



**Sacramento  
Housing &  
Redevelopment  
Agency**

August 16, 2000

1.3



Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT: ACQUISITION OF TWO PARCELS IN THE OAK PARK REDEVELOPMENT  
AREA – 3021 AND 3024 39<sup>TH</sup> STREET**

**LOCATION & COUNCIL DISTRICT – District 5**

**RECOMMENDATION**

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to:

- a) establish just compensation for one commercially-zoned parcel located at 3021 39<sup>th</sup> Street and one residentially-zoned parcel located at 3024 39<sup>th</sup> Street;
- b) execute an Agreement for Purchase and sale of Real Property with the owners of each property for not substantially more than just compensation, and to take all other actions necessary to acquire the subject properties, including relocation of tenants;
- c) amend the Agency budget to transfer \$110,000 from Commercial Acquisition in the 1999 Oak Park Tax Exempt Capital Improvement Revenue Bond (CIRB) to the MLK Blvd. and Broadway Opportunity Site Project; and
- d) adopt the replacement housing plan.

**CONTACT PERSONS**

John Dangberg, Director – Community Development, 440-1357  
Jim Hare, Redevelopment Manager – Community Development, 440-1313

**FOR COUNCIL MEETING OF – August 29, 2000**

**SUMMARY**

The proposed project is the acquisition of two parcels located at 3021 and 3024 39<sup>th</sup> Street. The parcels are located in the Oak Park Redevelopment Area on the south side of Broadway, between Martin Luther King Jr. Blvd. and La Solidaridad Way. The subject parcels, when combined with 10

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other parcels on the corner of Martin Luther King Jr. Blvd. and Broadway (five of the 10 parcels are currently controlled by one owner and the remaining five by SHRA), would compose a large plot of approximately 2 acres which would better accommodate commercial development. The acquisition of these parcels would eliminate a major barrier to development and would place SHRA in a more effective position to market the development of this site.

### **PAC/RAC/TAC ACTION**

At its June 7, 2000 meeting, the Oak Park Project Area Committee (PAC) recommended approval of the attached resolution. The votes were as follows:

AYES: Aungst, Brown, Davis, Hoorazar, Johnson, Madison, McCalla, Mendoza, Miles, Miller, Parker, White, Williams

NOES: None

ABSENT: Harris, Lampe

### **COMMISSION ACTION**

At its meeting August 16, 2000, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Amundson, Burns, Castello, Cespedes, Dobbins, Harland, Newsome, Simon

NOES: None

ABSENT: Holloway, Rotz

### **BACKGROUND**

The southeast corner of Martin Luther King Blvd. and Broadway is a catalyst development site and has been a target of Agency redevelopment efforts since the inception of the Oak Park Project Area. Repeated attempts to bring new development to the site have been unsuccessful. In June of this year, after considering a proposal for a senior housing project on this site, the Oak Park Project Advisory Committee (PAC) expressed its preference for a commercial use at the site. To support this effort the PAC recommended that staff initiate action to enlarge the site to maximize development interest.

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There are currently four parties that control the corner on Martin Luther King Blvd. and Broadway: One individual owns five parcels (labeled A in Attachment 1), SHRA owns five parcels (labeled B), and two private parties own one parcel each. Of the two single parcels, one is vacant (labeled C) and the other is improved with a single-family rental house (labeled D).

Staff recommends acquisition of Parcels C and D in order to eliminate a barrier to development of the overall site. Combining these parcels, those owned by the Agency and owner A, would create a large site which could accommodate commercial development. Therefore, this acquisition would place SHRA in a more effective position to develop this site.

### Relocation Plan

The proposed acquisitions include one occupied residential rental unit (single family house). The Agency shall follow applicable relocation law, which requires notifying tenants of their relocation rights, providing assistance in finding a comparable unit and financial assistance for moving costs and any rent differential. Closure on any sales contract will be contingent on successful relocation of all affected persons.

### Replacement Housing Plan

The Agency is also required to prepare and adopt a Replacement Housing Plan for the house currently occupied by tenants. In order for new development to occur on this site, the house will either be demolished or moved, depending on feasibility. Under redevelopment law, this unit must be replaced on a one-for-one basis within the project area or a two-for-one basis outside the project area. The unit must be replaced within four years from the time it is removed from the market. Housing projects such as boarded and vacant rehabilitation and new construction are anticipated to provide replacement housing for the lost unit. Please see Attachment 2 for the complete Replacement Housing Plan for this project.

