



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



*Ageng Rpt*  
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October 1, 1986

CITY MANAGER'S OFFICE  
**RECEIVED**  
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Redevelopment Agency of the  
City of Sacramento  
Sacramento, California 95814



Honorable Members in Session:

SUBJECT: Establishing Just Compensation and Authorizing  
Acquisition of the Top Hat Lounge Located at 1612 and  
1614 "K" Street, Merged Downtown Project Area,  
Northeast Neighborhood

SUMMARY

This report regards the acquisition of one parcel located in the Merged Downtown Project Area, in the area known as the Northeast Neighborhood. The subject parcel, 1612 and 1614 "K" Street, is adjacent to one parcel which has been purchased by the Agency, one parcel to be deeded to the Agency and one parcel presently in escrow for residential mixed-use development. Staff recommends adoption of the resolution establishing just compensation and authorizing the Executive Director to proceed with acquisition of the specified parcel.

BACKGROUND

On April 2, 1985, by Resolution No. 85-027, the Redevelopment Agency of the City of Sacramento (RACS), as part of the Implementation Strategy for the Downtown Plan, approved \$3,000,000 for acquisition of property in the Downtown Northeast Neighborhood (16th to 18th, I to L Streets), to be developed as a residential mixed-use neighborhood.

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In a separate action on November 5, 1985, RACS, in Resolution No. RA 85-102, authorized the Executive Director to execute an agreement with Richard J. Benvenuti and B & B and Sons Enterprises for office development on a portion of the block bounded by K and L, 17th and 18th Streets. By the terms of the agreement, Benvenuti and B & B and Sons Enterprises will deed an 80' x 160' parcel of land (the end lot in the Top Hat Lounge block) to the Agency as a condition of receiving a special permit for an office building. There will be a reversion clause in the deed transferring the land, which states that if the Agency does not obtain a building permit for residential development of the deeded parcel within 10 years, then the property will revert back to the developers.

The parcel adjacent to the Top Hat Lounge on the east side, Industrial Friction, has been purchased by the Agency, and an offer by the Agency for the purchase of the parcel to the east of Industrial Friction, D and D Vending, has been accepted.

RACS hired a real estate appraiser for an appraisal of the value of the subject parcel to establish just compensation. The final appraisal report has been received by the Agency, reviewed by County real estate staff (the Agency contracts with the County for certain real estate services) and is now on file in the Agency's Technical Services Division.

## Top Hat Lounge, 1612 and 1614 "K" Street (Site Map, Exhibit I)

This parcel (Assessor's Parcel Number 006-124-02) is located at 1612 and 1614 "K" Street, which is mid-block on the south side of "K" Street between 16th and 17th Streets. Improvements consist of a two-story building of about 3,643 square feet. The ground floor, which totals 2,136 square feet, is fully occupied by the Top Hat Lounge. The second floor, which totals 1,507 square feet, is an apartment. (In accordance with Section 33334.5 of the Community Redevelopment Law, whenever low or moderate income dwelling units are destroyed or removed from the housing market, the Agency shall, within four (4) years, rehabilitate, develop or construct an equal number of replacement units. Since the subject property is located on a site on which both market rate and low/moderate income housing is to be constructed, the Agency should exert its obligation to provide replacement housing.)

Staff recommends that the Agency acquire the subject parcel and clear the site for future residential development. Our intention is to solicit development proposals for a mixed-income residential project of 100+ units on the combined site. Ground floor retail is desired as well.

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## FINANCIAL DATA

Resolution No. 85-027 authorized the use of \$3,000,000 in tax allocation bond funds, sold in the fall of 1985, for the acquisition of land in the Northeast Neighborhood. The market value of the parcel, established by appraisal, and relocation expenses will be included in the offer to the owner as a part of the acquisition expense. Demolition of the building is estimated at \$24,000. Funds to cover all of the above expenses are available in the Northeast Neighborhood tax allocation bond fund (cost center 1034).

## ENVIRONMENTAL REVIEW

The Draft Environmental Impact Report for the Downtown Implementation Strategy found that residential development in the Northeast Neighborhood would have a beneficial impact upon the area. The building to be demolished as a part of the recommended site clearance is not a listed/historic structure. At the time that construction plans for the residential development become available, a further environmental analysis will be performed.

