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FINANCE

BUDGET DIVISION

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Budget and Finance/  
Transportation and Community Development Committees  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Southside Park Housing Study

**SUMMARY**

This report introduces a presentation on the Southside Park Housing Study.

**BACKGROUND**

At the request of Councilmember David Shore, a presentation on the Southside Park Housing Study will be made by Stanley Keasling and Beverly Fretz-Brown. Mr. Keasling is the Executive Director of Rural California Housing Corporation. A copy of the study is attached.

**RECOMMENDATION**

This report and presentation is for informational purposes only.

Attachment

Respectfully submitted,

KEN NISHIMOTO  
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## SOUTHSIDE PARK HOUSING STUDY

RURAL CALIFORNIA HOUSING CORPORATION  
FEBRUARY 1989

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**EXHIBITS**

- Exhibit A: Map of Residential Structures and Density
- Exhibit B: Housing Conditions/Existing Building Types
- Exhibit C: Historic/Owner-Occupied Survey
- Exhibit D: Zoning Map and Zoning Classifications
- Exhibit E: Walking Tour
- Exhibit F: Estimates of Repairs
- Exhibit G: Vacant Land
- Exhibit H: Property Listings and Sales

Attachment: Sketch Concept Plan, Davis Design Research

## **SOUTHSIDE PARK NEIGHBORHOOD HOUSING STUDY**

### **EXECUTIVE SUMMARY**

In October 1988, Rural California Housing Corporation began an assessment of existing residential development in the Southside Park neighborhood in the City of Sacramento. The purpose of the study was to document housing conditions and trends, solicit and record residents' perceptions, and recommend specific actions to strengthen residential development, including public intervention, funding, and regulatory change.

The major findings and recommendations of the study follow. They are based on RCHC's conclusion, shared by residents participating in the study, that the neighborhood can continue to be a vital residential area near employment centers, transportation corridors, historic churches, and open space. But the neighborhood's revitalization will not occur without the City's leadership and willingness to invest public funds to stimulate and direct private investment toward residential uses.

1. Although dramatically affected by downtown development, the neighborhood suffers from the lack of any coordinated City action to protect it as a residential area and reverse existing disinvestment in housing. To develop and finance a reinvestment program for the Southside neighborhood, the City must commit \$10 million over a 10-year period, which would stimulate more than \$9 million in private funding.

2. Housing deterioration in the Southside neighborhood is extensive, with nearly half of the residential structures requiring substantial rehabilitation. However, existing housing rehabilitation programs have not been used; they require modification to fit the neighborhood's conditions, particularly the conversion of large single-family homes to multi-family use.

The cost of rehabilitating more than 270 substandard housing units in the area is estimated at \$5.2 million, including listed priority structures in the Southside Preservation Plan.

3. Thirty percent of the Neighborhood's residential structures lie in residential/office and commercial zones along the borders of the neighborhood. This zoning is contributing to housing disinvestment, with property being held speculatively for more profitable commercial uses.

To preserve the housing, new office buildings on vacant R/O land should not be allowed, and those blocks now zoned commercial but which are predominately residential should be rezoned to conform with residential use.

4. Opportunities exist for new residential construction. Sixty-three vacant lots, totaling 5.9 acres, could support 210 housing units at low to moderate densities. A public investment of \$2.5 million is needed to produce housing at existing market rates.

5. Immediate steps to be taken by the City include capitalizing a \$1 million revolving loan fund for land purchase and the acquisition of structures, and designating the Sacramento Housing and Redevelopment Agency as lead implementing agent.

6. The City's intervention must be concerted and aggressive, combining a number of efforts that include rehabilitation financing, acquisition of structures, code enforcement, and land purchase. Intervention should begin in the northwest corner of the neighborhood.

7. Community residents, many actively involved in the area's improvement over the last 15 years, are ready to advise the City in the development and implementation of its Southside housing program, and should be consulted.

8. Neighborhood development guidelines should be created with resident participation, including housing and commercial infill standards that are architecturally consistent and in scale with the existing neighborhood. The Design Concept Sketch produced for Davis Design Research for this study depicts one application of such development guidelines.

The report which follows considers the Southside Park area as a 100-year old residential neighborhood as rich in cultural history as it is in housing diversity. The area serves (and continues to serve) as an entry way for immigrant households, including Portuguese, Japanese, Chinese, Hispanic, and Indochinese families. It comprises the largest Historic Preservation Area in Sacramento.

This study also documents how the neighborhood's location, size, economic condition, and older housing stock make it extremely vulnerable to non-residential development. Its proposals for a City investment plan include tandem recommendations for the stimulation of private financing, the use of State resources, and program coordination.

## INTRODUCTION

In October 1988, Rural California Housing Corporation began a four-month assessment of existing residential development in the Southside Park neighborhood in the City of Sacramento. The area studied is bounded by S Street on the north, 10th Street on the east, W Street on the south, and 3rd Street on the west.

The methodology employed by Rural California Housing Corporation (RCHC) included the following elements:

1. Recording and mapping information from public records on housing type and tenure, length of ownership, date of construction, property aggregation, code violations, fires, and demolitions.
2. Conducting a housing conditions survey to evaluate structures by the level of repair needs.
3. Mapping the location and condition of historic structures in the priority classification.
4. Conducting house-to-house interviews with current residents, supplemented by walking tours with residents and architects from Davis Design Research, to learn about the history of the neighborhood, concerns, and recommendations for improvements.
5. Holding meetings with neighborhood residents to discuss preliminary recommendations of this study; holding discussions on housing strategies with public agencies and community planners.
6. Tracking property sales and changes in use.
7. Interviewing public officials on existing and proposed financing for housing rehabilitation and new construction.
8. Identifying specific areas for development and/or rehabilitation and developing financing options for those sites.

The purpose of such an approach was to let the housing conditions and residents speak for themselves, and to develop a shared view of housing intervention strategies and financing plans.

As a result of the interest generated by this study, the Center for Design Research of the University of California at Davis, under the direction of Dr. Mark Francis, undertook an expanded research and design report on the Southside neighborhood during the first quarter of 1989. The students' work encompassed housing design, streetscapes, park use and open space, traffic mitigation, and border development, among other areas. Copies of their independent study are available through RCHC or UCD (144 Walker Hall). RCHC extends particular thanks to the Center for the use of selected graphics developed by the students.

## HISTORICAL PERSPECTIVES

### A Cultural Overview\*

One hundred years ago, the current day Southside neighborhood was under water. In this area, then known as the Burns Slough, the American River flowed southwest from Sutter Fort towards the confluence of the Sacramento River at Front and T Streets. The slough was filled in around 1878, 20 years after the Sacramento Valley Railroad Company was granted the right to build California's first railroad. Its terminus was at 6th and R Streets, contributing to a commercial expansion along the railroad corridor.

Following the gold rush, waves of German, Irish, Italian, and Portuguese immigrants reached Sacramento. With the City's commercial explosion in the early 20th century, Portuguese families settled in the Southside neighborhood and established it as a working class/middle class residential district. It was known as the "Arizona District," a take-off from the Portuguese Azorean Islands. The earliest homeowner's association was the South Side Improvement Club, organized around the turn of the century and best remembered for the 400 residents it assembled in 1907 to protest the City's plans for commercial expansion into their neighborhood.

Slavic, Japanese, and Chinese immigrants joined their Western European counterparts as the Southside area flourished until the Depression. The neighborhood rebounded during the late 40's, becoming the home of prosperous business owners, judges, politicians, and public officials, then fell into a period of decline as businesses closed or relocated.

By 1950 the Sacramento Redevelopment Agency had been established to rejuvenate the waterfront and downtown. As a result of redevelopment, some families and merchants from the old Chinatown relocated in Southside; Japanese families returning from World War II internment camps also relocated their J and K Street businesses to 10th Street, where some remain today. According to long-time Southside residents, some of the displaced waterfront people settled in the neighborhood as well.

