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**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



May 20, 1986

Budget and Finance Committee
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amendment to the 1986 Agency Budget for Project
Area No. 5 - Del Paso Heights

SUMMARY

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

RECOMMENDATION

The staff recommends approval of the attached resolution amending the Agency budget.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Solon Wisham, Jr.

SOLON WISHAM, JR.
Assistant City Manager

Attachment



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



May 14, 1986

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

Honorable Members in Session:

SUBJECT: Amendment to the 1986 Agency Budget for Project Area
Number 5 - Del Paso Heights

SUMMARY

The attached resolution authorizes the Executive Director to amend the 1986 Agency Budget for the Del Paso Heights Project Area by reprogramming certain funds as set forth in Exhibit A, attached hereto.

BACKGROUND

Historically the Agency Budget is compiled in the fall and adopted by the Redevelopment Agency in December each year. Periodically, however, the budget must be amended to reflect completed or cancelled activities; transfer surplus funds to new projects or existing projects which contain insufficient funds to meet their program goals.

In February and March 1986, Agency staff undertook a thorough assessment of projects and determined that the Agency budget should be amended based on the findings set forth in Exhibit A and summarized in narrative form below.

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A. PROJECTS TO BE CANCELLED

1. Norwood Avenue Street Improvements (\$640,000)

In light of recent Federal budget cuts, the Agency will only be able to finance street improvements in the remaining low income residential areas by cancelling Norwood Avenue Improvements. Norwood Avenue is a major through corridor more suited for City funding, than for limited redevelopment funds which must directly benefit low income areas, and provide for an extra effort towards revitalization. The Agency still believes Norwood Avenue should be completed and will coordinate with the Public Works Department regarding the feasibility of including this in the City's Five Year Capital Improvement Program.

2. Residential Infill (\$70,448)

This project is being consolidated with the Replacement Housing fund where the funds will be eligible for a wider range of use.

3. Senior Housing Development (\$371,365)

This program is part of the required 20% bond set aside for low and moderate income housing. Funds are being reprogrammed to Replacement Housing to assist the current High Tech Senior Housing project with cost overruns.

B. PROJECTS TO HAVE FUNDS TRANSFERRED

1. Developer Assistance (\$87,205)

This project was utilized to provide off-site improvements to a business park located in the industrial area of the project area. There remains surplus funds which will be transferred to an active project ready for implementation. Future projects qualifying for Developer Assistance will be funded from Commercial Acquisition/Developer Assistance.

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2. Bond Debt Service (\$20,210)

The first year debt service payment on the tax allocation bond sold November 19, 1985 for the project area was estimated \$20,210 higher than the actual payment. These excess funds are being reprogrammed.

C. PROJECTS TO RECEIVE REPROGRAMMED FUNDS

1. Residential Street Improvement Districts #8 and #10 (\$400,000)

These two projects were originally budgeted to receive future CDBG funds; however, due to CDBG budget cuts it will not be possible to assist these projects with federal funds. By cancelling Norwood Improvements, adequate tax increment funds become available to complete these essential residential street improvements.

2. Replacement Housing (\$661,000)

This fund provides monies to meet our tax increment bond requirement that 20% of funds be set aside to support low and moderate income housing. Currently, \$175,000 of this fund is obligated to a private developer by DDA to provide 104 units of senior housing. We are considering a funding request for an additional \$500,000 to cover construction cost overruns on a project currently underway. This matter will be brought forward as a separate staff report at a later date. We are recommending that these funds should be reserved until a final decision is made concerning the developer's request.

3. Commercial Acquisition/Developer Assistance (\$128,228)

Negotiations are currently underway for acquisition of a nuisance property. Based on negotiations to date, additional funds may be necessary to complete this program.

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FINANCIAL DATA

All financial data is set forth above and in Exhibit A, attached.

ENVIRONMENTAL REVIEW

This action does not require environmental review.

POLICY IMPLICATION

The action proposed in this staff report is consistent with existing policy.

