



**REPORT TO REDEVELOPMENT
AGENCY**

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

FF

**Consent
April 12, 2011**

Honorable Chair and Members of the Redevelopment Agency Board

Title: Del Paso Nuevo Phase VI: Authorization to Execute a Contract to Construct Infrastructure and Public Improvements

Location/Council District: Del Paso Heights Redevelopment Area; Council District 2

Recommendation: Adopt a **Redevelopment Agency Resolution:** 1) authorizing the transfer of the following amounts to the Del Paso Nuevo Project; a) \$236,045 from 1999 Del Paso Heights Tax Exempt Bond Funds; b) \$570,000 from 1999 Del Paso Heights Tax Exempt Capital Project Bond Funds; c) \$792,254 from 2003 Del Paso Heights Tax Exempt Bond Funds; d) \$972,439 from Del Paso Heights Low/Moderate Tax Increment Funds; e) \$7,226 from Del Paso Heights Low/Moderate Tax Increment Funds (FTHB); 2) authorizing the Executive Director, or her designee, to enter into agreements and take all actions necessary to complete construction of infrastructure and public improvements, including awarding and executing a contract with Western Engineering Contractors; and 3) authorizing the Executive Director, or her designee, to consent to the recording of the Final Map of the Del Paso Nuevo Phase VI Subdivision and execute any related documents required to record the Subdivision Map.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353; Bern Wikhammer, Redevelopment Manager, Development Finance, 440-1368

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Del Paso Nuevo is a 154-acre, 300 home master planned community in the Del Paso Heights Redevelopment Area. The design for Del Paso Nuevo reflects new urbanist planning principles intended to create a sustainable, ethnically diverse, and mixed-income neighborhood that includes supportive civic and commercial land uses. In 1997, the Redevelopment Agency (Agency) received a Homeownership Zone Designation from the U.S. Department of Housing and Urban Development (HUD). This designation included more than \$10 million in federal loan guarantees and grants to create homeownership

opportunities and transform Del Paso Nuevo from an underdeveloped area with large, underutilized lots into a desirable neighborhood. Under the conditions of the designation, at least 50 percent of the homes in Del Paso Nuevo must be sold to families who earn less than 80 percent of the area median income.

Phases I, II and III, which included the development of 77 single-family homes, public roads, water, sewer, drainage, sidewalk, curb, gutter, utility and street lighting improvements, as well as two community parks, are complete. Phases IV, V, and VI (see Attachment I – Map of Phases IV, V, and VI) are in various stages of completion as further described below.

Phase IV will provide 81 new single family residences with at least 50 percent of these sold to low to moderate income families. New American Communities, the developer, has to date completed the public infrastructure, built four model homes, and sold ten single family residences to families. An additional ten homes are currently under construction and the remainder of this phase will continue to be built-out at a rate of ten homes at a time until completed.

In Phase V infrastructure improvements (including 91 developed lots ready for construction) and four model homes have been completed. The original developer filed bankruptcy and Phase V was taken back at a trustee sale by the Agency. This phase is currently being held for eventual build-out. The four model homes will be rented at market rate until the subdivision is ultimately constructed and sold.

For Phase VI (see Attachment II – Location & Site Map), an invitation to bid on the infrastructure and public improvement portion of the project was issued on February 15, 2011 following the Agency's Procurement Policy. Respondents had approximately five weeks to prepare their submittal package, which included a timeline and proposed costs. A total of eight submittals were received. After careful review, the Agency is recommending Western Engineering Contractors, a firm with extensive experience in infrastructure improvements that also submitted the lowest responsive bid, to construct the improvements for this currently vacant and undeveloped land.

The Agency recommends executing an infrastructure contract and funding all related activities to complete the Phase VI final map and infrastructure project. The infrastructure improvements, including public roads, water, sewer, drainage, sidewalks, curbs, gutters, utilities and street lighting, are anticipated to be completed by November 2011. Upon completion, 72 finished lots (see Attachment III – New Parcel Map) will be ready for construction. Ultimately, the Agency intends to solicit proposals from developers to build and sell single family homes in this phase through a Request for Proposals process.