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\* Historical data for this section was derived from the work of Richard Trainor, "Artery of Iron: A History of the R Street Corridor, 1849-1988," and from the recollections of current and past residents of the Southside Park neighborhood.

By the 1960's, older Southside homes were being divided into smaller apartments and new rental complexes were built, particularly in the style of long row apartments that stretched sideways to the alleys, filling the lots. A battle between residents and prostitutes began at the close of the decade to rid S and T Streets from 3rd to 10th of its distinction as Sacramento's stroll. Residents persevered after 3 years of picketing, night bonfires, and complaints to city officials; the last remnants of prostitution left by the late 70s, but the memory continues.

### **Demographic Summaries**

Census data extrapolations show that the population of Southside from 3rd to 10th Streets is about 2,000. Over 50% of the residents are under 35 years old; and almost 30% are over 55 years old. The ethnic mix is divided by Southside Park, the east side having a substantial Asian community and the west side having a mix of Blacks, Hispanics and other racial groups. Southside has proportionately more and larger families than are found in the central city area.

### **Schools**

The Stanford-Leyland School, located at Southside Park at 8th Street, was originally built as a special education school in 1942. It was turned into an administration building in the 1960s, later becoming an "opportunity school" for junior high school children with behavior problems. The school was closed in 1986, although a few of the rooms are rented to agencies such as the YMCA and Chinese Community Center.

The School district contends that it does plan to keep the school in its inventory and will probably reopen it as an off-campus alternative school. Although less acreage than a standard elementary school, Stanford-Leyland could be renovated to hold 200-300 children. According to school officials, the cost for renovation would be about \$150,000, as opposed to a \$3 million budget to construct a new school for the same number of children.

Children from the Southside neighborhood now attend William Land Elementary School at 2120 12th Street, Sutter Junior High School at 3150 I Street and Sacramento High School at 2315 34th Street.

## **Businesses**

Victor's Grocery, located at 4th and T Street, has been a family owned business for two generations. The owner is ready to retire and is considering whether to sell in the future. Two blocks to the east, at 6th and T Streets, is Southside Grocery, built in 1912 and in the hands of the Machado family since 1925. The present owner died in 1987, but through the estate the family plans to make some renovations and continue to keep the store open.

Parisi's Cafe on S and 4th Street has been popular with downtown workers and joggers, although service was discontinuous during the term of this study. This was the site of a unsavory neighborhood bar in the early 1970s, according to residents.

Further south on the west side of the park is Barretta's Bar, which is remembered by Hispanic residents as a gathering place for families, afternoon dances and cultural celebrations. It is not opened regularly now. Other businesses around the west park include a tofu factory, a sheet metal shop (surrounded by single-family housing), car repair shops, an auto parts store, and an office furniture company.

On the east side of the park are a number of Asian markets and shops on 10th Street, a laundromat at 10th and T Streets, Asian and Hispanic restaurants near 10th and W Streets and a tire store that has been closed but will reopen soon as a car repair shop.

The Certified Farmers Market every Sunday under the Highway 80 freeway, across from the park, includes a growing number of Asian vendors serving the community.

## **Churches**

Our Lady of Guadalupe Catholic Church is the international Catholic church for Spanish-speaking people of the greater Sacramento area. The church sits at the head of Southside Park and at times the park seems like an extension of the church as celebrations are held in both places for the fiestas and holidays of the Mexican calendar -- Kermes, Cinco de Mayo, Quince de Septiembre, to name a few.

The Catholic Diocese owns almost of the entire block between 7th and 8th, S and T Street, including the church, the old Grace Day Home for unwed mothers (now leased as a day care center) and Centro Guadalupe, a Catholic Social Services outreach office. Centro Guadalupe is housed in a newly remodeled school building and provides a food closet, counseling, client advocacy and immigration services.

East of the park are found the Downtown Baptist Church and the the St. Andrews A.M.E. Church. On the west is the Tenrikyo High Sacramento Church and the Konko Church. On the north is Park View Presbyterian Church, adjacent to Our Lady of Guadalupe.

The Muslim Mosque, located at 411 V Street, is the oldest Mosque in California and one of the first Mosques in the United States. The congregation is drawn from all of Sacramento. The Mosque owns the entire front block on V Street between 3rd and 4th and other property within the area as well. The properties were bought as investments although the mosque would like to have a school sometime in the future.

St. John's Baptist Church and Christian School is across the street from the Mosque facing 4th Street. The church draws some of its congregation from the neighborhood, and runs a small clothes closet and a school for pre-kindergarten through second grade.

### **Southside Park**

Before the freeway was built in the mid-1960s, Southside Park stretched past Broadway. Paddle boats and fishermen could be seen on a lake twice the size of the present pond. Up until 1955, a beautiful arboretum established by the Crocker family, called Bell Conservatory, was located on the far side of the park.

The park today sees a variety of uses. Besides the lake, which is fenced, it has a public pool and bathing facility, a jogging track, tennis courts, a playground, an amphitheater, picnic tables and barbeque pits.

Residents draw attention to the cleanliness of the park and how well it is maintained. On the walls of the amphitheater at the north end of the park is a mural in a Mexican motif painted in bright, vibrant colors. There is little graffiti or vandalism of the park's monuments.

The park has many different uses, often it seems in shifts. Small groups of older men and transients appear early; after work other men assemble to socialize. At lunch time, capital area workers jog around the track, many using the park's shower facilities and lockers. In summertime, the pool is packed. Throughout the year, state workers who use the parking lots under the freeway walk along the park to and from work.

There have been problems with fights and alcohol use in the park among single men; at one point, the restrooms in the park were locked because of illicit activities.

## The Southside "Neighborhoods"

Southside Park divides two neighborhoods.

The east side of the park is the edge of a significant Asian community extending to and beyond 16th Street. There are a number of Chinese Family Associations in this area that help extended family immigrants acclimate and re-establish a cultural life in Sacramento. Southside has historically been an entry point for Asian immigrants, with numerous first generation families maintaining rental housing there.

The west side of the park is mixed racially and ethnically with a combination of Blacks, Hispanics, East Indians, Asians, and Whites. The west side appears to be less well tended; with some significant exceptions, the streets and alleys are not as clean, vacant lots are filled with trash and yards are not as well maintained.

The area between 3rd and 7th Street and S and T Street is perceived to be the worst part of Southside in terms of both illegal activities and deteriorated and boarded housing. As such, it is also perceived to be the area most vulnerable to change to nonresidential uses. Until the late 1940s this corner of the neighborhood was a good residential area; although prostitution has left, groups of people still hang out on the sidewalks, a condition intimidating to many.

The history of the Southside Park area presents a picture of urban life in all its diversity and mixed fortunes. The neighborhood's continuity as an entry way for immigrant families is remarkable, and its housing an attractive reminder of Sacramento's rich and varied past.

## DESCRIPTION OF EXISTING CONDITIONS

### Type and Density of Residential Structures

The Southside Park area studied in this report had 323 residential structures as of January 1, 1989, ranging from single family dwellings to a 36-unit apartment complex. The majority of the structures are single family dwellings and duplexes, distributed as follows:

- 162 single family homes
- 91 duplexes
- 17 triplexes
- 30 fourplexes
- 16 apartment complexes of 5 - 10 units
- 7 complexes of more than 10 units

This count was based on property title reports and tax records, census tract information, data from the housing conditions survey, personal observation, and information from residents. It was difficult to determine exactly how many units existed in some of the very old structures converted into boarding houses or single-room occupancy dwellings. Counting electric meters, gas meters and mail boxes, and comparing those counts with public records became the preferred procedure to obtain a reliable count. Based on this methodology, it appears that the 323 residential structures contain 757+ housing units, with approximately 2,000 residents.

The size and location of residential structures also reflects the housing diversity of the neighborhood. Many of the duplexes, triplexes, and fourplexes were once single-family victorian homes. Garages and additional small houses have been built on otherwise single-family lots and now cover a large percent of the lot area. The use of alleys also varies. On some blocks the alleys are used for parking access. However, in the areas of higher density, garages have been converted into housing; additional structures have been built facing the alley that are dependent on alley access.

