



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY
City of Sacramento**

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
February 24, 2009

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

Title: Acquisition of Hotel Berry and Permanent Tenant Relocation

Location/Council District: 729 L Street; Council District 1; Merged Downtown Sacramento Redevelopment Project Area

Recommendation: 1) Adopt a **Redevelopment Agency Resolution** a) authorizing the purchase of the Hotel Berry including all real and personal property; b) amending the 2009 Agency budget to transfer \$1,850,000 from the Single Room Occupancy (SRO) Residential Hotel Project to the Hotel Berry Acquisition and Relocation Project; c) authorizing the transfer of \$450,000 of 2005 Taxable Tax Allocation Bonds from the Hotel Berry Conditional Grant to the Hotel Berry Acquisition and Relocation Project; d) authorizing the defunding of \$450,000 of one-time Mental Health Services Act (MHSA) funds from the Hotel Berry Project; e) authorizing the Executive Director, or designee, to take all actions reasonably necessary to purchase and maintain all real and personal property; f) authorizing the Executive Director, or designee, to enter into a management contract with the John Stewart Company; g) authorizing the Executive Director, or designee, to take all actions reasonably necessary to terminate agreements with the property owner, The Trinity Housing Foundation; and h) approving the Relocation Plan for eligible tenants; and 2) Adopt a **City Council Resolution** a) approving the Relocation Plan for eligible tenants.

Contact: Christine Weichert, Assistant Director, Housing and Community Development, 440-1353; Diane Luther, Assistant Director, Housing and Community Development, 440-1362

Department: Sacramento Housing and Redevelopment Agency

Presenter: N/A

Description/Analysis

Issue: The Sacramento Housing and Redevelopment Agency (Agency) has been working with The Trinity Housing Foundation (Trinity) and developer AF Evans for more than two years to purchase and rehabilitate the Hotel Berry located at 729 L Street (see Location Map Attachment 1). The Redevelopment

Acquisition of Hotel Berry and Permanent Tenant Relocation

Agency approved \$5 million in July 2007 to fund the acquisition of the Hotel Berry and a \$900,000 Operating Subsidy Conditional Grant in March 2008. Trinity purchased the property in December 2007 and the project received an award of 9% tax credits in July 2008. Due to the economic crisis and resulting tax credit market collapse, Trinity/AF Evans was unable to secure an equity investor to purchase the tax credits and forced to return the credits to the State on November 14, 2008. With much uncertainty in the affordable housing tax credit market and continued lack of equity investor interest, Trinity/AF Evans has decided not to pursue re-applying for tax credits in the future. As a result, the project cannot proceed as planned.

Acquisition

The building is currently in a state of considerable disrepair with substandard housing conditions. The Hotel Berry suffers from deferred maintenance to the extent that major renovation is now required. The Hotel Berry is operating at a deficit with an approximately 50% vacancy rate. Trinity does not have the capacity to continue to operate the Hotel Berry in its current financial and physical state.

Staff has evaluated options, summarized in Attachment 3, to address the loss of the redevelopment project's primary funding source and current conditions. Immediate needs include interior and exterior modernization, replacement of major systems, structural upgrades and ground floor reconfiguration. Development costs for complete rehabilitation would be approximately \$13 million. Since an investment of this amount is not feasible at this time, staff recommends acquiring the property, paying off existing debt and permanently relocating all residential tenants. One existing ground floor commercial tenant will remain in operation. The recommended budget allocation is \$2.3 million.

Staff anticipates purchasing the property and discharging the existing debt by the end of February 2009. Acquiring and temporarily closing the Berry at this time will protect the Agency's existing investment of more than \$5 million; ensure control of this important site; maintain the City's commitment to its SRO Ordinance and Policy; support Downtown Redevelopment Area goals, and position the building for future redevelopment in a better economic environment. The Agency will work with Downtown stakeholders and return with a redevelopment strategy for the Hotel Berry and its surrounding uses.

Relocation Plan

California Redevelopment Law requires the creation and adoption of a relocation plan, which outlines relocation procedures and tenant's rights whenever redevelopment activities result in the displacement of residents. This report recommends approval and adoption of the Relocation Plan (Plan) for the Hotel Berry, (see Exhibit A of the Redevelopment Agency Resolution). The Plan was produced by Overland, Pacific & Cutler, Inc. and conforms to State statutes and regulations governing relocation. The Plan anticipates the permanent displacement of 51 households. Tenants received a copy of the Relocation Plan at a meeting held on January 12, 2009. The Relocation Plan 30 day public review period requirement has been met and no substantive comments have been

Acquisition of Hotel Berry and Permanent Tenant Relocation

received. Relocation of all residential tenants is projected to be accomplished by the end of August 2009.

Policy Considerations: The recommended action would implement Agency and City policy goals related to preservation of residential hotel units. Section 18.20.160 of the City Code (Residential Hotel Ordinance, revised September 2006) requires that the City maintain an inventory of not less than 712 residential hotel or comparable units. The Hotel Berry is the second largest of the remaining downtown residential hotels and one of ten properties that comprise the City's Single Room Occupancy (SRO) inventory. The 2005 JKL Corridor Action plan identified the importance to take action and preserve SRO units. The recommended actions of this report constitute a temporary withdrawal of SRO units under the ordinance which does not trigger the requirement for replacement units at the present time.

Environmental Considerations:

California Environmental Quality Act (CEQA): Acquisition of the property does not commit the Agency to proceed with a development project and no specific project is currently contemplated. Land acquisition does not limit the choice of alternatives or mitigation measures available to the Agency for future proposed projects. Environmental review of the proposed project will be conducted once the scope of development of the property has been defined. Therefore, the proposed actions do not constitute a project pursuant to CEQA Guidelines Section 15004(b)(2)(A). Tenant relocation and property management activities authorized for the property are exempt from further review pursuant to CEQA Guidelines Section 15301(d) and (l). The National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: The recommended actions would position the Agency to achieve the goal within the City's Sustainability Master Plan to replace or renovate obsolete energy or resource inefficient infrastructure (buildings, facilities, systems, etc). (*Plan Goal # 1, Energy Independence*).

Committee/Commission Action: At its meeting of February 18, 2009, it is anticipated that the Sacramento Housing and Redevelopment Commission (SHRC) will approve staff's recommendation for this project. In the event the SHRC does not approve this project, staff will inform Council.

Rationale for Recommendation: The Trinity/AF Evans development proposal was based on tax credit financing. Without this financing in place, Trinity/AF Evans does not have the required resources to continue to operate the Hotel Berry in its present state of disrepair and financial instability. With current substandard housing conditions, permanent relocation of residential tenants is important at this time.

Acquisition of Hotel Berry and Permanent Tenant Relocation

By adopting the Relocation Plan, the Agency will be in compliance with California Redevelopment Law. The Relocation Plan ensures that all eligible, displaced tenants receive fair and reasonable relocation payments and assistance. Relocation services will consider individual household needs to be close to public transportation and agencies, medical facilities, community and social services, parks, and shopping. Relocation benefits may offer eligible tenants a replacement housing opportunity for a higher quality affordable unit. Best efforts will be made to find comparable replacement housing in the Central City.

Redevelopment of this site has been a high priority for the City and SHRA for several years. The property is located in a prime downtown location near K Street Mall. Acquisition of the Hotel Berry by the Agency will present the best opportunity for a future redevelopment project. When market recovery returns, the Agency will work with Downtown stakeholders on recommended options for offering of the property to potential development partners.

Financial Considerations: This report recommends a \$2.3 million budget comprised of the transfer of \$1,850,000 of 2005 Tax-Exempt Tax Allocation Bonds from the Single Room Occupancy (SRO) Residential Hotel Project and \$450,000 of 2005 Taxable Tax Allocation Bonds from the Hotel Berry Conditional Grant to purchase and stabilize the property at 729 L Street. Staff is also recommending to defund \$450,000 of one-time Mental Health Services Act (MHSA) funds previously approved for the project. MHSA funds are only available to projects with MHSA units. If the proposed \$2.3 million budget is approved, the remaining balance in the SRO Residential Hotel Project fund will be approximately \$1.8 million.

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: 
LA SHELLE DOZIER
Executive Director

Recommendation Approved:

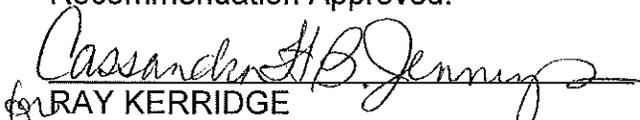
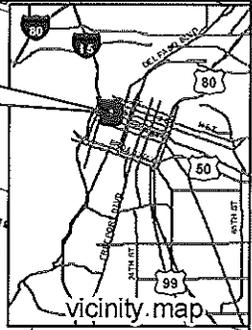
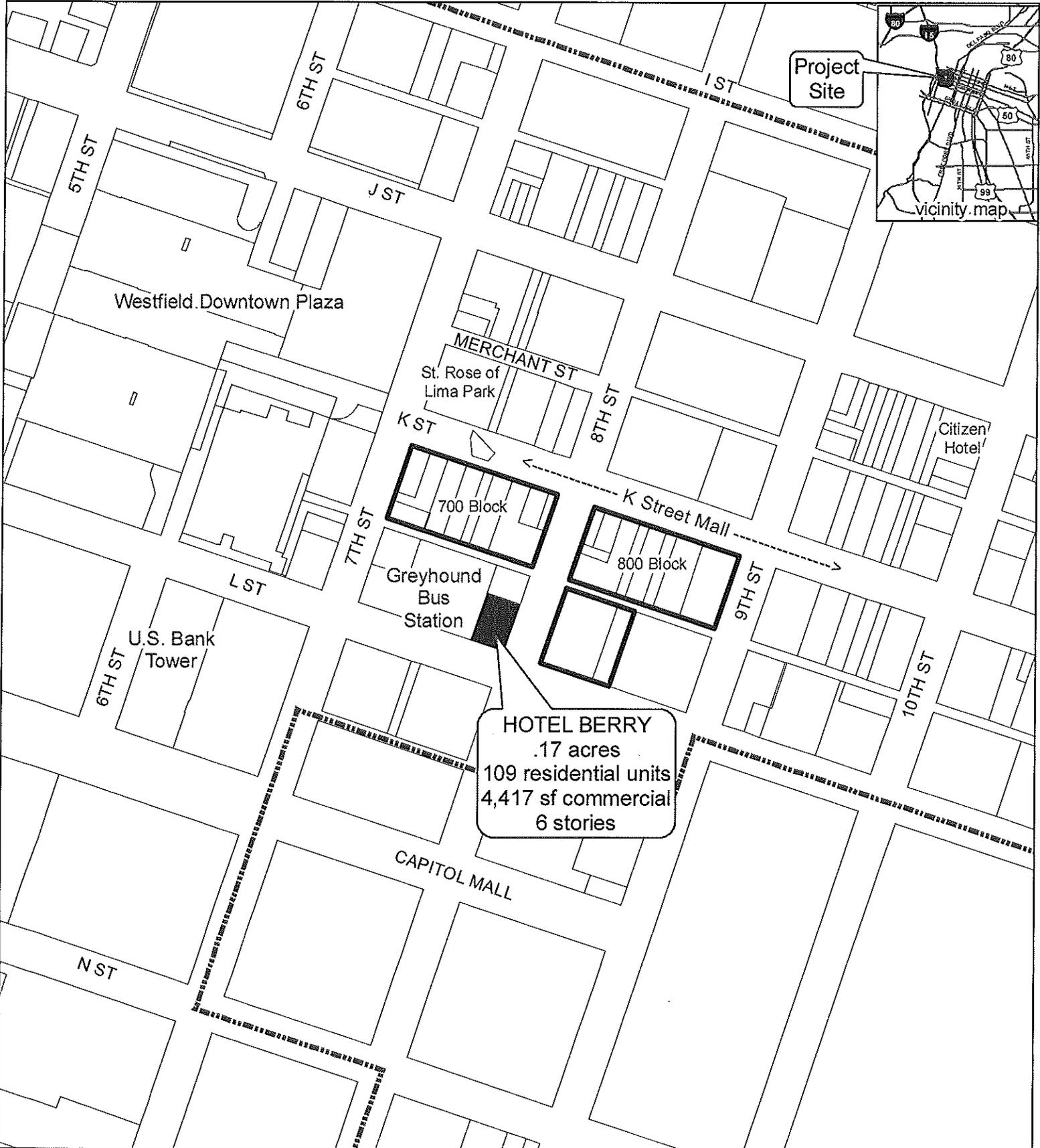

