

RESOLUTION NO. 90-011

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF February 13, 1990

ASSIGNATION OF RIGHTS AND AMENDMENT OF THE DISPOSITION AND DEVELOPMENT AGREEMENT ("DDA") OF 1111 G STREET PROJECT


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

Section 1: Assignment of the rights of 1111 "G" Street Partners under the Disposition and Development Agreement ("DDA") Dated December 14, 1988, to Panattoni- Oates- 1111 G Group Joint Venture ("Developer") is approved subject to execution of an amendment to the DDA ("Amendment") approved by Agency Counsel incorporating the provisions set forth in the attached staff report, including the revised scheduled of performance.

Section 2: If Developer shall fail or refuse to fulfill the conditions precedent to execution of the Amendment as set out in the attached staff report within ninety (90) days of the date of this resolution, then the foregoing assignment shall be deemed immediately rescinded and of no force and effect.

Section 3: The Agency shall require for renegotiation of the executed Disposition and Development Agreement a "processing fee" in the amount of 1/10th of 1% of the total residential project cost, including land, of the subject development.


CHAIR

ATTEST:

SECRETARY

1100WPP2(558)

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 90-011

DATE ADOPTED: FEB 13 1990



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



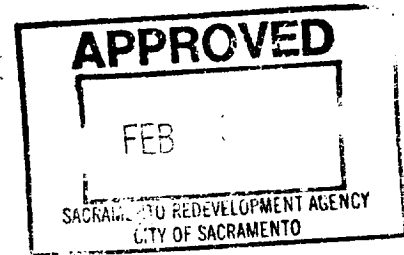
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February 5, 1990

Sacramento City Council
and
Redevelopment Agency of the
City of Sacramento
Sacramento, California

APPROVED

FEB 13 1990



Honorable Members In Session:

SUBJECT: Various Matters Regarding the Development of the
1111 "G" Street Mixed Use Project

SUMMARY

This report recommends several actions on behalf of both the City of Sacramento and the Redevelopment Agency of the City of Sacramento related to the 1111 G Street mixed use development project located in the Alkali Flat Redevelopment Project Area. The attached resolutions: (1) approve an Assignment Agreement changing the partnership composition and amend the Disposition and Development Agreement (DDA) between the Agency, City and 1111 G Street Partnership; (2) approve the transfer of the City's \$140,000 land acquisition loan from the office/retail portion of the project to the residential portion of the project; (3) approve the revised schedule of performance; (4) assess a "processing fee" for Agency staff costs incurred in the renegotiation of executed Disposition and Development Agreements (DDA's) and Owner Participation Agreements (OPA's); (5) approve conceptually the revised development plans for the residential portion of the mixed use development project; and (6) rescind approval of the amended DDA if all conditions precedent to approval of the amended DDA are not met within ninety (90) days of adoption of these resolutions.

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BACKGROUND

As you may recall, in September 1988, the Redevelopment Agency approved a Disposition and Development Agreement (DDA) with 1111 G Street Partnership for a mixed-use (office, retail and housing) development. The project is located on a one-and-one-half-block area in Alkali Flat specifically bounded by the alley, 11th, 12th and G Streets. A map of the site is attached as Exhibit A. The developers were granted an additional 90 days from the date of the resolution to: (1) make the initial land payment of \$400,000; (2) secure approval of the project by the City Design Review Board; and (3) finalize the subdivision map for the property. Once these conditions were satisfied, the Executive Director of the Agency was authorized to execute the approved DDA.

On December 13, 1988, the developers submitted a check for \$400,000 which has been deposited into the Alkali Flat Redevelopment Fund. A portion of these funds were initially used to cover relocation, demolition and toxic remediation costs associated with preparing the site for development. The project was conceptually approved by the Design Review Board at their November 16, 1988 meeting subject to several conditions which were to be addressed in the design development stage of the project. Additionally, on January 17, 1989, a final subdivision map was submitted to the City Public Works Department. The DDA was executed by the Executive Director on December 14, 1988.