The 757+ housing units available in the study area differ in size, condition, amenities, square footage and age. The neighborhood mixes historic victorians (often times converted to multi-family units) with older, boxed, motel-like, single entrance apartment complexes, and newer, more spacious complexes which have exterior variations in treatment, such as box windows, varied floor plans, and separate entrances.



Rehabilitated historic priority structures on S Street,  
currently in RO zoned land.



Single-family dwelling on the west side of the park.



Garage converted to housing structure--alley access.



Historic structure converted to four-plex.

1

The conversion of victorian homes was an interesting sub-study in itself. Although one of these structures was found to contain 11 single room occupancies, it appears that most of the conversions have provided apartments. How many of the conversions were done to code, with or without building permits, is unknown. The judgment of RCHC's housing inspector, confirmed by city officials, was that few multi-family conversions meet existing housing quality standards.

Parking in the area is at capacity and is particularly scarce for residents of the older and larger apartment complexes. Most of the neighborhood is now covered by preferential parking restrictions, but it is still difficult to find on-street parking along S and T, and parts of 9th and 10 Streets. As a result, cars are parked on what used to be front lawns, particularly along the northern stretches of 9th and 10th Streets.

### Density

Residential density varies greatly from parcel to parcel and from block to block. The larger apartment complexes were built at 40 to 60 units to the acre, whereas the single-family blocks have approximately 10 units per acre. (See the Residential Structure and Density Map, Exhibit A.) The housing condition survey found that housing condition was not a function of density in the neighborhood; some of the highest density housing was substandard while other equally dense complexes were standard and well kept.

The juxtaposition of multi-family units and single-family homes and duplexes creates varied land use patterns and block densities throughout the neighborhood. The blocks which surround the park are the only blocks which are built at similar densities and patterns, and average between 14 and 20 units/acre, with the exception of the two most southern blocks along W Street.

### Occupancy and Tenure

Determining the owner-occupancy rate in the Southside Park neighborhood was complicated by the fact that many residential structures were both rental and owner-occupied. Two different calculations of owner-occupancy were ultimately decided upon. The first answers the question of whether any given residential structure has an owner-occupant in it. 30-35% of all structures fall into this category.

The test for owner-occupancy was a) whether a homeowner exemption was shown on public assessment records; b) whether the property owner's mailing address was the same as the Southside property location; and c) whenever possible, whether the information could be verified by residents. In addition, if a member of the title holder's extended family resided in the residential structure, they were counted as "owner-occupied." In some cases, the title is still in the name of a dead parent; in other cases, a living relative owns the property but does not live in it year-round.

The second method of calculating owner-occupancy related to the total number of housing units available, not the residential structure. Using this measure, 18% of all units are owner-occupied. This figure is consistent with that for the Sacramento Old City, as well as for the census tract data that includes the study area, but extends east to 16th Street.

Rental units without an owner-occupant are primarily owned by persons living in the greater Sacramento area. According to residents interviewed, many used to live in the homes they now rent. This condition suggests that when these residents left the downtown area to move to the suburbs, they either could not or chose not to sell their Southside home. We could not determine the extent to which this decision was affected because market conditions at the time were unfavorable to sales. One neighborhood leader suggested that many homeowners had easy opportunity to rent their homes to family and friends, and originally chose to do so rather than to sell. Therefore, many "landlords" are known to neighborhood residents, many of whom however regretted that their former neighbors were not maintaining their property the way they did when they lived in their Southside home.

On the other hand, some of the larger and most deteriorated rental properties are owned by persons living outside of Sacramento; some of this housing has deteriorated to the point of being classified as a hazardous building. According to city officials, when these owners are cited for housing violations, they sell their property rather than rehabilitate it.

### **Structural Condition of Housing**

Rural California Housing Corporation's Housing Rehabilitation Inspector conducted a housing conditions/deficiency survey of all residential structures in the Southside study area, using exterior evaluations only. The classifications listed below were used in the initial inspections; later, for mapping purposes, categories 1 and 2 were combined and categories 4 and 5 were combined.

**Category One: Standard housing.**

Structurally sound, and not showing need for repair or deferred maintenance.

**Category Two: Minor repair.**

Structurally sound, but showing signs of minor deferred maintenance or upkeep.

**Category Three: Moderate rehabilitation**

Structurally sound but with one or more systems needing rehabilitation, such as roofing, windows, painting, siding.

**Category Four: Major rehabilitation**

Structures needing the replacement of several major systems, such as complete or partial foundation work, repairing or replacing exterior siding, reconstruction of roof deck prior to replacement of shingles.

**Category Five: Dilapidated**

Those structures in such serious disrepair that compliance with existing housing quality standards could not be obtained cost-effectively.

Forty-seven percent of all residential structures need significant levels of rehabilitation (moderate or major repair and/or dilapidated). Nearly one-quarter of those are within the major repair and dilapidation categories. (See Exhibit B - Housing Conditions/Existing Building Types.)

Owner-occupied housing was generally in much better condition than rental housing, with 58% in good condition, 26% in need of moderate repair, and 16% in need of major repair. Units on the historic preservation priority list were generally in the worst condition, regardless of ownership characteristics (43% in need of major repair or dilapidated, 20% in need of moderate repair, and only 37% in good condition).

Most of the larger apartment complexes are in good condition structurally. However, many appear run-down, or in need of maintenance, the probable result of disinvestment or inattention by management.

There are a number of boarded and burned-out houses in Southside, concentrated in the northwest corner along T Street. The actual number of boarded units varied over the duration of the study, as secured buildings would be broken into and boards removed from time to time. The number of boarded structures averaged ten, and primarily included multi-family properties.

A number of commercial structures are also boarded, and have been for years. Some of these structures are adjacent to vacant lots (3rd and S, 4th and T, 10th and T, etc.); most are on the borders of the neighborhood.

### **Historic Preservation**

A large part of the study neighborhood is within the Sacramento City Southside Historic Preservation Area, which is part of the city's effort to "protect and maintain the character of architecturally, historically, and culturally significant structures and areas within the City of Sacramento dating from 1848 through 1920." The Southside Preservation Area is the largest in the City. (See Exhibit C - Historic/Owner-Occupied Survey.)

This study's portion of the Preservation Area includes 40 priority structures, nearly 200 supportive structures, and over 25 retrievable structures (a large percent of the 323 total housing structures in the neighborhood!) These classifications are defined as follows in the City of Sacramento's Preservation Guidelines:

**Listed Priority Structure:** A structure which is significant architecturally, culturally or historically. Though not irreplaceable, the building should remain and be maintained unless unusual and compelling circumstances dictate removal.

**Supportive Structure:** A building whose basic characteristics and/or salient architectural details harmonize with the surroundings and help maintain the integrity of a Preservation Area.

**Retrievable Structure:** A building which dates prior to 1941, but because of "misguided improvements" or additions, is not at this time supportive. A properly rehabilitated retrievable structure might move up to supportive or listed status.

As described in the the Southside Preservation Area Plan, "most of the houses (in the Southside neighborhood) are simple high basement cottages or high basement Queen Anne's built for working-class tenants and owners between 1895 and 1905." Today these homes continue to meet the needs of working-class tenants and owners.

All work proposed to the exterior of structures within the preservation area is subject to design guidelines, and must be reviewed by the City of Sacramento's Housing Preservation Staff and by the City's Design Board, depending on the nature of the intended work. Experience in Sacramento's Alkali Flat area and elsewhere shows that it generally costs more and takes longer to rehabilitate structures that are on historic property lists. In an effort to allow for the rehabilitation -- rather than demolition -- of housing units within the preservation area, the city delays the granting of demolition permits:

"Under provisions of Chapter 32 of the City Code, the (Design) Board may delay the demolition of Supportive, Retrievable and Non-Supportive Structures up to 90 days, and delay the demolition of Listed Structure up to 180 days. Upon request, the City Council may invoke an additional 180-day delay."

