



INVESTING IN COMMUNITIES

NOTICE OF MEETING
**Sacramento Housing and Redevelopment
Commission**
Wednesday, April 17, 2013 - 6:00 p.m.
801 12th Street Sacramento, CA

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF ACTION SUMMARY SYNOPSIS

1. Synopsis – April 3, 2013

CITIZENS COMMENTS

2. While the Commission welcomes and encourages participation in the Commission meetings, it would be appreciated if you would limit your comments to three minutes so that everyone may be heard. Please fill out a speaker card and present it to the Agency Clerk if you wish to speak under Citizen Comments or on a posted agenda item. Matters under the jurisdiction of the Commission, and not on the posted agenda, may be addressed by the general public at this time. Commission attendees are requested to silence any cell phones or pagers that they have in their possession.

BUSINESS ITEMS

3. Approval To Reprogram Loan Proceeds From The 41st Avenue Community Center Project And Authority To Amend Community Resource Project Agreement
4. SHRA Commercial Leasing and Tenant Improvements of 5410-5452 Auburn Boulevard

INFORMATIONAL ITEMS

5. Annual Report on Residential Hotels
6. City of Sacramento Housing Element Overview

EXECUTIVE DIRECTORS REPORT

**ITEMS AND QUESTIONS OF
COMMISSION MEMBERS**

ADJOURNMENT

Staff reports are available for public review on the Agency's website www.shra.org and include all attachments and exhibits. Hard copies are available at the Agency Clerk's office (801 12th Street) for 10 cents per page. A copy of materials for this agenda will be available at the meeting for public review. **Assistance for the Disabled:** Meeting facilities are accessible to persons with disabilities. If you require special assistance to participate in the meeting, notify the Agency Clerk at (916) 440-1363 at least 48 hours prior to the meeting.



SYNOPSIS

**Sacramento Housing and Redevelopment Commission (SHRC)
Regular Meeting
April 3, 2013**

Meeting noticed on March 28, 2013

ROLL CALL

The Sacramento Housing and Redevelopment Commission meeting was called to order at 6:00 p.m. by Chair Michael Alcalay. A quorum of members was present.

MEMBERS PRESENT: Alcalay, Chan, Gore, Griffin, Johnson, LeDuc, Morgan, Morton, Shah, Stivers

MEMBERS ABSENT: Rosa

STAFF PRESENT: Vickie Smith, Tia Boatman Patterson, LaShelle Dozier, Tanya Tran, Leilani Barnett, Marc Ledet, James Brock, MaryLiz Paulson, Brian Lengeyl

APPROVAL OF AGENDA

No changes proposed to agenda

1. **APPROVAL OF ACTION SUMMARY SYNOPSIS**

Action Summary Synopsis for March 6, 2013 was approved as amended

2. **CITIZEN COMMENTS**

none

INFORMATIONAL ITEMS

3. **Section 8 Management Assessment Program (SEMAP) update**

MaryLiz Paulson, Tanya Tran, and Leilani Barnett reviewed the Housing Choice Voucher program SEMAP score and the prognosis for next year.

EXECUTIVE DIRECTORS REPORT

La Shelle Dozier reviewed the following items:

- 1) Meeting schedule: next meeting will be held on April 10th, 2013. This will be a special meeting to discuss the "rebranding" of SHRA.

SHRC Synopsis
March 6, 2013

- 2) Upcoming events include: 1) 7th and H dedication April 29th 3-5pm, 2) Louise Perez community center groundbreaking on April 30th from 10-noon.
- 3) Sequestration and potential impact to Agency budget.

ITEMS AND QUESTIONS OF COMMISSION MEMBERS

Gale Morgan invited commissioners to attend the annual State of California Libertarian Party conference in Sacramento on Friday.

Chair Alcalay thanked staff for their work on the Marina Vista meeting and noted that the synopsis should reflect that the meeting was held off site.

ADJOURNMENT

As there was no further business to be conducted, Chair Alcalay adjourned the meeting at 7:10 p.m.

AGENCY CLERK



3
April 17, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Approval to Reprogram Loan Proceeds From the 41st Avenue Community Center
Project and Authority to Amend Community Resource Project Agreement

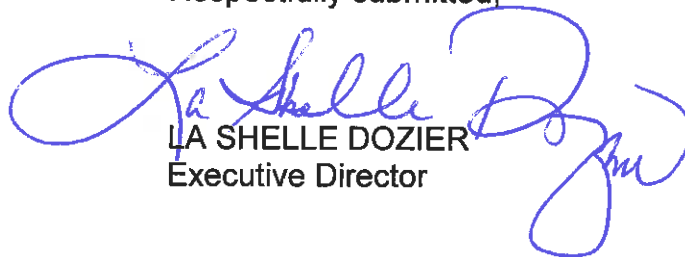
SUMMARY

The attached report is submitted to you for review and recommendation prior to
consideration by the County of Sacramento.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
April 23, 2012

To: Board of Supervisors of the County of Sacramento

From: Sacramento Housing and Redevelopment Agency

Subject: Approval To Reprogram Loan Proceeds From The 41st Avenue Community Center Project And Authority To Amend Community Resource Project Agreement

Supervisorial Yee
District:

Contact: La Shelle Dozier, Executive Director, 440-1319
Chris Pahule, Program Manager, 440-1350

Overview

This report requests authorization for the Sacramento Housing and Redevelopment Agency to reprogram \$200,000 of Community Development Block Grant (CDBG) funds to be received as loan repayment from the Community Resource Project for the 41st Avenue Community Center project. If approved, the funds will then be allocated as grant funds to the Community Resource Project for construction of the 41st Avenue Community Center.

Recommendations

1. Authorize the Sacramento Housing and Redevelopment Agency to receive and reprogram \$200,000 in repaid loan funds to augment previously allocated construction funding for the 41st Avenue Community Center.
2. Authorize the Sacramento Housing and Redevelopment Agency to amend a forgivable loan agreement, regulatory agreement, and other documents with Community Resource Project to add \$200,000 for construction costs, fees, and other costs for the 41st Avenue Community Center.

Measures/Evaluation

Approval of this report allows for \$200,000 loan to be repaid and the accompanying deed restriction on the parcel removed, which will allow for bank financing to be used as partial funding for the construction of the community center. Once constructed, the 41st Avenue Community Center will allow for the provision of much needed social services in this challenged South Sacramento neighborhood.

