

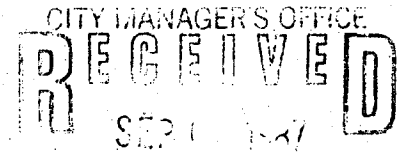


**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



10

September 15, 1987



Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Ridgeway Hotel Loan and Owner Participation Agreement

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 Owner Participation Agreement and proposed funding.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



September 9, 1987

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Ridgeway Hotel Loan and Owner Participation Agreement

SUMMARY

This report recommends approval of a loan of \$300,000 to Daniels C. Logue for acquisition and subsequent rehabilitation of the Ridgeway Hotel, and approval of an Owner Participation agreement.

BACKGROUND

On July 14, 1987 you approved Resolution No. 87-048 authorizing the Executive Director to negotiate a \$300,000 loan agreement with Daniels C. Logue to assist in the acquisition and subsequent rehabilitation of the Ridgeway Hotel at 914 12th Street for its continued operation as an SRO (single room occupancy) use. A locational map is attached as Exhibit A. The agreement is subject to your final approval.

The Ridgeway presently has 48 SRO units on three residential floors. The ground floor retail space is vacant. It is proposed that this space will be converted to approximately ten fully handicapped accessible units, plus a lounge, and congregate kitchen servicing the tenants. Overall costs will be \$23,700 per unit.

The proposed sources and uses of funds are as follows:

Sources of Funds

Equity	\$ 160,000
Redevelopment Agency	300,000
State of California	600,000
Conventional Loan	315,000
TOTAL	<u>\$1,375,000</u>

Uses of Funds

Purchase	\$ 525,000
Construction	710,000
Soft costs	140,000
	<u>\$1,375,000</u>

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Sacramento, California
September 9, 1987
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We have successfully completed the negotiations. The agreed upon terms are essentially the same as those negotiated for the Sequoia. Hotel rehabilitation project at 911 K Street. The principal provisions are as follows:

Loan Amount	\$300,000
Loan Term	30 years
Loan interest	3% simple interest, deferred if necessary to maintain affordable rents.

A recorded regulatory agreement will control initial rents and subsequent increases; limit tenants to those with low- and very low income, regulate landlord tenant relations, require a management plan, and provide displacement and relocation assistance during rehabilitation and the option to relocate back into the hotel upon completion of the rehabilitation.

Mr Logue intends to seek State assistance for the rehabilitation. It is anticipated that an RFP for the State Special User Housing Rehabilitation program will be issued in October. We will be assisting Mr. Logue in his application for these funds and are optimistic that we will be successful in our endeavors. However, even if successful, State funds could not be available until early 1988. Meanwhile, a September 25, 1987 escrow closing will be necessary for Mr. Logue to acquire the property. The \$300,000 loan, therefore would be for acquisition. In effect it would be a pre-development loan. Staff will assist in this effort. In the event a State loan is awarded, the terms the Redevelopment Agency loan provides for subordination, if necessary, and merger of the two regulatory agreements to insure consistency and ease of administration.

FINANCIAL DATA

The 1987 Agency Budget has \$300,000 of Downtown Tax Increment Funds (Fund 102, Cost Center Code A00205) allocated for SRO acquisition and rehabilitation. The proposed project would use the entire \$300,000 amount.

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ENVIRONMENTAL REVIEW

This project received previous environmental review as part of the Downtown Redevelopment Plan Update. The merged Downtown Redevelopment Plan and Action Program recommends that the Ridgeway Hotel be retained for residential use, and the site is designated as a priority for assistance. Based on the Plan, a full Environmental Impact Report was prepared and certified by the Redevelopment Agency on June 17, 1986. Therefore, pursuant to CEQA Article 6, Section 15061(e), the Downtown Redevelopment Plan EIR, provides adequate environmental review for the Agency to approve the loan. The loan applicant may be subject to further environmental review at time of plan submission to the City Planning Department.

POLICY IMPLICATIONS

The proposed action is fully consistent with presently adopted Agency policy.

VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its meeting of September 14, 1987, the Sacramento Housing and Redevelopment Commission will adopt a motion recommending that you take the above mentioned action. In the event they fail to do so, you will be advised prior to your September 15, 1987 meeting.

RECOMMENDATION

The staff recommends adoption of the attached resolution approving a \$300,000 loan to Daniels C. Logue for purchase of the Ridgeway Hotel; authorizing the Executive Director to execute a contract for such loan; and of the subject building approving an Owner Participation Agreement for rehabilitation.

Respectfully submitted,

William H. Edgar

WILLIAM H EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

AUTHORIZING LOAN TO DANIEL C. LOGUE
FOR ACQUISITION AND REHABILITATION OF
RIDGEWAY HOTEL

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

Section 1: A \$300,000 loan to Daniels C. Logue
("Borrower") to be used for the acquisition and rehabilitation of
the Ridgeway Hotel on terms set forth in the staff report filed
with this resolution is hereby approved.

