



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



4

April 26, 1988

Budget & Finance Committee of
the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Midtown Motel Rehabilitation Loan

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 approving the loan amount increase.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



April 20, 1988

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Midtown Motel Rehabilitation Loan

SUMMARY

This report recommends approval of a \$17,300 increase to the approved loan to Mr. Norman Leal for rehabilitation of the Midtown Motel.

BACKGROUND

On December 15, 1987 you approved a loan of \$140,000 to Mr. Norman Leal for rehabilitation of the Midtown Motel, at the corner of 12th and "G" Streets, in Downtown Sacramento (see Map Exhibit A). The loan was made in connection with a HUD commitment of 20 certificates under the Section 8 Moderate Rehabilitation Program for Single Room Occupancies, authorized by the McKinney Homeless Assistance Act of 1986.

The \$140,000 loan amount was derived from a staff estimate based on our understanding of the Federal Regulations at that time. The subsequent loan construction bid was \$138,350, including contingency.

We subsequently learned that Davis-Bacon requirements apply to this project even though there are no Federal funds involved in the construction. The revised contract for the project to reflect Davis-Bacon is \$175,000 - for an increase of \$36,650 over the original bid.

The owner, Mr. Norman Leal will be contributing \$17,700 of this addition in cash, leaving an additional \$17,300 necessary over the initial loan approval.

This request for an increase in the loan amount was reviewed by the Alkali PAC on April 6, 1988. The PAC voted unanimously to approve it.

Redevelopment Agency of the
City of Sacramento
Sacramento, California
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FINANCIAL DATA

The total rehabilitation cost is \$175,000. Of this \$17,700 will be the owners equity and \$157,300 will be the Redevelopment Agency loan. Alkali Tax Increment Funds are available for the additional loan amount from the Special Rehabilitation Program (Cost Center A00684). The balance in this account, after this project will be \$190,180. The loan will be fully amortized over 15 years at a 3% interest rate.

ENVIRONMENTAL REVIEW

The economic revitalization of the 12th Street corridor was reviewed during the 1984 Amendment to the Redevelopment Plan. The Environmental Impact Report was prepared by the firm of Nichols Berman of San Francisco in conjunction with City and Agency staff, and covered the conversion of existing businesses along the 12th Street corridor, by establishing financing programs as herein contemplated. No comments were received on the DRAFT EIR in this area and the FINAL EIR was adopted in May 1984. Furthermore, this project is categorically exempt under CEQA Guidelines Section 15301(a) and (d). No further review is necessary.

POLICY IMPLICATIONS

The proposed actions in this staff report are consistent with previously approved policy, as well as the goals and objectives of the Alkali Redevelopment plan, and there are no policy changes being proposed.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of April 25, 1988 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

Redevelopment Agency of the
City of Sacramento
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RECOMMENDATION

The Staff recommends adoption of the attached resolution which approves an increase in the Rehabilitation loan to Mr. Norman Leal from \$140,000 to \$157,300.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: John Molloy 440-1357

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

INCREASE IN REHABILITATION LOAN FOR THE MIDTOWN MOTEL

WHEREAS, On December 15, 1987, the Agency approved a \$140,000 loan to Mr. Norman Leal for rehabilitation of the Midtown Motel; and

WHEREAS, an additional \$17,300 loan amount is necessary for the rehabilitation of the motel due to increased labor costs associated with the requirements of the Davis/Bacon Act.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

