



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



4

September 18, 1990

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

Honorable Members in Session:

SUBJECT: Agency Resolution Approving Disposition and
Development Agreement with Rural California Housing
Corporation for Construction of Self-Help Housing in
Del Paso Heights and Authorization to Reallocate Del
Paso Heights Tax Increment Funds (D-2)

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 agreement.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



September 18, 1990

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Preparation and Execution of Disposition and Development Agreement with Rural California Housing Corporation for Construction of Self-Help Housing in Del Paso Heights and Authorization to Reallocate Del Paso Heights Tax Increment Funds

SUMMARY

This report authorizes the Executive Director to: 1) negotiate, prepare and thereafter enter into a Disposition and Development (DDA) Agreement and all documents related thereto with Rural California Housing Corporation (RCHC) for site acquisition and construction of a maximum of fifty two single family housing units using the self-help method; 2) transfer \$340,000 in Del Paso Heights tax increment funds to this project in the form of a predevelopment loan and grant for administration; 3) reallocate RCHC loan repayments when received, to the Shopping Center Development Fund; and 4) transfer title to 15 parcels (to be used for 27 single family lots) owned by the Agency to RCHC for use in the program at an average price of \$20,000 per single-family lot. (See Attachment D for an analysis of the cost to the Agency of each lot.)

BACKGROUND

In February 1990 the Agency contracted with the Rural California Housing Corporation (RCHC) to prepare a development strategy and site designs for the construction of self-help housing units along Rio Linda Boulevard between Roanoke Street and Silvano Street. The parcels involved in the study included 15 parcels which the Agency now owns including the property which held Rock's Liquor Store and Bill's Pool Hall. (See map attached as Exhibit A). That study recommended the construction of single family homes in that area. Under this DDA recommended in this report, the Agency would sell RCHC those parcels plus provide assistance to acquire 19 others.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 2

Because of the large dimensions of a few of the parcels (e.g., one parcel is 100 feet x 600 feet), the strategy called for a realignment of lot lines. These lot line adjustments, once completed, would allow for the construction of fifty-two homes.

Rural California Housing Corporation (RCHC) has already completed the construction of eight self help houses in Del Paso Heights. The homes cost \$59,000 to build; approximately \$5,000 below the appraised value. Families with an income as low as \$15,000 were able to participate and the median income of the participating families was \$20,000. The Agency provided a \$100,000 predevelopment loan to RCHC for site acquisition and a \$20,000 grant for administration. These funds were due upon close of escrow of the completed homes. To qualify families at the lowest income range, however, the Agency provided the option of deferred forgivable land loans of up to \$10,000 to each homeowner. Only three of the families required the additional subsidy (representing \$30,000 in total subsidy) and \$70,000 in remaining funds have been repaid to the Agency.

Based on the success and cost of RCHC's first phase the Agency feels that self-help is a viable way to provide affordable homeownership in Del Paso Heights. Therefore, the Agency staff proposes beginning the implementation stage of Phase Two of the RCHC's Development Strategy.

DEVELOPMENT STRATEGY

The Agency proposes to loan funds to RCHC for the acquisition of a maximum of nineteen single family lots in the area designated in Exhibit "A". This area is recommended because: 1) it is adjacent to fifteen Agency-owned parcels dedicated to the project and thus would provide the opportunity to develop entire block faces; 2) currently the property is largely underdeveloped; 3) the area has full site improvements, and 4) its development would stabilize the Rio Linda Boulevard and the entire Del Paso Heights area. The acquisition of these lots would allow for the construction of fifty-two single-family homes.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 3

PARTICIPANT SELECTION

Qualified participants in this program are households whose income does not exceed 80% of median income and who meet all the qualifications necessary to receive State of California Self Help Housing Mortgage Assistance and California Housing Finance Agency (CHFA) mortgage financing. First priority will be given to qualified residents of the greater Sacramento area, particularly Del Paso Heights. RCHC will be responsible for marketing to and recruiting program participants.

