



Comm. File 29

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

APPROVED

March 15, 1982

SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
RECEIVED
MAR 17 1982

Redevelopment Agency of the
City of Sacramento
Sacramento, California

MAR 23 1982

Honorable Members in Session:

SUBJECT: New Construction Loan - Capitol Area Development
Authority Single Room Occupancy (SRO) Housing
Units

SUMMARY

The attached resolution authorizes the Interim Executive Director to enter into a loan agreement with the Capitol Area Development Authority (CADA) by which the Agency will loan an amount not to exceed \$39,000 to CADA for the construction of Single Room Occupancy housing units at 1619 Q Street.

BACKGROUND

On October 16, 1979 the Executive Director was authorized by the Agency (Resolution No. 2867) to prepare a final development proposal for the construction of a "New Residential Hotel", now called a "Single Room Occupancy Facility", pursuant to a proposal prepared by the Agency dated August 23, 1979. At that same time the Agency was authorized to utilize \$50,000 in Project 2-A Tax Increments and \$50,000 in Community Development Block Grant funds for the development of three SRO complexes.

In late October, 1979 the Agency solicited proposals from lenders to provide below market interest rate financing for construction and permanent financing of SRO facilities. On January 8, 1980 the Redevelopment Agency selected San Diego Federal Savings and Loan Association (now Great American Federal Savings and Loan Association) as the lender on the first of these facilities. Great American Federal agreed to provide financing up to \$130,000 at 9% per annum (Resolution No. 2881). The funds from Great American Federal are still available and will be utilized as a portion of the funding required for this development.

3-23-82
D-1

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
March 15, 1982
Page Two

The development involves construction of 16 single-room occupancy housing units, including a manager's unit, communal bath and kitchen facilities at 1619 Q Street. The project was approved by Agency Resolution No. RA 81-011 on March 3, 1981 when the Agency authorized the Interim Executive Director to execute a contract with CADA providing up to \$55,000 in Agency funds to assist with the development of plans and the construction of the structure.

CADA retained John Harvey Carter, Architect, AIA, to prepare plans, specifications and a construction budget. CADA received Architectural Review Board approval on April 15, 1981 and submitted the project to the City Planning Commission for their information. Upon approval of the development program by the Architectural Review Board, CADA prepared final drawings and bid documents. CADA bid the project three separate times in attempts to obtain a construction contract within the previously approved budget. As a result of this bidding process, on February 2, 1982, CADA received a low bid of \$182,000 from G. W. Corbett Construction, Inc. Despite this decrease in costs over the other two bids, this bid still causes an increase in the approved project budget of \$48,550 (budget details attached as Exhibit I) of which CADA can absorb \$9,550, leaving a budget deficit of \$39,000.

Since this project is experimental in nature, designed to determine feasibility and extent of public commitment to the public/private development of new SRO units, staff recommends approval to loan CADA \$39,000 at the same terms as the Great American Federal loan (i.e., 30 years at 9% per annum). Staff will report back one year after occupancy with the results of this demonstration project.

FINANCIAL DATA

The utilization of \$39,000 of the original \$100,000 approved for this project will result in a fund balance of \$475.00. The program budget follows:

1. CADA contract (equity participation)	\$55,000
2. Proposed loan	39,000
3. Agency staff administration and overhead	5,525
	<u>\$99,525</u>

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
March 15, 1982
Page Three

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of March 15, 1982, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Angelides, Kneprath, Luevano, A. Miller, Teramoto,
Walton
NOES: None
ABSENT: Coleman, Fisher, B. Miller

RECOMMENDATION

The staff recommends adoption of the attached resolution which authorizes the Interim Executive Director to enter into a loan agreement with the Capitol Area Development Authority by which the Agency will loan an amount not to exceed \$39,000 to CADA for the construction of SRO housing units at 1619 Q Street.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe

WALTER J. SLIPE
City Manager

Contact Person: Leo T. Goto

RESOLUTION NO. 82-018

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

March 23, 1982

AUTHORIZING EXECUTION OF LOAN AGREEMENT WITH
CAPITOL AREA DEVELOPMENT AUTHORITY
1619 Q STREET

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

Section 1. The Interim Executive Director is author-
ized to enter into a loan agreement with the Capitol Area Devel-
opment Authority (CADA) by which the Agency will loan an amount
not to exceed \$39,000 to CADA for a term of 30 years at interest
of nine (9) percent per annum for construction of single room
occupancy housing units at 1619 Q Street, to be secured by a
second deed of trust on the structure.

