



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



14

October 25, 1988

Budget and Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Sacramento Heritage Request for Funding for the
Purchase of the Historic Maria Hastings Building

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 funding for marketing.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



October 25, 1988

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Sacramento Heritage Inc's Request for Funding for
Purchase of the Historic Maria Hastings Building

SUMMARY

This report addresses Sacramento Heritage Inc's request to purchase the historic Maria Hastings Building located at 1119 D Street. Based on staff's analysis it is recommended that, the Sacramento Housing and Redevelopment Agency authorize the Executive Director to provide a maximum of \$10,000 from the Alkali Flat Developer Assistance Program funds to Sacramento Heritage Inc. to market the Maria Hastings Building in order to find a capable developer. These funds will be used for advertising and related marketing expenses. Any resulting proposal for additional financial assistance would be considered along with any other proposals before the Agency at that time.

BACKGROUND

Sacramento Heritage Inc. is a non-profit organization concerned with the preservation of historic buildings in the City of Sacramento. In the past, Sacramento Heritage has been successful in preserving historic structures located within the Alkali Flat Redevelopment Project Area. A copy of Sacramento Heritage's request regarding the Maria Hastings Building is attached as Attachment A.

The Maria Hastings Building is located at 1119 D Street in an M-1 industrial zone. A location and parcel map are attached as Attachment B and C. It is one of the four oldest residences still remaining in Sacramento and is listed in the National Register of Historic Places, as a contributing structure within the Alkali Flat North Historic District.

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Redevelopment Agency of the
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Sacramento Heritage Inc. has been informed by the property owner that he is willing to sell the subject property and the building for \$160,000. Estimated rehabilitation costs, submitted by Sacramento Heritage Inc. total \$241,000 and total development costs, including land, are \$497,196. These costs are itemized in the attached report.

The current property owner wishes to demolish the vacant structure. In order to save the structure, Sacramento Heritage Inc. is requesting that the property be purchased by the Sacramento Housing and Redevelopment Agency, and sold, with a potential land write-down, to a private developer, for rehabilitation for commercial/office uses.

Staff has reviewed and agrees with the assumptions regarding the acquisition and rehabilitation costs presented in Sacramento Heritage Inc's report. However, staff is concerned that after the Maria Hastings Building is rehabilitated it would not be able to generate the required \$1.20 a square foot rent as projected by the Sacramento Heritage Inc's report. For this reason staff recommends against Sacramento Heritage's request for funds to purchase the Maria Hastings Building. Instead, based on a recommendation by the Alkali Flat PAC Planning Subcommittee, staff recommends that up to \$10,000 be made available to Sacramento Heritage Inc. to contract with a real estate marketing firm to advertise the property to a capable developer with expertise in the area of historic preservation. The Sacramento Heritage Board has reviewed the subcommittee's proposal, and believes it is a positive compromise solution. The board will issue a request for proposals to real estate marketing firms, and will hire the firm it determines most capable. If a capable developer is not found the property owner may demolish the Maria Hastings Building once he receives authorization from the City.

FINANCIAL DATA

If Sacramento Heritage Inc's request were to be approved funds are available from Alkali Flat Developer Assistance Program. The current available balance in this cost center is \$165,861, as of September 30, 1988, however, total use of these funds for this building would limit our ability to assist other pending development projects.

If staff's recommendation to provide \$10,000 from this fund is approved it would not create a significant impact on other projects. Funds are available from the Alkali Flat Developer Assistance Program Cost Center #A00688.

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ENVIRONMENTAL REVIEW

None required. This is an administrative action which is ministerially exempt under the California Environmental Qualities Act (CEQA).

VOTE AND RECOMMENDATION OF THE ALKALI FLAT PROJECT AREA COMMITTEE (PAC)

At its regular meeting of August 3, 1988, the Alakli Flat Project Area Committee voted to recommend approval of the staff recommendation which requests that, the Sacramento Housing and Redevelopment Agency authorize the Executive Director to provide a maximum of \$10,000, from the Alkali Flat Developer Assistance Program funds, to Sacramento Heritage Inc. to market the Historic Maria Hastings Building.