RAY KERRIDGE
City Manager

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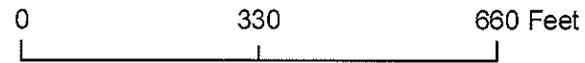
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Acquisition of 729 L St - Hotel Berry Merged Downtown Redevelopment Project Area



- Downtown Redevelopment Area
- 729 L St - Hotel Berry
- Agency Owned



SHRA GIS
January 16, 2009

Acquisition of Hotel Berry and Permanent Tenant Relocation

Attachment 2

Background Information – Hotel Berry

The Hotel Berry, located at 729 L Street, was constructed in 1929 and is currently operated as a residential hotel for low-income tenants. The property is a six-story, mixed-use building consisting of 109 Single Room Occupancy (SRO) dwelling units on a .17 acre parcel. 80 units have full bathrooms with the remaining units sharing two common bathrooms on each floor. The units do not have individual kitchen facilities but share a common area kitchen. In 1994 the Sacramento Housing and Redevelopment Agency (Agency) assisted the property with a \$1.4 million rehabilitation project which restricted 91 units for 15 years.

The Hotel Berry was the first project to come forward under the \$15 million Single Room Occupancy (SRO) Replacement and Preservation Strategy approved by City Council in 2006. The loss of downtown SRO units to market development and deterioration were the driving force behind the policy. The SRO Strategy included the adoption of a City ordinance that included a “No Net Loss” policy of retaining 712 SRO units, of which the Hotel Berry represents 109 units.

The Hotel Berry redevelopment project application was submitted to the Sacramento Housing and Redevelopment Agency (SHRA) in November 2006 by the partnership of The Trinity Housing Foundation (owner) and the AF Evans Company (developer). The partnership’s proposal was to undertake a substantial rehabilitation of the property using a combination of funds from the Agency and federal 9% Low Income Housing Tax Credits (LIHTC).

Proposed renovation plans included the following major changes to optimize future operations:

- Complete unit interior remodel including installation of a small kitchenette and upgrade of existing bathrooms
- Full common kitchen facilities, laundry room and community space
- Reconfiguration of the ground floor to provide new management offices, residential services space and common areas
- Seismic and structural upgrades to the building
- Replacement/upgrades to the building’s major systems
- Full time social services coordinator

In June 2007, the Agency approved a \$5 million Conditional Grant Agreement to fund the acquisition of the Hotel Berry. This action enabled the partnership to apply for the highly competitive 9% low income housing tax credits in July 2007. In September 2007, the partnership received notice that their application was not funded due to regional competition. Despite the disappointing news, the partnership and the Agency remained committed to the Hotel Berry. The Trinity Housing Foundation acquired the property in December 2007. The purchase included the recordation of a restrictive covenant that limits the height of buildings constructed on the property to no greater than 20 feet above the highest point of the roofline of the Hotel Berry.

Acquisition of Hotel Berry and Permanent Tenant Relocation

Attachment 2

Upon acquisition, the John Stewart Company (JSCO), a SRO management specialist, was engaged to professionally manage the property. The JSCO implemented stronger management policies, including 24/7 desk coverage, and addressed immediate maintenance needs.

In 2008, the Hotel Berry project was again the Agency's highest priority under the 9% Low Income Housing Tax Credit Prioritization Policy. A \$900,000 Operating Subsidy Conditional Grant was approved in March 2008. This operating subsidy enhanced the competitiveness of the Hotel Berry tax credit application submitted in April 2008, and provided assurance that property operation and services would be delivered at the level needed to serve the Hotel Berry tenant population. The project was successful in their April 2008 tax credit application and received an award valued at more than \$13 million. The tax credit award represented more than half of the projected \$21 million development budget.

Upon award of the tax credits, AF Evans and the Agency immediately began researching opportunities for a tax credit equity investor and construction lender. Due to the financial crisis, the project received very little interest from the investment community. AF Evans was told by the tax credit community to either come back in 2009 or that they were not interested in financing "challenging" projects, i.e. a large SRO rehabilitation. In September 2008, the project finally received a Letter of Intent from a tax credit syndicator to purchase the credits and a commitment for construction financing. The project appeared on track to start construction by the end of 2008.

In October 2008, the tax credit syndicator informed AF Evans that the potential tax credit equity investor was no longer interested in the project. Under rules established by the California Tax Credit Allocation Committee (TCAC), Trinity/AF Evans was required to make a firm commitment to use the tax credits by November 14, 2008. Without an equity investor to purchase the credits, Trinity/AF Evans returned the credits to the State.

The affordable housing industry is being severely impacted by the credit crisis. The current freeze in the national credit market has greatly reduced investors' interest in the tax credits, which in turn has lowered the credits' values. In addition, corporations are not making profits and therefore do not need tax credits. Thirteen California affordable housing projects returned tax credits in 2008 due to either lack of investor interest or infeasible tax credit prices.

The Hotel Berry project was extremely close to proceeding with redevelopment. Much time and effort have gone into the project. With the loss of the project's primary funding source, staff began further evaluation of the property's physical and financial condition to determine a recommended course of action. Since the original intent for construction was to commence in December 2008 and temporary relocation to begin in January 2009, the property was not accepting new tenants, and is currently about 50% occupied. The low occupancy has exacerbated a chronic operating deficit. The property suffers from deferred maintenance and is at risk of major systems failures.

Acquisition of Hotel Berry and Permanent Tenant Relocation

Attachment 2

Trinity/AF Evans does not have the resources to continue to operate the Hotel Berry under the current circumstances. With much uncertainty in the tax credit market and continued lack of equity investor interest, Trinity/AF Evans has decided not to pursue re-applying for tax credits. Trinity has agreed to sell the property to the Agency for \$1.

Staff evaluated options to address the situation (see Attachment 3), including finding a substitute developer, completely funding the rehabilitation needs without tax credits, and Agency acquisition of the building as is.

Substituting a new developer into the project was explored, but at this time all affordable housing developers are experiencing the same issue of lack of tax credit investor interest.

Staff also evaluated the cost for complete rehabilitation of the Hotel Berry without the assistance of other funding sources such as tax credits. The rehabilitation and temporary relocation cost would be approximately \$13 million. Spending another \$13 million would mean foregoing other downtown affordable housing and SRO projects. Without other financial leverage, Agency cost will be approximately \$120,000 per 200 square foot SRO unit.

Therefore staff is recommending acquisition of the property and permanent relocation of tenants. This option will allow the Agency to gain ownership control and stabilize the property financially and physically until market conditions improve for future redevelopment of the site.

With current sub-standard housing conditions, permanent tenant relocation is important. The Relocation Plan produced by Overland, Pacific & Cutler, Inc. (OPC) conforms to State statutes and regulations governing relocation. The Relocation Plan anticipates the permanent displacement of 51 households. One of the primary purposes of a Relocation Plan is to demonstrate the availability of replacement housing units prior to the displacement of occupants. On-site interviews with Hotel Berry residents were conducted in October 2008. These interviews provided information regarding household demographics; disabilities and health issues; and preferences related to replacement housing and the housing's prospective location. All households indicated a desire to remain in the Sacramento area.

OPC performed a rental housing survey in December 2008 to identify available comparable, decent, safe and sanitary units in reasonable proximity to the Hotel Berry. The survey concluded that there are an adequate number of available units to meet the potential needs of tenants that will be permanently displaced. OPC and SHRA will work together to identify available replacement housing units in the Central City. Relocation benefits may offer eligible tenants an opportunity for a higher quality affordable housing unit. OPC will work with each tenant individually to identify replacement homes and make best efforts to meet specific tenant needs.

Acquisition of Hotel Berry and Permanent Tenant Relocation

Attachment 2

Currently, there is one business located on the ground floor of the Hotel Berry; Cisco's Mini Mart. The El Cuco restaurant voluntarily closed in December 2008, resulting in one vacant ground floor commercial space. The Agency intends to allow Cisco's Mini Mart to lease their space for the indefinite future. It is important to keep activation on the street while the building is temporarily empty. Commercial rental income will assist with expenses of holding the property.

During the residential tenant relocation process, the property management services of the John Stewart Company (JSCO) will be retained. The JSCO has experience managing SRO type properties during tenant relocation. Additionally, the JSCO understands the unique challenges of the building's operations since they have managed the property since December 2007.

Upon completion of tenant relocation, a professional management company experienced in the management and security of primarily vacant buildings will be secured to manage the property during the holding phase. Contracts required during the Agency's hold of the property will adhere to the Agency's procurement policies.

The proposed \$2.3 million budget is comprised of the following:

Sources

SRO Residential Hotel Project Fund	\$1,850,000
Operating Subsidy Conditional Grant (Previously allocated to Hotel Berry)	\$450,000
Total	\$2,300,000

Uses

Purchase	\$1
Existing Note (Seller Carry back)	\$550,000
Relocation (Permanent displacement of approximately 51 households)	\$1,200,000
Existing and Future Operating Expenses (Property management, site security and maintenance etc.)	\$549,999
Total	\$2,300,000

Redevelopment of this site has been a high priority for the City and SHRA for several years. The property is located in a prime downtown location near the K Street Mall. Acquisition of the Hotel Berry at this time will present the best opportunity for a successful redevelopment project in the future.

Hotel Berry Summary of Options Considered

Option 1 – RECOMMENDED Option – Acquire and Temporarily Close

Staff recommends acquiring and temporarily closing the hotel, permanently relocating all residential tenants, allowing one ground floor commercial tenant to remain and stabilizing the building until the economic market recovers. Cost: \$2.3 million

Option 2 – Acquire and Operate

This option includes acquiring the hotel, undertaking immediate repairs to units and common areas, and leasing all 109 units. Current residential tenants would be temporarily relocated to facilitate the repair work. Cost: About \$3 million in the short term.

Issues/concerns: 1) Imminent major systems failure (i.e. plumbing, electrical, roof) would force an emergency shutdown and relocation of tenants, 2) unknown operating deficit for an unknown period of time, and 3) even with the minimal repairs, the tenants would be living in substandard housing.

Option 3 – Acquire and Rehabilitate with Agency Funds

At a cost of about \$13 million the Agency could acquire the building, recruit a new operator, and finance the originally planned renovations without leveraging tax credits. The Agency has already spent more than \$5 million to finance the purchase of the Hotel.

Issues/concerns: 1) Spending another \$13 million would mean foregoing other downtown affordable housing and SRO projects, 2) without other leverage, cost is approximately \$120,000 per 200 square foot SRO unit, and 3) the potential need for ongoing operating subsidy assistance.

Option 4 – No Action

The Agency could elect to take no action at this time. Since the owner cannot sustain the property in its current condition; the closure of the Hotel would be eminent. Additionally, the note holder on the building would likely foreclose, threatening the \$5 million the Agency has already invested. The community could potentially lose 109 SRO units, and the City would have no control over the ultimate use of the property.