Section 2. The Interim Executive Director is author-
ized to negotiate a disbursement schedule which is reasonable
and just.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

MAR 23 1982

11

1951 3 9

I. DEVELOPMENT COSTS 2/16/82

A. Land Cost	\$	-0-	
B. Construction costs			
1. Bid		182,000	
2. Construction Contingency at 10%		18,200	
3. Local Permits and Fees		<u>1,400</u>	
Total Construction Cost			\$201,600
C. Architecture & Engineering Fees			
1. Survey	\$	550	
2. Architect's Fee		<u>7,000</u>	
Total A & E Costs			\$ 7,500
D. General Development Costs			
1. Construction Loan Interest	\$	3,000	
(3 months at 9%)			
2. Real Estate Taxes during Const.		-0-	
3. Lender Financing Fee (3.5)		4,550	
4. Title and Recording		900	
5. Legal Organization & Audit Fees		2,000	
6. Furnishings		<u>14,000</u>	
Total Gen. Development Costs			\$ 24,450
TOTAL PROJECT COSTS.			<u>\$233,550</u>

II. EQUITY PARTICIPATION

A. SHRA Equity Participation	\$	55,000	
B. Great American Federal S & L		130,000	
C. CADA Equity Participation		9,550	
D. SHRA Loan (Proposed) 1/		<u>39,000</u>	
TOTAL EQUITY PARTICIPATION			<u>\$233,550</u>

III. PROJECT ANNUAL INCOME

A. 15 one-bedroom units at \$130/mo.	\$	23,400	
B. Misc. Income: Parking, etc.		696	
C. Less 5% for vacancy & loss		<u>(1,205)</u>	
Effective Gross Income			\$ 22,891

IV. ESTIMATED ANNUAL OPERATING EXPENSE AGENCY LOAN AT 9%

A. POSSESSORY INTEREST TAX	\$	640	
B. Utilities (common) Gas, Water, Sewage, Garbage		3,171	
C. License (State required)		30	
D. Management Fee (salaries)		1,200	
E. Reserve for Replacement		500	
F. Repairs (at 3% x \$23,400)		702	
G. Debt Service - \$1,643/mo/9% Great Amer. Fed. Loan (30 yrs.)		12,552	
H. Debt Service - \$316/mo/9% Agency Loan (30 yrs.) - \$39,000 PV		3,796	
I. Insurance		<u>300</u>	
Total Annual Operating Expenses			\$ 22,891
ANNUAL NET OPERATING INCOME.			\$ -0-

AGENCY LOAN AT 11%

V. ESTIMATED ANNUAL OPERATING EXPENSE

A. Possessory Interest Tax	\$	640	
B. Utilities (common) Gas, Water, Sewage, Garbage		3,171	
C. License (State required)		30	
D. Management Fee (salaries)		1,200	
E. Reserve for Replacement		500	
F. Repairs (at 3% x #23,400)		702	
G. Debt Service - \$1,643/mo/9% Great American Federal Loan (30 yrs.)		12,552	
H. Debt Service - \$374/mo/11% Agency Loan (30 yrs.) \$39,000 PV		4,486	
I. Insurance		300	
Total Annual Operating Expenses		\$ 23,581	
ANNUAL DEFICIT			\$(690)

AGENCY LOAN AT 12%

VI. ESTIMATED ANNUAL OPERATING EXPENSE

A. Possessory Interest Tax	\$	640	
B. Utilities (common) Gas, Water, Sewage, Garbage		3,171	
C. License (State required)		30	
D. Management Fee (salaries)		1,200	
E. Reserve for Replacement		500	
F. Repairs (at 3% x \$23,400)		702	
G. Debt Service - \$1,643/mo/12% Great American Federal Loan (30 yrs.)		12,552	
H. Debt Service - \$403/mo/12% Agency Loan (30 yrs.) \$39,000 PV		4,842	
I. Insurance		300	
Total Annual Operating Expenses		\$ 23,937	
ANNUAL DEFICIT			\$(1,046)

VII. LOAN AMOUNT PROJECT CAN SUPPORT WITH AGENCY FINANCING 1/

	<u>PV</u>	
1. at 11%	\$33,002	
2. at 12%	\$30,577	

1/ This assumes a constant rental rate and an annual net operating income of zero.

