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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

November 18, 1980

CITY MANAGER'S OFFICE
RECEIVED
NOV 19 1980

Redevelopment Agency of the
City of Sacramento
City Hall, 915 I Street
Sacramento, California 95814

CITY GOVERNING BOARD

- Phillip L. Isenberg, Mayor
- Lloyd Connelly
- Lynn Robie
- Blaine H. Fisher
- Thomas R. Hoerber
- Douglas N. Pope
- John Roberts
- Anne Rudin
- Daniel E. Thompson

Honorable Members in Session:

SUBJECT: Single-Room Occupancy Housing Units

SUMMARY

COUNTY GOVERNING BOARD

- Illa Collin
- C. Tobias (Toby) Johnson
- Joseph E. (Ted) Sheedy
- Sandra R. Smoley
- Fred G. Wade

Attached is a resolution by which you authorize the Executive Director to execute a Contract with the Capitol Area Development Authority (CADA) in which the Agency is obligated to provide \$55,000 toward the development of Single-Room Occupancy (SRO) housing units. In return CADA will provide the site, obtain all other financing, and construct and operate the units.

EXECUTIVE DIRECTOR

~~William G. Gelfing~~

P.O. Box 1834
Sacramento, CA 95809
830 I Street
Sacramento, CA 95814
(916) 444-8210

BACKGROUND

On October 16, 1979 you authorized (Resolution No. 2867) the Executive Director to prepare a final development proposal for the construction of a "New Residential Hotel", now called "Single-Room Occupancy Housing", pursuant to a proposal prepared by the Agency dated August 23, 1979.

In late October 1979 the Agency solicited proposals from lenders to provide lower than market interest financing for construction and permanent financing for Single-Room Occupancy housing units.

On January 8, 1980 the Redevelopment Agency selected San Diego Federal Savings and Loan Association as the lender on the first of these developments. San Diego Federal agreed to provide financing up to \$130,000 at 9% per annum (Resolution No. 2881). In the same Resolution you approved the general search area for sites on which to construct these developments. The CADA sites, located at 1619 Q Street, is owned by the State of California and

APPROVED
BY THE CITY COUNCIL

NOV 25 1980

*Cont to
12-2-80*

OFFICE OF THE
CITY CLERK

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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Page Two

and is within the approved area. CADA is currently processing a lease with the State for this site. See attached map.

On April 22, 1980 you approved the acquisition of a site located at 1512 D Street (Resolution No. 2900)..

On May 5, 1980 the Agency received proposals from two private developers to construct SRO housing units at 1512 D Street. This site had just undergone rezoning from R-5 to R-3A and was located in a proposed Preservation District, thus the project required Preservation Board and Architectural Review Board review and a Planning Commission recommendation for issuance of a Special Permit.

On June 12, 1980 the Planning Commission denied the Special Permit. At the recommendation of the Sacramento Housing and Redevelopment Commission, Agency staff did not appeal the Planning Commission denial. The site at 1512 D Street will be used for public housing.

On July 14, 1980 staff reported to the Planning, Development, and Old Sacramento (PD/OS) subcommittee of the Sacramento Housing and Redevelopment Commission that CADA had an acceptable site to both the potential developer and San Diego Federal (see attached report). At that time PD/OS subcommittee directed staff to pursue the use of the CADA site. During negotiations with CADA, the Agency and the potential developer, the developer withdrew from the program. This withdrawal by the developer was due to the perceived lack of financial incentive as CADA required the option to purchase the project at cost plus 8.5% interest after ten years.

After further negotiations CADA made a proposal which included the terms of the attached proposed Contract.

In summary, those terms are as follows:

1. CADA will provide the site located at 1619 Q Street.
2. CADA will construct, operate, manage and maintain the structure which will consist of 16 living units.
3. The Agency will pay CADA \$55,000 for use in the development and construction of the structure.
4. The Agency will share a 25% leasehold interest in the development with CADA.
5. CADA will borrow \$130,000 from San Diego Federal for the construction of the structure.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
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6. CADA will charge a maximum of \$130.00 per month rent. Any rental increases will be approved by the Agency.