VOTE AND RECOMMENDATION OF THE COMMISSION

At its regular meeting of October 17, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending that you adopt the attached resolution. The vote was as follows:

AYES: Amundson, Simon, Simpson, Strong, Wiggins, Wooley,
Yew, Moose
NOES: None
ABSENT: Pettit, Sheldon

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director to provide a maximum of \$10,000 from the Alkali Flat Developer Assistance Program funds to Sacramento Heritage Inc. to market the project for sale and rehabilitation. If a qualified developer is found to acquire the Maria Hastings Building, he or she will be encouraged to submit a proposal for financial assistance to the Agency. It must be emphasized, however, that this proposal would be considered along with any other proposals before the Agency at that time.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Anne Moore - 440-1315

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

DEVELOPER ASSISTNACE FUNDS FOR MARKETING OF MARIA HASTINGS BUILDING

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

Section 1: The Executive Director is hereby authorized to provide a maximum of \$10,000, from the 1988 Capital Improvement Budget (cost center A00688) Alkali Flat Developer Assistance Program to Sacramento Heritage Inc. to market the Historic Maria Hastings Building located at 1119 D Street (APN: 002-075-18).

Section 2: The Executive Director is authorized to execute a contract with Sacramento Heritage, Inc., subject to approval of Agency Counsel, which directs the use of said funds in accordance with this resolution and the development of a marketing plan acceptable to the Agency.

Section 3: The Executive Director is authorized to take such other actions as are reasonably necessary to carry out the provisions of this resolution.

CHAIR

ATTEST:

SECRETARY

1100WPP2(159)



August 9, 1988

Alkali Flat Project Area

Honorable Members of the Board:

Sacramento Heritage is a non-profit organization concerned with the preservation of historic buildings in the City of Sacramento. It has come to our attention that the historic Maria Hastings building, located at 1119 "D" Street, is threatened by demolition. The Hastings building is important to Sacramento not only for its architectural merit, but also for its historical significance as the home of a prominent Sacramentan, Maria Hastings, founder of the Orleans Hotel.

We have included a synopsis of the history of the structure, as well as a proforma analysis which demonstrates the gap between purchase and rehabilitation of the structure, and return expected from the renovated building. You will note that the project almost breaks even with no assistance, given our set of assumptions.

We believe that the rehabilitation of the Maria Hastings building would be a viable project for a redeveloper if adequate incentives are given. We respectfully request that you consider the purchase of the property and potential land write-down in order to engender interest in the project.

The rehabilitation of the structure would have several beneficial effects. The restoration could serve as a catalyst to the upgrading of this blighted neighborhood and encourage other rehabilitation activities. New tenants and building occupancy would generate new activity for the area and substantially reinforce existing new office uses nearby, creating a new commercial nucleus.

In addition to upgrading the area visually and economically, the rehabilitation of this historic structure would effect the retention of one of the city's most historic residences--an important part of Sacramento history. The restoration would also enhance the National Register District of which it is a part, and

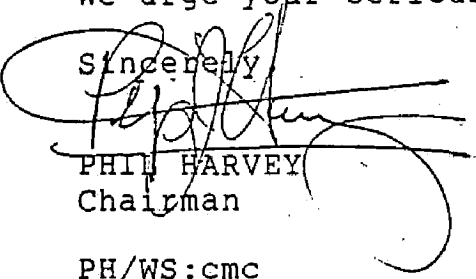
Alkali Flat Project Area
August 9, 1988
Page Two

potentially strengthen the available tax credit benefits other district property owners may wish to claim.

We recognize that funding in the Alkali Flat Project Area is limited, but would like to emphasize that there are few structures in Sacramento with as much historic importance as the Maria Hastings building.

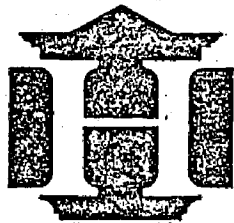
We urge your serious consideration of this proposal.

Sincerely,



PHIL HARVEY
Chairman

PH/WS:cmc



August 9, 1988

Sacramento Heritage, Inc.
Sacramento, CA 95814

Honorable Members in Session:

SUBJECT: Report on Maria Hastings Building

SUMMARY

The Sacramento Heritage, Inc. Board of Directors passed a Resolution on July 6, 1988 to prepare and present to the Alkali Flat Project Area Committee a report outlining existing information regarding the Maria Hastings Building, and requesting funding to assist in preserving the structure. If funding could be provided to purchase the structure and make it available for later purchase and rehabilitation by a private party, the valuable structure could be preserved, and returned to needed use.