Since the date of original listing ten years ago in the Southside Preservation Area, 2 priority structures have been demolished, 2 are fire-damaged and boarded (one with an approved demolition order), and 3 additional structures are boarded and not fire-damaged as of 12/31/88.

#### **Hazardous Buildings and Public Nuisances**

Although the number of cited hazardous buildings and public nuisances in this part of the city are not unusually high, the types and conditions of such citings are significant. According to the City of Sacramento's Hazardous Buildings Division, most of the reports and complaints about hazardous conditions come from tenants or neighbors who are concerned about poor maintenance and deterioration. In Southside, roofs leak and sag due to deteriorating shingles; windows sills, porches, and walls split due to dry rot; floors cave in due to loose mortar in brick foundations; and buildings burn due to old electrical wiring.

When the city receives a complaint, staff investigates and, when appropriate, cite the owners of the property to fix the conditions. In the worst case, if the owner does not comply and the building is considered a health and safety threat, the utilities will be ordered shut off, the tenants required to vacate, and the units boarded.

In the southside area, owners who are cited generally do one of two things. They move to sell the property and leave rehabilitation activities in the hands of a new owner, or they allow the units to continue to deteriorate. The City receives about twenty complaints a year in this neighborhood. City officials feel particularly constrained in cases of owner-occupied housing where the owner is old and poor and does not have the financial resources to repair all the code violations. But even in these cases, efforts are made to remove all of the immediate health and safety threats.

Public nuisances in Southside usually concern blighted vacant land which is being used as a dumping ground for garbage or abandoned cars. City records show that only five cases reviewed by the Nuisance Abatement Board in 1988 were of properties in the Southside neighborhood.

### **Vacant Land**

There are currently 63 vacant lots in the neighborhood studied, primarily owned by persons residing in the greater Sacramento area. Thirty-eight of the lots are within the interior of the neighborhood; twenty-five line the outer boundaries. Many of these vacant lots at one time held housing, but are now vacant due to demolitions or fire.

Most of the interior vacant lots are either surrounded by housing, or are adjacent to one other vacant lot. On the other hand, the outer lots are concentrated in much larger bundles. These lots are found primarily in the northwest corner and along the southwest border. Most of the lots in the northwest corner on S Street between 3rd and 4th Streets, will soon house a three story office building.

Exhibit B - Housing Conditions, shows the location of vacant lots. The vacant lots documented in public records were not listed as available if they were obviously incorporated into the use of an adjacent parcel, with the same owner.

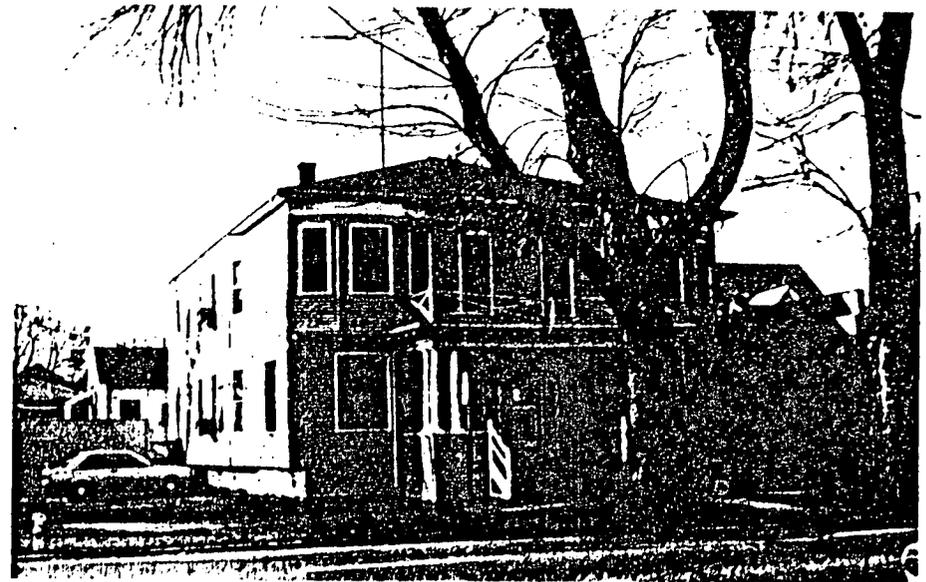
Overall, vacant lots fall into the following zoning classifications:

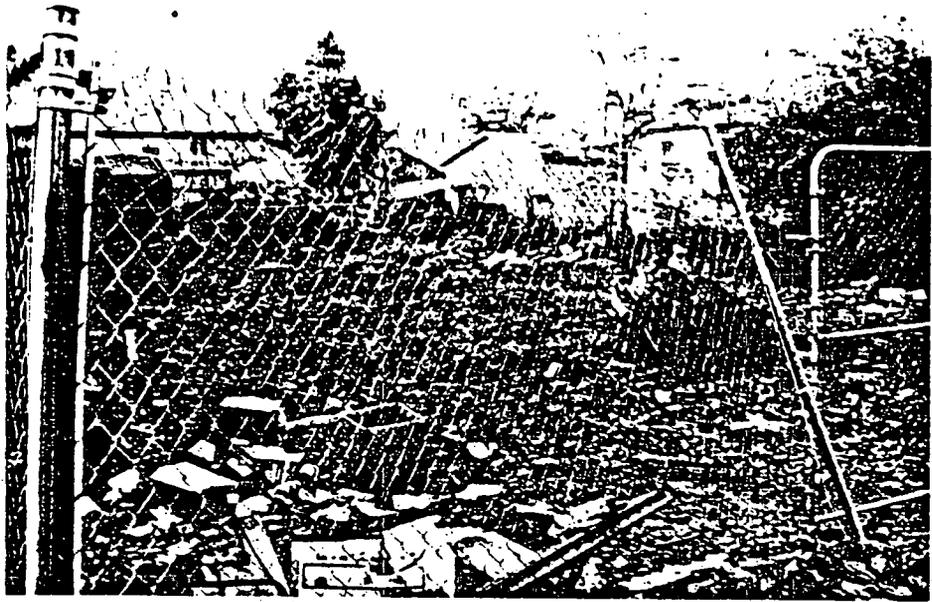
- 27 R/O - Residential/Office
- 9 OB - Office Building
- 20 R-3A - Light density/multi-family
- 5 R-1B - Single family R-1B
- 2 C-2 - Light commercial C-2

Exhibit G - Vacant Land Survey, lists vacant parcels, acreage, and zoning.



Vacant land in the neighborhood is generally surrounded by housing, as illustrated in these photos. To the left, a vacant lot on T Street. Below left, a large vacant lot and a boarded commercial building are for sale on 10th Street. Below right, a multi-family structure borders the same vacant lot; all are zoned commercial.





Blighted vacant land in Southside.



## Zoning

The Southside neighborhood is largely zoned for single-family and low density multi-family housing uses, with neighborhood commercial allowed along the west side of 10th street and the eastern blocks of T and S Streets. The northern and southern edges have been zoned for residential-office, and the northwest corner has been designated office-building. See Exhibit D - Existing Zoning, and D-1 - Zoning Classifications.

The last rezoning in the Southside Neighborhood occurred in 1980 as part of the update of the Central City Plan. Current zoning does not necessarily reflect current land use, for example:

- \* The west side of Tenth street is zoned C-2. However, more than half of the structures along this street are residential and provide housing, not commercial services. The majority of residential structures are in good condition, and there are also a significant number of historic homes in this area. By contrast, two commercial structures are boarded.
- \* In both the R1-B and R3-A zoned areas on either side of the park are single-family homes, commercial stores, and multi-family, moderately dense, apartment complexes.
- \* Along the north RO strip on the south side of S Street, over half the lots have single family homes or duplexes, and three have light-density multi-family units. Only seven of the lots currently house the commercial and business activities this area has been zoned to allow.
- \* In the alley between U and V Streets and 9th and 10th Streets, two seven-unit apartment complexes are found. One is built on R3-A zoned land; the other on C-2 zoned land.