Policy Considerations: The proposed action is consistent with the Del Paso Heights Redevelopment Plan and the Del Paso Heights Five Year Implementation Plan and meets the following implementation plan goal: market and promote homebuyer programs while developing attractive new housing opportunities. This report is also consistent with the City's Strategic Plan goal to enhance and preserve neighborhoods.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed actions are in furtherance of the Del Paso Nuevo Project, which was analyzed in accordance with CEQA and for which a Mitigated Negative Declaration (MND) was previously approved on March 10, 1998. An Addendum to the MND was prepared for Del Paso Nuevo VI, which was adopted by the City Planning Commission on March 11, 2010. The actions herein are in furtherance of the previously approved project, and do not constitute a new project or substantive changes or modifications to the approved project. As required by CEQA Guidelines Section 15096(f), the Redevelopment Agency has considered the environmental effects of the proposed project as shown in the MND and Addendum. Per CEQA Guidelines Sections 15162 and 15163, no further environmental documentation is required.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the contents of this report will advance the following goals, policies and targets: the project supports Focus Area number six – Urban Design, Land Use, Green Building and Transportation, by reducing dependence on private automobiles. This is due to the fact that the property is located in close proximity to Regional Transit bus stops and by providing housing choices near jobs as the project is within city limits.

Other: An Environmental Analysis (EA) was previously prepared for the Del Paso Nuevo Project, and a Finding of No Significant Impact was made pursuant to the National Environmental Policy Act (NEPA) for the Del Paso Nuevo Project. Because a significant amount of time has passed since this document was prepared, an updated Environmental Analysis is currently being prepared pursuant to NEPA Guidelines for the Del Paso Nuevo VI project. The availability of federal funding for use in this phase of the project is contingent upon the U.S. Department of Housing and Urban Development's review of the completed EA for the project and consent to the Agency's Request for Release of Funds.

Committee/Commission Action: The Del Paso Heights Redevelopment Advisory Committee (RAC) has been extremely supportive of the proposed project, but to date has not made a formal recommendation. It is anticipated that the RAC will approve this item at its next meeting on April 4, 2011. It is also anticipated that the Sacramento Housing and Redevelopment Commission will approve this item at the April 6, 2011 meeting. If there are any changes, Council will be informed.

Rationale for Recommendation: The Del Paso Nuevo project, when completed, will add more than 300 new homes to a formerly underdeveloped neighborhood in the Del Paso Heights Redevelopment Area. This action not only

eliminates blighted conditions but ensures that 72 new homes, many of which are affordable, will be built in a timely manner. Additionally, these actions will ensure that the Agency will meet the Federal conditions imposed as a result of the HUD award.

The proposed infrastructure contract and final map will ensure that the Del Paso Nuevo project, specifically Phase VI, will continue to move forward and meet the goal of providing a sustainable homeownership community that includes more than 150 homes that will be affordable to families under 80 percent of area median income.

Financial Considerations: This report requests \$236,045 from 1999 Del Paso Heights Tax Exempt Bond Funds; \$570,000 from 1999 Del Paso Heights Tax Exempt Capital Project Bond Funds; \$792,254 from 2003 Del Paso Heights Tax Exempt Bond Funds; \$972,439 from Del Paso Heights Low/Moderate Tax Increment Funds; and \$7,226 from Del Paso Heights Low/Moderate Tax Increment Funds (FTHB) be allocated to the project. Del Paso Heights Tax Increment Funds and Community Development Block Grant funds in the amount of \$1,622,036 previously allocated to the Project will also be used to finance public improvements and to complete the infrastructure.

