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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

December 4, 1980

CITY MANAGER'S OFFICE
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Housing Authority of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

CITY GOVERNING BOARD

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SUBJECT: Early Termination of Lease - Polk Street
Apartments, Sacramento

SUMMARY

By the attached resolution you authorize the termination of the lease on the captioned property while the amount of damages due the owner under the terms of that lease remain to be resolved.

COUNTY GOVERNING BOARD

ILLA COLLIN
C. TOBIAS (TOBY) JOHNSON
JOSEPH E. (TED) SHEEDY
SANDRA R. SMOLEY
FRED G. WADE

BACKGROUND

EXECUTIVE DIRECTOR

WILLIAM G. SELINE

P.O. Box 1834
SACRAMENTO, CA 95809
630 I STREET
SACRAMENTO, CA 95814
(916) 444-9210

The captioned property was leased on December 16, 1970 by the Housing Authority by means of a standard form HUD-approved lease. However, the duration of the initial term of the lease was not specified and accordingly, it is difficult to project with certainty the termination of the current renewal period of that lease. The Chief Counsel of the Authority believes that the appropriate termination date of this period is February 1, 1981. Counsel for the owner has indicated that it is the owner's position that the current period expires not later than that date.

The owner, Polk Street Properties, Ltd., a California limited partnership, desires to terminate the Section 23 lease at the earliest possible date and assume operation of the project as a Section 8 project. It is likewise the desire of Authority staff that such a transition take place at the earliest possible date.

Unfortunately, there exists a dispute between the Authority and the owner as to the amount of compensation due the owner for damages to the property during the term of the lease which resulted from the willful or negligent acts of the Authority's tenants or other causes beyond normal wear and tear. However, the project is currently 20% occupied and vandalism is occurring on a currently reduced but regular basis. Accordingly, the Authority

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staff believes that it is in the best interests of the Authority to terminate the lease at the earliest possible date reserving for subsequent resolution the amount of compensation due the owner for damages caused by the willful or negligent acts of our tenants.

The captioned project is one on which the Governing Bodies of the Authority have authorized the issuance of a notice of election to exercise an option to purchase. However, by its terms, the subject agreement will in no way affect the status of that option or its exercise.

FINANCIAL IMPACT

The termination of the lease at this time will result in a net saving to the Authority in that for the duration of the current lease the Authority is responsible for the full Section 23 rental payment. After termination of the lease, the Authority will be liable only for the subsidy of those tenants occupying the facility; currently totaling approximately 20% of the facility.

VOTE AND RECOMMENDATION OF COMMISSION

Due to the shortness of time, this matter has not been presented to the Housing and Redevelopment Commission for its consideration.

RECOMMENDATION

The Authority staff recommends that you authorize the Executive Director to execute the attached Agreement to Terminate Lease.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

RECOMMENDATION APPROVED:

Walter J. Slipe

WALTER J. SLIPE
City Manager