Fiscal Impact

This report allows SHRA to receive \$200,000 of loan proceeds from the Community Resource Project and recommends reallocation of these funds to costs associated with construction of the 41st Avenue Community Center. No new funds are being requested in this report.

BACKGROUND

The proposed 41st Avenue Community Center (Center) is a collaborative project championed by the Community Resource Project (CRP), a community-based organization providing housing, health and education services to lower income families. The Center will be located on a 38,697 square foot vacant parcel in the unincorporated area of Sacramento County at 41st Avenue and Martin Luther King, Jr. Boulevard, in a socio-economically challenged neighborhood known as 'The Avenues'.

"The Avenues" is in dire need of community facilities of this type. Crime rates are high in the neighborhood where drug dealing and gang activity are commonplace. In addition, the immediate area near the Center's proposed location has been a congregation point for day laborers. Their presence has negatively affected area businesses prompting the Sacramento County Sheriff's Department to approach CRP to participate in a community effort to address the issue.

In 2008, with a loan from SHRA, CRP purchased the land necessary to build the Center. Since then, CRP has completed the demolition of an existing fire-damaged building on one of the parcels and has drawn up plans for the construction of the proposed Center. CRP has also secured a construction loan from Clearinghouse Community Development Financial Institution (CDFI) and additional SHRA funding for the project. CRP now desires to repay the acquisition loan from SHRA and have the funds reprogrammed to be used to augment the final construction budget.

The proposed 41st Avenue Community Center will be 10,000 square feet and will include meeting rooms, offices, and a kitchen. The site will include landscaping, trees, shrubs and green space behind the building. The lot will provide parking with ingress and egress off of 41st Avenue. It is anticipated that the Center will be complete and occupied in 2014.

Inside the Center, local non-profit organizations will offer core services to area residents. Asian Resources and CRP are anticipated to provide money management, microenterprise, and pre-employment / career development workshops. These classes will engage members of the community, who wish to improve their money management skills, to start or grow a small business, or re-enter the workforce. CRP will run a day laborer center with a focus on improved health and safety, as well as leadership training. CRP will also provide health and nutrition services through programs such as Women Infant and Children (WIC), as well as free medical and dental screenings.

COMMISSION ACTION

It is anticipated that, at its April 17th, 2013 meeting, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Board in the event this does not occur.

MEASURES/EVALUATIONS

Approval of this report allows for the \$200,000 loan to be repaid and the accompanying deed restriction on the parcel removed, which will allow for bank financing to be used as partial funding for the construction of the community center. Once constructed, the 41st Avenue Community Center will allow for the provision of much needed social services in this challenged South Sacramento neighborhood.

FINANCIAL ANALYSIS

In 2007, SHRA and the Community Resource Project entered into a loan agreement for \$200,000 in Community Development Block Grant (CDBG) funding for the 41st Avenue Community Center project. Since then, an additional \$650,000 in CDBG funding has been allocated for the building construction. It is proposed that the Community Resource Project repay the initial \$200,000 acquisition loan and SHRA reallocate those funds to be used for construction of the project.

The table below illustrates the sources and uses for the proposed 41st Avenue Community Center:

Sources and Uses of Funds – Land Acquisition 2008	
Sources and Uses of Funds – Construction	
Sources	Uses
Borrower Equity - \$280,000	Repayment of Land Acq - \$200,000
CDBG Funds - \$650,000	Hard Costs - \$1,524,638
CDBG (Program Income) - \$200,000	Soft Costs - \$221,610
CDFI Loan - \$800,000	Contingency (23%) - \$397,150
CDFI Grant - \$200,000	Interest Reserve - \$35,000
Tobacco Tax - \$298,398	Loan Fees and Closing Costs - \$25,000
	Construction Fund Control - \$25,000
Total - \$2,428,398	Total - \$2,428,398

POLICY CONSIDERATIONS

Approval of this report and resolution accepting repayment of \$200,000 in Community Development Block Grant (CDBG), reprogramming those funds into the construction budget and authorizing the contract amendment with Community Resource Project (CRP) for the 41st Avenue Community Center Project is consistent with the Sacramento County approved Five-Year Consolidated Plan for 2013-2017.

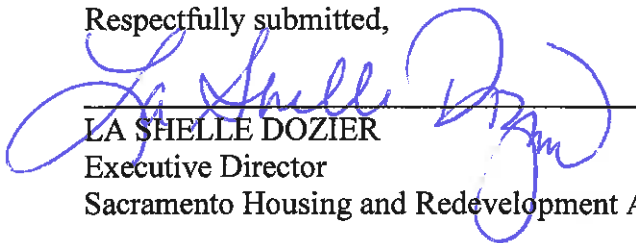
ENVIRONMENTAL REVIEW

The action recommended in this staff report does not change the Project as previously approved but only amends the allocations within the previously approved project budget without changing (increasing or decreasing) the total dollar amount approved. An Environmental Assessment (pursuant to National Environmental Policy Act (NEPA)) was prepared by the Ervin Consulting Group for the 41st Avenue Community Center Project in May of 2009. The Environmental Assessment resulted in a NEPA Finding of No Significant Impact on the quality of the human environment. There have been no substantial changes to the immediate vicinity since May 2009 which would change this conclusion. The California Environmental Quality Act (CEQA) applies only to projects which have the potential for causing a significant effect on the environment. Based upon the Environmental Assessment and the conclusion leading to the Finding of No Significant Impact, the Sacramento Housing and Redevelopment Commission determined on October 17, 2012, Resolution No. SHRC-12-15, that proposed activity would not have a significant effect on the environment, therefore the activity is not subject to CEQA review (CEQA Guideline 15061(b)(3)). The Board of Supervisors made the same determination on November 6, 2012, Resolution No. 2012-0774.

M/WBE AND SECTION 3 CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding to maintain that federal funding. Section 3 requirements will be applied to the extent as may be applicable.