Acquisition of Hotel Berry and Permanent Tenant Relocation

RESOLUTION NO. 2009 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

**ACQUISITION OF HOTEL BERRY AND PERMANENT TENANT RELOCATION:
AUTHORIZING ACQUISITION OF PROPERTY LOCATED AT 729 L STREET;
AMENDMENT OF 2009 AGENCY BUDGET; AND APPROVAL OF RELOCATION
PLAN**

BACKGROUND

- A. In June 2007, the Redevelopment Agency approved an Owner Participation Agreement, a \$5 million Conditional Grant Agreement, a Residential and Non-Residential Regulatory Agreement and related documents to fund acquisition of the Hotel Berry, a downtown residential hotel.
- B. The Trinity Housing Foundation has formed a development partnership with the AF Evans Company to substantially rehabilitate the hotel.
- C. The Hotel Berry was purchased by The Trinity Housing Foundation on December 21, 2007.
- D. In December 2007, Trinity/AF Evans entered into a management contract with the John Stewart Company (JSCO), a specialist in SRO Property management.
- E. A \$900,000 Operating Subsidy Conditional Grant was approved by the Redevelopment Agency in March 2008.
- F. The Trinity/AF Evans Partnership received an award of more than \$13 million in tax credits in July 2008.
- G. Due to the collapse in the tax credit market, the Trinity/AF Evans Partnership was unable to secure an investor for the tax credits and they returned the tax credits to the State Tax Credit Allocation Committee in November 2008.
- H. The Property has a 50% vacancy rate, operating deficit and requires substantive rehabilitation.
- I. The Trinity/AF Evans Partnership has agreed to sell the Hotel Berry Property to the Redevelopment Agency for \$1.00.
- J. Permanent relocation of the tenants is important at this time.
- K. Acquisition of the Property as described herein is in furtherance of the Merged Downtown Sacramento Redevelopment Plan. Acquisition of the Property does

Acquisition of Hotel Berry and Permanent Tenant Relocation

not commit the Agency to proceed with a development project and no specific project is currently contemplated. Land acquisition does not limit the choice of alternatives or mitigation measures available to the Agency for future proposed projects. Environmental review of the proposed project will be conducted once the scope of development of the Property has been defined, therefore, the proposed action does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15004(b)(2)(A). Tenant relocation and Property management activities authorized for the Property are exempt from further review pursuant to CEQA Guidelines Section 15301(d) and (l). The National Environmental Policy Act (NEPA) does not apply.

- L. A Relocation Plan for the relocation of eligible tenants from the Property has been prepared by Overland, Pacific & Cutler; a copy is attached as Exhibit A.

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

- Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action as stated above, are approved.
- Section 2. The Executive Director, or designee, is authorized to take all actions as may be reasonably necessary to purchase the following parcel ("Property") including real and personal property for \$1.00.

729 L Street (APN: 006-0096-012-0000)

- Section 3. The Executive Director, or designee, is authorized to amend the Agency Budget to transfer \$1,850,000 from the Single Room Occupancy (SRO) Residential Hotel Project to the Hotel Berry Acquisition and Relocation Project and carry out related actions.
- Section 4. The Executive Director, or designee, is authorized to amend the Agency budget to transfer \$450,000 of 2005 Taxable Tax Allocation Bonds from the Hotel Berry Operating Subsidy Conditional Grant to the Hotel Berry Acquisition and Relocation Project.
- Section 5. The Executive Director, or designee, is authorized to amend the Agency budget to defund \$450,000 of one-time Mental Health Services Act (MHSA) funds from the Hotel Berry Project.
- Section 6. The Executive Director, or designee, is authorized to purchase the Property and carry out all actions reasonably necessary to accomplish the purchase of the real and personal property, including payment of tenant relocation, demolition, maintenance and security, property management, insurance and site planning expenses.
- Section 7. The Executive Director, or designee, is authorized to enter into a Property Management Contract with The John Stewart Company and to execute

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other documents and perform other actions as necessary to make and reasonably administer the Contract

Section 8. The Executive Director, or designee, is authorized to take all actions reasonably necessary to terminate agreements with the property owner, The Trinity Housing Foundation.

Section 9. The Relocation Plan for the eligible tenants at the Hotel Berry located at 729 L Street is approved.

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Exhibit A: Relocation Plan

RELOCATION PLAN



**THE
'HOTEL BERRY'
729 'L' STREET
SACRAMENTO, CA 95814**

PREPARED FOR

**THE
Sacramento Housing & Redevelopment Agency
630 'I' Street
SACRAMENTO, CA 95814**

BY

***OVERLAND, PACIFIC & CUTLER, INC.*
7901 Oakport Street, Suite 4800
Oakland, CA 94621-2015
Phone: 877.972.8908**

DECEMBER 10, 2008

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INTRODUCTION

The Sacramento Housing & Redevelopment Agency ('SHRA' and/or 'Agency') has been working for several years to further the renovation, and redevelopment of the eighty (80)-year old 'Hotel Berry', strategically located at 729 'I' Street, in downtown Sacramento, as part of the City's goal to improve the living conditions of low-income households within the municipal core.

Established in 1981 as a Joint Powers Authority (JPA) created by the City, and County of Sacramento to represent both jurisdictions for affordable housing and community redevelopment needs, the Agency also serves as the Housing Authority for both the City and County, and is the leading public developer of affordable housing and, oversees residential, and commercial revitalization activities in fourteen (14) redevelopment areas throughout both the City and County.

The SHRA uses a variety of financing tools to expand housing opportunities: rehabilitating and preserving older properties, constructing new rental and ownership housing, and promoting homeownership through mortgage assistance programs.

For many years, 'Hotel Berry' – originally constructed in 1929 (See photographs at **ATTACHMENT I ***, pp. 30-33) – has been a single-room-occupancy (SRO) apartment building; a form of affordable housing for predominantly individual residents but which, over the years, has fallen into disrepair.

Rooms in SRO-type accommodation typically contain an individual sink and, closet(s) however, bathrooms, showers, kitchen facilities and, other rooms are normally communal, on each floor. The renovations which have been previously planned were anticipated to add small kitchens in each dwelling unit and to bring the building up to current code standards.

* Source: California State Library –
California History Section

While the SHRA had assisted in the acquisition by, and entered into an 'Owner Participation Agreement' (OPA) with 'Trinity Housing Foundation' of Walnut Creek – a private, non-profit housing development agency – to bring about the renovation of Hotel Berry and, an allocation of "tax credits" in the amount of more than thirteen million dollars (>\$13 million) had been designated by the California Tax Credit Allocation Committee (TCAC), the general economic malaise in which the Nation subsequently finds itself has led to a considerable reluctance on the part of the investment community to even become involved in projects with government support such as this.

The Project

As noted previously, the Hotel Berry was constructed in 1929; it consists of one hundred nine (109) "efficiency" units – absent individual cooking, and sanitary facilities – and, in that sense, is quite traditional for the period. There are presently fifty one (51) households of principally individual persons residing on-site.

When first constructed, there was an associated "garage" immediately to the north however, that particular location is presently improved as part of the City's Greyhound bus terminal. In addition, the ground floor level of the Hotel also provides for independent commercial uses though, at present, only one (1) functioning business enterprise – 'Cisco's Mini Mart' – occupies such a space.

The building is currently in a state of considerable disrepair and is a blighting influence on the downtown neighborhood; not to mention an unhealthy and prospectively unsafe condition in which to live. The Hotel Berry suffers from deferred maintenance to the extent that major renovation is now required and, to proceed with such an activity will require the permanent displacement of all households presently residing in the building.

Projected Displacement

As the project was previously underway and tax credits had been allocated, any "post-allocation" household(s) wishing to occupy a unit at Hotel Berry executed an acknowledgement that they were ineligible for relocation benefits.

As a result of the failure of the investment community to respond to the opportunity, the General Information Notice/Notice of Non-displacement which *had* been issued to all tenants was rescinded, in writing, November 14, 2008.

As the Agency moves forward to restructure the project, it is advisable – given the condition of the building – to relocate the fifty one (51) households which are presently in residence. The displacee households which will be subject to permanent displacement will be compensated pursuant to State regulations.

The Regional, and Site-specific location of the proposed Hotel Berry project is shown at Figure(s) 1. and 2.; and, an aerial view of the site is included at Figure 3., following.

