



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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File ID: 2017-00495

May 23, 2017

Consent Item 22

Title: Annual Report on Residential Hotels

Location: Downtown Sacramento, District 4

Recommendation: Receive and file.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:

- 1-Description/Analysis and Background
- 2-2017 Map of Residential Hotels
- 3-2017 Residential Hotel Certification Summary
- 4-2017 Boulevard Court Certification Summary

Description/Analysis

Issue Detail: Beginning in the 1920s, residential hotels were a major source of affordable housing in the Sacramento downtown area. By 1986, sixteen residential hotels remained. To mitigate the effect of displacement on the very low income households who were the hotels' primary residents, the Sacramento City Council (Council) adopted an ordinance requiring that relocation benefits be paid to residents of Single Room Occupancy (SRO) residential hotels upon withdrawal or conversion to other uses.

Adoption of the 1986 relocation ordinance followed a moratorium on residential hotel conversion passed in 1983 in response to the loss of six hotels from the 1970s to 1983. In 2006, Council adopted an amendment to the relocation ordinance that identified ten SRO hotels and required that relocation benefits be paid to residents in the event of a conversion or demolition at one of these properties. The relocation ordinance also imposed an obligation on the City to maintain an inventory of not less than 712 SRO units within the Central City.

On November 1, 2016, Council adopted an amendment to the Residential Hotel Unit Withdrawal, Conversion, and Demolition Ordinance, No. 2016-0043 (Ordinance), City Code Chapter 18.20. Council approved the amendments to the Ordinance and other technical changes.

Pursuant to the Ordinance, the Sacramento Housing and Redevelopment Agency (SHRA) is required to provide an annual report to the Sacramento Housing and Redevelopment Commission (Commission) and Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or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. In order to comply with Ordinance reporting requirements, SHRA sent correspondence in January 2017 to the owners of residential hotels subject to the Ordinance, including an annual certification on the status of the residential hotel (Residential Hotel Certification Summary - Attachment 3).

SRO Residential Hotels Subject to the Ordinance

The Ordinance currently pertains to the following four unregulated residential hotels:

Subject to the Ordinance

- Capitol Park
- Congress
- Golden
- Sequoia

With the exception of Capitol Park and Golden, vacancy rates are less than ten percent. According to the property management at Capitol Park and Golden, the vacancy rate is high due to selective screening. The owner of the Golden reported several evictions that resulted from non-payment of rent in the last year, and there will be electrical and aesthetic upgrades by summer 2017.

Replacement/Withdrawn Units

A list of replacement and withdrawn units covered by the Ordinance is included in Attachment 3.

Replacement units must be comparable units with rents that do not exceed 40% of the Sacramento area median income (AMI), located in close proximity to transportation and services, and have recorded affordability covenants.

Boulevard Court

Although it is not located in the Central City, information on the 75-unit Boulevard Court development, completed in 2011, is also included in the Certification Summary pursuant to the development's special permit and Council Resolution 2008-526 (Certification Summary - Attachment 4).

Policy Considerations: This report complies with City Code Section 18.20.160, which requires an annual report on the number of residential hotel units withdrawn, the number of units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Economic Impacts: Not Applicable.

Environmental Considerations: California Environmental Quality Act (CEQA): The proposed action does not constitute a project subject to environmental review under CEQA per Guidelines at 14 California Code of Regulations (CCR) §15378(b).

Sustainability Considerations: Not applicable.

