



July 19, 2000

6.3



Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Stockton Boulevard West 9th/10th Avenue Property Acquisition
and Development and Disposition Negotiations

LOCATION & COUNCIL DISTRICT

3400, 3406, 3434, 3448, 3454 Stockton Boulevard
4633, 4625, 4623, 4611, 4601, 4565 10th Avenue

Oak Park Redevelopment Project Area
Council District 5

RECOMMENDATION

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

- a) establish just compensation for eleven parcels located at 3400, 3406, 3434, 3448, 3454 Stockton Boulevard, and 4633, 4625, 4623, 4611, 4601, 4565 10th Avenue;
- b) take all actions necessary to purchase the property from 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 and businesses;
- c) amend the Agency budget to transfer \$810,000 from Commercial Acquisition and \$360,000 from Development Assistance allocations from the 1999 Oak Park Tax Exempt Capital Improvement Revenue Bond funds (CIRBs) to the Stockton Boulevard West 9th/10th Avenue Catalyst Project, for a total project budget of \$1,170,000;
- d) adopt the replacement housing plan; and
- e) enter into a 180-day period of exclusive negotiations with the Child Abuse Prevention Council for disposition and development of the subject properties.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento
July 19, 2000
Page 2

CONTACT PERSONS

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

FOR COUNCIL MEETING OF

July 25, 2000

SUMMARY

This report recommends the establishment of just compensation and authorization to purchase eleven parcels located on the west side of Stockton Boulevard in the Oak Park Redevelopment Project Area, between 9th and 10th Avenue. Acquisition of the parcels will contribute toward eliminating blight in the Stockton Boulevard commercial corridor and achieving other Agency revitalization goals, plans and policies. The proposed action will enable the Agency to acquire a strategically located site that can subsequently be developed as an administrative headquarters and conference/training center.

PROJECT AREA COMMITTEE ACTION

At its July 5, 2000 meeting, the Oak Park Project Area Committee (PAC) recommended approval of the attached resolution. The votes were as follows:

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

COMMISSION ACTION

It is anticipated that at its meeting of July 19, 2000, the Sacramento Housing and Redevelopment Commission will adopt a motion recommending approval of the attached resolutions. In the event they fail to do so, you will be advised prior to your July 25, 2000 meeting.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento
July 19, 2000
Page 3

BACKGROUND

The Child Abuse Prevention Council (CAPC), a Sacramento-based private non-profit organization, approached the Agency in mid-1999 to express interest in locating an administrative office project in the Oak Park or Stockton Boulevard redevelopment areas. In November of 1999, Agency and CAPC staff toured the Oak Park and Stockton Boulevard redevelopment areas, and identified eight potential sites for CAPC to evaluate. Agency staff advised CAPC that parcels fronting the west side of Stockton Boulevard between 9th and 10th Avenues held the greatest potential for a project to eliminate blight and further the Oak Park Redevelopment Plan.

In January 2000, CAPC narrowed down the eight potential sites to two site options: the MadeRite site on Broadway and 1st Avenue, and the Stockton Boulevard 9th/10th Avenue site. On February 17, 2000, at the Oak Park Project Area Committee (PAC) subcommittee meeting, the pros and cons of both sites were discussed with the members of the PAC. Based on PAC and staff input, as well as its own organizational needs for an administrative office project, CAPC designated the Stockton Boulevard site as its preferred alternative. CAPC refers to the proposed building at the site as the Children's Embassy project.

In April 2000, CAPC submitted a preliminary proposal for the construction of the Children's Embassy project, on the Stockton Boulevard 9th/10th Avenue site. In anticipation of recommending acquisition for this project, staff ordered appraisals on the 11 separate properties on the west side of Stockton Boulevard between 9th and 10th Avenues. Four different property owners own the eleven properties. The following table is a summary of the properties:

#	APN	Site Address	Owner	Zoning	Current Use
1	014-0222-028	3400 Stockton Blvd.	A	C2	Auto repair business
2	014-0222-029	3406 Stockton Blvd.	A	C2	Auto repair business and storage
3	014-0222-030	3434 Stockton Blvd.	B	C2	Mixed-use building – 6 apartment units, and 2 commercial tenant spaces
4	014-0222-031	3448 Stockton Blvd.	B	C2	Vacant land
5	014-0222-032	3454 Stockton Blvd.	B	C2	Vacant land
6	014-0222-033	4633 10 th Avenue	B	C2	Vacant land
7	014-0222-034	4625 10 th Avenue	B	C2	Rental house
8	014-0222-035	4623 10 th Avenue	B	C2	Personal storage building
9	014-0222-036	4611 10 th Avenue	C	R1	Rental house
10	014-0222-037	4601 10 th Avenue	D	R1	Vacant land
11	014-0222-038	4565 10 th Avenue	D	R1	Rental house

At this time, property owner B has expressed to the Agency an interest in selling his properties. The interests of property owners A, C, and D remain unknown to Agency staff at this time.

