



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



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February 19, 1991

Budget & Finance and Transportation/  
Community Development Committees  
Sacramento, CA

Honorable Members in Session:

SUBJECT: Establishment of Just Compensation for Site Acquisitions,  
Acquisition of Sites for Housing Development and Bidding  
and Contracting for Asbestos Removal in and Demolition of  
a Commercial Structure on an Agency Housing Site in the  
Southside Park Area

SUMMARY

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

RECOMMENDATION

The staff recommends approval of the attached resolution approving  
the just compensation, site acquisition and demolition.

Respectfully submitted,

ROBERT E. SMITH  
Executive Director

TRANSMITTAL TO COMMITTEE:

JACK R. CRIST  
Deputy City Manager

Attachment



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



February 19, 1990

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Establishment of Just Compensation for Site Acquisitions, Acquisition of Sites for Housing Development, and Bidding and Contracting for Asbestos Removal in and Demolition of a Commercial Structure on an Agency Housing Site in the Southside Park Area.

## SUMMARY

This report requests authorization: (1) to establish just compensation for seven parcels at appraised fair market value or \$345,000, whichever is greater; (2) to establish just compensation for one parcel at \$240,000; (3) to establish just compensation for one parcel at appraised fair market value; (4) to purchase the nine, above referenced, infill development parcels; (5) to bid and contract for asbestos removal in and demolition of a commercial structure on an Agency housing site; and (6) to take all necessary action and execute all necessary documents to implement the purposes of this report.

## BACKGROUND

On August 28, 1990, the Redevelopment Agency authorized (RA90-074) the purchase of twenty-six parcels for land banking and subsequent infill housing development in the Southside Park area and established that just compensation for these parcels should be their appraised fair market value. The Agency seeks authorization to add two parcels to these twenty-six and

(1)

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thereby increase the total authorization to twenty-eight parcels. Of these twenty-eight parcels, the Agency seeks authorization to purchase eight parcels at sales prices above their appraised fair market value. Staff will pursue acquisition of the other twenty parcels, on a priority basis, as permitted with the remaining Southside site acquisition funds.

## Acquisition of Additional Infill Parcels

The Agency seeks authorization to add two parcels (APN 009-0052-017, a vacant 40 x 80 lot; and 009-0056-008, a 40 x 160 lot occupied by an older single family dwelling) to the twenty-six parcels it has been previously authorized to purchase as a part of its Southside site acquisition efforts (see map- Exhibit "A"). The voluntary purchase of these properties would be subject to the established Agency guidelines for site acquisition in the Southside Park area.

## Acquisition of Parcels at Negotiated Sales Prices in Excess of Appraised Value

Agency staff is seeking authorization to purchase eight parcels at negotiated sales prices in excess of appraised fair market value. (Seven of the parcels were previously authorized and one parcel is newly authorized.) See map- Exhibit "B". These sites, described below as the Empire and Faust properties, must be acquired by the Agency because they are integral to implementation of the Council adopted Southside Park housing strategy. The options available to the Agency to acquire such sites are as follows:

- 1) purchase sites using Agency condemnation authority;
- 2) purchase sites that are on the market at appraised value from willing sellers;
- 3) purchase sites that are not on the market at appraised value;
- 4) purchase sites that are on the market where the seller will only sell at a price that is above the appraised value; or
- 5) purchase sites that are not on the market where the seller will only sell at a price that is above appraised value.

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The Empire property was not on the market when the Agency initiated purchase. The owners of the Empire site after negotiations with the Agency dropped their sales price to a price which was still somewhat above the appraised value. For the Faust properties which were on the market, the owner also, through negotiations with the Agency, agreed to drop his sales price substantially, but to a price that is above the appraised value

It should be noted that, although the Southside Park area is outside the boundary of the Merged Downtown Redevelopment Area, the Redevelopment Agency can exercise condemnation authority for the purpose of developing non-public housing. However, due to the potential added legal cost, and time delays of pursuing condemnation Agency staff recommends purchasing the sites at the negotiated sales price which is above the appraised value. Alternatively a condemnation proceeding would result in acquisition costs for the sites which is equal to, or greater than, the negotiated sales price. Further, the time delays associated with a condemnation procedure would be avoided.

