



1.1

March 10, 1998

APPROVED
BY THE CITY COUNCIL

MAR 10 1998

OFFICE OF THE
CITY CLERK

City Council and
Redevelopment Agency of the
City of Sacramento
Sacramento, CA

Honorable Members in Session:

SUBJECT: RESIDENTIAL HOTEL POLICY

LOCATION AND COUNCIL DISTRICT: All

RECOMMENDATION:

This report recommends that the City Council adopt the attached resolution which authorizes the staff to prepare and present to the City Council proposed amendments to the City's building and zoning code relating to residential hotels, and to adopt the Residential Hotel Alternative Housing Program guidelines. This report also recommends adoption of the attached resolution authorizing the Acting Executive Director of the Redevelopment Agency to:

- amend the following documents as they relate to residential hotels:
 - Implementation Strategy for the Merged Downtown Redevelopment Area,
 - Rules Governing Participation and Preferences by Property Owners and Business Occupants in the Merged Downtown Redevelopment Project Area, and
 - Procedures for Preparation and Processing of Environmental Documents; and
- adopt the Residential Hotel Alternative Housing Program Guidelines.



1.1

APPROVED

MAR 10 1988

STANDARD LEAD

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 2

SUMMARY

This report recommends adoption of new policies concerning residential hotels, the establishment and funding of an alternative housing program, and modifications to various documents affecting the Merged Downtown Sacramento Redevelopment Project Area. It also recommends that the City prepare amendments to its building and zoning codes to incorporate new development standards and locational, management, and other requirements concerning residential hotels.

CONTACT PERSONS: Anne M. Moore, Acting Executive Director, 440-1333
Beverly Fretz-Brown, Director, Housing Development, 440-1357

FOR COUNCIL MEETING: March 10, 1998

COMMISSION ACTION

At its meeting of January 28, 1998, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Castello, Cespedes, Dobbins, Harland, Hoag, Holloway
Simon, Taylor
NOES: None
ABSENT: Rotz NOT PRESENT TO VOTE: Amundson, Newsome

BACKGROUND:

In the 1980s, a number of older apartments and residential hotels in the Central Business District were demolished to make way for a variety of public and private commercial developments. At the same time homelessness was increasing significantly in the Central City. This combination led the City Council, acting in that capacity and as the Redevelopment Agency, to propose ordinances and amendments to redevelopment implementation plans to preserve residential hotels and encourage their rehabilitation. As the Redevelopment Agency, the Council established a Residential Hotel Construction and Rehabilitation Loan Program funded with Merged Downtown Sacramento tax increment revenues, which helped finance the rehabilitation of six downtown residential hotels totaling 382 units (the YWCA, Midtown, Sequoia, Berry, Shasta, and Ridgeway hotels), and provided gap financing for two new residential hotels totaling

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 3

185 units (The Terraces and Pensione K). All of the fifteen existing residential hotels in the central business district are privately owned (Attachment V).

The tenants living in the downtown residential hotels, also known as single room occupancy or SRO hotels, are a greatly diverse group. They include elderly persons who have lived in the hotels for many years and transient younger people, mostly men, many of whom have been homeless. The direct experience of the Agency, the County Department of Human Assistance, and social service providers shows that many tenants have mental health, drug and/or alcohol problems that require the kind of attention not normally provided in downtown residential hotels. Many of the hotels which have not been rehabilitated are deteriorating, some to the point where rehabilitation may not be financially feasible. Their owners have been affected by cuts in general assistance and other public support programs which have been the major source of income for SRO residents; these changes in income, in turn, have led to more hotel vacancies and irregular tenancies, although there are a few exceptions to these conditions.

As a result of all these changes, Redevelopment Agency staff recommends replacing its highly regulatory policies and ordinances aimed at preserving downtown residential hotels with an alternative housing program focused on providing more suitable housing elsewhere. The new policies recognize the continuing need for permanent housing for single persons who have very low incomes. However, these changes in policy will benefit neither Downtown nor residential hotel tenants without local funds committed to the alternative housing program.