Respectfully submitted,


LA SHELLE DOZIER
Executive Director
Sacramento Housing and Redevelopment Agency

APPROVED

BRADLEY J. HUDSON
County Executive

Attachments:

RES – County BOS Resolution
ATT I – Map - 41st Avenue Community Center

RESOLUTION NO. _____

ON DATE OF

APPROVAL TO REPROGRAM LOAN PROCEEDS FROM THE 41ST AVENUE COMMUNITY CENTER PROJECT AND AUTHORITY TO AMEND COMMUNITY RESOURCE PROJECT AGREEMENTS

WHEREAS, the Sacramento Housing and Redevelopment Agency (SHRA) has supported the 41st Avenue Community Resource Project (CRP) historically with Community Development Block Grant (CDBG) funding;

WHEREAS, the County of Sacramento has made available Tobacco Bond proceeds in support of the 41st Avenue Community Resource Project (CRP);

WHEREAS, the action recommended in this staff report does not change Project as previously approved but only amends the allocations within the previously project budget without changing (increasing or decreasing) the total dollar amount approved. National Environmental Policy Act (NEPA): An Environmental Assessment was prepared for the 41st Avenue Community Center Project in May of 2009. The Environmental Assessment resulted in a NEPA Finding of No Significant Impact on the quality of the human environment. There have been no substantial changes to the immediate vicinity since May 2009 which would change this conclusion. California Environmental Quality Act (CEQA): CEQA only applies to projects which have the potential for causing a significant effect on the environment. Based upon the Environmental Assessment and the conclusion leading to the Finding of No Significant Impact, the Sacramento County Board of Supervisors determined on November 6, 2012, Resolution No. 2012-0774, that proposed activity would not have a significant effect on the environment, therefore the activity is not subject to CEQA review (CEQA Guideline 15061(b)(3)).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO

Section 1: The statements presented above, including the environmental statements, are determined to be true and correct.

Section 2: The Sacramento Housing and Redevelopment Agency is authorized to receive \$200,000 in loan repayment from Community Resource Project from a Promissory Note dated April 21, 2008.

Approval To Reprogram Loan Proceeds From The 41st Avenue Community Center Project And
Authority To Amend Community Resource Project Agreement
Page 2

Section 3: The Sacramento Housing and Redevelopment Agency is authorized to reprogram the \$200,000 in repaid loan funds to finance construction of the 41st Avenue Community Center on the parcel acquired with the 2008 loan.

Section 4: The Sacramento Housing and Redevelopment Agency is authorized to amend the forgivable loan agreement, regulatory agreement and other documents with Community Resource Project to add \$200,000 of Community Development Block Grant funds to the \$650,000 of previously authorized CDBG funds for fees and construction costs of the 41st Avenue Community Center.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California this 23rd day of April, 2013, by the following vote, to wit:

AYES: Supervisors,
NOES: Supervisors,
ABSENT: Supervisors,
ABSTAIN: Supervisors,

Chair of the Board of Supervisors
of Sacramento County, California



(SEAL)

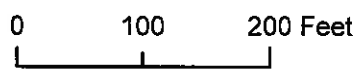
ATTEST: _____
Clerk, Board of Supervisors



41st Avenue Community Center



 Community Resource Project Parcel
 Park



RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF
April 17, 2013

APPROVAL TO REPROGRAM LOAN PROCEEDS FOR THE 41ST AVENUE COMMUNITY CENTER AND AUTHORITY TO AMEND A CONTRACT WITH THE COMMUNITY RESOURCE PROJECT

WHEREAS, the Sacramento Housing and Redevelopment Agency has supported the 41st Avenue Community Resource Project historically with Community Development Block Grant (CDBG) funding;

WHEREAS, the County of Sacramento has made available Tobacco Bond proceeds in support of the 41st Avenue Community Resource Project (CRP);

WHEREAS, The action recommended in this staff report does not change Project as previously approved but only amends the allocations within the previously project budget without changing (increasing or decreasing) the total dollar amount approved. National Environmental Policy Act (NEPA): An Environmental Assessment was for the 41st Avenue Community Center Project in May of 2009. The Environmental Assessment resulted in a NEPA Finding of No Significant Impact on the quality of the human environment. There have been no substantial changes to the immediate vicinity since May 2009 which would change this conclusion. California Environmental Quality Act (CEQA): CEQA only applies to projects which have the potential for causing a significant effect on the environment. Based upon the Environmental Assessment and the conclusion leading to the Finding of No Significant Impact, the Sacramento Housing and Redevelopment Commission determined on October 17, 2012, Resolution No. SHRC-12-15, that proposed activity would not have a significant effect on the environment, therefore the activity is not subject to CEQA review (CEQA Guideline 15061(b)(3)).

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1: The above recitals, including but not limited to the environmental recitals, are found to be true and correct.

Section 2: The Executive Director, or her designee, is authorized to receive \$200,000 in loan repayment from Community Resource Project from a Promissory Note dated April 21, 2008.

Section 3: The Executive Director, or her designee, is authorized to amend the SHRA budget and reprogram the \$200,000 in repaid loan funds to fund construction of the 41st Avenue Community Center on the parcel acquired with the 2008 loan.

Section 4: The Executive Director, or her designee, is authorized is authorized to amend the forgivable loan agreement, regulatory agreement and other documents with Community Resource Project to add \$200,000 of Community Development Block Grant (CDBG) funds to the \$650,000 of previously authorized CDBG funds for fees and construction costs of the 41st Avenue Community Center.

CHAIR

ATTEST:

CLERK

April 17, 2013



Sacramento Housing and Redevelopment Commission
Sacramento, California

Honorable Members in Session:

SUBJECT SHRA Commercial Leasing and Tenant Improvements of 5410-5452
Auburn Boulevard

RECOMMENDATION

Staff recommends adoption of the attached resolution which authorizes the Executive Director or her designee to : 1) solicit and contract with brokers to lease and/or sell the property, 2) execute leases with new and current tenants, 3) execute purchase and sales agreements to sell the property, and 4) execute contracts to perform necessary tenant improvements as will be outlined in the leases for 5410-5452 Auburn Boulevard.

CONTACT PERSONS

Mary L. Lyon, Program Manager, 916-449-6263
James Shields, Director of Administration, 916-440-1308

SUMMARY

SHRA owns the commercial property located at 5410-5452 Auburn Boulevard. The intent is to sell the property at market value. However, until the market allows SHRA to obtain a fair price for the property, SHRA must maintain and secure the property. In October, 2011, the property had an as-is market value of \$930,000.

Currently, it is projected that the property has \$540,000 in deferred maintenance repairs besides the ongoing maintenance requirements of the property. To generate adequate rent revenue to cover ongoing expenses, it is prudent for SHRA to lease out vacant tenant space on an interim basis until such time as it feasible to sell the property.

Staff is requesting the authority for the Executive Director or her designee to execute all contracts related to the leases and any necessary tenant improvements, including, but

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento Housing and
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April 17, 2013
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not limited to, professional services, janitorial services and construction services, so as to enter interim lease agreements with current and future tenants.