The Southside Park area is too small to allow for the ample space needed to step down land uses from high density commercial to single-family homes. The RO and C2 zoning in this area is contributing to disinvestment in the existing housing structures, and if all housing in these zones were lost, Southside would lose nearly 30% of its residential housing.

### **Sale Activity/Speculation**

Speculation is occurring on the boundaries of the Southside Neighborhood. Land owners along S Street within RO or OB zoned areas are particularly affected. Companies or individuals interested in buying property there state that the land has a higher value than the housing stock currently on it. However, the same type of speculation has not been seen in the rest of the neighborhood.

Public records show that primarily one individual has been aggregating vacant lots throughout the neighborhood; through an interview, he relayed that he was holding them for high density housing development.

During the duration of this three-month study, approximately 20 structures or lots were either listed for sale or sold. See Exhibit H - Property Listings and Sales.

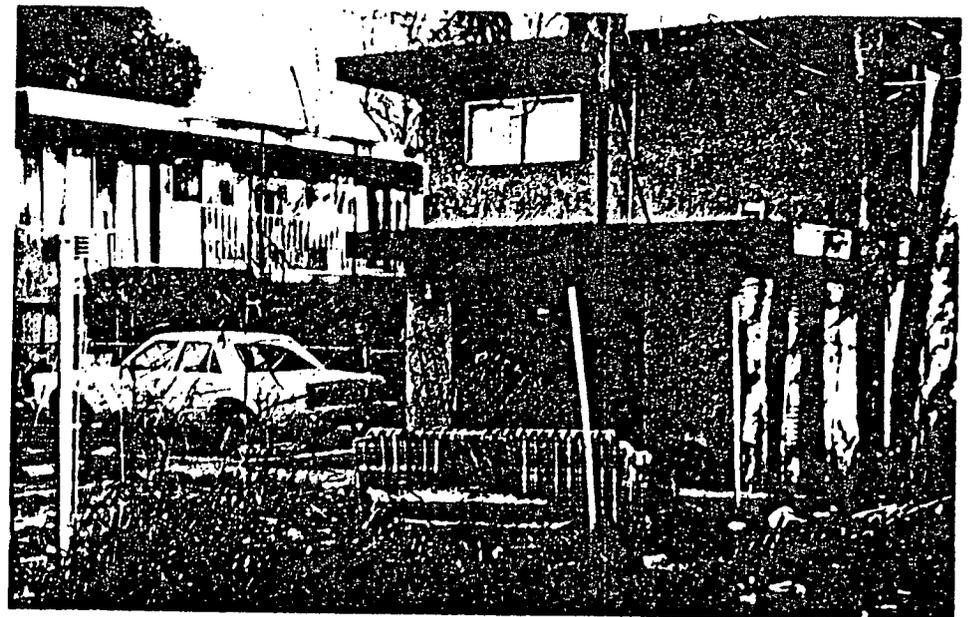
### **Rental Activity and Management**

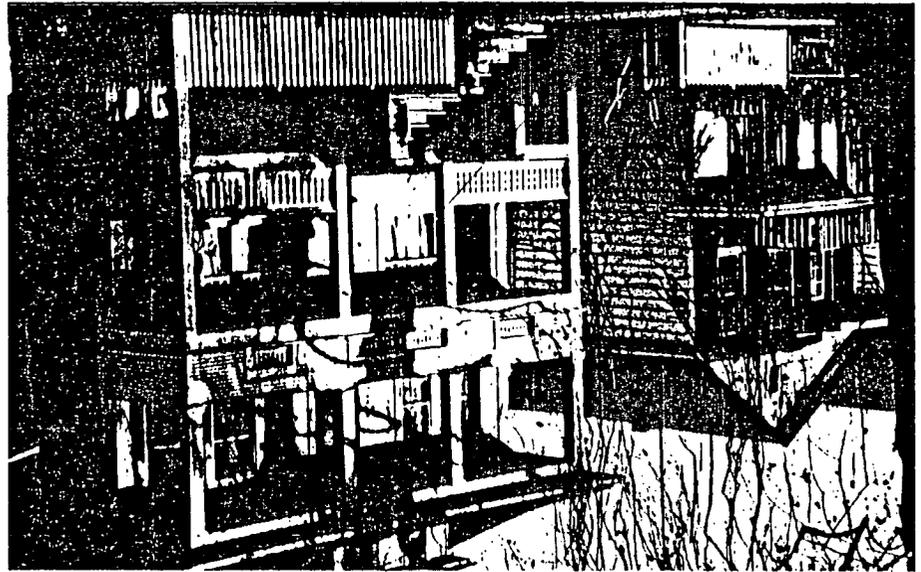
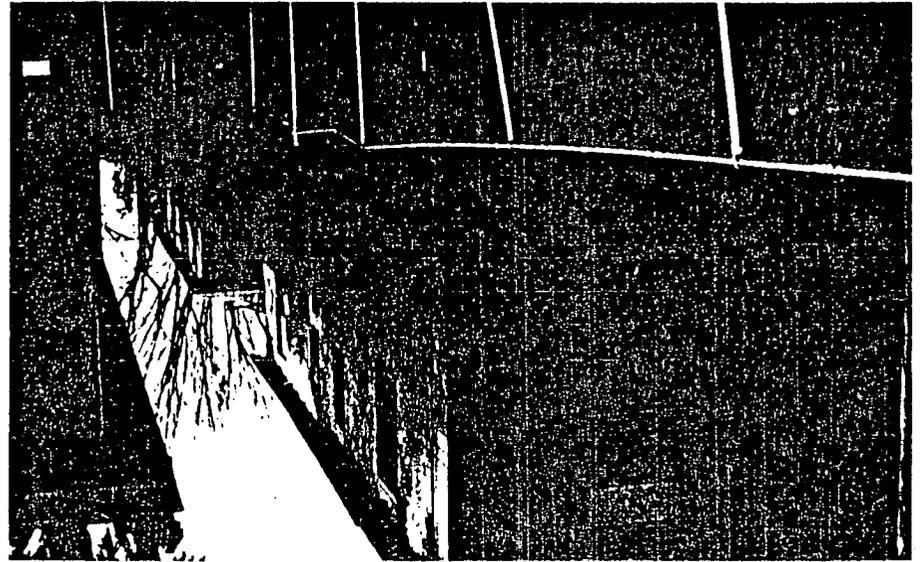
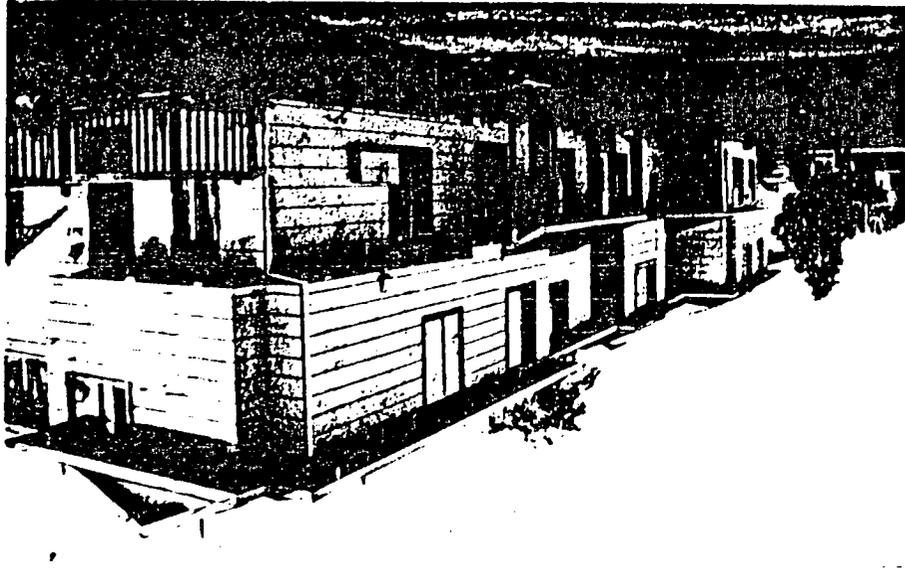
Rental units, interspersed on both sides of the park, provide housing for many low and moderate income residents. On the west side of the park, apartments are generally older, of higher density, in worse condition, and cheaper to rent. (At 321 T Street, which is a condemned hazardous building, rents start at \$150.00 for a studio and run up to \$350.00 for a two-bedroom unit.) Apartments on the east side of the park are generally newer, nicer, and more expensive. (At Century Plaza Apartments, a highly secured complex located on 9th Street between V and W, rental rates are \$300.00 for a studio, \$385.00 for a one bedroom, and \$480.00 for a two bedroom.) There are very few vacant units for rent on either side of the park.

