



**Sacramento  
Housing &  
Redevelopment  
Agency**

September 1, 2004

6-2

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

Honorable Members in Session:

SUBJECT: DISPOSITION AND DEVELOPMENT AGREEMENT FOR 3324 43<sup>rd</sup>  
STREET WITH SACRAMENTO NEIGHBORHOOD HOUSING  
SERVICES

**LOCATION & COUNCIL DISTRICT**

Oak Park Redevelopment Area, District 5

**RECOMMENDATION**

Staff recommends adoption of the attached resolutions (pages 9-12) which authorize the Executive Director or her designee to execute a Disposition and Development Agreement with Sacramento Neighborhood Housing Services for the sale of a Redevelopment Agency-owned vacant lot at 3324 43<sup>rd</sup> Street.

**CONTACT PERSONS**

Jim Hare, Program Manager, 440-1313  
Alida Martinez, Development Analyst 440-1399 x1464

**FOR COUNCIL MEETING OF** - September 21, 2004

**SUMMARY**

This report recommends the sale of a Redevelopment Agency-owned vacant lot in the Oak Park Redevelopment Area to Sacramento Neighborhood Housing Services for the construction of a new single-family home. The completed home will be sold to a low to moderate-income, owner-occupant household.

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### **PAC ACTION**

At its meeting February 4, 2004 the Oak Park Project Area Committee adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Davis, Hearne, Johnson, Moore, Sumpter, Williams

NOES: White

ABSENT: Azar and Ligons

### **COMMISSION ACTION**

At its meeting September 1, 2004, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Burruss, Coriano, Gore, Harland, Hoag, Piatkowski, Stivers, Simon

NOES: None

ABSENT: Burns, McCarty

### **BACKGROUND**

#### *Revitalization efforts*

Sacramento Neighborhood Housing Services (NHS) has been active in revitalizing the Oak Park neighborhood for the last 16 years. NHS offers programs and services focused on increasing homeownership and improving existing properties. The NHS Home Ownership Center is located in Oak Park and provides homebuyer education and counseling, low cost down payment assistance, property rehabilitation financing, and construction management services.

NHS has a proven track record of building and rehabilitating single-family homes. NHS homes are sold to families who have completed the homebuyer classes and who qualify to obtain a home loan. In late 2003, NHS removed a neighborhood eyesore by completing a major rehabilitation of a boarded and vacant home on 43<sup>rd</sup> Street. NHS has completed other clean-up and painting projects on this street and the surrounding

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blocks. Currently there are three new homes under construction on the same block. NHS has also recently completed a new home on 4428 7<sup>th</sup> Avenue.

NHS's acquisition of the vacant lot site at 3324 43<sup>rd</sup> Street will continue to aid the revitalization taking place in the Oak Park community. NHS intends to build a single-family home on this site and, when completed, sell the home at an affordable price for a low to moderate-income owner occupant. The home will have 3 or 4 bedrooms, 2 baths, and approximately 1500 square feet, and will meet Oak Park's design review guidelines. Please see Attachment I for site map.

### *Conveyance Strategy*

The disposition of this property is pursuant to the vacant lot conveyance strategy reviewed by the Oak Park PAC in April 2003. The strategy included conveyance of one Agency-owned lot to NHS, disposition of eight other lots, and retention of six lots for development at a later date. Since the plan was approved, four lots have been conveyed to Habitat for Humanity and one to the Rotary Club.

### *Affordability*

NHS will build either a three or four bedroom home and offer it for sale to an owner occupant who qualifies as a low to moderate-income household, which is not more than 80 to 110 percent of the median income. The estimated sales price will be within \$161,194 (low-income) to \$230,032 (moderate-income) for a three bedroom home or \$168,342 to \$242,656 for a four bedroom home. While it is the goal of the Agency and NHS to sell the home affordable to a low-income buyer, flexibility to the moderate-income level is needed given that the costs to build may exceed the sales prices at the low-income level. Also, with a moderate-income level sales price, NHS can sell the home to a household at 85 or 90 percent of median income, if feasible.