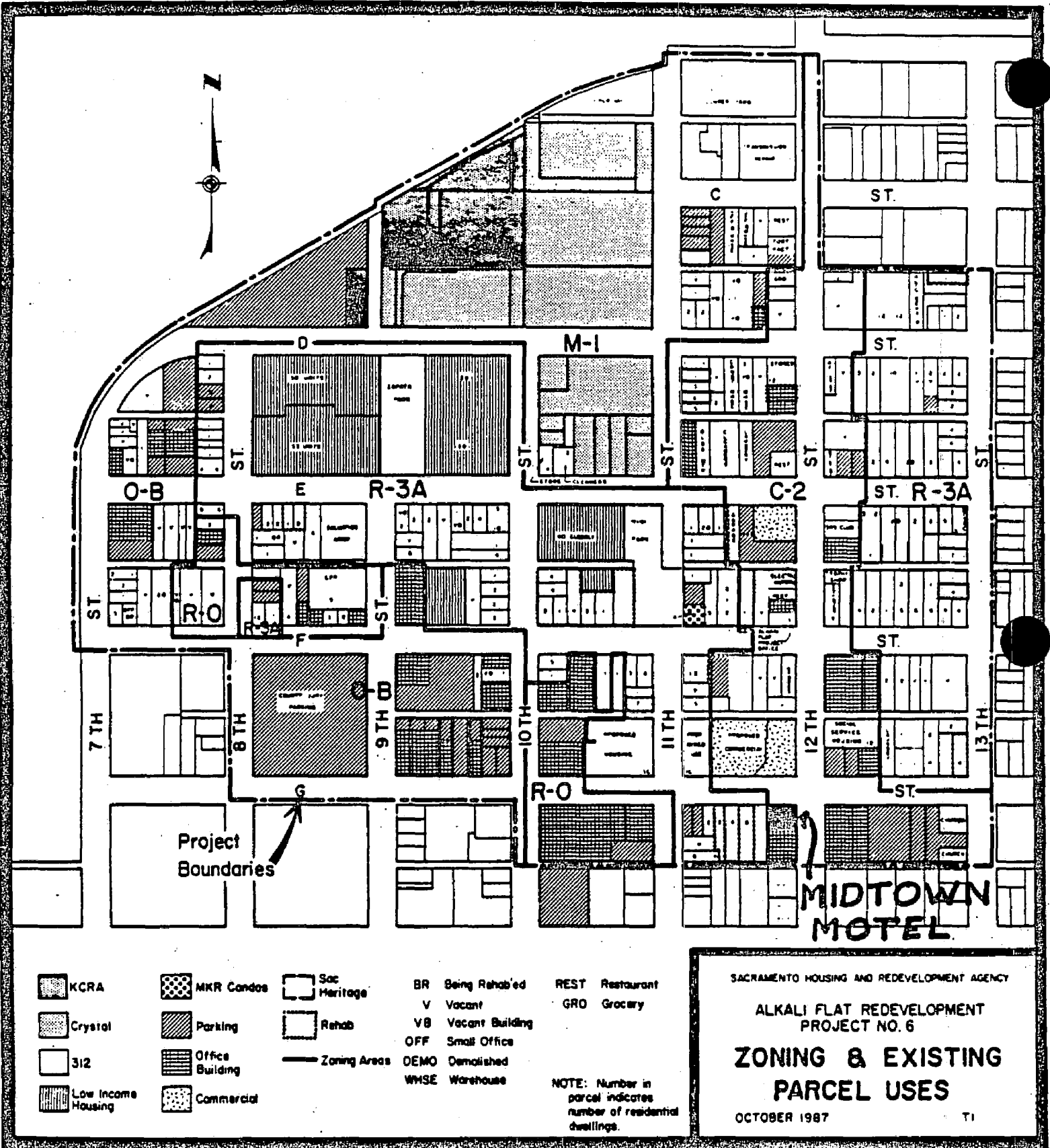
Section 1: The \$140,000 loan to Mr. Norman Leal for rehabilitation of the Midtown Motel is hereby increased by \$17,300 for a total loan amount of \$157,300.

CHAIR

ATTEST:

SECRETARY

1100WPP2(128)



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|--------------------|-----------------|--------------|--------------------|-----------------|
| KCRA | MKR Condos | Sac Heritage | BR Being Rehab'd | REST Restaurant |
| Crystal | Parking | Rehab | V Vacant | GRD Grocery |
| 312 | Office Building | Zoning Areas | VB Vacant Building | |
| Low Income Housing | Commercial | | OFF Small Office | |
| | | | DEMO Demolished | |
| | | | WHSE Warehouse | |

NOTE: Number in parcel indicates number of residential dwellings.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 ALKALI FLAT REDEVELOPMENT
 PROJECT NO. 6
**ZONING & EXISTING
 PARCEL USES**
 OCTOBER 1987