Should these properties be brought under the Agency's control, staff would enter negotiations with CAPC on a Disposition and Development Agreement (DDA). If negotiations are

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento

July 19, 2000

Page 4

successfully concluded and a DDA approved, the completed Children's Embassy project will house a collaboration of organizations serving children and families in Sacramento County. No direct client services would be provided at this location; rather the location would serve as an administrative office for CAPC, and conference/training facility for child serving organizations. The project would bring approximately 60-90 daytime workers on-site daily, with an additional 50-100 professionals during the days, evening, and weekends for conferences or training. Early design work estimates that the building will require approximately 22,400 square feet, and approximately 72 parking spaces, all to be located on-site.

The Agency has been working to revitalize the area along Stockton Boulevard between Broadway and 14th Avenue since the adoption of the Oak Park Redevelopment Area, and particularly in the last couple of years. The acquisition and development of this catalyst site could bring about many positive changes to the area such as the reuse of blighted and underutilized parcels, elimination of an eyesore, elimination of less desirable uses on Stockton Boulevard, creation of a positive street presence, and the potential to induce new development on adjacent properties. Approval of the actions recommended in this report would be in furtherance of the Agency's land consolidation and blight elimination policies.

Relocation Plan

The proposed acquisitions include nine residential units (three single-family houses and six rental apartments), and five commercial businesses. The Agency must follow state relocation law when displacing residential tenants and business owners. The residential tenants and business owners will be informed of their relocation rights. Closure on any sales contracts 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 nine residential units (three single-family houses and six rental apartments). In order for new development to occur on this site, these units will eventually be demolished. Under redevelopment law, these units must be replaced on a one-for-one basis within the project area, or a two-for-one basis outside the project area. The units must be replaced within four years from the time they are removed from the market. Housing projects such as boarded and vacant rehabilitation and new construction are anticipated to provide replacement housing for these lost units. Please see Attachment 1 for the complete Replacement Housing Plan for this project.

Environmental Evaluations

Phase I and limited Phase II environmental site assessments were completed on 3400, 3406, 3434, 3448, 3454 Stockton Boulevard, and 4633, 4625, 4623, 10th Avenue, between February and April 2000, by Environmental Equalizers, Inc. (EEI). As discussed in further detail below, environmental concerns were identified on three of the properties, however, the conditions identified were not considered significant environmental concerns.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento

July 19, 2000

Page 5

Based on a site reconnaissance, a review of physiographic, historical and regulatory information, and information provided by the property owners, no evidence of environmental concerns or hazardous materials/waste were revealed in conjunction with 3434, 3448, 3454 Stockton Boulevard, and 4633, 4625 10th Avenue. The use and storage of small quantities of hazardous chemicals was observed at 4623 10th Avenue, however according to EEI, such releases are not generally considered significant environmental concerns. EEI recommended that prior to grading the site, the identified area be selectively excavated, if necessary, and any impacted soil properly disposed in a regulated facility.

The 3400 Stockton Boulevard site was identified as a former location of four underground storage tanks, and 3406 Stockton Boulevard was identified as having a permit to store and use hazardous materials. Environmental concerns observed at 3400 and 3406 Stockton Boulevard include: use and storage of petroleum products and related compounds at both facilities, evidence of a waste oil tank behind 3400 Stockton Boulevard, two floor drains at 3406 Stockton Boulevard, and oil and grease-stained pavement at both addresses.

Based on those findings, a Phase II investigation, which consisted of soil/groundwater sampling was conducted. While groundwater contamination was not encountered during the sampling, laboratory analytical results showed that used motor oil and lead have been released into the soil at the properties. The releases were limited to the area behind 3400 Stockton Boulevard, and in the vehicle parking area in the western portion of 3406 Stockton Boulevard. According to EEI, such releases are not generally considered significant environmental concerns. Recommendations from EEI include: prior to grading of the site, the identified areas should be selectively delineated, excavated, and impacted soil properly should be disposed of in a regulated facility; and that building demolition and rough grading should be observed by an environmental professional to identify and document hazards, should they occur.

