



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**

Agency Rpt

33

June 12, 1984

*** APPROVED ***
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
RECEIVED
JUN 6 1984

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:
JUN 12 1984

SUBJECT: Proposed Residential Hotel Repair Assistance Program

SUMMARY

This report recommends the establishment of a Residential Hotel Repair Assistance Program to assist current owners and operators to make code related repairs. Two hundred thousand dollars (\$200,000) has been budgeted for this purpose.

BACKGROUND

On May 31, 1983, the Sacramento City Council and the Redevelopment Agency adopted the Final Report of Downtown Elderly and Transient Task Force. This Task Force had been established by the City Council and the County Board of Supervisors to study the problems of elderly and transient persons living in the downtown area, and to develop both long and short range solutions for their resolution.

One identified problem is the inadequate maintenance and poor condition of many of the residential hotels. As one solution, the Task Force recommended the following:

"Sacramento Housing and Redevelopment Agency should establish a repair assistance loan program for owners and/or operators of existing hotels. The program would not be available for normal ongoing maintenance of minor items. The objectives of this program would be to assure an opportunity for the present stock to remain as hotels in private ownership."

6-12-84
All Districts

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The Task Force further recommended that the Redevelopment Agency of the City of Sacramento allocate \$200,000 of Downtown Redevelopment Tax Increment funds for a revolving loan fund for rehabilitation loan purposes.

In adopting the Final Report, the City Council and the Redevelopment Agency 1) directed Sacramento Housing and Redevelopment Agency staff to implement the recommendations to the maximum extent possible, and 2) amended the Redevelopment Agency budget by appropriating \$500,000 from the Replacement Housing Fund to assist in implementation.

At the time the Repair Assistance Program concept was approved, the City Council and the Board of Supervisors also approved the initiation of a quarterly inspection program to include fire, health and building inspection functions. The repair assistance program was recommended by the Task Force as a means for insuring that no owner would be forced to close due to an inability to finance necessary code violation corrections.

The guidelines for the proposed program are attached as Exhibit A. Procedurally, the program will be operated through the normal rehabilitation loan processes of Sacramento Housing and Redevelopment Agency, modified as necessary, to meet the somewhat unique characteristics of the residential hotel.

The objectives of this program are to assist owners or lessees of downtown hotels to make code related improvements through below market rate loans. Fifteen year loans can range between \$300 and \$2,000 per room. The interest rate will be determined on an individual case basis. Based on individual needs, the rate may range may be a maximum of two points below prime to a minimum of three percent (3%).

As part of the loan package, the applicant will be required to sign a regulatory agreement which will include rent limitations and provisions for increases, requirements for management and operations, standards for tenant selection, and reporting requirements.

ENVIRONMENTAL REVIEW

This project does not require environmental review.

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POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy, and there are no policy changes being recommended.

FINANCIAL DATA

On May 31, 1983, \$200,000 was appropriated for this program from the Replacement Housing Fund (Resolution No. 83-044). These program funds are included in the 1984 Capital Improvements Carry Over Budget of the Agency. The program will be administered by the Agency's Housing Rehabilitation Division.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of June 4, 1984, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Glud, Luevano, Moose, Ose, Pettit,
Vargas, Teramoto

NOES: None

ABSENT: Angelides, Luttrell, Miller, Hall, Walton

RECOMMENDATION

The staff recommends adoption of the attached resolution which approves the Hotel Assistance Program.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL

Walter J. Slips

Walter J. Slips
City Manager

Contact Person: Thomas V. Lee
440-1355

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RESOLUTION NO. 84-038

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

June 12, 1984

RESIDENTIAL HOTEL REPAIR ASSISTANCE PROGRAM

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

Section 1. The Residential Hotel Repair Assistance
Program, as described in Attachment A to the staff report
submitted on the date of this Resolution, is hereby approved.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

JUN 12 1984

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RESIDENTIAL HOTEL REPAIR
ASSISTANCE PROGRAM

I. PROGRAM PURPOSE

A. Introduction

On May 31, 1983, the Sacramento City Council adopted the Final Report of its Downtown Elderly and Transient Housing Task Force. This Task Force had been established by the City Council and the County Board of Supervisors to study the problems of elderly and transient persons living in the downtown area, and to develop both long and short range solutions for their resolution.

One identified problem is the inadequate maintenance and poor condition of many of the residential hotels. As one solution, the Task Force recommended the following:

"Sacramento Housing and Redevelopment Agency (SHRA) should establish a repair assistance loan program for owners and/or operators of existing hotels. The program would not be available for normal ongoing maintenance of minor items. The objectives of this program would be to assure an opportunity for the present stock to remain as hotels in private ownership."

The Task Force further recommended that the Redevelopment Agency of the City of Sacramento allocate \$200,000 of Downtown Redevelopment Tax Increment money for a revolving loan fund for rehabilitation loan purposes.