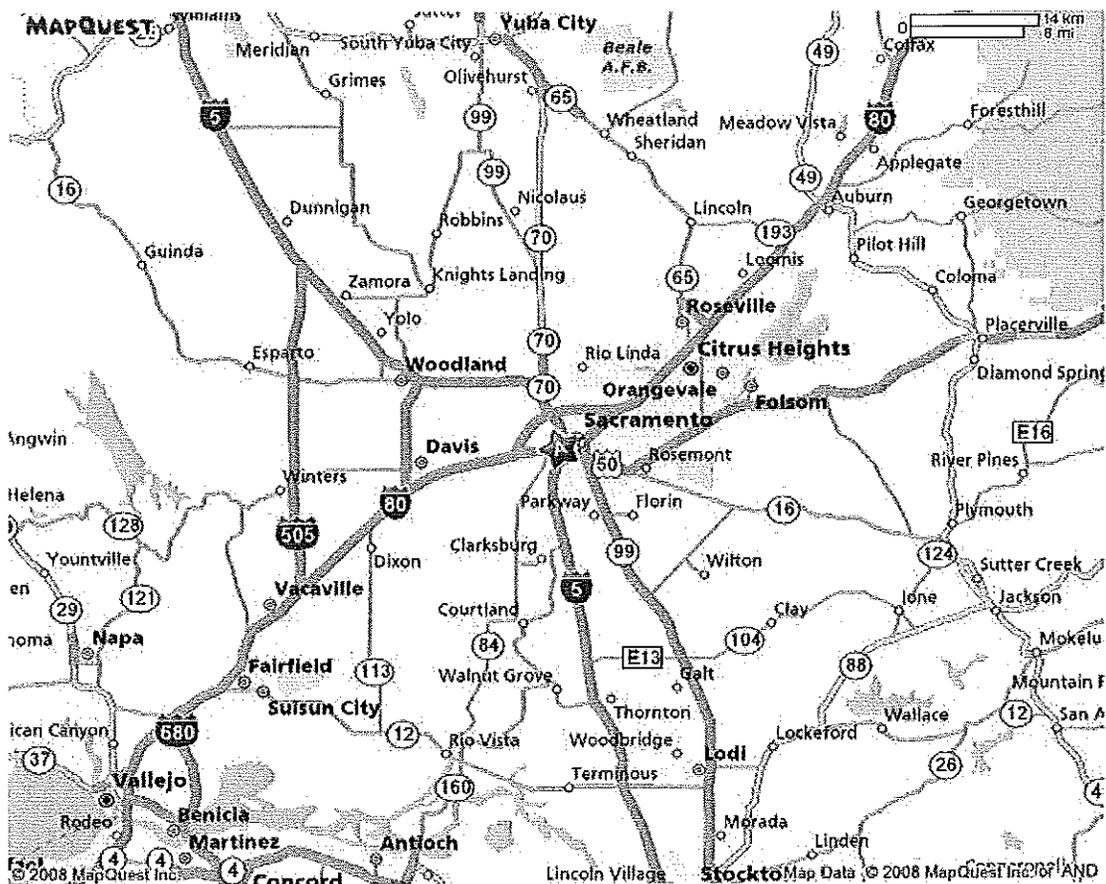


Figure 1. – Regional Location

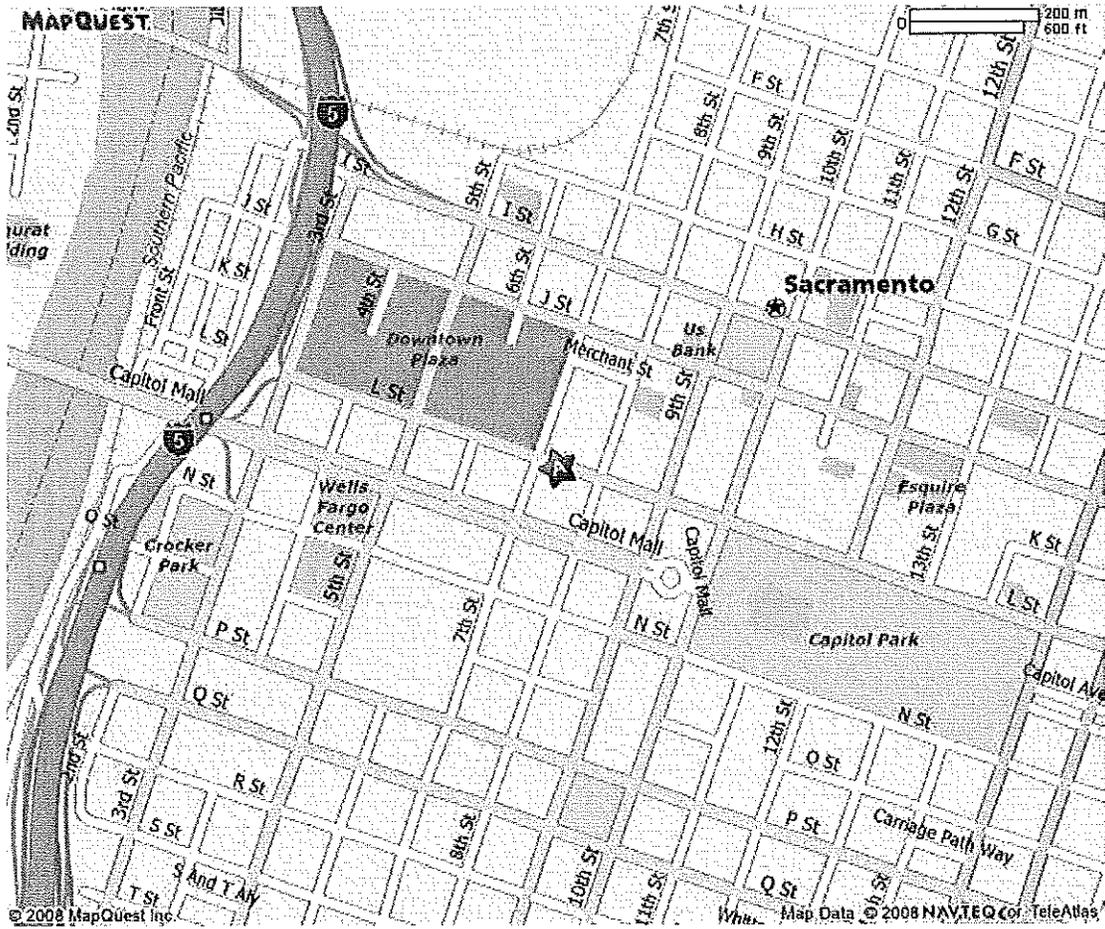


Figure 2. – Site-specific Location

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Figure 3. – Aerial View

Overland, Pacific & Cutler, Inc. (OPC), a consulting firm specializing in providing relocation assistance consulting services, has prepared and will implement this Relocation Plan (the 'Plan') on behalf of the Agency. In compliance with statutory requirements, the Plan has been prepared to evaluate the present circumstances and replacement housing requirements of the current occupants residing on the site of the proposed project.

This Plan incorporates the results of an initial assessment by OPC, and provides a needs assessment survey and its incorporation into the planning process, and details of the Agency's proposed relocation methodology.

The Plan also sets forth policies and procedures necessary to conform to statutes and regulations established by the California Relocation Assistance Law, California Government Code Section 7260 et seq. (the "CRAL") and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq. (the "Guidelines") for residential and commercial displacements, and the Agency's Regulations and Guidelines. It is to be noted that, with certain narrow exceptions and in the event Federal funds should become part of the redevelopment process, federal funds *cannot* be used for any displaced person who is an alien not lawfully present in the United States.

The project shall comply with all pertinent General Plan guidelines and zoning requirements of the City of Sacramento and be compatible with adjacent land uses. No negative impact on the surrounding neighborhood is foreseen.

No mandatory displacement activities will take place prior to the required reviews and approval of this Plan.

A. GENERAL DEMOGRAPHICS AND HOUSING CHARACTERISTICS

THE CITY

Population

With a city Charter being adopted in 1849 and recognition by the state legislature in 1850, with incorporation February 27, 1850, Sacramento, the capital of the State of California (1854) and, the "seat" of Sacramento County is located along the Sacramento River, just south of the confluence with the American River, in California's Central Valley; it is the seventh largest city in the State with an estimated 2007 population of four hundred seventy five thousand seven hundred forty three (475,743) persons of all ages. Sacramento is the core cultural, and economic center of a four (4)-county metropolitan area (including El Dorado, Placer, Sacramento, and Yolo counties), with a combined population of two million one hundred thirty six thousand six hundred four (2,136,604) persons.

As of the U.S. Census Bureau's 'American Community Survey' (ACS) of 2006, there were projected to be four hundred thirty eight thousand two hundred forty six (438,246) persons residing in Sacramento in a total of one hundred sixty nine thousand two hundred twenty six (169,226) households and, ninety seven thousand four hundred fifty six (97,456) families.

Racial and Ethnic Groups

The racial and ethnic makeup of the city, utilizing the U.S. Census categories is: two hundred twenty one thousand two hundred sixty two (221,262) 'White' (i.e., 50.49%); seventy five thousand five hundred fifty five (75,555) 'Asian' (i.e., 17.24%); sixty one thousand thirty six (61,036) 'Black or African American alone' (i.e., 13.93%); forty eight thousand five hundred sixty three (48,563) 'Some other race alone' (i.e., 11.08%); twenty thousand one hundred forty eight (20,148) 'Two of more races' (i.e., 4.59%); six thousand one hundred eighty (6,180) 'Native Hawaiian and Other Pacific Islander alone' (i.e., 1.41%); and, five thousand five hundred two (5,502) 'American Indian and Alaska Native alone' (i.e., 1.26%).

Income

By the ACS survey of 2006, of the one hundred sixty nine thousand two hundred twenty six (169,226) households, median *household* income was projected at forty six thousand fifty five dollars (\$46,055.) and, the median income for the ninety seven thousand four hundred fifty six (97,456) *families* was projected at fifty two thousand three hundred forty one dollars (\$52,341.).

Twenty six percent (26%) of households (i.e., 43,998) and, twenty one decimal three percent (21.3%) of families (i.e., 20,758) have annual incomes *less* than twenty five thousand dollars (<\$25,000.) per annum; and, seventeen decimal four percent (17.4%) of households (i.e., 29,445) and, twenty one percent (21%) of families (i.e., 20,466) have annual incomes *over* one hundred thousand dollars (>\$100,000.).

Fifty six decimal seven percent (56.7%) of households (i.e., 95,782) and, fifty seven decimal seven percent (57.7%) of families (i.e., 56,232) have incomes between twenty five thousand dollars and, one hundred thousand dollars (\$25,000. - \$100,000.) per annum.

'Hotel Berry'

Population

For the purposes of this Plan, on-site, direct interviews with Hotel Berry residents were conducted over a seven (7) day period, between October 01st and 15th, 2008. Enquiries made of those occupants included household size and composition; ages of household members; primary language spoken in the home; disabilities and health problems, if any; and, preferences related to replacement housing and its (the housing's) prospective location.

All information of a statistical nature supplied by the households was anecdotal and not validated by documentary evidence such that would otherwise be required to comply with relocation qualifying criteria. Between a most recent rent roll provided by the SHRA and, interviews conducted by the relocation consultant staff, there are *apparently* fifty one (51) households residing within Hotel Berry, in single room occupancy (SRO) circumstances.

Two (2) of the households *shown* on the rent roll were unknown to the consultants at the time of interviews and, as at this writing, no information is available in regard to these households either as a result of interviews or, through usual tenant information in a rent roll. During on-site interviews, however, three (3) units *were* found to be occupied which had otherwise been indicated as vacant.

Save, and except for the two (2) households originally unknown to consultant staff, and, of the remaining forty nine (49) tenancies, interviews were conducted with the latter group in October as previously noted.

Of that group, however, four (4) households were essentially "non-responsive" in the provision of some information which would otherwise be necessary at the time of actual displacement.

Racial and Ethnic Groups

Of forty nine (49) households ostensibly available for interviews, only forty (40) households (i.e., 81.63%) responded in the category of 'Ethnicity'. Of the *respondent* group vis-à-vis the total population prospectively available for interviews, twenty three (23) households (i.e., 46.94%) were self-described as 'White'; seven (7) households (i.e., 14.29%) identified themselves as 'Hispanic'; six (6) households (i.e., 12.24%) reported as 'Black'; three (3) households (i.e., 6.12%) identified themselves as 'Other'; and, one (1) household (i.e., 2.04%) was self-described as 'Asian'. Nine (9) households (i.e., 18.37%) did not provide information in this category.

Income

Of the forty nine (49) households either reporting income or, for whom income has been imputed based upon rent, forty (40) are in receipt solely of Social Security Assistance; seven (7) are employed; and, two (2) are in receipt of financial assistance through the Department of Veteran's Affairs.

There are forty five (45) one (1)-person households, with a median household income of eleven thousand six hundred eighty eight dollars (\$11,688.) per annum and, four (2) two (2)-person households, with a median household income of twenty thousand two hundred seventy one dollars (\$20,271.) per annum. Based upon the *group* medians, all single person households may be considered within the 'Extremely Low' income category and, two (2)-person households within the 'Very Low' income category, for Sacramento County.

Other

There are ten (10) households/persons which/who are "elderly" – defined as being at, or over the age of sixty two (62) years – residing within the Hotel. There are, however, apparently no persons with physical disabilities such that their ability to relocate to replacement dwellings will be impaired. 'Table 1: Residential Tenants', below, shows some of the household characteristics and needs of the group interviewed.

<i>Residential Tenant Cases</i>	<i>Number Of Occupants</i>	<i>Number of Children</i>	<i>Number of Persons with Physical Disabilities</i>	<i>Number of Elderly Persons (Age 62+)</i>	<i>Average Occupancy per Unit</i>	<i>Special Language Needs</i>
49	54	0	0	10	1.10	None

All households indicated a desire to remain in the Sacramento area. One household indicated an interest in the 'Globe Mills' loft project for seniors and, another referenced the 'Shasta Hotel' as a possible replacement housing site. One tenant, in regular need of dialysis, referenced a need for proximity to the Clinic which they attend.

The standard housing density utilized is two (2) persons per bedroom and one person in a common living area for tenant-occupied units. There is no overcrowding on the site.

The following Table, based upon the rent roll provided and subsequent interviews, illustrates the known income distribution pursuant to the HUD Income Category Limits for Sacramento County, based upon the Federal Department of Housing and Urban Development's (HUD's) income categories (See: 'ATTACHMENT 2: OFFICIAL STATE INCOME LIMITS SACRAMENTO COUNTY (2008)', p. 34). Income verification will occur prior to the issuance of any relocation entitlements.

There are a predominant number of households (i.e., 75.51%) which are of 'Extremely Low' income by standard. The 'Very Low' income category is populated (20.41%), as is the 'Lower' income category (4.08%) and, there are two (2) households for which no income information is available.