Staff is also requesting the authority for the Executive Director, or her designee, to execute all contracts related to selling the property, including, but not limited to, professional services, janitorial services and construction services should repairs need to be made to the building prior to sale.

BACKGROUND

In 2008, SHRA bought 6.6 acres of land commonly referred to as the Auburn-Garfield property site (5410-5452 Auburn Boulevard). At the time, SHRA was negotiating with a developer who would develop 120 new rental housing units and renovate the remaining commercial space. Subsequently, a separate developer was chosen to construct the 120 new rental housing units. The new developer was not interested in the commercial space so SHRA continues in an ownership role. There is currently 22,244 square feet (sf) of available space for leasing. The vacant spaces include restaurants, a veterinarian clinic and office space.

FINANCIAL CONSIDERATIONS

There is currently approximately \$500,000 in the Auburn-Garfield rent revenue account for maintaining the property. These funds would be used for any requested tenant improvements. The costs of any tenant improvements would be incorporated in the lease amount and the tenure of the lease.

Authority is being requested to expend up to \$60 per square foot lease for requested tenant improvements, not to exceed \$500,000. Staff will seek approval under a separate staff report for lease requested tenant improvements that exceed this amount.

POLICY CONSIDERATIONS

Consistent with current SHRA policy, staff is proposing to enter into these interim leases to maximize, protect and preserve SHRA assets until such time as it is feasible to sell these properties for their fair market value.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA): The proposed action to use commercial income for tenant improvements does not include any expansion of use and will continue a similar use in an existing facility. Therefore this action is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.

National Environmental Policy Act (NEPA): There is no federal funding or other federal action associated with this project; therefore, the National Environmental Policy Act (NEPA) does not apply.

M/WBE AND SECTION 3 CONSIDERATIONS

The activities recommended in this staff report do not involve federal funding, therefore, there are no M/WBE or Section 3 requirements.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

RESOLUTION NO. SHRC-_____

ADOPTED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION UNDER THE AUTHORITY DELEGATED TO THE COMMISSION PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, SECTION 33202 BY RESOLUTION NO. RA 81-083 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. RA-83 ADOPTED BY THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981, AND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34292 BY RESOLUTION NO. HA 81-098 ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO ON OCTOBER 20, 1981, AND BY RESOLUTION NO. HA-1497 ADOPTED BY THE HOUSING AUTHORITY OF THE COUNTY OF SACRAMENTO ON OCTOBER 27, 1981.

ON DATE OF

April 17, 2013

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY COMMERCIAL LEASING AND TENANT IMPROVEMENTS OF 5410-5452 AUBURN BOULEVARD

BE IT RESOLVED BY THE SACRAMENTO HOUSING AND REDEVELOPMENT COMMISSION:

Section 1. The proposed action to use commercial income for tenant improvements does not include any expansion of use and will continue a similar use in an existing facility. Therefore this action is categorically exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301 and the sale of this property which is not required for the foreseeable needs of the Sacramento Housing and Redevelopment Agency (SHRA) is exempt pursuant to CEQA Guideline 15312.

Section 2. The commercial property located at 5410-5452 Auburn Boulevard in the County of Sacramento is not required for the foreseeable needs of SHRA.

Section 3. The Executive Director, or designee, is authorized to spend up to available rent income funds available from the commercial property to pay for costs associated with commercial tenant improvements; not to exceed \$60 per square foot for tenant improvements and no event shall it exceed Five Hundred Thousand Dollars for all the commercial space.

Section 4. The Executive Director, or designee, is authorized to solicit, award and execute contracts, including, but not limited to, professional and construction service contracts, pursuant to applicable statutes, regulations and Agency procurement policy, as necessary to complete tenant improvements in the commercial spaces at 5410-5452 Auburn Boulevard.

Section 5. The Executive Director, or designee, is authorized to solicit, award and execute a contract for broker services as necessary to lease and/or sell the commercial spaces at 5410-5452 Auburn Boulevard at its fair market value as evidenced by an appraisal.

Section 6. The Executive Director, or designee, is authorized enter into interim leases, not to exceed five years, for the commercial spaces at 5400 Auburn Boulevard and any other related documents.

Section 7. The Executive Director or designee, is authorized to sell the property and execute purchase and sale agreement to sell the property should the sales price meet or exceed the property's fair market value, as approved as to form by agency counsel, and to take such additional actions as are reasonably necessary to implement this Resolution.

CHAIR

ATTEST:

CLERK

5



April 17, 2013

Sacramento Housing and
Redevelopment Commission
Sacramento, CA

Honorable Members in Session:

SUBJECT:

Annual Report on Residential Hotels

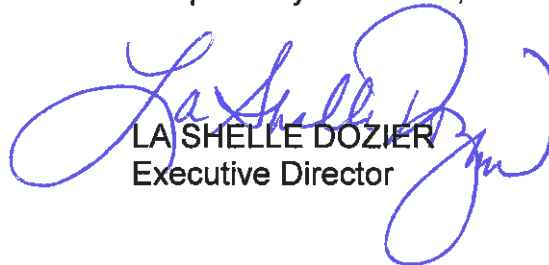
SUMMARY

The attached report is submitted to you for review and information. The identical report will be presented to the City Council for review and information on May 7, 2013.

RECOMMENDATION

The staff recommends approval of the recommendations outlined in this report.

Respectfully submitted,



LA SHELLE DOZIER
Executive Director

Attachment



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

Receive and File
May 7, 2013

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, Development Finance, 440-1353;
Steve Lierly, Housing Finance Analyst, 449-6236

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 that 712 residential hotel or comparable units be maintained within the City of Sacramento.

The Sacramento Housing and Redevelopment Agency (SHRA) 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 ten residential hotels located in downtown Sacramento (Location Map – Attachment 1).

In order to comply with the ordinance reporting requirements, SHRA sent correspondence in January 2013 to the owners of residential hotels subject to the ordinance. The package included a summary of the owner's obligations under the ordinance and an annual certification on the status of the residential hotel.