The 1619 Q Street site, Assessor's Parcel No. 006-293-18, is zoned R-5, High Density Multiple Family. Residential hotels, dormitories and rooming houses are permitted uses in the R-5 zone. The proposed development will require review by the Architectural Review Board as it is located in the Central City. (See attached Planning Department letter.) CADA will act on the Architectural Review Board review after preliminary plans have been prepared.

FINANCIAL DATA

Fifty thousand dollars (\$50,000 in Project No. 2-A tax increment replacement housing monies and \$50,000 in 1979-80 CDBG funds have been approved for use in the development of three (3) SRO structures. This SRO housing unit development proposes to use \$55,000 of those monies. Due to CDBG requirements which do not allow CDBG funds to be spent on housing construction or furnishings, a portion of the \$55,000 will be required from each category. Following is the proposed development budget which identifies funding participation:

	<u>CADA</u>		<u>AGENCY</u>	
	<u>CADA</u>	<u>CADA Loan from San Diego FS&L</u>	<u>CDBG</u>	<u>Project No. 2-A</u>
1. Land value	\$35,000			
2. Building construction		\$130,000		\$11,330
3. Furnishings				11,200
4. Architectural and engineering fees			\$ 7,000	
5. Building fees			2,070	
6. Contingency			8,100	
7. Interest during construction			7,800	
8. Insurance and payment in lieu of taxes during construction			2,450	
9. Finance fees			4,550	
10. Title and recording fees			500	
TOTALS	<u>\$35,000</u>	<u>\$130,000</u>	<u>\$32,470</u>	<u>\$22,530</u>

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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- . Construction cost/sq.ft. = \$31.40
- . Agency to CADA leverage ratio
\$55,000 to \$165,000 = 1:3
- . Gross cost, including land and all
other costs/sq.ft. = \$48.88
- . Agency per unit cost = \$3,437.50
- . Agency cost/sq.ft. = \$12.22

Some Agency staff time will be required to monitor construction and approve progress payments for San Diego Federal. However, no new staff will be required as a direct result of this Contract.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting on November 17, 1980 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached Resolution. The votes were recorded as follows:

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

RECOMMENDATION

It is my recommendation that you adopt the attached Resolution.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL

Walter J. Slupe
WALTER J. SLUPE
City Manager

Contact Person: Leo T. Goto

RESIDENTIAL SITE 9 DEVELOPMENT AGREEMENT

THIS AGREEMENT, dated this _____ day of _____, 1980, by and between the CAPITOL AREA DEVELOPMENT AUTHORITY (hereinafter called "Authority"), and the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (hereinafter called "Agency").

WITNESSETH:

WHEREAS, Agency desires to provide for the development of a "single room occupancy" housing unit for persons in the downtown area to replace the loss of living units previously located in downtown residential hotels; and

WHEREAS, Authority intends to assist Agency in said development by providing a parcel in the Capitol Area for said development provided Authority is responsible for the construction, management and operation of said development; and

WHEREAS, the parties hereto desire to provide the method by which the property will be developed, operated and managed.

NOW, THEREFORE, the parties agree as follows:

1. Development of Property

Authority shall provide the property described in Exhibit "A" attached hereto and incorporated herein as the development site for a single room occupancy housing unit development, hereinafter referred to as "Development". The Development shall consist of sixteen (16) single room occupancy units to be constructed in accordance with the schematic plans and specifications attached hereto as Exhibit "B" and incorporated herein.

2. Developer

Authority shall develop the property according to the schedule of performances, attached hereto as Exhibit "C" and incorporated herein. Agency is aware and agrees that Authority shall have the sole authority to select the general contractor; Provided, that said selection shall be made on the basis of competitive bidding. Authority shall construct, operate, manage and maintain the Development.

3. Payment by Agency

Agency shall pay to Authority within thirty (30) days following execution of the Agreement, the sum of FIFTY-FIVE THOUSAND DOLLARS (\$55,000.00) for use by Authority in the construction of the Development.

