

RESOLUTION NO. 2005-003

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF MAR 01 2005

**GREENFAIR: ACQUISITION OF PROPERTIES AND
AUTHORIZATION TO TAKE ALL NECESSARY ACTIONS
RELATED TO THE PURCHASE OF THE PROPERTIES**

WHEREAS, the Housing Authority of the City of Sacramento ("Authority") has acquired 152 lots within the Greenfair site from the U.S. Department of Housing Urban Development (HUD), and most of these lots are vacant because HUD demolished the single family and townhouse units located thereon due to structural defects;

WHEREAS, the Authority desires to acquire up to six additional units which are located next to the Authority lots in order to more effectively redevelop the Greenfair site;

WHEREAS, some of the six units are currently listed for sale and the Authority desires to purchase these units when they become available on the open market;

WHEREAS, some of the six units contain housing which is vacant and inhabitable due to the structural condition of these homes;

WHEREAS, the cost of acquisition all six units will cost approximately \$1,200,000; and

WHEREAS, the Authority desires to acquire the six remaining units in order to redevelop the Greenfair site to provide affordable homeownership housing, which is consistent with HUD's HOME program.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1. The Executive Director of the Authority is authorized to take all actions and enter into all agreements as may be necessary to purchase, for not substantially more than the listed sale price or market value, the following described property located at Greenfair if a unit is listed for sale on the open market or offered for sale to the Authority: APNs 011- 0340- 005, 013, 014, and 035; 011- 0360-008; and 011-0370- 038 (collectively "Parcels").

Section 2. The Executive Director of the Authority is authorized to execute loan documents with the Sacramento Housing and Redevelopment Agency for a \$1,200,000

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HOME loan to fund the costs of acquiring the Parcels in accordance with the terms and conditions described in the staff report that accompanies this resolution.

Section 3. The Executive Director of the Authority is authorized to expend the \$1,200,000 HOME loan proceeds for the purposes as described in this resolution.

HEATHER FARGO

CHAIR

ATTEST:

SHIRLEY CONCOLINO

SECRETARY

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**Sacramento
Housing &
Redevelopment
Agency**

February 16, 2005

Housing Authority and City Council of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: ACQUISITION OF PROPERTY AT GREENFAIR

LOCATION & COUNCIL DISTRICT

Broadway and Fairgrounds Drive
Council District 5

RECOMMENDATION

Staff recommends adoption of the attached resolutions on pages 7-10 which authorize the Executive Director or her designee to:

- purchase any of the following units that are located within Greenfair should they be offered for sale for not substantially more than the listed sale price:
 - 7 Fiesta Court (APN 011-0360-008)
 - 253 Fairgrounds Drive (APN 011-0340-035)
 - 289 Fairgrounds Drive (APN 011-0340-014)
 - 293 Fairgrounds Drive (APN 011-0340-013)
 - 313 Fairgrounds Drive (APN 011-0340-005)
 - 687 Fairgrounds Drive (APN 011-0370-038)
- take all other actions necessary to purchase the properties on a voluntary basis; and
- appropriate \$1,200,000 in HOME funds for all necessary actions.

CONTACT PERSONS

Darren Bobrowsky, Director of Development Services, 440-1310
Christine Groth, Housing Finance Manager, 440-1399, ext 1418
Emily Hottle, Housing Finance Analyst, 440-1399, ext 1420

FOR COUNCIL MEETING OF – March 1, 2005

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority and City Council
February 16, 2005
Page 2

SUMMARY

This report recommends the Housing Authority be authorized to purchase any of the six remaining units at Greenfair should they become available for sale on the open market. Staff recommends the purchase of some or all of these six properties in order to better facilitate the redevelopment activities at the Greenfair site.

COMMISSION ACTION

At its meeting February 16, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:	Burns, Burruss, Coriano, Gore, Harland, Hoag, Paitkowski, Simon, Stivers
NOES:	None
ABSENT:	None

BACKGROUND

The Greenfair development is located on 30.4 acres on the north side of Broadway at Fairgrounds Drive. The project was originally developed in the early 1970s under the US Department of Housing and Urban Development (HUD) Operation Breakthrough program which used experimental housing materials and techniques to produce housing for all income levels. The project originally included 192 senior high rise and low rise apartments, 12 family garden apartments, 19 single family detached homes and 184 attached townhome units. Six different builders were involved in the construction of the homes, all of which have had major structural failures except the senior units and the 45 Christiana Western townhome units.

