



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



2

January 30, 1990

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: Approval of Agreement to Prepare a Development
Strategy and Site Designs for Rio Linda Boulevard
Housing Development


SUMMARY

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

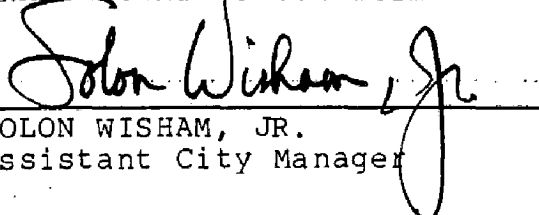
RECOMMENDATION

The staff recommends approval of the attached resolution
approving the proposed agreement.

Respectfully submitted,


ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:



SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



January 30, 1989

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Approval of Agreement to Prepare a Development Strategy
and Site Designs for Rio Linda Boulevard Housing
Development

SUMMARY

The attached resolution: (1) approves the Professional Services Agreement to prepare a development strategy and site designs for Rio Linda Boulevard Housing Development, and (2) directs the Executive Director to return with recommendations necessary to implement the project.

BACKGROUND

On August 1, 1989, the Redevelopment Agency approved Resolution No. 89-070 adopting the Del Paso Heights Revitalization Strategy. One of the key components of the Revitalization Strategy is housing development on Rio Linda Boulevard.

The Agency recently completed the acquisition of eight key parcels on Rio Linda Boulevard between Roanoke Street and Silvano Street. The acquisition of two additional properties (Rock's Liquor Store and Bill's Pool Hall) will be completed in February, 1990 (site map attached as Exhibit A). These parcels, when combined with sites the Agency already owns along Rio Linda Boulevard create a site suitable for housing development.

Rural California Housing Corporation (RCHC) has completed the construction of eight self help houses in Del Paso Heights. The construction process has gone smoothly; with construction completed in eight months. The homes cost \$59,000 to build; approximately \$5,000 below the appraised value. Families with an income as low as \$15,000 were able to participate and the median income of the participating families was \$20,000. The Agency provided a \$100,000 predevelopment loan to RCHC for site acquisition. These funds were due upon close of escrow of the completed homes. To qualify families at the lowest income range, however the Agency provided the option of deferred forgivable loans of up to \$10,000. Only three of the families required the additional subsidy and the remaining funds have been repaid to the Agency.

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
January 30, 1989
Page 2

Based on the success and affordability of Rural California Housing Corporation's first phase of self-help housing, the Agency feels that self-help housing is a viable way to provide affordable home ownership in Del Paso Heights. RCHC was requested to develop a proposal for development of Self Help Housing on Rio Linda Boulevard (copy attached as Exhibit B).

The Agency proposes executing a Professional Services Agreement with Rural California Housing Corporation to complete a development strategy and site designs for the Rio Linda Boulevard Housing Development. The development strategy will assess the housing development potential for the vacant land on or near Rio Linda Boulevard between Roanoke and Silvano Streets and will address the Del Paso Heights Redevelopment Advisory Committee's (RAC) concerns that Rio Linda Boulevard is very heavily traveled. RCHC will examine various design alternatives which mitigate any negative impact attributable to heavy traffic on Rio Linda Boulevard. The amount to be paid to RCHC under the Agreement is not to exceed \$20,000. A copy of the Professional Services Agreement is attached as Exhibit C.

FINANCIAL DATA

Adequate funds are available in Rio Linda Boulevard Housing Development (cost center A01504).

MBE/WBE EFFORT

Rural California Housing Corporation will be performing much of the strategy and design work with their own staff. Any work contracted out will follow the RCHC's MBE/WBE policies.

ENVIRONMENTAL REVIEW

This proposed action is exempt from California Environmental Quality Act (CEQA) requirements per CEQA Section 15262. When the project is designed and submitted to the City, the City will prepare any necessary environmental documentation.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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POLICY IMPLICATIONS

The above recommended actions are consistent with the adopted Del Paso Heights Redevelopment Plan and Del Paso Heights Revitalization Strategy.