However, in March 1989 the developers informed Agency staff that the project had been substantially delayed because of a partnership dispute which needed to be legally resolved. On June 15, 1989, in response to this delay, Agency staff submitted a Notice of Default to 1111 G Street Partnership pursuant to Sections 3.7.1 and 11.1 of the 1111 G Street Project Disposition and Development Agreement (DDA), dated December 14, 1988.

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The specific basis for default relates to Item A.5. of the Schedule of Performances which states, "Developer shall prepare and submit final Construction Plans to the Agency and City Building Department, and Final Financing Commitment Letter to the Agency ... within 120 calendar days following approval of the DDA". Based on a December 14, 1988 approval date, the above activity was to be accomplished by April 13, 1989. The Agency staff also determined that the partnership was in default regarding submission of evidence of financing.

The Agency staff, pursuant to Section 11.1, requested that the 1111 G Street Partnership immediately commence and diligently proceed to cure the default. We have exercised extreme patience with the partnership since then.

On November 9, 1989, the 1111 G Street Partnership submitted correspondence and related documentation regarding the resolution of its dispute with partner William A. Cook and the formation of a new partnership with Carl Panattoni and Buzz Oates. The assignment agreement regarding approval of the assignment of the Disposition and Development Agreement from William A. Cook to the newly formed 1111 G Street Partnership is attached as Exhibit B.

The project was delayed further when the 1111 G Street Partnership received construction cost estimates for the residential portion of the project from Camray Development and Construction Company. The preliminary construction cost estimates placed the per unit cost at \$63,620, while the actual construction bid prepared by Camray Construction placed the per unit cost at \$99,089. (Camray's construction cost estimates were verified by the Agency's consultant Lee Saylor, Inc.).

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As a result, the developer investigated several alternatives to achieve project feasibility, including possible revisions to the project design, financing interest rate structure and Schedule of Performance. Staff believes that the original financing/interest rate structure negotiated is still feasible for this revised project, with one minor change requested by the developers, involving the transfer of a note negotiated with the City from the commercial portion of the project to the residential portion of the project. Staff concurs with the request since we feel it is most appropriate that public funds be used to subsidize affordable housing. The financing structure with revisions can be summarized as follows:

Commercial Acquisition	\$400,000	Due at open of escrow (paid)
	\$540,000	Due at close of escrow ((\$140,000 transferred to Agency's residential construc- tion loan)
	<hr/>	Total
Residential Acquisition	\$125,000	Deferred note due in year 2001 at 8.5% interest
Residential Construction	\$415,000	Amortized over 30 years and due in 13 years, no interest for 37 months and thereafter 5.5%.
	\$140,000 (transferred) City note)	Deferred note due in year 2001 at 8.5% interest
	<hr/>	Total
	\$680,000	

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The Agency's governing body and staff have been extremely patient with the many years of delay in bringing this project to fruition. The revised Schedule of Performance attached as Exhibit C has been agreed upon by the developers and Agency staff. If these provisions are not complied with within 90 days, staff recommends recinding the approval of this project. In this event staff recommends proceeding with the public bidding of this property.

SUMMARY OF PROPOSED DESIGN REVISIONS

In order to bring the project within budget, the developer is proposing to revise the residential development plan by: (1) reducing the number of residential units from 57 units to 40 units; (2) eliminating the underground parking and replacing it with a surface parking lot; (3) eliminating the abandonment of 11th Street; and (4) redesigning the residential units. A copy of the floor plan and elevation is attached as Exhibit D and a copy of the site plan is attached as Exhibit E.

The reduction in units will, concurrently, result in a reduction of the number of affordable units from eleven units to eight. The proposed monthly rent structure will be as follows:

Twelve two bedroom units at \$750;
Twelve two bedroom units at \$700;
Eight one bedroom units at \$500; and
Eight one bedroom units at \$450.