BACKGROUND

Sacramento Heritage, Inc. supports the preservation of the historic Maria Hastings building, located at 1119 "D" Street, as shown on the map attached as Exhibit "A." The building is one of the four oldest residences still remaining in Sacramento, and is listed in the National Register of Historic Places, as a contributing structure within the Alkali Flat North Historic District. A brief history of the structure is attached as Exhibit "B."

The current property owner wishes to demolish the structure. In order to preserve and restore it, the property must be purchased by another entity, private or public, for rehabilitation. In the past, tax increment funds from the Alkali Flat area have been used to effect the preservation of important buildings in that district. Such properties have been purchased and then auctioned to members of the public for restoration. Such a solution may prove viable for the preservation of the Maria Hastings Building.

FINANCIAL DATA

Utilizing information prepared by the SHRA Rehabilitation Division, the proforma, attached as Exhibit "C," demonstrates that the purchase of the land and structure, relocation of the Maria Hastings building to the front of the lot, and rehabilitation of the structure for commercial office uses, would cost approximately \$570,000.

630
1 STREET,

SACRAMENTO,
CA 95814

TELEPHONE:
916-440-1315

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The subject property is located in an M-1, industrial zone. The cost of the property is based on the cost of the land. The cost estimate for land value is based upon commercially zoned land in the same general area as the subject property, purchased a year ago by the Sacramento Housing and Redevelopment Agency.

The proforma and background information regarding the Maria Hastings building will be presented to the Alkali Flat Project Area Committee from Sacramento Heritage, Inc., along with a request, attached as Exhibit "D," to provide Tax Increment funds to assist the project, much in the manner that other historic property projects have been treated in this area in the past.

Specifically, funding for the purchase of the property will be requested. This cost, based upon commercial properties purchased by the SHRA in the same area, is estimated at between \$179,000 and \$256,000.

The property would then be sold to a private developer who would undertake the rehabilitation work.

POLICY IMPLICATIONS

The proposed project is consistent with Heritage policy and goals. It is similar to several other such projects undertaken and completed in the past by Heritage.

ENVIRONMENTAL REVIEW

No environmental review is required as the recommended action does not represent a program pursuant to the California Environmental Quality Act, Section 15378.

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RECOMMENDATION

The Consultant recommends approval of the attached resolution approving the pro forma statement and authorizing the funding request to be presented to the Alkali Flat Project Area Committee to assist in the preservation of the Maria Hastings building.

Respectfully submitted,

Wendy Saunders

for PAULA BOGHOSIAN
Development Coordinator
Sacramento Heritage, Inc.

Transmittal to Board:

William H. Edgar
WILLIAM H. EDGAR
Executive Director

PB/WS:cmc

0096C

Resolution No. _____

Adopted by the Board of Directors of Sacramento Heritage, Inc.
on date of

APPROVAL OF PROPOSAL TO ALKALI FLAT PAC
MARIA HASTINGS BUILDING

WHEREAS, the Board of Directors has requested that the Corporation's consultant prepare a request to the Alkali Flat Project Area Committee to fund the preservation of the Maria Hastings building.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SACRAMENTO HERITAGE, INC.:

Section 1: The Board of Directors approves the attached report relating to the Maria Hastings building and authorizes the Chairman to contact the Alkali Flat Project Area Committee for the funding necessary to preserve such building.