4. Equity Partnership

As consideration for the sum paid by Agency to Authority in Paragraph 3 hereof, Agency shall share a leasehold interest in the Development with Authority. The value of Agency's share of the leasehold interest as agreed by the parties hereto is equal to twenty-five percent (25%). Upon the sale of the property or Development by Authority, or sale of the leasehold interest in said property or the Development by Authority, the Authority shall use the sales proceeds to pay off in full the following obligations in the order as listed:

- (a) Existing outstanding indebtedness incurred with respect to the Development.
- (b) Reimburse Authority for all costs incurred in constructing, operating, maintaining and managing the Development, in excess of the sum of Agency's contribution as set forth in Section 3 hereof, Lender's financing as set forth in Section 5 hereof, and gross rental income over the term of operation and management by Authority. Authority shall, beginning one (1) year from the date of initial occupancy of fifty percent (50%) of the Development units, annually advise Agency as to any such cost excesses.
- (c) Reimburse Agency FIFTY-FIVE THOUSAND DOLLARS (\$55,000.00).
- (d) Reimburse Authority FORTY THOUSAND DOLLARS (\$40,000.00) for land contribution value.
- (e) Twenty-five percent (25%) of remaining proceeds disbursed to Agency.
- (f) Remainder of proceeds disbursed to Authority, subject, however, to Section 14 hereof. All reimbursements to Authority shall include reasonable interest.

5. Lender Financing

The parties hereto agree that a material element of this Agreement is the ability of Authority to borrow ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00) or any greater amount from San Diego Federal Savings and Loan Association, hereinafter referred to as "Lender", for construction and permanent financing. Said loan shall be payable monthly over a twenty-five (25) year amortization period at nine percent (9%) per annum. If Authority does not receive a loan commitment according to the terms hereof, within thirty (30) days following execution of this Agreement, Authority may, in its sole discretion, elect to terminate this Development Agreement and all amounts tendered by Agency in accordance with Paragraph 3 hereof shall be returned forthwith by Authority. Neither Agency nor Authority is obligated to secure alternative financing pursuant to this Agreement.

6. Additional Funds

Any additional funds necessary to complete the construction of said Development, to operate or maintain said Development not covered by financing or payments by Agency as herein provided shall be the sole responsibility of Authority.

7. Rent

Authority shall charge monthly rent for each single room occupancy unit in the Development in an amount not to exceed ONE HUNDRED THIRTY DOLLARS (\$130.00); provided that said monthly rent may be increased in proportion with increases allowed by the Department of Housing and Urban Development (HUD) in their Section 8 rent supplement program so long as said rent increase by Authority does not exceed the percentage increase allowed by HUD, and provided further that Authority shall not increase rents without the prior written consent of Agency.

Notwithstanding the foregoing, Authority may increase rents at any time to provide the Development with a positive cash flow. A positive cash flow is defined as the amount needed to meet all expenses, debt requirements, and other costs incurred in the construction, management, operation and maintenance of the Development as determined by the Authority. It is expressly understood that Agency is not obligated to provide any additional monies to Authority notwithstanding any deficits except as provided in Section 3 hereof.

8. Downtown Hotel Resident Placement

To the extent it is economically feasible and permitted by the terms of the Capitol Area Development Plan, Authority will

give first priority to displaced residents of downtown residential hotels.

9. Permits, EIR Documentation

Authority shall be responsible for and shall obtain all City permits required for the construction of the Development. Authority shall also be responsible for the preparation of all environmental documents required as a result of this Development Agreement.

10. Certification

The parties hereto shall, at any time and from time to time, and upon not less than ten (10) days prior written request from any party hereto, execute, acknowledge and deliver to the requesting party, a statement in writing certifying that this Agreement is unmodified, and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications).

11. Invalidity of Particular Provision

If any term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

12. Notices

All notices which may be given by either party to the other, shall be deemed to have been given when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed to such party at its address set forth under or opposite its signature to this Agreement. Nothing herein contained shall preclude the giving of any such notice by personal service. Either party may change its address for the receipt of notice by giving written notice thereof to the other party in the manner herein provided.

13. Indemnification

The Authority agrees to assume the defense of and indemnify and save harmless Agency, its officers, agents and employees from any and all claims, damages, injury, liability, and losses accruing or resulting to any person or property, except

where such claims, damages, injury, liability and losses are due to the sole negligence or willful misconduct of Agency.