The design of the office/retail portion of the project will remain as originally approved by the Agency, City Planning Commission and the City Design Review Board in 1988.

FINANCIAL DATA

The Agency's committment to this project in terms of financial assistance for the residential units remains the same as in the originally approved Disposition and Development Agreement. Downtown and Alkali Flat Tax Increment funds have been identified to make a \$415,000 deferred construction loan for the residential units since 20% of the units shall be affordable to persons earning 80% of the SMSA median income.

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POLICY IMPLICATION

The proposed revised project conforms to and reinforces the Alkali Flat Redevelopment Plan. The housing and economic development objectives of the adopted redevelopment plan include:

1. Housing: Development of up to 100 market-rate housing units project area wide with Agency assistance in the way of site assemblage and finance; and
2. Economic Development: Implementation of a revitalization strategy for 12th Street, including disposition and development of publicly-owned sites.

Staff is also recommending assessment of a "processing fee" of 1/10th of 1% of the total mixed-use project cost for staff costs and consultant fees related to renegotiation of this executed Disposition and Development Agreement. This assessment is not to exceed \$15,000.

ENVIRONMENTAL REVIEW

A Negative Declaration for this project was certified by the Agency on September 13, 1988.

VOTE AND RECOMMENDATION OF THE ALKALI FLAT PROJECT AREA COMMITTEE (PAC)

At its regular meeting of November 15, 1989, the Alkali Flat PAC voted unanimously to recommend approval of the revised conceptual development plans for the residential portion of the 1111 G Street project.

AYES: Barajas, Booher, Bustamante, Camacho, Flores,
Giannini, Glauz, Masters, Murguia, Viarnes

NOES: None

ABSENT: Castillo, Fanner, Gonzales, C. Williams, T. Williams

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VOTE AND RECOMMENDATION OF THE COMMISSION

At its meeting of February 5, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Pernell, Simon, Strong, Wiggins, Wooley,
Yew, Simpson
NOES: None
ABSENT: Moose

RECOMMENDATION

Staff recommends that the City Council and Redevelopment Agency approve the attached resolutions which:

1. Approve the Assignment Agreement and amendment to the Disposition and Development Agreement (DDA) between the Agency, City and 1111 G Street Partnership (Developer);
2. Approve the transfer of the City's \$140,000 land acquisition loan from the office/retail portion of the project to the Agency's construction loan for the residential portion of the project;
3. Approve the revised schedule of performance;
4. Assesses a "processing fee" of 1/10th of 1% of the total residential project cost to cover staff costs and consultant fees related to this renegotiation of the Disposition and Development Agreement;
5. Approve in concept the revised Development Plans for the residential portion of the mixed use development project; and

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6. Approve recession of the amended DDA in the event developer fails to perform the obligations necessary for execution of the amended DDA within the time specified.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL



WALTER J. SLIPE
City Manager

Contact Person: Anne Moore
440-1315

0442Q

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LAW OFFICES OF
HYDE, MILLER & SAVAGE

428 J STREET, SUITE 400
SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 447-7933
FACSIMILE (916) 447-5195

M. HOLLY GILCHRIST
RICHARD H. HYDE
NANCY C. MILLER
LEE SAVAGE
*A PROFESSIONAL CORPORATION

January 9, 1990

Tim Quintero
600 I Street, Suite 250
Sacramento, CA 95814

Dear Tim:

Enclosed are copies of the assignment documents and a copy of the proposed revised schedule of performance. Please contact me immediately if you need any further information.