Table 2: Income Levels of Residential Households (Respondents)

Extremely Low	Very Low	Lower	Moderate	Not Available
37	10	2	0	2

Relocation services will consider individual household needs to be close to public transportation, medical facilities, public and social services and agencies, recreational services, parks, community centers, and shopping.

Relocation information and assistance will be provided in the primary language of the displaced occupants, in order to assure that all displaced occupants obtain a complete understanding of the relocation plan and eligible benefits.

B. RELOCATION HOUSING RESOURCES

One of the primary purposes of a Relocation Plan is to demonstrate the availability of comparable and affordable, decent, safe and sanitary housing prior to the displacement of residential occupants. A rental housing survey was conducted during the period of December 01, through December 03, 2008 to identify available comparable, decent, safe and sanitary units in reasonable proximity to the Hotel Berry.

Residential

Excluding 'Hotel Berry', itself, there are eight (8) 'SRO Hotels' in the downtown area of Sacramento. At the time of this writing, only one (1) vacant unit was available, at a monthly rent of four hundred seventy five dollars (\$475.).

One Hotel was completely full and, two (2) others had a one (1), to two (2)-month waiting list. Twelve (12) "rooming house" units were identified with rents ranging from three hundred sixty to five hundred dollars (\$360. - \$500.) per month, with a median of four hundred thirty dollars (\$430.) per month. Another twelve (12) units of 'Studio' apartment accommodation were found with rents ranging from five hundred fifty dollars to seven hundred eighty five dollars (\$550. - \$785.) per month, with a median of six hundred seventy three dollars (\$673.) per month. In the one (1)-bedroom apartment category, fifty four (54) units were found with monthly rents ranging from a low of four hundred ninety five dollars (\$495.) to a high of seven hundred seventy five dollars (\$775.), with a median one (1)-bedroom rent of six hundred fifty dollars (\$650.) per month.

Based on the results of that survey – which is included as 'ATTACHMENT 3', at p. 35 – an adequate *number* of available units were found to meet the potential needs of the households that will be permanently displaced.

As noted above, the Plan is anticipating the permanent displacement of all fifty one (51) households as a result of the project prospectively moving forward in 2009.

Businesses

At this writing, there is one (1) businesses located on the ground floor of the Hotel Berry, opening out to the street; 'Cisco's Mini Mart', a twenty four (24)-hour convenience store.

While there is no *specific* requirement pursuant to Relocation Law or guidelines mandating that alternate relocation sites be made available to businesses at the time of displacement, the Agency is committed to making every effort to satisfactorily relocate, and re-establish the business. This Relocation Plan outlines the requirements for moving, and re-establishing the business prospectively being displaced, and demonstrates the level of advisory and financial assistance that will be provided.

At this time and, as to 'Cisco's Mini Mart', the proprietor has an existing lease which continues through March 31, 2010, with an Option to extend said lease for a further three (3) years (i.e., March 31, 2013), at an agreed upon lease rate. The Agency does not anticipate terminating this occupancy until the expiration of the final Option year, if the proprietor exercises said Option.

Consultant staff, in discussions with the owner of 'El Cuco' restaurant – a second business on the site – had determined that the restaurant may have been closing in the near future. A recent visit to the site has determined that the restaurant has apparently discontinued its business.

C. CONCURRENT RESIDENTIAL/BUSINESS DISPLACEMENT

There are no projects now, or planned in the immediate future, which will impact negatively upon the efforts and ability of the Agency in relocating the subject permanently displaced households and business. In addition, impact upon the Sacramento market will be relatively minimal though, not insignificant.

D. PROGRAM ASSURANCES AND STANDARDS

There shall be adequate funds budgeted to relocate any displaced households. Services will be provided to ensure that displacement does not result in different, or separate treatment of households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act; the Americans with Disabilities Act; Title VI of the Civil Rights Act of 1964; Title VII of the Civil Rights Act of 1964; Title VIII of the Civil Rights Act of 1968; the California Fair Employment & Housing Act; and, the Unruh Act, as well as any otherwise arbitrary, or unlawful discrimination.

This Plan sets forth, and all subsequent assistance to be provided will be pursuant to policies and procedures necessary to conform to statutes and regulations established by the California Relocation Assistance Law, California Government Code Section 7260 et seq (the "CRAL") and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq. (the "Guidelines") and other requirements and regulations of the applicable funding sources.

With certain narrow exceptions, it must be noted that *Federal* funds cannot be used for any displaced person who is an alien not lawfully present in the United States.

E. RELOCATION ASSISTANCE PROGRAM

A representative from OPC is available to assist any displaced household having questions in regard to relocation and/or assistance in relocating.

Relocation staff may be contacted by calling: **857.1525** during the hours of **8:30 a.m. to 5:00 p.m., Monday through Friday.**

The offices are located at:

**Overland, Pacific & Cutler, Inc.
8950 Cal Center Drive, Suite 102
Sacramento, CA 95826-3225**

A comprehensive relocation assistance program, with technical and advisory assistance, will be provided to households being displaced. Close contact will be maintained with each household. Specific activities will be:

1. To fully inform eligible project occupants of the nature of, and procedures for, obtaining relocation assistance and benefits;
2. To determine the needs of each residential displacee eligible for assistance;

3. To provide an adequate number of referrals – which, pursuant to the Guidelines, requires a minimum of three (3) – to comparable, decent, safe and sanitary housing units within a reasonable time prior to displacement, and assure that no residential occupant is required to move without a minimum of ninety (90) days written notice to vacate;
4. To provide current and continuously updated information concerning replacement housing opportunities;
5. Special assistance in the form of referrals to governmental and social service agencies will be made, if needed. Referral agencies may include, but not necessarily be limited to, the Department of Public and Social Services (DPSS) for income maintenance or food stamps, Medi-Cal, Employment Development Department, Sacramento City/County Health and Human Services Department, and Child and Adult Protective Services.
6. To provide assistance that does not result in different or separate treatment due to race, color, religion, national origin, sex, sexual orientation, marital status or other arbitrary circumstances;
7. To supply information concerning federal and state housing programs and other governmental programs providing assistance to displaced persons;
8. To assist each eligible person to complete applications for benefits;
9. To make relocation benefit payments in accordance with State of California Guidelines, including the provisions of the Last Resort Housing sections, where applicable;
10. To inform all persons subject to displacement of the Agency's policies with regard to eviction and property management; and

11. To establish and maintain a formal grievance procedure for use by displaced persons seeking administrative review of Agency decisions with respect to relocation assistance.

F. RELOCATION BENEFIT CATEGORIES

Benefits will be provided in accordance with the California Relocation Assistance Law and all other applicable regulations and requirements, and will be paid directly by the SHRA upon submission of required claim forms and documentation in accordance with approved procedures. The Agency will provide appropriate benefits for all eligible households as required by the above laws and requirements.

Commercial occupants are considered eligible for relocation assistance and benefits if they lawfully occupied the Hotel Berry on the date of the initiation of negotiations for redevelopment of the project site.

Specific eligibility requirements and benefit plans will be detailed on an individual basis with each displaced household. In the course of personal interviews and follow-up visits, each displaced household will be counseled as to available options and the consequences of any choice with respect to financial assistance.

Whether residential, or commercial, displacees will be entitled to receive "advances" on relocation payments for such needs as credit checks, security deposits, permitting fees and licenses, etc.

Residential Moving Expense Payments

Permanently displaced households will be eligible to receive a payment for moving expenses, or compensation therefor.

The payment will be made based upon either a fixed, room-count schedule *or*, an invoice for actual and reasonable moving expenses from a licensed professional mover. Moving expenses will be based on one of these following options:

1. **Fixed Payment** – A fixed payment for moving expenses based on the number of rooms containing furniture, or other personal property to be moved. The fixed moving payment will be based upon the most recent Federal Highway Administration (FHA) schedule maintained by the California Department of Transportation, as indicated in 'ATTACHMENT 4. RESIDENTIAL FIXED MOVING PAYMENT SCHEDULE', at p. 36;

Or,

2. **Actual Reasonable Moving Expense Payments** – The displaced tenants may elect to have a licensed, professional mover perform the move; if so, the SHRA will pay for the actual cost of the move up to fifty (50) miles and all reasonable charges for packing, unpacking, insurance, and utility connection charges, if any. The payment will be made directly to the mover or as a reimbursement to the displaced tenants.

Rental Assistance/Down Payment Assistance

For *permanent* residential displacee households – *except* in the case of 'Last Resort Housing' situations, as defined below – a Rental Assistance Payment (RAP) will be *limited* to a maximum of five thousand two hundred fifty dollars (\$5,250.00), based upon the household's monthly housing need over a forty-two (42) month period.

Last Resort Housing

Based on the survey results, it appears that an adequate number of "comparable replacement housing" units will be available at the time of displacement to meet the needs of the displaced tenants.

"Last Resort Housing" payments, however, *are* authorized by statute if "*affordable*" *comparable* replacement housing" *cannot* be located for the displaced tenant household (i.e., housing renting for *not more than* 30% of the household's gross, adjusted monthly income).

In such cases, payments may be made *beyond* the \$5,250.00 statutory "cap" up to forty-two (42) months' worth of rental assistance. Any supplemental increment beyond \$5,250 may be paid in installments or, a "lump-sum", at the discretion of the Agency.

The following Table shows the manner in which monthly housing need is determined.

Monthly Housing Need Calculation		
1. Old Rent	\$ 500	Old Rent plus Utility Allowance
Or		
2. Ability to Pay	\$ 445	30% of the Gross Household Income*
3. Lesser of lines 1 or 2	\$ 445	
Subtracted From:		
4. Actual New Rent	\$ 550	Actual New Rent including Utility Allowance
– OR –		
5. Comparable Rent	\$ 575	Determined by Agency; <u>includes</u> Utility Allowance
6. Lesser of lines 4 or 5	\$ 550	
7. Yields Monthly Need:	\$ 105	Subtract line 3 from line 6
8. Rental Assistance	\$ 4,410	Multiply line 7 by 42 months

*Gross income means the total annual income of an individual less the following: (1) a deduction of \$500.00 for each dependent in excess of three; (2) a deduction of 10% of total income for an elderly or disabled head of household; (3) a deduction for recurring extraordinary medical expenses; defined for this purpose to mean medical expenses in excess of 3% of total income, where not compensated for, or covered by insurance or other sources; (4) a deduction of reasonable amounts paid for the care of children or sick or incapacitated family members when determined to be necessary to employment of the head of household or spouse, except that the amount deducted shall not exceed the amount of income received by the person who would not otherwise be able to seek employment in the absence of such care.

Commercial Moving Expense Payments

Relocation benefits will be provided to the commercial tenant pursuant to State law. Benefits will be paid upon submission of required claim forms and supporting documentation in accordance with the procedures established by the SHRA/Agency, herein.

Pursuant to Relocation Law, eligible businesses may receive a relocation payment to cover the reasonable cost of moving their personal property from the project site, to the selected replacement site.

There are two (2) options:

(A) A Payment for Actual Reasonable and Necessary Moving and Related Expenses;

Or,

(B) A Fixed Payment Not to Exceed \$20,000.

Payment for Actual Reasonable and Necessary Moving and Related Expenses.

This payment may include the following:

1. Transportation of personal property. Transportation costs for a distance beyond fifty (>50) miles are not eligible unless SHRA determines that relocation beyond fifty (>50) miles is justified;
2. Packing, crating, unpacking, and uncrating of the personal property;
3. Disconnecting, dismantling, removing, re-assembling, and re-installing relocated machinery, equipment, and other personal property, and certain substitute personal property. This includes connection to utilities available within the replacement building.

