



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



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January 22, 1991

Budget and Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Sale of Agency Owned Parcel on Grand Avenue to
Volunteers of America

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the sale of land.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



January 29, 1991

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Sale of Agency-Owned Parcel on Grand Avenue to
Volunteers of America

SUMMARY

This report authorizes the Executive Director to sell a small Agency-owned property near the corner of Grand Avenue and Branch Street to the Volunteers of America (VOA), a non-profit organization, for the sum of \$7,000, for the purposes of locating a pre-natal health care program.

BACKGROUND

The VOA has been awarded a competitive grant to implement a new pre-natal health care program. They have selected a former chemical dependency recovery facility (formerly known as Starting Point) located at 1001 Grand Avenue as the program site.

In order to finance the purchase of the facility, the lending institution required that the VOA secure site control of the adjacent Agency-owned parcel as a condition of the loan. Because the adjacent parcel includes the facility's parking lot and recreational area, the lender required site control to ensure that, in the event of a loan default and foreclosure, the institution's interest would be adequately protected. Without site control, the value of the foreclosed property would be significantly reduced. That site control could be in the form of a long-term lease or acquisition.

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Because the value of the parcel to the Agency is diminished since we cannot develop it as housing (see discussion below) staff is recommending that the property be sold to VOA.

Property Description

The parcel in question is a 100-foot wide strip of land located near the corner of Grand Avenue and Branch Street in the Del Paso Heights area as depicted in Exhibit A. The property is comprised of approximately 23,000 square feet and has been officially zoned for residential use.

However, two Pacific Gas and Electric Company (PGE) utility towers are situated on the property, which prohibit the construction of residential or commercial uses. An easement was granted to PGE to service and maintain the power lines and towers.

This property was conveyed to the Agency by the City of Sacramento on or about July 3, 1971. The resolution passed required the Agency to reimburse the City the total expense incurred by the City if the parcel was sold. That amount was stipulated to be \$800.

On February 23, 1984, the Sacramento City Planning Commission approved a special permit allowing Starting Point to develop parking and recreational areas for its facility. The parcel's parking and recreational areas have been maintained since that time and do not interfere with PGE's access to its towers. The VOA will use it for similar purposes.

Options for Recovery

The new VOA program will be known as Options for Recovery ("Options"), which will provide pre-natal residential treatment, counseling, and day center services to women and their children who have been exposed to drugs or alcohol or who test HIV positive.

Sacramento County was selected by State agencies as one of only five sites for implementation of these services. The VOA was selected as the contractor to administer and operate the program.

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Options will provide:

- * individual, group and family counseling
- * self-help, 12-step support groups
- * child care and developmental support services
- * classes in pregnancy, parenting, life skills, and health

Agency staff believes that Options will add a new social services component to the community which will help prevent family disintegration and homelessness. Nevertheless, sale of the property will be conditioned upon their receipt of all planning entitlements necessary and the offer of sale does not constitute Agency endorsement of the land use issue which must be addressed separately.

Determining the Sale Price

Staff encountered some difficulty in determining the value of the property since there were no comparable properties in the area. The services of an appraiser were neither sought nor commissioned.

Although the parcel is zoned for residential use, the utility towers prohibit any type of construction.

After consulting with the City of Sacramento's real estate staff, it was determined that there was no definitive standard in determining the value of this type of parcel. However, Agency staff was advised that the maximum value of such a parcel usually would not exceed 25 percent (25%) of the assessed value of vacant properties of similar dimensions zoned for residential use in the adjoining area.

Staff adopted this methodology in determining the sale price and used the lowest per square footage assessment possible in consideration of the nature of the Options Program and the Agency's support for such social service initiatives.

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Staff reviewed recent sales of vacant properties zoned for residential use in the general vicinity. The majority of the parcels surveyed had dimensions of 120 feet by 50 feet and areas of 6,000 square feet. One parcel, recently sold, located near the corner of North Avenue and May Street, approximately two blocks from the Agency owned parcel, had the lowest sale price recorded of \$8,000, or \$1.33 per square foot.