VOTE AND RECOMMENDATION OF DEL PASO HEIGHTS REDEVELOPMENT ADVISORY COMMITTEE (RAC)

At their meeting of November 9, 1989 the Del Paso Heights Redevelopment Advisory Committee (RAC) adopted a motion (1) approving the RCHC Rio Linda Boulevard Housing Development proposal pending completion of a development strategy and site designs which would incorporate traffic safety mitigation measures including an access road; and (2) requesting a report back to the RAC before implementation of the project.

AYES: Cunningham, Moore, Nelson, Perez, Rockwell, and Sullivan

NOES: None

ABSTAIN: Feiling

NOT PRESENT TO VOTE: Burney

The RAC also adopted a motion to approve a professional services agreement between the Agency and RCHC to prepare the development strategy and site plans. The amount of the agreement is not to exceed \$20,000..

AYES: Cunningham, Feiling, Moore, Nelson, Perez, Rockwell, and Sullivan

NOES: None

NOT PRESENT TO VOTE: Burney

ABSENT: Dinkel and Vinson

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of January 22, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Moose, Fernel, Sheldon, Simon, Strong, Wiggins,
Wooley, Yew, Simpson

NOES: None

ABSENT: None

RECOMMENDATION

This report recommends approval of the attached resolution which (1) approves the Professional Services Agreement between the Agency and RCHC to prepare a development strategy and site plans for Rio Linda Boulevard Housing Development, and (2) directs the Executive Director to return with recommendations necessary to implement the project.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Anne Moore
440-1315

0386Q

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

PROFESSIONAL SERVICES AGREEMENT
FOR DEVELOPMENT STRATEGY FOR
RIO LINDA BOULEVARD HOUSING DEVELOPMENT

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

Section 1: The Professional Services Agreement a copy of which is attached as Exhibit 1 for Rio Linda Boulevard Housing Development is hereby approved.

Section 2: The Executive Director is directed to return with recommendations necessary to implement the housing development.

.....

CHAIR

ATTEST:

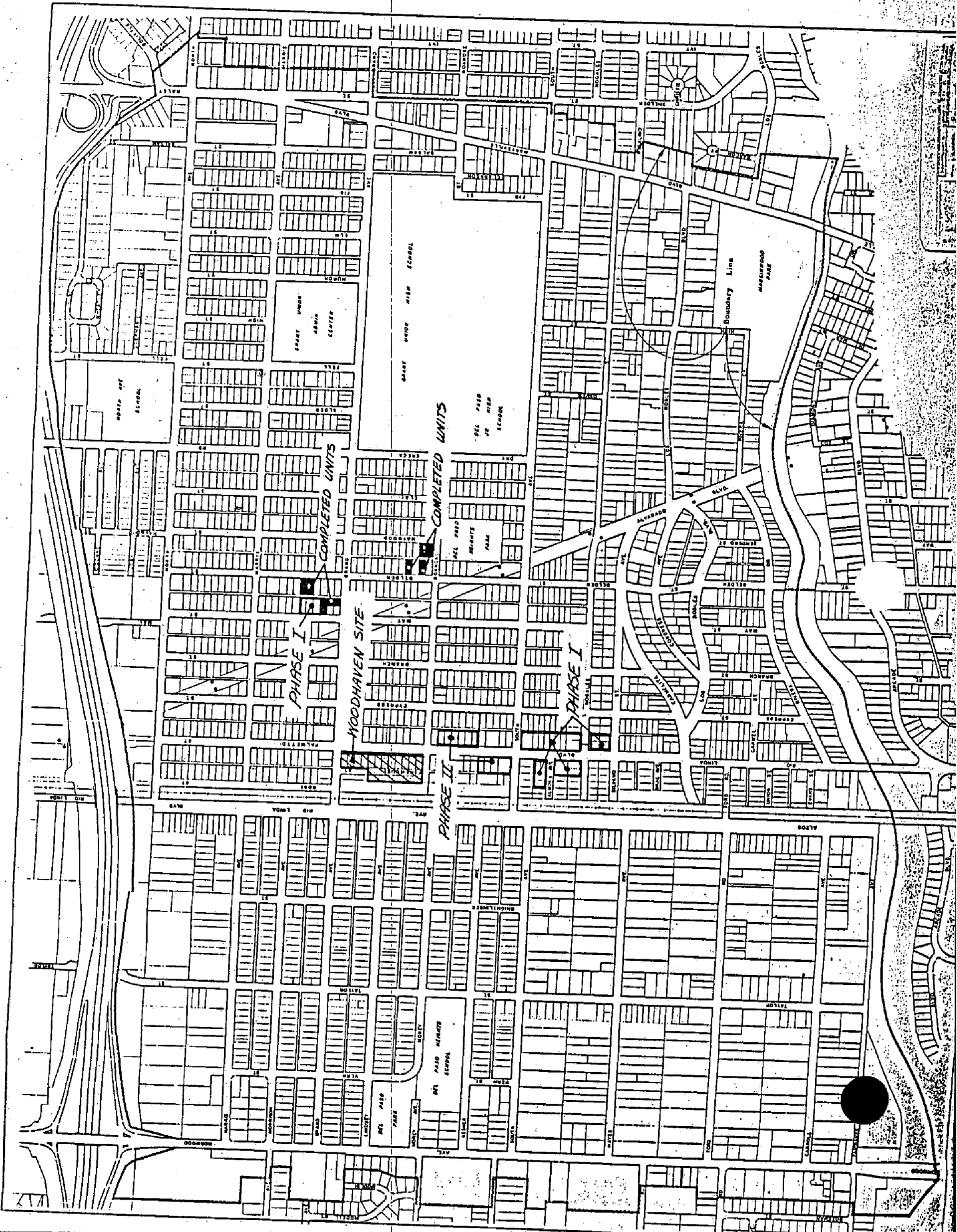
SECRETARY

1100WPP(541)

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



RURAL CALIFORNIA HOUSING CORP.
(916) 442-4731



2125 19th ST., STE. 101
SACRAMENTO, CA 95818

August 25, 1989

Nadine Ford
SHRA
630 I Street
Sacramento, CA 95814



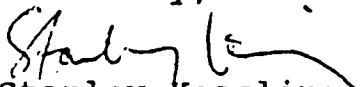
Dear Nadine:

Enclosed please find Rural California Housing Corporation's proposal for the development of the property owned by the Redevelopment Agency on Rio Linda Blvd.

As you will see from our proposal, we are proposing to return at least \$69,000 to the agency for the opportunity to develop this property. The total development period for our proposal is roughly two years because we think that some resubdivision of the land will be necessary. We are also proposing to hire an architect to work with us in the design of this housing development.

We hope that this proposal will meet with the approval of the redevelopment area committee and the redevelopment agency commission. Thank you for your consideration.

Sincerely,


Stanley Keasling
Executive Director

SK:lk

Introduction

Rural California Housing Corporation is completing the construction phase of the first 8 units of self-help housing in Del Paso Heights. The construction process has gone smoothly, with the 8 homes being completed in 8 months. Although the recruitment phase of the project did not go as smoothly as we had hoped, and although the Redevelopment Area Committee has expressed some concern about the level of Del Paso resident participation in the program, we are interested in pursuing another phase of self-help housing development in the redevelopment area.

The homes currently being completed were sold for a market price of \$59,000, which was approximately \$5,000 below the appraised value. We were able to serve families with an income as low as \$15,000, and the median income of the participant families was \$20,000. Although the RAC made available \$100,000 in low cost loan funds, only \$30,000, was used to make the homes affordable to the new owners.

Based on this experience, we believe that self-help housing is a viable way to bring affordable home ownership to the redevelopment area. We are cognizant of the RAC's interest in rebuilding the Rio Linda Boulevard area. And we are proposing to develop self-help homes on the land currently owned by the Agency on or near Rio Linda Boulevard south of Roanoke and north of Silvano. We propose to construct 30 homes in this portion of the target area. In addition we would like to acquire 3 lots on May Street to complete the revitalization process in this area.

Proposal

Rural California Housing Corporation will build self-help homes affordable to low and moderate income families on all of the land currently owned or being acquired by the Agency between Roanoke and Silvano on or adjacent to Rio Linda Blvd. The single family three and four-bedroom homes will sell for between \$65,000 and \$75,000. We request that the Agency also acquire the two vacant lots south of Bill's Pool Hall and convey these properties to RCHC. RCHC would redivide the property as needed to create single family lots of at least 5000 square feet. Our preference is to develop lots larger than 50 X 100, but this will be the smallest lot size in the redivision of the land. In addition we propose acquiring three parcels which are currently available on May Street, which would complete the redevelopment of this neighborhood.

