the north, individually owned four-plex units to the south, Villa Jardin Apartments to the west, and the Genesis Church to the east.

The HA is proposing to acquire 31-37 Coral Gables, complete architectural plans and specifications, release an Invitation for Bid for rehabilitation work and award a contract for the construction work. While the rehabilitation is conducted, the Agency's construction staff will monitor the progress to ensure the project's required scope is completed on time and on budget. In order to make the units habitable, the rehabilitation will consist of the following improvements:

- replacement of interior flooring, fixtures, and appliances throughout units;
- kitchen and bathroom refurbishment;
- landscaping;
- interior and exterior painting;
- installation of a new HVAC system, new water heaters, and insulation;
- new roof and gutters;
- dry rot repair; and
- concrete replacement.

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The HA is requesting a loan to pay for the acquisition and rehabilitation of 31-37 Coral Gables in an amount not to exceed \$310,000. The HA will utilize \$77,055 to acquire the property and the remaining \$232,945 to fund the rehabilitation. Three units will be restricted at 50 percent Area Median Income (AMI) and one unit will remain unrestricted in order to provide diversity in the rental market. Maintaining one unrestricted unit also provides the opportunity to have a manager's unit in the future if determined necessary. The HA plans to operate the units as rental housing subject to the restrictions associated with the HTF loan. Income and rent restrictions will be enforced through a Regulatory Agreement with the Agency. A project description is included as Attachment II.

Broader Community Effort

As noted above, the Coral Gables Court area has been plagued by crime, code enforcement, and management issues for a number of years. The Agency and HA are committed to working with the City Neighborhood Services and Police departments, and adjacent property owners and managers in developing a comprehensive strategy in an effort to stabilize and improve the quality of life in the community.

Over the next few months, Agency and HA staff plan to initiate an aggressive approach to combat those issues. Included in our recommended approach is the following:

- meetings with property owners and stakeholders to address property management and common issues;
- developing a plan relating to criminal activity, code enforcement, lighting and security systems; and
- determining the correct use for the vacant HA-owned land located at the end of Coral Gables Court.

The strategy will be developed over the next few months and will be implemented expeditiously.

FINANCIAL CONSIDERATIONS

City HOME funds were used to purchase 31-37 Coral Gables in 1999. Of the \$100,000 approved, \$77,055 was expended. The Redevelopment Agency proposes to dispose the property to the HA for the outstanding loan amount of \$77,055. The HA anticipates the rehabilitation to cost approximately \$225,000. To facilitate the purchase and adequate rehabilitation of the property, the Sacramento Housing and Redevelopment Agency will originate a zero percent interest, 50 year, deferred City Housing Trust Fund loan in an amount not to exceed \$310,000 to fund both the acquisition and rehabilitation

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costs of the property. The proceeds from the sale of the property will return to the Agency as program income to the HOME revolving loan fund.

POLICY CONSIDERATIONS

The proposed actions are consistent with Goal 6 of the updated Housing Element of the City of Sacramento, which is to conserve Sacramento neighborhoods and rehabilitate affordable housing. More specifically Goal 6 states the Agency will maintain active financing programs for acquisition and rehabilitation of multifamily properties to assist in the revitalization of neighborhoods and to provide affordable housing.

ENVIRONMENTAL REVIEW

The proposed actions are exempt from CEQA per Guidelines Section 15301(a), acquisition and rehabilitation of an existing structure for the same use. NEPA does not apply.

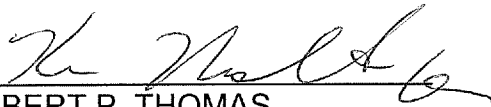
M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,


