



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

Receive and File
March 22, 2011

Honorable Mayor and Members of the City Council

Title: Annual Report on Residential Hotels

Location/Council District: Citywide

Recommendation: Receive and File

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353,
 Jeree Glasser-Hedrick, Program Manager, Development Finance, 449-6238

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: City Code Chapter 18.20 (Relocation Benefits Pertaining to Residential Hotel Unit Conversion or Demolition) and City Ordinance 2006-056 require that 712 residential hotel or comparable units be maintained within the City of Sacramento. The Sacramento Housing and Redevelopment Agency (Agency) is required to provide an annual report to the Sacramento Housing and Redevelopment Commission and the City Council on the number of residential hotel units withdrawn, the number of new units expected based on approved replacement housing plans, and the number of units constructed in anticipation of conversions or withdrawals. The ordinance pertains to nine residential hotels located in downtown Sacramento (Location Map – Attachment 1).

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

Currently there are two single room occupancy (SRO) projects under construction: the Hotel Berry (105 units), and the 7th & H Project (150 units).

Annual Report on Residential Hotels

Disposition of the Hotel Berry property and renovation commenced in December 2010. Reopening of the Hotel Berry is anticipated in early 2012.

Approval of Agency financing documents, disposition of the property, and construction commencement of the 7th & H Project is anticipated to begin by April 2011. Completion of the 150-unit mixed-use development is estimated by December 2012.

Since the last annual report, no SRO residential hotel units have been withdrawn. However, the owner of the Ridgeway Hotel plans to convert the 58 unit SRO facility into 23 SRO studio units and submitted a notice to the Agency for an application to withdraw 25 SRO residential hotel units. Additionally, the Marshall Hotel owner has informed the Agency of their intention to submit a withdrawal application for 95 SRO units in the near future. The owner would like to convert the Hotel Marshall property to a market rate boutique hotel when market conditions improve. The 7th & H Project has been identified as a site for the 120 replacement housing units resulting from the planned withdrawal request by the Ridgeway and Marshall Hotels. Staff reports requesting authority to convert the two SRO projects and to utilize the 7th & H Project as the source of replacement units will be submitted for approval later this year.

Several of the hotels surveyed are less than fully occupied due to deteriorating physical conditions and the continued challenging rental market.

A list of the residential hotels covered by the ordinance with the results of the annual certification is included as Attachment 2. In forthcoming annual reports, the Agency will continue to report on the status of the residential hotels covered by the ordinance and the projects that have been identified as providing replacement housing units.

Policy Considerations: This report complies with the requirement of City Code Section 18.20.60, which requires an annual report on the number of residential hotels units withdrawn, the number of new units expected based on approved replacement housing plans, and units constructed in anticipation of conversions or withdrawals.

Environmental Considerations:

California Environmental Quality Act (CEQA): Not a project as defined by the California Environmental Quality Act (CEQA) [CEQA Section 21065 and CEQA Guidelines Section 15378 (b)(5)].

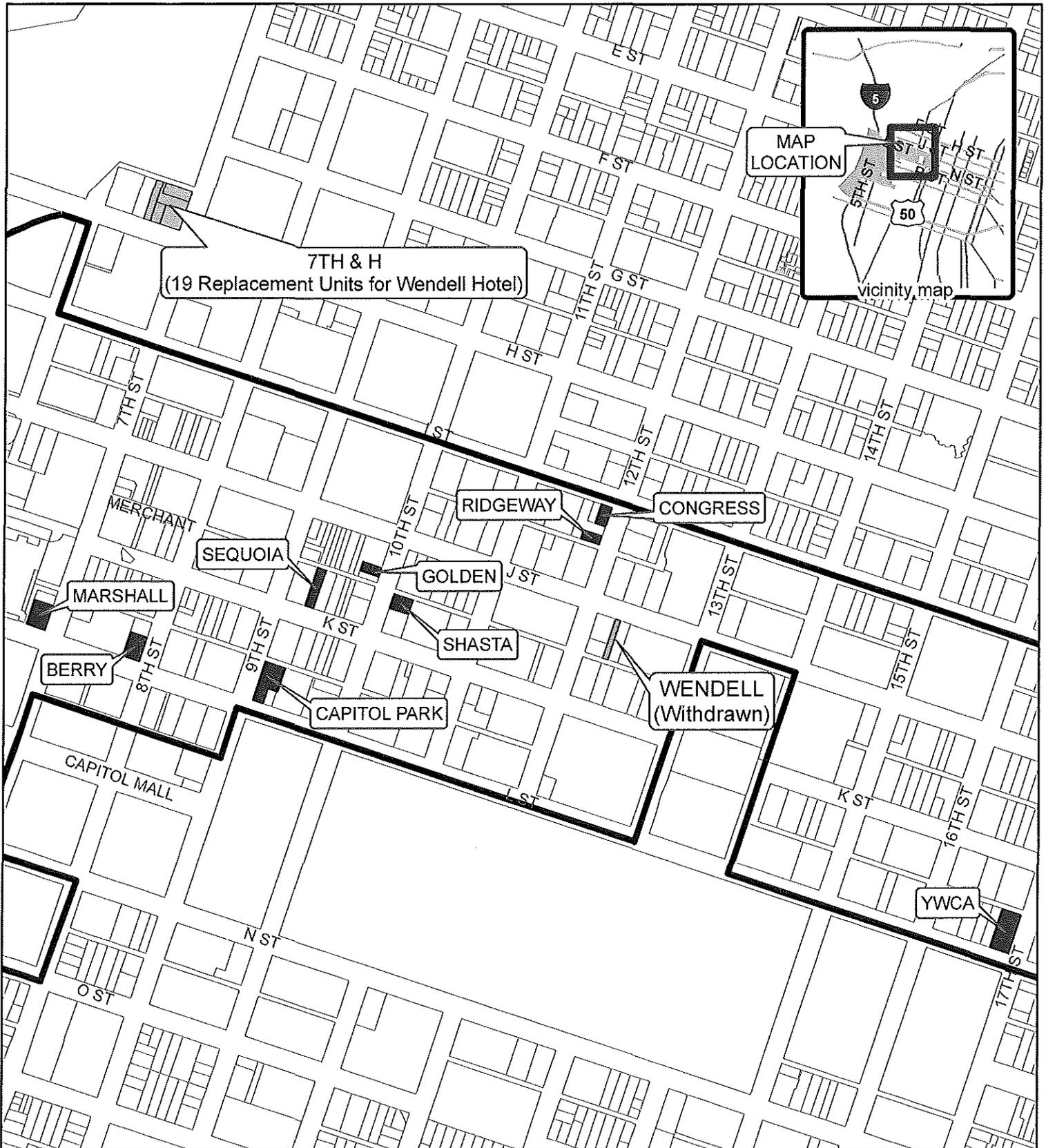
Sustainability Considerations: Not Applicable