The subject acquisitions are described, in detail, below:

Empire Electric— (APN 009-0113-016, 406 "T & U" Alley). The parcel, located in the alley adjacent to the SHRA owned 5th & "T" Streets site, is a 85 ft. x 165 ft. parcel (14,212 sq. ft.). The parcel is occupied by a 70 year old commercial structure that is a pre-existing, non-conforming use that currently houses Empire Electric, a commercial electrical contractor. The asking price for this property was \$300,000. The appraised fair market value of the property is \$204,000 (\$14.35/sq. ft.). The seller has agreed on a sales price of \$240,000 (\$16.89/sq. ft.), \$36,000 in excess of the property's appraised fair market value, and will not agree to go any lower. Acquisition of this parcel is critical to the development of the Agency's 5th & "T" site and it will be included as a part of that development. We, therefore, suggest proceeding with the acquisition at the higher price.

Faust Properties— (APNs 009-052-017, 1924 4th St.; 009-054-021, 022, 023, three parcels at the northwest corner of 4th and "T" Streets; and 009-056-009, 010, 011, three parcels at the southwest corner of 6th and "S" Streets). These seven vacant parcels are each 40 ft. x 80 ft. (totaling 22,400 sq. ft.). Appraisals for four of the parcels are pending completion. Three of

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the parcels (totaling 9,600 sq. ft.) have been appraised at a total fair market value of \$120,000 (\$12.50/ sq. ft.). Based on this appraisal and taking into consideration differences in parcel location and zoning, it is anticipated that the total appraised value of all seven parcels will be approximately \$300,000 (\$13.39/sq. ft.). The asking price for the seven parcels was \$440,000. The seller, however, has agreed on a sales price of \$345,000 (\$15.40/sq. ft.), \$45,000 in excess of the property's estimated appraised fair market value, and will not go any lower. Acquisition of these parcels will (1) provide several sites for historic structure relocation that will buttress the areas most historically significant block face, (2) provide sites for infill residential development and (3) provide a site for a mixed-use residential over neighborhood serving commercial development. In our opinion, we cannot obtain equivalent parcels in the Southside neighborhood sufficient to meet our objectives there. Consequently, we recommend proceeding with the acquisition at the higher price.

### Asbestos Removal in and Demolition of Commercial Structure on Agency Housing Site

In September 1990, the Agency issued a Request For Proposals to solicit proposals for the development of the Agency-owned site at 5th & "T" Streets. The above described Empire Electric property (APN 009-0113-016) was included as a part of this development offering. A prerequisite for the development of the 5th & "T" site is the removal of the Empire Electric structure.

The Agency seeks authorization to solicit bids and enter into a contract for: (1) asbestos removal (as indicated by a pending hazardous substances/asbestos survey) and (2) removal of the structure and its concrete slab foundation. The site must be cleared prior to transfer of ownership to the development entity which the City Council selects to develop the site. We estimate the cost for removal of the structure at approximately \$10,000.

The 5th & "T" Proposal Selection Committee is prepared, conditionally, to recommend the River City Cohousing (RCC) proposal to the Sacramento Housing and Redevelopment Commission for its consideration and recommendation to the City Council. The Selection Committee's recommendation is subject to RCC's satisfactory fulfillment of several conditions. These conditions are summarized below:

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- 1) RCC shall provide evidence of its nonprofit legal status.
- 2) RCC shall clarify the roles and responsibilities of the members of the development team, provide copies of all relevant contracts and development agreements, identify sources of required developer equity, and establish a guaranteed maximum cost for construction.
- 3) RCC shall provide a narrative statement outlining the experience and capacity of its developer/general contractor.
- 4) RCC's developer/general contractor shall act as construction manager and formal liaison with the Agency construction monitoring staff.
- 5) RCC shall secure confirmation of all on- and off-site infrastructure improvement costs; entitlements, abandonments and variances and their costs; and building permits and fees required as a part of the development.
- 6) RCC shall refine the project design concepts and specifications to assure their compliance with community concerns, Agency development objectives and City Preservation Area Guidelines.
- 7) RCC shall secure a conditional commitment letter for construction financing and confirmation of the terms, conditions and availability of rehabilitation and permanent financing.
- 8) RCC shall provide a detailed description of its marketing plan.