CHAIRMAN

SECRETARY

1100WPP2(92)

(11)

(4)

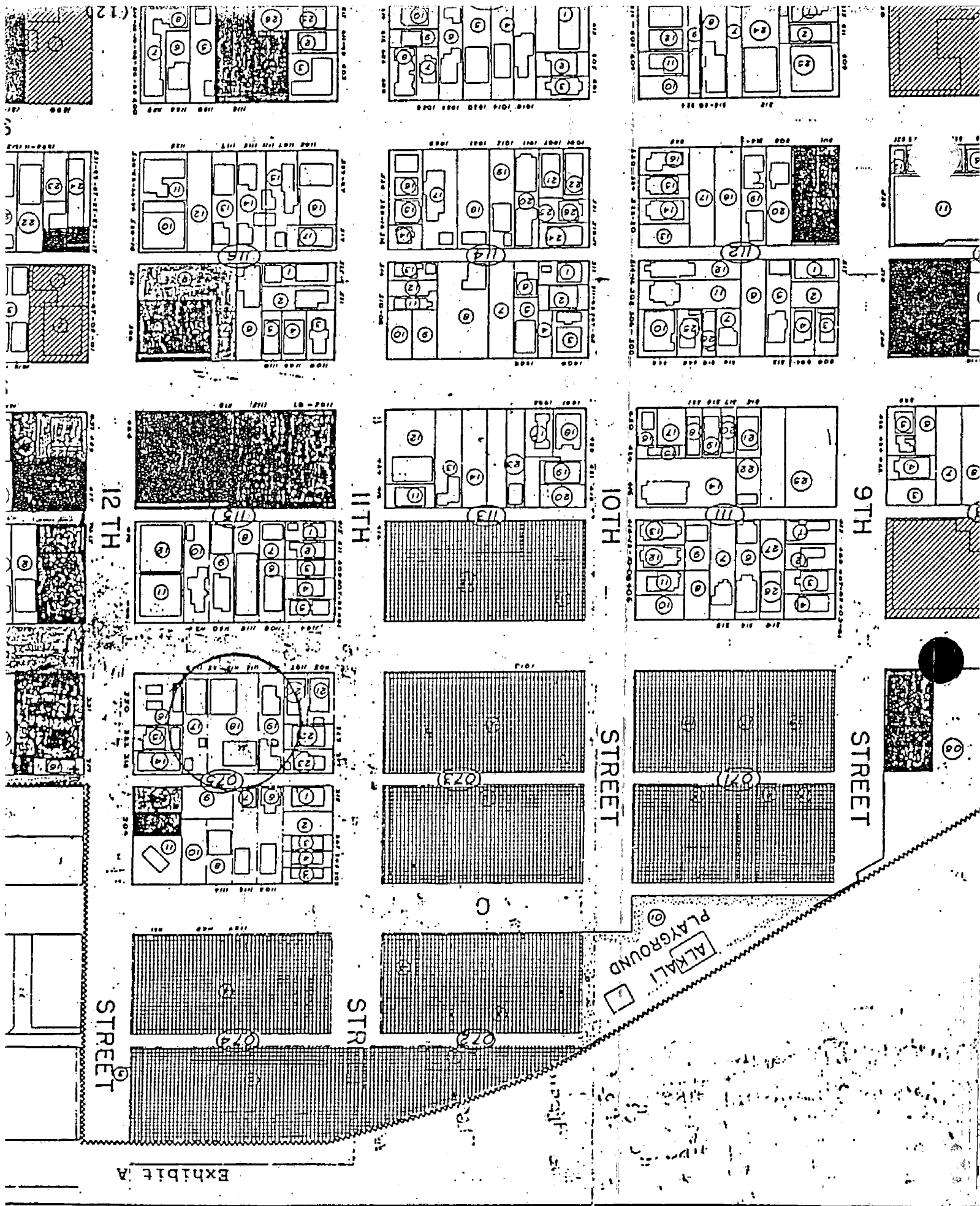
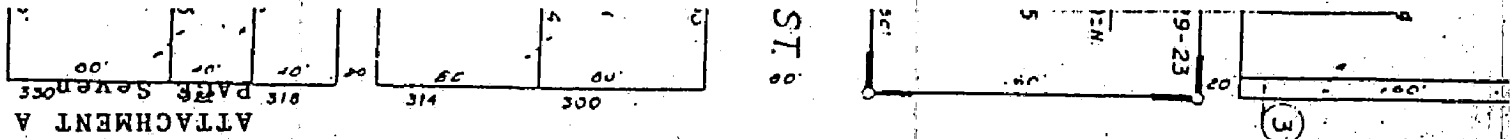


Exhibit A



MARIA HASTINGS BUILDING

1119 D Street

History of Building:

The brick residence was constructed by Maria Hastings in 1860.