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

Respectfully Submitted by


LA SHELLE DOZIER
Executive Director

Recommendation Approved:


GUS VINA
Interim City Manager

Approved as to form:

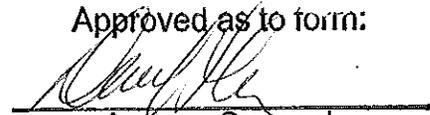
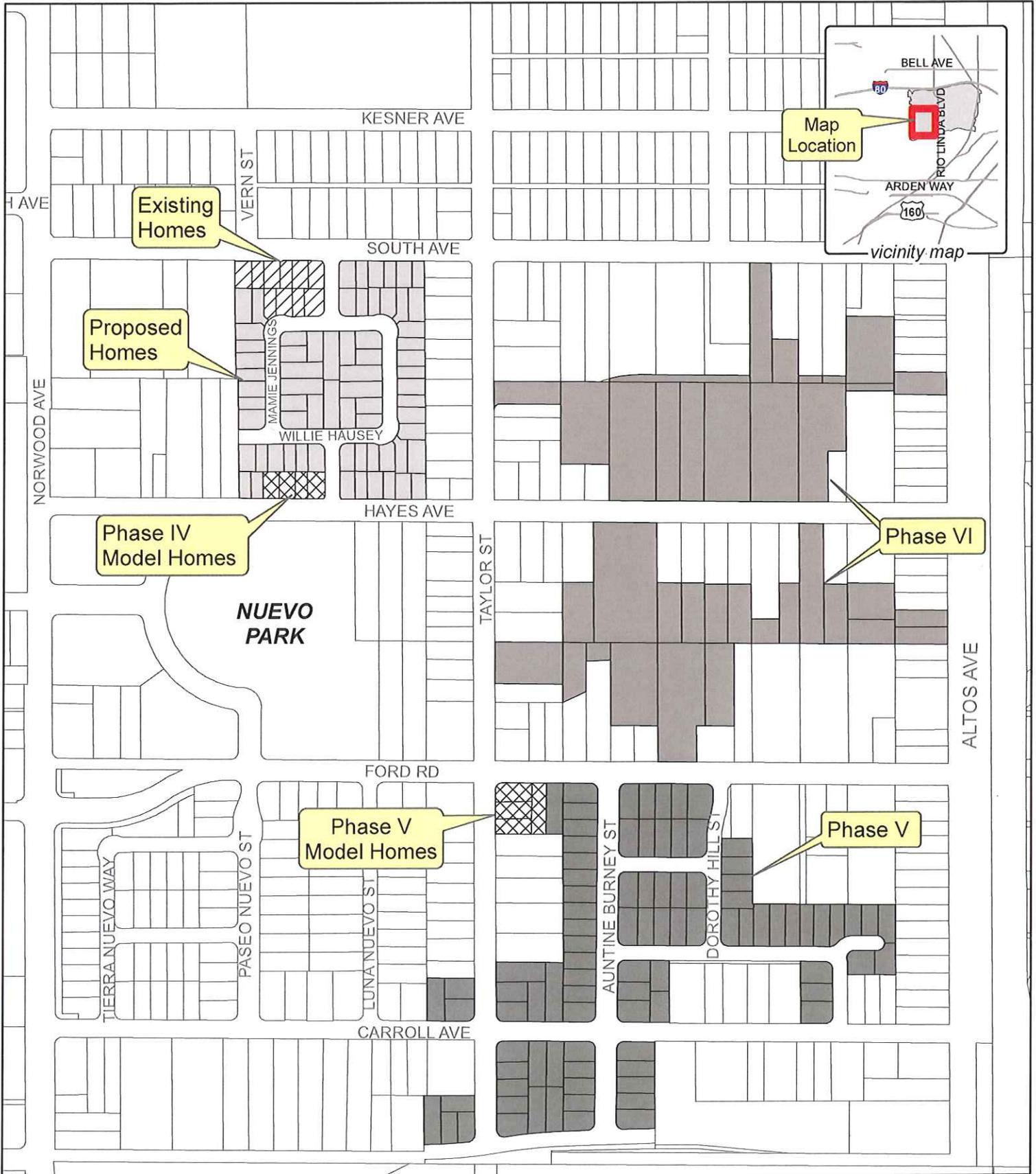

Agency Counsel

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Del Paso Nuevo Phases IV, V & VI