## POLICY IMPLICATIONS

The above recommended actions are consistent with adopted Agency policy.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of October 6, 1986, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Glud, Moose, Pettit, Simon, Simpson, Wiggins, Wooley,  
Yew, Amundson  
NOES: None  
ABSTAIN: Sheldon  
ABSENT: Sanchez

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

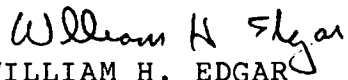
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## RECOMMENDATION


The staff recommends adoption of the attached resolution which: 1) Establishes just compensation for the subject parcel; and 2) Authorizes the Executive Director to proceed with the purchase of the properties.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

WHE/CB:cmc

TRANSMITTAL TO COUNCIL:

  
WALTER J. SLIPE  
City Manager

Contact Person: Thomas V. Lee, 440-1315

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# RESOLUTION NO. 86-064

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

October 14, 1986



## JUST COMPENSATION DETERMINATION 1612 AND 1614 "K" STREET

WHEREAS, the Implementation Strategy for Merged Downtown Project Area identified acquisition of real property within the Northeast Neighborhood as a Starter Project; and

WHEREAS, an appraisal report has been prepared which establishes the market value of the property of 1612 and 1614 K Street in the City of Sacramento, Assessor's Parcel Number 006-124-02 (the "Property") within the Northeast Neighborhood; and

WHEREAS, it is desireable to acquire the Property as Starter Project, now, therefore,

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

Section 1: The just compensation for the Property is the amount specified in the appraisal report, as of July 11, 1986, by David E. Lane, MAI.

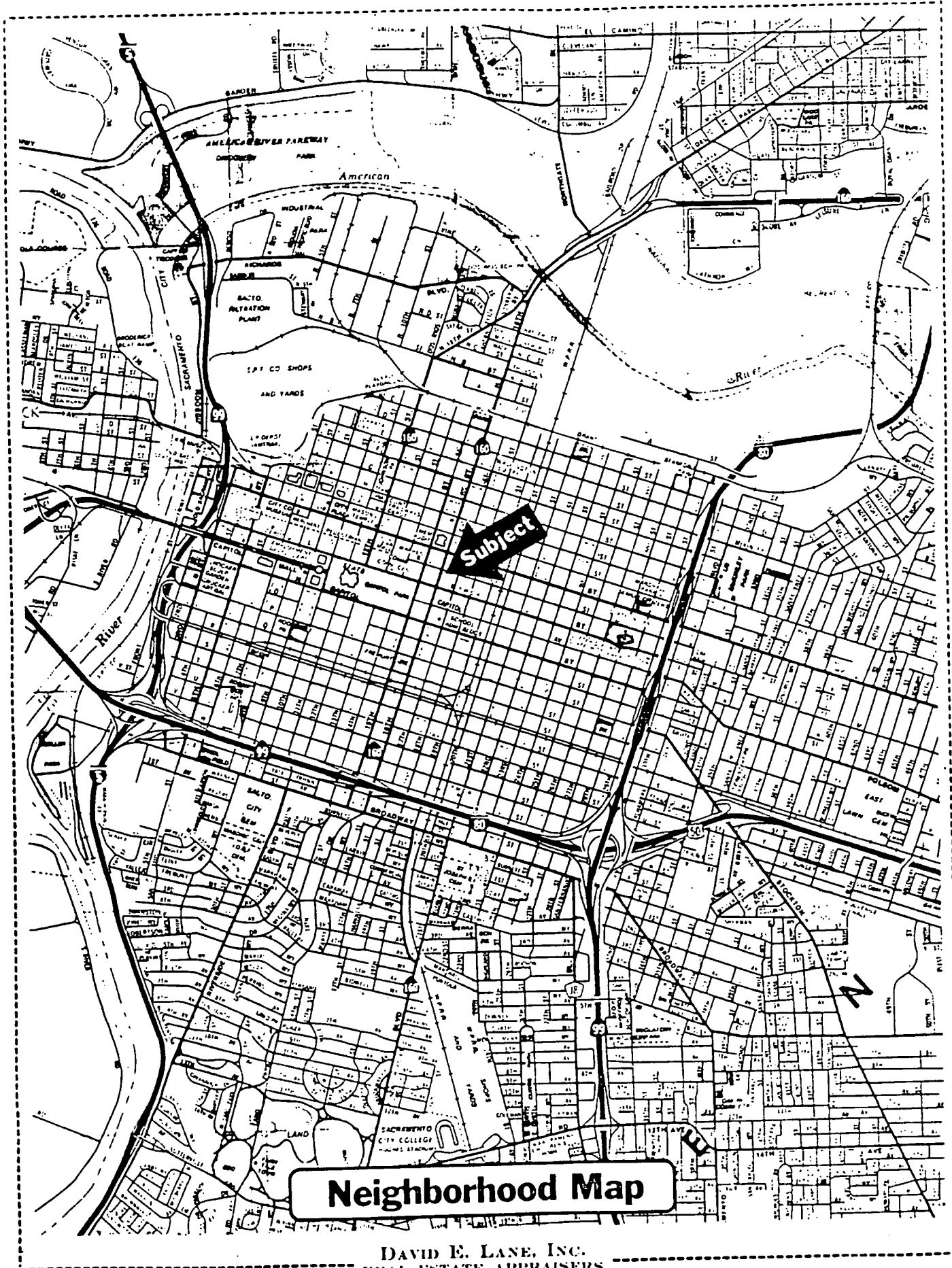
Section 2: The Executive Director is authorized to negotiate the purchase of the Property.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

