

## **RESOLUTION NO. 2014-0101**

Adopted by the Sacramento City Council

April 29, 2014

### **APPROVAL OF MARSHALL HOTEL CONVERSION CERTIFICATE AND REPLACEMENT HOUSING PLAN**

#### **BACKGROUND**

- A. The Marshall Hotel is a residential hotel located at 1122 7th Street in downtown Sacramento that is subject to the provisions set forth in Chapter 18.20 of the City of Sacramento Municipal Code.
- B. The owners of the Marshall Hotel have submitted an application for residential hotel conversion.
- C. The owners of the Marshall Hotel have completed a relocation plan which identifies eligible tenants and estimates relocation benefits for the 95 occupied and vacant units. The replacement units are to be located at 7th and H Street housing community.
- D. The owners of the Marshall Hotel posted a sixty (60) day notice of withdrawal or conversion that was reviewed and approved pursuant to the provisions set forth in Chapter 18.20.
- E. The proposed action approving the replacement housing plan and issuing the Conversion Certificate is not the approval of a project as defined in CEQA Guidelines Section 15378. The National Environmental Policy Act (NEPA) does not apply.
- F. A public hearing was held on April 29, 2014 regarding the approval of the Conversion Certificate and Replacement Housing Plan.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The recitals stated above are found to be true and correct.
- Section 2. The Conversion Certificate for the Marshall Hotel located at 1122 7th Street, set forth as Exhibit A, is approved.
- Section 3. The Replacement Housing Plan for the Marshall Hotel, as set forth in Exhibit B, is approved.

**Table of Contents**

Exhibit A: Conversion Certificate for Marshall Hotel

Exhibit B: Replacement Housing Plan for the Marshall Hotel

Adopted by the City of Sacramento City Council on April 29, 2014, by the following vote:

Ayes: Members Ashby, Cohn, Fong, Hansen, McCarty, Pannell, Schenirer, Warren, and Mayor Johnson

Noes: None

Abstain: None

Absent: None

Attest:

**Shirley A. Concolino**

Digitally signed by Shirley A. Concolino  
DN: cn=Shirley A. Concolino, o=City of Sacramento, ou=City  
Clerk, email=sconcolino@cityofsacramento.org, c=US  
Date: 2014.05.13 12:16:23 -07'00'

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Shirley Concolino, City Clerk

Date – *DRAFT – SUBJECT TO REVIEW AND APPROVAL*

Guneet Bajwa  
Marshall Hotel/Presidio Companies  
1011 10<sup>th</sup> Street  
Sacramento, CA 95814

RE: Marshall Hotel Conversion Certificate

Dear Mr. Bajwa:

On April 29, 2014, the City Council approved a Conversion Certificate for all 95 single room occupancy units of the Marshall Hotel. You may withdraw these units on June 29, 2014. All current tenants have a right to occupancy until that date.

Sincerely,

Christine Weichert  
Assistant Director, Development Finance

**REPLACEMENT HOUSING PLAN FOR  
SRO DWELLING UNITS**

**MARSHALL HOTEL  
1122 7th STREET, SACRAMENTO**

**Description of Property**

The subject property is located at 1122 7th Street downtown Sacramento, City Council District 4, near K Street. This property consists of residential hotel single room occupancy (SRO) units. The owner of the Marshall Hotel proposes to withdraw the SRO units and is considering several options for the property, including conversion to a hotel. Please refer to Exhibit 1 for a map of the project site.

Based on an analysis of replacement housing requirements as outlined in Municipal Code 18.20.160, discussed more fully below, the Sacramento Housing and Redevelopment Agency (Agency) is required to replace SRO housing units subject to the Code. The Agency worked on development and financing of the 7th and H Street Housing Community, which was constructed in 2013. The 7<sup>th</sup> and H Street property will serve as the replacement housing for the Marshall Hotel units which will be lost due to withdrawal.

**Project Status**

The Marshall Hotel has 95 units, 56 of which were occupied on February 27, 2014, the date the owner notified the tenants that he would be applying for a Conversion Certificate. The remaining units are vacant. The owner has requested a conversion certificate which will allow the property to be used for purposes other than residential hotel SRO units.

**Replacement Housing Needs**

The Marshall Hotel is subject to Municipal Code 18.20 governing downtown residential hotels, which requires a replacement housing plan under section 18.20.160. According to the code, residential hotel SRO units may be replaced within three (3) years of the date of the approval of the conversion certificate by the construction of new housing, rehabilitation of non-regulated property, or acquisition or purchase of covenants of existing non-regulated housing. Replacement units must have rents not to exceed an average of forty percent (40%) of the Sacramento metropolitan area median income (AMI). Furthermore, the replacement units must be located in close proximity to transportation and services and have an affordability covenant of no less than fifty-five (55) years.

The Agency has identified the following units at the Marshall Hotel that must be replaced within the required three-year time period: ninety-five (95) units.

### **Replacement Dwelling Units**

The Agency will replace the required units at the 7th and H Street property.

The 7<sup>th</sup> and H Street property includes approximately 150 mixed one-bedroom and studio units with one-third to one-half of the units for special needs households that require case management. These Permanent Supportive Housing units serve a range of formerly homeless and at-risk populations. The project was developed in accordance with the City's Single Room Occupancy (SRO) Strategy, and thus targeting a mixed population of single individuals working in low wage jobs in the central city, and people living on social security and disability income. Unit rents are affordable to those not exceeding 40% AMI on average. The building features a variety of amenities, including community gathering rooms on each floor, roof gardens, retail space on the ground floor and a clinic.

The Agency will replace the 95 SRO units lost at the Marshall Hotel with units at the 7th and H Street property with ninety-five (95) studio and one-bedroom units at an average affordability level of 40% AMI (extremely low income). Nineteen units at 7<sup>th</sup> and H Street were used as replacement housing units for the Wendell Hotel conversion in 2009. Thirty-six units at 7<sup>th</sup> and H Street were used as replacement housing units for the Ridgeway Hotel conversion in 2013.

### **Article XXXIV**

The City of Sacramento is currently in compliance with its requirements under the California Constitution, Article XXXIV. The project being used as replacement housing for the units located at 1122 7<sup>th</sup> Street in Sacramento, CA is within the current allocation and does not require a vote of the public.