VOTE AND RECOMMENDATION OF REDEVELOPMENT ADVISORY COMMITTEE

At its April 23, 1986 meeting the Del Paso Heights Redevelopment Advisory Committee (RAC) recommended: 1) approval of staff's recommendations; 2) that the City Council be asked to include Norwood Avenue Improvements in its Capital Improvement Projects budget; and 3) that Norwood Avenue be completed as soon as possible.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of May 19, 1986 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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RECOMMENDATION

The staff recommends adoption of the attached resolution which amends the 1986 Agency budget by reprogramming certain funds identified in Exhibit A.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: TRISH DAVEY, 440-1322

mw:0714

RESOLUTION NO.

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

AMENDMENT TO 1986 DEL PASO HEIGHTS' BUDGET

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

Section 1: The 1986 Agency Budget for Del Paso
Heights Project Area No. 5 is hereby amended as set forth in
Exhibit A, attached hereto.

Section 2: This resolution shall take effect
immediately.

CHAIR

ATTEST:

SECRETARY

0231L

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AMENDMENT TO THE CITY'S CAPITAL IMPROVEMENT PLAN AND BUDGET

BE IT RESOLVED BY THE COUCIL OF THE CITY OF SACRAMENTO:

Section 1: The City Council does hereby approve an amendment to the City's Capital Improvement Plan and Budget that cancels the tax increment funding in the amount of \$640,000 for Norwood Avenue improvements.

Section 2: This resolution shall take effect immediately.

MAYOR

ATTEST:

CITY CLERK

0231L

EXHIBIT A

DEL. PASO HEIGHTS PROJECT AREA NO. 5

ACTIVITY ANALYSIS - CHART A

FUND/COST CENTER/ ORGANIZATION	PROJECT	CURRENT ALLOCATION	REVISED ALLOCATION	AMOUNT TO BE TRANSFERRED	COMMENTS
<u>A. PROJECTS TO BE CANCELLED</u>					
245/0578/6300	Norwood Avenue Street Improvements	\$ 640,000	-0-	\$ -640,000	Due to the City Council's request that the City's Capital Improvement funds pay for street projects of this type. Staff recommends cancellation of this project. These funds will be reprogrammed to residential street improvement projects (A/D #8 and #10)
245/1025/6300	Residential Infill	\$ 70,448	\$ -0-	\$ - 70,448	Funds being reprogrammed to Replacement Housing where they will be eligible for a wider range of uses.
245/4315/6100	Senior Housing Development	\$ 371,365	-0-	-371,365	Funds being reprogrammed to Replacement Housing where they will be eligible for a wider range of uses.

EXHIBIT A

DEL PASO HEIGHTS PROJECT AREA NO. 5

ACTIVITY ANALYSIS - CHART A

FUND/COST CENTER/ ORGANIZATION	PROJECT	CURRENT ALLOCATION	REVISED ALLOCATION	AMOUNT TO BE TRANSFERRED	COMMENTS
<u>C. PROJECTS TO RECEIVE TRANSFERRED FUNDS</u>					
245/0579/6300	Street Improvement District #8	\$ 250,000	\$ 450,000	\$ +200,000	Due to CDBG budget cuts additional tax increment funds are necessary to complete this project.
245/0580/6300	Street Improvement District #10	\$ 250,000	\$ 450,000	\$ +200,000	Due to CDBG budget cuts additional tax increment funds are necessary to complete this project.
245/1005/6100	Replacement Housing	\$ 39,949	\$ 700,949	\$ +661,000	\$175,000 has been obligated by DDA. We are considering a funding request for an addi- tional \$500,000 to complete the project. These funds should be reserved until a final decision is made concerning the developers request.

EXHIBIT A

DEL. PASO HEIGHTS PROJECT AREA NO. 5

ACTIVITY ANALYSIS - CHART A

FUND/COST CENTER/ ORGANIZATION	PROJECT	CURRENT ALLOCATION	REVISED ALLOCATION	AMOUNT TO BE TRANSFERRED	COMMENTS
<u>C. PROJECTS TO RECEIVE TRANSFERRED FUNDS</u>					
245/4314/6100	Commercial Acquisition/ Developer Assistance	\$ 316,301	\$ +444,529	\$ +128,228	Negotiations are underway for acquisition of a nuisance property. It may be necessary to go through with condemnation procedures. Additional funds may be necessary to complete this program. These funds will also be used to cover any short- falls in the street improvement projects.

Del Paso No. 2
108/5-14-86