**Capitol Area
Development
Authority**

February 24, 1982

Mr. William Edgar
Executive Director
Sacramento Housing &
Redevelopment Agency
P. O. Box 1834
Sacramento, CA 95819

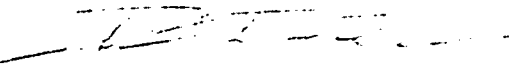
RE: SRO Housing Loan, Residential Site 9
1619 Q Street, Sacramento

Dear Mr. Edgar:

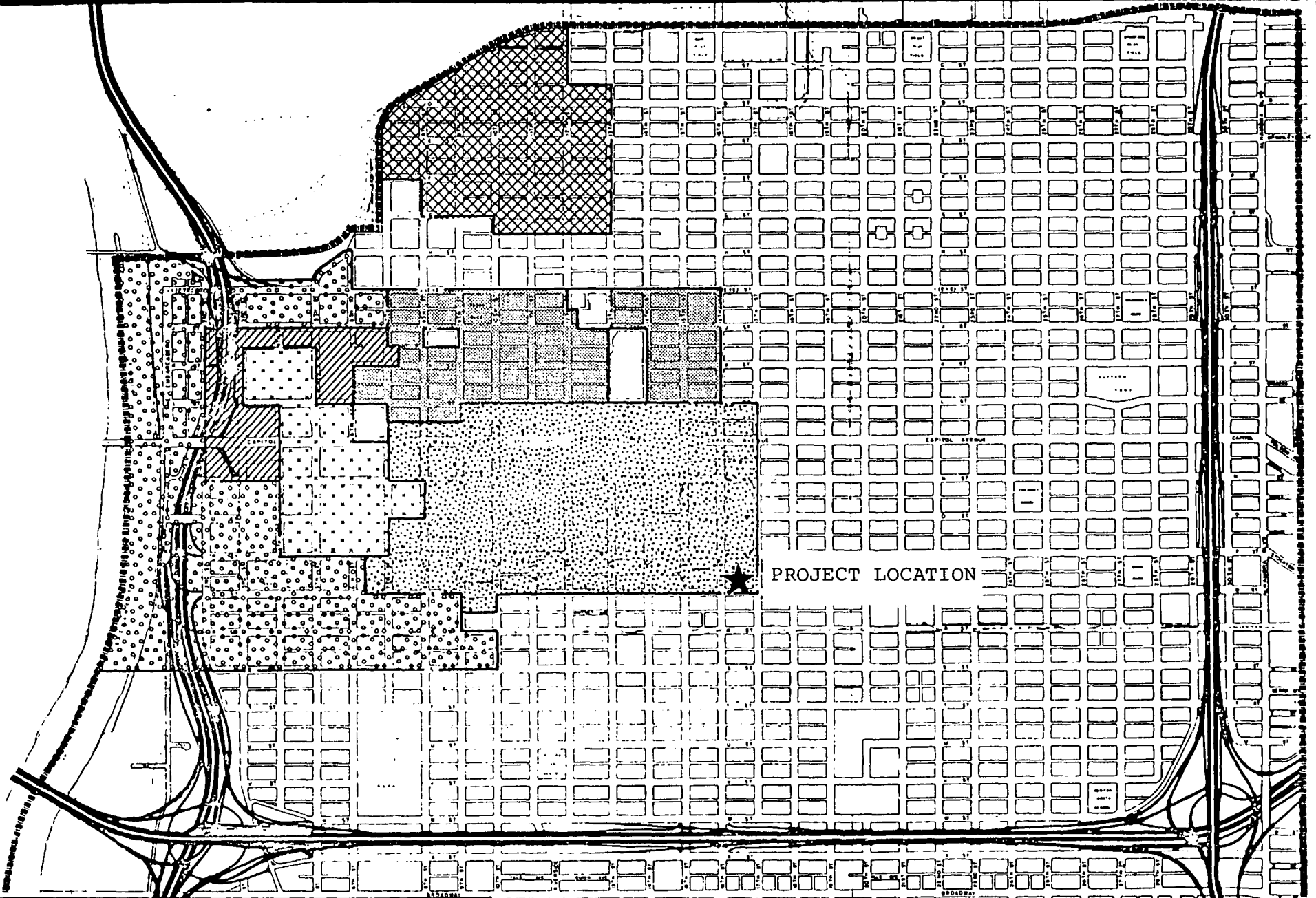
This is to inform you of our intent to obtain from you a \$39,000 loan to facilitate the development of the single room occupancy housing, and to accept the terms as described by Mr. Bruce Pope in his letter of February 23, 1982, stating that the loan will be for 30 years at 9% fixed rate interest with no pre-payment penalties. The loan will be secured by a deed of trust on the subject property.