Hastings was the proprietess of the Orleans Hotel, the most prominent hotel in Sacramento during the city's early years. The precut frame building was brought to Sacramento around the Horn, for reconstruction on Second Street between J and K Streets.

This first building burned in the great fire of 1852, but the embers had "scarcely ceased smoking" before the construction of a three story brick building to take its place had begun. The new hotel was completed in twenty days and six hours. The whole ground floor was a saloon and the upper stories had forty bedrooms plus parlors.

The three story Hastings residence is somewhat reflective in general design and character of some of the commercial structures on the Sacramento waterfront and in New Orleans. Hastings may have constructed her house to resemble buildings reminiscent of her daily environment.

Maria lost her house in 1863 to pay a debt she owed to Charles Fox.

The property then passed to Robert Wick, an early day undertaker who founded the first funeral home in California in 1849, and later served as the Sacramento County Coroner.

From 1876 to 1920, the house was owned and occupied by Philomen Platt, a partner in W.R. Strong and Co. This successful fruit merchandising firm became one of the largest such businesses on the Pacific Coast by 1880, with exports to the East Coast.

The architectural comments prepared during the Historical/Architectural Survey conducted for the City in 1976 state that the structure "is a very fine brick Delta Type Greek Revival house with corner pilasters supporting a simple entablature. The windows are set in simply molded but handsome architraves. ...The elegant proportions of the house together with its rarity as a brick building in the Greek Revival Style and its location, set back from a row of compatible later houses make this a very important building." Italianate details overlay the structure, notably in the form of its porch and cornice.

The structure is currently listed in the National Register of Historic Places as a contributing structure in the Alkali Flat North Historic District.

Aug-88

PRIMARY: AL..L45

PROJECT: Maria Hastings Rehab DESCRIPTION: Rehabilitation as Commercial Structure

LOCATION: 1119 D Street ASSUMPTION: Gap of \$41,302 Financed by Agency

PROJECT COSTS		ASSUMPTIONS	
Land	160,000	CAP RATE	9.50%
Construction		DEBT RATIO	1.1
Commercial	241,000	CONVENTIONAL LOAN RATE	10.50%
Rental Reserve Yr 1	14,256	TERM	30
Parking	0	SHRA LOAN RATE	
Other	0	TERM	
Tenant Improvements	0	INCOME INFLATION	3.00%
Soft Costs	81,940	EXPENSE INFLATION	3.00%
		VACANCY RATE	5.00%
Total Project	497,196	EXPENSES-Residential	20.00%

SOURCES OF FUNDS

Equity	99,439
Conventional Loan	356,455
GAP	41,302
SHRA Grant	0
Other Loan	0
Total	497,196

