



**Sacramento
Housing &
Redevelopment
Agency**

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

Consent
December 9, 2008

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

Title: Annual Report on Residential Hotels

Location/Council District: Citywide

Recommendation: Receive and File

Contact: Lisa Bates, Deputy Director, Sacramento Housing and Redevelopment Agency (SHRA), (916) 440-1316, Jim Hare, Assistant Director Housing and Community Development, SHRA, (916) 440-1313

Presenters: NA

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) requires an annual report to the Redevelopment Commission and City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or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).

For the reporting year ending September 30, 2008, no residential hotel units have been withdrawn pursuant to ordinance requirements. However, several hotels are less than fully occupied due to deteriorating physical conditions or the owners' inability to attract responsible tenants. In addition, several hotel owners have announced plans to convert their properties to other uses. Staff estimates that up to 150 existing units could be lost in the next two to three years. A list of the residential hotels covered by the ordinance with notes on their status is included as Attachment 2.

Annual Report on Residential Hotels

Four responses have been received to the Agency's Request for Qualifications to develop efficiency apartment units at the corner of 7th and H streets; a staff report will be presented in January 2009 to recommend a developer for that site. Staff is also working on two residential hotel preservation projects: the Hotel Berry (100 units) and the YWCA (32 units). The Agency approved \$5 million in June 2007 for the Hotel Berry acquisition and the project received an award of low income housing tax credits in July 2008; however, current conditions in financial markets have not been conducive to identifying an investor to purchase the tax credits. Staff is currently evaluating options for the project and intends to report back to Council no later than February 2009. The approved YWCA rehabilitation project is expected to receive permits and start construction in December 2008.

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)(4)].

Sustainability Considerations: NA

Other: NA

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting on November 19, 2008, the Sacramento Housing and Redevelopment Commission received the information presented in this staff report.

Rationale for Recommendation: Not applicable; receive and file.

Financial Considerations: None

Annual Report on Residential Hotels

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
Interim Executive Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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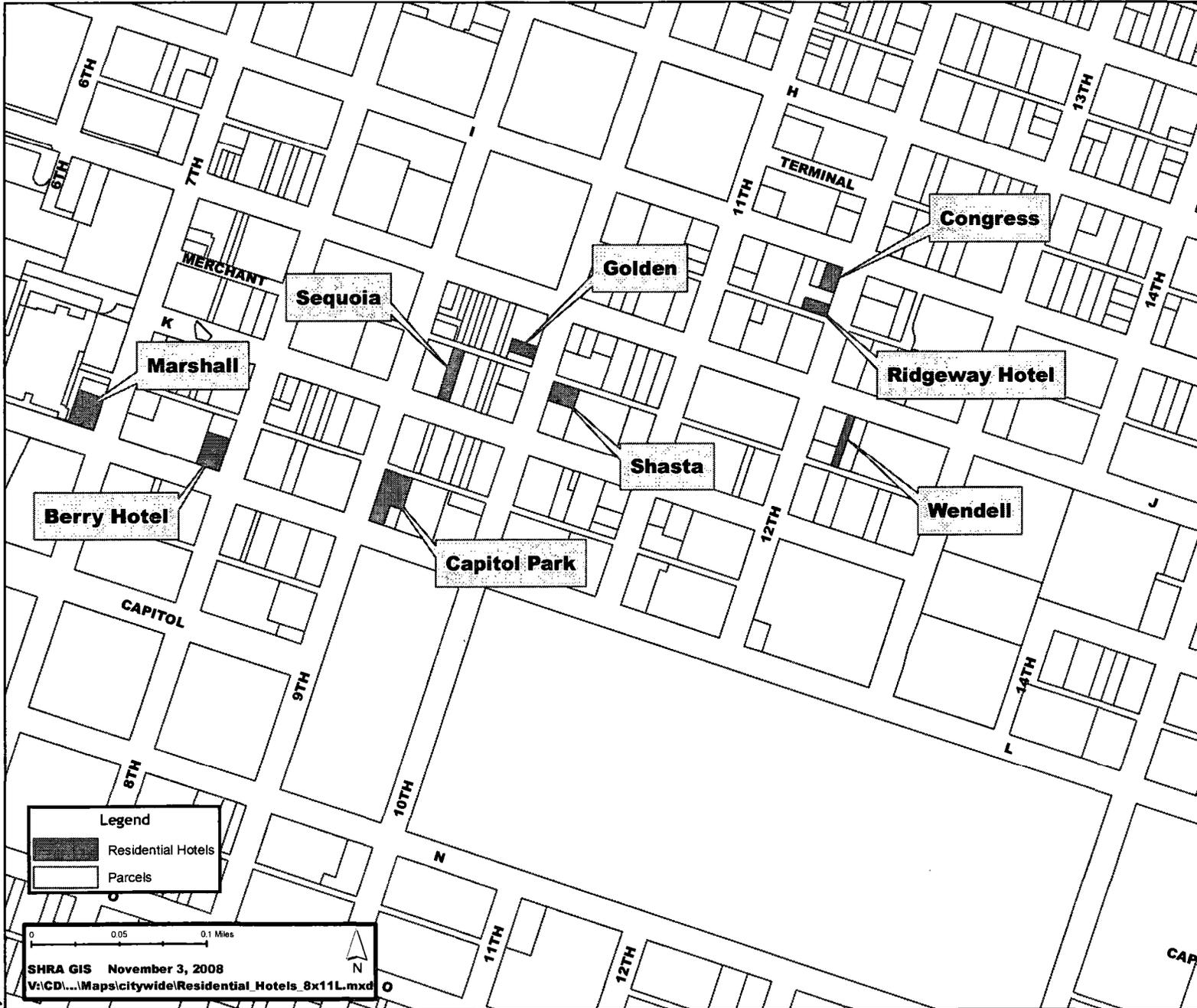
Attachments