We thank you for your interest in this project and facilitating its construction.

Sincerely,


RONALD G. RULE
Executive Director

lh




-  Project 2A
-  Project 3
-  Project 4
-  Alkali Flat
-  Central City Development
-  Capitol Area Plan


SACRAMENTO HOUSING and REDEVELOPMENT AGENCY

DOWNTOWN PROJECTS

Scale in Feet



North



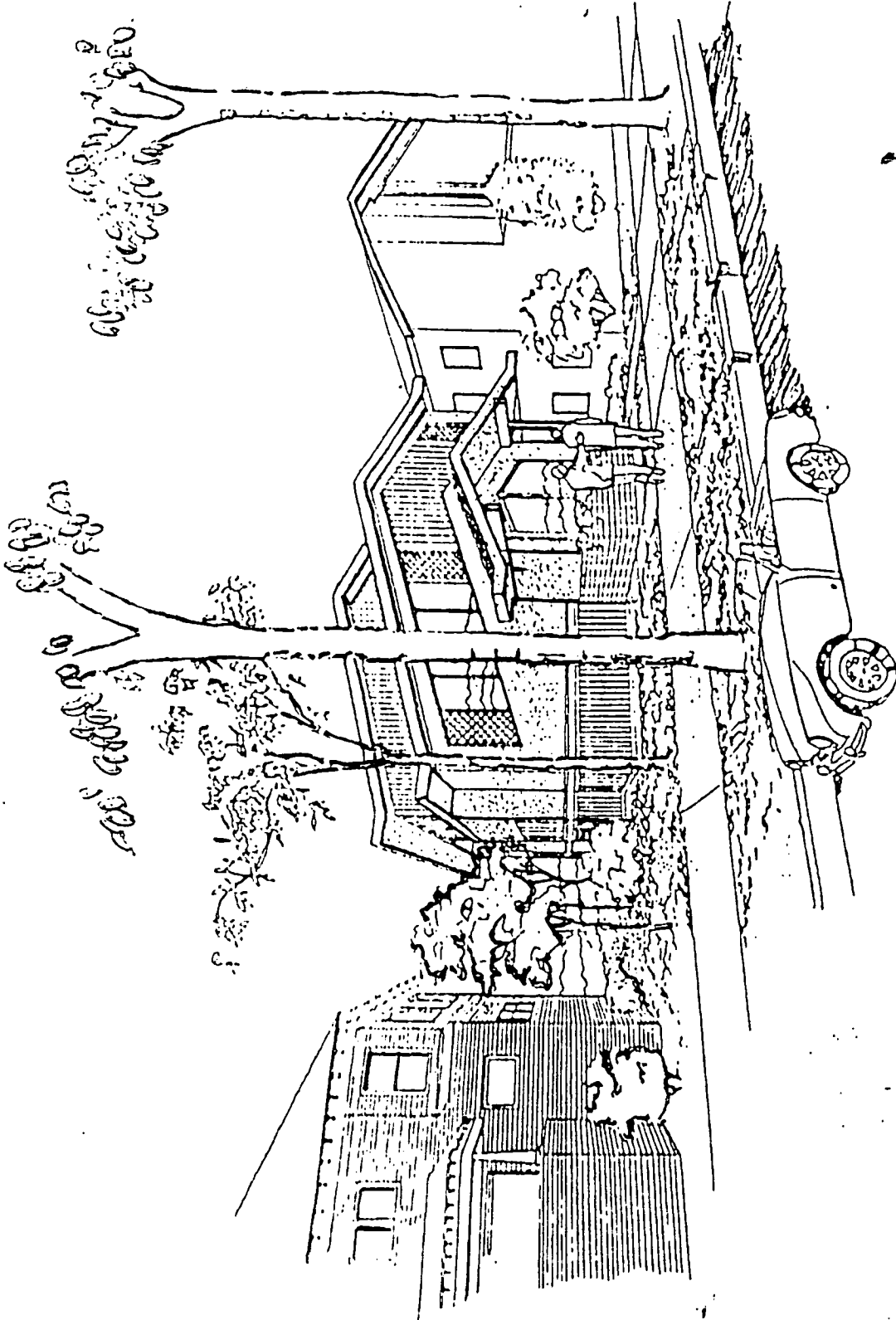