It also includes modifications to the personal property, including those modifications mandated by Federal, State or, local law, code or, ordinance, necessary to adapt the personal property to the replacement structure, the replacement site or, the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property;

4. Storage of personal property not to exceed twelve (12) months, unless the Agency determines that a longer period is necessary;
5. Insurance for the replacement value of the personal property in connection with the move and necessary storage;
6. The replacement value of property lost, stolen or, damaged in the process of moving, though not through the fault or negligence of the displaced business owner, his or her agent or employee, *if* insurance coverage for such loss, theft or, damage, is not reasonably available;
7. Any license, permit or certification required of the business at the replacement location. However, the payment may be based on the remaining *useful* life of the *existing* license, permit or, certification;
8. Professional services as SHRA determines to be actual, reasonable and, necessary for: (i) Planning the move of the personal property; (ii) Moving the personal property; and, (iii) Installing the relocated personal property at the replacement location;
9. Re-lettering signs and, replacement stationary on hand at the time of displacement that is made obsolete as a result of the move;
10. Actual direct loss of tangible personal property incurred as a result of moving, or discontinuing the business.

The payment will consist of the *lesser of*:

- (i) The fair market value of the item, *as is*, for continued use at the displacement site, *less* the proceeds from its sale. (To be eligible for payment, the business owner must make a good faith effort to sell the personal property, unless the Agency determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value will be based upon the cost of the goods to the business, not the prospective selling price); *or*,
 - (ii) The estimated cost of moving the item, *as is*, but with no allowance for storage, or for re-connecting a piece of equipment if the equipment is in storage or not being used at the replacement site. (If the business operator elects to discontinue his/her business, the estimated cost will be based on a moving distance of fifty (50) miles;
11. The reasonable cost incurred in attempting to sell an item that is not to be relocated;
12. Purchase of substitute property. If an item of personal property which is used *as part of a business* is not moved, but is *promptly* replaced with a substitute item that performs a comparable function at the replacement site, the business owner will be entitled to payment for the *lesser of*:
- (i) The cost of the substitute item, including installation costs at the replacement site, if any, minus any proceeds from the sale of trade-in value of the replaced item; or,
 - (ii) The estimated cost of moving and re-installing the replaced item, but with no allowance for storage. At SHRA's discretion, the estimated cost for a low cost, or uncomplicated move may be based on a single bid or estimate.

13. Searching for a replacement location. The displaced business is entitled to reimbursement for actual expenses, not to exceed one thousand dollars (\$1,000.), as SHRA determines to be reasonable, which are incurred in searching for a replacement location, including:
 - I. Transportation expenses;
 - II. Meals and lodging away from home;
 - III. Time spent searching for a replacement location, based on reasonable salary or earnings;
 - IV. Reasonable fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase or lease of such site;
 - V. Time spent in obtaining permits and attending zoning hearings; and,
 - VI. Time spent negotiating the purchase or lease of a replacement site, based on a reasonable salary or earnings.

14. Other related moving expenses as the Agency determines to be reasonable and necessary, including:
 - Connection to available nearby utilities from the right-of-way to improvements at the replacement site;

 - Professional services performed prior to the purchase or lease of a replacement site to determine its (the site's) suitability for the business operation including, but not limited to soil testing, feasibility, and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such replacement site). At SHRA's discretion, a reasonable, *pre*-approved hourly rate may be established;

 - Impact fees or one-time assessments for anticipated heavy utility usage, as determined by the Agency; and,

15. Actual and reasonable expenses necessary to re-establish a displaced small business at its new location, not-to-exceed ten thousand dollars (\$10,000.).

Examples of expenses that may be considered for reimbursement include advertising, redecoration and, certain increased costs of operation at the new location.

Fixed Payment in Lieu of A Payment for Actual Reasonable Moving and Related Expenses:

The amount of this payment shall be based on the average, annual net earnings of the displaced business. The payment to an eligible business may not be less than one thousand dollars (\$1,000.00), or more than twenty thousand dollars (\$20,000.00). To qualify for this payment a displaced business:

- A) Cannot be a part of a commercial enterprise having *at least* three (3) *other* establishments which are *not* being displaced by the Agency as part of the project which is the subject of this Plan, and which is under the same ownership and engaged in the same, or similar business activities;
- B) Must not be able to relocate without substantial loss of patronage; and,
- C) Must have contributed *at least* one-third (i.e., 33.33%) of the owner's total gross income during each of the two (2) taxable years *prior to* displacement, or meet specific earnings criteria.

G. PAYMENT OF RELOCATION BENEFITS

Affected households will not be displaced until "comparable" housing is located. Relocation staff will inspect any replacement units to which referrals are made to verify that they meet all the standards of decent, safe, and sanitary housing as defined in Section 6008, Subdivision (d) of the Guidelines.

Relocation benefit payments will be made expeditiously. Claim forms and supporting documentation for relocation benefits must be filed with the Agency within eighteen (18) months from the date the displacee claimant moves from the acquired property.

The procedure for the preparation and filing of claims and the processing and delivery of payments will be as follows:

1. Claimant(s) will provide all necessary documentation to substantiate eligibility for assistance.
2. Assistance amounts will be determined in accordance with the provisions of Relocation Law.
3. Required claim forms will be prepared by relocation personnel in conjunction with claimant(s). Signed claims and supporting documentation will be submitted by relocation personnel to the Agency.
4. The Agency will review, and approve claims for payment, or request additional information.
5. The Agency will issue benefit checks which will be available at the Agency offices for receipt, unless circumstances dictate otherwise.
6. Final payments will be issued after confirmation that the Project area premises have been *completely* vacated, and actual residency at the replacement unit is verified.

7. Receipts of payment will be obtained and maintained in the relocation case file.

H. CITIZEN PARTICIPATION

Copies of this Plan will be available to the prospective displacees to promote review and participation.

The SHRA/Agency will ensure the following:

1. Full and timely access to documents relevant to the relocation program. Each prospective displacee household and business will receive an informational statement outlining, generally, the benefits to which they may be entitled (See: **'ATTACHMENTS 5 and, 6: 'INFORMATIONAL STATEMENT for FAMILIES AND INDIVIDUALS'** [pp. 37-41] and, **'INFORMATIONAL STATEMENT FOR BUSINESSES AND NON-PROFIT ORGANIZATIONS'** [pp. 42-52], respectively);
2. Provision of technical assistance necessary to interpret elements of the relocation program and other pertinent materials;
3. Copies of this Plan shall be available for review for thirty (30) days prior to its proposed adoption by the SHRA/Agency. The Agency shall receive comments from displacees and other interested persons regarding this Relocation Plan;
4. A general notice of this Plan shall be provided to all displacees of the proposed project. This Plan shall be made available for circulation for information and review by interested citizen groups, state and county agencies, and all persons affected by the project;

5. The right to submit written or oral comments and/or objections, including the right to submit written comments regarding the Relocation Plan, and to have those comments attached to the Plan when it is forwarded to the Agency for adoption;
5. Upon receipt of public comments, the Plan will be reviewed to ensure that it is feasible, complies with applicable environmental standards, and locally-adopted rules and regulations governing relocation; and,
6. Upon completion of all reviews, the Plan will be presented to the SHRA/Agency for adoption.

I. RELOCATION TAX CONSEQUENCES

In *general*, relocation payments are *not* considered income for the purpose of the Internal Revenue Code of 1986, or the Personal Income Tax Law, Part 10 of the Revenue and Taxation Code.

The above statement on tax consequences *is not* intended to be provision of legal advice by the City of Sacramento, the SHRA/Agency, its Agents, Consultants or Assigns. Displacees are encouraged to consult with independent tax advisors or legal counsel concerning the tax consequences of relocation payments.

J. APPEALS POLICY

The appeals policy will follow the standards described in Section 6150 et seq. of the Guidelines. Briefly stated, any displaced tenants will have the right to ask for review when there is a perceived grievance regarding any of their rights to relocation and relocation assistance, such as a determination as to eligibility; the amount of a payment; or, the failure to provide a comparable replacement housing referral.

K. EVICTION POLICY

Eviction by the Agency is permissible only as a final alternative. With the exception of persons considered to be in unlawful occupancy, a displaced person's eviction does not affect eligibility for relocation assistance and benefits. Relocation records must be documented to reflect the specific circumstances surrounding the eviction.

Eviction may be undertaken only for one (1), or more of the following reasons:

1. Failure to pay rent, except in those cases where the failure to pay is due to the Lessor's failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or, is the result of a discontinuation or substantial interruption of services;
2. Performance of a dangerous, and/or illegal act in the unit by tenant, its guests or invitees, or any combination thereof;
3. Material breach of the rental agreement and failure to correct breach within 30 days of notice;
4. Maintenance of a nuisance, and failure to abate within a reasonable time following notice;
5. A requirement under State or local law or emergency circumstances that cannot be prevented by reasonable efforts on the part of the Agency.

L. PROJECTED DATES OF DISPLACEMENT

The project is anticipated to commence in February, 2009. Upon commencement, households will receive a Ninety (90)- day Notice-to-Vacate when required to move permanently. Ninety (90)-day Notices-to-Vacate should be issued in February, 2009. As noted previously, the existing business will not be displaced until their current leases, and any Options to extend (if exercised), expire, unless they choose to relocate at sooner.

M. ESTIMATED RELOCATION COSTS

For the purposes of relocation, the Agency intends to utilize financing from the Low-to-Moderate Income Housing Fund. As noted previously, a total of fifty one (51) households and one (1) business will be eventually, permanently displaced from the Hotel Berry.

The Agency pledges to appropriate the necessary funds, on a timely basis, to ensure the successful completion of the project. Any and all required financial assistance will be provided.

The estimated relocation budget for this Project is nine hundred thousand dollars (\$900,000), based upon all of the current households and the business being displaced.

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**ATTACHMENT 1:
'HOTEL BERRY'
SACRAMENTO, CA (1929)**



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**ATTACHMENT 2:
OFFICIAL STATE INCOME LIMITS
SACRAMENTO COUNTY (2008)**

The following figures are approved by the United States Department of Housing and Urban Development (H.U.D.) for use in the County of Sacramento, California, to define and determine housing eligibility by income level.

SACRAMENTO COUNTY, CALIFORNIA –

MEDIAN FOUR-PERSON HOUSEHOLD INCOME: \$71,000.

Household Size	Extremely Low Income	Very Low Income	Lower Income	Median Income	Moderate Income
1 Person	\$14,900.	\$24,850.	\$39,750.	\$49,700.	\$59,600.
2 Person	\$17,050.	\$28,400.	\$45,450.	\$56,800.	\$68,200.
3 Person	\$19,150.	\$31,950.	\$51,100.	\$63,900.	\$76,700.
4 Person	\$21,300.	\$35,500.	\$56,800.	\$71,000.	\$85,200.
5 Person	\$23,000.	\$38,350.	\$61,350.	\$76,700.	\$92,000.
6 Person	\$24,700.	\$41,200.	\$65,900.	\$82,400.	\$98,800.
7 Person	\$26,400.	\$44,000.	\$70,450.	\$88,000.	\$105,600.
8 Person	\$28,100.	\$46,850.	\$75,000.	\$93,700.	\$112,500.

Effective February 28, 2008

ATTACHMENT 3: REPLACEMENT HOUSING SURVEY

Residential Relocation Resources (For Rent) Units Required vs. Available Units

Units by Bedroom Count	Required Units	Available Units	Price Range
Hotel/Motel/SRO	51	1	\$475.
Rooms for Rent/Apartment to share	0	12	\$360. - \$500.
Studio Apt.	0	12	\$550. - \$785.
1 Bedroom Apt.	0	54	\$495. - \$775.
All Units	51	78	Median: \$563.

