



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



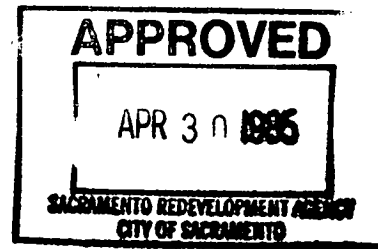
Agency Rpt (40)

April 24, 1985

Redevelopment Agency of the
City of Sacramento

and

Sacramento City Council
Sacramento, California



Honorable Members in Session:

SUBJECT: Amendment of Development Disposition Agreement (DDA)
for Agency property in Del Paso Heights at Rio Linda
and Grand Avenue

SUMMARY

This report requests authorization for the Executive Director of the Redevelopment Agency of the City of Sacramento to amend the Development Disposition Agreement (DDA) for the subject property with High Tech Construction, Inc. for development of a 104-unit senior housing project.

BACKGROUND

On March 18, 1985, the Agency (Resolution No. 85-020) authorized the Executive Director of the Redevelopment Agency of the City of Sacramento to execute a DDA with High Tech Construction, Inc. for development of a 104-unit senior housing project. Subsequent to execution of the DDA, the Redeveloper submitted construction drawings to the City Building Department and the Agency for approval. However, the construction drawings were determined to be inadequate and insufficient, and were withdrawn by the Redeveloper. The Redeveloepr released the architect and has retained a local architect to complete construction drawings for the project.

In order to retain the financing for the project it is necessary for the Redeveloper to close the loan immediately (see attached letter from the financial institution). Based upon the terms of the existing DDA, construction drawings must be approved by the Agency prior to transfer of title to the property. Given the possibility of losing financing for this project, it is necessary for the Agency to amend the existing DDA to include the following terms: (1) the Agency will transfer the property prior to receiving approval of the construction drawings; and (2) if the Redeveloper fails to comply with the terms specified in the DDA with

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
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Sacramento City Council
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respect to the construction plan submittal, the bank will rescind its loan, the Redeveloper will pay any damages connected to the bank loan, and the Agency will take back title to the property. The bank will also include these terms in the Bank Deed of Trust and Warranty Deed.

After loan closing, the bank has agreed to disburse \$100,000 to cover land acquisition and processing fees. The Agency's initial disbursement will be in a form of a credit to cover part of the land acquisition. Once construction plans have been approved by the Agency, there will be a \$27,000 disbursement and the remaining funds will be disbursed in proportion to progress payments approved by the bank on the construction loan.

FINANCIAL DATA

No additional funds are required for this project.

POLICY IMPLICATIONS

This amendment is a deviation from existing policy of transferring land to a redeveloper prior to approval of construction drawings.

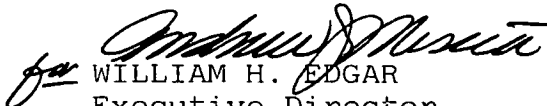
ENVIRONMENTAL REVIEW

No environmental review is required for this activity.

RECOMMENDATION

The staff recommends that the Redevelopment Agency of the City of Sacramento approve the resolution authorizing the amendment to the existing Development Disposition Agreement.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIPE
City Manager

Contact Person: Thomas V. Lee, 440-1315

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RESOLUTION NO. 85-035

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

AUTHORIZATION TO EXECUTE CONTRACT AMENDMENT WITH HIGH TECH

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

Section 1: The Executive Director is authorized to execute an amendment of the Disposition and Development Agreement with High Tech Construction, Inc. which includes the following terms: (1) the Agency will transfer title to the property prior to receiving and approving construction drawings; and (2) if High Tech Construction, Inc. fails to comply with the terms specified in the Disposition and Development Agreement with respect to the construction drawing submittal, the bank will rescind its loan, High Tech Construction, Inc. will fund any damages connected to the bank loan, and the Agency will take back title to the property.

CHAIR

ATTEST:

SECRETARY



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E. Redeveloper has submitted Construction Plans pursuant to Section 5 of this Agreement and Agency has approved said Construction Plans.

2. A new Section 12 is added to read as follows:

SEC. 12. EARLY CONVEYANCE OF PROPERTY AND CONSTRUCTION PLANS

Agency entered into this Agreement with Redeveloper for the purpose of assuring development of a housing project which is constructed in accordance with Construction Plans approved by Agency and not exceeding a cost of TWO MILLION FIVE HUNDRED FIFTY THOUSAND Dollars (\$2,550,000). In order to assure availability of construction financing for the project, Agency shall convey title to Redeveloper by Special Warranty Deed before Redeveloper has submitted Construction Plans. After conveyance Redeveloper and Agency agree to proceed as follows:

(a) Redeveloper shall submit to Agency and City Building Department Construction Plans pursuant to Section 5 of this Agreement no later than June 14, 1985. Agency shall approve or disapprove Redeveloper's Construction Plan within forty-five (45) days after Redeveloper submits plans to Agency. If Agency disapproves the Construction Plans the time for the Developer to submit corrected plans and for the Agency to review corrected plans shall be in accordance with Section 5 of this Agreement, except that if Agency disapproves the Construction Plans first submitted by Redeveloper, Redeveloper shall provide Construction Plans which are acceptable to Agency as complying with this Disposition and Development Agreement and the Deed conveying the property no later than September 1, 1985.

(b) The Agency may disapprove the Construction Plans if (1) they are not in accordance with approved Preliminary Plans, (2) they are not acceptable to the Design Review Preservation Board, (3) they are not complete for City of Sacramento Building Department review, as determined by the Building Department, (4) total cost for completion of improvements pursuant to this Agreement in accordance with the Construction Plans, within the sole judgment of the Agency, will exceed TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$2,550,000).