Annual Report on Residential Hotels

Current Conditions

There are six residential hotels regulated by SHRA and subject to the City Ordinance including:

- 58 unit Ridgeway Hotel under renovation into 22 affordable units
- 150 unit 7th & H Street Housing Community constructed in 2012
- 104 unit Studios at Hotel Berry renovated in 2012
- 32 unit YWCA renovated in 2010
- 80 unit Shasta Hotel renovated in 1994
- 90 unit Sequoia Hotel renovated in 1985

In addition to the six SHRA regulated residential hotels, the Wendell received conversion approval to withdraw 19-units in 2009, and there are four non-regulated residential hotels subject to the Ordinance including Capitol Park, Congress, Golden, and Marshall.

Since last year's report, occupancy has increased or remained the same in nine communities with only one hotel (Sequoia) having a slightly higher number of vacant units. The rental absorption of the renovated Studios at Hotel Berry and construction of the 7th and H Street Housing Community (7th & H) do not appear to have affected vacancy rates in other hotels.

Withdrawn / Replacement Housing

A list of the residential hotels covered by the Ordinance with the results of the annual certification is included as Attachment 2.

The 7th & H project has been identified as a site for 95 remaining replacement housing units.

Boulevard Court

Additionally, information on the 75-unit Boulevard Court project completed in 2011 is included in the Certification Summary – Attachment 3. Pursuant to the project's special permit and Council Resolution 2008-526, the annual report required for the project is to be included in this annual report.

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): The specific actions herein consist of the filing of a report and are not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(5)].

Annual Report on Residential Hotels

Sustainability Considerations: Not Applicable

Other: Not Applicable

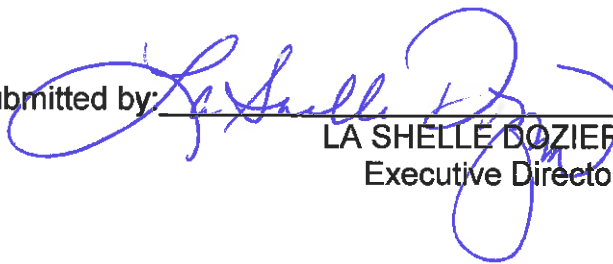
Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* This report was reviewed by the Sacramento Housing and Redevelopment Commission as an information only item on April 17, 2013.

Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None

M/WBE and Section 3 Considerations: The items discussed in this report do not involve federal funding; therefore, there are no M/WBE or Section 3 requirements.

Respectfully Submitted by:



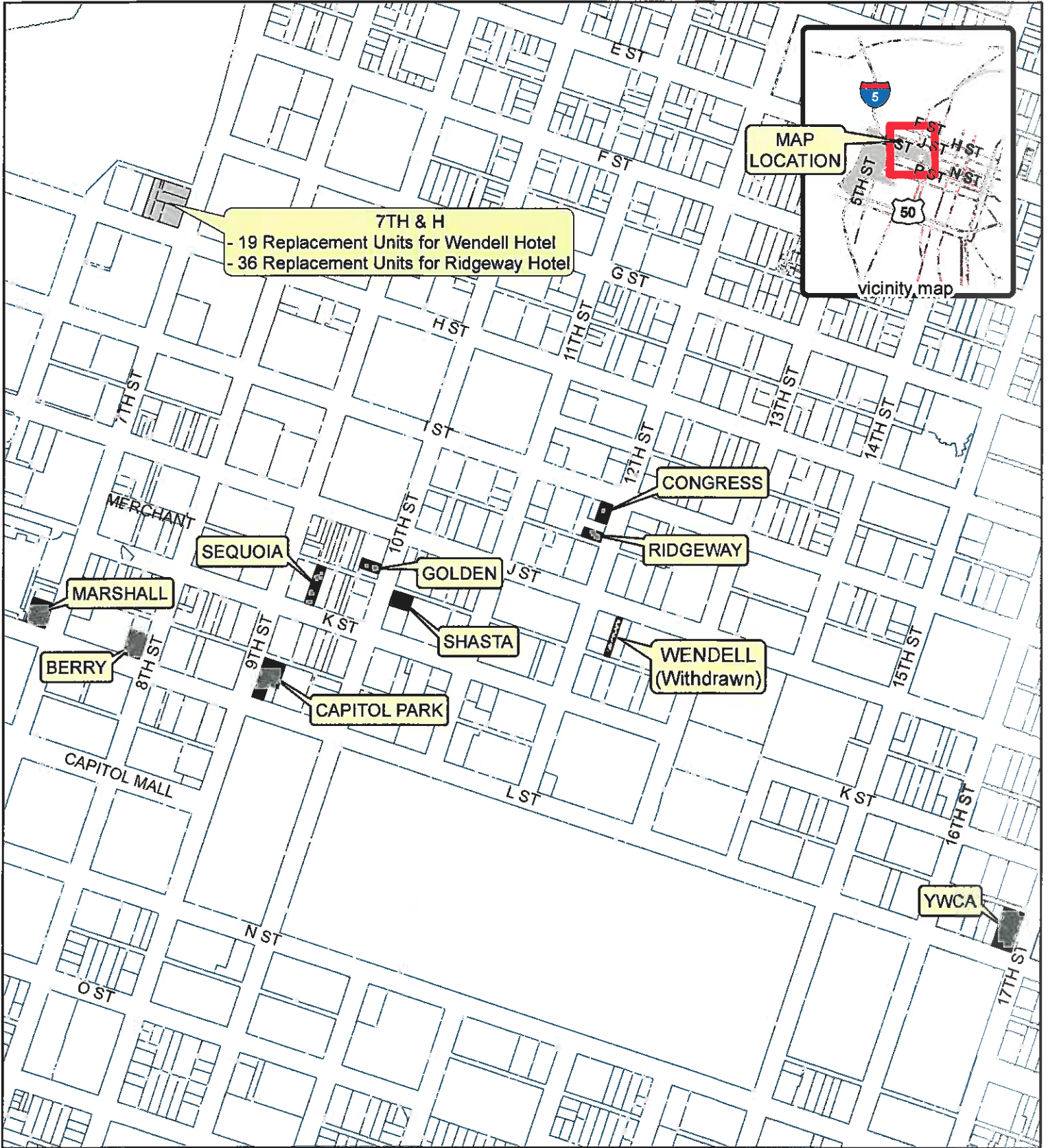
LA SHELLE DOZIER
Executive Director

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3 Boulevard Court Certification Summary	pg. 6



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



Withdrawn Unit	Replacement Housing Site	0 350 700 Feet		SHRA GIS April 3, 2013
Residential Hotel Included In Ordinance				