In the apartments made out of converted single-family structures, rents vary from \$275 - \$350 for a 1-bedroom unit, although exceptions abound, dependent on familial and other considerations.



**A variety of multi-family housing found in the area--  
varying in density, design, upkeep and age.**





## RESIDENT CONCERNS

Resident perspectives and concerns were sought throughout the duration of the Southside Park Housing Study, and included the following activities:

1. Resident interviews, achieved by walking the neighborhood, house by house, asking the following slate of questions:
  - a. How long have you lived in this neighborhood?
  - b. Are you a homeowner? Do you rent?
  - c. What do you like best about living here?  
What don't you like?
  - d. How has the neighborhood changed since you've been here?
  - e. If the City were to start a neighborhood improvement program for this area, what should they do first?
2. A neighborhood walking tour, guided by an architect from Davis Design Research, with interested residents. (Format attached as Exhibit E.)
3. Group meetings with residents to learn more about their concerns and discuss the study's preliminary recommendations.
4. Interviews with social service agencies serving current neighborhood residents, including the Chinese Service Center, Centro Guadelupe, the Mosque, and the Human Rights/Fair Housing Commission.

As a result of these activities, sixty-two households participated in discussions; they were owner-occupants and tenants. Interviews with absentee owners of vacant property were sought, and their comments are noted separately.

## Findings

Discussions with residents unveiled widespread satisfaction with the neighborhood as a whole, tempered with apprehension about its future as a residential area. Many residents interviewed had lived in the neighborhood for more than 20 years, some for 65; some were second-generation families. Through the walking tour and subsequent discussions, residents described the houses and families who used to live on now-vacant lots. Homes owned by former residents, now rented by them, were identified. Many complaints were registered about the decline in landscaping and yard work that resulted when these formerly owner-occupied homes were rented. Particularly on the west side of the park, residents felt city services needed to be improved in tree-trimming and rebuilding sidewalks where tree roots had broken the pavements.

Crime was not described as a major issue; those residents who commented about it felt that crime was no worse here than in other parts of Sacramento. However, people residing on the west side of the park listed drug-dealing at the corner of 5th and T Streets as a persistent concern, having gone on for years despite their efforts to eradicate it.

Southside Park was viewed with pride, and its former expansiveness was described by many. Persons on the west side of the park voiced some concern about the older men, many of whom are alcoholics, and transients using the park, but overall complaints were few.

There was unanimity on the area which demanded the most immediate City intervention--the northwest corner between 3rd and 5th Streets, and S and T. Many felt the area was vulnerable to commercial intrusion because of the deteriorated quality of its housing and the appearance of seediness, with people hanging out on the corners throughout the day. "Who would protect this?" one resident asked. Most residents were general in their recommendations: "Clean it up." "Get better management." "Use eminent domain." Everyone knew that the Sacramento Housing and Redevelopment Agency had bought land on the south side of 4th and T Streets, and were concerned about what was going to happen to it.

Residents also attested to widespread uncertainty about how to keep the Southside Park neighborhood residential in character. Those on the east side of the park felt that commercial intrusion from 9th and 10th Streets was possible. Because of the traffic and commercial zoning, the existing residential structures might be left to deteriorate as they were along S and T Streets, in the speculative hope that the land could be sold at higher commercial valuations.

Many felt that a permanent buffer zone needed to be created along S Street, some requesting more information about how to rezone the R/O strip along S Street back to an exclusive residential classification. (The same comments were recorded about rezoning the west side of 10th Street to a residential zone.) Some felt the City should buy the land for residential use, and then rezone it. Others remembered that eminent domain had been used to relocate the Chinese community from along the K Street Mall area to Southside and other neighborhoods, and wondered whether it could be used "the other way around" - for residential preservation.

Residents from the west side of the park suggested that the City begin a pilot program of residential rehab, taking on one or more dilapidated or problem properties between S and T Streets and devising financing plans to maintain affordability. Many residents throughout the study area noted that they or others they knew would undertake housing rehabilitation, but were afraid that they could not qualify for or repay a loan. One resident, an owner of a priority structure in substantial disrepair, had applied for a rehab loan but had found the costs prohibitive.

Residents of all ages stressed the importance of enticing younger families back to the Southside neighborhood. Many older residents feared that their homes might be put up for sale and rented by their heirs if younger families were not available to buy and invest in the upkeep of the house. Others, looking back at the history of the area, suggested that some of the "chopped up" older homes be restored to single-family structures and made available to large immigrant families, as they were used in the past. The idea of homesteading was also suggested as a means to encourage families to stay or move into the neighborhood.

## RECOMMENDATIONS

### I. Housing Rehabilitation

Housing rehabilitation needs in the Southside Park neighborhood are extensive, with over half of the structures requiring moderate to major rehabilitation. A conservative estimate of the minimum amount of rehabilitation financing required to bring all housing up to general property improvement standards would exceed \$4.7 million. Exhibit F, Estimates of Repairs, shows minimal repairs needed to meet the city's existing housing standards for a single-family home and an apartment complex in the Southside neighborhood rated as "Major Rehabilitation." The single-family house estimates do not include special rehab requirements for priority structures.

To preserve housing in Southside and counter existing disinvestment, the city must state clearly that protecting that area for residential use is the goal of its policies. In addition, because of the cost and extent of rehab need, new financing tools and greater marketing efforts are needed to stimulate rehabilitation activity there.

In the Southside neighborhood, the use of existing rehabilitation programs administered by the Sacramento Housing and Redevelopment Agency has been minimal. The most attractive of those programs, Community Development Block Grant Deferred Payment Loans, has not been used at all in the last ten years. There are many valid explanations for this dearth in use:

1. The loan limits are \$15,000/owner-occupant, whereas most of the rehabilitation work estimates for Southside properties exceed that limit by 50 - 200%.

2. Owner-occupancy rates are low, with the problem compounded by the owner-occupants renting out one or more rooms or apartments in their homes. (35% of the structures had owner-occupants in them, but only 18% of the units).

3. In owner occupant/rental situations as described above, the CDBG program limits lending to duplexes (basically one rental unit in an owner-occupied home).

The lack of investor interest in housing rehabilitation stems from many related factors. First, it may not be profitable since rents cannot be raised sufficiently to cover rehabilitation costs. Second, many of the apartment conversions in single-family structures were done without permits or respect for building codes, and redoing this work to code would be very expensive. Third, rental property owners are uncertain about the continued residential character of the neighborhood, and/or believe that their best investment is to sell for commercial use.

To deal with the existing conditions of the neighborhood, the following actions should be taken by the City of Sacramento:

1. A coordinated, staffed, targeted program should be developed to preserve existing housing. If the area cannot be designated a Redevelopment Area, it should be considered an area of primary and significant impact from redevelopment activities. Staffing needs to be provided, either directly by the Sacramento Housing and Redevelopment Agency, or under contract to a nonprofit corporation. The cost of administration for a full time equivalent staff member (or contract for services) is estimated at \$80,000/year, for a 10-year period.