Section 2: The Executive Director is hereby authorized
to execute all documents necessary to effectuate said loan.

Section 3: The Executive Director is hereby authorized
to negotiate and execute any additions or amendments to said
documents which are necessary to conform to lender requirements
in the event an additional rehabilitation loan is obtained by
Borrower from the Department of Housing and Community Development
or conventional financial institution.

Section 4: The Executive Director is hereby authorized
to negotiate and execute an Owner Participation Agreement with
Daniels C. Logue for rehabilitation of the Ridgeway Hotel which
agreement shall be in accordance with the terms set forth in the
staff report filed with this resolution.

CHAIR

ATTEST:

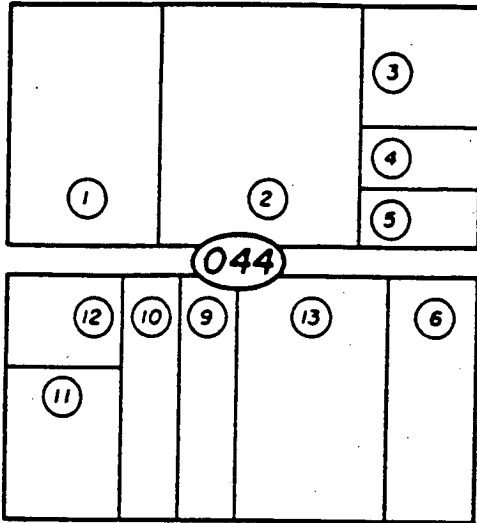
SECRETARY

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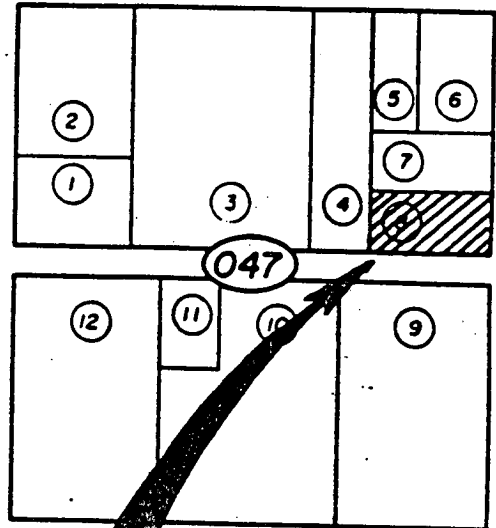
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044

ST.

11TH ST.

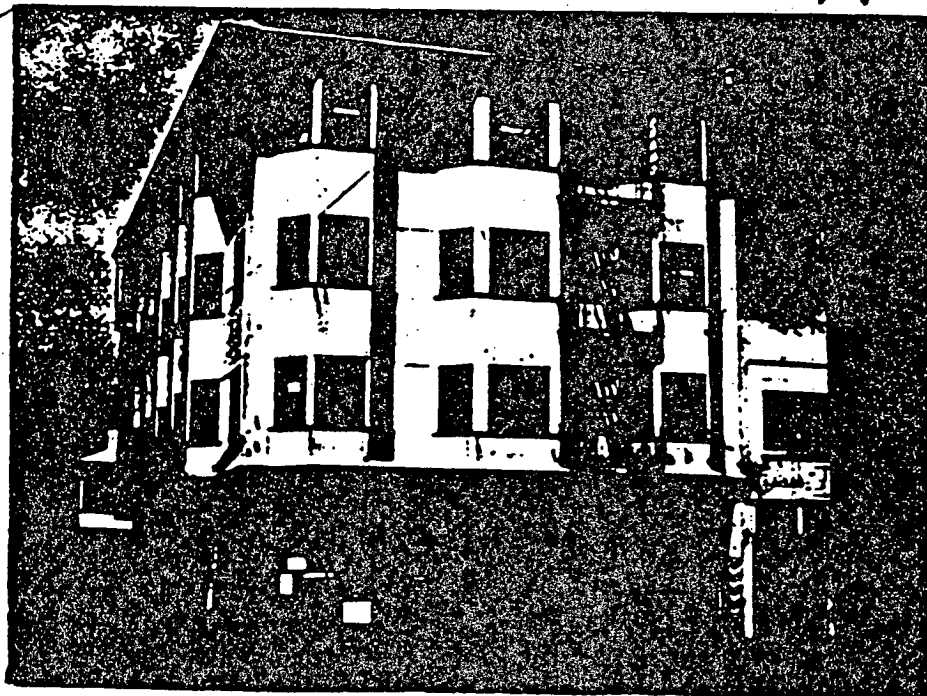


047

ST.

12TH ST.

ST.



RIDGEWAY
 916 12TH ST.
 48 Rms

