



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



10

June 27, 1989

Budget & Finance Committee  
of the City Council  
Sacramento, CA 95814

Honorable Members in Session:

SUBJECT: Agreement with Panattoni, Oates and Massie Development  
Company Regarding Property Located at 18th and L Streets

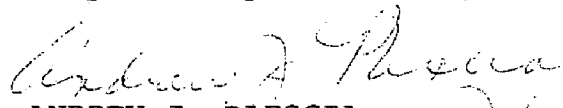
SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency of the City of Sacramento.

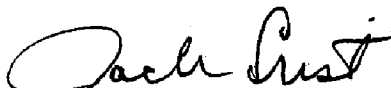
RECOMMENDATION

The staff recommends approval of the attached resolution approving the agreement.

Respectfully submitted,

  
ANDREW J. PLESCIA  
Acting Executive Director

TRANSMITTAL TO COMMITTEE:

  
JACK R. CRIST  
Deputy City Manager

Attachment



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



10

June 19, 1989

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session

**SUBJECT:** Agreement with Panattoni, Oates and Massie  
Development Company (POM) regarding property located  
on the northeast corner of 18th and L Streets.

### **SUMMARY**

The staff recommends approval of an agreement with POM regarding the conveyance of the air rights on the northeast corner of 18th and L streets to the Agency along with a cash contribution by POM to the Agency of \$175,000.

### **BACKGROUND**

In February, 1985, the City Council approved a change in the zoning of the property on the northwest corner of 19th and L Streets from multi-family residential (R-4R) to office building (OB), and approved the development of an office structure of 44,000 square feet and 125 parking spaces. A condition of the approved action was that POM convey the air rights to the parcel located on the northeast corner of 18th and L to the Agency for a residential development.

On June 10, 1986, the Agency approved various agreements with Montross Barber Investments, Inc. (MBI) for the development of 52 units of elderly housing on the Agency parcel and 48 units of multi-family housing on the parcel which runs east-west through the middle of the block (see Exhibit "A"). Negotiations with MBI regarding the proposed development were terminated due to disagreement with the Agency regarding the provision of low-income units, and all agreements with MBI were rescinded by resolution on January 12, 1988. As a part of the rescission agreement, the Agency acquired the architectural plans for the 52 unit elderly project.

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At this time, POM desires to proceed with development of its proposed office structure and requisite conveyance of the subject residential parcel to the Agency. POM intends to seek approval from the City Planning Department to increase the size of the office structure from 44,000 square feet to 50,000 square feet.

According to the agreement attached as Exhibit "B", the Agency would receive the air rights above grade level within the parcel and an option to purchase 18 parking spaces in the area below grade, which would be owned by the developer until the option is exercised. Discussions with POM regarding the agreement have revolved around responsibility for the construction of the structural slab to be located on the Agency's parcel. The slab would support the Agency's housing project and is estimated to cost \$400,000. The staff and POM have agreed that a \$175,000 contribution from the developer toward construction of the slab would be reasonable. A cash contribution in lieu of construction of the slab allows the Agency to remain flexible regarding development of the site; were the slab constructed at this time, no deviation from the current plans, in terms of size and scope, would be possible. The staff believes it is in the Agency's best interest for the site to remain unencumbered until the Agency is ready for project implementation. The agreement provides for reciprocal easements between the developer and the Agency parking areas so that the Agency might access its parcel by way of the developer's parking area in order to construct and maintain improvements. The developer would be responsible for providing substitute parking for office tenants whose parking rights are disrupted by Agency construction activities, for up to 12 months. After 12 months, the Agency would be responsible for providing parking to displaced tenants.

## FINANCIAL DATA

The Agency would receive \$175,000 as a result of the recommended action. The revenue would be reserved for implementation of the project.

## ENVIRONMENTAL REVIEW

The recommended action involves the receipt of property and funding, and does not have environmental implications. An environmental assessment will take place prior to project implementation.

CEQA Guidelines: Exempt per Section 15061(b)(3).