2. Expanded rehabilitation financing plans must be developed that include both public and private investments. Examples include:

a. Raising eligible loan limits under the Community Development Block Grant Program to at least \$30,000/owner-occupied housing, and \$15,000/unit for rental housing.

b. Development of an owner-occupant deferred payment loan program using the State of California's rehabilitation program funds, as revised under Proposition 77. This program will allow rehab financing for a low-income owner-occupant living in single-family to 4-plex dwelling, up to \$10,000 per unit. The program has regulatory restrictions. The redevelopment agency should use additional local funding as necessary to completely finance rehab needs in the area.

c. For single-room occupancy housing in the Southside neighborhood, SHRA already has extensive and successful experience in involving private developers to purchase and rehab residential hotels. With Proposition 84 financing available in the fall of 1989 for the purchase of SRO properties, the agency's role could be expanded. (Formerly State financing was limited to rehabilitation, not acquisition.) Bond counsel opinions are still pending on the conditions under which private owners can participate in rental property loans using state bond proceeds.

3. A revolving loan fund is needed to fill the gaps and cover ineligible program costs of publicly financed programs and to make rehabilitation program loans for households not eligible for government programs. Consideration should be given to establishing an investor pool for construction and permanent financing (a Sacramento SAMCO). Sources of financing for the revolving loan fund could come from tax increment funds, the proposed Housing Trust Fund, foundation grants, CDBG, private or institutional investors. Initial capitalization of \$1 million is required as the first step in program implementation.

4. With the establishment of a lending pool, an aggressive public and private effort needs to begin on obtaining access to a secondary mortgage market to expand future lending. Fannie Mae's Office of Low-Income Housing Programs has the largest capability for equity investments and loan purchasing, but bringing them to Sacramento will require a long-term and sophisticated effort. Another model of secondary mortgage market participation is that of the Neighborhood Housing Services of America, an affiliate of Neighborhood Reinvestment, which may be more accessible, particularly if Southside lending activities are linked with their new Neighborhood Housing Services program operating in two other sections of the city, or expansion of their even newer Sacramento Mutual Housing Association.

5. Action on rehabilitation will require close coordination with Sacramento's hazardous building and nuisance abatement divisions and those agencies which hear tenant complaints. Resolution of substandard housing conditions in Southside is difficult in part because of the vulnerability and fear of tenants who are recent immigrants, non-English speaking, and often in the process of applying for residency. Because of these conditions, local workshops through Lutheran Social Services, the Human Rights/Fair Housing Commission, the Chinese Service Center or others could be helpful to identify immediate health and safety problems, gain the property owner's participation in rehab financing to correct the deficiencies, and protect the tenants from eviction.

6. To preserve historic properties in the Southside Park neighborhood, the City must provide incentives for their rehabilitation. Three reasons are evident: first, the decline in tax benefits for historic restoration has decreased private investor interest. Second, rehabilitation costs are greater in historic preservation (a common rule-of-thumb is \$10,000 additional on a moderate rehabilitation job). And third, current after-rehab value may not support the required rehab work.

In the rehab example in Exhibit F, the \$50,000 expense would be affordable to a moderate-income household only if the acquisition costs were written down. This is essentially the formula used by many urban homesteading programs. At the present time, three historic properties are boarded in the Southside neighborhood. Were they obtained by the city either through direct purchase or

through a condemnation proceeding, they could then be made available for \$1 and a regulatory lien, or the acquisition cost at below market value carried as a deferred payment loan.

Historic properties might also be obtained for moving costs if the city could ensure and enforce a requirement that new residential housing would be built on the original site. Similarly the city could acquire and move priority structures to those vacant lots that should remain low-density residential, thus allowing the aggregation of parcels for larger residential developments.

The Southside Neighborhood Housing Financing Summary includes the projection of 7 house moves at a cost of \$15,000/structure, and a \$500,000 historic rehabilitation budget for the additional cost of restoration of priority structures.

7. Self-help housing rehabilitation can be developed in the Southside neighborhood for owner-occupants (new or existing) and for persons participating in a cooperative or mutual housing development, which would ensure long-term occupancy and the repayment of their sweat equity. Rehabilitation financing, converted to deferred payment loans after completion, is available through the State Department of Housing and Community Development to low-income households working as a group under the supervision of a qualified sponsor.

8. Demolition of structures in the Southside neighborhood is only recommended for commercial buildings. A number of commercial buildings, some in residential zones, have been vacant and boarded for many years, blighting the surrounding area and creating numerous nuisance abatement violations. The Financing Summary projects that \$500,000 above the cost of acquiring the land will be spent over 10 years to acquire and demolish such commercial structures.

## Conclusions

1. A variety of actions can be taken to increase the rehabilitation of housing in the Southside neighborhood. All require a concerted, directed effort using public and private funds.

2. Publicly funded activity is required first to increase the likelihood of independent private lending.

3. Displacement of low-income residents in privately owned housing should be minimized through the use of state and local programs which subsidize rehabilitation costs to the extent needed to maintain affordability.



Left, examples of boarded units.



Above, a boarded commercial property within a residential zone on the corner of 4th and T Streets, adjacent to vacant land.

## RECOMMENDATIONS

### II. New Construction

Sixty-three vacant lots exist in the Southside Park neighborhood, distributed fairly evenly between interior parcels and those clustered along the outer boundaries. Exhibit G lists the location and size of vacant lots as of January 1, 1989. The acreage totals 5.9 acres.

Building housing on most of this vacant land would demonstrate a commitment to preserve the residential character of the area. The "Sketch Concept Plan" produced by Davis Design Research, which is attached to this report, also shows how new construction and housing rehabilitation could dramatically upgrade the appearance of one of the neighborhood's most deteriorated blocks. To achieve such a product, however, will require significant intervention and leadership on the part of the city. The following actions are recommended to stimulate new housing construction in the neighborhood:

#### Zoning for Housing

1. The City should clearly articulate to existing property owners with land zoned Residential/Office (R/O) that the zoning is a residential classification, with office use allowed only within a residential structure and with a special permit. New office construction on vacant land should not therefore be allowed. This is the Sacramento City Planning Commission's interpretation of the R/O zone. However, it became apparent during the course of this study that investors were purchasing R/O land based on its commercial value; one priority structure along S Street was boarded, awaiting the opportunity to move or demolish it to make way for new office development. If office development is allowed on vacant R/O parcels, that zoning becomes a de facto Office Building (O/B) zone.

2. An even stronger statement of the City's residential commitment would rezone all of the R/O parcels to R-3A or R-4. Forty-nine residential units and 25 vacant lots now exist on R/O zoned parcels. Neither housing rehabilitation nor new construction is underway on any of these parcels.

3. The City should similarly rezone sections of 10th Street from light commercial (C-2) to R-3A, thereby protecting existing housing - 41 homes and apartments.

4. The half block on the northwest corner of 10th and T is 75% vacant land containing a boarded store, but is adjacent to a beautifully restored residence, and lies southwest of four priority listed homes. Construction of housing on the vacant land, without rezoning, would be expensive because of the land's valuation as commercial property.

For example, the north half of this block, a 80' x 160' parcel, has a listed price of \$320,000 (\$25/square foot as opposed to \$9 - \$15/SF for R-3A and R-1B parcels nearby). If 10 2-bedroom apartments were built on the site, at a density of 35 units/acre, total development costs/unit would exceed \$90,000. To match other rents in the area, rents would have to be subsidized by up to \$300/month. Paying residential value for the property would reduce this subsidy requirement by 50%. But the City will probably have to absorb this differential in land values

Purchasing the vacant parcels in the R/O and C-2 zones for housing would require a \$1 million expenditure over that required if the land were zoned residential (R-3A and R-1B zones), at current prices.

#### **Parking**

The attached Sketch Concept Plan shows how difficult it is to meet off-street parking requirements in Old City neighborhoods. A reduction in spaces should be permitted as a trade-off to enhanced design or other desirable features of the new housing. Through the course of this study, a number of owners complained that their rehabilitation plans were stalled by their inability to get parking waivers. While such claims were not validated, it is clear that the issue is a recurring problem that needs to be dealt with as part of a redevelopment strategy.