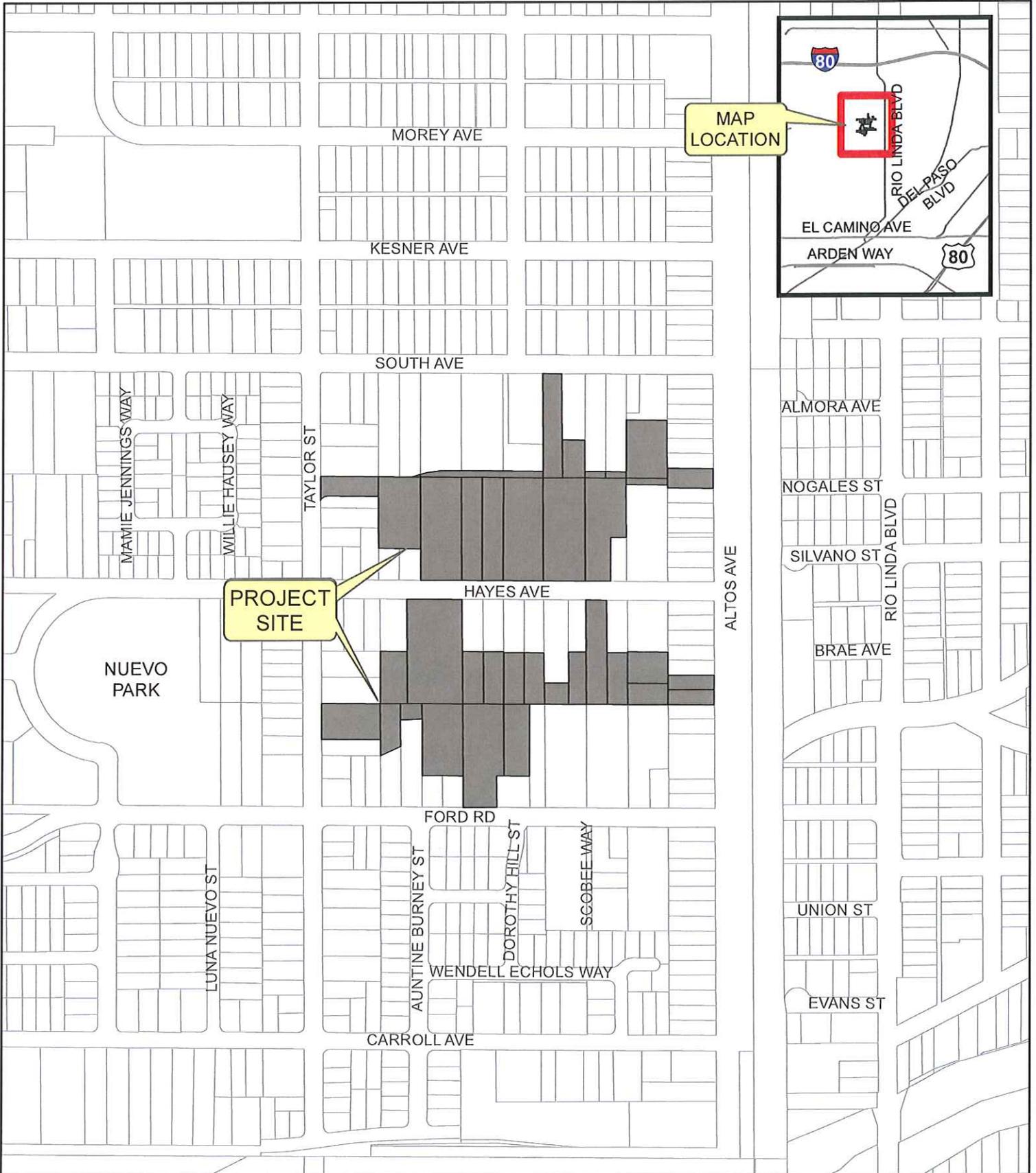
- Phase IV Model Home
- Phase V
- Proposed Home
- Phase V Model Home
- Built Home
- Phase VI