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# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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## POLICY IMPLICATIONS

The recommended action is consistent with the Merged Downtown Redevelopment Plan and Implementation Strategy objectives and policies which concern the enhancement of housing availability within the downtown area.

## MBE/WBE EFFORTS

Not applicable.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of June 19, 1989, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Moose, Sheldon, Simon, Simpson, Strong, Wooley, Yew, Wiggins

NOES: None

ABSENT: Amundson, Pernell

The Sacramento Housing and Redevelopment Commission adopted an additional motion recommending that the Commission forward a letter to the City Council which recommends that the Council increase the fee charged to the developer in proportion to the increase in size of the proposed office structure. The votes were as follows:

AYES:

NOES:

ABSENT:

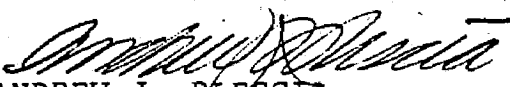
# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
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## RECOMMENDATION

The staff recommends approval of the attached resolution which authorizes the Acting Executive Director to enter into an agreement with POM. The agreement provides that POM will convey the parcel on the northeast corner of 18th and L Streets to the Agency and contribute \$175,000 to the Agency for use in the project.

Respectfully submitted,

  
ANDREW J. PLESCIA  
Acting Executive Director

TRANSMITTAL TO COUNCIL:

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WALTER J. SLIPE  
City Manager

Contact Person: Wendy Saunders  
440-1355

WS/eg

0525C

# RESOLUTION NO.

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

## CONVEYANCE OF PROPERTY AT 18TH AND L STREETS TO AGENCY RECEIPT OF FUNDS RELATED TO PROPERTY

WHEREAS, issuance by the City of a special permit for the development of an office structure on the northwest corner of 19th and L Streets has been conditioned upon Agency approval; and

WHEREAS, Agency has agreed to provide such approval in consideration for conveyance of certain property on the northeast corner of 18th and L Streets and receipt of funds for improvement of said property:

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

Section 1: The Acting Executive Director is authorized to enter into an agreement with Panattoni, Oates and Massie Development Company for the conveyance of the parcel on the northeast corner of 18th and L Streets to the Agency and the payment of \$175,000 of the Agency.

