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February 16, 1994

Redevelopment Agency of the
City of Sacramento
Sacramento, California



Honorable Members in Session:

**SUBJECT: ACQUISITION OF TWO COMMERCIAL PROPERTIES IN THE OAK
PARK PROJECT AREA.**

**LOCATION AND COUNCIL DISTRICT: 3734 Broadway and 3733 5th Avenue;
District Five**

STAFF RECOMMENDATION

Staff recommends adoption of the attached resolution which:

- establishes just compensation for the commercially-zoned properties located at 3734 Broadway and 3733 5th Avenue;
- authorizes the Executive Director or his designee to negotiate with the property owners and to take all other actions necessary to acquire the subject properties;
- if purchase negotiations fail, authorizes acquisition of the subject properties by eminent domain; and
- authorizes the Executive Director or his designee to enter into a contract to board up the acquired properties.

**CONTACT PERSONS: Anne Moore, Acting Director of Community Development,
440-1357
Jim Hare, Associate Planner, 440-1322**

FOR COUNCIL MEETING OF: March 1, 1993

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SUMMARY

This report recommends the establishment of just compensation and authorization to purchase two commercial properties at the intersection of 5th Avenue and Broadway (Parcel Map - Attachment I). Should negotiations to purchase the properties fail, this report recommends acquisition of the subject properties by eminent domain. Finally, this report authorizes the Agency enter a contract to board up the acquired properties which are located within the Oak Park Redevelopment Project Area. The acquisition and redevelopment of these properties will eliminate significant blighting influences along the Broadway commercial corridor.

PROJECT AREA COMMITTEE (PAC) ACTION

At its regular meeting of February 2, 1994, the Oak Park Project Area Committee (PAC) voted to adopt a motion recommending the actions described in this staff report. The votes were as follows:

AYES: Baxter, Castro, Crump, Gibbs, Jennings, Kline, Raya, Torres,
White

NOES: Dansby, Hernandez

ABSENT: Cavese, Jenkins, Mitchell

COMMISSION ACTION

At its regular meeting of February 16, 1994, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Amundson, Diepenbrock, Dobbins, Harland, Moose, Rotz,
Simon, Williams, Yew

NOES: None

NOT PRESENT TO VOTE: Holloway

ABSENT: Cespedes

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BACKGROUND

In June, 1992 the Agency governing boards approved a staff report authorizing purchase of two apartment buildings and a single family home on 5th Avenue in Oak Park. The purpose of these acquisitions was to eliminate blight, lower density, and create opportunities for homeownership on the section of 5th Avenue between 37th Street and Broadway.

To date, one of the apartment buildings (at 3657 5th Avenue) and the single-family home (at 3651 5th Avenue) have been purchased and demolished. On the resulting lots two half-plex units will be constructed for sale to first-time homebuyers. A second four-unit apartment building (at 3673 5th Avenue) has been purchased and rehabilitation funding has been approved by the state Department of Housing and Community Development (HCD) under the Supportive Housing Demonstration Program. A contract has recently been executed with HCD and rehabilitation is expected to begin in late Spring 1994.

The staff report approved in June 1992 stated that staff would develop a strategy for addressing other blighting influences on this section of 5th Avenue in the Oak Park Project Area. One aspect of this strategy has been completed: a streetscape design which shows housing rehabilitation and new street landscaping (Attachment II). Staff intends to use this design to market Agency programs to property owners on the street. These programs include the owner-occupied and rental residential rehabilitation programs offered through the Agency's Housing Preservation Division. In addition, staff intends to market the PAINT PLUS program on the street in Spring 1994. PAINT PLUS organizes neighborhood residents for neighborhood cleanup, and provides free paint and replacement fences. Finally, staff is developing a project to address public improvements along the street, including sidewalk repairs and mow-strip landscaping.

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The June 1992 staff report also stated that staff would pursue an owner participation agreement to rehabilitate the Victorian structure at the corner of 5th Avenue and Broadway (3734 Broadway). Since that report was approved, staff has attempted to work with two different owners of the Victorian property. The current property owner has experienced financial and business problems, and is now threatened with foreclosure. The property continues to deteriorate, and remains a major blighting influence on the Broadway commercial corridor.

In anticipation of recommending acquisition of this property, staff ordered an appraisal in November 1993. The appraisers, in consultation with construction experts, estimated the cost of rehabilitation at \$200,000. For comparison purposes, the appraisers estimated the cost of demolishing the existing building and constructing a new commercial office building of similar size at \$230,682.