1 Map of Downtown Residential Hotels pg. 4

2 Residential Hotel Annual Status Report pg. 5



Residential Hotels Subject to City Code Chapter 18.



Attachment 2

Residential Hotel Annual Status Report

Hotel Berry (105 units): Privately owned, subject to Agency regulatory agreement. The Agency approved \$5 million in acquisition financing in June 2007; new owner/developer closed on property in December 2007. Developer's application for nine percent tax credits was approved in July 2008; however no tax credit investor has been identified. Staff is evaluating next steps.

Capital Park Hotel (180 units): Family owned and operated, not regulated; staff has had no recent contact with owners or received information to indicate any change of use is planned.

Congress Hotel (30 units): Family owned and operated, not regulated; staff has had no recent contact with owners or received information to indicate any change of use is planned.

Golden Hotel (27 units): Family owned and operated, not regulated; staff has had no recent contact with owners or received information to indicate any change of use is planned.

Marshall Hotel (95 units): Privately-owned and operated, not regulated. The owners have announced plans to convert and expand to a market-rate hotel operation. Timeline is uncertain, but appears to be one to two years in the future. Owners have approached Agency staff for general information regarding the conversion process.

Ridgeway Hotel (58 units): Privately owned, subject to Agency regulatory agreement until 2017. Vacancy rate is currently at 90%. Owner has approached the Agency regarding financing for a rehabilitation and conversion to efficiency apartments. The conceptual plan, if developed, could result in a permanent loss of 25 to 30 units.

Sequoia Hotel (91 units): Privately owned, subject to Agency regulatory agreement until 2015. Owner is managing at break-even.

Shasta Hotel (80 units): Owned by the Shasta Hotel Corporation, a nonprofit, and regulated through 2024. Professionally managed by the John Stewart Company.

Wendell Hotel (19 units): Family-owned and operated, not regulated. The owners have discussed plans with City and SHRA staff to convert to office use.

YWCA (32 units): Owned by non-profit, subject to Agency regulatory agreement. Agency financing for rehabilitation was approved January 2008; rehabilitation is expected to start in December 2008. There will be no loss of units as a result of rehabilitation.