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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

June 3, 1980

CITY MANAGER'S OFFICE
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Redevelopment Agency of the
City of Sacramento
City Hall, 915 "I" Street
Sacramento, CA 95814

CITY GOVERNING BOARD

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

Honorable Members in Session:

SUBJECT: Tentative Selection of Developer for the
New Residential Hotel Program

SUMMARY

Attached is a resolution by which you (1) tentatively select JMA Construction Company as the developer for a new residential hotel of 16 units at 1512 "D" Street subject to the issuance of a special permit by the Sacramento City Planning Commission, and (2) direct the Executive Director to prepare necessary disposition documents.

COUNTY GOVERNING BOARD

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

BACKGROUND

EXECUTIVE DIRECTOR

WILLIAM G. SELINE

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

On October 16, 1979, you authorized the Executive Director to solicit development proposals for the new construction of three residential hotels at sites to be approved at a later date (Resolution No. 2867). On January 8, 1980, you selected San Diego Federal Savings and Loan Association as the lender for the first of these hotels and approved the general search area for sites on which to locate the first new residential hotel under this program (Resolution No. 2881). On April 22, 1980, you authorized the Executive Director to purchase the vacant parcel located at 1512 "D" Street (APN 002-131006) to be used as a site for the construction of a new residential hotel (Resolution No. 2900).

Between April 9, 1980, and May 5, 1980, the Agency solicited proposals for the sale and development of the 1512 "D" Street site. On May 5, 1980, two proposals were received, one from Nubar Corporation, the other from JMA Construction Company (see Attachment A for summary). These proposals were evaluated by Agency staff, City Planning staff, San Diego Federal Savings and Loan Association and John Harvey Carter, Architect and owner of the prototype used by the

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY

Date 6-10-80

Cont. 6-24-80

6-10-80

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Agency in developing this program. It is the consensus of these groups that the JMA Construction Company proposal best meets the program objectives and should be the proposal which is recommended for tentative selection (see Attachment B). Following are highlights of the JMA Construction Company proposal which have led to this recommendation:

- . The proposed setback and scale blend well with the existing neighborhood.
- . The quality of design is better (8% more total space in the structure per room, 6% more space per room, the desire to add solar during the final design process, built-in dressers and the facade blends well into the existing neighborhood).
- . The quality of construction is assumed to be better based on the \$33 per square foot construction costs.
- . The proposal includes three handicapped units with restroom facilities.
- . The amount of developer equity is \$38,388.00, or approximately 19% of the total development costs.
- . A 3% annual return on investment with rents equivalent to the other proposal.
- . The Developer proposes to keep rents constant for the first four years with increases after that based on the cost-of-living index.
- . Proposed construction costs are fixed.

Tied to the selection of a Developer for this program is the sale of the 1512 "D" Street parcel. There has been some concern on the part of the neighborhood residents with respect to the use of this site for a new residential hotel. Since the existing and proposed zoning both permit the use of the site for this program only with a special permit, staff recommends your tentative approval of the developer contingent upon the issuance of a special permit by the City Planning Commission. Final approval of Disposition Documents will be before you on June 24, 1980.

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FINANCIAL DATA

The 1512 "D" Street parcel will be conveyed to the selected Developer for \$27,500.00. This is the same price the Agency paid for the site in April 1980, plus closing costs. The terms of the sale will be consistent with the program proposal as approved by the City Council on October 16, 1979 (Resolution No. 2867).

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting on June 2, 1980, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the tentative selection of JMA Construction Company as the first developer for the New Residential Program. The votes were recorded as follows:

AYES: Fisher, Knepprath, Luevano, A. Miller, Serna,
Teramoto, B. Miller
NOES: None
ABSTENTIONS: Coleman
ABSENT: Walton


RECOMMENDATION

It is my recommendation that you adopt the attached Resolution.