It will be necessary for us to resubdivide a portion of the property in this area before building homes. The subdivision process is both cumbersome and time consuming. Therefore we do not anticipate being in a position to start construction on homes until 1990. We propose building the homes in two phases starting the first phase in late summer 1990 and the second phase in late spring 1991. There would be at least 15 homes in each phase of the development.

If all of this property is included in the development, we anticipate building 33 single family homes over the next three years.

The following time line is proposed for this project:

- Oct. 1989: Secure Agency commitments for the development of the project.
- Nov. 1989: Retain an architect/engineer to work on the subdivision and house designs
- March 1990: Prepare applications for California Self-Help funding for the project
- April 1990: Prepare applications for California Housing Finance Agency funding for the project.
- Jan-Apr 1990: Obtain RAC approvals for the redivision of the land and house plans
- Feb-Mar 1990: Conduct outreach
- Apr-May 1990: Qualify first groups of families
- June 1990: Initiate construction on the first phase of the development, at least 15 homes.
- Feb-Nov 1990: Complete subdivision process
- Nov 1990 -
Mar 1991: Conduct second phase of outreach
- Mar-Apr 1991: Qualify second groups of families
- May 1991 -
Feb 1992: Complete construction
- June 1990: Land acquisition complete

We estimate that the acquisition costs for the additional land needed to make this project successful will be \$60,000. This includes the acquisition of the two lots on Rio Linda Boulevard and three lots on May Street. RCHC is willing to acquire these lots directly, in a manner similar to that used in the first self-help program. However, we are not sure that the lots on Rio Linda are for sale, and it may require the use of the Agency's condemnation power to acquire these lots.

RCHC is requesting that the redevelopment agency provide assistance for the preliminary activities related to both phases of this development. Before RCHC can secure commitments from the state Department of Housing and Community Development we must have land and potential families in place for a proposed self-help housing project. Thus, the funding from the redevelopment agency will provide the essential preconstruction services of land acquisition and development, marketing, and initial family prequalification.

RCHC will secure bond financing for the first mortgages from the California Housing Finance Agency (CHFA) with terms of 7.5% interest for 30 years. CHFA will also provide deferred payment loan second mortgages which will make the loans affordable. The State Department of Housing will provide staff funding for most of the cost of construction supervision.

RCHC would like to work closely with the RAC both in the design of houses and the marketing of this project. We are proposing to secure the services of an architect. Rather than go into a competitive bid, we would like to use one of the architects who was involved in the design charret for the Del Paso Heights area. We believe that Paul Walsh of Williams and Paddon would be an excellent choice for an architect to work with us in designing affordable and attractive housing for the Rio Linda Boulevard area.

As the RAC is aware, RCHC shares the RAC's concern regarding the recruitment of Del Paso Heights residents for participation in the self-help housing project. We would propose developing a marketing strategy for the Rio Linda Blvd. project and presenting this strategy to the RAC for review and approval. This strategy will include a role for a subcommittee of the RAC and we would hope that at least several members of the RAC would participate in helping us locate interested Del Paso Heights residents to participate in our self-help project.

RCHC will continue to give first priority to Del Paso Heights residents in selection criteria for participants in this housing development. However, we also will consider applicants from outside the area should our efforts at marketing within Del Paso Heights not be successful.

Our fee for developing this project will be \$45,000, which will pay for all staff work associated with the resubdivision of the , and the outreach and qualification of families. This fee will also cover staff costs associated with securing the other financial commitments necessary to make this project a success. In addition, we will hire an architect to work on the design of the lots and house plans for this development.

Finally, our experience shows that approximately 30 percent of the families participating in the program will require subsidies, in the form of deferred payment loans, from the Redevelopment Agency to make their homes affordable. We suggest that the maximum subsidy be fixed at the value of the land, \$8,000. Assuming that 10 families will require this subsidy, we are requesting that the RAC set aside \$80,000 to provide deferred payment loans to make the homes affordable.

