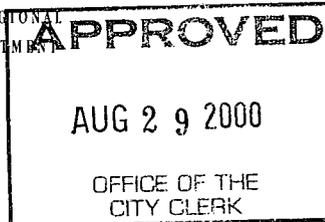
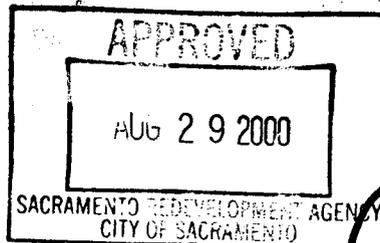




DOWNTOWN AND REGIONAL  
ENTERPRISE DEPARTMENT



1.8

August 16, 2000

Redevelopment Agency of the City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT** WAIVER OF DEED RESTRICTIONS ON 1200 SECOND STREET

**LOCATION & COUNCIL DISTRICT** Old Sacramento, District 1

**RECOMMENDATION**

This staff report recommends that the Redevelopment Agency of the City of Sacramento approve the attached Resolution to waive the deed restrictions on the first floor of the property known as 1200 Second Street for a limited period of time not to exceed five years, ending March 14, 2005, coterminous with the expiration of the current lease.

**CONTACT PERSON** Elizabeth Cook, Sr. Project Manager, 264-1932  
Wendy Saunders, Development Manager, 264-8196

**FOR COUNCIL MEETING OF** August 29, 2000

**SUMMARY**

The property known as 1200 Second Street is a two-story building located in the Old Sacramento Historic Area. The Declaration of Restrictions recorded against the property prohibits the front portion of the first floor of the building to be used for office space, however commercial retail or theater use is permitted. The property owner, AKT Development, ("Owner") seeks a waiver of the deed restrictions against his property to allow office uses to occupy the first floor.

**COMMITTEE/COMMISSION ACTION**

The Old Sacramento Management Board recommended this action be taken at its meeting of August 10, 2000.

**BACKGROUND**

The property known as 1200 Second Street is located in Old Sacramento Historic Area. This property is subject to the restrictions stated in the Capitol Mall Riverfront Project Redevelopment Plan, adopted August 25, 1966, City Ordinance No. 2681, Fourth Series, last amended June 17, 1986, City Ordinance No. 86-063. The Redevelopment Plan permits office use in buildings located in the Historic Area. However, the Development and Disposition Agreement ("DDA") governing 1200 Second Street restricts office use to the second floor of the building and the back half of the first floor. The front portion of the first

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CITY OF SACRAMENTO

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floor, per the DDA, is reserved for retail and theater use for the purpose of promoting retail business throughout Old Sacramento's Historic Area.

The Owner has been marketing the front portion of the first floor for its permitted use since 1992 with little success. It is currently vacant. The second floor tenant ("EIP Associates") needs to expand its offices and would like to expand to the front portion of the first floor. The back portion is already leased as office space to a second tenant ("IKON Document Services"). Owner seeks a waiver of the Declaration of Restrictions recorded against the property pursuant to the DDA restricting the front half of the first floor of the building to retail or theater use. A waiver would permit Owner to lease the space to EIP Associates to use for its offices during the term of its current lease, which is five years.

**FINANCIAL CONSIDERATIONS**     None

**POLICY CONSIDERATIONS**

The waiver sought does not contravene the Capitol Mall Riverfront Project Redevelopment Plan. The Declaration of Restrictions may be waived legally by the Redevelopment Agency of the City of Sacramento ("Agency") since it placed the restrictions on the property.

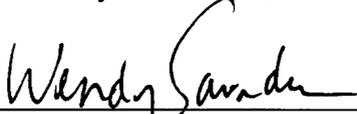
Waiving current deed restrictions for the remaining five-year period of the current tenant's lease would benefit the tenant and permit the Owner to make full use of this property, since he has been unsuccessful for eight years in marketing this space for retail or theater use. On the other hand, the Agency may want to consider the precedent this would set. Owner may want to press for future waivers and other building owners who have been unsuccessful marketing their building-front spaces for retail use may want to press for similar waivers. The intent of placing restrictions on building-front spaces was and still is to promote commercial retail business in the Old Sacramento Historic Area. The Business Improvement District assessment is affected because office space does not contribute to this fund as retail space does. However, if the space cannot be leased to retail, the fund is still not recovering assessments.

**ENVIRONMENTAL CONSIDERATIONS**     None

**ESBD CONSIDERATIONS**     None

Respectfully submitted,

Approved:

  
\_\_\_\_\_  
Wendy S. Saunders  
Development Manager

  
\_\_\_\_\_  
Andrew J. Plescia  
Economic Development Dept. Director

RECOMMENDATION APPROVED:

  
\_\_\_\_\_  
ROBERT P. THOMAS  
City Manager

**APPROVED**  
AUG 29 2000  
OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 100-058**

**ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**

ON DATE OF

**WAIVER OF DEED RESTRICTIONS ON 1200 SECOND STREET**

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

Section 1. The restrictions set forward in the Declaration of Restrictions as recorded and applied to the first floor of the property known as 1200 Second Street, Sacramento, California, shall be waived to allow office use for the duration of the current lease, known as the Second Amended Lease by Lowe Enterprises Commercial Group, Nico Coulouras ("Owner") to E.I.P. Associates ("Tenant").

Section 2. Duration of waiver shall not exceed five years, expiring on March 14, 2005, coterminous with said lease.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_