



**Sacramento
Housing &
Redevelopment
Agency**

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

**Staff Report
August 7, 2008**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Board**

Title: 716 7th Street, 631 H St, and 625 H St

Location/Council District: Corner of 7th and H streets, Council District 1

Recommendation: Adopt 1) a Redevelopment Agency Resolution a) authorizing the Interim Executive Director or her designee to take all actions necessary to purchase real property identified as Assessor Parcel Numbers 002-0141-001 (716 7th Street.), 002-0141-002 (site address unknown), 002-0141-003 and 004 (631 H Street) and 002-0141-007 (625 H Street), abate hazardous materials and demolish the improvements; b) authorizing the Interim Executive Director or her designee to issue a Request for Qualifications to seek a developer for a new SRO Replacement apartment project at the site; and c) amending the 2008 Agency budget to transfer \$3,440,000 in Downtown Housing Tax Exempt Bond funds from the SRO Residential Hotel Fund to the 7th and H project. **2) a City Council Resolution** a) finding that it is in the best interest of the City to sell real property identified as Assessor Parcel Numbers 002-0141-001 (716 7th Street.), 002-0141-002 (site address unknown), 002-0141-003 and 004 (631 H Street) and 002-0141-007 (625 H Street) without competitive bidding, and b) authorizing the sale of the real property identified to the Redevelopment Agency.

Contact: Lisa Bates, Deputy Executive Director, 440-1319; Diane Luther, Assistant Director, 440-1362

Presenter: Diane Luther

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: The City of Sacramento owns several parcels on the corner of 7th and H streets. City and Redevelopment Agency staff have discussed the mutual advantages of the City selling this property to the Redevelopment Agency for use

Purchase of Site and RFQ for 7th and H

as a mixed use development site. The site was previously used by the Sacramento Police Department as a criminal investigation laboratory and storage area. The Police Department has recently moved these functions to their new facility on Richards Blvd. After a holding period, hazardous materials will be abated and the site cleared for development.

In preparation for the potential acquisition of this site, Agency staff has undertaken an appraisal, Phase I and II environmental evaluations, and a development concept study.

Once Council approves the project, staff anticipates closing the site purchase within 90 days. Assuming site acquisition is approved, staff recommends issuing a Request for Qualifications in August 2008 for a development team to create a project that will be replacement housing for past and future lost Single Room Occupancy (SRO) units serving low, very low and extremely low income individuals and that will feature appropriate health and social services for the tenants. Staff has set a development timeline which calls for selection of the team by November 2008, conclusion of predevelopment activities by spring 2010 to meet the application deadline for Low-Income Housing Tax Credits, and the commencement of construction by the fall of 2010.

Staff will seek a development team that is experienced with SRO-style apartment projects, has a track record of obtaining the necessary project financing, and can work in partnerships to provide strong management and appropriate services for the tenant population. Staff plans for the new project to meet the City's sustainability goals, and will look for a development team with expertise in green building techniques. Additionally, since the project will be located in the new Railyards redevelopment area, the building will have high quality design values, and will contribute to the vitality of the streetscape with feasible ground floor retail or commercial activities. The developer will be asked to partner with treatment and case management agencies, and seek appropriate financing, so that a component of the project can house and serve formerly homeless people.

The Agency has conducted community outreach throughout the area, meeting with the following groups: Alkali Flat and Mansion Flats Historic Neighborhood Association, Richards Blvd (River District) Redevelopment Board, Downtown Sacramento Partnership, Interagency Council to End Homelessness, Alkali Flat Redevelopment Advisory Committee, City Economic Development Department, City Planning Department, Sacramento County, Thomas Enterprises – Railyards Representatives.

Staff will consult with and seek input from representatives of the following interest groups and areas of expertise:

Sacramento Housing and Redevelopment Agency
City of Sacramento Management
City of Sacramento Economic Development
City of Sacramento Police Department

Purchase of Site and RFQ for 7th and H

Sacramento County (nearby owner and funder of services)
Sacramento Municipal Utility District (adjacent owner and energy savings partner)
Railyards Development
Alkali Flat Redevelopment Advisory Committee
Downtown Sacramento Partnership
Greenbuilding Expert
Affordable Housing Expert

These representatives will be asked to provide input into the Request for Qualifications, and may be part of the committee that will review submissions and recommend a development team.