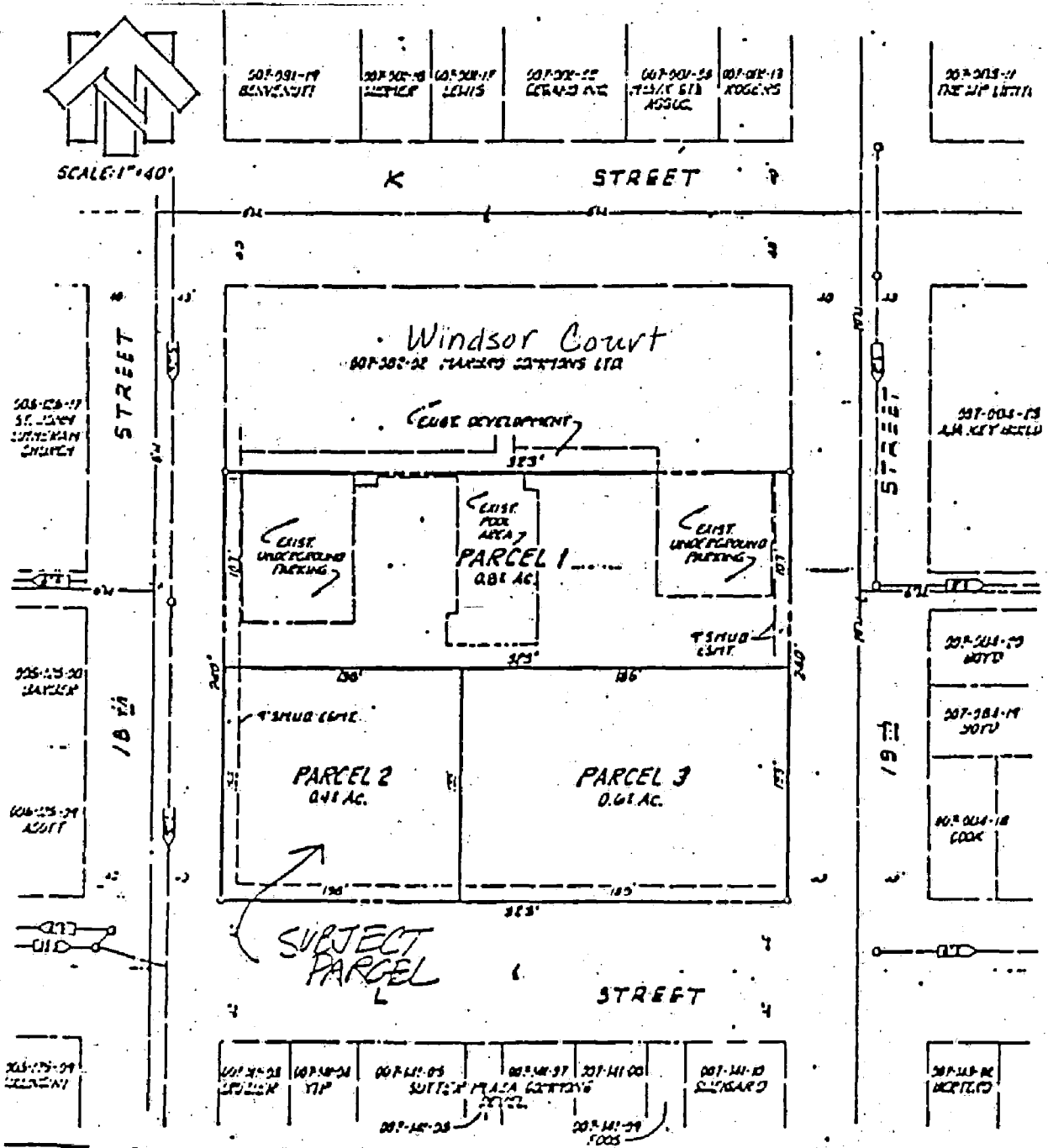
Section 2: The Acting Executive Director is authorized to execute such agreements and take such actions as are required to carry out the intent of this resolution.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
ASSISTANT SECRETARY

1100WPP/329  
5/18/89



AGREEMENT BETWEEN DEVELOPER AND AGENCY  
ON PROPOSED OFFICE BUILDING  
NORTHWEST CORNER 19th AND L STREETS  
AND ADJACENT RESIDENTIAL PARCEL

THIS AGREEMENT is entered into on \_\_\_\_\_, 1989 between Panattoni, Oates and Massie Development Company ("Developer") and the Redevelopment Agency of the City of Sacramento ("Agency").

WHEREAS, the Subject Area of this Agreement is composed of two separate parcels, designated as Parcel 2 and Parcel 3 as depicted on the attached Exhibit A.

WHEREAS the purpose of this Agreement is to assure that Parcel 2 of the Subject Area will be used, when and if developed, for residential purposes in order to comply with the City of Sacramento's authorization to the Developer for construction of an office building on Parcel 3.

The parties agree as following:

1. Prior to issuance of a building permit for an office building on Parcel 3, Developer shall, at not cost to the Agency, convey to the Agency by grant deed, all "air rights" above a line drawn parallel to and at a height of 10 feet above the ground within that certain parcel described as Parcel 2. Parcel 2 is more particularly described on Exhibit "B" to be attached hereto. Conveyance of such "air rights" above Parcel 2 shall be free and clear of all liens, encumbrances or assessments, except for any nondelinquent real property taxes.

2. From the date of this Agreement until the affected air rights portion of Parcel 2 is conveyed to the Agency, Developer shall not enter into any lease, option or agreement to sell Parcel 2 and shall not convey any interest in Parcel 2 and shall not permit any liens or encumbrances to attach to Parcel 2, unless approved in advance in writing by the Agency.