Very truly yours,

HYDE, MILLER AND SAVAGE

By: Richard H. Hyde
Richard H. Hyde

RHH:bh

cc: Mark Lucas
Greg Rossini



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1111 G STREET PARTNERS
SCHEDULE OF PERFORMANCES

- | <u>Action</u> | <u>Time for Action</u> |
|---|---|
| A. <u>Residential Site</u> | |
| The following shall apply to the Residential Site: | |
| 1. The Master Escrow shall be opened. Agency shall deposit Deed for the properties and the DDA into escrow. Escrow shall not close until items A-2, 3,4,5,6,7,8,9 and item B-1 have been performed. | Within thirty (30) calendar days following approval of DDA. |
| 2. Developer shall provide Evidence of Financing acceptable to Agency in its sole discretion. | Within ninety (90) calendar days following approval of DDA.
REVIS [^] ED |
| 3. Developer shall obtain City Council approval of the Final Map and Design Board approvals of Preliminary Plans. | Within ninety (90) calendar days following approval of DDA.
REVIS [^] ED |
| 4. Executive Director shall execute DDA | Within one week of timely and satisfactory performance of item A-3 above and item B-1 below. |
| 5. Developer shall prepare and submit Final Construction Plans to the Agency and the City Building Department, and Final Financing Commitment Letter to the Agency. | Within one hundred (120) calendar days following approval of DDA.
REVIS [^] ED |
| 6. Developer shall prepare and submit a Transportation Management Plan to the City Planning Division's Trip Coordinator. | At least sixty (60) calendar days prior to obtaining a Building Permit. |

SCHEDULE OF PERFORMANCES
Continued

<u>Action</u>	<u>Time For Action</u>
7. Developer shall obtain City Building Department approval and the Agency shall approve and disapprove Developer's Final Plans and the Agency shall approve or disapprove the Final Financing Commitment Letter.	Within sixty (60) calendar days following the date of submission of both items to the Agency and the City.
8. Developer shall obtain Building Permit.	On or before date of transfer of title for residential land.
9. Developer shall deposit the executed note for the Residential Price, financing document and all parties shall deposit all necessary premiums, costs and other documents necessary for close of escrow. These shall be placed into escrow, the residential escrow shall close and title to the residential land shall transfer to the Developer.	Within thirty (30) days of approval of Final Plans by Agency and City.
10. Developer shall commence construction of Improvements on the Residential Site.	Within thirty (30) days after the transfer of title.

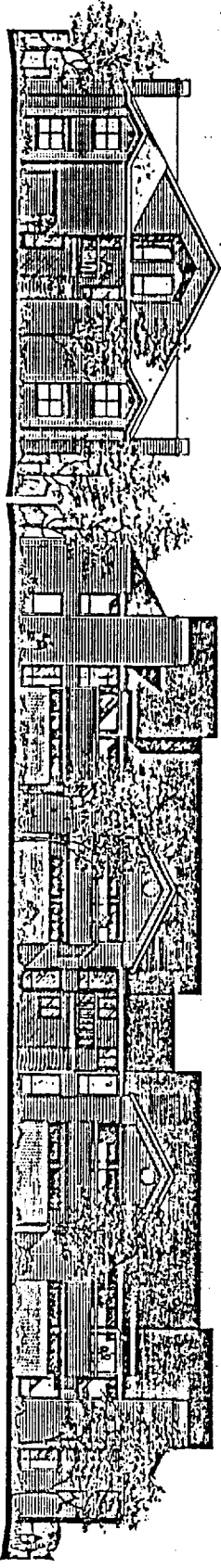
SCHEDULE OF PERFORMANCES
Continued

- | <u>Action</u> | <u>Time For Action</u> |
|---|---|
| 11. Developer shall complete construction of the Improvements on the Residential Site. | Within eight (8) months from the transfer of title. |
|
B. <u>OFFICE SITE</u> | |
| The following shall apply to the Office Site. | |
| 1. Developer shall deposit the first \$400,000 installment of the Office Price to be paid to City outside of escrow. Agency/City shall deposit Deeds for the Office Site in escrow. Escrow on the Office Site shall not close until financing documents are approved and deposited into escrow. | Within ninety (90) days following the approval of the DDA.
<i>REVISED</i> |
| 2. Developer shall prepare and submit Final Construction Plans to the Agency and City Building Department and Final Financing Commitment Letter to the Agency. | Within two hundred and seventy (270) calendar days following approval of DDA.
<i>REVISED</i> |