9-78

Capitol Area Development Authority

March 5, 1982

ROOMING HOUSE SCHEDULE OF MAJOR ACTIVITIES

Loan Closing	3/30/82
Construction Start	4/1/82
Construction Completion	7/30/82
Project Occupancy	8/15/82

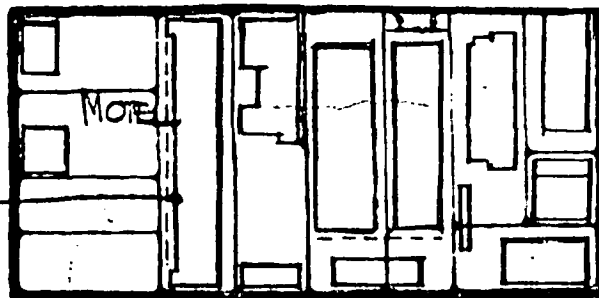


RS 9 1619 Q ST. ROOMING HOUSE

15TH ST.



16TH ST.



17TH ST.



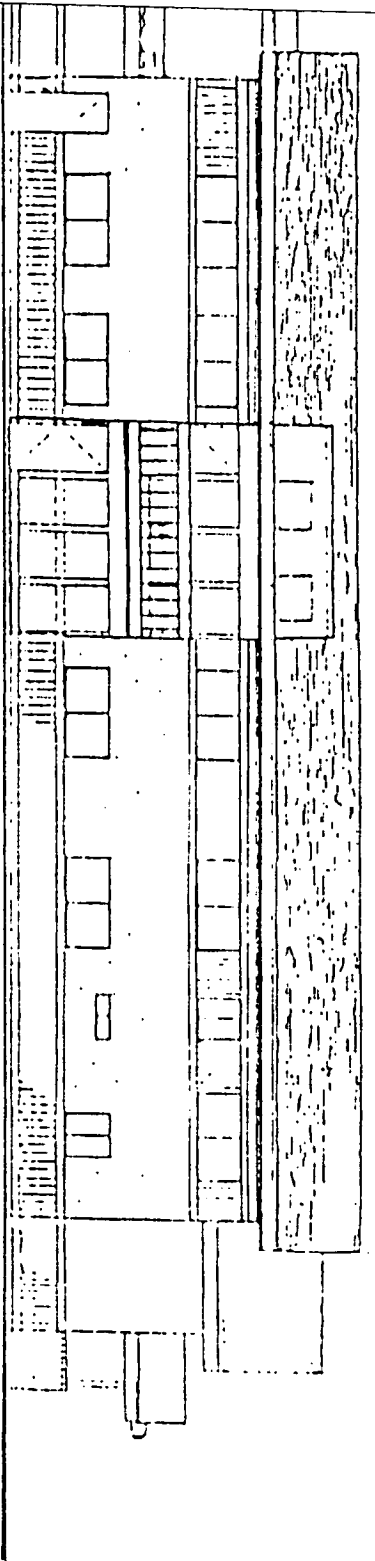
17TH ST.