14. Termination

This Agreement may be terminated at any time by Authority prior to commencement of construction upon ten (10) days prior written notice, if the Authority reasonably determines that the Development cannot be developed in accordance with the Capitol Area Plan, particularly the urban design element as adopted by the California State Legislature, or within the construction budget of ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$185,000.00). Upon such termination, Authority shall return forthwith to Agency any unexpended amounts remaining from Agency's contribution as provided in Section 3 hereof.

The parties hereto acknowledge having read this Agreement consisting of five (5) pages, and all Exhibits attached hereto and having received a copy.

WHEREFORE, the parties hereto executed this Agreement on the date first above written.

AUTHORITY: CAPITOL AREA DEVELOPMENT AUTHORITY

By _____
Executive Director

Address: _____

AGENCY: REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

By _____
Executive Director

Address: _____

APPROVED AS TO FORM:

Chief Counsel

APPROVED:

Finance Department

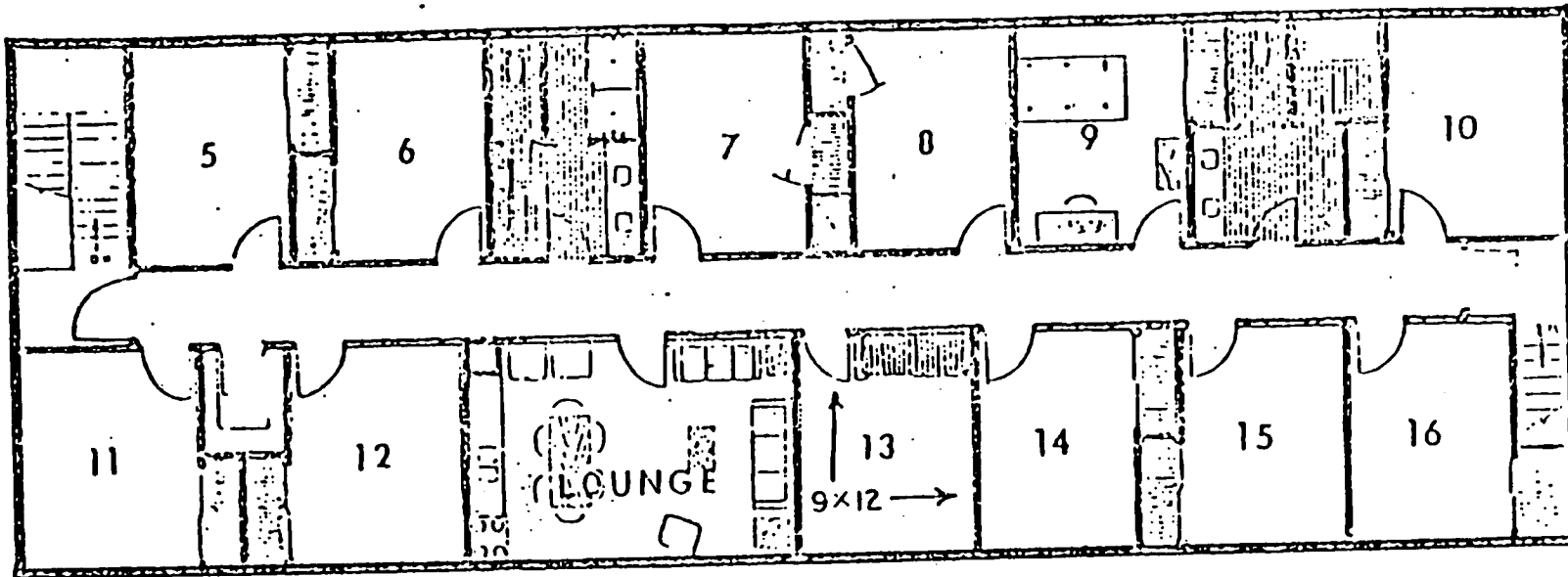
Funding Source: _____
[Authorized by Resolution
No. _____]

EXHIBIT "A"

LEGAL DESCRIPTION - RESIDENTIAL SITE 9

All that certain real property situated in the City of Sacramento, County of Sacramento, State of California, described as follows:

The west 1/2 of Lot 6 in the block bounded by P and Q, 16th and 17th Streets of the City of Sacramento, according to the map or plan thereof further described as Assessor's Parcel "18" in Block 293 in the City of Sacramento.