#### **Financing and Development Strategies**

1. Land acquisition and land banking are two of the most critical steps the city must take to encourage new residential construction and create affordable housing in Southside. The two residential vacant land listings that occurred during the term of this study were for \$11.50/sf for an R-3A lot and \$9.37/sf for two R-1B lots. During 1988, SHRA also purchased vacant land in Southside for \$11-\$12/sf. Funds for urban land purchase can be obtained from the State's Predevelopment Loan Fund at 7% simple interest for a 3-year term (restricted to low- and moderate-income housing), from tax increment funds, from CDBG or less desirable Section 108 loans, or private sources such as 5-year reduced interest community reinvestment loans.

Establishing a revolving land purchase fund with at least \$1,000,000 in initial capital is one of the most important actions for the City to take immediately to maintain Southside as a residential neighborhood.

2. Development subsidies are required to produce housing at current market rates and to provide mixed income occupancies. Such subsidies are neither abundant nor easily obtained. Syndication and tax credit sales generally require a minimum of 35-40 units and restrict occupancy to low-income residents, although they can be profitable to the developer. The State's Rental Housing Construction Program (RHCP), financed by Proposition 84, will make \$200 million available for direct deferred payment loans to private, nonprofit, and public agencies to subsidize a percentage of apartments for low-income occupancy. (Bond counsel opinions are still pending on the conditions of participation for for-profit owners.)

Other forms of equity participation with private lenders must also be sought, most likely through the private lending pools described under rehabilitation financing. It is assumed that private lenders will provide the bulk of permanent financing for new construction, but not without a variety of public participation and guarantees.

In the financing summary which follows, a \$12,000/unit development subsidy is assumed for a projected 210 new residential units, totaling \$2,520,000, to provide housing for a range of low and moderate income households. The estimated private mortgages on such properties would total \$9.03 million.

3. House moves and land aggregation are twin policies that can be implemented upon capitalization of a revolving land account to provide a variety of housing densities compatible with the surrounding neighborhood. For example, the City could acquire boarded priority structures and move the historic homes to vacant land on blocks where a single-family character is desirable. The demolition of substandard and boarded commercial structures adjacent to vacant land would enable the City to aggregate parcels for multi-family development and to make those new developments marketable.

In the Southside Neighborhood Housing Finance Summary, the cost of moving 7 structures over a 10-year period is projected at \$105,000. The cost to acquire and demolish 10 substandard commercial structures over the same length of time is estimated at \$500,000.

#### Organizational Direction

The City needs to direct the Redevelopment Agency to take a more active role in the development of the Southside neighborhood, regardless of the decision to designate it a redevelopment area. As in housing rehabilitation, the City must take the lead in bringing new housing investment to the area if it expects the private market to play a role. New financing tools, strong marketing efforts, and loan packaging services are critical to stimulate new construction.

## RECOMMENDATIONS

### III. Financing Summary

#### Housing Rehabilitation

Housing units needing rehab:	272	
Moderate rehab:	126	31 owners @ \$17,000 95 rental units @ \$10,000
Major rehab:	146	19 owners @ \$55,000 127 rental units @ \$20,000
Total rehab cost:		\$4.7 million
Historic property additional costs:		.5
(25 priority structures & 30 supportive)		-----
		\$5.2 million

#### New Construction

210 new units on 6 acres of vacant land	
Land purchase surcharge for R/O & C-2 parcels:	\$1.00 million
Development subsidy:	\$12,000/unit      \$2.52
Private mortgages:	\$43,000/unit      9.03
Acquisition/demolition 10 substandard buildings	.50
House moves - 7 @ \$15,000	.105
	-----
Total land development/new construction public investment, less private mortgages	\$4.125 million

#### Administration/program implementation

1 full time equivalent staff person or contract for services @ \$80,000/year	\$ .80 million
TOTAL COST IN PUBLIC INVESTMENT, 10 YEARS	\$10.125 million
	(present value)

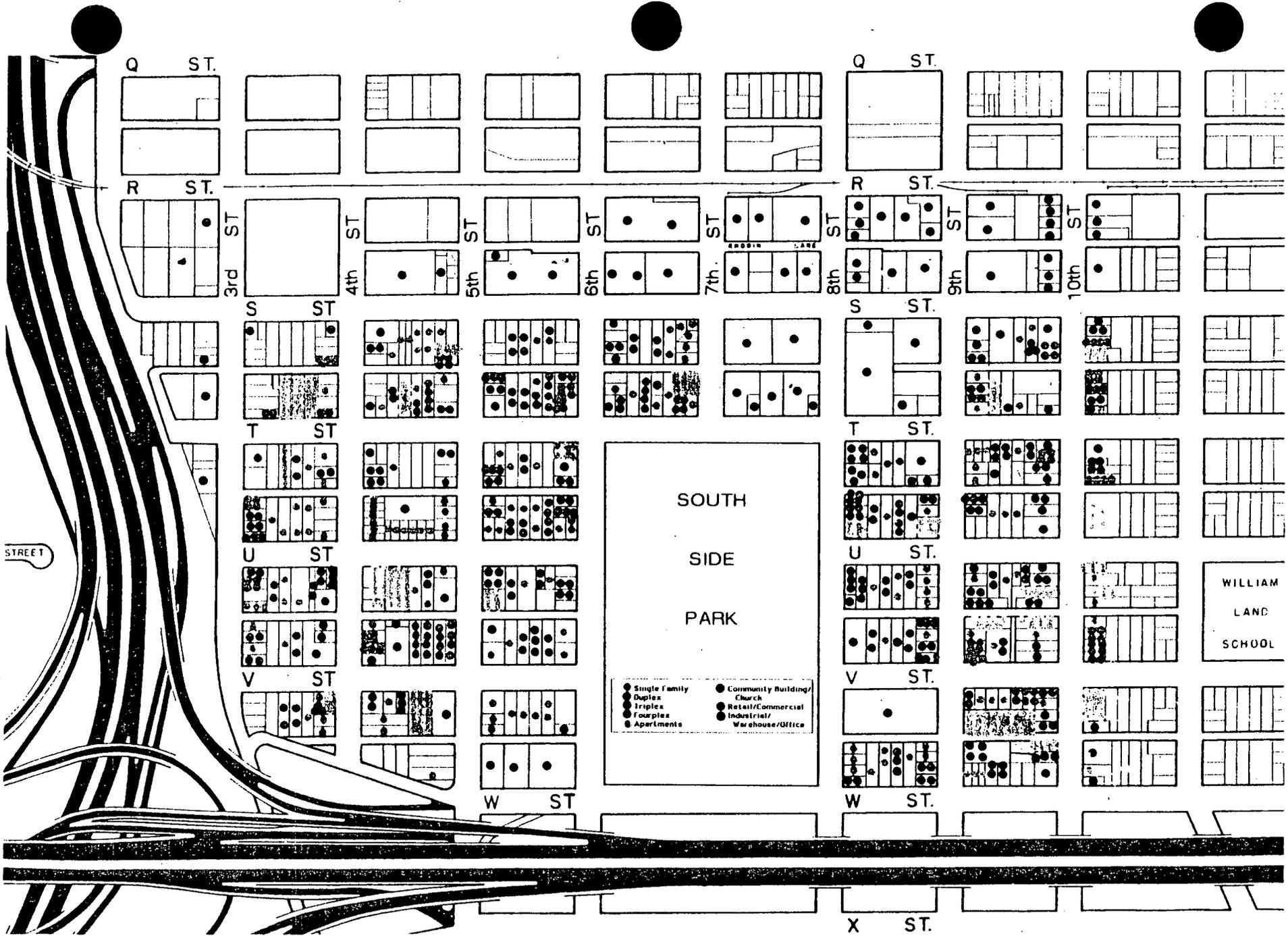


EXHIBIT A