Beginning in 1997, in response to the ongoing structural failures of the units, HUD began extending purchase offers to all the owners of the non-senior housing except the 45 Christiana Western units. HUD was successful in the acquisition of 152 single family units and four three-plex apartment buildings, for a total of 164 residential units purchased. Six units remained as "hold-outs" in that they did not sell to HUD. At time of acquisition by HUD, the units were demolished if possible; only units that were required for structural support of a "hold-out" unit were left standing. As a result, very few of the single family detached and townhouse structures remain on-site.

In August of 2004, the Housing Authority of the City of Sacramento ("Agency") entered into a purchase contract with HUD for the 152 vacant lots and buildings. A map included as Attachment I shows the current ownership and occupancy interests at

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority and City Council
February 16, 2005
Page 3

Greenfair. The sale of the land was completed in September 2004, and the Agency began working with the community on the redevelopment plan. Specifically, the Agency is:

- Working with the Greenfair Homeowners Association (HOA) on possible restructuring of the HOA;
- Working with a land use consultant on community visioning for the layout and design of the new development; and
- Preparing a Request for Proposals for the development of the site.

This information will be brought to the City Council for consideration along with a more thorough update of the Agency activities in June of 2005.

Since the Agency has acquired the Greenfair property, two of the six remaining units have come on the market for sale. As a way to better continue the redevelopment strategy, the Agency recommends purchasing any of these existing units should they come up for sale on the open market for inclusion in the redevelopment strategy. Currently, two vacant units are listed for sale, 7 Fiesta Court and 687 Fairgrounds Drive. Acquiring these vacant properties on the open market would not necessitate relocation of tenants. Replacement housing requirements, if any, will not be triggered until the units are demolished. Should any units become available on the open market that requires relocation assistance, the Agency will prepare a relocation plan for approval prior to proceeding with acquisition.

FINANCIAL CONSIDERATIONS

This report recommends reprogramming \$1,200,000 from City HOME funds to the Greenfair project. Based on Agency appraisals, the six homes are valued at between \$135,000 and \$240,000, and all six together are valued at \$1,165,000. The proposed \$1,200,000 should be sufficient to cover expected acquisition costs for all six properties should they become available for sale. This proposed allocation will cover all expenses related to the property acquisition(s) including investigative studies, closing costs and possible boarding and/or demolition. The actions recommended in this report authorize the Agency to purchase the properties under voluntary sales.

Staff recommends adding the proposed \$1,200,000 of City HOME funds to the existing \$200,000 Housing Trust Fund loan for the Greenfair project. The promissory note, loan agreement and regulatory agreement for the existing loan will be increased by \$1,200,000 and include regulatory requirements associated with HOME funding. The new \$1,400,000 loan will carry a zero percent interest rate with no payments due for five years.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority and City Council
February 16, 2005
Page 4

POLICY CONSIDERATIONS

The actions recommended in the report are consistent with the on-going City and Agency goals for the redevelopment of Greenfair. In the August 24, 2004 staff report authorizing the Agency to purchase the HUD owned property, staff indicated that they would return to the City with a plan of action, including purchases of additional units to make future development viable. The actions recommended in this report allow the Agency to carry out these plans to further the overall redevelopment goals at Greenfair.

ENVIRONMENTAL REVIEW

Once the scope of development for all of the Greenfair property has been defined, environmental review of the proposed project will be conducted. Acquisition of existing residences does not commit the Agency to proceed with a redevelopment project. Acquisition of land with subsequent environmental review conducted before the Agency is committed to a definite course of action for a future development project is authorized under CEQA pursuant to *Stand Tall on Principles vs. Shasta Union* (235 Cal App 3rd 772). Under NEPA, acquisition of individual residences where the structures will be used for the same purpose or demolished is exempt from environmental review under 24 CFR Section 58.35(a)(5).

