

March 16, 1999

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: 3741 Altos Avenue Renovation

LOCATION & COUNCIL DISTRICT

3741 Altos Avenue, Council District 2

RECOMMENDATION

Staff recommends adoption of the attached resolution, which allocates up to \$40,000 for the renovation of a vacant facility at 3741 Altos Avenue and transfers \$40,000 of Del Paso Heights tax increment from the Del Paso Heights Commercial Loan and Exterior Rebate Project to the Prince Hall Mason's Project.

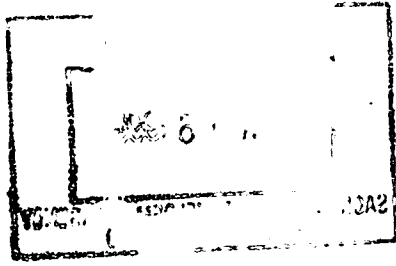
CONTACT PERSONS:

John Dangberg, Director, City Community Development, 440-1347
Leslie Fritzsche, Program Manager, Commercial and Employment Development, 440-1301

FOR COUNCIL MEETING OF: March 16, 1999

SUMMARY

This report recommends the allocation of up to \$40,000 in additional funding for the renovation of a vacant facility at 3741 Altos Avenue in Del Paso Heights.



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DEL PASO HEIGHTS REDEVELOPMENT ADVISORY COMMITTEE (RAC) ACTION

The Del Paso Heights RAC approved the request for funding for the project at its meeting of March 12, 1998. The request for the additional funding of up to \$40,000 was approved at its meeting of January 14, 1999. The votes were as follows:

AYES: Ahkiong, Langston, Lee, Loree, Mack, Olivares, Scoggins, Short, Velez-Balay, Wells, and Whitaker

NOES: None

ABSENT: Barnes, Blue, Perlberger, and Vue

COMMISSION ACTION

At its meeting of March 3, 1999, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Arundson, Castello, Cespedes, Harland, Hoag, Holloway, Newsome, Simon, Dobbins

NOES: None

ABSENT: Rotz

BACKGROUND

The Sacramento Prince Hall Masonic Building Association was founded in 1982 as an association of the fraternal organizations known as the Prince Hall Masonic family of Sacramento. The non-profit fraternal organization purchased the 8,000 square foot building at 3741 Altos Avenue in 1988 (see map included as Attachment I) with owner financing. Over the past ten years, the Sacramento Prince Hall Masonic Building Association has invested in roof repairs, repainting, and on-going maintenance of the property. In 1996, the Sacramento Masonic Building Association (hereafter referred to as the Masons) was formed as a group to take over the total responsibility for the building at 3741 Altos Avenue. In 1997, the organization raised a building fund and paid off the debt on the building. In addition, the Masons hired an architect to perform the necessary structural analysis and to prepare construction drawings. The Masons' total equity in the building is over \$225,000.

The Masons have been working with Agency staff for the past several years on their proposal to turn the vacant structure into a meeting hall/educational facility for private and public use. As proposed, two large meeting spaces would be created in order to lease the facility for weddings,

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anniversaries, club functions, and other special/cultural events. In addition, the organization will be conducting senior nutrition programs, hosting youth groups, and providing limited free meeting time to some non-profit groups. A key emphasis of the organization is to provide services primarily to African-American youth and many of the programs offered will be based upon that theme. The organization is active in the Del Paso Heights area and many of its members are from Del Paso Heights.

Project Description

The scope of the rehabilitation work includes exterior renovation, parking lot resurfacing, landscaping, replacement of HVAC, electrical, and lighting systems, and installation of new bathrooms and office space.

In March 1998, the Agency's Loan Committee reviewed and approved a funding request from the Masons. The sources for the funding at that time were:

Agency Loan	\$200,000
Agency Exterior Rebate	\$ 50,000
U.S. Bank Loan	\$150,000
Mason's Equity	\$ 3,000
TOTAL	\$403,000

Since project approval in March of 1998, there have been several changes to the project. City permitting requirements resulted in costs higher than those included in the original budget. In addition, as a condition of the U.S. Bank loan, a separate line item was required for furniture and fixtures necessary for a fully operating meeting/event facility. At the time of the Agency approval, the applicant had intended to lease all furnishings until a future fundraiser would allow their purchase. A revised budget is included as Attachment II.