Rehabilitation of the Victorian for commercial use would require the provision of off-street parking. This report recommends acquisition of an adjacent lot at 3733 5th Avenue for future development of a parking lot to serve a commercial tenant. An appraisal of the 4293 square foot lot has been completed to determine its fair market value.

EMINENT DOMAIN CONTINGENCY

In the event that negotiation to purchase these properties at fair market value fails, this report recommends adoption of a Resolution of Necessity in order to acquire the properties by eminent domain. It is the Agency's policy to use eminent domain sparingly and only as a last resort. However, valuable time will be saved if staff is authorized to move directly to an eminent domain action if purchase negotiations fail.

COMMERCIAL DEVELOPMENT RECOMMENDATION

The two-story Victorian originally had exceptional architectural value and is listed on the city's historic inventory as a priority structure. In addition, the building is located in a prominent location along the Broadway commercial corridor, and presents a "gateway" entry impression to the neighborhood. However, despite its prominence, architecture and historic value, the property is in an advanced state of deterioration, and presents a challenge to any entity potentially undertaking its rehabilitation.

This report recommends that upon Agency acquisition, staff make informal contact with contractors and developers in order to assess the feasibility of private-sector redevelopment of the property. Based on those contacts, staff would return to the governing boards to recommend release of a formal Request for Proposals (RFP) to

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private developers and contractors who would purchase the properties and undertake rehabilitation or other economically feasible action related to the two acquired properties.

FINANCIAL CONSIDERATIONS

The appraisals for the subject properties estimate the combined value of the two properties at \$68,000. To cover the possibility that one or both of the subject properties must be acquired by eminent domain, staff recommends a legal fee contingency of \$35,000. The Agency has obtained three estimates in the \$10,000 range to secure the existing building, including roof sheathing, roll roofing and boarding all windows and doors. Therefore the recommended budget for these acquisitions totals \$113,000.

Staff recommends the acquisitions be funded with Oak Park commercial acquisition funds. This fund has a current balance of \$150,000, sufficient to fund the proposed acquisitions. In the absence of further research, it is not possible to make a precise estimate of the financial commitment which would be necessary to stimulate purchase by a private redeveloper. However, further Agency financial commitment in the range of \$75,000 to \$200,000 will undoubtedly be necessary to complete the development of these properties. This financial commitment would most probably be in the form of a loan to a developer selected through the RFP process. Sale of the property and any loan to a developer will be subject to review and approval of the governing boards.

POLICY CONSIDERATIONS

The actions proposed in the staff report are consistent with the commercial acquisition goals of the Oak Park Five Year Revitalization Strategy, which calls for the acquisition of vacant land and vacant buildings contributing to or causing blight along the commercial corridors of the project area.

ENVIRONMENTAL REVIEW

The proposed project is in furtherance of the Oak Park Redevelopment Plan, as amended. Per CEQA Guidelines Sections 15180, 15162 and 15163, no further environmental documentation is required. NEPA does not apply.

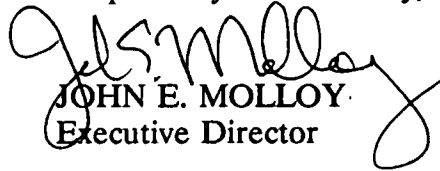
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M/WBE

The Agency's M/WBE policy will apply to the contracts proposed in this report.

Respectfully submitted by,


JOHN E. MOLLOY
Executive Director

Transmittal approved by,


WILLIAM H. EDGAR
City Manager



RESOLUTION NO. 94-015

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO



ON DATE OF _____

OAK PARK REDEVELOPMENT PROJECT AREA: 3734 BROADWAY AND 3733 FIFTH AVENUE; DETERMINATION OF JUST COMPENSATION; OFFER TO ACQUIRE; RESOLUTION OF NECESSITY TO USE EMINENT DOMAIN; CONTRACT TO SECURE BUILDING; AND RELATED BUDGET AMENDMENT

WHEREAS, the Redevelopment Plan for the Oak Park Redevelopment Project Area No. 7 ("Project Area") was adopted by Sacramento City Ordinance No. 3278, Fourth Series on May 30, 1973, and amended by City Ordinance No. 86-110, Fourth Series, November 18, 1986.