Residential Hotel Certification Summary 2013

May 7, 2013

Property	Address	Subject to Ordinance	Total Number Units	Approved Withdrawn Units	Approved Replacement 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	105	0	0	62	\$266-\$599	N/A	Yes	Yes	Renovation completed in 2012.
Capitol Park Hotel	1125 9th St.	Yes	180	0	0	60	\$535	\$500	*	No	
Congress Hotel	906 12th St.	Yes	27	0	0	9	\$525	\$500	*	No	
Golden Hotel	1010 10th St.	Yes	26	0	0	2	N/A	\$380	*	No	
Marshall Hotel	1122 7th St.	Yes	95	0	0	30	\$490	\$485	*	No	
Ridgeway Hotel	912 12th St.	Yes	22	36	0	22	N/A	N/A	N/A	Yes	Renovation into 22 studio units underway. 7th & H will provide the 36 replacement units.
Sequoia Hotel	911 K St.	Yes	90	0	0	20	\$415	\$390	*	Yes	
Shasta Hotel	1017 10th St.	Yes	80	0	0	4	N/A	\$426	*	Yes	
YWCA	1122 17th St.	Yes	32	0	0	0	\$598	\$303	*	Yes	
7th & H Project	625 H St.	Replacement Units	150	0	55	N/A	\$266-\$666	N/A	Yes	Yes	Completed construction in December 2012. 150 replacement units for the withdrawn Wendell (19), and Ridgeway (36).
Wendell Hotel	1208 J St.	No	N/A	19	0	N/A	N/A	N/A	N/A	N/A	Approved Conversion Certificate and Replacement Housing Plan for 19 units at 7th & H.

Attachment 2

*** Downtown SRO Collaborative Services provided by TLCS**


Total Units Subject To Ordinance 712
Total Replacement Units Available 95

Boulevard Court Certification Summary
May 7, 2013

Property	Address	Total Number Units	Total Number Vacant Units	Mthly Rent w/ Bath	Resident Services	Agency Reg. Agmt.	Comments
Boulevard Court	5321 Stockton Blvd	75	4	\$373	Yes	Yes	Project completed in June 2011.

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MEMO TO: Members of the Sacramento Housing and Redevelopment Commission
FROM: Vickie Smith, Agency Clerk 
DATE: April 11, 2013
SUBJECT: Housing Element Presentation

Attached is background information we received from the City of Sacramento regarding the Housing Element Overview they will be presenting at the Commission on April 17th. Please contact Christine Weichert at 440-1353 or Desmond Parrington at 808-5044 if you have any questions.



**City of Sacramento
City Planning and Design
Commission**

915 I Street, Sacramento, CA 95814

www.CityofSacramento.org

**STAFF REPORT
March 14, 2013**

To: Members of the Planning and Design Commission

Subject: Housing Element Update – Second Workshop

Location/Council District: Citywide/All Districts

Recommendation: Staff is seeking Commission review and comment on the Housing Element update and issues related to this effort.

Contact: Desmond Parrington, AICP, Infill Coordinator, (916) 808-5044

Presenters: Desmond Parrington

Department: Community Development

Division: Planning

Dept. ID: 21001222

Description/Analysis

Issue: This workshop is a follow-up to the first Housing Element workshop for the Commission that was held on November 15, 2012. The purpose of this workshop is to discuss current and future housing needs as well as existing housing market conditions. It is also an opportunity to provide initial input on policies and potential policy changes particularly on the City's Mixed-Income Housing Ordinance and Housing Trust Fund Ordinance.

The Housing Element serves as the City's overall housing strategy and plans for the housing needs of all economic segments of the community through a comprehensive analysis of needs, constraints, and resources as well as policies and programs to address those issues. State law requires that every city and county in California adopt a Housing Element, subject to State approval, as part of its General Plan.

A key part of the Housing Element is an overview of current demographics, income and employment trends as well as housing market conditions and affordability. Attachment 1 has a summary of the key findings and these are illustrated in the presentation in Attachment 4. This information demonstrates that there remains a need for more affordable housing in the City, but current market conditions are not favorable for new development -- particularly affordable development -- given the subsidies required and the decline in available local financial resources.

Given the City and SHRA's loss of major affordable housing funding sources, Sacramento must prioritize how it is going to use its limited resources. This in turn raises a series of important policy questions regarding future housing objectives.

For example, should the City focus on housing construction -- particularly affordable housing -- construction or should it concentrate on rental housing and homeownership assistance programs? On the other hand, should the City and SHRA focus on rehabilitation of the existing affordable housing stock or use its resources to preserve affordable housing at risk of converting to market rate. Are there other housing priorities that the City should focus on?

With respect to the City's different affordable housing programs and requirements, should those affordable housing requirements stay fixed or should they adjust with changes in the housing market? Given the City's limited resources to assist affordable developers, should the City's inclusionary requirements offer more options for developers instead of just a build option?

The 2030 General Plan projects that in the future two-thirds of the City's growth will be in infill areas. With the loss of set-aside funding and redevelopment requirements for affordable housing, how will the City encourage affordable housing in infill areas? Should inclusionary requirements apply citywide or just to "new growth areas" like Delta Shores or Greenbriar?

Staff is seeking the Commission's input and thoughts on these critical questions. After the conclusion of the housing workshop, Staff will prepare draft policies and programs in the late spring and will return to Commission for further feedback before finalizing the draft Housing Element early this summer.

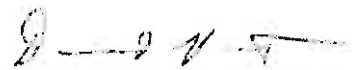
Policy Considerations: The Housing Element sets forth the City's goals and policies to address current and future housing needs. State law requires that the Housing Element be updated regularly to ensure that the City has sufficient sites, policies, and programs to address that need.

Environmental Considerations: No project is being proposed at this time. Staff is only presenting information and seeking Commission and public input. Environmental review pursuant to CEQA will be conducted prior to the adoption of the Housing Element.

Public Outreach and Comments: Staff has commenced a second round of outreach with key stakeholder groups to discuss housing needs, housing market conditions and solicit input on policy ideas and potential changes. These meetings have included market rate and affordable housing developers as well as affordable housing and homeless advocates and service providers. A community meeting was held on March 13th to solicit input from the community at large and staff is starting outreach to community and neighborhood groups in March and April. A third round of outreach is scheduled for the late spring when a draft Housing Element should be available for review and comment.

Sustainability: A sustainable community includes housing for current and future households of all income levels. The update to the City's Housing Element is designed to ensure that the City continues to provide opportunities for a range of housing types despite the challenging economic and financial conditions.

