



REPORT TO COUNCIL
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
June 10, 2010

Honorable Mayor and Members of the City Council

Title: Annual Report on Residential Hotels

Location/Council District: Citywide

Recommendation: Receive and File

Contact: Christine Weichert, Assistant Director, Housing and Community Development, 916-440-1353; Jeree Glasser-Hedrick, Redevelopment Manager, Housing and Community Development, 916-440-1302.

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 requires 712 residential hotel or comparable units be maintained within the City of Sacramento. The Sacramento Housing and Redevelopment Agency (Agency) is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or withdrawals. The ordinance pertains to eleven residential hotels located in downtown Sacramento (Location Map – Attachment 1).

In order to comply with the ordinance reporting requirements, the Agency sent correspondence in April to the owners of residential hotels subject to the ordinance. The package included a summary of the owner's obligations under the ordinance and city code, a copy of the conversion guidelines and an annual certification on the status of the residential hotel.

Currently there are three single room occupancy (SRO) residential hotel projects in various stages of rehabilitation or financing approval: the YWCA (32 units), the Hotel Berry (104 units), and 7th & H SRO Project (150 units). The rehabilitation of the YWCA is nearing completion. The Hotel Berry project

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received an allocation of nine percent low income housing tax credits in September 2009 and an award of American Recovery and Reinvestment Act (ARRA) exchange funds in December 2009. Disposition of the Hotel Berry property to the nonprofit developer Jamboree Housing Corporation and commencement of construction is anticipated in summer 2010. The proposed 7th & H SRO Project which will create 150 new efficiency units is applying for nine percent low income housing tax credits in June 2010. The 7th & H SRO Project has been identified as the replacement site for the 19 units that were lost at the Wendell and will further the goals of the City's SRO Preservation and Replacement Policy adopted to encourage "no net loss" of SRO units in downtown Sacramento.

Since the last annual report, 19 residential hotel units at the Wendell Hotel have been withdrawn pursuant to the approval of a Conversion Certificate and Replacement Housing Plan by City Council on September 15, 2009. Council also concurrently approved Residential Hotel Conversion Guidelines to establish consistent procedures for the Agency to process future applications for conversion or withdrawal and enforce uniform annual reporting requirements.

Several of the hotels surveyed are less than fully occupied due to deteriorating physical conditions and the challenging rental market. Staff is currently evaluating financing options for the renovation of the Ridgeway Hotel which requires substantive improvements. The Marshall Hotel owner is planning to convert the property to a market rate boutique hotel when market conditions improve. If the use does change, 95 existing residential hotel units could be withdrawn and replacement units would need to be identified.

A list of the residential hotels covered by the ordinance with the results of the annual certification is included as Attachment 2. In forthcoming annual reports, the Agency will report on the status of the residential hotels covered by the ordinance and the projects that have been identified as providing replacement housing units.

Policy Considerations: This report complies with the requirement of City Code Section 18.20.60, which requires an annual report on the number of residential hotels units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Environmental Considerations:

California Environmental Quality Act (CEQA): Not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(5)].

Sustainability Considerations: Not applicable

Other: Not Applicable

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Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* This report was reviewed by the Sacramento Housing and Redevelopment Commission as an information only item on May 19, 2010.

Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None

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

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

Recommendation Approved:

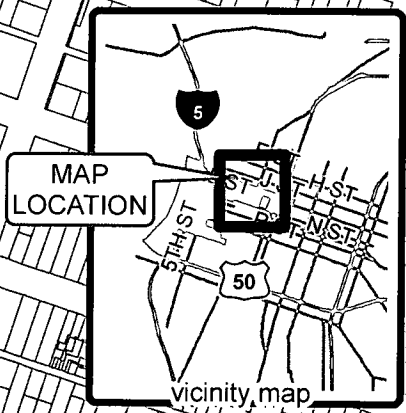
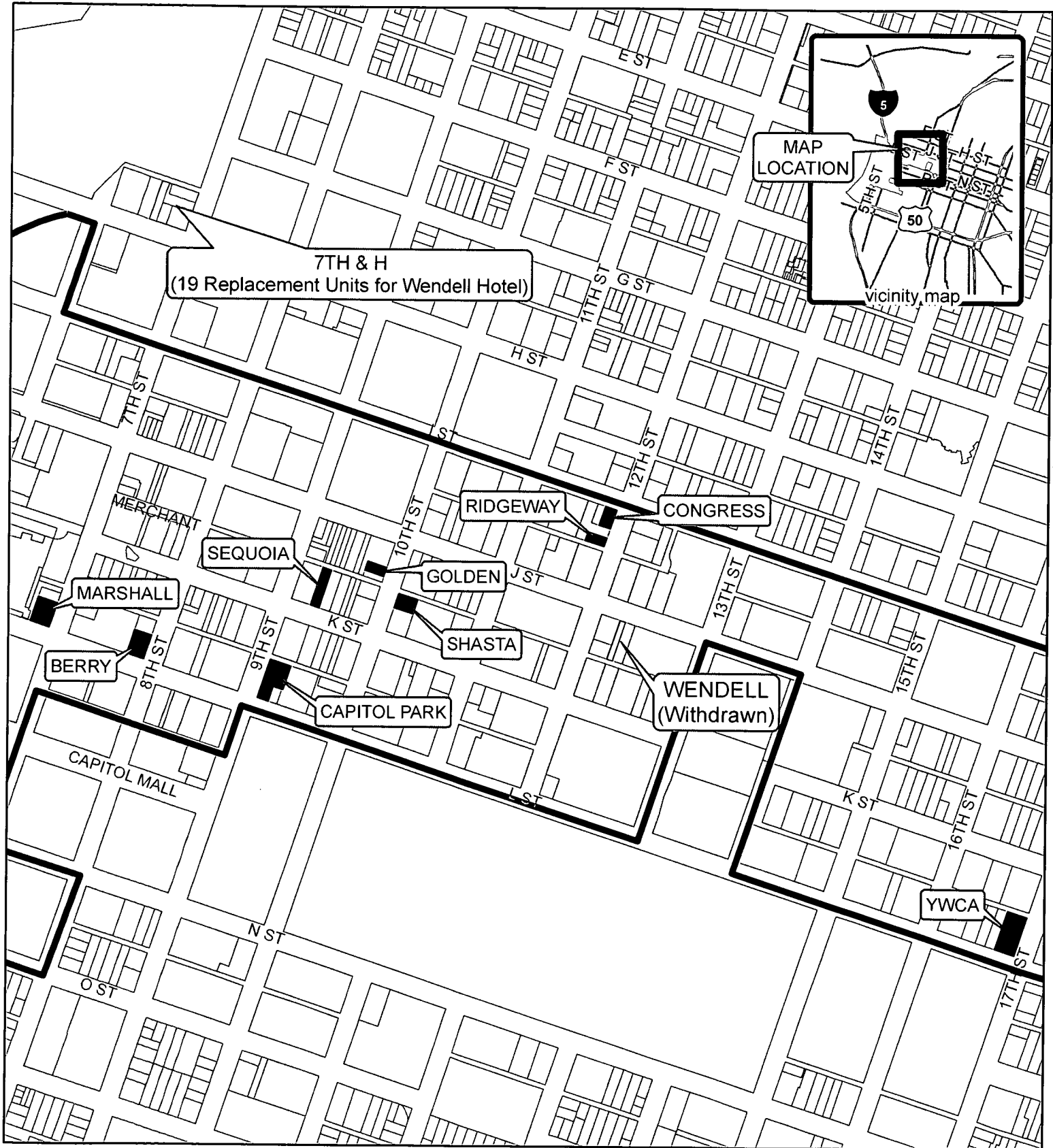

GUS VINA
Interim City Manager

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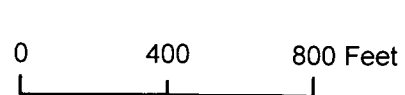
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1 Map of Downtown Residential Hotels	pg. 4
2 Residential Hotel Certification Summary	pg. 5



Residential Hotels Identified in City Code Chapter 18.20 Subject To, Withdrawn and /or Replacement Units



- Downtown Redevelopment Area
- Residential Hotel Included In Ordinance
- Withdrawn Units
- Replacement Housing Site



SHRA GIS
April 30, 2010

2010 RESIDENTIAL HOTEL CERTIFICATION SUMMARY

May 7, 2010

Property	Address	Subject to Ordinance	Planned Change In Use	Units Withdrawn	Replacement Units	Total Number Units	Total Number Vacant Units	Mthly Rent w/ Bath	Mthly Rent w/o Bath	Resident Services	Agency Reg. Agmt.	Comments
Berry Hotel	729 L St.	Yes	No	0	0	105	105	\$255-\$573	N/A	N/A	Yes	Temporary closure for rehabilitation. Construction to begin in summer 2010.
Capitol Park Hotel	1125 9th St.	Yes	No	0	0	180	60	\$515	\$490	*	No	
Congress Hotel	906 12th St.	Yes	No	0	0	27	11	\$525	\$500	*	No	
Golden Hotel	1010 10th St.	Yes	No	0	0	26	3	N/A	\$360	*	No	
Marshall Hotel	1128 7th St.	Yes	Yes	0	0	95	28	\$505	\$490	*	No	Owners notified Agency of plans to convert to boutique hotel when market improves.
Ridgeway Hotel	912 12th St.	Yes	No	0	0	58	58	N/A	N/A	N/A	Yes	Temporary closure for rehabilitation. Agency reviewing financing options with the owner.
Sequoia Hotel	911 K St.	Yes	No	0	0	90	4	\$405	\$379	*	Yes	
Shasta Hotel	1017 10th St.	Yes	No	0	0	80	10	N/A	\$366	*	Yes	
Wendell Hotel	1208 J St.	No	Yes	19	0	N/A	N/A	N/A	N/A	N/A	No	
YWCA	1122 17th St.	Yes	No	0	0	32	4	N/A	\$291	*	Yes	Rehabilitation near completion.
7th & H SRO	625 H St.	Replacement	No	0	19	150	N/A	\$206-\$581	N/A	Yes	Yes	Project is in planning stages. It will provide 19 replacement units for withdrawn Wendell Hotel.

Total Units (Less 7th & H) **693**
Total Vacant Units **283**
Total Withdrawn Units **19**
Total Replacement Units **19**
Total Units + Replacement Units **712**

* Downtown SRO Collaborative Services provided by TLCS