WHEREAS, three of the goals of the Redevelopment Plan for the Project Area are:

- (a) To improve the neighborhood environment and image;
- (b) To eliminate blighted and blighting conditions;
- (c) To increase and develop economic activity in the area by attracting new business, assisting existing business and enhancing property values.

WHEREAS, the Agency adopted the Oak Park Five Year Revitalization Strategy for the Project Area on April 1991; and

WHEREAS, the Oak Park Five Year Revitalization Strategy calls a commercial acquisition program focused on the acquisition of vacant land and vacant or occupied buildings contributing to or causing blight along commercial corridors in the Oak Park Project Area;

WHEREAS, the Agency has approved the purchase the real properties known as 3734 Broadway (APN: 013-0153-039), and 3733 5th Avenue (APN: 013-0153-016), ("Parcels"), which are described in the attached legal description, for the express purpose of eliminating blight on the Broadway commercial corridor;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the Agency will engage in serious negotiations with the owners of the Parcels for the purpose of purchasing the Parcels;

WHEREAS, such negotiations may prove futile and without effect; and

WHEREAS, the Parcels are properly zoned and situated for commercial redevelopment, and there are no other sites in the Project Area which would be as compatible with the greatest public good and the least private injury as the subject sites for the following reasons, among others:

- a. The Parcels are located on Broadway, Oak Park's principal commercial street;
- b. The building located at 3734 Broadway is listed as a priority structure on the City of Sacramento's inventory of historic buildings; and
- c. The property located at 3733 Broadway is ideally situated to provide off-street parking for the 3734 Broadway site.

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

Section 1: The above statements are true and correct.

Section 2: It is determined that just compensation for each of the Parcels in the Oak Park Redevelopment Project Area shall be an amount equal to its fair market value, as determined by independent appraisal of a qualified appraiser: The Executive Director is authorized and directed to obtain such appraisals.

Section 3: The Executive Director is authorized to negotiate and take all other actions necessary to complete the voluntary sale and purchase of the parcels identified in Section 1 of this resolution at purchase prices not substantially greater than the respective amounts of just compensation.

Section 4: If voluntary purchase cannot be concluded, the Redevelopment Agency intends to acquire the Parcels in fee simple, by eminent domain, the properties listed below and is empowered to acquire the Parcels by eminent domain pursuant to Health and Safety Code Section 33391.

Section 5: The public purposes for which the Parcels are to be acquired are the elimination of blight and the assembly of parcels for commercial development within the Oak Park Redevelopment Project Area so that such area can experience a revitalized economic life.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 6: For the foregoing reasons, the Redevelopment Agency finds and determines that:

- (a) The public interest and necessity requires renewed commercial development and occupancy in the project area;
- (b) Such commercial development is planned and located in the manner that will be most compatible with the greatest public good and the least private injury;
- (c) The properties to be acquired are necessary for the proposed use;
- (d) Prior to exercising its powers of eminent domain, the just compensation shall have been established; offers shall have been made to the owners of record of the Parcels as required by Section 7267.2 of the Government Code; and such owners shall have been given reasonable opportunity to reject or accept such offers.

Section 7: The Executive Director is authorized to institute and prosecute to conclusion actions in eminent domain to acquire Parcels and to take any action necessary or desirable for such purpose in accordance with California eminent domain law.

Section 8: Upon receiving possession of 3734 Broadway, the Executive Director is authorized to execute a contract to secure the building.

Section 9: The Executive Director is authorized to expend the Oak Park commercial acquisition fund for acquisition of the Parcels and for the contract identified in Section 8.

CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

ATTACHMENT 1 TO THE RESOLUTION OF NECESSITY

LEGAL DESCRIPTION: 3734 BROADWAY

The land referred to in this Report is situated in the State of California, County of Sacramento, city of Sacramento, and is described as follows:

PARCEL 1:

LOT 15 in Block 57, as shown on the "Plat of Subdivision "E" of Oak Park", recorded in Book A of Surveys, Map No. 31, Records of said County.