Q

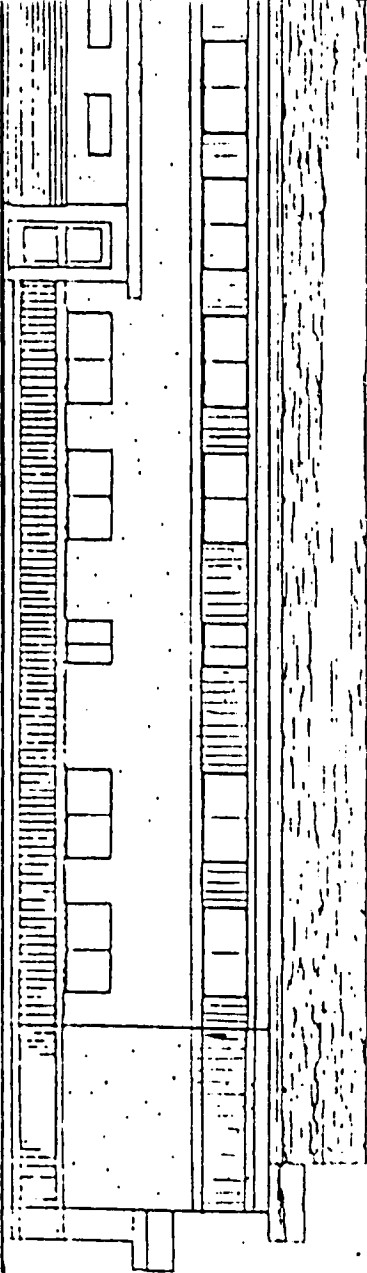
1619 Q ST.
ROOMING HOUSE

ST.

