



29

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

April 14, 1980

CITY GOVERNING BOARD
PHILLIP L. ISENBERG, MAYOR
LLOYD CONNELLY
BLAINE H. FISHER
THOMAS R. HOEBER
DOUGLAS N. POPE
JOHN ROBERTS
LYNN ROBIE
ANNE RUDIN
DANIEL E. THOMPSON

Ms. Lorraine Magana
City Clerk
915 I Street
Sacramento, CA 95814

Re: Application for UDAG Funds - Kanpai Corporation

Dear Lorraine:

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

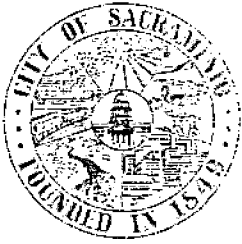
This will confirm our conversation wherein we agreed to continue the above item, No. 29 on this week's Agenda, until April 29, 1980.

Very truly yours,

EXECUTIVE DIRECTOR
WILLIAM G. SELINE

JOAN ROBERTS
Agency Clerk

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



CITY OF SACRAMENTO
CALIFORNIA

notice 29

OFFICE OF THE
CITY MANAGER

CITY HALL
915 I STREET - 95814
(916) 449-5704

April 29 1980

FILED

By the City Council
Office of the City Clerk

*cont to
4-29-80*

City Council of the
City of Sacramento
City Hall, 915 I Street
Sacramento, California 95814

APR 15 1980

Honorable Members in Session:

SUBJECT: Submission of Urban Development Action Grant (UDAG)
Application for \$135,000 for Kanpai Corporation, Inc.,
Tenant in Barriga-Frey Building in Old Sacramento

SUMMARY

Attached is a resolution by which you approve an Urban Development Action Grant (Kanpai Corporation, Inc.) Application and authorize the City Manager to submit the Application to the Department of Housing and Urban Development.

BACKGROUND

The Urban Development Action Grant (UDAG) program was created by the Department of Housing and Urban Development through the Housing and Community Development Act of 1977. The purpose of UDAG is to create new jobs and assist in upgrading neighborhoods through a partnership between the City, private investment, and other agencies.

UDAG has been funded for the current year at \$600 million nationally. The Kanpai Corporation, Inc. project meets the key criteria for UDAG funding in the following ways:

1. Private capital is committed to the project via bank loan and developer equity.
2. The project will create 35 permanent new jobs and provide 12 temporary construction jobs.
3. The ratio of Federal to private funds is equal to 1 to 10.

20 Year Lease Agreement (\$.65¢/sq.ft./month X 7,500 sq.ft. X 12 months X 20 years)	\$1,053,000
Fixed Leasehold Improvements	<u>243,000</u>
	\$1,296,000

\$130,000 to \$1,296,000 = 1:10

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Kanpai Corporation, Inc., a minority firm, is proposing leasehold improvements to construct a 7,500 square feet Japanese Restaurant in Old Sacramento with the assistance of an eight-year variable interest rate UDAG loan. The terms of the UDAG loan are for 1% interest only the first three (3) years and 8% of the remaining principal balance the next five (5) years. The principal will be repaid in annual installments of \$26,000 for five years beginning with Year 4. Funds (loan repayment and interest) reverting back to the City of Sacramento will be placed into a UDAG Revolving Fund to assist other small and minority firms provide jobs through future development.

FINANCIAL DATA

This Application is for a grant to the City of Sacramento for \$135,000. The City would in turn loan \$130,000 to Kanpai Corporation, Inc. for a low variable interest rate loan. The amount of \$5,000 will be used by the Sacramento Housing and Redevelopment Agency for grant management and administration. There are no local matching requirements. The City and Agency will not have any financial obligation under this Application. This project will necessitate no increase in personnel.

UDAG Loan	\$130,000
Local Lending Institution (Bank of America)	272,000
Developer Equity	<u>68,000</u>
Total Development Cost	\$470,000

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting on April 7, 1980 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached Resolution. The votes were recorded as follows:

AYES: Coleman, Luevano, A. Miller, Serna, Teramoto, B. Miller

NOES: None

ABSENT: Fisher, Knepprath, Walton

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RECOMMENDATION


This item was heard before the Budget and Finance Committee on April 29, 1980. The Committee agreed to forward this Application to the City Council for consideration with recommendation for approval. It is my recommendation that you adopt the attached Resolution.

Respectfully submitted,



MAC MAILES
Assistant City Manager

RECOMMENDATION APPROVED:



WALTER J. SLIZE
City Manager

Contact Person: Leo T. Goto

RESOLUTION NO.

Adopted by The Sacramento City Council on date of

April 29, 1980

APPROVAL AND SUBMISSION OF AN APPLICATION FOR AN URBAN DEVELOPMENT ACTION GRANT

BE IT RESOLVED BY THE CITY OF SACRAMENTO:

Section 1. The Application for an Urban Development Action Grant (Kanpai Corporation, Inc.) is approved and the City Manager is hereby authorized to submit the Application for funding to the Department of Housing and Urban Development.

Mayor

Attest:

City Clerk