ROBERT P. THOMAS
City Manager

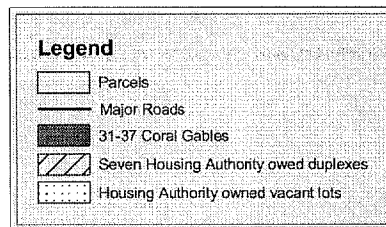
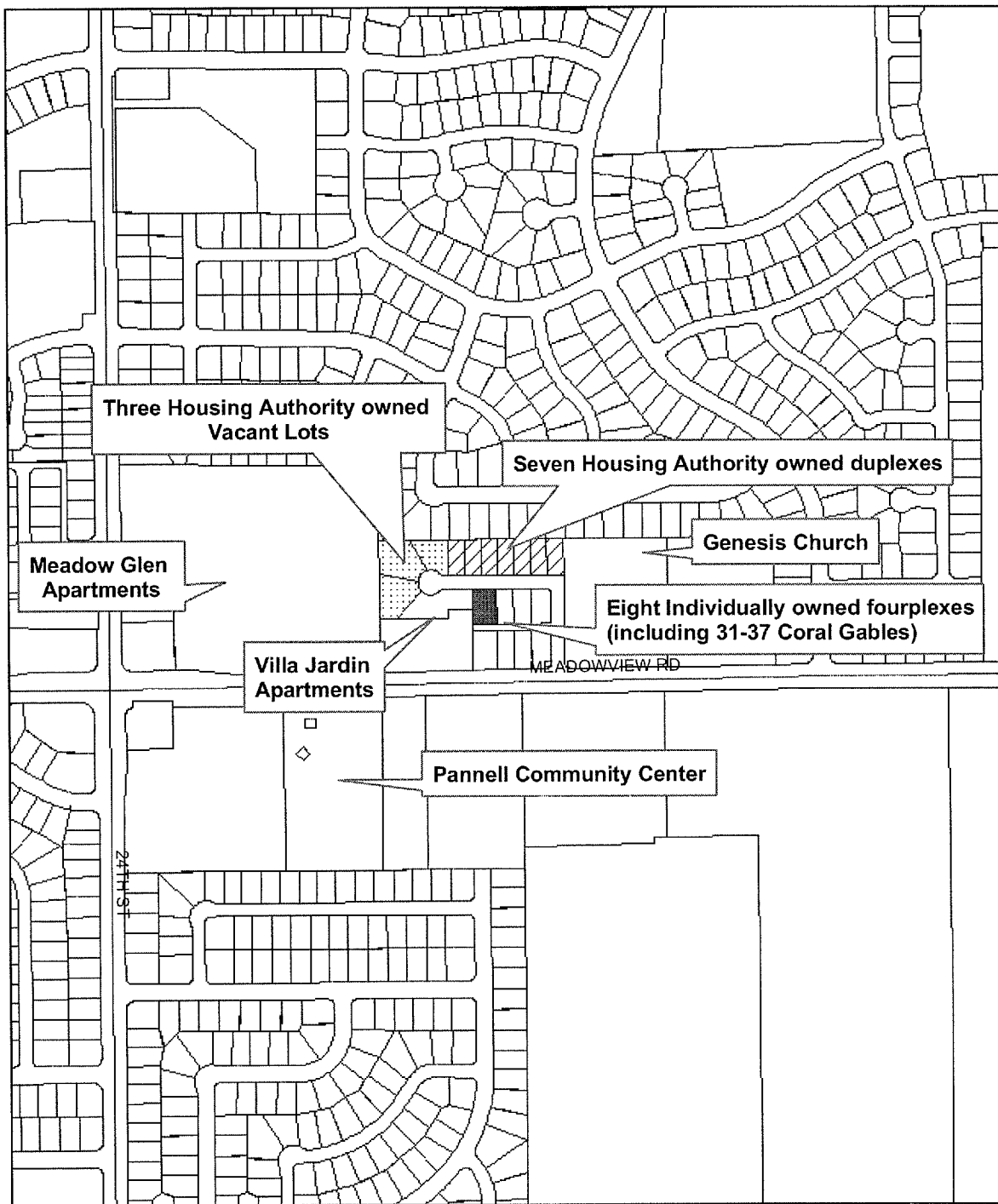
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Coral Gables Area



Housing Authority's Preliminary Proposal

31-37 Coral Gables Court																																																			
<u>Address</u> <u>Number of Units</u>	31-37 Coral Gables Court 4																																																		
<u>Affordability</u>	75% of units @ or below 50% of AMI																																																		
<u>Unit Mix and Rents</u>	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;"></td> <td style="width: 35%; text-align: center;"><u>(50% AMI)</u></td> <td style="width: 35%; text-align: center;"><u>Market</u></td> </tr> <tr> <td style="text-align: center;">2 Bedroom / 2 Bath</td> <td style="text-align: center;">3 @ \$651</td> <td style="text-align: center;">1@\$750</td> </tr> </table>		<u>(50% AMI)</u>	<u>Market</u>	2 Bedroom / 2 Bath	3 @ \$651	1@\$750																																												
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RESOLUTION NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

31-37 CORAL GABLES APARTMENTS: APPROVAL OF BUDGET AMENDMENT AND HOUSING TRUST FUND LOAN TO THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution are approved.