Policy Considerations: The proposed project will help implement the City's Single Room Occupancy (SRO) Preservation and Replacement Policy, which calls for development of 200 new efficiency apartments within five years of 2006. The policy was adopted to encourage "no net loss" of SRO units in Downtown, where development pressures continue to erode existing SRO housing stock.

The recommended action conforms with and furthers the implementation goals of the Ten-Year Plan to End Chronic Homelessness, which calls for the development of Permanent Supportive Housing, and for the development of new efficiency apartment housing as a prevention strategy.

For the reasons cited above, it is in the best interest of the City to sell the subject property to the Redevelopment Agency with the necessity of obtaining competitive bids in accordance with City Code Section 3.88.090.

Environmental Considerations:

California Environmental Quality Act (CEQA): The environmental effects of the demolition of the buildings at 7th and H were analyzed by the Railyards Redevelopment Plan Amendment adopted by the Redevelopment Agency on May 6, 2008. No mitigation measures beyond those adopted for development within the Railyards Redevelopment Area and the Sacramento Metropolitan Air Quality Management District requirements are necessary. Pursuant to California Environmental Quality Act (CEQA) Guidelines section 15162, additional environmental review is not required. Acquisition of the properties as described herein is in furtherance of the Merged Downtown Redevelopment Plan. Acquisition of these properties does not commit the Agency to proceed with a development project. CEQA Guidelines Section 15004(b)(2)(A) allows for land acquisition where the Agency will conduct CEQA review once the proposed project has been defined when the acquisition does not limit the choice of alternatives or mitigation measures, and future development of the land is subject to CEQA compliance.

Sustainability Considerations: The 7th and H Street Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets as follows: the project supports Goal number five – Public health and Nutrition, specifically Target number five which calls for the redevelopment or rehabilitation of areas within the City or aged City facilities that were constructed based on old, wasteful, and/or dysfunctional designs to achieve better results for people and the environment. The sale of the subject properties is exempt from CEQA review pursuant to CEQA Guidelines Section 15312, Surplus Government Property Sales.

Other: The National Environmental Policy Act (NEPA) does not apply. Phase I and Phase II evaluations of the site have been conducted and minor diesel fuel contamination has been found in the soil. Consultants have recommended installation of monitoring wells around the site for a twelve-month period. Monitoring wells will be installed during summer of 2008. If no significant deterioration is found, a closure letter will be sought from the County Environmental Management Department.

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its July 16, 2008 meeting, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES: Burruss, Chan, Coriano, Dean, Fowler, Gore, Morgan, Otto, Stivers

NOES: None

ABSENT: Mohr, Shah

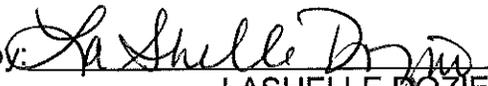
Rationale for Recommendation: Site acquisition and demolition will provide an opportunity to continue implementation of the City's and the Agency's SRO Preservation and Replacement Policy, and to continue implementation of the Ten Year Plan to End Chronic Homelessness. The planned new development will contribute to Downtown's new high quality residential environment and will increase architectural values in the Downtown Railyards area by replacing an empty unattractive building with a new attractive, street-friendly, green, high-density project. The Ten Year Plan to End Chronic Homelessness, adopted by the City, County and SHRA, calls for the development of Permanent Supportive Housing (PSH) for homeless people with disabilities.

August 7, 2008

Purchase of Site and RFQ for 7th and H

Financial Considerations: This report recommends appropriation of \$3,440,000 of Downtown Redevelopment Tax Exempt bond funds from the SRO Residential Hotel Funds. These funds will not be repaid to the Agency. The parties have agreed on a price of \$3,000,000 and will share closing costs evenly. The purchase price is \$40,000 appraisal dated February 26, 2007 due to a price adjustment for a portion of the cost to install monitoring wells at the site to monitor ground water pollution. The resolution allocates \$440,000 for closing, holding, hazardous materials abatement, and demolition costs. The source of funds is Downtown Tax Increment set aside in the SRO residential Hotel Funds.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: 
LASHELLE DOZIER
Interim Executive Director

Recommendation Approved:

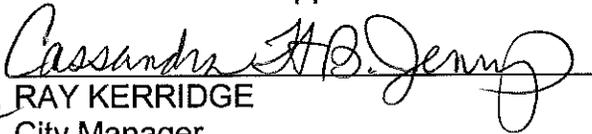

RAY KERRIDGE
City Manager

Table of Contents

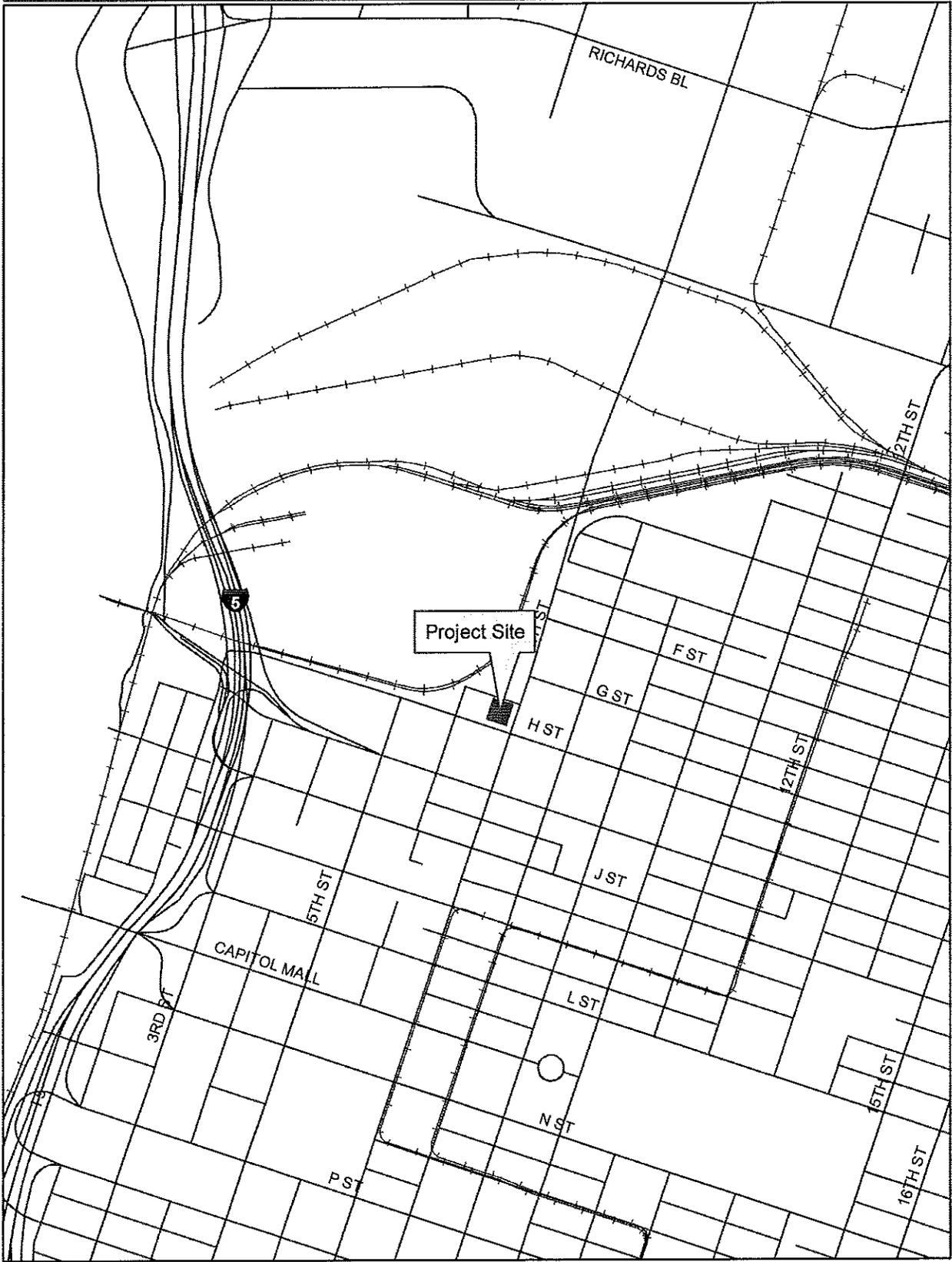
Report pg. 1

Attachments

- | | | |
|---|--|--------|
| 1 | Vicinity Map | pg. 6 |
| 2 | Location Map | pg. 7 |
| 3 | Resolution – RACS - Approving Purchase | pg. 8 |
| 4 | Resolution – City Council - Approving Sale | pg. 10 |