EXCEPTING THEREFROM, beginning at the Southeasterly corner of Lot 15 of Block No. 57, of Subdivision "E" of Oak Park, according to the official Plat thereof filed in the office of the Recorder of Sacramento County, California on March 7, 1896, in Book A of Surveys, Map No. 31, which said point is further described as being located North $52^{\circ} 36' 38''$ West 94.50 feet from a monument marking the intersection of the Original center line of Sacramento Boulevard with the Center line of 5th Avenue (West of Sacramento Boulevard) of the City of Sacramento; thence from the point of beginning North $71^{\circ} 06.81'$ West 62.36 feet along the Southerly line of said Lot 15 to a point; thence Northerly by a curve to the left, having a radius of 14.00 feet and whose chord bears North $7^{\circ} 37.04'$ East 20.22 feet to a point; thence North $38^{\circ} 35.87'$ West 23.91' along a line parallel to and distant 44.00 feet at right angles Southwesterly from the new center line of said Sacramento Boulevard to a point; thence North $34^{\circ} 05.87'$ West 56.46 feet along a line parallel to and distant 56.00 feet at right angles Southwesterly from the original center line of said Sacramento Boulevard to a point on the Westerly line of said Lot 15; thence North $18^{\circ} 32.86'$ East 32.71 feet along the Westerly line of said Lot 15; to the Northwesterly corner thereof; thence South $34^{\circ} 05.87'$ East 165.26 feet along the Northeasterly line of said Lot 15 which is along the line parallel to and distant 30.00 feet at right angles Southwesterly from the said original Center line of Sacramento Boulevard to the point of beginning

PARCEL NO. 2:

ALL that portion of Lot 16, Block 57 of Subdivision "E" of Oak Park, according to the Official Plat thereof, filed in the office of the recorder of Sacramento County, California, on March 7, 1896, in Book A of Surveys, Page 31, described as follows:

BEGINNING at a point on the Westerly line of Lot 16 of Block 57 of Subdivision "E" of Oak Park (as the same is shown on the Official Map thereof filed in the office of the County Recorder of Sacramento County, state of California) Distant South $18^{\circ} 32.86'$ West 24.04 feet from the Northwestern corner thereof; which point is further described as being located South $21^{\circ} 28.90'$ East 256.39' from the original center line intersection of Sacramento Boulevard and Bret Harte Court, of the City of Sacramento; thence from the point of Beginning South $34^{\circ} 05.87'$ East 50.32 feet along a line parallel to and distant 56.00 feet at

right angles Southwesterly from the said original center line of Sacramento Boulevard to a point on the Easterly line of said Lot 16; thence South $18^{\circ} 32.86'$ West 66.79 feet along the Easterly line of said Lot 16 to the southeast corner thereof; thence North $71^{\circ} 06.81'$ West 40.00 feet along the Southerly line of said Lot 16 to the Southwesterly corner thereof; thence North $18^{\circ} 32.86'$ East 97.09 feet along the Westerly line of said Lot 16 to the point of beginning.

APN: 013 0153 039

ATTACHMENT 2 TO THE RESOLUTION OF NECESSITY

LEGAL DESCRIPTION: 3733 5TH AVENUE

The land referred to in this Report is situated in the State of California, County of Sacramento, City of Sacramento and is described as follows:

The East 39 feet of Lot 17, Block 57 of Subdivision E of Oak Park, according to the official plat thereof, filed in the office of the Recorder of Sacramento County, California on March 7, 1896 in book "A" of Surveys, Map No. 31.