The policy changes recommended are based on the following assumptions:

1. The typical tenant in a residential hotel is better served in a smaller residential setting with access to support services. Therefore, any replacement housing designed for the same population should be built in a smaller facility with common space, siting, and management requirements.
2. New residential hotels should be built to Uniform Building Code (UBC) standards for efficiency apartments. This will necessitate a change in the definition of residential hotels previously adopted in City ordinances and Redevelopment Agency documents (Attachment II). The rehabilitation of existing hotels is not affected by the new construction/UBC standard.
3. New residential hotels should not be built within the central city.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 4

4. The Agency will establish a Residential Hotel Alternative Housing Program funded from all sources available to the Agency. (Attachment IV).
5. The Agency will rescind its requirement that owners of residential hotels applying for a change in use must enter into an Owner Participation Agreement (OPA) with the Agency. However, owners who remove residential hotel units from the low/moderate income housing market as part of a redevelopment project that is subject to a written agreement with the Agency or where financial assistance has been provided must follow state law provisions for replacement housing. (Health and Safety Code Section 33411.3)

FINANCIAL CONSIDERATIONS

This report recommends the establishment of a Residential Hotel Alternative Housing Program funded with all sources of financing available to the Agency and those which Agency funds may leverage.

POLICY CONSIDERATIONS

Alternative Housing Program Requirements. This report recommends rescinding the Residential Hotel Construction and Rehabilitation Program, adopted in 1993, and replacing it with a Residential Hotel Alternative Housing Program based on the elements listed below. The recommended program is found in Attachment IV.

- Rents to be affordable to individuals with incomes of not more than 40 percent of the area median (approximately \$300 for an efficiency apartment)
- Early review, management, and common space requirements to be consistent with any approved Good Neighbor Policies
- New construction to be built to UBC standards; new construction to be located outside the Central City

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 5

- Priority in funding to developments outside the Central City, whether acquisition/rehabilitation or new construction (the latter including commercial conversions)
- Basic supportive services appropriate to the needs of tenants to be available through on-site management and/or social services staff
- Location of housing to be near services typically used by tenants or easily accessible to them by public transportation. (The decentralization of social services must be recognized as an accessibility concern.)

The Agency's existing Rental Housing Loan Program Guidelines, including applicant eligibility and underwriting standards, will be used to evaluate applications for residential hotel replacement housing. The Agency recognizes that multiple funding sources will be needed to create affordability under the Alternative Housing Program. Costs can be reduced by acquiring and rehabilitating properties, and affordability can be enhanced by working closely with the County Department of Human Assistance for funding under its continuum of care programs.

Amendments to Merged Downtown Redevelopment Area Documents. The proposed residential hotel policies require amendment of three Redevelopment Agency documents to change the definition of residential hotels and eliminate the requirement that an owner enter into an OPA with the Agency and obtain its Certificate of Compliance prior to obtaining from the City a demolition or building permit leading to a change of use of a residential hotel. When the Redevelopment Agency documents were adopted in 1992, the City Council also directed its planning staff to amend appropriate ordinances to condition the issuance of a building or demolition permit for an SRO on the applicant's receipt of the Agency's Certificate of Compliance. These ordinances were never developed, leaving the Agency's SRO policies incomplete and unenforceable. The specific documents to be amended are:

- Implementation Strategy for the Merged Downtown Sacramento Redevelopment Project Area
- Rules Governing Participation and Preferences by Property Owners and Business Occupants in the Merged Downtown Redevelopment Project

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 6

- Procedures for Preparation and Processing of Environmental Documents

Redlined copies of these changes are found in Attachments I, II, and III.