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by Federal Funding.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



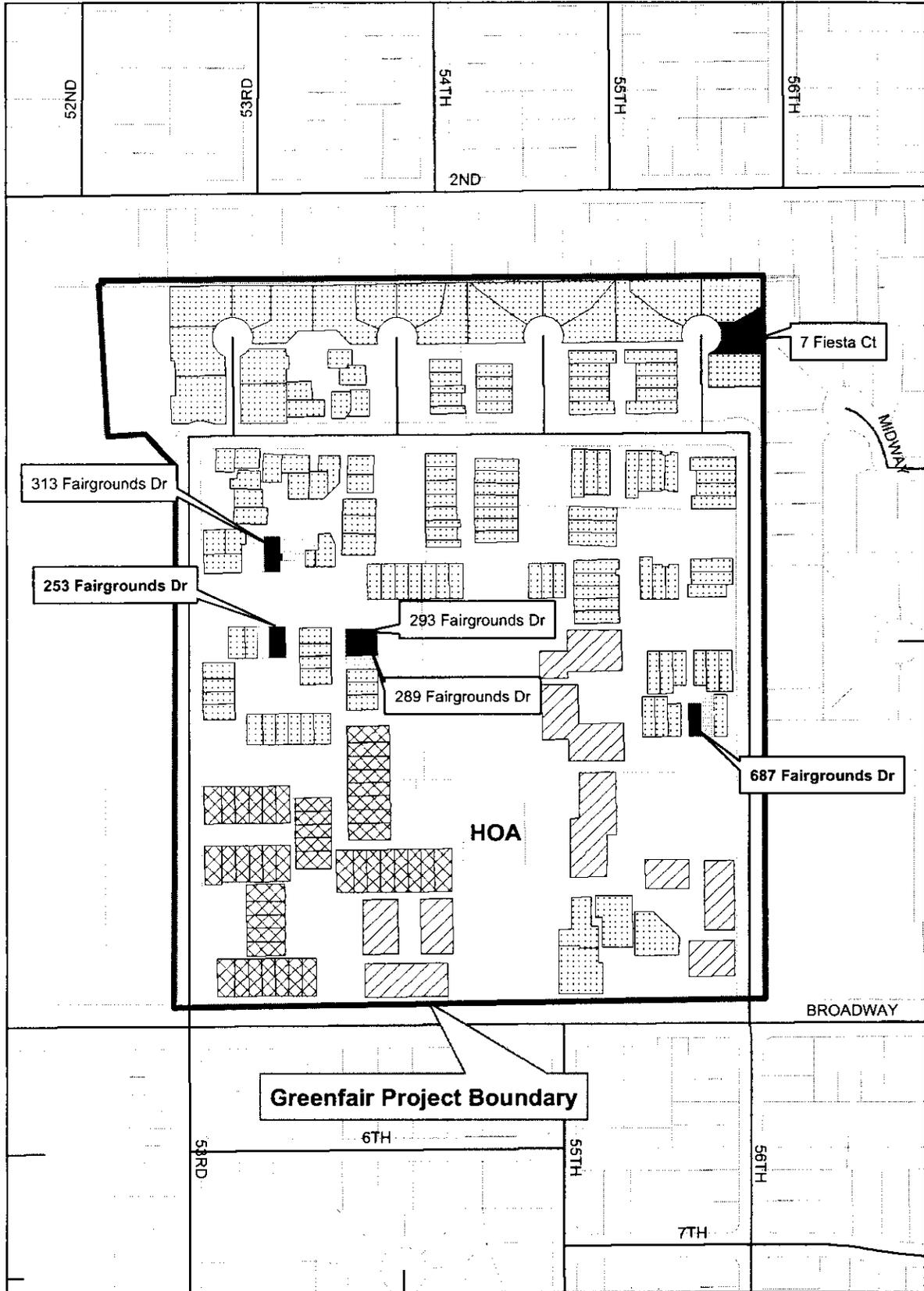
ROBERT P. THOMAS
City Manager

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority and City Council
February 16, 2005
Page 5

Table of Contents

Site and Property Status Map.....6
Housing Authority Resolution.....7-8
City Council Resolution.....9-10



**Greenfair Site
& Property Status Map
March 1, 2005**



Ownership Status

- Vacant Units
- Vacant Land
- ▨ Christiana Western
- ▧ Senior Units
- Hold Outs