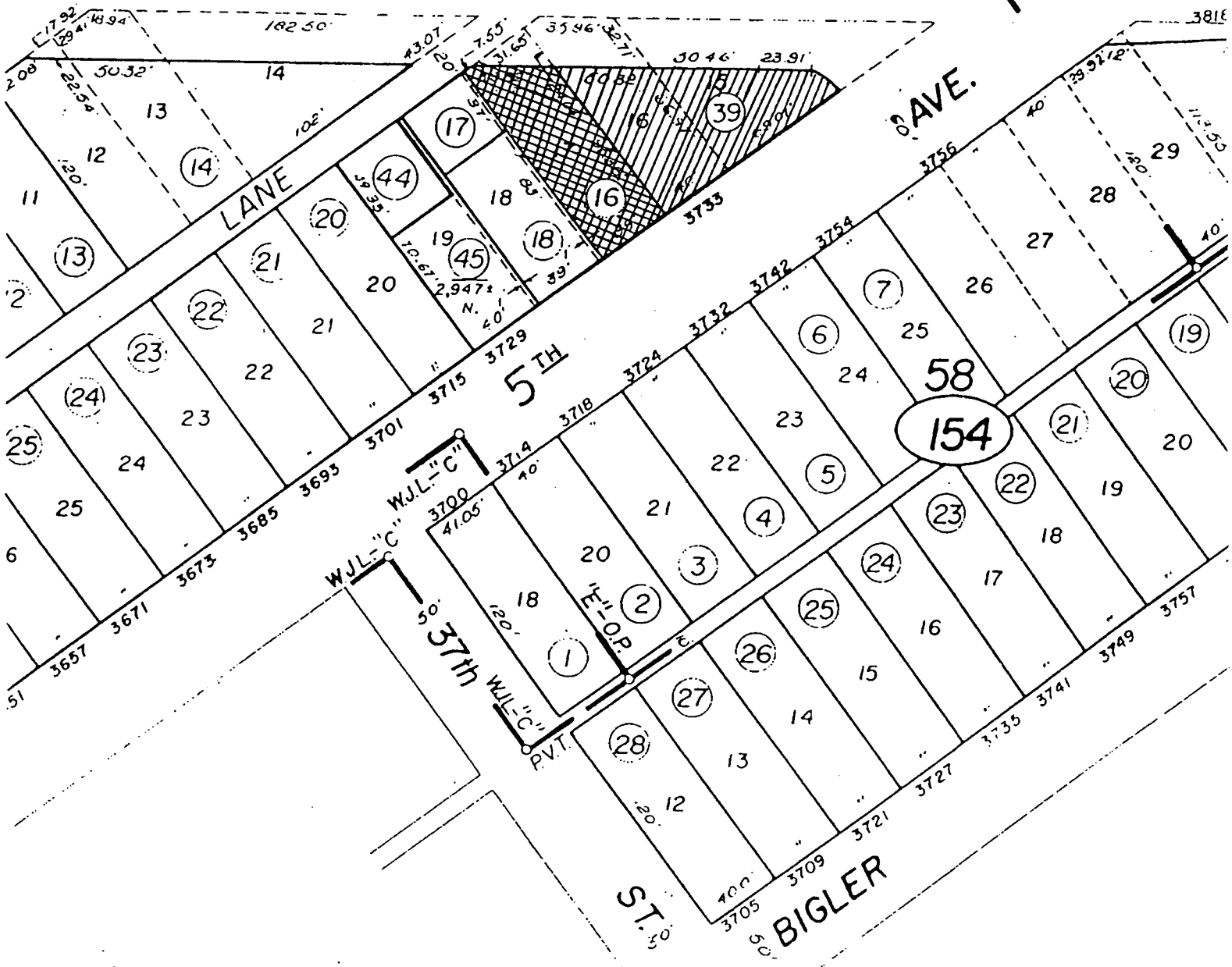
EXCEPTING THEREFROM that portion thereof, described as follows: Beginning at the Northeasterly corner of Lot 17, Block 57, Subdivision E of Oak Park, as the same is shown on the official map thereof filed in the office of the Recorder of Sacramento County, California which said point is further described as being located South 25 deg. 11.84' East 238.48 feet from the center line of intersection of Bret Harte Court and the original center line of Sacramento Boulevard of the city of Sacramento; thence from the point of beginning south 18 deg. 32.86' West 24.04 feet to a point on the New Southwesterly line of said Sacramento Boulevard; thence North 34 deg. 05.87' West 39.82 feet along a line parallel to and distant 56.00 feet at the right of way Southwesterly from the original center line of said Sacramento Boulevard to a point on the Northerly line of said Lot 17; thence South 71 deg. 13.90' East 31.65 feet to the point of beginning, as described in Deed from Fred J. Ferren and Nellie L. Ferren, his wife to City of Sacramento dated June 25, 1940, recorded July 1, 1940 in Book 825 of Official Records, page 267.

APN 013-0153-016

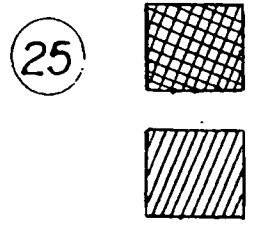
BROADWAY

38th ST.