## FINANCIAL CONSIDERATIONS

In preparation for completing assembly of the proposed development site, the Agency has had the parcels appraised to determine fair market value. Staff estimates that total costs for these acquisitions will be \$110,000.

The source of funds for this action is in the 1999 Oak Park Tax Exempt Capital Improvement Revenue Bond (CIRBs). Sufficient funds remain to carry out the actions recommended in this report.

Offers on both properties will be presented following approval of this report. If the offers are accepted, escrow, closing, and contingency costs will be incurred. The proposed combined cost of \$110,000 includes all transaction costs, including:

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- The purchase of each parcel
- Closing costs
- Relocation
- Demolition or relocation of current structure on 3024 39<sup>th</sup> Street
- Due diligence (including additional environmental investigations), and
- An allowance for unanticipated contingencies.

### POLICY CONSIDERATIONS

The recommended actions are consistent with the policies for redevelopment site assembly, as described in the Fourth Amendment to the Oak Park Redevelopment Plan, adopted by the Sacramento City Council in October 1998. These actions are also consistent with the Agency's 2000-2004 Implementation Plan, California Redevelopment Law, and the Broadway/Stockton Urban Design Plan adopted by the Sacramento City Council in 1998.

### ENVIRONMENTAL REVIEW

The proposed action to acquire property is in furtherance of the Oak Park Redevelopment Plan, as amended. Per California Environmental Quality Act (CEQA) Guidelines Sections 15180, 15162, and 15163, acquisition of parcels for consolidation and development, and actions to encourage redevelopment in a redevelopment area were deemed approved at the time of adoption of the redevelopment plan. The proposed actions do not commit the Agency to a definite course of development action on the properties because they are expressly made contingent upon CEQA compliance prior to approval of a Disposition and Development Agreement (DDA) or City entitlement per Agency and City environmental procedures. No further environmental documentation is required at this time. NEPA does not apply.

### M/WBE CONSIDERATIONS


The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

Transmittal approved,



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ROBERT P. THOMAS  
City Manager

# Attachment I

- A: Lots owned by one owner
- B: Lots owned by SHRA
- C: Vacant
- D: Rental

Bk. 13



CITY OF SACRAMENTO  
 Assessor's Map Bk. 14 -Pg. 17  
 County of Sacramento, Calif.

NOTE—Assessor's Block Numbers Shown in Ellipses.  
 Assessor's Parcel Numbers Shown in Circles.

**ATTACHMENT II**

**REPLACEMENT HOUSING PLAN FOR  
PROPERTY ACQUISITION OF 3024 39<sup>TH</sup> STREET**

**Description of Properties:**

Oak Park Redevelopment Area

<b>APN</b>	<b>Site Address</b>	<b>Current Use</b>
014-0171-026	3024 39 <sup>th</sup> Street	One 2-bedroom rental house

**Responsibilities of Redevelopment Agencies**

California statutes require redevelopment agencies to replace low and moderate income housing lost to residential use if that action involved either a development agreement or financing by the agency. The specific provision of the California Health and Safety Code (Sec. 33413) is as follows:

“Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of redevelopment project which is subject to a written agreement with the agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency. When dwelling units are destroyed or removed after September 1, 1989, 75 percent of the replacement dwelling units shall replace dwelling units available at affordable housing cost in the same income level of very low income households, lower income households, and persons and families of low and moderate income, as the persons displaced from those destroyed or removed units.”

There is sufficient Article 34 authority, and approval of the replacement housing plan by voters is not required.

**Replacement Housing Options**

The proposed property acquisitions and planned project development would result in removal of 1 living unit. The total number of bedrooms in this unit is 2. According to Health and Safety Code Section 33413 (f), a fewer number of replacement dwelling units may be provided if the total number of bedrooms equals or exceeds the number of bedrooms in the units removed and if the replacement units are affordable to the same income level of households as the units removed.

During the process of purchasing the single family house, staff will assess the condition of the home. If it is deemed of sufficient value, staff will explore the idea of moving the house to an agency-owned lot in the nearby community. If that alternative is not economically feasible, the house would be demolished.