7th & H Acquisition Vicinity Map



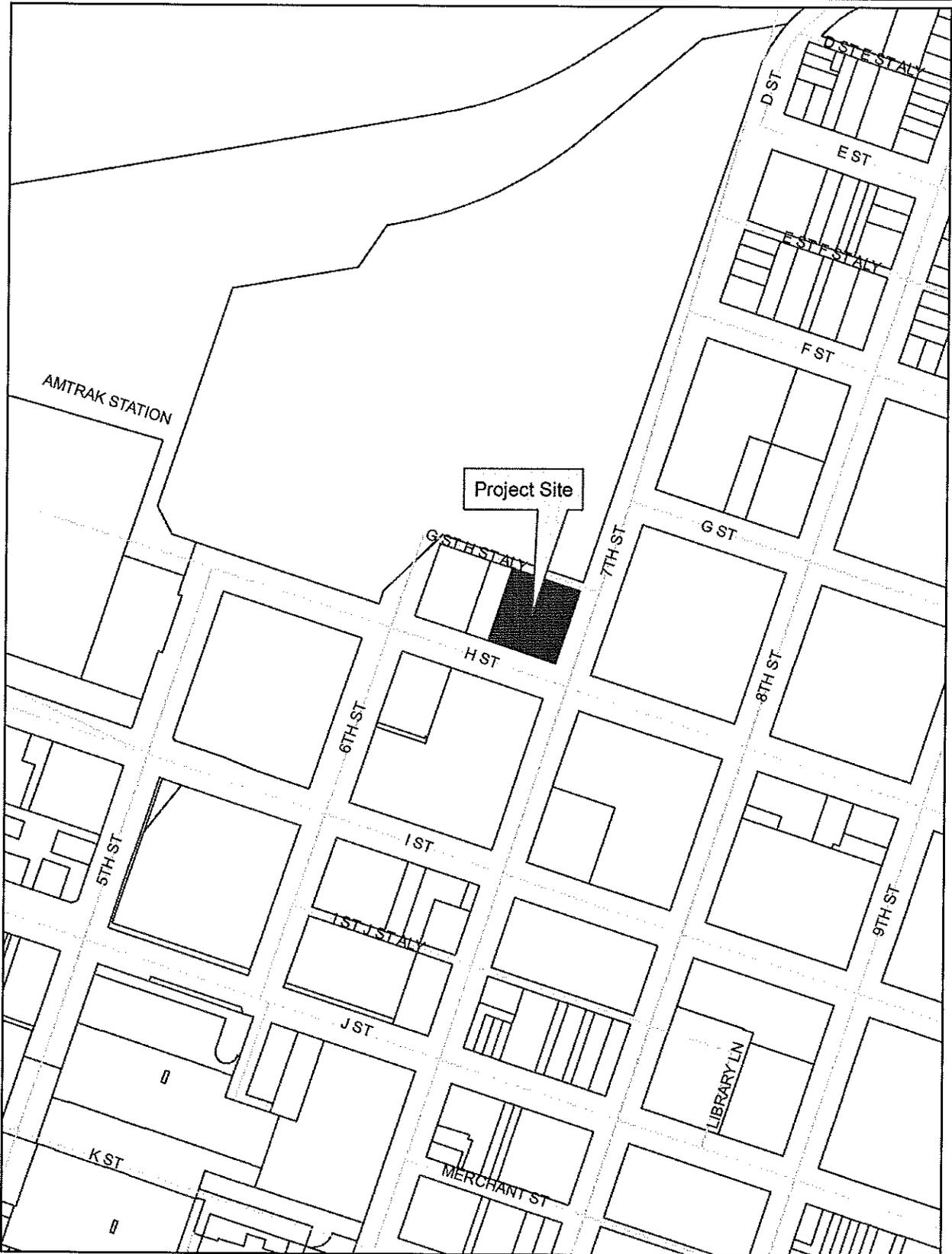
0 1,000 2,000 Feet



SHRA GIS
July 8, 2008



7th & H Acquisition Location Map



 Project Site

0 300 600 Feet



SHRA GIS
July 8, 2008

RESOLUTION NO. 2008 - _____

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

7th AND H: AUTHORIZING PURCHASE OF PROPERTY FROM CITY OF SACRAMENTO AND ALLOCATING FUNDS FOR PURCHASE, CLOSING, HOLDING, HAZARD ABATEMENT AND DEMOLITION COSTS, AND AUTHORIZING RELEASE OF A REQUEST FOR QUALIFICATIONS TO DEVELOP THE SITE

