

RESOLUTION NO. 2010-316

Adopted by the Sacramento City Council

June 10, 2010

7TH AND H SINGLE ROOM OCCUPANCY (SRO) PROJECT: FINDINGS REGARDING SALE OF REDEVELOPMENT AGENCY PROPERTY WITHIN THE RAILYARDS REDEVELOPMENT PROJECT AREA

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Railyards Redevelopment Plan ("Redevelopment Plan") and an "Implementation Plan" for the Railyards Redevelopment Project Area ("Project Area").
- B. The Agency owns certain real property ("Property") in the Project area acquired with Project Area tax increment funds, which is generally described as five vacant parcels at the northwest corner of 7th and H Streets, Sacramento, California, more particularly described in Exhibit A.
- C. The 7th and H Single Room Occupancy (SRO) project was analyzed by the City of Sacramento in accordance with CEQA Guidelines and a Class 32 Categorical Exemption was prepared and executed on April 28, 2010. The proposed actions, associated with sale of the property, approval of the DDA and budget amendments and allocations, do not constitute a new project or substantive changes or modifications to project as previously analyzed. Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require preparation of supplemental environmental documentation, the recommended actions do not require further environmental review per CEQA Guidelines Sections 15162 or 15163.
- D. These specific actions are exempt under National Environmental Policy Act (NEPA) regulations at 24 CFR Section 58.34(a) (2) and (3), which exempt information and financial services, and administrative and management activities respectively. Environmental review for the 7th and H Single Room Occupancy (SRO) project pursuant to the National Environmental Policy Act (NEPA) is currently underway. The availability of federal funds for use in the Project is contingent upon the Federal Department of Housing and Urban Development's consent to the Agency's request for release of funds.
- E. The Agency and Mercy Housing California 47, L.P., or related entity, ("Developer") desire to enter into a Disposition and Development Agreement ("DDA"), which DDA would convey fee interest in the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project").

- F. A report under Health and Safety Code has been prepared, filed with the Agency Clerk and duly made available for public review, a copy of which report ("33433 Report") is attached as Exhibit B and incorporated in this resolution by this reference. Proper notice has been given and a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The above recitals are found to be true and correct.
- Section 2. The statements and findings of the 33433 Report are true and correct and are hereby adopted. The Project will assist in the elimination of blight as provided in the 33433 Report.
- Section 3. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan, as stated in the DDA.
- Section 4. The Property is to be granted to the Developer, conditionally on satisfactory completion of the Project. The consideration given for the interest conveyed under the DDA is \$0.
- Section 5. The sale of this Property, as described above, is approved.

Table of Contents:

- Exhibit A – Legal Description
Exhibit B – 33433 Report

Adopted by the City of Sacramento City Council on June 10, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: Councilmember Hammond.

Attest:


Shirley Concolino, City Clerk

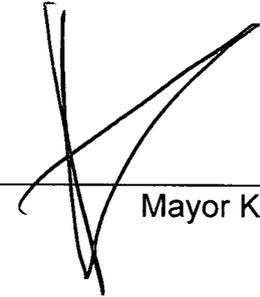

Mayor Kevin Johnson

Exhibit A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO , COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel No. One:

Lot 5 and the East one-half of Lot 6 in the block bounded by "G" and "H" Streets and 6th and 7th Streets of the City of Sacramento according to the official map or plat of said city.

Parcel No. Two:

The West 1/2 of Lot 6 in the block bounded by 6th and 7th and "G" and "H" Streets of the City of Sacramento according to the City of Sacramento to the official map or plat of said city.

Excepting therefrom the West 10 feet.

APN: 002-0141-001-0000, 002-0141-002-0000, 002-0141-003-0000, 002-0141-004-0000, 002-0141-007-0000

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	\$3,000,000
Commissions	\$0
Closing Costs	\$2,810
Relocation Costs	\$0
Land Clearance and Environmental Remediation Costs	\$128,934
Financing Costs	\$0
Improvement Costs (e.g. utilities or foundations added)	\$6,261
Other Costs (Engineering, architecture, permits and fees)	\$4,504
TOTAL	\$3,142,509

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$3,040,000
Per appraisal by Integra Realty Resources-Sacramento, dated 2/26/2007	

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$1,130,000
Per appraisal by Integra Realty Resources-Sacramento, dated 4/21/2010	

33433 Report

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$0

III. Explanation of Disposition for Less than Full Value

The Project is to be developed in accordance with the City's Single Room Occupancy (SRO) Strategy and the Ten Year Plan to End Chronic Homelessness with half of the units set aside for formerly homeless and at-risk populations. In order to accommodate the needs of this target population, the rent and income restrictions for the project are aimed at extremely low and very low income residents. The units are proposed to be allocated such that 75 units will be affordable to individuals at or below 30 percent of the Area Median Income (AMI), 35 units affordable at or below 40 percent of AMI, and the remaining 40 units affordable at or below 50 percent of AMI. As a consequence of this deep income targeting, the project is financially feasible only as a result of the proposed grant of the land for the Project by the Agency and establishment of an operating reserve account to cover projected operating deficits.

IV. Elimination of Blight

The recommended action is consistent with the following goals in the Railyards Implementation Plan and Redevelopment Plan: 1) strengthen the economic and employment base of the Project Area and the community by removing impediments to and encouraging new residential and commercial development and other private investment; 2) encourage the cooperation and participation of private development partners, residents, businesses, public agencies and community organizations in the redevelopment and revitalization of the Railyards Area; and 3) increase the community's supply of housing available to extremely low, very low, and low and moderate income persons and families and housing for all income levels in proximity to the Central City employment center.