Rationale for Recommendation: Jurisdictions are required under Government Code Section 65580 *et seq.* to update their Housing Elements and submit them for review and certification by the State Department of Housing and Community Development (HCD) within 18 months after adoption of the Metropolitan Transportation Plan by their local Council of Governments, which is SACOG. Failure to adopt a certified Housing Element can leave the City vulnerable to legal challenge and will make the City ineligible for certain State grant funds, including Prop. 1C Infill and TOD Program funds.

Respectfully submitted by: 
Desmond Parrington, AICP
Infill Coordinator

Recommendation Approved:


Thomas S. Pace
Long Range Planning Manager

Attachment 1 Background

The following is an overview of current demographics, income and employment trends as well as housing market conditions and affordability.

Demographics: During the Housing Element time frame (2014-2021) the City's population will continue to increase. Based on the availability of vacant and underutilized land as well as planned development projects, most of that growth is concentrated in four community plan areas: North Natomas, the South Area, Fruitridge/Broadway, and the Central City. Major projects in those areas include Greenbriar (North Natomas), Delta Shores (South Area), Aspen 1/Stonebridge (Fruitridge/Broadway) and Railyards and Township 9 (Central City).

The median age of Sacramento residents is 33 with about 28% of the population under age 19. Though those under 54 years of age constitute almost 80% of the population, those over age 55 are the fastest growing age group.

Sacramento continues to be a very diverse City. Though Whites still constitute the largest single racial group, other races/ethnic groups constitute the majority of City residents. The fastest growing groups in the City were persons of Asian or Hispanic descent.

Households and residents that have special needs as it relates to housing include: female-headed households, especially those with children, large families, persons with a disability, extremely low-income households and the homeless. With the exception of female-headed households and extremely low-income households, the City has seen declines in its special needs populations. In the case of the homeless population in the County, though the overall number of homeless decreased, the number of homeless families increased.

Income: As in 2000, the City has a barbell-shaped income distribution. At one end, 50% of all households earn less than 80% of the Area Median Income (AMI) or less than \$50,000 for a four person household and at the other end 31% had higher incomes (over \$75,000). Middle Income households comprised 19% of all households. Extremely low-income households, those earning less than \$23,000 a year (for a four-person household) made up 16% of all households. Extremely low-income households typically have high rates of overcrowding and overpayment for housing (i.e., paying more than 30% of their income on housing). In Sacramento, Black or African American, elderly and Hispanic households are more likely to have extremely low-incomes.

In terms of the federal poverty level, 21% of all residents lived below the federal poverty level which is \$11,490 per year for a one-person household. That number increased from 16% to 21% between 2007 and 2011. Though the poverty level increased across all categories the increase was particularly pronounced for young people under the age of 18. Female-headed households with children had the highest rate (38%) of poverty

among households in Sacramento. The major difference in the poverty level between seniors (9% in poverty) and children (31%) is likely the presence of Social Security as a safety net.

Employment: Government is and will remain the major employer in Sacramento region for the Housing Element planning period (2014-2021), but health care is the fastest growing job sector. Yet, despite the increase in health care jobs anticipated over the next ten years, the vast majority of new jobs in the City are expected to be low-wage jobs. While that does not necessarily translate into an increase in low-income households, it does mean that future households may need multiple wage earners to achieve the median income.

Housing Market Conditions: Residential permit activity in the City has declined dramatically since its peak in 2005. In that year, almost 3,000 permits were issued for single-family and multi-family units, but by 2010 only 191 permits were issued. The dramatic decline was the result of the Great Recession and the questionable mortgage lending practices which preceded it. This resulted not only in job losses throughout the region and high unemployment, but also a large number of foreclosures.

Between 2006 and 2012, there were over 22,000 foreclosures in the City of Sacramento. In many areas last year, foreclosures or bank real estate-owned (REO) properties and short sales accounted for over half of all sales. Even in the wealthier Community Plan areas like Land Park and East Sacramento, foreclosures and short sales accounted for almost one-third of all sales, while in newer areas like North Natomas these accounted for almost 70% of all sales. As a result of the foreclosures and the economy, median home prices plummeted from a high of \$339,500 in 2006 to a low of \$129,750 in 2011.

Home sales have remained depressed in most areas of the City; however, in those Community Plan areas hardest hit by foreclosures and short-sales, such as North Sacramento, the South Area, and Fruitridge-Broadway, which includes Oak Park, investors have been buying up large numbers of homes often paying cash. A recent example of that is the purchase of 1,000 homes in the Sacramento region by the Blackstone investment group.

Due to the dramatic decline in the median home prices, more Sacramento households can afford the median price home. The National Association of Homebuilders' (NAHB) Housing Opportunity Index, which measures the percentage of homes that a median-income household can afford, increased from less than 8% of homes in 2005 to over 81% in 2011. Though much more of the City's households may be able to afford a home, access remains a significant issue. Tighter lending standards and the increase in investors paying cash for low-cost homes means that lower-income and in some cases even moderate-income households have difficulty purchasing new homes in the area.

As a result of the economy and the large number of foreclosures that have depressed sales prices, most housing development is not feasible in the City according to a recent

market and feasibility analysis conducted by the City's consultants, Keyser Marston Associates. That is particularly true of apartment construction as current rent levels have not increased much at all over the past five years despite the fact that occupancy levels have remained healthy (close to 95%) throughout the period. This is in sharp contrast to other areas of California such as the San Francisco, Los Angeles and San Diego metro areas where there have been significant rent increases. Due to the lower rents levels in the Sacramento area, rents have generally been affordable to low-income households, but they remain out of reach for most very low-income and all extremely low-income households without paying more than 30% of their income on housing or living in overcrowded housing situations.

While construction costs have not changed dramatically, rents and sales prices remain low. So the only type of development that is at all feasible currently is single-family development in the wealthier areas of the City, such as East Sacramento and Land Park, where sales prices are higher and have been relatively stable.

More recently, the region has seen significant increases in home sales prices. Between January 2012 and January 2013, home prices increased 22% according to the Sacramento Bee and Dataquick. There are also fewer foreclosures entering the market. With few new homes built over the last five years, there is little inventory available. A normal inventory is between four and six months of unsold homes. Currently, there is less than two months supply in the region. This would suggest that home prices in the City and throughout the region will continue to increase as has been predicted. This may help those homeowners that owe more on their homes than they are currently worth, but it may lead to further housing difficulties for lower-income households.