Zoning and Building Ordinance Changes. This report recommends that the City Council direct the staff of the City Department of Neighborhoods, Planning, and Development Services and the Agency to prepare and present to City Council on or before September 1, 1998, amendments to the City of Sacramento's Zoning Ordinance with regard to development standards and locational requirements for residential hotels, such as:

- permitted zones
- density and spacing
- site standards
- facility size and common areas
- parking
- management and security standards

Staff also recommends that the City's building code ordinances be amended to specify that residential hotel new construction, including conversion from commercial to residential uses, require efficiency units developed in accordance with UBC standards and interior common space requirements. The amended definition of residential hotels also includes efficiency units. (Existing residential hotels requesting permits for rehabilitation would not be affected by these changes.) Staff will involve interested community organizations in the development of the new standards.

Relocation. Nothing in this report or its recommendations alters the provisions of the City of Sacramento Code Chapter 73, regulating the provision of relocation assistance to tenants in residential hotels in the event of the withdrawal, conversion, or demolition of those structures.

Discussions on the proposals described above have been held with the Sacramento Housing Alliance, the Neighborhood Association Advisory Group (NAAG), Legal Services of Northern California, the Homeless Task Force and the Downtown Partnership. While many improvements to the proposed policy resulted from these discussions, the most extensive of which involved the Housing Alliance, the Agency continues to differ with the following concerns of the Alliance:

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 7

- The City should require replacement of every SRO unit lost.
- The proposed new construction standards (efficiency units) should be reduced; creating housing under these policies will be too expensive for the typical SRO tenant.
- Many SRO residents have lived downtown for a long time; services are accessible. New construction of SROs should be allowed in the Central City, but may be prohibited in the Central Business District.
- Tenant admission policies in Agency-funded housing are too strict for some potential residents; some do not want or need social services. SROs have provided housing for these residents.
- Not enough information is available on SRO residents to support the Agency's Alternative Housing Policy.

With regard to other housing policy issues, the Agency has supported increased residential life downtown by financing successful home ownership developments, residential mixed-use complexes, market rate and affordable housing. Well managed and maintained residential hotels have been and can continue to be a vital part of this housing mix downtown and throughout the region.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project under CEQA per Guidelines, Section 15378(b)(3), nor a federal undertaking under NEPA.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

City Council and
Redevelopment Agency of the City of Sacramento
February 24, 1998
Page 8

M/WBE CONSIDERATIONS

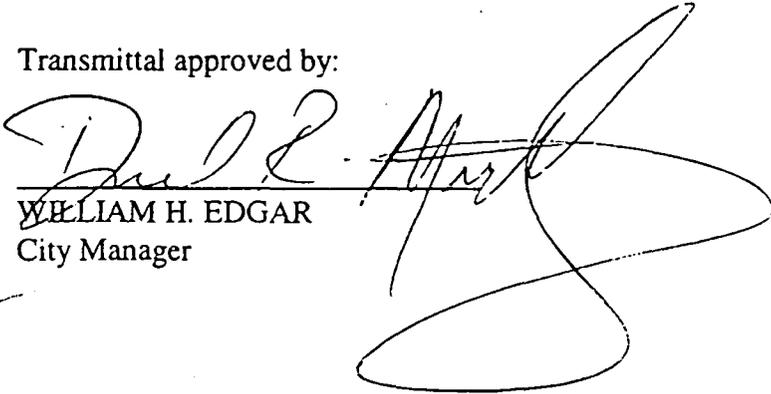
The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully submitted by,

JACK CRIST
Deputy City Manager
City of Sacramento


ANNE M. MOORE
Acting Executive Director
Sacramento Housing and
Redevelopment Agency

Transmittal approved by:


WILLIAM H. EDGAR
City Manager

APPROVED
BY THE CITY COUNCIL

MAR 10 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-068

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESIDENTIAL HOTELS: DIRECTION TO CITY STAFF
TO MODIFY THE BUILDING CODE AND ZONING ORDINANCE
IN REGARD TO RESIDENTIAL HOTEL ISSUES**

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

Section 1. Staff of the City Department of Neighborhoods, Planning, and Development Services is directed to prepare and present to the City Council on or before September 1, 1998 proposed amendments to the building and zoning codes for residential hotel purposes. Modifications shall be in substantial compliance with the new definition of residential hotels set forth in the Redevelopment Agency of the City of Sacramento's Implementation Strategy for the Merged Downtown Sacramento Redevelopment Project Area, and shall include but not be limited to the review of development and locational standards.

