



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



Agency 100
36

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March 4, 1985

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Report Back On
Residential Hotel Demonstration Project

SUMMARY

On February 7, 1984, the Redevelopment Agency approved the Residential Hotel Demonstration Project to assist in the acquisition and/or rehabilitation of a residential hotel in the downtown area. Three Hundred Thousand Dollars (\$300,000) from the Replacement Housing Fund had been appropriated for this purpose. In its authorizing resolution, the Redevelopment Agency directed staff to submit a status report within 30 days following the execution of all contracts necessary to implement the Demonstration Project.

On January 30, 1985, a rehabilitation loan contract was signed with the 911 "K" Street Investors for rehabilitation of the 87 room Sequoia Hotel. The 911 "K" Street Investors is a Limited Partnership in which Mr. Daniel Logue, of Sacramento, is the General Partner. The \$300,000 loan rate is 3%, with both principal and interest deferred for the full 30 year term.

The proposal of the 911 "K" Street Investors was selected through an RFP process in which all current hotel owners and others who had expressed interest were given an opportunity to participate. Staff subsequently assisted the developer in applying for and receiving a \$1,000,000 rehabilitation loan from the State Department of Housing and Community Development. Subsequently, State and SHRA staffs worked in concert to develop the program.

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Total Project Cost will be \$2,370,000. Funding sources, in addition to the SHRA loan, and the \$1,000,000 from the State Department of Housing and Community Development, mentioned above, include a \$600,000 loan through the Savings Association Mortgage Company and approximately \$470,000 equity from the limited partnership.

The project costs include acquisition, very substantial rehabilitation, new furnishings, exterior improvements and long-term relocation benefits to the current residents. Major rehabilitation items include structural improvements, a new heating and air conditioning system, a new elevator, replacement of all plumbing fixtures, upgrading of the electrical system, an interior face-lift and a congregate kitchen. The rehabilitation plan and program was prepared through close communication between the developer, the SHRA Rehabilitation Division, the State, the City Building Inspector and the City Fire Marshall.

When completed, the hotel will be operated under terms of a single 30 year Regulatory Agreement to which the Limited Partnership, the State and the Redevelopment Agency are all signatories. The Regulatory Agreement has been recorded and is binding on all successors in interest, even if the debt is paid in full. The hotel will be operated in accordance with an agreed-upon management plan.

Initial rents will be \$160.00 per month for a room without bath, and \$175.00 for a room with bath. These are below current market rental rates, and are reflected in the very deep subsidy to this project. Future rental increases are limited to 5% per year. Priority for occupancy will be given to current tenants who must be relocated during the construction period. Future tenants must be low-income.

Relocation efforts are being coordinated by the SHRA Relocation Specialist. Construction is expected to begin approximately the first of April. An eight month construction period is anticipated.

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On a related item, SHRA is also collaborating with the State on loans to the YWCA to assist in rehabilitation of portions of their present building at 17th and "L" Streets. The intent of the YWCA is to make improvements necessary to create 26 single room occupancy (SRO) units for elderly, low-income women. These units, on the second and third floors, were originally used as transient quarters. They were vacated in the early seventies, due to fire code deficiencies.

The State will be providing a deferred payment loan for approximately \$122,000. The YWCA has requested SHRA assistance, principally for installation of an elevator and for handicapped accessibility features, which is estimated to be \$120,000. These funds will come from the previously approved SRO Rehabilitation Fund of \$200,000.

RECOMMENDATION

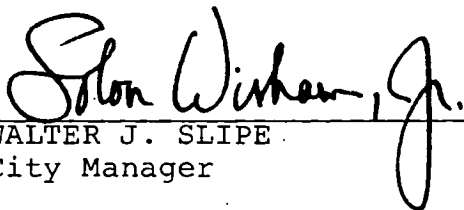
These items are on your Agenda for information only. No further action is necessary.

Respectfully submitted,



ANDREW J. PLESCIA
ACTING EXECUTIVE DIRECTOR

TRANSMITTAL TO COUNCIL:

for: 
WALTER J. SLIPE
City Manager