SCHEDULE OF PERFORMANCES
Continued

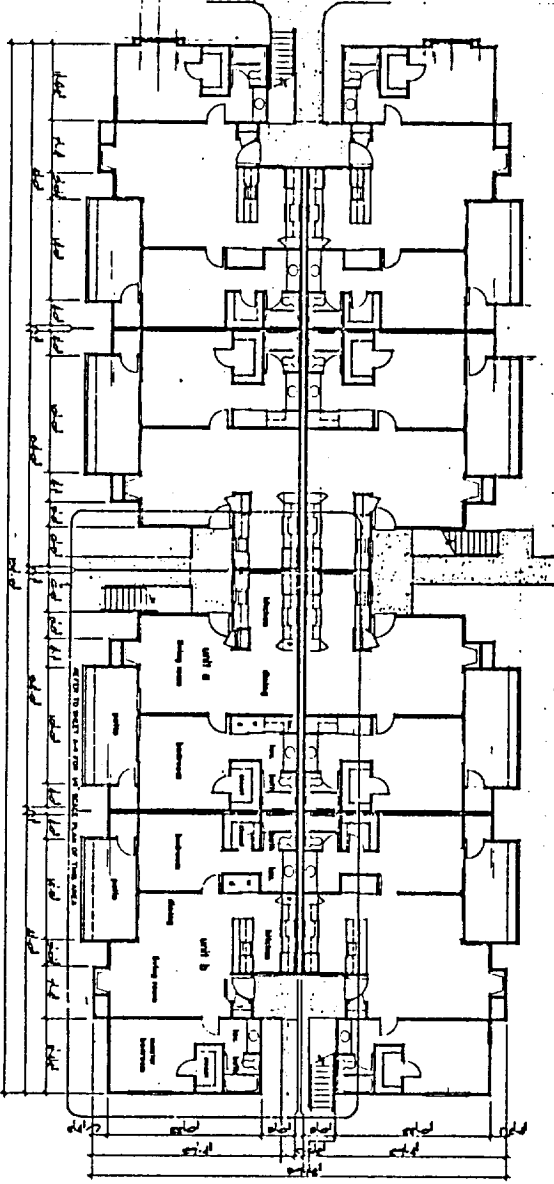
<u>Action</u>	<u>Time For Action</u>
3. Developer shall obtain approval of the City Building Department of the Final Plans and a Building Permit. The Agency shall approve or disapprove the Final Plans and the Final Financing Commitment Letter.	Within sixty (60) days following the date of submission of both items to the Agency and the City.
4. Developer shall obtain building permit.	On or before transfer of title of land.
5. Developer shall deposit into escrow the financing documents and the remaining balance of \$400,000 ^{\$540,000} . The parties shall deposit all necessary fees, premiums, costs, documents and title to the Office Site shall transfer to the Developer. Escrow shall close.	Within thirty (30) days of approval of Final Plans.
6. Developer shall commence construction of Improvements on the Office Site.	Within fourteen (14) months after the approval of the DDA. ^ REVISED
7. Developer shall complete construction of the Improvements on the Office Site.	Within thirty (30) months from the approval of the DDA. ^ REVISED

154WPP(72)



TYPICAL BUILDING EXTERIOR ELEVATION

SCALE: 1/8" = 1'-0"



GROUND FLOOR PLAN
TYPICAL SIXTEEN UNIT BUILDING

SCALE: 1/8" = 1'-0"

A3

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TYPICAL
BUILDING
PLANS AND
ELEVATIONS

