

RESOLUTION NO. 2003-778

ADOPTED BY THE SACRAMENTO CITY COUNCIL

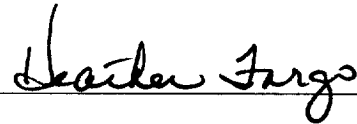
ON DATE OF **NOV 04 2003**

AMENDED REPLACEMENT HOUSING PLAN  
FOR THE WOODRUFF HOTEL

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
SACRAMENTO:

Section 1: After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2: Pursuant to and consistent with the requirements of the Federal Housing and Community Development Act of 1974 and the California Health & Safety Code Section 33413, the attached amended replacement housing plan is adopted for the project known as the Woodruff Hotel.



MAYOR

ATTEST:



CITY CLERK

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2003-778

DATE ADOPTED: NOV 04 2003

## **AMENDED REPLACEMENT HOUSING PLAN**

### **Woodruff Hotel**

November 4, 2003

#### **Description of Property**

The Sacramento Housing and Redevelopment Agency (SHRA) received title to the Woodruff Hotel (Hotel) and the Guild Theater in May 1998 as a result of a loan foreclosure. The Hotel portion has 42 units, of which two are not leasable. Additionally, there is a four-plex located in the back of the parcel. During and subsequent to the foreclosure, the John Stewart Company (JSC) has managed the Hotel. Before and after the Agency's ownership, illegal activities were associated with the property including prostitution and drug use and sales. The community complained frequently about this situation. To resolve the problems, building security measures were made, the police visited almost nightly, problem tenants were evicted, and a night security guard was hired. These measures did not eliminate the illegal activity and in May of 1999, SHRA discontinued renting as rooms became available.

SHRA has stopped receiving complaints of illegal activity. As a result of lower occupancy, the building currently operates at a deficit that includes a first mortgage, management, utilities, security and maintenance and repair. Due to the operating deficit, it is appropriate to close the Hotel and relocate the tenants. It is estimated that tenant relocation would take a maximum of 90 days. Therefore, complete closure of the Hotel is anticipated to be April 30, 2000.

#### **Responsibilities of Redevelopment Agencies**

California statutes require redevelopment agencies to replace low and moderate-income housing lost to residential use if that action involved either a development agreement or financing by the agency. The specific provision of the California Health and Safety Code (Sec. 33413) is as follows:

"Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as a part of a redevelopment project which is subject to a written agreement with the agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to person and families of low or moderate income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency. When dwelling units are destroyed or removed after September 1, 1989, 75 percent of the replacement dwelling units shall replace dwelling units available at affordable housing cost in the same income level of very low income households, lower income households, and persons and families of low and moderate income, as the persons displaced from those destroyed or removed units. When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the

same or a lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.”

### **History and Description of Project since the Replacement Housing Plan Adoption**

The Woodruff Hotel and Guild Theater were completely rehabilitated by the St. Hope Corporation, and the new businesses and apartments in the project were opened in the Spring of 2003. The rehabilitated project has provided new business opportunities and housing units for the Oak Park neighborhood.

### **Replacement Housing Needs**

#### State Guidelines

Because the Woodruff Hotel includes the use of local redevelopment tax increment funds, the Hotel is subject to state replacement housing law, California Health and Safety Code 33413. Under state law, if a unit was occupied by a very low or low income family (regardless of actual housing costs), and taken off line through demolition or other actions, that unit must be replaced at the same income level, and must be regulated at that affordability level for the longest feasible time as determined by the Agency but for not less than the period of the land use controls established in the Redevelopment Plan. State law requires that replacement units be created within four years of removal or destruction.

To fully comply with state law, the income level of the original occupants must be determined. In the original Replacement Housing Plan, it was assumed that all of the former residents of the Woodruff Hotel were very-low income. Therefore, all 44 units must be replaced at the very low income level. The affordability level, type and number of units/bedrooms required to be replaced from the Woodruff Hotel are outlined below:

<b>Number of Units</b>	<b>Unit Type</b>	<b>Affordability</b>	<b># Bedrooms</b>
44	1 Bedroom	Very Low Income	44
<b>44 (total)</b>			<b>44 (total)</b>

According to California Health and Safety Code Section 33413(f), a fewer number of replacement dwelling units may be provided if the total number of bedrooms equals or exceeds the number of bedrooms in the units removed and if the replacement units are affordable to the same income level of households as the units removed. The units used to replace the bedrooms must be at least the same size as those lost. Therefore, all units used as replacement units must be at least one bedroom in size or larger. This option of replacement by bedrooms will be used for the calculation of replacement housing needs for the Woodruff Hotel.

#### Timing of Replacement

The Agency's priority is to replace these bedrooms within the project area, however, if the Agency is unable to do so, according to Health and Safety Code Section 33334.5, "the Agency shall, within four years of such destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income an equal number of replacement dwelling units at affordable housing

costs, as defined by Section 50052.5, within the project area or within the territorial jurisdiction of the agency." Per state guidelines, replacement units must be created within four years from the date of removal of the units from the housing stock or demolition of the units (funding for the demolition of the project was also secured in February, 2000). Under the state statute, all replacement units would need to be created by February 2004.

Thus, by February 2004, the Agency must replace the following bedrooms in relation to the Woodruff Hotel:

<b>Number of Units</b>	<b>Unit Type</b>	<b>Affordability</b>	<b># Bedrooms</b>
44	1 Bedroom	Very Low Income	44
<b>44 (total)</b>			<b>44 (total)</b>

### Regulatory Requirements

Under the state guidelines in effect at the time of the replacement housing plan for the Woodruff Hotel, the replacement housing units are to remain available at affordable housing cost to persons of very low, low, and moderate income as determined by the Agency but for not less than the land use controls established in the Oak Park Redevelopment Plan, or the greater of the term requirements of the financing sources used as subsidies. (Health and Safety Code Section 33413(c)). All units used as replacement units will have restrictive covenants regulating their rent and occupancy for a minimum of 30 years with either the Agency or another public entity.

### Replacement Housing Options

The Agency has identified the following projects that satisfy the replacement housing needs for Woodruff Hotel:

<b>Project Name</b>	<b># of Bedrooms</b>	<b>Affordability Level</b>	<b>Financing Date</b>
Terracina Gold (1 BR units)	2	Very Low Income	06/06/2000
Natomas Park (1 BR units)	8	Very Low Income	01/15/2002
The Lofts (1 BR units)	28	Very Low Income	06/18/2002
Terracina Gold (2 BR units)	6	Very Low Income	06/06/2000

Terracina Gold (Village 2), Natomas Park Apartments and the Lofts will provide replacement housing off-site for the Woodruff Hotel. All three of the projects have been fully funded using either Low Income Housing Tax Credits or Mortgage Revenue Bonds and Agency loan funds. All three projects are located in the North Natomas area of the City of Sacramento. Terracina Gold was completed construction in early 2003, and Natomas Park and the Lofts are both currently under construction.

### Article XXXIV

The City of Sacramento is currently in compliance with its requirements under the California Constitution, Article XXXIV. All projects being used as replacement housing for the Woodruff Hotel are within the current allocation and do not require a vote of the public.

**Performance Schedule**

The required Replacement Housing for this project will be created within four years of the removal or demolition of the existing units, approximately February, 2004 to comply with state guidelines.

**The report referenced in**  
**City Council Resolution 2003-778**  
**is from the 11/4/2003 City Council Meeting**  
**Item 6.1**