Even if these conditions are not met and a new development proposal is sought, the Empire Electrical parcel will be important to providing a fully developable site.

## **FINANCIAL DATA**

No new Agency or City revenues are required to implement the recommendations in this report. The \$2.1 million in proceeds from 1990

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Downtown Tax Allocation Bond sales have been previously approved and allocated in the Agency's 1990 budget for these activities (the dispersement of these funds was approved by the City Council in January, 1991). A breakdown of the use, to date, of this \$2.1 million follows:

<b>Expenditures To Date</b>			
<b>Southside Neighborhood Development Fund</b>			
<b>Category</b>	<b>Budget Allocation</b>	<b>Expenditures</b>	<b>Balance Remaining</b>
<u>Site Acquisition</u>	\$1,200,000		
Empire Electric		\$240,000	
Faust		\$345,000	
			<u>\$615,000</u>
<u>Rehabilitation</u>	\$900,000		
		<u>\$0</u>	<u>\$900,000</u>
<u>Total</u>	<u>\$2,100,000</u>	<u>\$585,000</u>	<u>\$1,515,000</u>

## ENVIRONMENTAL REVIEW

The acquisition of properties to assist low or moderate income housing development is exempt from the requirements of CEQA per Section 15267. Demolition is a ministerial action as determined by the City of Sacramento; ministerial acts are exempt from the requirements of CEQA per Section 15268. The establishment of just compensation for the acquisition of sites for housing development is an administrative action and, as such, is exempt from environmental review per Section 15378 (b)(3). None of the above actions are federally funded, thus NEPA does not apply. Subsequent site specific projects will undergo CEQA and/or NEPA environmental review as projects are proposed for development.

## MBE/WBE REVIEW

The asbestos removal and demolition contracts discussed in this report will contain the appropriate SHRA MBE/WBE policies and requirements. The contracts will be advertised in minority publications and on the Agency BIDLINE

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and MBE/WBE firms will be encouraged to submit proposals.

The asbestos removal contractor and demolition contractor shall maintain records of all efforts to utilize MBE and/or WBE firms as subcontractors, consultants, service providers or suppliers and shall report the use of any such firms and the amount of their contracts to the Agency's MBE/WBE Coordinator.

## **POLICY IMPLICATIONS**

The actions proposed in this staff report are consistent with previously approved Agency policy. With the exception that the negotiated purchase prices for Empire Electric and Faust properties exceed appraised value, the above recommended actions are consistent with the adopted Southside Park Housing Strategy (10/10/89).

## **VOTE AND RECOMMENDATION OF THE COMMISSION**

At its regular meeting of February 6, 1991 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

**AYES:** Moose, Parnell, Simon, Simpson, Strong, Williams, Wooley,  
Yew

**NOES:** None

**NOT PRESENT TO VOTE:** Amundson, Diepenbrock, Wiggins

**ABSENT:** None

## **RECOMMENDATION**

Staff recommends adoption of the attached resolution which: (1) establishes just compensation for seven parcels at appraised fair market value or \$345,000, whichever is greater; (2) establishes just compensation for one parcel at \$240,000; (3) establishes just compensation for one parcel at appraised fair market value; (4) authorizes the Executive Director to purchase the nine, above

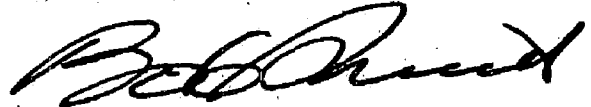


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referenced, infill development parcels; (5) authorizes the Executive Director to bid and contract for asbestos removal in and demolition of a commercial structure on an Agency housing site; and (6) authorizes the Executive Director to take all necessary action and execute all necessary documents to implement the purposes of this report.