### *Disposition and Development Agreement (DDA)*

The DDA will sell the property to NHS for \$57,000, which represents the fair market value, based on an independent appraisal. The Agency will place a Regulatory Agreement on the property to ensure that the new home will only be sold to a low to moderate-income owner-occupant. The DDA and Regulatory Agreement will include the following requirements:

- Agency staff will review house plan;
- NHS will handle and assume financial responsibility for all planning entitlements;
- NHS will attend PAC meetings for Design Review of the project;

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- NHS will provide a home warranty;
- NHS will secure construction financing;
- NHS shall obtain building permits; and
- NHS will be complete home and sell within 24 months of the close of escrow.

### **FINANCIAL CONSIDERATIONS**

The Agency purchased 35 vacant lots in the early 1990's for construction of affordable single-family homes. NHS has agreed to purchase one of the lots for \$57,000, which will be returned to the Oak Park low-moderate income-housing fund for future housing projects. Please see Attachment II for Section 33433 Report.

### **POLICY CONSIDERATIONS**

The action recommended in this report is consistent with community development goals listed in the Oak Park Redevelopment Area 2000-2004 Implementation Plan. They include promoting homeownership, promoting new construction on vacant lots, stabilizing and increasing property values, and increasing the percentage of owner-occupants.

This action is also consistent with the City's Strategic Plan goal to enhance and preserve the neighborhoods. The proposed action supports the Guiding Principle of that goal which states that programs and strategies should promote the maintenance and development of the fullest range of housing choices in every community in the City of Sacramento.

### **ENVIRONMENTAL REVIEW**

The proposed action for disposition of land is in furtherance of the Oak Park Redevelopment Project. Per California Environmental Quality Act ("CEQA") Guidelines §15180 (Plan implementation), and §15162 (no new information or impacts that were not previously addressed in the Plan EIR), further environmental is not required. In addition, the proposed project to construct a single family home is exempt from environmental review per CEQA Guidelines §15303(a). The National Environmental Policy Act does not apply.

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### M/WBE CONSIDERATIONS


M/WBE policy will be followed to the extent of its applicability.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

Transmittal approved,

  
ROBERT P. THOMAS  
City Manager

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**HEALTH AND SAFETY CODE SECTION 33433 REPORT**

**Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)**

**I. Agreement**

A copy of the Disposition and Development Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

**II. Summary of Terms of Disposition**

<b>AGENCY'S COST OF ACQUIRING THE LAND</b>	
Purchase Price	\$21,000
Commissions	
Closing Costs	\$2,000
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs	
<b>TOTAL</b>	<b>\$23,000</b>

<b>ESTIMATED VALUE OF INTEREST CONVEYED</b>	
Value of the property determined at the highest and best use under the redevelopment plan	\$57,000

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement.	<b>\$57,000</b>

<b>VALUE RECEIVED ON DISPOSITION</b>	
The purchase price or the total of the lease payments due to the Agency under the Agreement	<b>\$57,000</b>

**III. Explanation of Disposition for Less than Full Value**

The Agency is selling the vacant lot to NHS for full market value at \$57,000.

**IV. Elimination of Blight**

The project eliminates blight in the Oak Park neighborhood by constructing a new single family home on a vacant lot that causes a physical blight and is a haven for ancillary activities, which leads to blight. Also, the project provides a homeownership opportunity to a low to moderate-income household wishing to buy their own home and invest in their community.

**RESOLUTION NO. \_\_\_\_\_**

**ADOPTED BY THE SACRAMENTO CITY COUNCIL**

ON DATE OF \_\_\_\_\_

**APPROVAL OF THE AGENCY'S SALE OF PROPERTY AT 3324 43<sup>RD</sup> STREET  
TO SACRAMENTO NEIGHBORHOOD HOUSING SERVICES**

WHEREAS, the City of Sacramento approved by Ordinance the Oak Park Redevelopment Plan ("Redevelopment Plan") for the Oak Park Project Area ("Project Area");

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") owns certain real property generally described as 3324 43<sup>RD</sup> Street ("Property") in the Project Area, which was acquired with tax increment funds targeted for low and moderate income housing;

WHEREAS, Agency and Sacramento Neighborhood Housing Services ("Developer") desire to enter into Disposition and Development Agreement ("DDA") to convey the Property to Developer for construction of a single family home to be sold to purchaser qualified as a low or moderate income household at a sales price that does not exceed the amount that a moderate income household can afford to pay, as more specifically described in the DDA ("Project");

WHEREAS, a copy of the DDA is on file with the Agency Clerk;

