



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
December 4, 2007

Honorable Mayor and Members of the City Council

Title: Annual Report on Residential Hotels

Location/Council District: Citywide

Recommendation: Receive and File

Contact: Lisa Bates, Deputy Director, Sacramento Housing and Redevelopment Agency (SHRA), (916) 440-1316, Jim Hare, Assistant Director Housing and Community Development, SHRA, (916) 440-1313

Presenters: NA

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) requires an annual report to the Redevelopment Commission and City Council on the number of residential hotels units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals. The ordinance pertains to ten residential hotels located in downtown Sacramento (Location Map – Attachment 1).

For the reporting year ending September 30, 2007, no residential hotel units have been withdrawn pursuant to ordinance requirements. However, several hotels are less than fully occupied due to deteriorating physical conditions or the owners' inability to attract responsible tenants. In addition, several hotel owners have announced plans to convert their properties to other uses. Staff estimates that up to 150 existing units could be lost in the next two to three years. A list of the residential hotels covered by the ordinance with notes on their status is included as Attachment 2.

Annual Report on Residential Hotels

Staff is currently working on acquiring a half-acre site at the corner of 7th and H streets to develop a project that would provide up to 160 replacement units; a staff report will be presented in January 2008 on that project. Staff is also working on two residential hotel preservation projects: the Hotel Berry (100 units) and the YWCA (32 units). The Agency has already approved \$5 million in financing for the Hotel Berry acquisition; however, the project was not successful this round in receiving nine percent tax credits. Staff is currently evaluating options to complete the financing for that project. The YWCA will be brought forward with a financing recommendation in January 2008.

In June 2007 the Council approved a Residential Hotel Cooling Program to provide a financial incentive to four residential hotel owners to install an on-site cooling system or cooled common area. Staff has contacted or attempted to contact each of these owners. To date, only the owners of the Marshall Hotel have responded to staff contact attempts and expressed an interest in the program; however, since announcing plans to expand and convert the property to a market-rate tourist hotel they have elected not to proceed with a cooling system for the existing Single Resident Occupancy hotel (SRO).

Policy Considerations: This report complies with the requirement of City Code Section 18.20.60, which requires an annual report on the number of residential hotels units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Environmental Considerations: Not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(4)].

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting on November 14, 2007, the Sacramento Housing and Redevelopment Commission received the information presented in this staff report.

Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None

December 4, 2007

Annual Report on Residential Hotels

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore; M/WBE considerations do not apply.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:

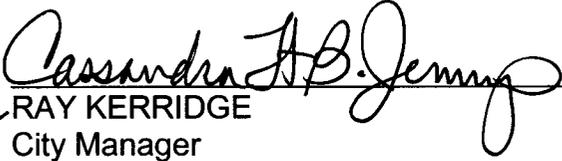
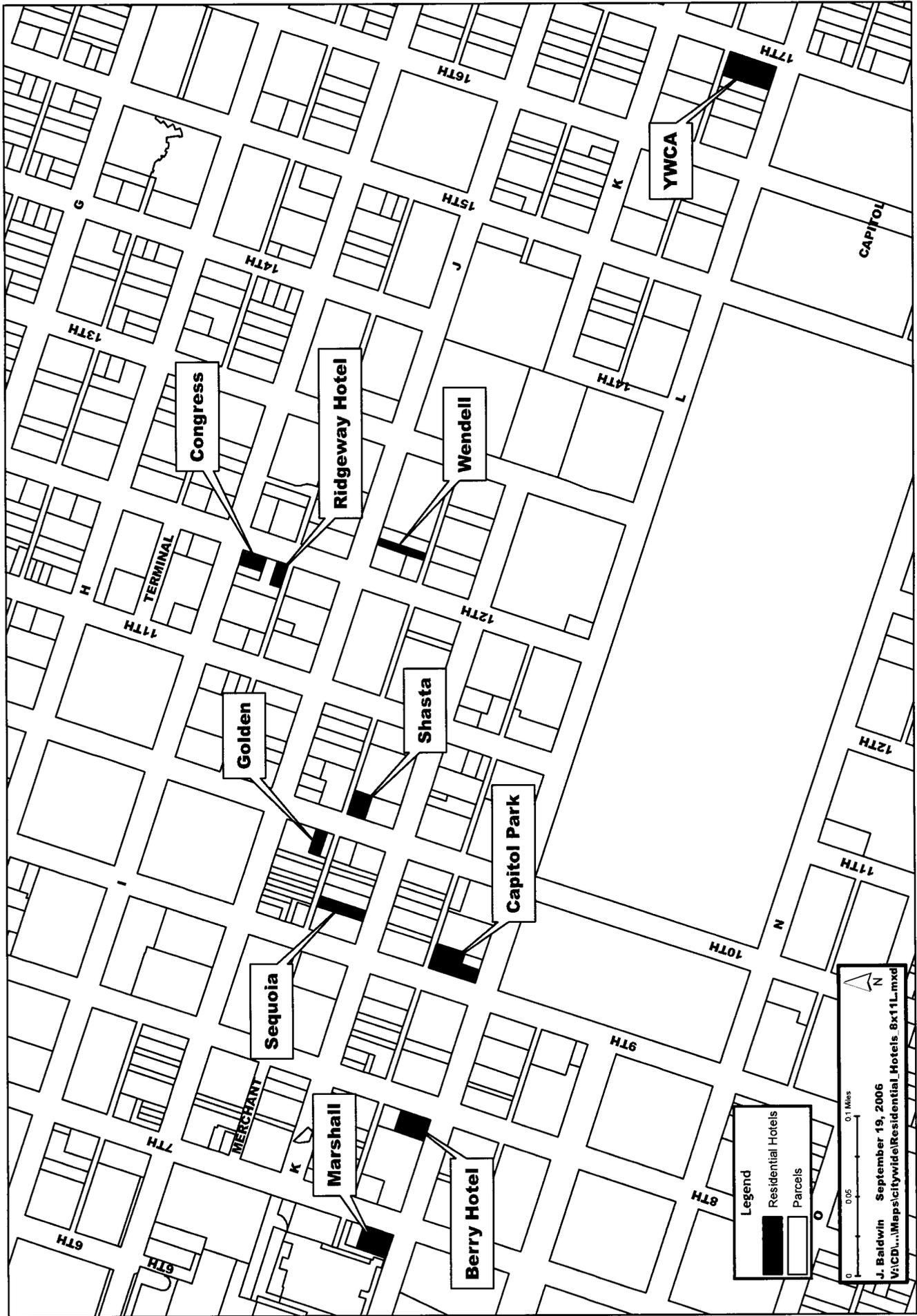

for RAY KERRIDGE
City Manager

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Residential Hotels Subject to City Code Chapter 18.20



Residential Hotel Annual Status Report

Berry Hotel (105 units): Privately owned, subject to Agency regulatory agreement until 4/18/09. The Agency approved \$5 million in acquisition financing in June, 2007. Developer's application for nine percent tax credits received full points from the state Tax Credit Allocation Committee, but did not have a sufficiently low tie-breaker to receive an allocation. Developer and staff are evaluating next steps.

Capital Park Hotel (180 units): Family owned and operated, not regulated; staff has had no recent contact with owners or received information to indicate any change of use is planned.

Congress Hotel (30 units) : Family-owned and operated, not regulated. It is one of the hotels that was offered Agency funding to install a cooling system. The owners have been unresponsive to staff's contact attempts.

Golden Hotel (27 units): Family-owned and operated, not regulated. It is one of the hotels that was offered Agency funding to install a cooling system. The owners have been unresponsive to staff's contact attempts.

Marshall Hotel (95 units): Privately-owned and operated, not regulated. The owners have announced plans to convert and expand to a market-rate hotel operation. Timeline is uncertain, but appears to be one to two years in the future. Owners have not yet approached Agency staff regarding the conversion process. After showing initial interest in the Agency-funded cooling program, the owners have elected to devote their efforts to their proposed market-rate project rather than investing in improvements to existing operations.

Ridgeway Hotel (58 units): Privately owned, subject to Agency regulatory agreement until 2017. Owner CFY Development has approached the Agency regarding financing for a thorough rehabilitation and conversion to efficiency apartments. The conceptual plan, if developed, could result in a loss of 25 to 30 units.

Sequoia Hotel (91 units): Privately owned, subject to Agency regulatory agreement until 2015. Owner CFY Development is managing at break-even.

Shasta Hotel (80 units): Owned by the Shasta Hotel Corporation, a nonprofit, and regulated through 2024. Professionally managed by the John Stewart Company.

Wendell Hotel (19 units): Family-owned and operated, not regulated. The owners have begun discussing plans with City and SHRA staff to convert to office use. Only five of 19 rooms currently rented.

YWCA (32 units): Owned by non-profit, subject to Agency regulatory agreement until 2015. A staff report to provide rehabilitation financing will be heard by SHRC on January 8, 2008 and by City Council on January 29, 2008. There will be no loss of units as a result of rehabilitation.