Testing for Asbestos Containing Materials (ACMs) was outside the scope of the environmental assessments; however, it was noted that based on the age of the building, the potential for ACMs is present. A pre-demolition asbestos survey to assess the potential presence and quantity of asbestos in the structures was recommended by EEI, and will be completed prior to the demolition of the structures.

FINANCIAL CONSIDERATIONS

The source of funds for this action is the 1999 Oak Park Tax Exempt CIRBs with \$810,000 coming from commercial acquisition, and \$360,000 from development assistance allocations. Sufficient funds remain to carry out the actions recommended in this report. Appraisals of all eleven sites have been completed to determine fair market value, preliminary estimates for relocation have been developed, and Phase I and Phase II environmental investigations have been completed.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento

July 19, 2000

Page 6

Offers on all properties will be presented following approval of this report. If the offers are accepted, additional escrow, closing, and contingency costs would be incurred. The proposed combined cost of \$1,170,000 includes all transaction costs, including:

- the purchase of each parcel,
- closing costs,
- relocation,
- demolition of existing structures,
- due diligence (including additional environmental investigations), and
- an allowance for unanticipated contingencies.

POLICY CONSIDERATIONS

The recommended actions are consistent with 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. The Urban Design Plan recommended that the Agency capitalize on the presence of the UC Davis Medical Center on Stockton Boulevard, by focusing on the daytime worker, and uses complementing the Medical Center.

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 Development and Disposition 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.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the City of Sacramento
July 19, 2000
Page 7

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

ATTACHMENT I

REPLACEMENT HOUSING PLAN FOR PROPERTY ACQUISITION OF STOCKTON BOULEVARD WEST BETWEEN 9TH/10TH AVENUE BLOCK

Description of Properties:

Oak Park Redevelopment Area

APN	Site Address	Current Use
014-0222-030	3434 Stockton Boulevard, Sacramento, CA 95820	Six- 1 bedroom apartment units
014-0222-034	4625 10 th Avenue, Sacramento, CA 95820	One- 2 bedroom rental house
014-0222-036	4611 10 th Avenue, Sacramento, CA 95820	One- 2 bedroom rental house
014-0222-038	4565 10 th Avenue, Sacramento, CA 95820	One- 2 bedroom rental house
	Total Units/Bedrooms:	9 units/12 bedrooms

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 9 living units. The total number of bedrooms in these units is 12. 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.

The Agency's priority is to replace these units 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, 8th 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 9 units/12 bedrooms removed through a combination new construction and rehabilitation of boarded and vacant homes.

Should the Agency be unable to replace all the units 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, 7 units/9 bedrooms of the replacement housing will be available for very low-income persons.

Term of Affordability Restrictions

The replacement housing units are to remain available at affordable housing cost to person 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.