Respectfully submitted,



ROBERT E. SMITH  
Executive Director

TRANSMITTAL TO COUNCIL:

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WALTER J. SLIPE  
City Manager

Contact person: Thomas V. Lee, 440-1357

# RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF \_\_\_\_\_

## SOUTHSIDE PARK SITE ACQUISITION, JUST COMPENSATION AND PREPARATION OF SITE FOR DEVELOPMENT

WHEREAS, by Resolution No. 90-074 the Agency determined that just compensation for several parcels of real property would be equal to the appraised fair market value as determined by an appraisal undertaken for that purpose by Howard A. Pearson and Associates ("Pearson"), and by which Resolution the Executive Director was authorized to negotiate and consummate, if possible, the voluntary purchase of said real property for just compensation, and to take all necessary action and execute all necessary documents to complete such purchases; and

WHEREAS, those parcels include the real property identified as:

APN 009-0054-021,-022,-023;  
APN 009-0056-009,-010,-011;

which parcels are held in common ownership with the real property identified as APN 009-0056-017. The owner of the parcels is willing to negotiate the sale of said parcels to the Agency in the aggregate for the sum of \$345,000; and

WHEREAS, Pearson has been retained to appraise the fair market value of the parcels of real property identified as:

APN 009-0052-017 and  
APN 009-0056-008; and

WHEREAS, the appraised fair market value and prior determination of just compensation for the real property identified as APN 009-0113-016 is equal to \$204,000, but the owner is willing to negotiate the sale of said parcel at not less than \$240,000; and

WHEREAS, the development of the Empire Electric site (APN 009-0113-016) will require demolition of the existing structure and removal of asbestos, if discovered.

**FOR CITY CLERK USE ONLY**

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

DATE ADOPTED: \_\_\_\_\_

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Agency hereby determines that just compensation for the real properties identified as:

APN 009-0052-017;  
APN 009-0054-021,-022,-023 and  
APN 009-0056-009,-010,-011

shall be equal to the aggregate appraised fair market value of said parcels as determined by appraisals undertaken for that purpose by Howard A. Pearson and Associates, or \$345,000, whichever is greater.

Section 2: The Agency hereby authorizes the acquisition of the real property identified as APN 009-0113-016 for the purchase price of \$240,000, provided that all toxic cleanup and the costs of such cleanup shall be the responsibility of the seller.

Section 3: The Agency determines that just compensation for the real property identified as APN 009-0056-008 shall be equal to the appraised fair market value of said parcel as determined by an appraisal undertaken for that purpose by Howard A. Pearson and Associates.

Section 4: The Executive Director is authorized to negotiate and consummate, if possible, the voluntary purchase and sale of the properties listed in Sections 1, 2 and 3 above at the amounts of just compensation established above. The Executive Director is further authorized to take all necessary action and execute all necessary documents to complete such purchases.

Section 5: The Executive Director is authorized to solicit bids and enter into a contract for asbestos removal in and demolition of the structure located on APN 009-0113-016.

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FOR CITY CLERK USE ONLY

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

DATE ADOPTED: \_\_\_\_\_

Section 6: The Executive Director is authorized to take all necessary action and execute all necessary documents to implement the purposes and authorization of Sections 1, 2, 3 and 4 of this Resolution.