CONSTRUCTION AND PERMANENT FINANCING

RCHC is responsible for providing the Agency with evidence of construction financing through the California Self-Help Program offered by the State Department of Housing and Community Development (HCD). RCHC will also provide evidence of any additional financing required for infrastructure improvements. In addition, RCHC shall provide commitments for HCD or CHFA loans to be made available to program participants for purchase of the housing units. Market values of the single family homes are estimated to be between \$110,000-\$115,000. RCHC will qualify participants for and assist them in obtaining the maximum loan amounts under the CHFA and HCD permanent loan commitments.

Each family will receive approximately \$7,500 credit for sweat equity and will be required to save sufficient funds to pay approximately \$1,000 in closing cost. All participant families will be advised of this requirement. Those families with the lowest income will receive up to a \$15,000 deferred, forgivable loan from HCD and if this is not sufficient to qualify them for mortgage financing, up to \$10,000 in a deferred forgivable land loan from SHRA. This SHRA loan will become due if/when the homeowners sells the property. (In the case of the 15 Agency owned parcels, the averaged value of the property will either be converted into a land loan if the applicant qualifies, with the balance due the Agency or will be due in full upon purchase by the family). Although families with higher incomes will be required to carry a larger mortgage and make a higher monthly payment, it is important to note that under this program all participant families will receive the benefit of homeownership which would not be available to them in the private real estate market.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 4

PLANNING AND DESIGN

Finally, RCHC will be responsible for securing all building permits, and planning approval necessary for the project; and providing final site and design plans for the units. All plans shall be reviewed by Agency staff, Del Paso Heights Self-Help Review Committee, the Design Review Board, and shall be subject to their approval.

FINANCIAL DATA

The approval of the Disposition and Development Agreement requires a budget transfer of \$340,000 from Del Paso Heights Shopping Center Development Account to the Self-Help Housing Program as outlined in Exhibit C.

Of the \$340,000, required for the Self Help Project \$320,000 will be made available as a loan to RCHC to acquire up to 19 parcels. These funds, averaging \$20,000 per lot, will be due upon close of escrow of each completed home. A payment of \$20,000 per lot for the property currently owned by the Agency will be forthcoming at the close of escrow for each home. In order to qualify families at the lowest income range, however, the Agency would provide the option of deferred land loans for up to \$10,000 per home or half the cost of each lot. These loans will be due if/when the homeowner sells the property. At a minimum, \$10,000 for each of the fifty-two lots, or \$520,000 would be returned at close of escrow and returned to the Shopping Center Project fund.

It is anticipated that the Self Help Housing Project will be completed in phases since some of the design schemes require lot line adjustments. Construction of the first ten homes could begin as early as January 1991 and completed by Fall 1991. At that time, the Agency would be repaid between \$100,000-\$200,000, depending on how many families needed the \$10,000 per property deferred land loan. These funds would then be reallocated for the Shopping Center Project.

The schedule on the other units is less defined for it depends on the speed of acquisition and the timeliness of obtaining the necessary planning approvals. However, we anticipate that the remaining proceeds from the sale of the units can be recovered by the end of 1992.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 5

The Shopping Center Project is still in the formative stages. Staff has completed preliminary site analysis of three possible Shopping Center locations. In the next few months, staff will be assembling a task force to review the information and recommend the most feasible locations, then the actual implementation would begin. It is anticipated that a developer would not be identified until Winter 1992 and that the funds would be replenished to the Shopping Center Project by the time negotiations were completed. For even with the transfer outlined in this report \$596,000 remains in the Shopping Center Project. This can be used potentially for site acquisition to begin the Project.

Of the \$340,000 requested, staff recommends that up to \$20,000 be granted to RCHC for administrative expenses. Funds previously allocated to RCHC for the Project have been used to contract an architect for development of the initial strategy and preliminary site designs.

POLICY IMPLICATIONS

The above recommended actions are consistent with Del Paso Heights' Redevelopment Plan, Housing Study and Revitalization Strategy.

ENVIRONMENTAL REVIEW

This action is exempt from environmental review per CEQA Section 15267 - CEQA does not apply to actions taken to provide financial assistance for the development and construction of low or moderate income housing. The residential project which is the subject of the application for financial assistance will be subject to CEQA when approvals are granted by another Agency.