By applying the "25% rule", the square foot value of the Agency owned parcel was determined to be 33 cents. Therefore, the maximum value of the parcel was determined to be \$7,590 (23,000 square feet x 33 cents per square foot).

On October 8, 1990, the VOA tendered an offer to purchase the property for a total of \$7,000. On October 26, 1990, Agency staff agreed in principle to accept VOA's offer conditioned upon legislative approval.

Terms of the Sale

The terms of the sale will be as follows:

1. VOA will remit \$2,000 at the time of the sale.
2. VOA will agree to a deferred payment of \$5,000. This payment, however, will be allowed to be made in the form of a VOA contribution to a joint venture with the Agency in developing a new self-sufficiency project for the homeless in 1991.

FINANCIAL DATA

No new funding allocations are required by this activity.

The City of Sacramento will be reimbursed in the amount of \$800 as required.

The balance of the proceeds of the sale, including the \$5,000 deferred payment, will be incorporated into the 1991 Agency budget.

ENVIRONMENTAL REVIEW

The proposed action is exempt from environmental review per CEQA Guidelines, Section 15378(b)(3); NEPA does not apply.

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MBE/WBE REVIEW

MBE/WBE considerations are not required with this activity.

PUBLIC REVIEW

The implementation of the Options Program at the current facility was presented to the Del Paso Heights Redevelopment Advisory Committee (RAC) on June 14, 1990, and subsequently approved by the RAC on August 23, 1990.

The RAC reviewed the staff report at their regular meeting on Thursday, January 10, 1991. They approved a motion as conditioned and stated below:

- 1) Approve sale of Assessor's parcel number 251-0061-016-0000 (as represented in grid on Attachment A of staff report) in the amount of \$7,000;
- 2) Reimburse the City of Sacramento in the amount of \$800 as a condition of sale; and
- 3) Direct the remaining proceeds of the sale (\$6,200) to the Del Paso Heights budget to be used within the community of Del Paso Heights for projects identified by the RAC.

The votes were recorded as follows:

AYES: Cunningham, Dinkel, Driever, Moore, Pardieck, Perez, Rockwell, Spyres

NOES: None

ABSTAIN: Avad, Turner

POLICY IMPLICATIONS

The proposed action is consistent with the Agency's commitment to support community/social services initiatives designed to assist low-income families and to prevent homelessness for at-risk individuals and children.

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VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of January 16, 1991, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Moose, Pernell, Simon, Simpson, Strong, Wiggins,

Williams, Yew


NOES: None

ABSENT: Diepenbrock, Wooley

RECOMMENDATION

The staff recommends approval of the RAC recommendation and adoption of the attached resolution which authorizes the Executive Director to: (1) execute the actions necessary for the sale of Parcel Number 251-0061-0000 to the Volunteers of America; (2) reimburse the City of Sacramento in the amount of \$800 as a condition of the sale; and (3) amend the 1991 Agency budget accordingly to reflect the revenues and expenditures resulting from the sale.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

District 2
January 29, 1991

WALTER J. SLIPE, City Manager

Contact Person: Maxine Cornwell, Director
Community/Social Services Department
(916) 440-1360

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RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

SALE OF ASSESSOR'S PARCEL NO. 251-0061-016-0000 TO VOLUNTEERS OF AMERICA

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

Section 1: The sale of the real property known as Assessor's Parcel Number 251-0061-016-0000 to the Volunteers of America for the sum of \$7000, on the terms described in the staff report for this Resolution, is hereby approved, and the Executive Director is hereby authorized and directed to execute all documents and to perform such other acts as may be necessary to consummate the sale.

Section 2: The Executive Director is authorized to pay to the City of Sacramento, from the proceeds of the sale, the sum of \$800.

Section 3: The Executive Director is authorized to amend the 1991 Agency budget to reflect the revenues and expenditures resulting from the sale of this property.