ATTEST:

\_\_\_\_\_  
SECRETARY

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CHAIR

**FOR CITY CLERK USE ONLY**

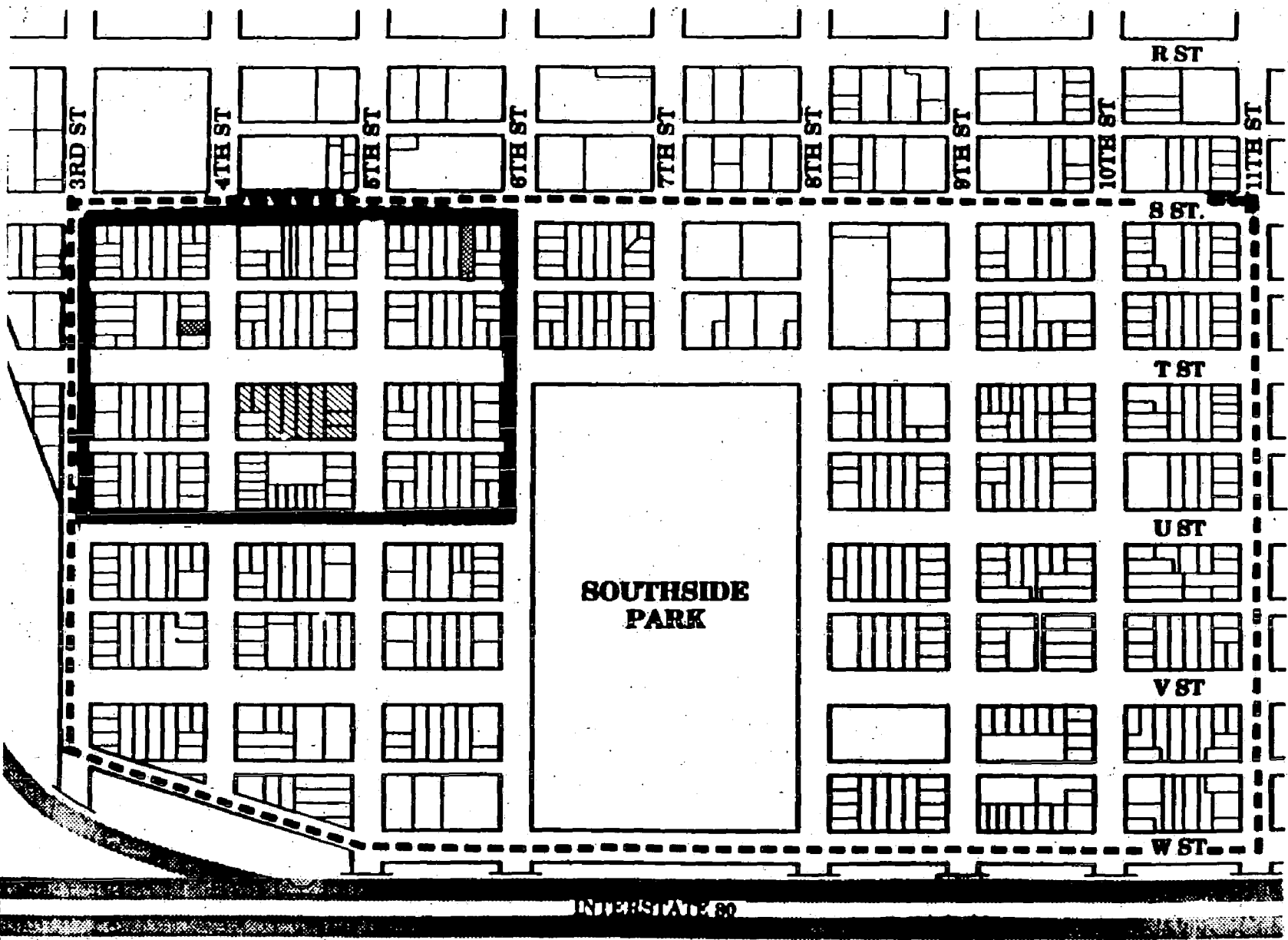
RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Acquisition of Additional Infill Parcels