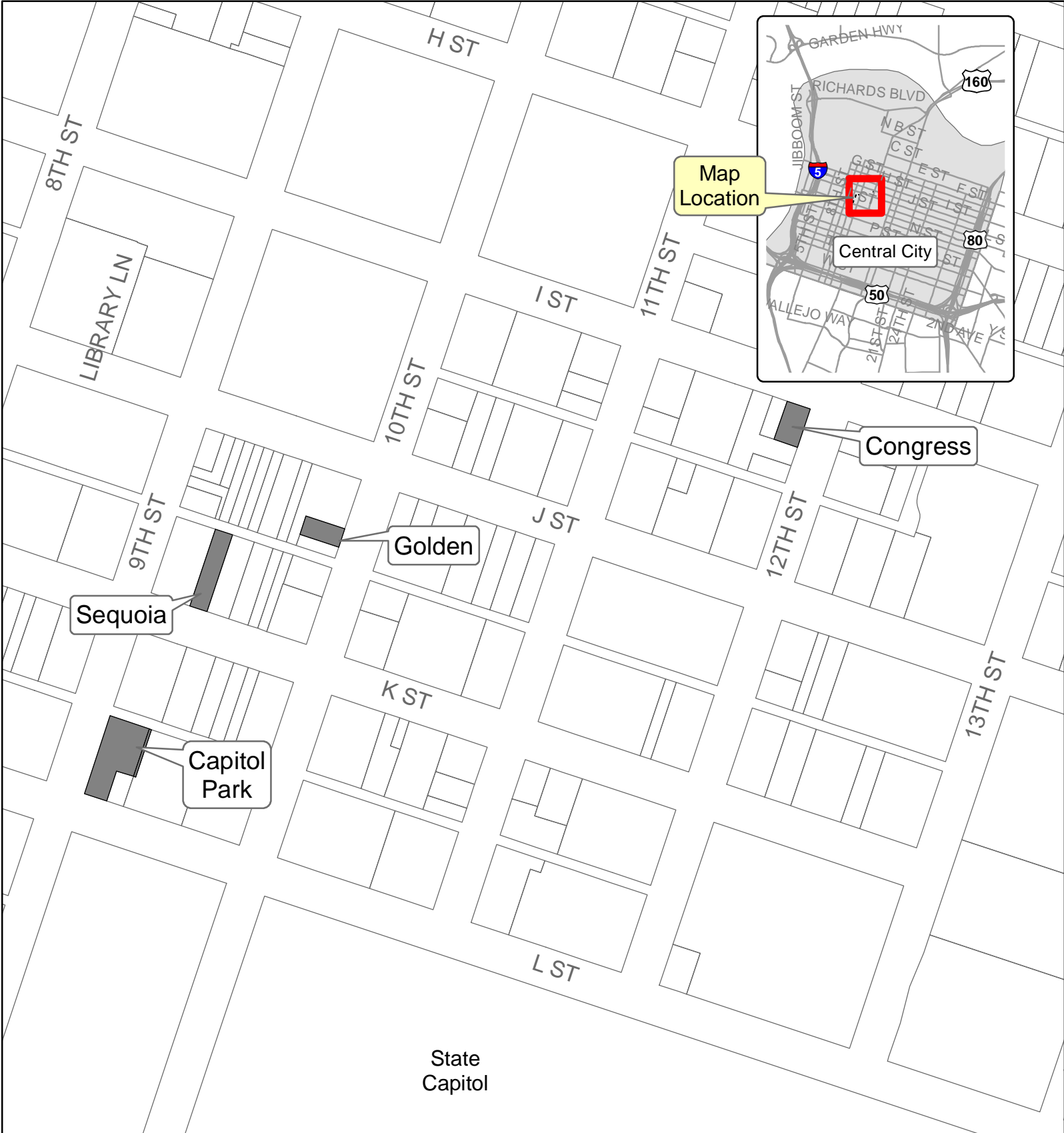
Other: National Environmental Policy Act (NEPA): The proposed action is Exempt from environmental review under NEPA regulations at 24 Code of Federal Regulations (CFR) §58.34(a) (3).

Commission Action: This report was reviewed by the Sacramento Housing and Redevelopment Commission as an information-only item on May 3, 2017.

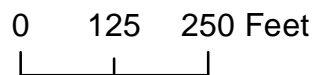
Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None.

LBE - M/WBE and Section 3 requirements: Not applicable.



Residential Hotel Included In Ordinance



Residential Hotel Certification Summary

May 2017

Non-Regulated Units Subject to the Ordinance						
Property	Address	Total Number Vacant Units	Original & Current Number Units	Monthly Rent w/ Bath	Monthly Rent w/o Bath	Comments
Capitol Park	1125 9th St.	62	180	\$550	\$525	Four (4) vacant units used for storage, laundry, or maintenance supplies.
Congress	906 12th St.	0	27	\$560	\$525	
Golden	1010 10th St.	15	26	N/A	\$475	Electrical and aesthetic upgrades to be completed by summer 2017.
Sequoia	911 K St.	2	90	\$430	\$405	
Subtotal			323			

Regulated/Replacement Units		
Property	Address	Current Number Units
7th & H Project	625 H St.	150
800 K (Pending)	800K-801L	3
Bel-Vue (Pending)	1123 8th St.	5
Cannery Place	601 Cannery Ave.	2
Globe Mills	1131 C St.	12
La Valentina	429 12th St.	11
Ridgeway	914 12th St.	22
Shasta	1017 10th St.	80
Studios at Hotel Berry	729 L St.	105
The WAL	1108 R St.	21
YWCA	1122 17th St.	32
Subtotal		443

Total Units	
Total Subject to the Ordinance and Regulated/Replacement Units	766
Total Required per the Ordinance	712
Total Surplus/Banked Units	54

Withdrawn Units				
Property	Address	Original Number Units	Approved Withdrawn Units	Comments
Marshall Hotel	1122 7th St.	95	95	7th & H provided 150 Replacement units for the withdrawn Wendell (19), Ridgeway (36) and Marshall (95).
Ridgeway	914 12th St.	58	36	
Wendell	1208 J St.	19	19	
Total			150	

SHRA Regulated Boulevard Court Certification Summary
May 2017

Address	Current Number Units w/ Bath	Total Number Vacant Units	Mthly Rent w/ Bath	Resident Services	Comments
5321 Stockton Blvd	75	4	\$804	Yes	Management staff is preparing the vacant units for new applicants moving in by June 2017.