ATTEST:

CHAIR

SECRETARY

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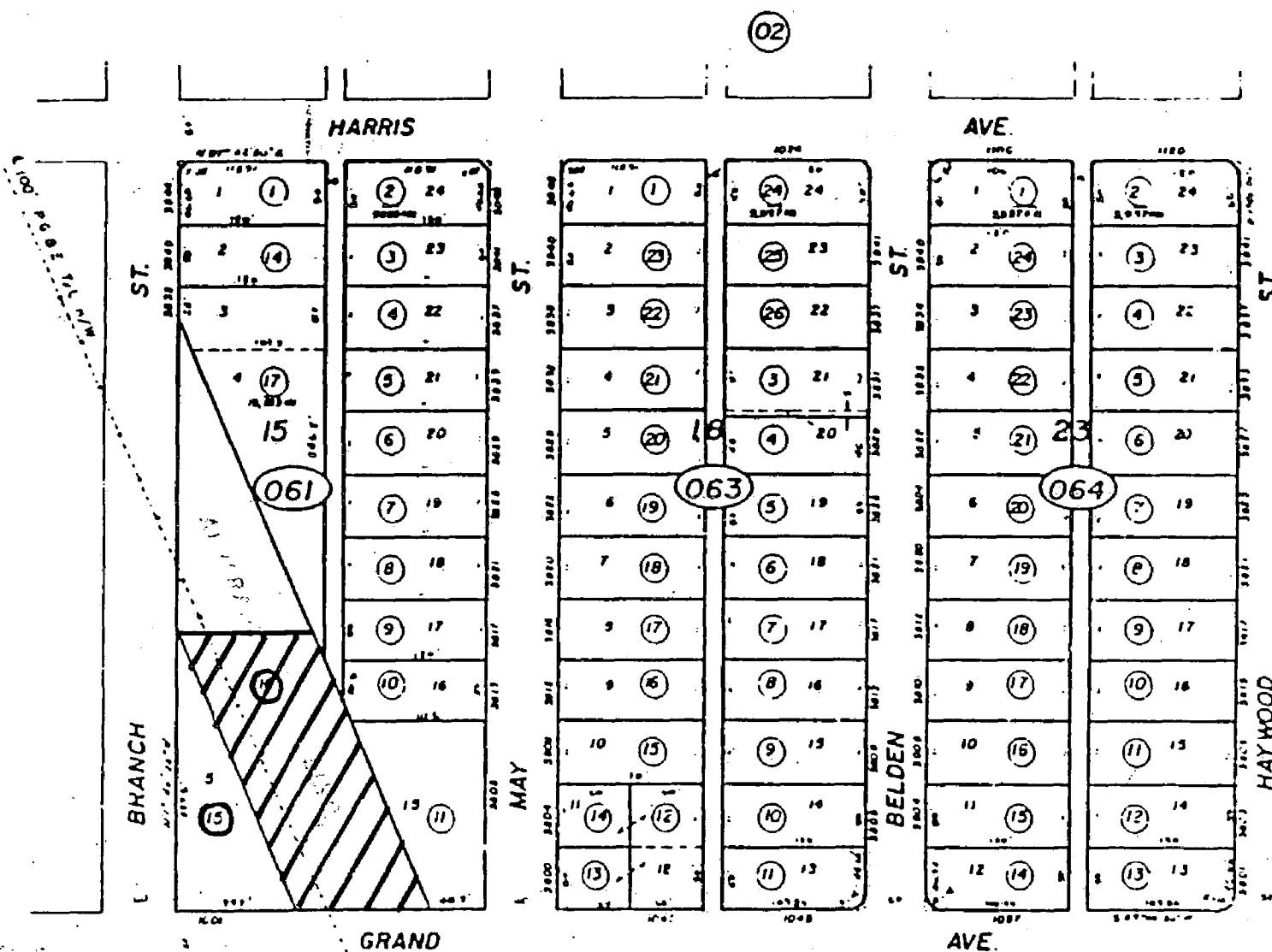
FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED. _____

POR. SEC. 12, RANCHO DEL PASO

251-06



This is not a survey of the land but is compiled for the purpose of showing the American Title Co. map of the land from data shown by the official records.

EXHIBIT A

CITY OF SACRAMENTO
Assessor's Map Bk. 25, Pg. 06
County of Sacramento, Calif.

For Del Paso Heights, R.M. Bk. 12, Pg. 1