0506L



# OLD CITY

Tax Area Code

6-12

ST. 8

ST. 7

ST. 6

Bk. 7

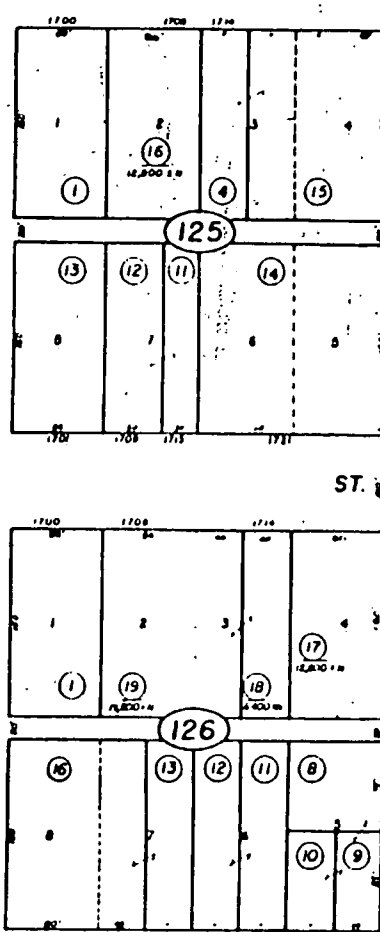
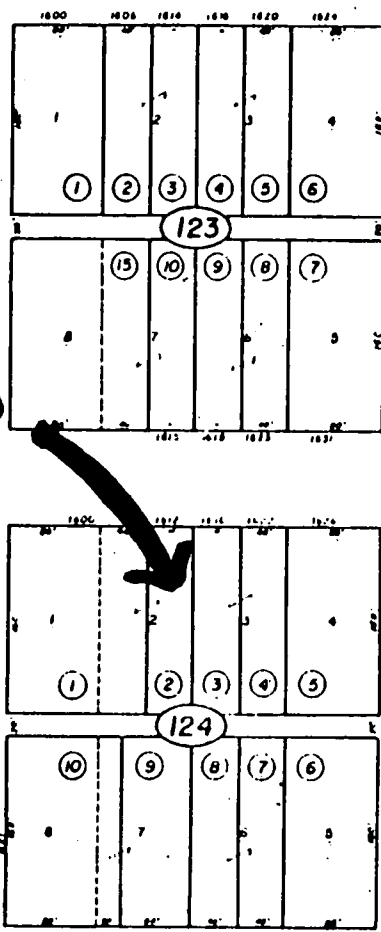
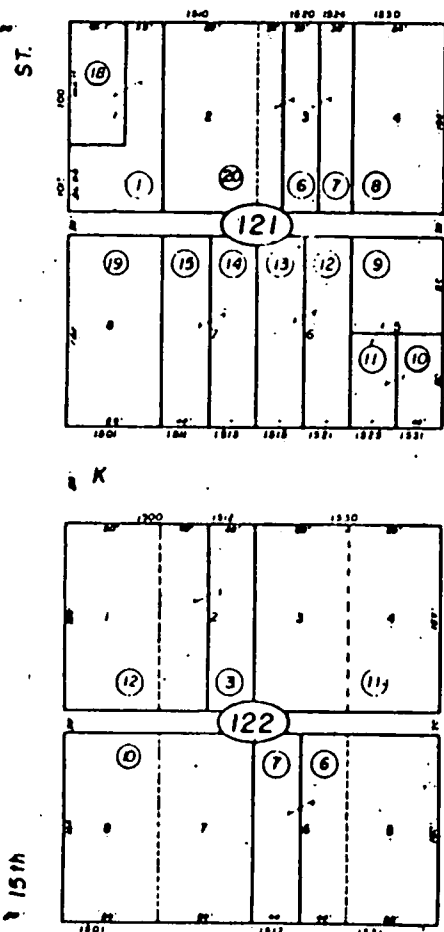
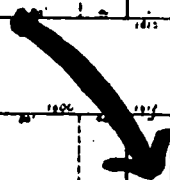
ST. 5

17

CITY OF SACRAMENTO  
Assessor's Map Bk. 6 - Pg. 12  
County of Sacramento, Calif.

NOTE - Assessor's Block Numbers Shown in Ellipses  
Assessor's Parcel Numbers Shown in Circles

PROJECT



DAVID E. LANE, INC.  
REAL ESTATE APPRAISERS

(7)

EXHIBIT I

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