

## **RESOLUTION NO. 2010-708**

Adopted by the Sacramento City Council

December 7, 2010

### **APPROVAL AND ADOPTION OF 33433 REPORT FOR PROPERTIES PURCHASED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO LOCATED WITHIN MORRISON CREEK ESTATES**

#### **BACKGROUND**

- A. On October 21, 2008, the Sacramento City Council approved a substantial amendment to the 2008 – 2012 Consolidated Plan containing the Neighborhood Stabilization Plan (NSP) (Resolution – 2008-691).
- B. On February 24, 2009, the City Council approved Amendments to the 2009 One-Year Action Plan containing the implementation guidelines for the NSP, to include the allocation of \$4,000,000 of NSP Funds for the implementation of the Block Acquisition and Rehabilitation Strategy for Morrison Creek Estates (Resolution -2008-114).
- C. On March 9, 2010, the Sacramento City Council approved mid-year amendments to the 2010 One-Year Action Plan which included reallocation of \$3,500,000 from NSP Block Program – Morrison Creek Estates Project to the NSP Property Recycling Program and the NSP Vacant Property Program (Resolution – 2010-129).
- D. The Redevelopment Agency of the City of Sacramento (Agency) approved amending the budget to allocate \$1,500,000 of Franklin Boulevard Redevelopment Project Area Low/Mod Housing Funds to the Morrison Creek Estates Project to purchase and rehabilitate vacant and foreclosed properties.
- E. On August 24, 2010, the Sacramento City Council approved the reallocation of \$270,000 from NSP Block Program – Morrison Creek Estates Project to the NSP Property Recycling Program and the NSP Vacant Property Program.
- F. The Agency has purchased 13 properties located within the Morrison Creek Estate Project with Franklin Boulevard Redevelopment Project Area Low/Mod Housing Funds for the purpose of rehabilitation and long-term rental for affordable housing that will be managed by the Housing Authority of the City of Sacramento (Project).
- G. A report under Health and Safety Code has been prepared, filed with the Agency Clerk and duly made available for public review, a copy of which report (33433 Report) is attached as Exhibit A and incorporated in this resolution by this reference, and, proper notice having been given, a hearing has been held in accordance with Health and Safety Code Sections 33431 and 33433.
- H. The Project was analyzed in accordance with the California Environmental Quality Act (CEQA) Section 15301(d), which exempts the rehabilitation of deteriorated structures

to meet current standards of health and safety; and Guidelines Section 15310, which exempts loans for the acquisition of existing structures.

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

- Section 1. The proposed action is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301(d) and 15310.
- Section 2. After due consideration of the report filed with the Agency Clerk, made available to the public pursuant to California Health and Safety Code Section 33433 and attached hereto as Exhibit A, it is determined that the transfer of the Properties and construction of the Project will remove blighting conditions at the Properties and result in the preservation and improvement of affordable housing that will benefit residents in the Morrison Creek Estates Area and the adjacent Franklin Boulevard Redevelopment Project Area. The statements and findings of the 33433 Report are true and correct and are hereby adopted.
- Section 3. After due consideration of the 33433 Report and Section 33442 of the Health & Safety Code, it is determined that the Housing Authority's acceptance of the properties for the purposes of a public housing project with the covenants and conditions and development costs authorized by the transfer agreement provides sufficient consideration for this transaction.

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Exhibit A – Report under Health and Safety Code Section 33433

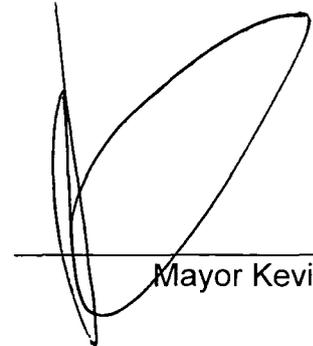
Adopted by the City of Sacramento City Council on December 7, 2010 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

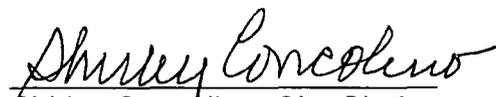
Abstain: None.

Absent: None.



\_\_\_\_\_  
Mayor Kevin Johnson

Attest:

  
\_\_\_\_\_  
Shirley Concolino, City Clerk

**Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)**

**I. Agreement**

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

**II. Summary of Terms of Disposition**

<b>AGENCY'S COST OF ACQUIRING THE LAND</b>	
Purchase Price (or Lease Payments Payable During Agreement)	\$345,301
Commissions	0
Closing Costs	14,049
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	0
Improvement Costs (e.g. utilities or foundations added)	0
Other Costs	0
<b>TOTAL</b>	<b>\$359,350</b>

<b>ESTIMATED VALUE OF INTEREST CONVEYED</b>	
Value of the property determined at its highest and best use under the redevelopment plan	\$345,301

<b>ESTIMATED REUSE VALUE OF INTEREST CONVEYED</b>	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	\$0
The reuse value under this agreement is consistent with Health & Safety Code Section 33442 which allows the Redevelopment Agencies to discount or donate property to a Housing Authority.	

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement.	\$0
The total payment under this agreement is consistent with Health & Safety Code Section 33442 which allows the Redevelopment Agencies to discount or donate property to a Housing Authority.	

### III. Explanation of Disposition for Less than Full Value

The 13 properties located within the Morrison Creek Project Area were acquired by the Redevelopment Agency with the intent to provide long term affordable housing opportunities. The Housing Authority will own and manage the units long term as affordable housing at Low or Moderate Area Median Income Levels for 55 years. The Redevelopment Agency is conveying the properties to the Housing Authority at no cost pursuant to Health & Safety Code Section 33442. The Housing Authority is responsible for the long term maintenance obligation of the properties. In order to assure the long term financial feasibility of the operation of the units as affordable housing, the units are being disposed of for less than the market value.

### IV. Elimination of Blight

Morrison Creek Estates Area has had a long history of issues as it relates to crime, code and blight. The City of Sacramento, Redevelopment Agency and Housing Authority have invested significant resources in the area to combat these issues. The goal is to eliminate the blighted conditions of the substandard housing in the area, by acquiring, rehabilitation and renting units to low and moderate income families. Currently the Housing Authority owns 62 properties in Morrison Creek Estates and these properties will further consolidate ownership to allow more units to come under effective property management. In order to gain majority control in Morrison Creek Estate Project Area, the Housing Authority must purchased 118 of 236 total units.

The transfer of the Redevelopment Agency owned 13 Morrison Creek Estates properties is consistent with the Redevelopment Agency's strategy of expending affordable housing resources in neighborhoods that have proximity to the redevelopment area with the goal of expanding the supply of affordable housing throughout the City.