In adopting the Final Report, the City Council and the Redevelopment Agency 1) directed Sacramento Housing and Redevelopment Agency staff to implement the recommendations to the maximum extent possible; and 2) amended the Redevelopment Agency budget by appropriating \$500,000 from the Replacement Housing Fund to assist in implementation. Subsequently, \$200,000 was included in the 1984 Capital Improvements Carry Over Budget of the Agency for this repair assistance program.

B. Program Objectives

The Residential Hotel Repair Assistance Program is directed towards preservation of the existing stock of Single Room Occupancy (SRO) housing units within the central core of the City of Sacramento. SROs are generally residential hotels, rooming houses or converted apartment buildings in which people rent single rooms, with or without private baths, and without private kitchen facilities, for permanent occupancy.

The objective of the Residential Hotel Repair assistance program is to assist private property owners in the downtown area in the moderate rehabilitation of their property, through below market rate loans, in order to provide affordable, safe and sanitary housing units. It is the intent of this program that funds will be made available primarily for code related improvements, but not for normal, ongoing maintenance or for minor repair items.

C. Program Financing

Funds for this program shall be those appropriated from the Replacement Housing Fund, supplemented by additional local, State and Federal funds as they may become available.

D. Program Administration

The Residential Hotel Repair Assistance Program will be administered by the Sacramento Housing and Redevelopment Agency utilizing the procedures and guidelines of the Rental Housing Rehabilitation Program, as adopted by the governing body of the Agency, as modified by the special requirements and conditions contained herein.

II. PROGRAM REQUIREMENTS

A. Applicant Eligibility

In addition to owners as defined in Chapter 2.1 of the Rental Housing Rehabilitation Program, a non-owner operator with a leasehold interest in the property is eligible to apply if such leasehold interest extends for at least five (5) years from loan closure.

B. Property Eligibility

A rental property will be eligible for assistance if the following additional conditions are met:

1. The property must be a residential hotel as defined in Chapter 1.5 of the Rental Housing Rehabilitation program.
2. The property must be located within the Uptown Development Project Area, as more specifically defined in Exhibit "A", attached.
3. The property must need physical rehabilitation work to comply with the local building codes and the Sacramento Property Rehabilitation Standards.
4. The property must be financially feasible of being rehabilitated.
5. The property's rent structure must serve low and moderate income residents.

C. Allowed Improvements

Eligible housing improvements include:

1. Code corrections as defined in Section 2.5 of the Rental Housing Rehabilitation Program.
2. Installation of security devices.
3. The cost of repair and installation of energy conservation and weatherization features when done in connection with other rehabilitation work.
4. Other general improvements, the costs of which do not exceed twenty-five percent (25%) of the total improvement expenses funded through this loan program.

D. Rent Limitations

1. Rents will be stabilized for the first year of the Agreement at the tenant's current rent.
2. Rents may be periodically increased after the owner or operator submits a written request to the Agency which demonstrates that such increases are necessary to defray operating costs and to avoid jeopardizing the financial integrity of the project. Rents may be increased only upon Agency approval of the request.

E. Regulatory Agreement

Before any funds may be disbursed, the Agency shall enter into a Regulatory Agreement with the applicant, which shall include, but not be limited to:

1. Standards for tenant selection to ensure occupancy by eligible households;
2. A rent limitation agreement as defined in Section II-D, above;
3. Assurances that the applicant will maintain the premises in a safe and sanitary condition in compliance with State and local codes;
4. Provisions regulating the terms of an occupancy agreement between the owner/operator and tenants of the residential hotel;
5. Provisions relating to requirements for proper management of the hotel, including approval by the Agency for any management contract or master lease; and
6. Conditions and a schedule for reporting to the Agency by the applicant.

III. FINANCING

A. Loan Amounts

1. The maximum loan amount shall be \$2,000 per living unit.
2. The minimum loan amount shall be \$300 per living unit.

B. Loan Term

The loan term may not exceed fifteen (15) years.

C. Interest Rate

1. The interest rate may range from a maximum of two (2) points below market to a minimum of three percent (3%).
2. The interest rate shall be determined on an individual case basis, and will be established at a rate that would make the project feasible, in accord with the criteria and procedures defined in Section 3.1 of the Rental Housing Rehabilitation Program.