3. The Agency or its successors agree to use the subject air rights of Parcel 2 for residential purposes. The Agency's proposed residential project shall not unreasonably encroach upon the Developer's proposed office building on Parcel 3. In the event that construction on Parcel 2 interferes with



the parking rights of the tenants of the office building on Parcel 3, Developer shall provide substitute parking at his sole expense for up to 12 months. Should the parking rights of the tenants of the office structure on Parcel 3 be disrupted for more than 12 months, the Agency shall provide substitute parking at its sole expense.

4.(a) As consideration for this Agreement, the Agency (or its successors) shall have the option to purchase or to lease for a period not to exceed 99 years from the Developer (and all Developer's successors in interest) up to 18 parking spaces located on the Westerly portion of the property as specified in the attached Exhibit C to be attached hereto. The Agency's option shall remain in force from the period beginning on the date of this Agreement and shall terminate on the first day of the 121st month after the date of this Agreement. The Agency shall give a 60 day written notice to the Developer of its intent to exercise such option. The per space purchase price or rent for a 99 year lease to be paid by the Agency for the subject parking spaces shall be set as follows:

<u>Year</u>	<u>Purchase Price</u> <u>(per space)</u>
1	\$ 12,000.00
2	12,240.00
3	12,485.00
4	12,734.00
5	12,989.00
6	13,249.00
7	13,514.00
8	13,784.00
9	14,060.00
10	14,341.00

Beginning on the date that the Agency exercises its option by purchasing or leasing such parking spaces from the Developer, the Agency shall assume responsibility, on a pro-rata basis, for any reasonable operating expenses relating to the purchased spaces. These pro-rata responsibilities shall include, but not be limited to, maintenance, insurance, taxes and security.

b) Notwithstanding the Agency's exercise of its option to purchase or lease the 18 parking spaces, Developer shall grant residents (and guests of such residents) of the Agency's residential project on Parcel 2, reasonable access to, and use of any available parking spaces on Parcels 2 and 3. This access and use shall be restricted to non-working hours (weekday evenings after 6 p.m., but prior to 7:00 a.m. the following morning; and all hours during weekends). During standard work week hours, the tenants of the office building shall have priority over all other users, to access and use of all parking spaces except those acquired by the Agency or its successors.

5. The parking area floor of Parcel 2 shall be constructed of materials which are approved by the Agency.

6. The Developer shall grant the Agency easements in Parcel 3 parking area and easements within the air space between the Agency's air rights and the parking area floor in order to provide vehicular access to and adequate space for all utilities and structures which may be required by the Agency's residential project on Parcel 2.

7. The Developer warrants to Agency that Developer has fee simple title to Parcel 2 and that there are no known hazardous or toxic substances within Parcel 2 or Parcel 3.

8. Agency shall obtain a CLTA title insurance policy for the subject air rights on Parcel 2 prior to the conveyance of Parcel 2. Such policy shall insure Agency's interest in Parcel 2.

9. Prior to the issuance of a building permit by the City of Sacramento for the office project on Parcel 3, the Developer shall pay Agency the sum of \$175,000 for either (1) the future development of any residential project on Parcel 2 by the Agency, or its successor in interest; or (2) any other legitimate Agency purpose.

10. This Agreement shall be recorded and run with the land for Parcel 2 and Parcel 3.

11. The terms of the subject conveyance from Developer to the Agency shall satisfy the Developer's obligation under the conditions of approval for the development of Parcel 3 as specified by the City Council on May 25, 1985, (p-84-399).