Respectfully submitted,


WILLIAM G. SELINE
Executive Director

TRANSMITTAL TO COUNCIL


WALTER J. SLUPE
City Manager

Contact Person: Leo T. Goto

SUMMARY OF NEW RESIDENTIAL HOTEL PROPOSALS
1512 D STREET

Developer	Nubar Corporation Principals: William Barton, Raymond Owyang, Possible Investor	JMA Construction Company Principal: Jamin M. Abil-Hamden
*Funding Participation:	5,200 sq.ft. @\$25/sq.ft. = \$130,000 for hard construction costs	4,500 sq.ft. @\$33/sq.ft. = \$148,500 for hard construction costs
A. Agency	\$ 27,500 (15% of total)	\$ 27,500 (14% of total)
B. SDFS&L	130,000 (70% of total)	131,600 (67% of total)
C. Developer	<u>28,000</u> (15% of total)	<u>38,388</u> (19% of total)
D. Total	\$185,500 - 100%	\$197,488 - 100%
Type, Number and Size of Units	20 - 12'-4" x 8'-4" rooms 1 - 460 sq.ft. Manager's unit 2 - Lounge-Kitchen combos 4 - Baths (5,200 sq.ft. total)	13 - 11' x 10' regular rooms 3 - 11' x 10' handicapped rooms 1 - 406 sq.ft. Manager's unit 2 - Lounge-Kitchen combos 2 - Baths (4,500 sq.ft. total)
Construction Schedule	Selection - June 24, 1980 Final Plans-September 24, 1980 Construction start - Sept.24,1980 Construction finish-January 24,1981	Construction to take 22 weeks from approval of final plans
*Summary of Cash Flow	Gross Rents \$28,876 Annual Expenses <u>22,042</u> Annual Profit \$ 6,834 24.4% Annual Return on investment	Gross Rents \$22,752 Annual Expenses <u>21,764</u> Annual Profit \$ 988 3% return on investment
Rents and Basis for Future Increases	\$120/unit month. They agree to base increase on an index acceptable to Agency.	\$120/unit month for 13 regular units \$140/unit month for 3 handicapped un Rents to remain static for first 4 years - cost-of-living index will be used as a guide for future increases
General Comments	Needs a variance for parking - problems with setback and scale.	Needs a variance for parking. Fits in well with existing neighborhood.
*Some of the numbers included in these sections are not the same as those included in the Developers' proposals. They are the result of Staff corrections.		



CITY OF SACRAMENTO

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814
TELEPHONE (916) 449-5604

MARTY VAN DUYN
PLANNING DIRECTOR

May 28, 1980

Mike Notestine
630 I Street
Sacramento, California

RE: Proposals for a Residential Hotel

Dear Mr. Notestine:

After review of the two proposals submitted by the Redevelopment Agency, the Planning Department has the following comments. The required front yard setback is 22.25 feet; however, the NUBAR proposal only has an eight foot setback as measured to the bay window element of the building. In contrast, the JMA proposal has a setback of 25 feet with a balcony setback of 22 feet. The Zoning Ordinance allows balconies to project a maximum of four feet into the required front yard.

The adjacent land use is composed of single and two-family residential structures. In addition, a motel and three multiple family structures are located nearby. Consequently, since the JMA proposal will have 17 rooms versus the 21 rooms suggested by the NUBAR project, the JMA alternative is more sensitive to the overall low residential density of the immediately adjacent property. Furthermore, in terms of total building square footage per room, the JMA project devotes more building area per room (293 sq. feet-JMA vs 251+ sq. feet-NUBAR). This characteristic encourages more livability and will complement the open space JMA has provided in the front yard area. Finally, the JMA proposal is more compatible with surrounding buildings in terms of height, bulk and architecture.

Both projects have enough parking to serve the occupants of the building; however, the JMA design has located one space within the alley. This problem can be resolved by redesigning the spaces to have an eight-foot width, and by moving the building forward, which will not violate front yard setback requirements. Also, the western property line for the JMA proposal is not clearly drawn. The applicant must clearly indicate the existing property lines in addition to locating any trees that must be removed.

B


Mike Notestine

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May 30, 1980

In conclusion, staff believes the JMA proposal is more consistent with the Zoning Ordinance and is more compatible with surrounding land use and with the character of adjacent structures. Once the Redevelopment Commission recommends approval of one of the alternatives, please inform us by June 2, 1980 of their decision so that we can place the chosen alternative on the Planning Commission's agenda.

Sincerely,



Gary Ziegenfuss
Assistant Planner

GZ:bw



San Diego Federal

SAVINGS AND LOAN ASSOCIATION

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June 2, 1980

Redevelopment Agency of the City of Sacramento
630 I Street
Sacramento, California

RE: Residential Hotel Site
1512 "D" Street

TO: Mr. Leo Goto and Mike Notestine

San Diego has received two residential hotel proposals for consideration. One from Nubar Corporation and one from JMA Construction Company.

After reviewing both proposals San Diego Federal feels that the JMA proposal would be a good project with there design and use of energy saving devices (solar heating).

This is contingent on San Diego Federal receiving a complete package.

Sincerely,

Larry D. Shanks
Vice President
Loan Manager

RESOLUTION NO. _____

Adopted by the Redevelopment Agency of the City of Sacramento

June 10, 1980

TENTATIVE SELECTION OF JMA CONSTRUCTION COMPANY
AS DEVELOPER OF
1512 "D" STREET RESIDENTIAL HOTEL

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

1. The JMA Construction Company is tentatively selected as the developer of the residential hotel to be constructed at 1512 "D" Street, Sacramento, California.

2. The Executive Director is authorized to prepare disposition documents, advertise the proposed disposition of the 1512 "D" Street site, and submit the development contract to the Redevelopment Agency for final approval.

3. This selection is subject to City Planning Commission approval of a special use permit for the proposed residential use of the site.

CHAIRPERSON

ATTEST:



SECRETARY