SHRA GIS
March 2, 2010



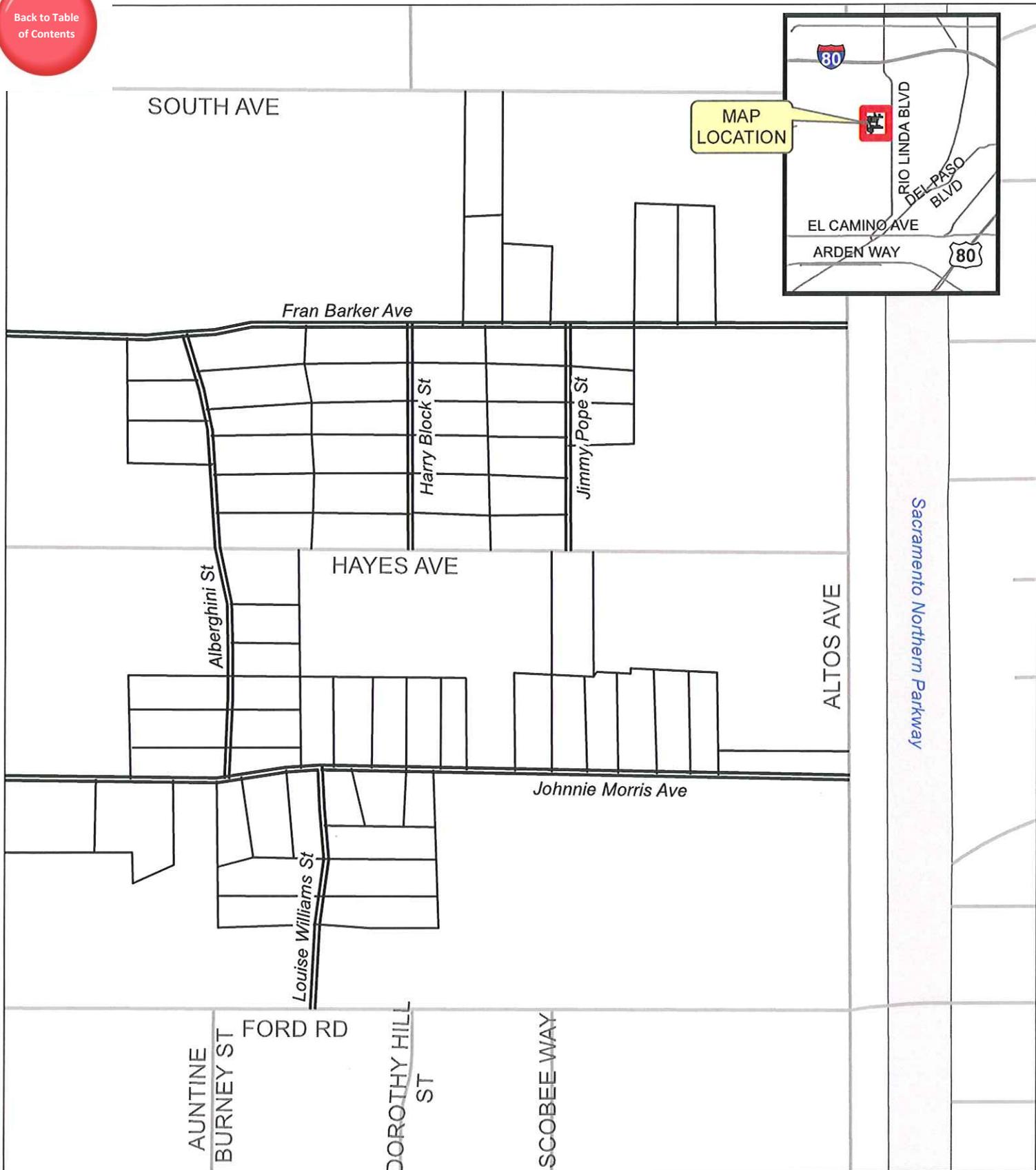
Del Paso Nuevo Phase VI Location and Site Map