**ATTACHMENT 4:
RESIDENTIAL FIXED MOVING
PAYMENT SCHEDULE**

FIXED MOVING SCHEDULE (CALIFORNIA)			
Occupant owns furniture		Occupant does NOT own furniture	
1 room	\$ 625.00	1 room	\$400.00
2 rooms	\$ 800.00	each additional room	\$ 65.00
3 rooms	\$1,000.00	/	
4 rooms	\$1,175.00		
5 rooms	\$1,425.00		
6 rooms	\$1,650.00		
7 rooms	\$1,900.00		
8 rooms	\$2,150.00		
each additional room	\$ 225.00		

ATTACHMENT 5: INFORMATIONAL STATEMENT FOR FAMILIES AND INDIVIDUALS

INFORMATIONAL STATEMENT FOR FAMILIES AND INDIVIDUALS

- I. GENERAL INFORMATION
- II. ASSISTANCE IN LOCATING A REPLACEMENT DWELLING
- III. MOVING BENEFITS
- IV. REPLACEMENT HOUSING PAYMENT - TENANTS AND CERTAIN OTHERS
- V. QUALIFICATION FOR AND FILING OF RELOCATION CLAIMS
- VI. LAST RESORT HOUSING ASSISTANCE
- VII. RENTAL AGREEMENT
- VIII. APPEAL PROCEDURES - GRIEVANCE
- IX. TAX STATUS OF RELOCATION BENEFITS
- X. ADDITIONAL INFORMATION AND ASSISTANCE AVAILABLE

I. GENERAL INFORMATION

The Sacramento Housing and Redevelopment Agency ('SHRA' and/or 'Agency'), as owners of the Hotel Berry, intends to undertake a major renovation of the building at 729 'L' Street. Should the project proceed, as proposed, it will be necessary for you to move from the dwelling in which you reside. You will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under federal, and/or state law. We suggest you save this informational statement for reference.

The SHRA has retained the services of Overland, Pacific & Cutler, Inc., a qualified professional relocation consulting firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:



Overland, Pacific & Cutler, Inc.
8950 Cal Center Drive, Suite 102
Sacramento, CA 95826-3225
Telephone: 857.1520

Spanish speaking representatives are available. Si necesita esta información en español, por favor llame a su representante a 857.1520.

PLEASE DO NOT MOVE PREMATURELY. THIS IS NOT A NOTICE TO VACATE YOUR DWELLING. If you are determined to be a permanent displacee and, if you desire to move sooner than required, you must contact your representative with Overland, Pacific & Cutler, Inc., so you will not jeopardize any benefits to which you might be otherwise eligible. This is a general informational brochure only, and is not intended to give a detailed description of either the law or regulations pertaining to the Agency's relocation assistance program.

Please continue to pay your rent to your current landlord, otherwise you may be evicted and jeopardize the relocation benefits to which you may be entitled to receive.

II. ASSISTANCE IN LOCATING A PERMANENT REPLACEMENT DWELLING

The Agency, through its representatives, will assist permanent displacees in locating an alternate, comparable replacement dwelling by providing referrals to appropriate and available housing units. You are encouraged to actively seek such housing yourself.

When a suitable replacement dwelling unit has been found, your relocation consultant will carry out an inspection and advise you as to whether the dwelling unit meets decent, safe and sanitary housing requirements. A decent, safe and sanitary housing unit provides adequate space for its occupants, proper weatherproofing and sound heating, electrical and plumbing systems. Your new dwelling must pass inspection before relocation assistance payments can be authorized.

III. MOVING BENEFITS

If you must move permanently as a result of displacement by the SHRA, you will receive a payment to assist in moving your personal property. There are two types of moving payments. You have the option of selecting either one of the following types of moving payments:

A. Fixed Moving Payment

A Fixed Moving Payment is based upon the number of rooms you occupy and whether or not you own your own furniture. The payment is based upon a Federal Highway Administration schedule approved by the Agency, and ranges, for example, from \$400 for one (1) *furnished* room to \$2,150 for eight (8) rooms in an *unfurnished* dwelling. (For details see the table below). Your relocation representative will inform you of the amount you are eligible to receive if you choose this type of payment.

(Remainder of page intentionally left blank)

FIXED MOVING SCHEDULE - CALIFORNIA (effective June 2005)			
Occupant owns furniture		Occupant does NOT own furniture	
1 room	\$625.00	1 room	\$400.00
2 rooms	\$800.00	each additional room	\$65.00
3 rooms	\$1,000.00		
4 rooms	\$1,175.00		
5 rooms	\$1,425.00		
6 rooms	\$1,650.00		
7 rooms	\$1,900.00		
8 rooms	\$2,150.00		
each additional room	\$225.00		

If you select a *fixed* payment, you will be responsible for arranging your own move and the Agency will assume no liability for any loss or damage of your personal property.

B. Actual Moving Expense (Professional Move)

If you wish to engage the services of a licensed commercial mover and have the SHRA pay the bill, you may claim the ACTUAL cost of moving your personal property up to 50 miles. Your relocation representative will inform you of the number of competitive moving bids (if any) which may be required, and assist you in developing a scope of services for the Agency's approval.

IV. REPLACEMENT HOUSING PAYMENT - TENANTS AND CERTAIN OTHERS

You may be eligible for a payment of up to \$5,250. to assist you in renting or purchasing a comparable replacement dwelling. In order to qualify, you must be a tenant who has occupied your present dwelling for at least Ninety (90)-days prior to the Agency entering into an agreement to renovate the property or receipt of funding approval, whichever is later.

A. Rental Assistance

If you qualify, and **wish to rent** your replacement dwelling, your rental assistance benefits will be based upon the difference, over a forty-two (42) month period between the rent you must pay for a comparable replacement dwelling and the *lesser* of your current rent or 30% of your gross monthly household income. You will be required to provide your relocation representative with monthly rent and household income verification prior to the determination of your eligibility for this payment.

- Or -

B. Down-payment Assistance

If you qualify, and wish to purchase a home as a replacement dwelling, you can apply up to the total amount of your rental assistance payment towards the down-payment and non-recurring incidental expenses. Your relocation representative will clarify procedures necessary to apply for this payment.

V. QUALIFICATION FOR AND FILING OF RELOCATION CLAIMS

To qualify for a Replacement Housing Payment, you must rent or purchase and occupy a comparable replacement unit **within one year from the later** of the following:

1. For a tenant, the date you move from the displacement dwelling; or,
2. The date the Agency fulfills its obligation to make available comparable replacement dwellings.

All claims for relocation benefits must be filed with the SHRA **within 18 months** from the date on which you receive final payment for your property, or the date, on which you move, whichever is later.

VI. LAST RESORT HOUSING ASSISTANCE

If comparable replacement dwellings are not available when you are required to move, or if replacement housing is not available within the monetary limits described above, the Agency will provide Last Resort housing assistance to enable you to rent, or purchase a replacement dwelling on a timely basis. Last Resort housing assistance is based on the individual circumstances of the displaced person. Your relocation representative will explain the process for determining whether or not you qualify for Last Resort assistance.

If you are a tenant, and you choose to *purchase* rather than rent a comparable replacement dwelling, the entire amount of your rental assistance and last resort eligibility must be applied toward the down-payment escrow of the home you intend to purchase, refundable to the Agency in the event the acquisition does not close.

VII. RENTAL AGREEMENT

Except for the causes of eviction set forth below, no person lawfully occupying property to be purchased/rehabilitated by the Agency will be required to move without having been provided with at least ninety (90)-days written notice from the SHRA. Eviction will be undertaken only in the event of one, or more of the following infractions:

- A. Failure to pay rent; except in those cases where the failure to pay is due to the Lessor's failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or, is the result of a discontinuation or substantial interruption of services;
- B. Performance of dangerous and/or illegal act in the unit by Lessee, its guest(s) or invitee(s) or, any combination thereof;
- C. Material breach of the rental agreement and failure to correct breach within sixty (60)-days of notice;
- D. Maintenance of a nuisance and failure to abate within a reasonable time following notice;
- E. Refusal to accept one of a reasonable number of offers of replacement dwellings; or
- F. The eviction is required by State or local law and cannot be prevented by reasonable efforts on the part of the Agency.

VIII. APPEAL PROCEDURES - GRIEVANCE

Any person aggrieved by a determination as to eligibility for a relocation payment, or the amount of a payment, may have his/her claim reviewed or reconsidered in accordance with the Agency's appeals procedure. Complete details on appeal procedures are available upon request from the Agency.

IX. TAX STATUS OF RELOCATION BENEFITS

Relocation benefit payments are not considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. This information is not presented as legal advice; please consult with your own tax adviser or attorney.

X. ADDITIONAL INFORMATION AND ASSISTANCE AVAILABLE

Those responsible for providing you with relocation assistance hope to assist you in every way possible to minimize the hardships involved in relocating to a new home. Your cooperation will be helpful and greatly appreciated. If you have any questions at any time during the process, please do not hesitate to contact your relocation representative.

OP&C, Inc.
11.2008

**ATTACHMENT 6:
INFORMATIONAL STATEMENT
FOR
BUSINESSES AND NON-PROFIT ORGANIZATIONS**

Introduction

The property on which you now conduct your business is in an area to be improved by the Sacramento Housing and Redevelopment Agency ('SHRA' and/or 'Agency'). SHRA's plans for the total renovation of the Hotel Berry, at 729 'L' Street will require the relocation of existing commercial uses located thereupon. You will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the appropriate federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. The SHRA/Agency has retained the services of Overland, Pacific & Cutler, Inc. (OPC), a qualified professional relocation firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:

Overland, Pacific & Cutler, Inc.
8950 Cal Center Drive, Suite 102
Sacramento, CA 95826-3225
Telephone: 857.1520

Spanish speaking representatives are available. Si necesita esta información en Español, por favor llame a su representante.

Summary of Relocation Assistance

As an eligible "displaced person", you will be offered appropriate financial *and* advisory assistance to help you relocate, including:

- A. Payment for your moving expenses. You will receive either:
- A Payment for Actual Reasonable Moving and Related Expenses; *or*,
 - A Fixed Payment In Lieu of a Payment for Actual Moving and Related Expenses.
- B. Referrals to suitable replacement locations.
- C. Other help to reestablish your business and minimize the impact of the move including help in preparing claim forms to request relocation payments.

If you disagree with the Agency's subsequent decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

SOME GENERAL QUESTIONS

How will I know I am eligible for relocation assistance?

Ordinarily, eligibility begins on the date that Agency receives its funding approval(s). In the event all funding required is not forthcoming, the Project *may not* proceed; therefore, you should not move before that transpires. If you do, you may not be eligible for relocation assistance.

How will SHRA Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of the Agency to determine your needs and preferences for a replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that SHRA, through its relocation consultant, can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have to Move?

Every reasonable effort will be made to provide you with sufficient time to find, and re-establish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at *least* Ninety (90) days advance written notice.

It is important, however, that you keep in close contact with Agency so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

Will I Have To Pay Rent To the Agency Before I Move?

You may be required to pay a fair rent to SHRA for the period between the acquisition of your property and the date that you move. Your rent and the terms of your tenancy will be generally the same as in the prior arrangement.

How Will I Find A Replacement Location?

The Agency will provide you with current, and continuing information on available replacement locations that meet your needs. SHRA may also provide you with the names of real estate agents and brokers who can assist you in finding the type of replacement location you require. While the Agency will assist you in obtaining a suitable replacement location, you should take an active role in finding and relocating to a location of your choice. No one knows your needs better than you. You will want a facility that provides sufficient space for your planned activities. You will also want to ensure that there are no zoning, or other requirements which will unduly restrict your planned operations. Ask the Agency's representatives to explain which kind of moving costs are eligible for repayment and which are not eligible. That will enable you to carry out your move in the most advantageous manner.