2nd Floor

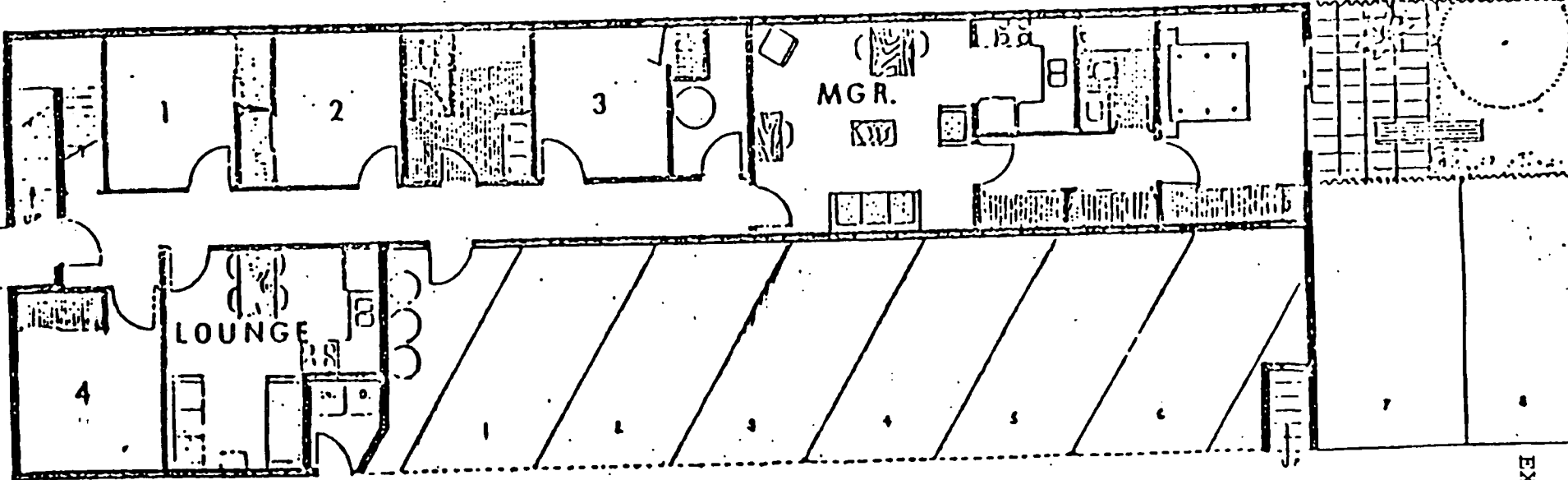


EXHIBIT "B"

SITE 9 DEVELOPMENT SCHEDULE

<u>PHASE</u>	<u>TIME</u>	<u>DATE</u>
I. <u>Architecture and Engineering</u>		
A. Preliminary Design	30 days	S* 11/26/80 C* 12/31/80
B. Working Drawings	45 days	C 2/16/81
II. <u>Bid Phase</u>		
A. Bid Package Preparation	20 days	C 3/9/81
B. Bid Adv. and Opening	40 days	C 4/14/81
C. Bid Award	30 days	C 5/15/81
III. <u>Construction Phase</u>		
A. Permits, Sewer, Elect.	30 days	C 6/15/81
B. Construction	120 days	C 10/16/81

S - Starting Date
C - Completion Date

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

MEMORANDUM

TO: Planning Development/Old Sacramento
Committee

FROM: Leo T. Goto, Assistant Director

SUBJECT: New Residential Hotel Program

DATE: 7/14/80

File No.

Attached you will find a number of items which you requested at your June 24, 1980 meeting on this subject. These items are:

1. A map showing areas in which the project may be located only with a use permit and areas in which the use is permitted. The map also shows the general location of available parcels (noted by stars) and the general location of licensed facilities (noted by circles). A listing of parcels and licensed facilities is also attached and follow the map.
2. A report prepared by the Relocation Section to the City Council regarding the relocation of the Clunie Hotel residents. For comparison a similar report prepared in 1970 on the relocation of residents of the Travelers' Hotel is also included.

Only three of the sites listed are large enough (6,400 square feet) to accommodate this project. One of the sites is zoned M-1 which does not allow this use even with a special permit and the other two are out of an acceptable price range (\$59,950 and \$255,000).