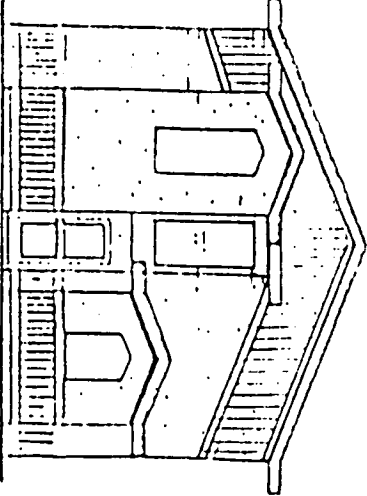
SITE PLAN



East Elevation



West Elevation

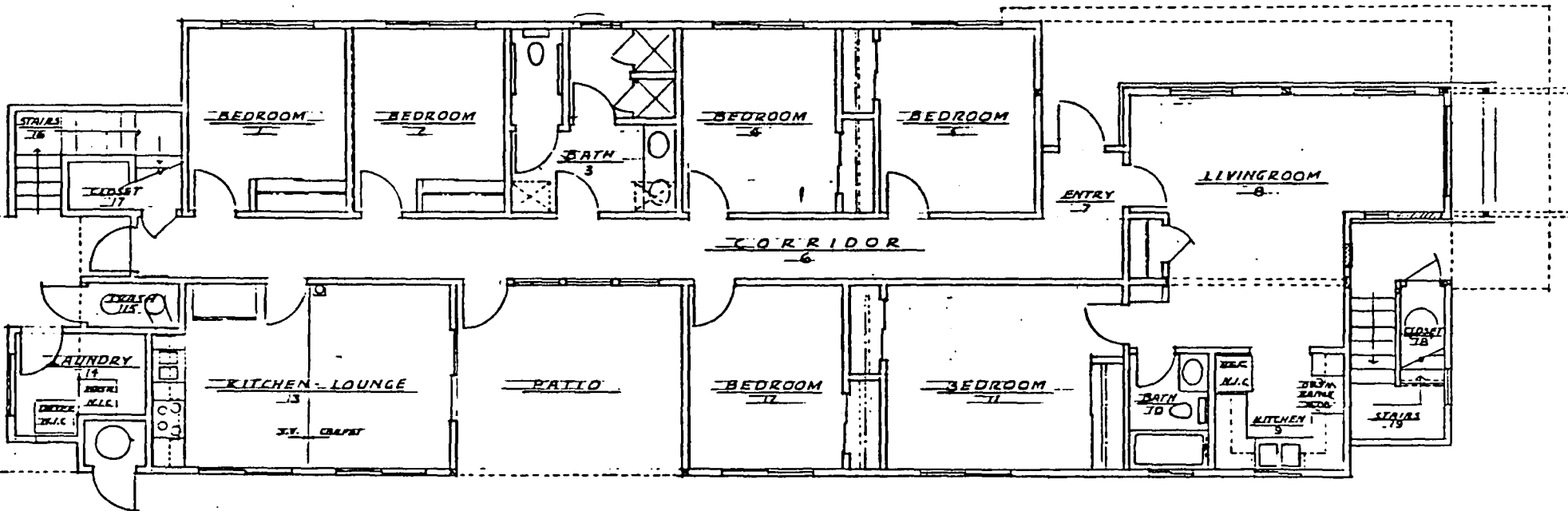


Rear Elevation

ELEVATIONS

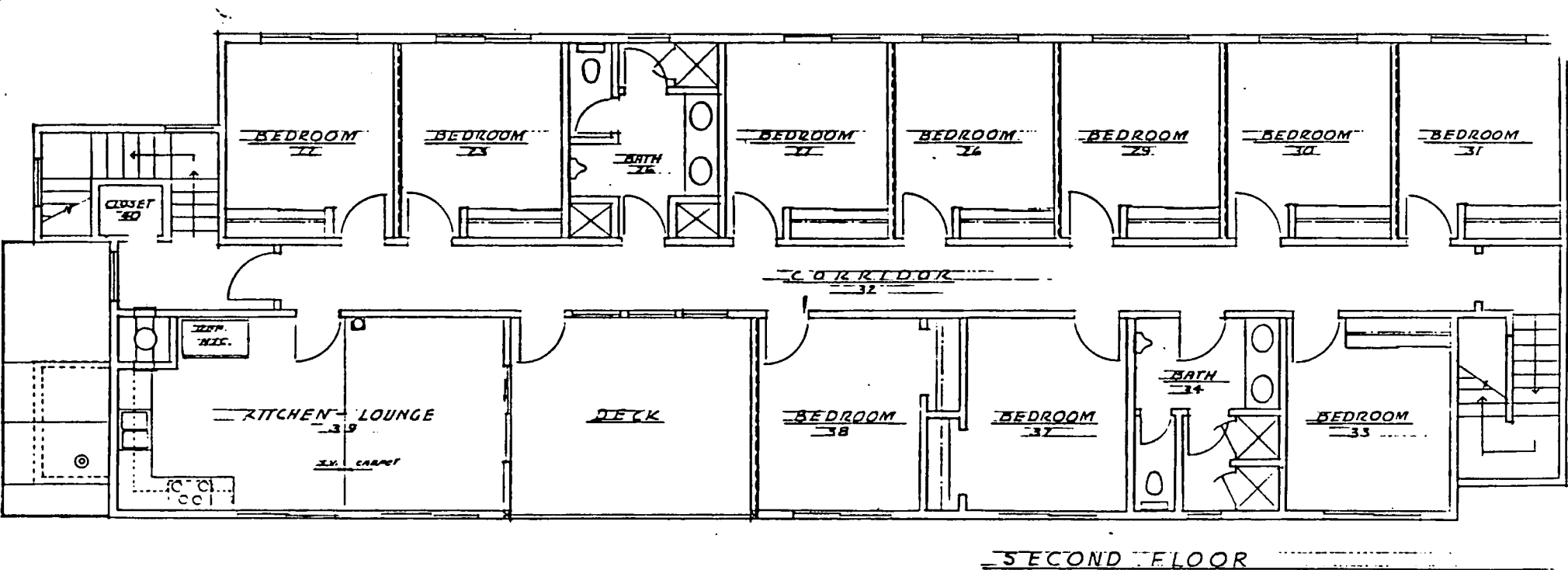
JOHN HARVEY CARTER ARCHITECT AIA

DATE	2
SCALE	
PROJECT	
NO.	



FIRST FLOOR SCALE 1/8" = 1'-0"

ROOMING HOUSE - REVISED
 1619 Q ST. SACRAMENTO
 JOHN HARVEY CARTER A.I.A.



SECOND FLOOR

ROOMING HOUSE REVISED
 1619 Q ST. SACRAMENTO
 JOHN HARVEY CARTER A.S.A.