REVENUE

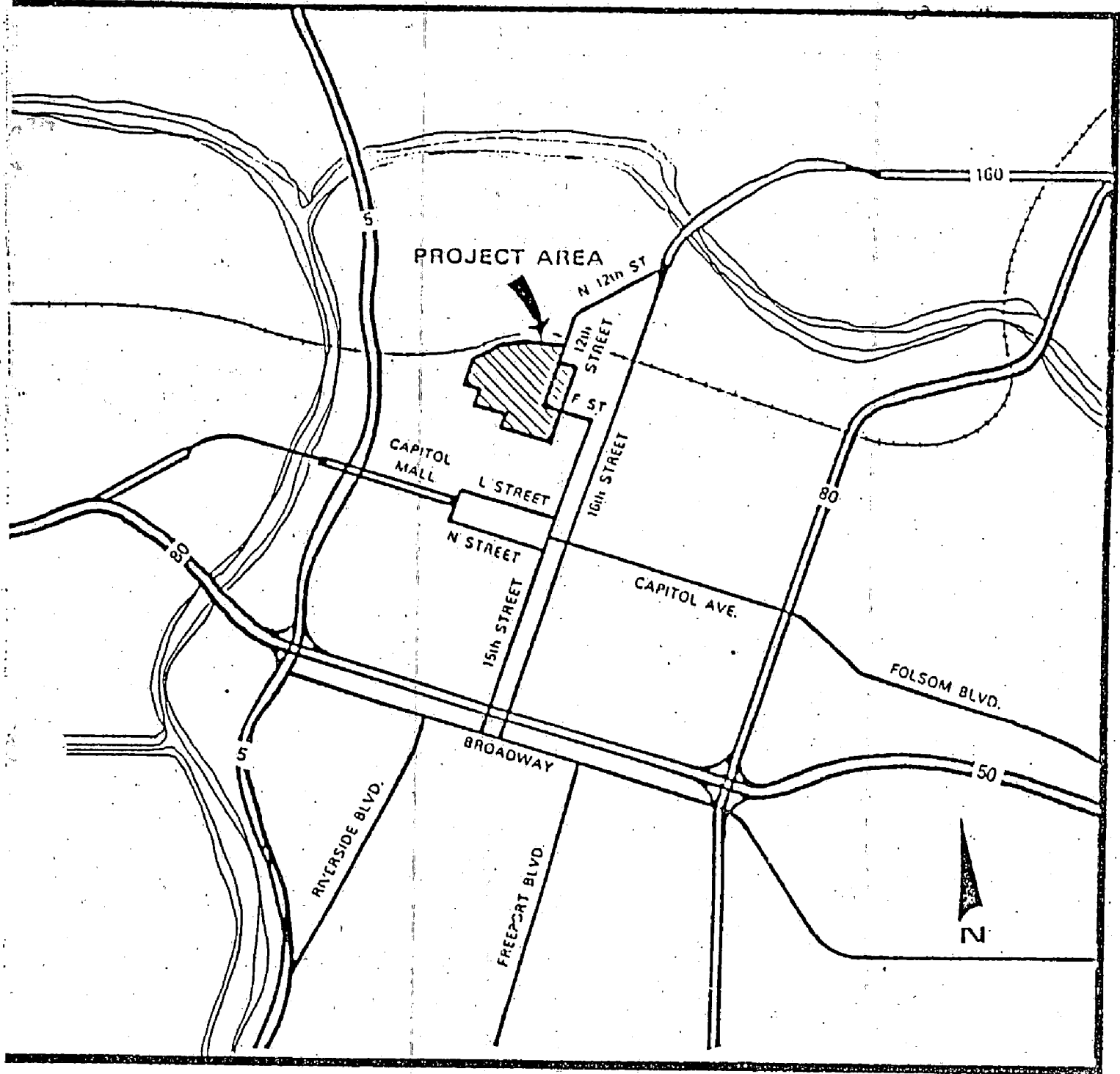
	Number	Rate	Sum/Month	Sum/Year
Commercial	3,960	1.20	4,752	57,024