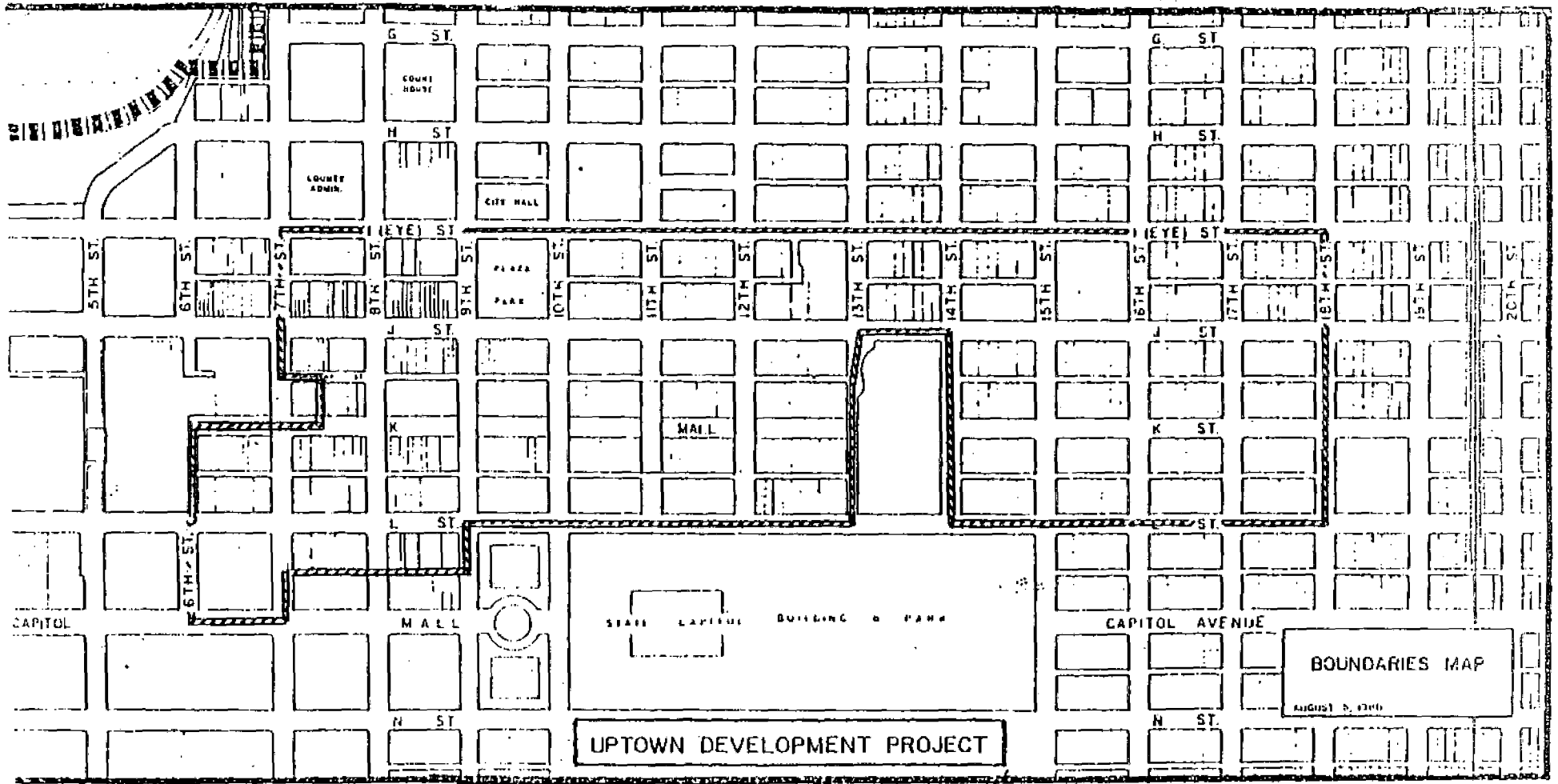


EXHIBIT "A"

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The boundaries of the Project Area, as illustrated on the Boundaries Map attached hereto as Exhibit "A", are as follows:

All that portion of the City of Sacramento, County of Sacramento, State of California, described as follows:

Beginning at the intersection of the center line of I Street with the center line of 18th Street; thence westerly along the center line of I Street to its intersection with the center line of 7th Street; thence southerly along the center line of 7th Street to its intersection with the westerly projection of the northerly line of Merchant Street; thence easterly along the northerly line of Merchant Street to its intersection with the northerly projection of a line parallel to and two feet westerly from the east line of Lot No. 7 in the block J, K, 7th and 8th Streets; thence southerly along said line to its intersection with the southerly line of K Street; thence westerly along the southerly line of K Street to its intersection with the easterly line of 6th Street; thence southerly along the easterly line of 6th Street to its intersection with the center line of Capitol Mall; thence easterly along the center line of Capitol Mall to its intersection with the center line of 7th Street; thence northerly along the center line of 7th Street to its intersection with the westerly projection of the center line of the alley in the block L Street, Capitol Avenue, 7th and 8th Streets; thence easterly along the center line of the alley between the blocks L Street and Capitol Avenue and 7th and 9th Streets to its intersection with the center line of 9th Street; thence northerly along the center line of 9th Street to its intersection with the center line of L Street; thence easterly along the center line of L Street to its intersection with the center line of 13th Street; thence northerly along the center line of 13th Street to its intersection with the center line of J Street; thence easterly along the center line of J Street to its intersection with the center line of 14th Street; thence southerly along the center line of 14th Street to its intersection with the center line of L Street; thence easterly along the center line of L Street to its intersection with the center line of 18th Street; thence northerly along the center line of 18th Street to its intersection with the center line of I Street and the point of beginning.

EXHIBIT A