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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 109
915 I STREET
SACRAMENTO, CA
95814-2684

March 20, 1990

916-449-5704

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Ex Shasta Hotel Residents -
Continued Relocation Assistance

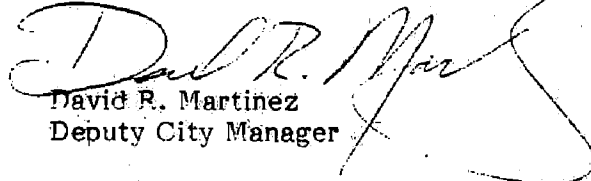
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency of the City of Sacramento.

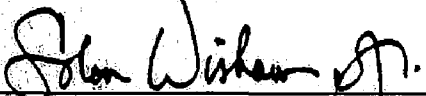
RECOMMENDATION

The staff recommends approval of the attached resolution.

Respectfully submitted,


David R. Martinez
Deputy City Manager

RECOMMENDATION APPROVED



SOLON WISHAM, JR.
Assistant City Manager

All Districts
March 20, 1990



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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Ex Shasta Hotel Residents -
Continued Relocation Assistance

SUMMARY

This report recommends a one year continuation with a six-month status review, of relocation benefits for previous residents of the Shasta Hotel who were displaced when the structure was closed by City action.

BACKGROUND

On March 31, 1989, the City ordered the closure of the Shasta Hotel, located at 1021- 10th Street, and had it secured from entry and habitation. This action followed an extended period of code enforcement activity in which numerous correction notices were issued by the County Health Department and the City Building and Fire Departments. The building was considered extremely dangerous.

At the time of the closure, approximately 30 of the 80 rooms were occupied. Relocation assistance was provided to the City by the staff of the Redevelopment Agency. Thirty tenants were relocated and provided with first month's rent. Twenty seven of these were provided a monthly rent differential for an additional eleven months, pursuant to a policy decision by the Council. This is the difference between their current rents and those at the Shasta. The Agency administers the relocation payment and is reimbursed by the City. Projected cost through the end of March is approximately \$32,000.

The one year relocation assistance authorized by the City Council terminates at the end of March, 1990. There are currently 22 displacees receiving monthly rent assistance payments. The reduced number is due to whereabouts unknown and deceased individuals removed from the list. Estimated cost to continue the rent assistance for another year is \$18,420. The assistance per household ranges from \$40 to \$100 per month.

The following is some general information on the 22 remaining displacees:

Source of Income:

10 General Assistance (\$281/month)
9 SSI (\$625/month)
3 Employed

Type of Housing:

10 Hotel
8 Apartment
1 Rooming House
1 Motel
2 Room in Private Residence

The staff is proposing that the Council extend the payment for an additional year, with a six-month status review on progress of finding a permanent solution. In the meantime, staff will consider a number of options for assistance to the displaced residents. These include:

1. Continuation of current City assistance - estimated costs to continue the rent assistance to the current 22 recipients for another year is \$18,420.
2. Chapter 73 of the City Code - This requires that the owner of any residential hotel who removes it from use pay relocation benefits of \$1,500 per person to eligible residents. This is included in the current lawsuit against owners of the Shasta by the City and Legal Services of Northern California. It could take another four to six months to resolve the suit. City expenditures could be reimbursed from liens on the property.

3. Section 8 Certificates/Vouchers - The Housing Authority administers a Section 8 Voucher Program for homeless persons. Technically, the previous residents of the Shasta currently are not homeless. However, some may become homeless after the City's assistance expires, if they are unable at that time to pay their current rents. This option was not pursued due to equity reasons. There are more than enough truly homeless persons in shelters to exhaust the very limited number of vouchers which may become available. Providing priority status to ex Shasta residents will displace other equally needy persons. However, if the Council desires the ex Shasta residents to have Section 8 Voucher, the staff will attempt to make them available.

It should be noted that the extension of assistance payments represents a short term solution to this problem. Within the next 12-18 months, the Agency hopes the Shasta can be restored and/or a new SRO will be under way through gap financing incentives to be provided by SHRA in summer 1990. These displaced tenants could apply for this new housing.

It is our understanding that the Shasta has been returned to the original owner following a default and subsequent Trustee Sale. The bank, which holds a first deed of trust on the property, has, in turn, filed a default notice on the original owner. A Trustee Sale was scheduled for February 26, 1990, but was continued until the end of May at the request of the owner and with concurrence of the bank. The property is listed with a realtor and is being actively marketed, though not necessarily as an SRO..

FINANCIAL DATA

Estimated costs to continue the rent assistance for another year is \$18,420.

ENVIRONMENTAL IMPACT

This is a policy action which is exempt from environmental review per:

CEQA: Section 15378(b)(3)
NEPA: 24 CFR Part 58.34(a)(2)

MBE/WBE

This action proposed in this report has no MBE/WBE impact.

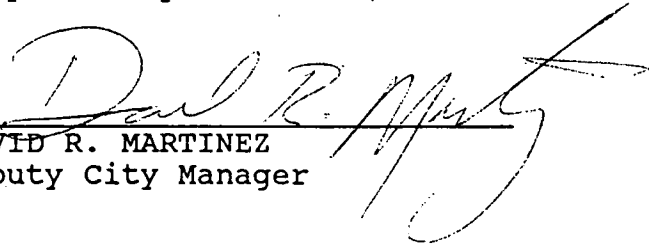
POLICY CONSIDERATIONS

There is no current City policy concerning long-term relocation benefits to individuals displaced through code enforcement. The initial policy decision to provide one year of assistance was based on anticipation that the Shasta could be rehabilitated within that time frame. Continuation of the benefits for another year would be continuation of that policy decision, pending replacement SRO units.

RECOMMENDATION

Staff recommends adoption of the attached resolution authorizing a one year continuation of relocation benefits for previous residents of the Shasta Hotel, with a six month status review.

Respectfully submitted,



DAVID R. MARTINEZ
Deputy City Manager

RECOMMENDATION APPROVED:

WALTER SLIPE
City Manager

All Districts
March 27, 1990

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

SHASTA HOTEL RESIDENTS RELOCATION ASSISTANCE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Relocation Assistance Program for former residents of the Shasta Hotel is hereby continued for one year from April 1, 1990 to March 31, 1991.

Section 2: Staff is directed to prepare and submit a status report on the program in six months.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____