MAYOR

ATTEST:

CITY CLERK

f:\kj\staffres\holly\replace.sro

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



RESOLUTION NO. 98-012

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**RESIDENTIAL HOTEL POLICIES:
AMENDMENTS TO MERGED DOWNTOWN REDEVELOPMENT
AREA IMPLEMENTATION STRATEGY, OWNER PARTICIPATION
RULES, AGENCY ENVIRONMENTAL PROCEDURES AND ADOPTION
OF A RESIDENTIAL HOTEL ALTERNATIVE HOUSING PROGRAM**

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

Section 1. The Residential Hotel Construction and Rehabilitation Program, adopted by the Redevelopment Agency of the City of Sacramento on May 22, 1990 by Resolution No. 90-042, is hereby rescinded.

Section 2. The Redevelopment Agency of the City of Sacramento (Agency) hereby amends the Implementation Strategy for the Merged Downtown Sacramento Redevelopment Project Area by deleting Section IV, paragraph D, "Residential Hotel Preservation and Replacement".

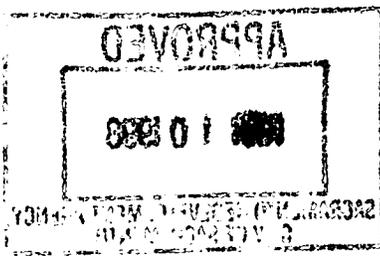
Section 3. The Agency hereby amends the Rules Governing Participation and Preferences by Property Owners and Business Occupants in the Merged Downtown Redevelopment Project Area by replacing the definition of residential hotels in Section 2.9 with the following and by deleting in their entirety Sections 2.10 and 6.3.

"2.9 Residential Hotel: Any building containing six or more guestrooms or efficiency units intended or designed to be used, or which are used or rented or occupied for sleeping or living purposes by guests, which is also the primary

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



residence of those guests. Residential hotels are not buildings containing six or more guestrooms or efficiency units which are primarily used by transient guests who do not occupy the building as their primary residence. (Adapted from the California Health and Safety Code Section 50519)

An "efficiency unit" is defined in Section 310.7 of the 1994 Uniform Building Code as:

- (1) The unit shall have a living room of not less than 220 square feet of superficial floor area. An additional 100 square feet of superficial floor area shall be provided for each occupant of such unit in excess of two.
- (2) The unit shall be provided with a separate closet.
- (3) The unit shall be provided with a kitchen sink, cooking appliance and refrigeration facilities, each having a clear work area of not less than 30 inches in front. Light and ventilation conforming to this code shall be provided.
- (4) the unit shall be provided with a separate bathroom containing a water closet, lavatory, and bathtub or shower."

Section 4. The Agency hereby amends the Procedures for Preparation and Processing of Environmental Documents by rescinding the provisions concerning the issuance of Certificates of Compliance for the Demolition or Conversion of Residential Hotels as set forth in Attachment III to the staff report.

Section 5. The Residential Hotel Alternative Housing Program (Program) is hereby adopted and the Guidelines as set forth in Attachment IV to the staff report are approved.

Section 6. The Executive Director is authorized and directed to finance the Program with available funds.

CHAIR

ATTEST:

SECRETARY

f:\kj\staffres\holly\replace.sro

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

ATTACHMENT I

AMENDMENT OF IMPLEMENTATION STRATEGY FOR THE MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA

The Implementation Strategy for the Merged Downtown Sacramento Redevelopment Project Area is amended by rescinding Section IV, paragraph D, "Residential Hotel Preservation and Replacement" in its entirety:

~~Within the Merged Downtown Sacramento Redevelopment Project Area, any person seeking permit from the City to demolish or convert all or part of a Residential Hotel shall first obtain a Certificate of Compliance with this Implementation Strategy from the Redevelopment Agency of the City. A Certificate of Compliance will be issued only if the owner of the building or the developer of a replacement has entered into an Owner Participation Agreement (OPA) or Disposition and Development Agreement (DDA), as the case may be, with the Agency for the site. The purpose of the OPA/DDA is to maximize opportunities for preservation of Residential Hotels and to mitigate the adverse impacts of the demolition or conversion of housing units as well as to regulate the new use. Within the Merged Downtown Sacramento Redevelopment Project Area, the Agency will discourage demolition or conversion of Residential Hotel units in the absence of presentation of plans for the replacement project.~~

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

ATTACHMENT II

AMENDMENT TO THE RULES GOVERNING PARTICIPATION AND PREFERENCES BY PROPERTY OWNERS AND BUSINESS OCCUPANTS IN THE MERGED DOWNTOWN REDEVELOPMENT PROJECT AREA

1. The Rules Governing Participation and Preferences by Property Owners and Business Occupants in the Merged Downtown Redevelopment Project Area is amended by:
1. Replacing the definition of Residential Hotels in Section 2.9 with the definition following the original:

~~Residential Hotel: — Any building containing six (6) or more Residential Hotel units, which are intended or designed to be used, or which are used, rented, or hired out, to be occupied, or which are occupied, for sleeping purposes by tenants, which is or may be the primary residence of such tenants, but does not mean any building containing six (6) or more rooms which is primarily used by transient guests who do not occupy that building as their primary residence. Also known as a Single Room Occupancy (SRO) Hotel. A Residential hotel differs from a Rooming and Boarding House in that a Residential Hotel contains six (6) or more units, while a Rooming and Boarding House contains five or fewer units. A Residential Hotel differs from a Dormitory in that individual units in Residential Hotels may contain partial kitchen facilities and may contain full or partial bathroom facilities, while individual units in Dormitories contain no kitchen or bathroom facilities at all. In no case will an individual unit in a Residential Hotel contain full kitchen facilities.~~

Residential Hotel: Any building containing six or more guestrooms or efficiency units intended or designed to be used, or which are used or rented or occupied for sleeping or living purposes by guests, which is also the primary residence of those guests. Residential hotels are not buildings containing six or more guestrooms or efficiency units which are primarily used by transient guess who do not occupy the building as their primary residence. (Adapted from the California Health and Safety Code Section 50519)

An "efficiency unit" is defined in Section 310.7 of the 1994 Uniform Building Code as:

- (1) The unit shall have a living room of not less than 220 square feet of superficial floor area. An additional 100 square feet of superficial floor area shall be provided for each occupant of such unit in excess of two.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

- (2) The unit shall be provided with a separate closet.
- (3) The unit shall be provided with a kitchen sink, cooking appliance and refrigeration facilities, each having a clear work area of not less than 30 inches in front. Light and ventilation conforming to this code shall be provided.
- (4) the unit shall be provided with a separate bathroom containing a water closet, lavatory, and bathtub or shower.

- 2. Deleting the definition of Residential Hotel Unit in Section 2.10:

~~Residential Hotel Unit. — A unit in a Residential Hotel intended or designed to be used, or which is used, rented, or hired out, to be occupied, or which is occupied for sleeping purposes, by no more than two tenants. A Residential Hotel unit may contain partial kitchen facilities and may contain full or partial bathroom facilities. In no case will a Residential Hotel unit contain full kitchen facilities.~~

- 3. Deleting Section 6.3 in its entirety:

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

ATTACHMENT III

AMENDMENT TO PROCEDURES FOR PREPARATION AND PROCESSING OF ENVIRONMENTAL DOCUMENTS

The Redevelopment Agency's Procedures for Preparation and Processing of Environmental Documents is amended as follows:

- a. Delete from the list of items under "Agency Projects, Environmental Documentation Reports by Activity," the following item seven:

~~7. Issuance of Certificates of Compliance for the Demolition or Conversion of Residential Hotels - CEQA Required.~~

- b. Delete from the definition of "Ministerial Projects" the following sentence:

~~The issuance of a Certificate of Compliance for a demolition permit or building permit leading to a change of use of a Residential Hotel is not a ministerial Project.~~

- c. Delete the sentence at the end of the definition of "Project" as follows:

~~In the case of the demolition or conversion of a Residential Hotel, the Project includes both the demolition/conversion and either the proposed or potential replacement use.~~



Fact Sheet

RESIDENTIAL HOTEL ALTERNATIVE HOUSING PROGRAM Guidelines City of Sacramento

Program Description: The Residential Hotel Alternative Housing Program provides funds for housing very low-income persons in smaller apartment settings with appropriate support staff. Acquisition and rehabilitation of property will receive priority and will be one element in determining community benefit, as described below.

Program Goals:	The goals of the Residential Hotel Alternative Housing Program are to maintain the supply of affordable housing for very low income persons, provide better living environments through support services, and sustain property management standards.
Forms of Assistance:	Construction, bridge, and permanent loans evidenced by a Promissory Note; conditional grants with Regulatory Agreement.
Calculation of Assistance:	Agency assistance will consist of providing financing necessary to fill the gap between development costs and the maximum amount of private debt and equity invested in the project.
Interest Rate:	Below market rate, based upon project requirements.
Term:	Will vary from 15 to 30 years; longer terms considered, depending on project and financing source requirements.
Amortization:	Will vary based upon project requirements; deferral of payments may be considered depending on the project's financial structure.
Use of Funds:	Funds may be used for acquisition/rehabilitation, rehabilitation only, and new construction, in that order of priority.
Developer Contribution:	Developer must provide a minimum equity contribution equal to 10 percent of the project value.
Rent Restrictions:	Units qualifying for program financing must restrict rents to an amount affordable to households earning no more than 40 percent of median income. Not all units are required to be rent-restricted.

Other Terms:

- Loans will be secured by a deed of trust on the property.
- Agency will subordinate its financing to the lien of the private construction or permanent lender.
- Loans will be governed by Loan and Regulatory Agreements.
- Developer must maximize the use of funds provided by private construction and permanent lenders.
- Funding of Agency financing is contingent upon project receiving enforceable commitments from other lenders and equity sources.
- Loan to value ratio should not exceed 90% of the restricted basis. If grant, assistance plus loans should not exceed 90%.
- A current appraisal by the construction lender will be accepted and required prior to Agency loan closing.

ELIGIBILITY

Developer/Applicant: For profit and non-profit developers meeting Agency underwriting criteria are eligible. Nonprofit developers must be engaged in the day-to-day management of the development, be independent of the for-profit developer, and demonstrate that the benefits of any tax reduction pass through to tenants.

Developer must meet Agency's requirements for determination of community benefit, as set forth below.

Property Location: All new construction must be located outside of the Central City (bounded on the north and west by the American and Sacramento Rivers, respectively, Highway 50 on the south, and Capital City Freeway on the east). New construction projects must also be located in census tracts where household incomes exceed 80 percent of area median, and homeownership rates exceed 55 percent (see attached Eligible Census Tracts for City and County). These requirements do not affect rehabilitation projects, but all projects are subject to adopted Good Neighbor policies which provide spacing and deconcentration guidelines.

Land Use Entitlements: The following City planning approvals, if required, must be in place prior to the submission of an application for funding from any of the Agency's funding sources:

- General Plan Amendment (Rezone)
- Community Plan Amendment
- Community Plan Amendment and Rezone
- Variance

Land Use Entitlements, continued

Development Plan Review (Project)
Use Permit
Conditional Use Permit
Special Development Permit (including Planned
Unit development and density bonus)
Parcel Map
Environmental Review (CEQA, NEPA)
Subdivision Tentative Map (also applies to
townhouses and condominiums)
Boundary Line Adjustment
Special Review of Parking/Easements

UNDERWRITING GUIDELINES

The Agency will apply standard underwriting criteria in order to ensure that all projects receive due and equal consideration and that Agency resources are used as efficiently as possible.