BACKGROUND

- A. In September of 2006 the Redevelopment Agency adopted the Single Room Occupancy Preservation and Efficiency Apartment Replacement Action Plan, which calls for the Agency to develop 200 new efficiency apartments in the downtown redevelopment area within five years, in order to offset past and future losses of SRO housing.
- B. In September of 2006 the Redevelopment Agency adopted the Ten Year Plan to End Chronic Homelessness, calling for 1) development of 280 new permanent supportive housing units within five years; and 2) prevention of homelessness through the development of new apartments in the downtown redevelopment area.
- C. The City of Sacramento wishes to sell, and the Redevelopment Agency wishes to buy, three parcels: 716 - 7th St., 631 H St, and 625 H St - on the corner of 7th and H streets. The site has been used by the Police Department as a crime investigation laboratory and storage area. The Police Department has recently moved these functions to its new facility on Richards Blvd.
- D. Acquisition of the foregoing properties does not commit the Agency to proceed with any specific development project. California Environmental Quality Act ("CEQA") Guidelines Section 15004(b)(2)(A) allows for land acquisition where the Agency will conduct CEQA review once a proposed project has been defined when the acquisition does not limit the choice of alternatives or mitigation measures, and future development of the land is subject to CEQA compliance. Once the scope of development of the property has been defined, environmental review of the proposed project will be conducted. It is determined that the additional action proposed by this resolution is exempt from environmental review under the California Environmental Quality Act Guidelines Section 15301. Therefore, these actions are exempt from environmental review. The National Environmental Policy Act does not apply.
- E. Phase I and Phase II evaluations of the site have been conducted and minor diesel fuel contamination has been found in the soil. Consultants have

recommended installation of monitoring wells around the site for a twelve-month period.

- F. The agreed acquisition price is \$3,000,000, and site analysis and cost estimates have found that the costs of closing, holding, asbestos abatement and demolition are likely to be approximately \$440,000.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All of the evidence presented having been duly considered, the findings, including the environmental findings, as stated above, are approved.
- Section 2. The Agency Budget is amended to transfer \$3,440,000 in Downtown Housing Tax Increment funds from the SRO Preservation and Replacement Fund to the 7th and H project.
- Section 3. Just compensation for 716 7th St. 631 H St. and 625 H St to be acquired is \$3,000,000, based on an appraisal dated February 26, 2007, discounted in consideration of the necessity for the Redevelopment Agency to install ground water monitoring wells and seek environmental clearance prior to developing the site.
- Section 4. The Interim Executive Director, or designee, is authorized to take all actions necessary to purchase the properties (APN 002-0141-002, 003, 004 & 007), award a contract to abate hazardous materials and to demolish the improvements.
- Section 5. The Interim Executive Director, or designee, is authorized to release a Request For Qualifications seeking a qualified development team for the 7th and H site.

RESOLUTION NO. 2008-xxxx

Adopted by the Sacramento City Council

On date of

AUTHORIZING THE SALE OF REAL PROPERTY AT THE CORNER OF 7TH AND H STREETS TO THE REDEVELOPMENT AGENCY WITHOUT COMPETITIVE BIDDING

BACKGROUND:

- A. The City of Sacramento owns real property at the corner of 7th and H Streets, further identified as Assessor Parcel Numbers 002-0141-001 (716 7th St.), 002-0141-002 (site address unknown), 002-0141-003 & 004 (631 H St.) and 002-0141-007 (625 H St.).
- B. The subject property previously housed several functions of the Sacramento Police Department until those functions were relocated to 300 Richards Blvd.
- C. As a result of the move, the subject property is no longer needed for City operations and is surplus real property.
- D. The sale to the Redevelopment Agency will help implement the City's Single Room Occupancy (SRO) Preservation and Replacement Policy and will further the implementation goals of the Ten-Year Plan to End Chronic Homelessness.
- E. City Code Section 3.88.090 provides for the sale of real property without competitive bidding when it finds that such action is in the best interest of the City.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interest of the City to sell real property at the corner of 7th and H Streets, identified as Assessor Parcel Numbers 002-0141-001, 002, 003, 004 and 007 without competitive bidding as provided for in City Code Section 3.88.090.
- Section 2. The City Manager is authorized and directed to execute an Agreement for Purchase and Sale of Real Property with the Redevelopment Agency, which Agreement is on file with the City Clerk.

Section 3. The City Manager is authorized to execute such additional documents and to take such additional actions as necessary to implement the Agreement.