(c) If Redeveloper fails to submit Construction Plans which are approved by Agency no later than September 1, 1985, Redeveloper and Agency agree as follows:

(i) The title to the Property shall revert in the Agency pursuant to Section 704 and Section 705 of Part II of this Agreement, except that Subsection (1) of Section 704 shall not apply. Agency's right to revert title in connection with breach or violation of this Section 12 shall supersede and shall in no way be limited by any provision in this Agreement and Title shall revert free and clear of any mortgage, deed of trust or other lien, whether permitted or prohibited by this Agreement or the Special Warranty Deed conveying the Property to Redeveloper.

(ii) Upon ten (10) days' written demand from Agency, Redeveloper shall convey to Agency a quitclaim deed, quitclaiming to Agency all of Redeveloper's interest in the Property.

(iii) The lender which has entered into an Agreement with Redeveloper for a land purchase and construction loan secured by a Deed of Trust on the property shall, upon ten (10) days' written notice from the Agency, rescind its loan and reconvey its Deed of Trust on the Property.

(iv) Redeveloper shall reimburse the lender referred to in Subsection (c) (iii) for any disbursement of loan proceeds, and other costs or damages in connection with Redeveloper's loan agreement with the lender. Redeveloper shall be entitled to reimbursement from the Redevelopment Agency in accordance with the limits established by Section 705 of Part II of this Agreement. Redeveloper shall not be entitled to any reimbursement for costs or damage payments which Redeveloper makes to lender in connection with rescission of the loan agreement.

(d) If this Section 12 conflicts with any other provision of the Part I or Part II of this Agreement, the provisions of this Section 12 shall prevail.

3. Exhibit D, Declaration of Restrictions, subsection 4 is amended by deleting the number 62 wherever used in that subsection and substituting therefore the number 55.

4. Exhibit E, Schedule of Performances, is deleted in its entirety and Exhibit E Schedule of Performances First Amendment attached hereto and incorporated herein by reference is substituted in its place.

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IN WITNESS WHEREOF the parties hereto have executed this Amendment as of the date first above written.

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

BY _____
Executive Director

APPROVED AS TO LEGAL FORM AND LEGAL ADEQUACY:

General Counsel

APPROVED:

Finance Department

Fund:
Organization:
Cost Code:

Organization Approval

HIGH TECH CONSTRUCTION, INC.,
a California Corporation

BY _____

BY _____

Contractor's ID No.

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

On this ____ day of _____, 1985, before me, the undersigned, a Notary Public in and for said County and State, personally appeared WILLIAM H. EDGAR, known to me to be the Executive Director of the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic, that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said Agency, and acknowledged to me that such Agency executed the same pursuant to a resolution of the Members thereof.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

On _____, 1985, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed the same pursuant to its bylaws/resolution/board of directors.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

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STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

On _____, 1985, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____ proved to me on the basis of satisfactory evidence to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that the corporation executed the same pursuant to its bylaws/resolution/board of directors.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

z:lAmendHiTechDDA

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EXHIBIT E

Schedule of Performances

First Amendment

1. At the effective date of this Agreement, Redeveloper has already submitted Preliminary Plans & Evidence of Financing which has been approved by Agency Complete at effective date of this Agreement
2. Redeveloper shall prepare and submit Final Construction Plans to the Agency and City Building Department Within sixty (60) day from the effective date of this Agreement, but no later than June 14, 1985
3. The Agency shall approve or disapprove Redeveloper's Final Construction Plans Within forty-five (45) days after Redeveloper submits the Plans to Agency
4. Redeveloper shall deposit into escrow the purchase price for the Property and all other executed documents necessary to permit close of escrow No later than May 1, 1985
5. Agency shall deposit into escrow the Deed for Conveyance of the Property No later than May 1, 1985
6. The Purchase Price for the Property shall be paid to Agency, the Deed delivered to Redeveloper and the escrow closed No later than May 2, 1985
7. Redeveloper shall commence construction of improvements on the Property Within four (4) months after the close of escrow, but no later than September 1, 1985
8. Redeveloper shall complete construction of the Improvements on the Property Within twelve (12) months after the close of escrow, but no later than May 1, 1986

LENDERS FIRST CORPORATION
A Full Service Financial Corporation

5709 MARCONI AVENUE
SUITE C
CARMICHAEL, CA 95608
(916) 488-5476

MAIN OFFICE:
SAN DIEGO
REGIONAL OFFICES:
LOS ANGELES
SACRAMENTO

April 24, 1985

Nadine Ford
Housing and Redevelopment Agency
630 I Street
Sacramento, CA 95814

RE: DEL PASO HEIGHTS SENIOR CITIZEN APARTMENTS

Dear Nadine:

As we discussed in our last meeting, and subsequently over the phone, it is in the best interest of High Tech Construction, Inc. that the current loan, as outlined to you, be accepted and closed by the end of this month. I am sure you are aware that obtaining financing for new projects in the Del Paso Heights area is extremely difficult at best.

The lender, Affiliated Lenders Corporation, has approved the loan and drawn documents to be executed in escrow by April 30, 1985. Also, as I mentioned, they have pre-sold this loan in the Secondary Market on the basis that it would close by that date.

Time is of the essence.

Yours very truly,

LENDERS FIRST CORPORATION



Aletha Yates Parich
Vice President

AYP/jp