The revised budget includes a contingency amount of \$43,000 for unforeseen costs. It is staff's opinion that this level of contingency is not adequate for a rehabilitation project of this nature. We anticipated an unforeseen funding gap of up to \$50,000. It is for this reason that staff is recommending additional funding not to exceed \$40,000 to provide for these additional expenses as well as provide adequate contingency funding for any unforeseen circumstance during the course of construction. U.S. Bank has agreed to lend an additional \$10,000.

The Agency's Construction Management staff will closely monitor the renovation to ensure the quality of the work and cost containment. The Sacramento Masonic Building Association has executed an exterior rebate agreement with the Agency to assure continued maintenance of the exterior of the facility.

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This project does not fit within our recently-approved underwriting guidelines or established program authority but is recommended by staff for the significant benefits it will generate in the community. More specifically, staff recommends the provision of additional funding for the project for the following reasons:

1. Returns a long, vacant structure into active service in the community.
2. Assists and encourages private investment within the redevelopment area.
3. Complements other commercial development activities in Del Paso Heights such as the Terkensha office complex and the Firehouse Community Center, creating a hub of activity in the center of the redevelopment area.
4. Provides public meeting, social event and classroom space for area service providers. The facility will complement activity at the Firehouse Community Center.
5. Supports a community organization that has been active in the Del Paso Heights area for many years.

FINANCIAL CONSIDERATIONS

This report recommends the allocation of a maximum of \$40,000 for the renovation of 3741 Altos Avenue. The funds will be derived from the Del Paso Heights tax increment budget identified for Commercial Loans and Exterior Rebates. If the recommendation is approved, the remaining budget for Commercial Loans and Exterior Rebates in Del Paso Heights will be \$87,527.

POLICY CONSIDERATIONS

This report provides funding for the renovation of a vacant, dilapidated structure and is thus consistent with Agency policy.

ENVIRONMENTAL REVIEW

The proposed actions authorized in this report are in furtherance of the Del Paso Heights Redevelopment Plan, as amended. Per CEQA Guidelines Section 15180, 15162, 15163, actions to encourage redevelopment in a redevelopment area such as rehabilitation funding were deemed approved at the time of adoption of the redevelopment plan. No further environmental documentation is required at this time. NEPA does not apply.

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M/WBE CONSIDERATIONS

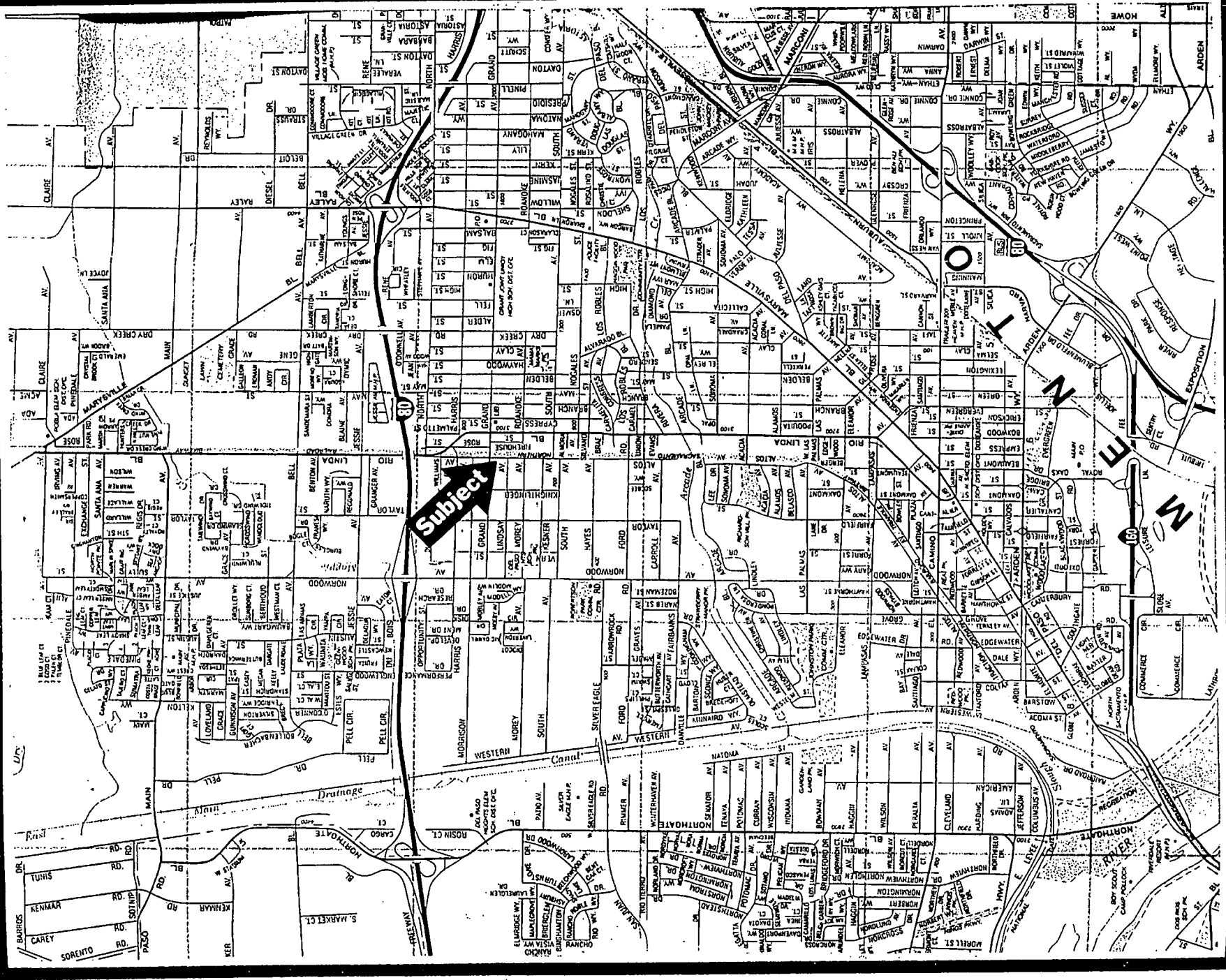
The Masons are a fraternal organization with a large percentage of their membership being minority. In addition, the contractor and architect on the project are minorities.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,