Such analysis shall include:

- review of comparable property values;
- comparison to and application of financing terms and equity pay-ins available in the market;
- comparison of projected costs with historical cost data for comparable projects and cost estimates submitted with other comparable proposals;
- application of industry standard allowances for developer overhead, contractor overhead, general requirements, and developer fee. Such allowances are subject to change based on market conditions;
- Developer fee notes shall bear interest at a maximum of 3% or AFR if required, shall be subordinate to Agency financing, and may be paid prior to Agency financing;
- separation of the costs of providing social services from housing costs; and
- comparison and application of operating expense data from comparable projects for purposes of determining cash flow.

- All applications for funding shall be subject to the approval of the Agency Loan Committee and the City Council as directed.

SPECIAL CONDITIONS:

Support services for the residents must be incorporated in the proposed housing and be appropriate to the resident population.

Management plan must be approved by the Agency; management standards include specific tenant selection and eviction procedures, integration of support services, on-site security and community relations.

Performance standards required in the management plan will be based on the City of Sacramento's adopted Good Neighbor Policies, including security measures and sanctions against persons violating lease provisions affecting the quiet enjoyment rights of others. The performance standards shall require the owner to meet regularly with the Sacramento City Police Department and neighbors, including neighborhood association(s). These provisions will be monitored regularly by the Sacramento Housing and Redevelopment Agency.

Project must be consistent with the City of Sacramento's Zoning Ordinance with regard to the development standards and locational requirements for residential hotels. These shall include permitted uses, density and spacing, site standards, facility size and common areas, parking, and security. These requirements are expected to be adopted by September 1998.

New construction projects will be built to efficiency unit standards of the Uniform Building Code. To the extent possible, rehabilitation projects will incorporate units with private bathrooms. Acquisition of commercial property for conversion to residential use will be subject to new construction standards.

DEFINITION

The definition of "residential hotel" adopted by the City of Sacramento and Redevelopment Agency of the City of Sacramento is as follows:

"Any building containing six or more guestrooms or efficiency units intended or designed to be used, or which are used or rented or occupied for sleeping or living purposes by guests, which is also the primary residence of those guests. Residential hotels are not buildings containing six or more guestrooms or efficiency units which are primarily used by transient guests who do not occupy the building as their primary residence."

DETERMINATION OF COMMUNITY BENEFIT

Community benefits include:

- Smaller apartment settings with appropriate support services
- Replacement of dilapidated rental property through rehabilitation
- Adherence to early notification and involvement of immediate neighborhood (draft Good Neighbor Policies)
- Management requirements for on-site security, coordination with local law enforcement, enforcement of tenant lease provisions, regular communication with neighborhood association(s)
- Compliance monitoring by the Sacramento Housing and Redevelopment Agency for physical maintenance, including inspections for conformity with housing quality standards and building codes for individual units, common space, and exterior conditions
- Performance monitoring by the Sacramento Housing and Redevelopment Agency to include compliance with provisions of management plan, including tenant selection, lease enforcement, social services, review of neighborhood and police meetings, and security requirements
- Review by the Sacramento Housing and Redevelopment Agency of fiscal integrity of the project's operations

F:\BFB\SR0\FACTSHT.WPD

**EXISTING RESIDENTIAL HOTELS IN THE
MERGED DOWNTOWN REDEVLEOPMENT AREA**

<u>Hotel</u>	<u>Rooms</u>	<u>Address</u>
Berry	102	729 L Street
Biltmore	38	1009 J Street
Capitol Park	180	1125 - 9th Street
Clinton	15	1624 J Street
Congress	30	906 - 12th Street
Flagstone	42	1111 - 7th Street
Golden	27	1010 - 10th Street
Marshall	95	1122 - 7th Street
Pensione K	125	1100 - 17th Street
Ridgeway	55	914 - 12th Street
Royal	80	1121 - 7th Street
Sequoia	88	911 K Street
Shasta	78	1021 - 10th Street
Wendell	18	1208 J Street
YWCA	<u>32</u>	1122 - 17th Street
	1005	