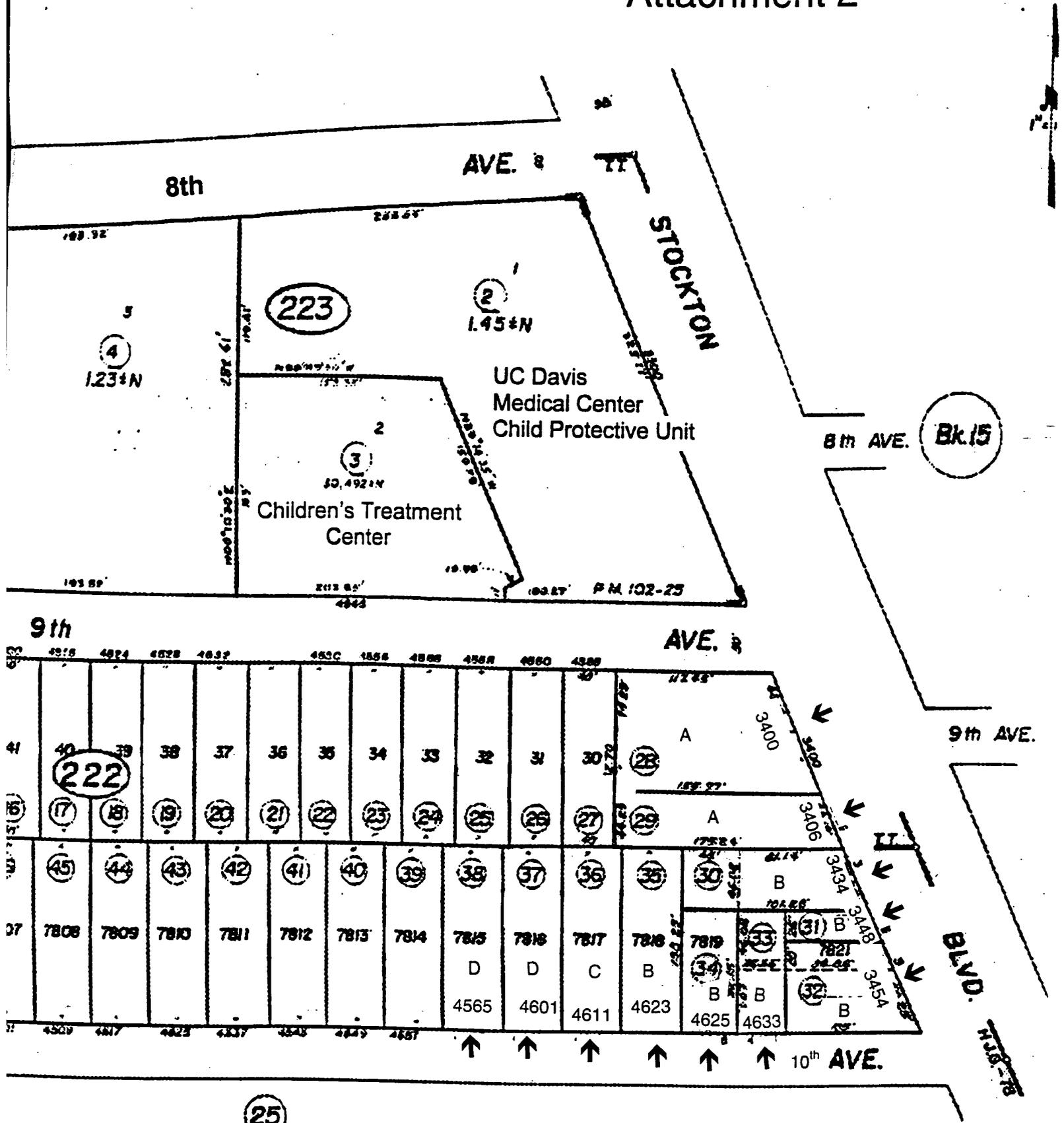
The funding available for these various sources is as follows:

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

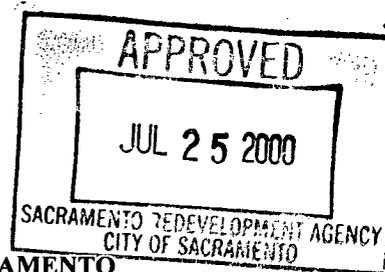
The required Replacement housing for this project will be completed 4 years after the existing units are demolished.

Attachment 2



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

CITY OF SACRAMENTO
Assessor's Map Bk. 14—Pg.22
County of Sacramento, Calif.



RESOLUTION NO. 2000-050

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

ESTABLISHING JUST COMPENSATION FOR ELEVEN PARCELS LOCATED AT 3400, 3406, 3434, 3448, 3454 STOCKTON BOULEVARD, AND 4633, 4625, 4623, 4611, 4601, 4565 10TH AVENUE (APNS 014-0222-028, 014-0222-029, 014-0222-030, 014-0222-031, 014-0222-032, 014-0222-033, 014-0222-034, 014-0222-035, 014-0222-036, 014-0222-037, AND 014-0222-038) AND AUTHORIZING THE EXECUTIVE DIRECTOR TO CARRY OUT ALL NECESSARY ACTIONS RELATED TO ACQUISITION; ADOPTION OF REPLACEMENT HOUSING PLAN

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

Section 1. Just compensation for eleven parcels to be acquired, APNS 014-0222-028, 014-0222-029, 014-0222-030, 014-0222-031, 014-0222-032, 014-0222-033, 014-0222-034, 014-0222-035, 014-0222-036, 014-0222-037, and 014-0222-038, is the fair market value determined by independent appraisal.

Section 2. The Executive Director is authorized to obtain the appraisal, make an offer in accordance with the law and to take all actions necessary to purchase the properties identified in Section 1 of this resolution for not substantially more than just compensation.

Section 3. The Executive Director is authorized to amend the Agency budget by transferring \$810,000 from Commercial Acquisition and \$360,000 from Development Assistance in the 1999 Oak Park Tax Exempt CIRBs to the Stockton Boulevard West 9th/10th Avenue Catalyst Project, for a total project budget of \$1,170,000 to acquire the properties and carry out related actions.

Section 4. The Executive Director is authorized to enter a 180-day period of exclusive negotiations with the Child Abuse Prevention Council for disposition and development of the subject properties.

Section 5. The Replacement Housing Plan attached to the staff report that accompanies this resolution is adopted.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____