"E"-O.P. W.J.L.-"C"



S. 69° 30' E. 0.50'



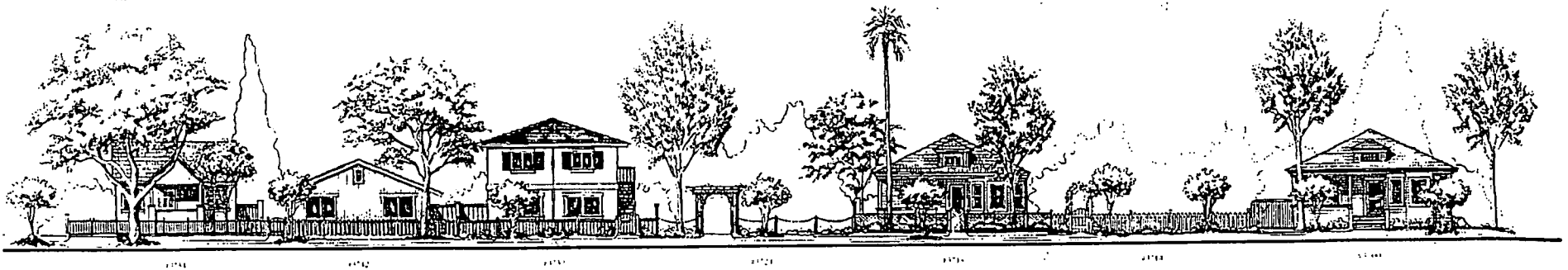
Vacant Parcel
 Victorian (to be rehabilitated)

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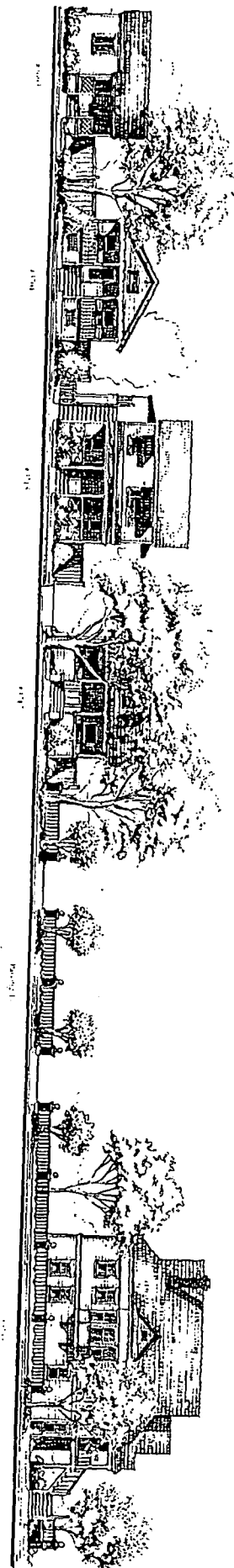
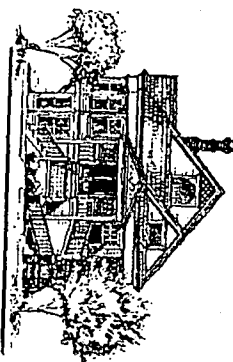
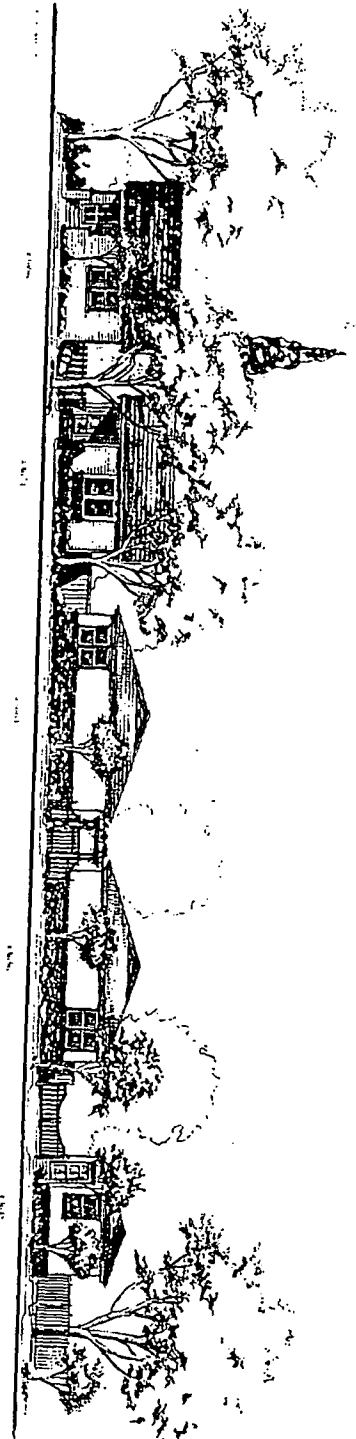
5th Avenue - North Elevation

Scale: 1/8" = 1'-0"



5th Avenue - South Elevation

Scale: 1/8" = 1'-0"



Six Avenue Residential
 Sacramento, California
 and Ketchikan, Alaska