Other: Not Applicable

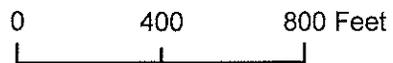
Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* This report was reviewed by the Sacramento Housing and Redevelopment Commission as an information only item on March 2, 2011.



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



- Downtown Redevelopment Area
- Residential Hotel Included In Ordinance
- Withdrawn Units
- Replacement Housing Site



SHRA GIS
April 30, 2010

2011 RESIDENTIAL HOTEL CERTIFICATION SUMMARY

March 22, 2011

| Property | Address | Subject to Ordinance | Planned Change In Use | Total Number Units | Approved Withdrawn Units | Approved Replacement Units | Total Number Vacant Units | Mthly Rent w/ Bath | Mthly Rent w/o Bath | Resident Services | Agency Reg. Agmt. | Comments |
|--------------------|---------------|----------------------|-----------------------|--------------------|--------------------------|----------------------------|---------------------------|--------------------|---------------------|-------------------|-------------------|---|
| Berry Hotel | 729 L St. | Yes | No | 105 | 0 | 0 | 105 | \$255-\$573 | N/A | Yes | Yes | Under Construction. Renovation completion and reopening anticipated in early 2012. |
| Capitol Park Hotel | 1125 9th St. | Yes | No | 180 | 0 | 0 | 76 | \$515 | \$475 | * | No | |
| Congress Hotel | 906 12th St. | Yes | No | 27 | 0 | 0 | 11 | \$525 | \$500 | * | No | Owner did not submit 2011 Certification. Data is current as of May 2010. |
| Golden Hotel | 1010 10th St. | Yes | No | 26 | 0 | 0 | 2 | N/A | \$360 | * | No | |
| Marshall Hotel | 1128 7th St. | Yes | Yes | 95 | 0 | 0 | 30 | \$489 | \$479 | * | No | Owner has notified Agency of intention to withdraw 95 units. 7th & H will provide the 95 replacement units. |
| Ridgeway Hotel | 912 12th St. | Yes | Yes | 58 | 0 | 0 | 58 | N/A | N/A | N/A | Yes | Owner submitted Notice of Withdrawal for 25 units on 2-1-11. 7th & H will provide 25 replacement units. |
| Sequoia Hotel | 911 K St. | Yes | No | 90 | 0 | 0 | 7 | \$410 | \$385 | * | Yes | |
| Shasta Hotel | 1017 10th St. | Yes | No | 80 | 0 | 0 | 9 | N/A | \$387 | * | Yes | |
| YWCA | 1122 17th St. | Yes | No | 32 | 0 | 0 | 5 | \$588 | \$298 | * | Yes | |
| 7th & H Project | 625 H St. | Replacement Units | No | 150 | 0 | 19 | N/A | \$206-\$581 | N/A | Yes | Yes | Under Construction. 139 replacement units for the withdrawn Wendell (19) and anticipated withdrawal of Marshall (95) and Ridgeway (25). |
| Wendell Hotel | 1208 J St. | No | N/A | N/A | 19 | 0 | N/A | N/A | N/A | N/A | No | Approved Conversion Certificate and Replacement Housing Plan for 19 units at 7th & H |

Total Units Subject To Ordinance & Replacement Units **824**
Total Units Approved Withdrawn **19**
Total Units Anticipated Withdrawn **120**
Total Units **723**

* Downtown SRO Collaborative Services provided by TLCS