As construction is completed on each home, RCHC will pay to the Redevelopment Agency \$8,000 for each lot. Thus, the expected return to the Agency is \$264,000. Of this amount, we are requesting that you spend \$185,000 on this project, including land acquisition, staffing, design and subsidy costs. Thus, the RAC will realize a surplus of \$79,000 from this project.

We believe that the development of these single family homes will complement the completion of the senior citizen's project on Rio L' a. We think that the combination of these two developments will greatly enhance the neighborhood, and lead to further revitalization efforts. This has been true in the areas where self-help homes are currently under construction, where numerous residents have rehabilitated substandard properties, and where several property owners have constructed new homes.

CONTRACT FOR PROFESSIONAL SERVICES

PART I

THIS AGREEMENT, entered into as of this _____ day of January, 1990, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (herein called the "Agency"), and RURAL CALIFORNIA HOUSING CORPORATION (herein called the "Consultant").

IT IS MUTUALLY AGREED AS FOLLOWS:

1. SCOPE OF SERVICE

The Agency hereby engages the Consultant and Consultant agrees to provide all professional services necessary to complete a development strategy for the Rio Linda Boulevard Housing Development Project as set out in Attachment 1 and in accordance with Consultant's letter and proposal of August 25, 1989 attached hereto as Attachment 2.

Consultant shall provide a report setting out in full such development strategy and shall provide preliminary site design to implement such strategy.

2. AGENCY INFORMATION AND DATA

The Agency shall furnish to Consultant all necessary pertinent data, information, plans, and related items which the Agency may possess during the time of performance of the duties under this Agreement.

3. TIME OF PERFORMANCE

The Services of the Consultant shall commence upon execution of this Agreement and shall be completed on or before May 18, 1990.

4. COMPENSATION

Total compensation to Consultant for professional and technical services rendered including travel expenses and profit and preparation of the development strategy and site designs required under this contract shall not exceed TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000).

5. METHOD OF PAYMENT AND MAXIMUM COMPENSATION

Agency shall make a one time payment to Consultant within thirty (30) days after satisfactory completion of the work. Such payments shall constitute full and complete compensation for Consultant's services hereunder.

6. OWNERSHIP OF INFORMATION

This Agreement is subject to and incorporates the provisions attached hereto as Part II - Terms and Conditions (Form SHRA 5/86) and Part III - Insurance Requirements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

APPROVED AS TO FORM

BY _____
ROBERT E. SMITH
Executive Director

General Counsel

RURAL CALIFORNIA HOUSING
CORPORATION

APPROVED

BY _____
STAN KEASLING
Executive Director

Finance Department

2125 19th Street, Suite 101
Sacramento, CA 95818
Tax ID # _____

ORGANIZATIONAL APPROVAL

Cost Code: A01504
Organization Code: 6300
Account: 4222

380Q

PREDEVELOPMENT AGREEMENT

Scope of Services:

The purpose of this professional services agreement will be to assess the housing development potential for the vacant land on and near Rio Linda Boulevard between Roanoke and Silvano Streets. The developer shall examine the possibility of developing single-family ownership housing on sites currently owned by the Redevelopment Agency and on other sites adjacent to those currently owned. The developer shall review the traffic volume on Rio Linda Boulevard and shall examine various design alternatives which can mitigate the impact of the housing development on the traffic.

The Developer Shall:

1. Assess the development potential and constraints of the sites currently owned by the Agency;
2. Prepare alternative site designs for review and approval by the RAC and the Redevelopment Agency;
3. Recommend strategies for the acquisition of additional property to enhance the development potential of the sites;
4. Prepare several preliminary house plans to demonstrate the various development alternatives which could be undertaken with the sites;
5. Provide cost information on the various alternatives presented sufficient for the Agency to evaluate the various proposals;
6. Consult with traffic engineers and planners of the City of Sacramento about the impact of various development alternatives and prepare written summary of their concerns and preferences;
7. Prepare a final strategy recommendation for residential development of the Agency land on and near Rio Linda Boulevard based on comments from RAC, City and Agency staff.

Subcontracts:

The developer is authorized to retain the services of an architect and engineer as needed to complete the above work.



RURAL CALIFORNIA HOUSING CORP.
(916) 442-4731

2125 19th ST., STE. 101
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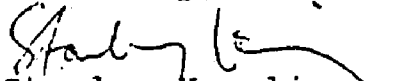
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