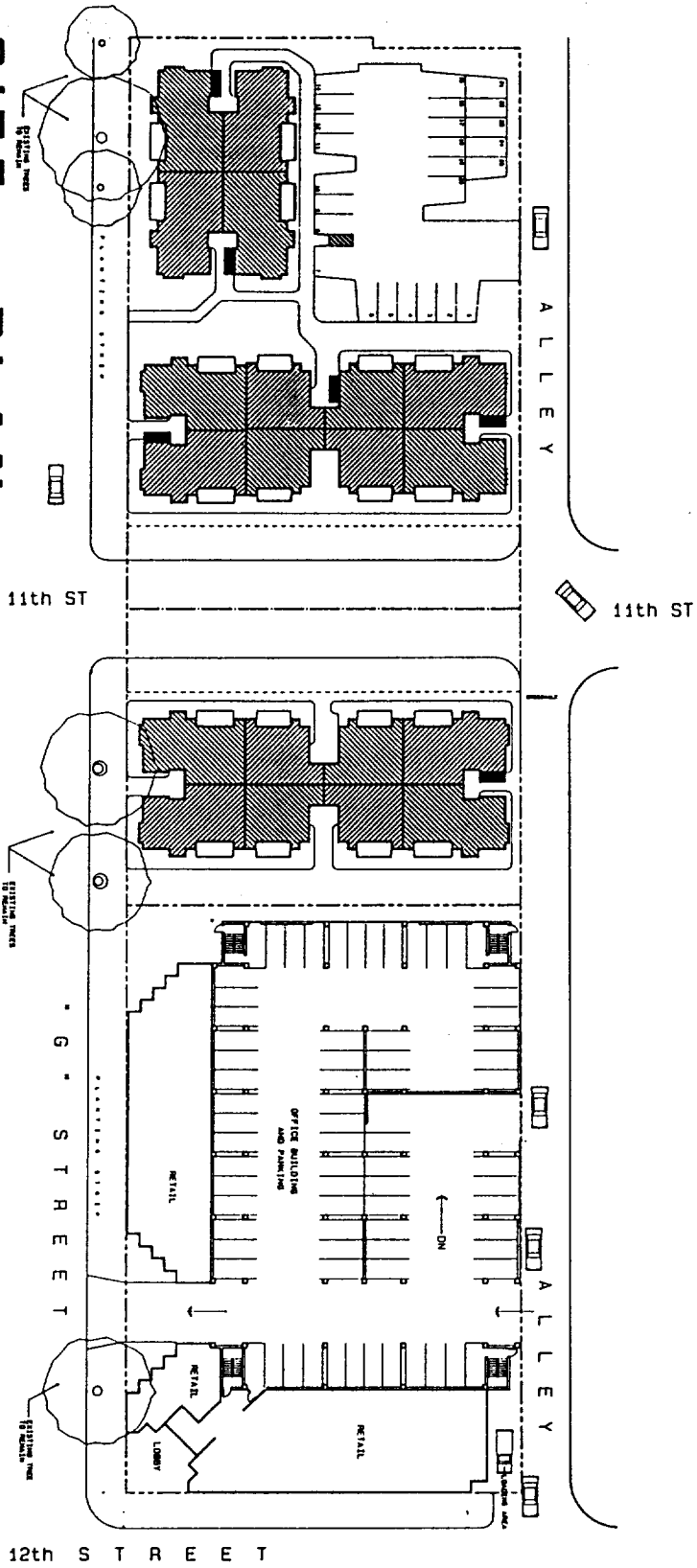
A PROPOSED 40 UNIT HOUSING PROJECT
CAPITOL VIEW
1111 'G' STREET · SACRAMENTO, CALIFORNIA

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RESOLUTION
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SITE PLAN



12th STREET

SITE PLAN

1111-G
PARLIAMOUNT
1807-1811 ST
SACRAMENTO, CA

1111-G
SITE
DEVELOPMENT
SACRAMENTO, CA

FEB 13 1990


E.M. Binko
 ASSOCIATES, INC.
 ARCHITECTS
 1000 S. MARKET STREET
 SACRAMENTO, CA 95811

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