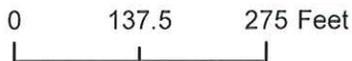
SHRA GIS
March 24, 2011



Del Paso Nuevo Phase VI New Parcel Map



 Completed Street
 Completed Parcel



SHRA GIS
March 24, 2011



RESOLUTION NO. 2011 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

DEL PASO NUEVO PHASE VI: AUTHORIZATION TO EXECUTE A CONTRACT TO CONSTRUCT INFRASTRUCTURE AND PUBLIC IMPROVEMENTS

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Del Paso Heights Redevelopment Plan ("Redevelopment Plan") and an "Implementation Plan" for the Del Paso Heights Redevelopment Project Area ("Project Area").
- B. Del Paso Nuevo is an on-going Homeownership Zone, multi-phased project originally approved and awarded funding by the U.S. Department of Housing and Urban Development (HUD) in 1997. These Federal funds included a \$5,060,000 Economic Development Initiative (EDI) grant and a \$5,445,000 Section 108 loan. The agreements securing these funds require the Agency to acquire property, provide infrastructure improvements and increase home ownership within the targeted community.
- C. The Project will assist in the elimination of blight in that it will eliminate nonconforming uses and will develop underutilized parcels of real property. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan. A goal of the Redevelopment Plan, as stated in the Implementation Plan, is to market and promote homebuyer and rehabilitation programs while developing attractive new housing opportunities. This action is also consistent with the City's Strategic Plan goal to enhance and preserve the neighborhoods.
- D. This Phase VI will add approximately seventy two (72) new homes to the on-going Project providing a total of more than three hundred (300) new homes of which more than fifty percent will be sold to families who earn less than eighty percent of the area median income pursuant to the grant agreement and loan guarantee with HUD.
- E. The proposed actions are in furtherance of the Del Paso Nuevo Project, which was analyzed in accordance with the California Environmental Quality Act (CEQA) and for which a Mitigated Negative Declaration was previously approved on March 10, 1998. An Addendum to the Mitigated Negative Declaration was prepared for Del Paso Nuevo VI, which was adopted by the City Planning Commission on March 11, 2010. The actions herein are in furtherance of the previously approved project, and do not constitute a new project or substantive

changes or modifications to the approved project. As required by CEQA Guidelines Section 15096(f), the Redevelopment Agency has considered the environmental effects of the proposed project as shown in the Mitigated Negative Declaration and Addendum. Per CEQA Guidelines Sections 15162 and 15163, no further environmental documentation is required.

- F. An Environmental Analysis was previously prepared for the Del Paso Nuevo Project, and a Finding of No Significant Impact was made pursuant to the National Environmental Policy Act (NEPA) for the Del Paso Nuevo Project. Because a significant amount of time has passed since this document was prepared, an updated Environmental Analysis is currently being prepared pursuant to NEPA Guidelines for the Del Paso Nuevo 6 project. The availability of federal funding for use in this phase of the project is contingent upon the U.S. Department of Housing and Urban Development's review of the completed Environmental Analysis for the project and consent to the Agency's Request for Release of Funds.

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

- Section 1. The foregoing recitals are determined to be true and correct and are hereby approved and adopted.
- Section 2. The Agency Budget is hereby amended to transfer the following to the Del Paso Nuevo Project:
- o \$236,045 from 1999 Del Paso Heights Tax Exempt Bond Funds;
 - o \$570,000 from 1999 Del Paso Heights Tax Exempt Capital Project Bond Funds;
 - o \$792,254 from 2003 Del Paso Heights Tax Exempt Bond Funds;
 - o \$972,439 from Del Paso Heights Low/Moderate Tax Increment Funds;
 - o \$7,226 from Del Paso Heights Low/Moderate Tax Increment Funds
- Section 3. The Executive Director, or her designee, is authorized to take all actions necessary to bid and award the contract to, and to execute any and all related documents with, Western Engineering Contractors to provide construction of infrastructure and public improvements, pursuant to Health and Safety Code Section 33421, necessary for carrying out Del Paso Nuevo Phase VI according to the redevelopment project area plan, and to comply with the HUD agreements for the EDI grant and the Section 108 loan.
- Section 4. The Executive Director, or her designee, is authorized to consent to the recording of the Final Map of the Del Paso Nuevo Phase VI Subdivision (Subdivision No. P08-102) and to execute any related documents required to record the Subdivision Map.

Section 5. The Agency is authorized to carry out all actions reasonably necessary, including without limitation, construction management, administration, maintenance, security, consultant services and predevelopment activities required to implement Del Paso Nuevo in a manner consistent with the redevelopment project area plan and to comply with the HUD agreements for the EDI grant and the Section 108 loan.