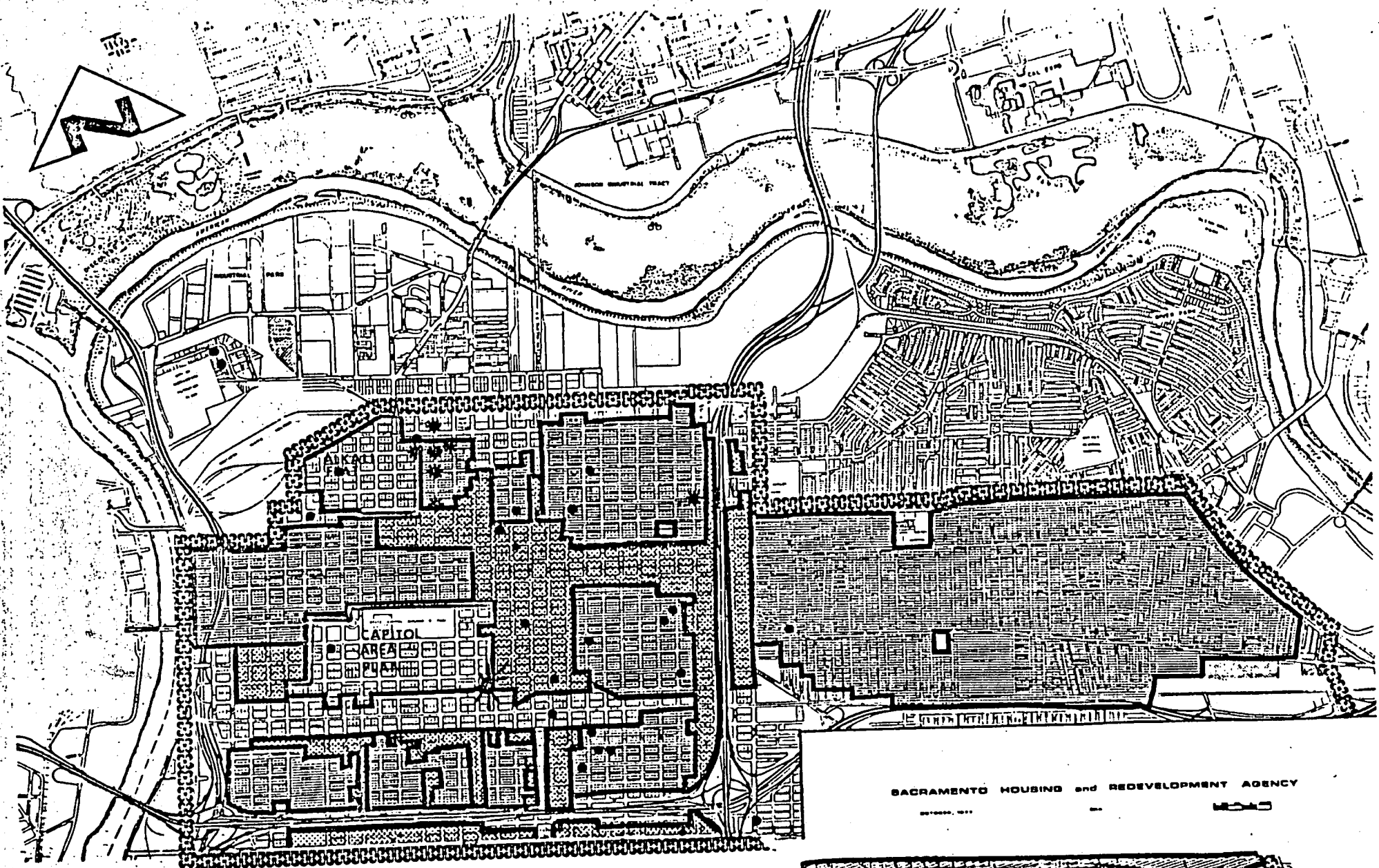
Staff has discussed this project with the Capitol Area Development Authority (CADA). CADA has been very receptive of the concept and may have available sites. The use of a site made available through CADA would necessitate slight program modifications as CADA offers their sites on a 59-year lease basis. Staff has discussed this concept with San Diego Federal Savings and Loan Association and JMA Construction Company, both of which responded positively.