**EXHIBIT "A"**



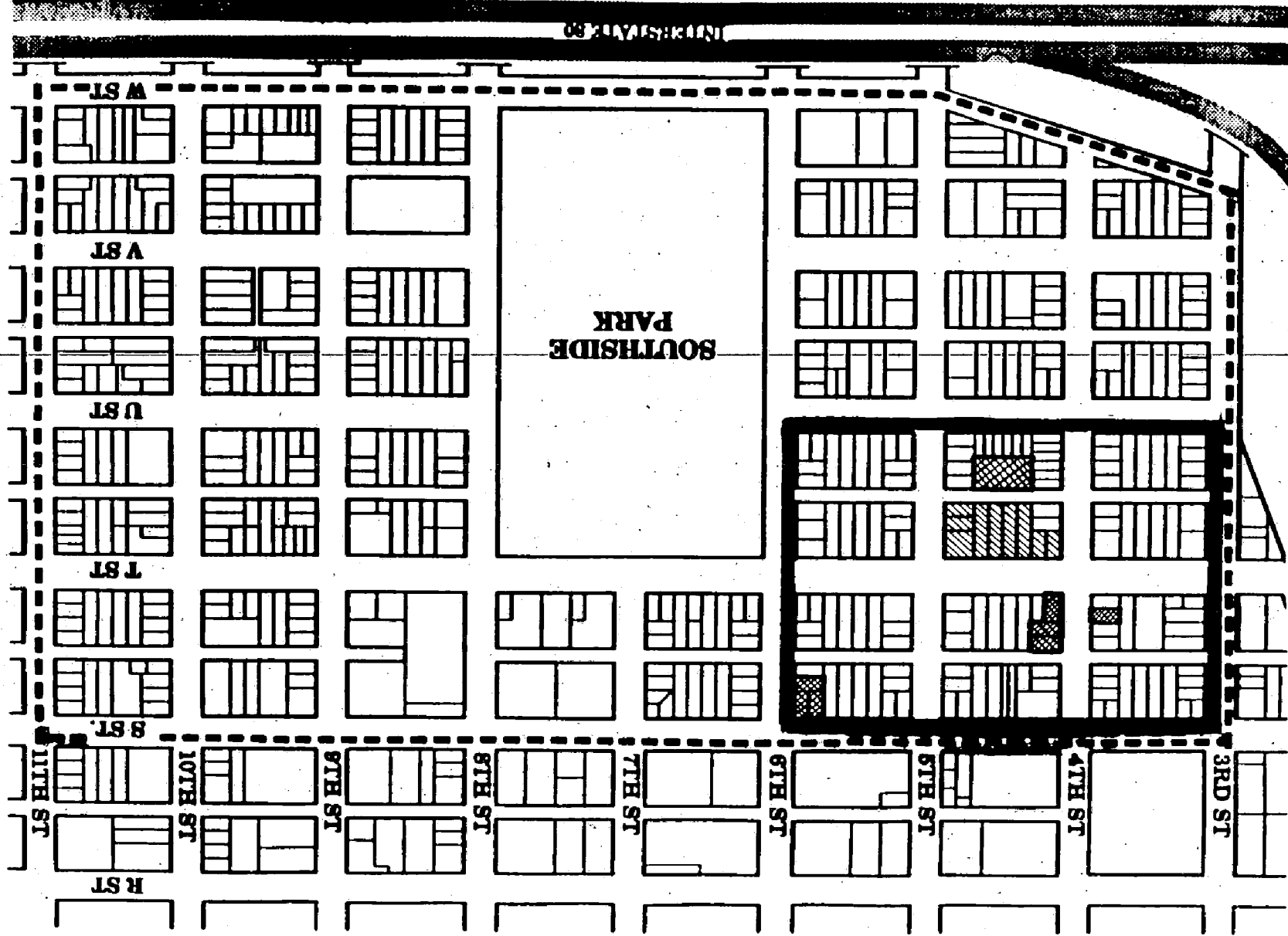
-  Agency 5th & "T" Streets Site
-  Neighborhood Preservation Area
-  Additional Infill Parcels
-  Special Priority Area

(11)

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Acquisition of Parcels at Negotiated Sales Prices  
in Excess of Appraised Value

EXHIBIT "B"



Parcels with Negotiated Prices  
in Excess of Appraised Value

Agency 5th & 7th Streets Site

Special Priority Area

Neighborhood Preservation Area