What Other Assistance will be Available to Help Me?

In addition to help in finding a suitable replacement location, other assistance, as necessary, will be provided by the Agency. This includes information on Federal, State, and local programs that may be of help in re-establishing a business. For example, the Small Business Administration (SBA) provides managerial and technical assistance to some businesses. There may also be a government grant or loan program which can help you reestablish your business. SHRA will assist you in applying for help available from government agencies. The range of services depends on the needs of the business being displaced. You should ask the Agency representative to tell you about the specific services that will be available to you.

I Have A Replacement Location And Want To Move. What Should I Do?

Before you make any arrangements to move, notify SHRA, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. The Agency will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

I Plan To Discontinue My Business Rather Than Move. What Should I Do?

If you have decided to discontinue your business rather than reestablish, you may still be eligible to receive a payment. Contact the Agency and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

What Kinds of Payments For Moving Expenses Will I Receive?

Every business is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- A. **A Payment for Actual Reasonable Moving and Related Expenses; or,**
- B. **A Fixed Payment In Lieu of Moving and Related Expenses (if you meet the eligibility requirements).**

What is Payment for Actual Reasonable Moving and Related Expenses?

If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may claim the cost of:

- A. **Transportation of personal property from your present location to the replacement location. (Generally, transportation costs are limited to a distance of 50 miles. If you plan to move beyond fifty [50] miles, discuss your planned move with the Agency.)**
- B. **Packing, crating, uncrating, and unpacking personal property.**

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- C. Disconnecting, dismantling, removing, reassembling, and installing relocated and substitute machinery, equipment and other personal property. This includes connection to utilities available nearby and modifications necessary to adapt such property to the replacement structure or to the utilities or to adapt the utilities to the personal property. This includes alterations to the replacement structure required to reinstall machinery, equipment or other personal property.
- D. Storage of personal property for a reasonable period of time, if required, at SHRA's discretion.
- E. Insurance of personal property in connection with the move and required storage and the replacement value of property lost, stolen, or damaged in the process of moving where insurance is not readily available.
- F. Any license, permit or certification required by the displaced business, to the extent that the cost is: (1) necessary to its reestablishment at the replacement location and (2) does not exceed the cost for the remaining useful life of the existing license, permit, or certification.
- G. Reasonable and *pre-authorized* professional services, including architects, attorneys, and engineer's fees, and consultant's charges, necessary for: (1) planning the move of the personal property; (2) moving the personal property; or, (3) installing the relocated personal property at the replacement location.
- H. Re-lettering signs, printing replacement stationery made obsolete by the move and customer notifications.
- I. The reasonable cost incurred in attempting to sell an item that is not relocated.
- J. Actual direct loss of personal property. This payment provides compensation for property that is neither moved, nor promptly replaced with a "substitute item" at the replacement location. Payment is limited to the lesser of: (1) the estimated cost of moving the property; or, (2) the fair market value of the property for its continued use at the old location, less any proceeds from its sale. To be eligible, you must make a good faith effort to sell the property, unless the Agency determines that such effort is not necessary.

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- K. Purchase and installation of substitute personal property. Payment will be limited to the lesser of: (1) the estimated cost to move the item to the replacement location; or, (2) the actual cost of the substitute item delivered and installed at the replacement location, less any proceeds from its sale or its trade-in value. It is important to discuss your plans with the Agency before you proceed.
- L. Searching for a replacement location. This payment may not exceed \$1,000.00 and may cover costs for:
- Transportation expenses
 - Time spent searching for a replacement location, based on a reasonable salary or earnings
 - Reasonable fees paid to real estate agents or brokers to find a replacement location (not fees related to the purchase of a site)
 - Meals and lodging away from home

The Agency's representative will explain all eligible moving costs, as well as those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. The Agency will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by the Agency. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the Agency cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by the Agency or, if you prefer, you may have SHRA pay the mover directly. In either case, let the Agency know before you move. Select your mover with care. SHRA's representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable bid or estimate obtained by the Agency. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the Agency before you may receive the payment.

'HOTEL BERRY' – SACRAMENTO HOUSING & REDEVELOPMENT AGENCY**What are Reestablishment Expenses?**

A small business, farm or non-profit organization may be eligible to receive a payment of up to \$10,000.00 for expenses actually incurred in relocating and re-establishing such operation at a replacement site.

Eligible expenses must be reasonable and necessary, as determined by SHRA. They may include, but are not limited to the following:

- A. Repairs or improvements to the replacement real property as required by federal, state or local law, code or ordinance.
- B. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- C. Construction and Installation costs for exterior signage to advertise the business.
- D. Provision of utilities from right-of-way to improvements on the replacement site.
- E. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
- F. Licenses, fees, and permits where not paid as part of moving expenses.
- G. Feasibility surveys, soil testing and marketing studies.
- H. Advertising of replacement location.
- I. Professional services in connection with the purchase or lease of a replacement site.
- J. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
 - 1. Lease or rental charges;
 - 2. Personal or real property taxes;
 - 3. Insurance premiums; and,
 - 4. Utility charges (excluding Impact fees)

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- K. Impact fees or one-time assessments for anticipated heavy utility usage.
- L. Other items the Agency considers essential to the reestablishment of the business.

What Expenses Are Not eligible for Reestablishment Payment?

The following is a non-exclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

- A. Purchase of capital assets, such as, office furniture, filing cabinets, and machinery or trade fixtures.
- B. Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- C. Interior or exterior refurbishment at the replacement site, except as otherwise provided for under the business reestablishment payment.
- D. Interest costs associated with any relocation expense or the purchase of replacement property.
- E. Payment to a part-time business in the home which does not contribute materially to the household income.

What is Fixed Payment In Lieu Of A Payment for Actual Reasonable Moving And Related Expenses?

A Fixed Payment In Lieu Of a Payment for Actual Reasonable Moving and Related Expenses to a business is based on the average annual net earnings of the business. The payment to an eligible business may not be less than \$1,000.00, or more than \$20,000.00.

Any payment in excess of \$1,000.00 must be supported with financial statements for the two (2), twelve (12)-month periods *prior to* displacement.

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The amount to be used for the payment is the average of the last two (2) years annual net earnings. Documentation required may be income tax returns, certified financial statements and accounting records or other similar evidence acceptable to SHRA.

To qualify for an In-Lieu payment, a displaced *business*:

1. Must own, or rent personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move, and the business vacates or relocates from its displacement site.
2. Must be unable to relocate without a substantial loss of existing patronage.
3. Must not be part of a commercial enterprise having more than one other entity which is not being acquired by the Agency, and which is under the same ownership and engaged in the same or similar business activities.
4. Must not be operated at a displacement dwelling/site solely for the purpose of renting such dwelling/site to others.
5. Must have contributed materially to the income of the displaced person during the two (2) taxable years prior to displacement.

The average annual net earnings of a business is one-half of its net earnings before Federal, State, or local income taxes during the two (2) taxable years immediately prior to the taxable year in which it was displaced. If not in business for a full two years prior to displacement, the net earnings shall be based on the actual period of operation at the acquired site projected to an annual rate. Average net earnings may be based on a different period of time when the Agency determines it to be more equitable. Net earnings include any compensation paid to the owners of the business, a spouse or dependents.

The displaced person shall furnish SHRA proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which the Agency determines is satisfactory.

SHRA will inform you as to your eligibility for this payment and the documentation you must submit to support your claim. **Remember, when you elect to take this payment you are not entitled to reimbursement for any other moving expenses.**

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How do I File a Claim for a Relocation Payment?

You must file a claim for a relocation payment.

SHRA will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide a security deposit if you lease your new location), discuss your financial needs with the Agency. You may be able to obtain an advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to file as soon as possible after you move.

The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, the Agency *may* extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

Appeals

If you disagree with SHRA's decision as to your right to a relocation payment or the amount of payment, you may appeal the decision first to the Agency. The SHRA will inform you of its appeal procedures. At a minimum, you will have 18 months to file your appeal with the Agency. Your appeal must be in writing. However, if you need help, the Agency will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter through the courts.

'HOTEL BERRY' – SACRAMENTO HOUSING & REDEVELOPMENT AGENCY**Tax Status of Relocation Benefits**

Relocation benefit payments are not considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

Lawful Presence Requirement

Pursuant to the Public Law 105-117 of November 21, 1967, in order to be eligible to receive non-residential relocation benefits in federally-funded relocation projects, the owner of a sole proprietorship and all owners of a partnership must provide information regarding their lawful presence in the United States, and a for-profit or a non-profit corporation must certify that it is authorized to conduct business in the United States. Sole proprietorships or partnerships with owners who are not lawfully present in the United States, or who decline to provide this information, may be denied relocation benefits. Relocation benefits will be prorated to reflect the number of owners with certified lawful presence in the United States.

Additional Information

If you have further questions after reading this brochure, contact Overland, Pacific & Cutler, Inc. and discuss your concerns with your relocation representative. You may wish to read the California Relocation Assistance Act regulations which describe the relocation process in more detail.

OP&C, Inc.
November, 2008

Acquisition of Hotel Berry and Permanent Tenant Relocation

RESOLUTION NO. 2009 -

Adopted by the Sacramento City Council

on date of

**APPROVAL OF THE RELOCATION PLAN FOR ELIGIBLE TENANTS AT THE
HOTEL BERRY LOCATED AT 729 L STREET**

BACKGROUND

- A. In June 2007, the Redevelopment Agency approved an Owner Participation Agreement, a \$5 million Conditional Grant Agreement, a Residential and Non-Residential Regulatory Agreement and related documents to fund acquisition of the Hotel Berry, a downtown residential hotel, by a development partnership of The Trinity Housing Foundation and the AF Evans Company
- B. The Hotel Berry was purchased by The Trinity Housing Foundation on December 21, 2007. The Trinity/AF Evans Partnership received an award of more than \$13 million in Low Income Housing Tax Credits in July 2008.
- C. Due to the collapse in the tax credit market, the Trinity/AF Evans Partnership was unable to secure an investor for the tax credits and they returned the tax credits to the State Tax Credit Allocation Committee in November 2008. The Trinity/AF Evans Partnership has agreed to sell the Hotel Berry property to the Redevelopment Agency for \$1.00.
- D. In December 2007, Trinity/AF Evans entered into a management contract with the John Stewart Company (JSCO), a specialist in SRO property management.
- E. The property has a 50% vacancy rate, a substantial operating deficit and requires immediate substantive rehabilitation. Permanent relocation of the tenants is the best option at this time.
- F. A Relocation Plan for the permanent relocation of tenants from the property has been prepared by Overland, Pacific & Cutler, a copy of which is on file with the Agency Clerk. The Plan was distributed on January 12, 2009 at a tenant meeting.
- G. The Relocation Plan conforms to statutes and regulations established by California Relocation Assistance Law.
- H. Acquisition of the property as described herein is in furtherance of the Merged Downtown Sacramento Redevelopment Plan. Acquisition of the property does not commit the Agency to proceed with a development project and no specific project is currently contemplated. Land acquisition does not limit the choice of alternatives or mitigation measures available to the Agency for future proposed

Acquisition of Hotel Berry and Permanent Tenant Relocation

projects. Environmental review of the proposed project will be conducted once the scope of development of the property has been defined. Therefore, the acquisition of the property does not constitute a project pursuant to CEQA Guidelines Section 15004(b)(2)(A). Tenant relocation and property management activities authorized for the property are exempt from further review pursuant to CEQA Guidelines Section 15301(d) and (l). National Environmental Policy Act (NEPA) does not apply.

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

- Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action as stated above, are approved.
- Section 2. The Relocation Plan for the eligible tenants at the Hotel Berry located at 729 L Street is approved.