Housing Type and the City's Inclusionary Program: The City's Mixed-Income Housing Ordinance was adopted by Council in 2000 and applied to "new growth areas" of the City such as North Natomas and the Railyards (refer to the map in Attachment 2). The Ordinance requires that 15% of all housing built be affordable to low and very low-income households. The goal of the Ordinance was to ensure that as new communities built out they would have a mix of housing affordable to all income levels.

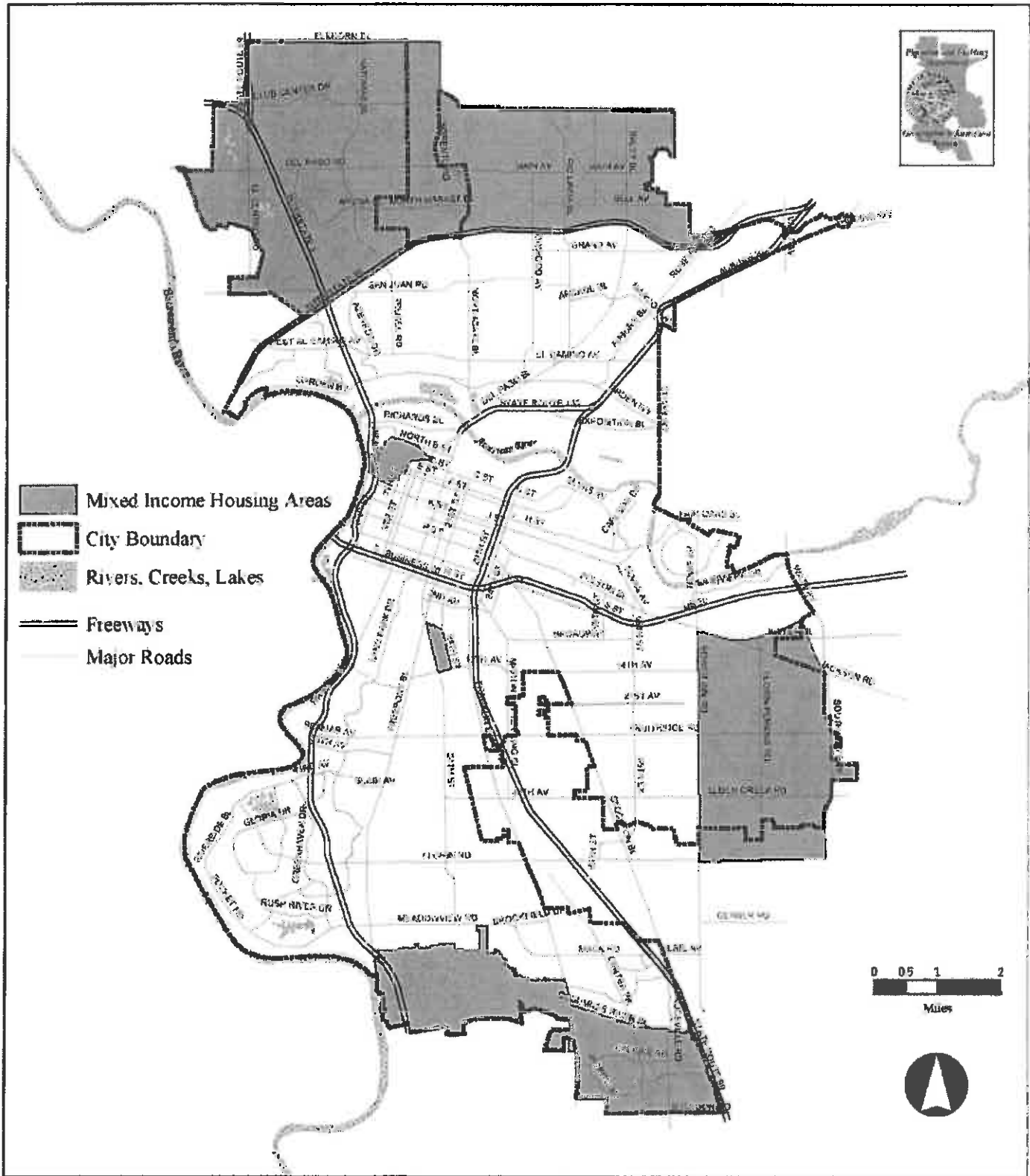
However, concerns have been raised about the possible over-concentration of rental units, particularly affordable rental units in certain areas of the City. In most of the City's Community Plan areas, single-family homes comprise about two-thirds of all housing. The exceptions are the Central City, which is a much denser area, South Natomas, Arden Arcade and the Pocket, none of which are subject to the City's Mixed-Income Housing Ordinance requirements. Much of the multifamily development in South Natomas, Arden Arcade and the Pocket occurred in the early 1980s during the boom in multifamily construction. Refer to Attachment 3 for a map of the City's Community Plan areas.

In terms of the distribution of affordable units, the Central City has the largest percentage of deed-restricted affordable units at 17%. Approximately 7% of the City's total housing

stock is deed-restricted affordable housing. North Natomas and the South Area, which are subject to the City's Mixed-Income Housing Ordinance, were higher than the Citywide average at about 10% and 8% respectively. Arden Arcade though it has a large percentage of multifamily units had the least amount of affordable housing followed by East Sacramento and the Pocket. While this might suggest that affordable housing is being concentrated just in areas subject to the Mixed-Income Ordinance, the City's infill areas actually experienced higher percentage of new deed-restricted affordable units.

Other concerns that have been raised include the size, scale, massing and management of some of the projects. Though the affordable apartment projects built as a result of the City's Ordinance are comparable to market rate projects in the South Area and North Natomas, most of the projects have been 100% affordable rather than mixed-income. This is the result of the economics of affordable housing development. Typically, projects that are 100% affordable are more competitive when it comes to securing State and federal funding. In contrast, mixed-income projects are more expensive to do because their market rents may be lower and they qualify for less funding from State and federal sources. Similarly, smaller projects are more expensive to do because they do not benefit from the economies of scale of a large project. As a result, they require larger subsidies from either the developer, the City or SHRA. Currently, with the loss of redevelopment set-aside funding and the continuing decline in federal funding, the City and SHRA have few resources that can be used to close the financing gap for affordable development.

Attachment 2



AREAS SUBJECT TO MIXED INCOME HOUSING POLICY

Attachment 3 City Community Plan Areas