Barring any comments by you to the contrary, Staff will investigate further and, if appropriate, pursue the use of land made available through CADA and bring back a report and recommendation.



LEO T. GOTO

LTG:mem
Attachments



SACRAMENTO HOUSING and REDEVELOPMENT AGENCY

SEPTEMBER, 1955



APPROVED SEARCH AREA

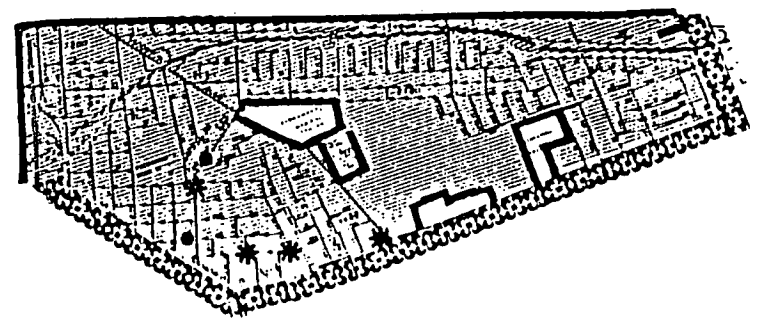


PERMITTED USE AREAS



USE PERMIT REQUIRED

(CONTAINS SOME PARCELS ON WHICH THE USE IS PERMITTED)



PARCEL LISTED FOR SALE

WEEK OF JULY 7, 1980

<u>Address</u>	<u>Zoning</u>	<u>Asking Price</u>	<u>Size</u>
4431 Broadway	C-2	\$12,000	
3021 39th Street	C-2	3,500	30 x 85
3708 Y Street	R-1	5,900	40 x 90
4159 4th Avenue	R-1	10,000	40 x 120
414 13th Street	R-4A	16,500	40 x 80
316 14th Street	M-1	19,500	80 x 80.
411 15th Street	R-2	22,500	40 x 80
1419 E Street	PUD	59,950	40 x 160.
2830 G Street	C-2	255,000	120 x 160.
816 14th Street	C-2	39,000	42 x 42

LICENSED FACILITIES

1. Boarding Schools, Foster Homes and Children's Treatment Centers

<u>Name and Address</u>	<u>Population</u>
a. Stanford-Lathrop Memorial Homes 800 N Street Sacramento, CA 442-4959	49

2. Homes and Schools for the Mentally and Physically Handicapped

Group quarters reported on the last count with 15 or less under this category are not reported. This count represents only new facilities with 15 or more.

a. Sheriff's Work Furlough Facility 1815 I Street Sacramento, CA 95814 440-5906	30
b. Pleasant Ridge 2030 23rd Street Sacramento, CA 95816 455-1734	31
c. Mid-Town Manor (Mentally disordered adults) 2609 Capitol Avenue Sacramento, CA 442-7773	40
d. Myrtle's Recovery House 2217 G Street Sacramento, CA 442-3979	12
e. 2218 E Street Sacramento, CA 442-3979	15
f. Trembley's Board and Care 1709 H Street Sacramento, CA 95814 442-3311	44
g. Twin Pines 2015 23rd Street Sacramento, CA 95816 451-9050	15
h. Anne's 2621 Capitol Avenue Sacramento, CA 95816 446-4330	14

2. Homes and Schools for the Mentally and Physically Handicapped (con't)

- i. Gateway (Recovery House) 10
4049 Miller Way
Sacramento, CA
451-9312
- j. Sacramento Recovery House 15
1914 22nd Street
Sacramento, CA
455-6258
- k. Sacramento Indian Center 7
1409 32nd Street
Sacramento, CA
452-4609
- l. Tap Detox 3
1818 20th Street
Sacramento, CA 95816
452-5868

The following was not listed last year

- m. New Life Projects 20
2727 P Street
Sacramento, CA
452-5095

3. Schools for Delinquents, Jails and Prisons

- a. City and County Jail 580
Sacramento, CA
440-5188
- b. Prison Ministry 18
2001 P Street
Sacramento, CA
442-7626