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By: \_\_\_\_\_

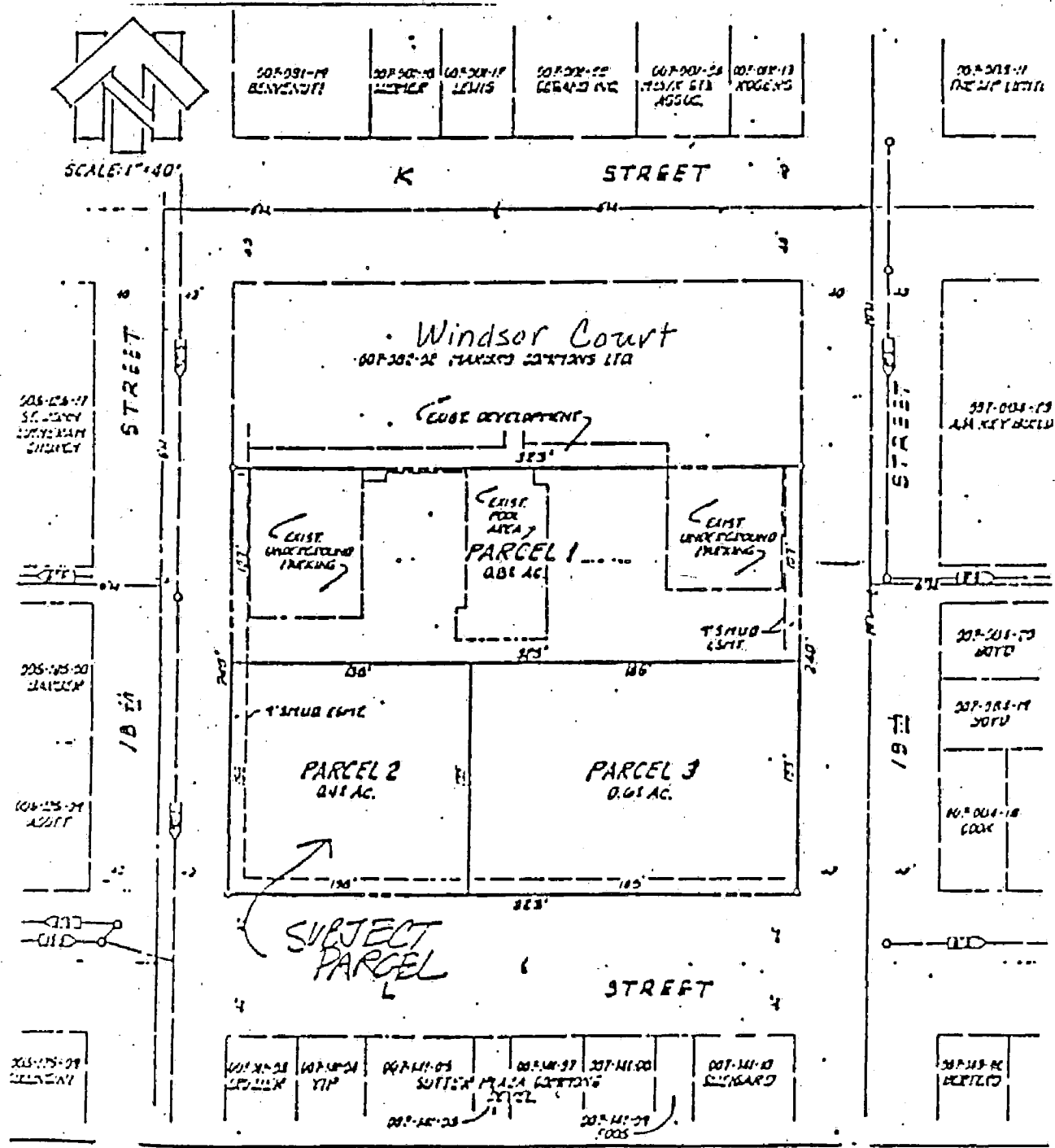
PANATTONI, OATES and MASSIE DEVELOPMENT CO.

By: \_\_\_\_\_  
CARL PANATTONI

APPROVED AS TO FORM:  
\_\_\_\_\_

TITLE: MANAGING GENERAL PARTNER





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EXHIBIT B

LEGAL DESCRIPTION

Parcel No. 2

Parcel 1 as shown on the Parcel Map entitled "Lots 2 & 3 as shown on Marbro Commons, 141/BM/28," filed for record in the office of the Recorder of the County of Sacramento, State of California, on April 28, 1988, in Book 105 of Parcel Maps, page 10.