MBE/WBE

The Rural California Housing Corporation is a non-profit corporation, therefore MBE/WBE guidelines do not apply. In addition, the units will be primarily constructed by the potential homeowners.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 6

VOTE AND RECOMMENDATION OF THE DEL PASO HEIGHTS REDEVELOPMENT ADVISORY COMMITTEE (RAC)

At its meeting of August 23, 1990, the Del Paso Heights Redevelopment Advisory Committee approved the reallocation of the funds as presented in this staff report:

The votes were recorded as follows:

AYES: Burney, Cunningham, Dinkel, Moore, Sullivan

NOES: None

ABSENT: Pardieck, Perez, Rockwell

ABSTAIN: Feiling

VOTE AND RECOMMENDATION OF THE COMMISSION

At its meeting of September 10, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
September 18, 1990
Page 7

STAFF RECOMMENDATION

The staff recommends approval to: 1) authorize the Executive Director to negotiate, prepare and thereafter execute a Disposition and Development Agreement (DDA) with Rural California Housing Corporation for construction of fifty-two single family homes in Del Paso Heights on Agency owned and privately owned parcels; 2) approve a transfer of \$340,000 from the Shopping Center Development fund to the Self-Help Housing Project fund for the purchase of single family lots. [The funds would be used for a \$320,000 loan and a \$20,000 grant to RCHC for administration expenses.]; 3) approve the reallocation of the RCHC loan repayment funds to the Shopping Center Development fund; and 4) transfer title to 15 parcels (to be used for 27 single family lots) for use in the program at an average price of \$20,000 per single-family lot.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

Transmittal to Council

WALTER J. SLIPE
City Manager

Contact Person: Leslie Fritzsche
440-1315

F:\JR\DPHRAC\RPTRCHC.DPH

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE RURAL CALIFORNIA HOUSING CORPORATION FOR THE CONSTRUCTION OF SINGLE-FAMILY HOMES IN DEL PASO HEIGHTS

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

Section 1: The Executive Director is authorized to direct the legal department to negotiate and prepare and thereafter to enter into a Disposition and Development Agreement with the Rural California Housing Corporation for the construction of single-family homes in Del Paso Heights upon the terms set out in the attached staff report.

Section 2: The 1990 Sacramento Housing and Redevelopment Agency budget is hereby amended by transferring \$340,000 in Del Paso Heights tax increment funds from the Shopping Center Development account to the Self-Help Housing account.

Section 3: The Executive Director is authorized to reallocate funds from the Rural California Housing Corporation loan repayments to the Shopping Center Development funds upon receipt of said funds.

Section 4: The Executive Director is authorized to transfer title to fifteen (15) Agency-owned parcels to Rural California Housing Corporation for use as Self-Help Housing.

CHAIR

ATTEST:

SECRETARY

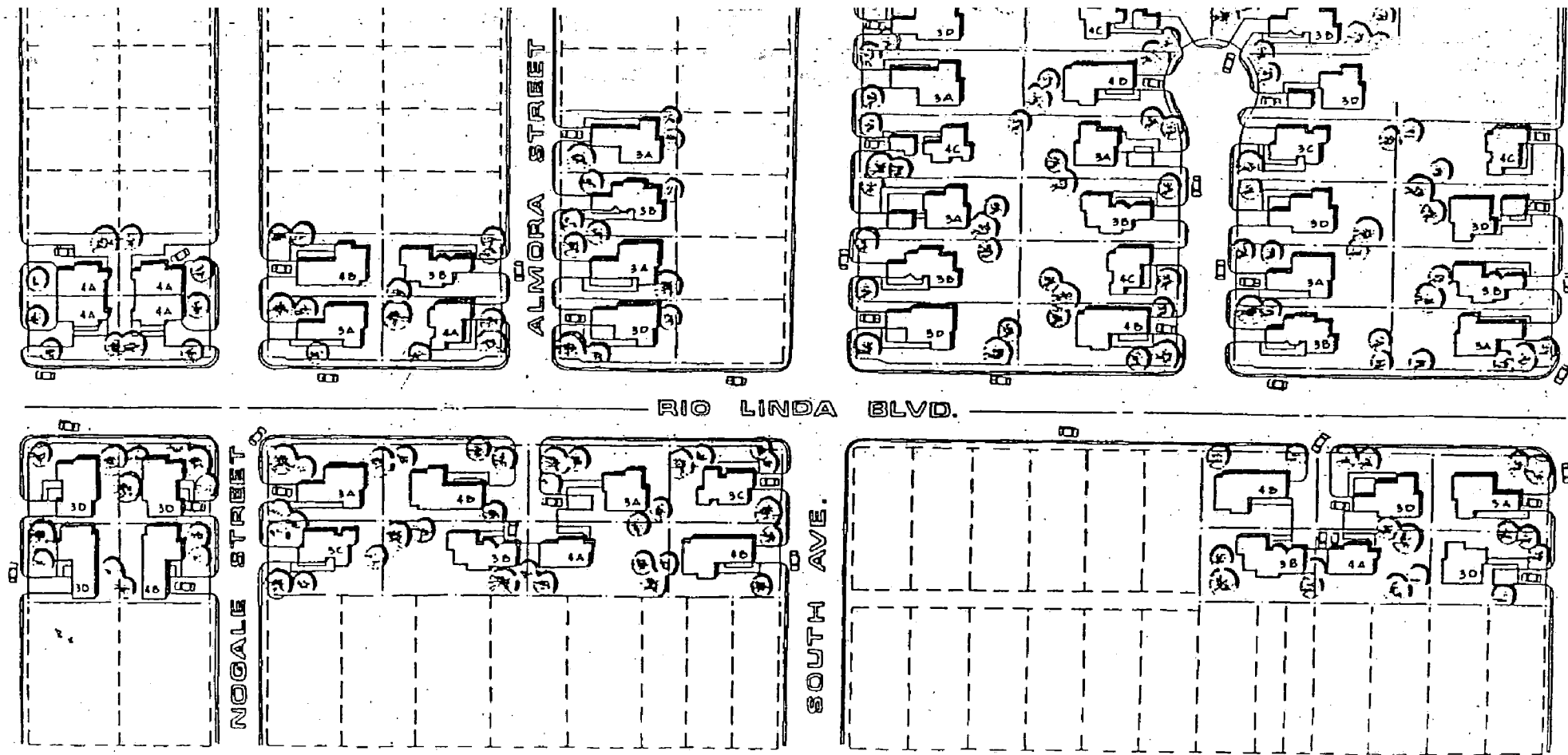
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____





SITE ALTERNATIVE

CHART A: RECOMMENDED REPROGRAMMING ACTIONS

YEAR/COST CENTER	PROJECT	CURRENT ALLOCATION	RECOMMENDED ALLOCATION	NET CHANGE
	DPH Shopping Center Development	\$ 936,000	\$ 596,000	\$340,000
	DPH Self- Help Housing	\$ 55,090	\$ 395,090	\$340,000

F:\JR\DPHRAC\CHART.A

Attachment D

**Sacramento Housing and Redevelopment
Agency-Owned Parcels**

<u>Parcel No.</u>	<u>Address</u>	<u>Acquisition Price</u>
251-132-023/24	3640 Rio Linda Blvd.	\$ 18,000
251-132-018	3620 Rio Linda Blvd.	7,700
251-131-008*	3619 Rio Linda Blvd.	57,750
251-131-011*	3601 Rio Linda Blvd.	74,800
251-151-007	3533 Rio Linda Blvd.	7,157
251-151-008	3529 Rio Linda Blvd.	6,300
251-151-009, 010	809/11 Almora	8,300
251-152-026	3546 Rio Linda Blvd.	181,680
251-152-028	3500-44 Rio Linda Blvd.	45,350
251-157-017	3430 Rio Linda Blvd.	16,200
251-159-005-006,007	3501-25 Rio Linda Blvd.	124,925

* Final court settlement still pending. Amount shown reflects appraised value and additional 10%.