4. Boarding and Lodging Houses

- a. Salvation Army Headquarters 37
2525 Alhambra Boulevard
Sacramento, CA 95814
383-6865
- b. Salvation Army 68
Men's Social Service Department
520 9th Street
Sacramento, CA 95814
441-5267
- c. Machado's 13
1700 G Street
Sacramento, CA 95814
447-2748

4. Boarding and Lodging Houses (continued)

d.	Residence Club 2130 22nd Street Sacramento, CA 95818 457-1174	28
e.	Stornetta Rooming House 1324 19th Street Sacramento, CA 95818 453-9889	7
f.	Union Gospel Mission 400 Bannon Street Sacramento, CA 95814 447-3268	50
g.	J. J. Dominguez 1321 D Street Sacramento, CA 95814 443-9533	4
h.	Eason's Guest Home #2 2845 2nd Avenue Sacramento, CA 457-2017	10
i.	Rosetree Boarding House 2632 27th Street Sacramento, CA 452-2532	14
j.	Single Person's Center Volunteer's of America 470 Bannon Street Sacramento, CA	42

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Memo to: City Council
 Re: Progress Report - Clunie
 5/19/80
 Page 2

New Rent - Difference

58 - Same or lower	44%
32 - \$1 - \$15 more	25%
32 - \$16- \$50 more	25%
8 - \$51+	6%
130	100%

Amount of New Rent

54 - \$100 or under	42%
54 - \$101 - \$130	42%
10 - \$131 - \$150	7%
12 - \$151+	9%
130	100%

Rent Differential -- 67

CLUNIE EXPENSES TO DATE

Budget

Amount Spent

Administrative Costs

- Salaries
- Overhead & Benefits
- Other Admin.
- TOTAL Admin.

Other Costs

- Moving Company
- Office Space & Telephone
- TOTAL Other Costs

Relocation Payments

- Moving Expenses and
Fixed Dislocation
- Temp. Rent Assitance
- TOTAL Relocation

GRANT TOTAL

RELOCATION OF RESIDENTS OF TRAVELERS HOTEL

Residents Registered at Hotel on Date of Notice Delivery (9/23/70)	160
Residents Who Entered Relocation Caseload and Received Assistance	<u>130</u>

Areas of Relocation

	<u>No.</u>	<u>Percent</u>
Downtown (hotels)	90	70
Old City (rooms and apartments)	15	12
Metropolitan Sacramento Area	15	12
Outside Metropolitan Area	5	3
Whereabouts Unknown	<u>5</u>	<u>3</u>
Totals	130	100

Residents' Sources of Income

Employment	14	11
Pensions (Old Age Security, Social Security, Veterans, Railroad, etc.)	87	67
Aid to Disabled	15	12
General Assistance	10	7
Savings or Investments	<u>4</u>	<u>3</u>
Totals	130	100

Age of Residents

Under 50 years of age	12	9
50 - 61 years of age	19	15
62 years and over	<u>99</u>	<u>76</u>
Totals	130	100

Type of Relocation

Agency Referral	98	75
Self-relocated	<u>32</u>	<u>25</u>
Totals	130	100



CITY OF SACRAMENTO

CITY PLANNING DEPARTMENT

725 "J" STREET

SACRAMENTO, CALIF. 95814

TELEPHONE (916) 449-5604

MARTY VAN DUYN
PLANNING DIRECTOR

July 29, 1980

Mike Notestine
Sacramento Housing and
Redevelopment Agency
630 I Street
Sacramento, CA 95814

Subject: Residential Hotel, 1617 or 1619 Q Street
APN: 006-293-18

The above referenced parcel is zoned R-5, Heavy Density Multiple Family. Residential hotels, dormitories and rooming houses are permitted uses in the R-5 zone.

The proposed residential hotel would however require review by the Architectural Review Board.

Very truly yours,

Wilfred Weitman
Senior Planner

WW:bw

RESOLUTION NO. _____

Adopted by the Redevelopment Agency of the City of Sacramento

November 25, 1980

APPROVING CADA CONTRACT FOR SINGLE ROOM OCCUPANCY
HOUSING UNITS - 1619 Q STREET

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

1. The Executive Director is authorized to enter into that certain contract with the Capitol Area Development Authority, not to exceed \$55,000 towards construction of single room occupancy housing units at 1619 Q Street.

CHAIRMAN

ATTEST:

SECRETARY