The Agency's priority is to replace this unit within the Oak Park Redevelopment Project Area, as part of the Oak Park Renaissance Project. The Renaissance project is an effort to target housing conditions in the area between Martin Luther King, Jr. Blvd., Stockton Boulevard, 8<sup>th</sup> Avenue, and Broadway. The Renaissance project will aggressively market the Agency's Boarded and Vacant Homes program.

The Boarded and Vacant Homes program is designed to promote the acquisition and rehabilitation of single-family boarded and vacant homes for sale to owner-occupants. In addition, it is the Agency's intent to develop new programs to encourage new construction of single-family homes on vacant lots. A strategy will be developed which includes acquisition of both vacant lots and boarded and vacant homes. The Agency intends to replace the two-bedroom house through relocation of the house, new construction, or rehabilitation of a boarded and vacant home.

Should the Agency be unable to replace the unit within the Oak Park Redevelopment Project Area, according to Health and Safety Code Section 33413 (b) (A) (ii), "the Agency may cause, by regulation or agreement, to be available, at affordable housing costs, to persons and families of low or moderate income or to very low income households, as applicable, two units outside a project area for each unit that otherwise would have had to be available inside a project area."

### **Affordability Considerations**

Seventy-five percent of the replacement units must be affordable to the same income level as the persons displaced from the removed units. For the purposes of determining the affordability restrictions for the replacement housing, we will assume that all of the tenants are very low income, earning less than 50 percent of the area median income (very low income). Therefore, the replacement housing consisting of one home will be available for very low-income persons.

### **Term of Affordability Restrictions**

The replacement housing unit is to remain available at affordable housing cost to persons of very low, low, and moderate income as determined by the Agency but for not less than the period of the land use controls established in the Redevelopment plan. (Health and Safety Code Section 33413(c)).

**Financing Plans**

Production of the replacement housing will depend on a number of subsidies and/or equity investments, including but not limited to the following:

- Land write down or reduced cost, from SHRA funds used to purchase the property
- Down-payment assistance or mortgage credit certificates issued by SHRA for owner-occupants, including shareholders in cooperatives.

Sources of SHRA funding include local Housing Trust Fund revenues, Home Investment Partnership Program (HOME) funds, and Oak Park redevelopment tax increment funds (housing set-aside funds). All are available to house low and very low-income households.

The funding available for these various sources is as follows:

City of Sacramento Housing Trust Fund	\$1,000,000 – city-wide availability (annual)
HOME (federal entitlement)	\$3,000,000 – city-wide (dependent on appropriation)
Oak Park Redevelopment funds	\$2,500,000 – 1999 bond sale for redevelopment area uses; housing funds may be used outside the redevelopment area if finding of benefit made

**Performance Schedule**

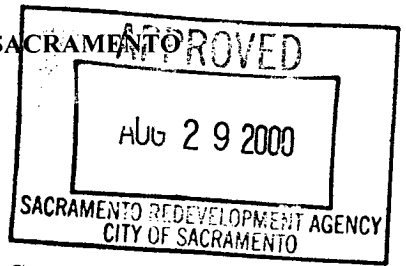
The required Replacement housing for this project will be completed 4 years after the existing units are demolished.



**RESOLUTION NO. 2000-056**

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF



**ESTABLISHING JUST COMPENSATION FOR PARCELS  
LOCATED AT 3021 AND 3024 39<sup>TH</sup> STREET (APN 014 0171 026  
AND 014 0172 025) AND AUTHORIZING THE EXECUTIVE  
DIRECTOR TO CARRY OUT ALL NECESSARY  
ACTIONS RELATED TO ACQUISITION**

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

Section 1. The Executive Director is hereby authorized to amend the Capital Improvement Program budget by transferring \$110,000 from the Commercial Acquisition in the 1999 Oak Park Tax Exempt Capital Improvement Revenue Bond (CIRBs) to the MLK Blvd. & Broadway Opportunity Site Project.

Section 2. Just compensation for the parcels to be acquired, APN 014 0171 026 and APN 014 0172 025, is the fair market value determined by independent appraisal.

Section 3. The Executive Director is authorized to take all actions necessary to purchase the properties identified in the Section 2 of this resolution and not substantially more than just compensation.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_ (9)