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APPROVED
BY THE CITY COUNCIL

JUN 8 1994

OFFICE OF THE
CITY CLERK

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

June 8, 1994

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: MEMORANDUM OF AGREEMENT FOR THE MERRIUM REPLACEMENT HOUSING PROJECT

LOCATION AND COUNCIL DISTRICT: City-wide

RECOMMENDATION:

It is recommended that the City Council authorize the execution of the Memorandum of Agreement with the Capitol Area Development Authority for the development of replacement housing project for the Merrium Apartments by approving the attached resolution.

CONTACT PERSON: Carolyn Foster, 264-5848

FOR COUNCIL MEETING OF: June 8, 1994

SUMMARY

This report recommends an extension of an existing Memorandum of Agreement between the City of Sacramento and the Capitol Area Development Authority (CADA) for development services related to the Merrium Apartments replacement housing.

The agreement (Exhibit A) has been amended to reflect an eighteen month extension from the date of execution by City Council authorization. The agreement is also amended to include the City option to terminate the agreement if within twelve months no developer is selected by the City and CADA. The City is to give thirty days written notification of any termination prior to the effective termination date. This amendment replaces previous agreement language which allowed the automatic termination of the agreement after twelve months if no developer is

selected by the City and CADA for negotiations.

The agreement continues to make available \$1.2 million in City financial assistance for the selected developer.

COMMITTEE/COUNCIL ACTION

None required.

BACKGROUND INFORMATION

In November 1988, City Council approved the Convention Center Expansion Project. Facilities within the boundaries of the project area were acquired and either relocated or demolished. The Merrium Apartment building was one structure that was demolished. The Environmental Impact Report for the project requires that the City provide like housing to maintain the balance of housing downtown. A development site at 14th and N Streets was selected.

From 1988 to 1991 CADA received five proposals for development of this site. Each of the proposals had problems with the financial feasibility for mid-rise housing in the downtown area or with the state of the economy at the time the proposals were submitted. It was determined that some subsidy would be required in order to successfully proceed with a development proposal for this property.

In December, 1991, the City entered into an agreement with the Capitol Area Development Authority (CADA) authorizing them to serve as the lead agency for the development of a replacement housing project for the Merrium Apartments on a 25,600 square foot site located at 14th and N Streets. The project was approved to be funded by up to \$1.2 million in Replacement Housing funds from the Convention Center Expansion Project budget billed as "financial assistance" for a successful and approved development proposal. A minimum of 41 units were to be developed, representing a one for one replacement for units that existed within the now demolished facility.

Over a period of twelve months, CADA was to initiate advertising for proposals, present any satisfactory proposals to the State and City Council for preliminary review and comment, make final selection based upon State and City Council input, and solicit a land lease from the State for the proposed development. Following the contention by interested developers that there was a funding gap between the market range for housing units and the cost to the developer to construct a high-rise building, CADA contracted with the California State University of Sacramento, Real Estate Land Use Institute to conduct a market study. The Memorandum of Agreement between the City and CADA was extended to August, 1993 while this market study took place.

CADA is currently evaluating a proposed project by a development team consisting of Hood Miller Associates and Campbell Construction Company. The proposed \$11.6 million projects at 1400 14th Street (southwest corner of 14th and "N" Streets) consists of fifty-five (55) market rate residential condominium units to be developed in two eight story towers along "N" Street, and a four story building in the rear of the site. The proposed project would include one, two, and three bedroom units ranging in size from 675 to 1,870 square feet, with a projected sales price range of \$119,900 to \$289,900. The site would encompass 25,600 square feet and includes the replacement and relocation of 1316-1320 N Street. The CADA Board approved a four month exclusive negotiation period which will expire on June 15, 1994 and will be considering a predevelopment agreement and the verification of funding at a June, 1994 board meeting. The extension of the Memorandum of Agreement will allow CADA to further pursue this developer.

FINANCIAL CONSIDERATIONS

\$1.2 million in City financial assistance, outlined in the Memorandum of Agreement, is part of the Community Center Expansion Project budget. No General Funds are proposed for this project.


POLICY CONSIDERATIONS

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

MBE/WBE


Capitol Area Development Authority minority and women business enterprise goals will be followed in the development of this project, subject to review by the City prior to authorization to enter into negotiations that would involve the City's financial participation. Efforts to meet City minority and women business enterprise goals will be evaluated at that time.

Respectfully submitted,



Carolyn Foster
Management Analyst

APPROVED:



William H. Edgar
City Manager

RESOLUTION NO. 94-355

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION AUTHORIZING THE EXECUTION OF A MEMORANDUM OF AGREEMENT WITH CAPITOL AREA DEVELOPMENT AUTHORITY REGARDING REPLACEMENT HOUSING FOR THE MERRIUM APARTMENTS

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

The City Manager and City Clerk are hereby authorized and directed to execute on behalf of the City of Sacramento, the attached Memorandum of Agreement (MOA) with the Capitol Area Development Authority (CADA) which (1) authorizes CADA to serve as lead agency for the development of a replacement housing project for the Merrium Apartments on a 25,600 square foot site located at 14th and N Streets, and (2) authorizes the City and CADA to advertise the availability of \$1.2 million of Replacement Housing funds from the Convention Center Expansion Project budget as part of CADA's solicitation for the site.

MAYOR

ATTEST

CITY CLERK

APPROVED
BY THE CITY COUNCIL
JUN 8 1994
OFFICE OF THE
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____