TOTAL 4,752 57,024

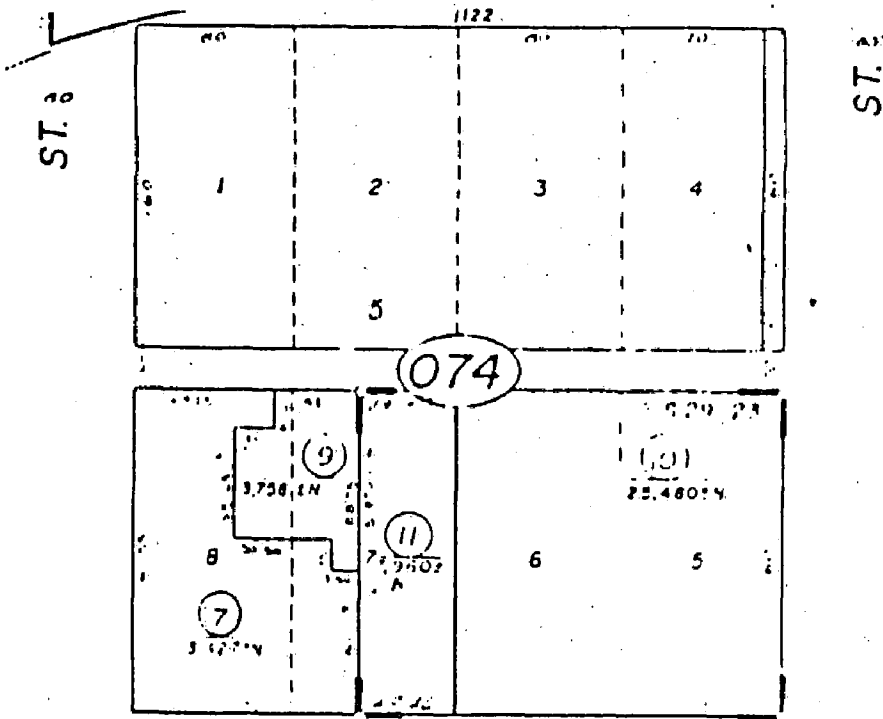
Aug-88

7 YEAR CASH FLOW:m1..y27

YEAR	1	2	3	4	5	6	7
Less Income:	57,024	58,735	60,497	62,312	64,181	66,106	68,090
Less Vacancy	2,851	2,937	3,025	3,116	3,209	3,305	3,404
Less Operating Expenses	10,835	11,160	11,494	11,839	12,194	12,560	12,937
Net Operating Income	43,338	44,638	45,978	47,357	48,778	50,241	51,748
Available for Debt (max)	39,398	40,580	41,798	43,052	44,343	45,674	47,044
Net Service-Conven	39,398	39,398	39,398	39,398	39,398	39,398	39,398
Net Service-SHRA	0	0	0	0	0	4,565	4,565
Net Service-Other	0	0	0	0	0	0	0
Cash Flow Before Tax	3,940	5,240	6,577	7,958	9,379	6,277	7,785
Maximum Supportable Debt	356,455	367,148	378,163	389,508	401,193	413,229	425,626
Project Value at Cap	456,192		483,974	498,493	513,448	528,952	544,717
10 Year Holding	23.20%						



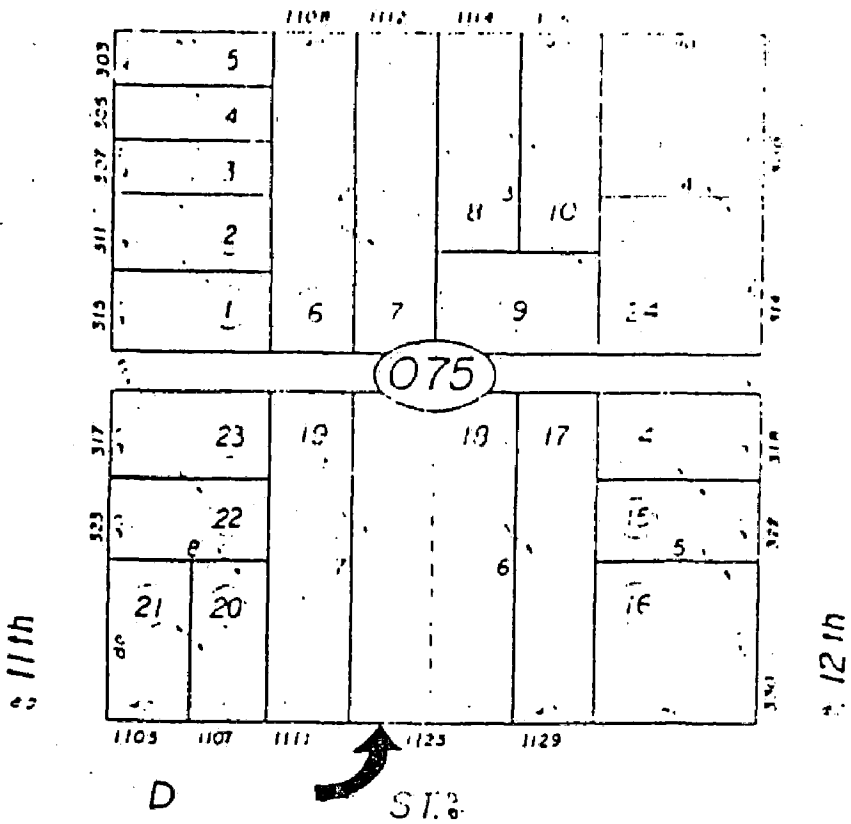
ALKALI FLAT
LOCATION MAP



C

ST. 7

08



D

ST. 11th

CITY OF SACRAMENTO