WHEREAS, in accordance with the California Environmental Quality Act and its implementing regulations, the Project is exempt under CEQA Guidelines for the reasons set out in the Agency staff report that accompanies this resolution, and the Agency Executive Director has been directed to prepare a Notice of Exemption for the sale of the Property for the Project in accordance with CEQA Guidelines Section 15062;

WHEREAS, a report under Health and Safety Code Section 33433 ("Section 33433 Report") has been prepared, filed with the Agency Clerk, and made available for public review; and

WHEREAS, proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

(9)

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**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

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

Section 1. The Agency's sale of the Property for construction of the Project is consistent with the goals and objectives of the Redevelopment Plan to promote homeownership and new construction of housing on vacant lots, and is consistent with the Implementation Plan adopted for the Redevelopment Plan. The sale of the Property will assist in the elimination of blight as stated in the 33433 Report.

Section 2. The consideration for the Agency's conveyance of the Property to Developer is not less than the fair market value of the Property, which is an amount that is higher than the fair reuse value of the Property, and the Developer will not be receiving any Agency subsidy.

Section 3. The City Council hereby approves the Agency's sale of the Property to the Developer for the Project pursuant to the terms of the DDA.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

(10)

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

**RESOLUTION NO. \_\_\_\_\_**

**ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**

ON DATE OF \_\_\_\_\_

**APPROVAL OF DISPOSITION AND DEVELOPMENT AGREEMENT  
WITH SACRAMENTO NEIGHBORHOOD HOUSING SERVICES  
FOR DEVELOPMENT OF THE PROPERTY AT 3324 43<sup>RD</sup> STREET**

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Oak Park Redevelopment Plan ("Redevelopment Plan") and an Implementation Plan for Oak Park Project Area ("Project Area");

WHEREAS, Agency owns certain real property generally described as 3324 43<sup>rd</sup> Street ("Property") in the Project Area, which was acquired with tax increment funds targeted for low and moderate income housing;

WHEREAS, Agency and Sacramento Neighborhood Housing Services ("Developer") desire to enter into Disposition and Development Agreement ("DDA") to convey the Property to Developer for construction of a single family home to be sold to purchaser qualified as a low or moderate income household at a sales price that does not exceed the amount that a moderate income household can afford to pay, as more specifically described in the DDA ("Project");

WHEREAS, a copy of the DDA is on file with the Agency Clerk;

WHEREAS, in accordance with the California Environmental Quality Act ("CEQA") and its implementing regulations, the sale of the Property and the Project are exempt under the CEQA Guidelines for the reasons set out in the staff report that accompanies this resolution;

WHEREAS, a report under Health and Safety Code Section 33433 ("Section 33433 Report") has been prepared, filed with the Agency Clerk, and made available for public review; and

WHEREAS, proper notice of this action has been given and a public hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

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

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**FOR CITY CLERK USE ONLY**

(11)

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

Section 1. The Executive Director is directed to prepare a Notice of Exemption for the sale of the Property for the Project based on the findings in the accompanying staff report in accordance with CEQA Guidelines Section 15062.

Section 2. The sale of the Property and construction of the Project is consistent with the goals and objectives of the Redevelopment Plan to promote homeownership and new construction of housing on vacant lots, and is consistent with the Implementation Plan. The Project will assist in the elimination of blight as stated in the 33433 Report. The DDA shall be deemed an implementing document approved in furtherance of the Redevelopment Plan and Implementation Plan for the Project Area, and all applicable land use plan, studies, and strategies.

Section 3. The Report as required under Health and Safety Code Section 33433 is hereby approved.

Section 4. The consideration for the Agency's conveyance of the Property to Developer is \$57,000, which is not less than the fair market value of the Property at its highest and best use under the Redevelopment Plan.

Section 5. The Disposition and Development Agreement is approved and the Executive Director is authorized to execute the DDA, Grant Deed, Regulatory Agreement, Escrow Instructions and related conveyance documents, and to perform other actions as necessary to implement the terms of the DDA. In accordance with Health and Safety Code Section 33334.14, the Regulatory Agreement containing covenants imposed by the DDA may be subordinated to the lien or encumbrance of the Developer's lender.

Section 6. The \$57,000 sale proceeds shall be deposited in the Oak Park Low-Moderate Income Housing Fund and the Agency's budget is hereby amended accordingly.

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CHAIR

ATTEST:

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SECRETARY

(12)

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_