WILLIAM H. EDGAR
City Manager



Neighborhood Map

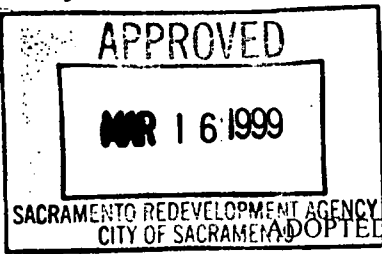
**PRINCE HALL MASONS REHABILITATION
REVISED BUDGET 2/1/99**

	<u>Initial Construction Budget</u> <u>SHRA Approved 3-26-98</u>	<u>Final Budget</u> <u>Per City Approvals</u>	<u>Reason for Changes</u>
Hard Const.Costs	\$ 340,000	\$ 316,000	Value Engr.
Furn./Tables/Equip.	Leased	\$ 28,000	Required US Bank
Contingency	\$ 36,000	\$ 43,000	
Subtotal	\$ 376,000	\$ 387,000	
Architecture	\$ 12,000	\$ 20,820	
Engineering	\$ -	\$ 19,120	Add. Work Req'd for Plan Check
Permits	\$ 15,000	\$ 18,000	Add. Work Req'd for Plan Check, Special Permit
Escrow	None	\$ 2,000	Not addressed
Prop.Taxes	None	\$ 5,300	Not addressed
Soft Subtotals	\$ 27,000	\$ 65,240	
GRAND TOTALS	\$ 403,000	\$ 452,240	

Round to \$50,000
Minus U.S. Banks' \$10,000
Balance \$40,000

Approved by:

Kevin O'Dell
Larry Kramer
George Blue
Frazier Construction
Bill Harrell, Arch.



RESOLUTION NO. RA99-009

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF _____

3741 ALTOS AVENUE PROJECT

WHEREAS, the Agency established the Del Paso Heights Redevelopment Project Area in order to promote and provide a funding mechanism for the area's revitalization and renewal.

WHEREAS, the building numbered 3741 Altos Avenue is a vacant, dilapidated structure.

WHEREAS, the Sacramento Masonic Building Association is desirous of rehabilitating the structure to provide offices, public meeting space, and leased space for the Del Paso Heights community,

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

Section 1: The Executive Director is authorized to make a forgivable loan in the maximum amount of \$40,000 to the Sacramento Masonic Building Association, commonly known as the Prince Hall Masons for the purpose of renovation of their existing facility at 3741 Altos Avenue as provided in the staff report which accompanies this resolution and upon terms which are substantially similar to the terms of the Agency's exterior rebate agreement for said project. The Executive Director is authorized to prepare and execute the loan agreement, in a form approved by Agency Counsel for the making of such loan.

Section 2: The Agency Budget is amended to transfer \$40,000 from the Commercial Loan and Exterior Rebate fund to the Prince Hall Masons project account.

CHAIR

SECRETARY
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____