Section 2. The Sacramento Housing and Redevelopment Agency (SHRA) Budget is hereby amended to transfer \$310,000 from the City Housing Trust Fund (HTF) Development Assistance Fund to the Coral Gables Project Fund.

Section 3. The Executive Director of SHRA is hereby authorized to execute the Loan Commitment in accordance with the terms set out in the accompanying staff report and make a HTF loan to the Housing Authority of the City of Sacramento in an amount not to exceed \$310,000 for the acquisition and rehabilitation of the property located at 31-37 Coral Gables.

Section 4. The Executive Director of SHRA is authorized to execute all documents and perform other actions necessary to fulfill the intent of the staff report that accompanies this resolution in accordance with their respective terms, all as approved by SHRA Counsel.

Section 5. The Executive Director of SHRA is authorized to make technical amendments to said agreements and documents with the approval of SHRA Counsel, which amendments are in accordance with SHRA policy, this resolution, good legal practices for the making of such loans, and with the staff report that accompanies this resolution.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

(9)

DATE ADOPTED: _____

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

31-37 CORAL GABLES APARTMENTS; APPROVAL OF PURCHASE AND SALE AND REGULATORY AGREEMENTS WITH THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND THE ACQUISITION AND REHABILITATION LOAN AND RELATED DOCUMENTS WITH THE SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution are approved.

Section 2. The Executive Director is authorized to enter into a City Housing Trust Fund (HTF) loan agreement with the Sacramento Housing and Redevelopment Agency to fund the acquisition, rehabilitation and permanent financing of 31-37 Coral Gables in an amount not to exceed \$310,000.

Section 3. The Executive Director is authorized to enter into a Purchase and Sale Agreement with the Redevelopment Agency of the City of Sacramento to acquire the property located at 31-37 Coral Gables in an amount not to exceed \$77,055 and to pay related escrow and title fees using the loan proceeds.

Section 4. The Executive Director is authorized to enter into a Regulatory Agreement to restrict the rental rate of three of the four units at 31-37 Coral Gables consistent with the HTF loan agreement requirements.

Section 5. The Executive Director is authorized to issue an invitation for bids and award a contract for rehabilitation of 31-37 Coral Gables Court as described in the accompanying staff report for an amount not to exceed \$225,000.

Section 6. The Executive Director is authorized to execute all documents and perform other actions necessary to fulfill the intent of the staff report that accompanies this resolution in accordance with their respective terms, all as approved by Agency Counsel.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 7. The Executive Director is authorized to make technical amendments to said agreements and documents with the approval of Agency Counsel, which amendments are in accordance with Agency policy, this resolution, good legal practices for the making of such loans, and with the staff report that accompanies this resolution.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. _____

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**APPROVAL OF AGREEMENT WITH THE
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
FOR THE SALE OF 31-37 CORAL GABLES**

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") owns certain real property generally described as the 31-37 Coral Gables ("Property"), which was acquired with City HOME funds; and

WHEREAS, Agency and the Housing Authority of the City of Sacramento ("Authority") desire to enter into a Purchase and Sale Agreement ("Sales Agreement") and Regulatory Agreement to convey the Property to the Authority in an amount equal to the remaining HOME loan balance for the rehabilitation of an existing vacant apartment building, of which the rent for three of the four units will be restricted as more specifically described in the Regulatory Agreement ("Project").

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

Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. The sale of the Property for the Project is consistent with the Agency's goals and objectives to develop and rehabilitate housing for all income groups. The Project will assist in the elimination of blight. The Sales and Regulatory Agreements shall be deemed implementing documents approved in furtherance of the Agency's redevelopment and implementation plans for housing development, and all applicable land use plan, studies, and strategies.

Section 3. The consideration for the Agency's conveyance of the Property to the Authority is based on the Authority's commitment to implement the Project, and the terms of the sale of the Property for \$77,055, and to comply with the rental restrictions as set out in the related Regulatory Agreement.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 4. The Sales and Regulatory Agreements are approved and the Executive Director is authorized to execute those Agreements, the Grant Deed, Escrow Instructions and related conveyance documents, and to perform other actions as necessary to implement the terms of the Agreements.

Section 5. The Executive Director is hereby authorized to apply the sales proceed to pay off the existing HOME loan.

Section 7. The Executive Director is authorized to enter into other agreements, make technical amendments to said agreements, execute other documents, and perform other actions necessary to fulfill the intent of the staff report that accompanies this resolution in accordance with their respective terms, Agency policy, and good legal practices, all as approved by Agency Counsel.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

(13)

DATE ADOPTED: _____