



**Sacramento  
Housing &  
Redevelopment  
Agency**

**REPORT TO HOUSING AUTHORITY**  
**City of Sacramento**  
915 I Street, Sacramento, CA 95814-2671  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

13

Consent  
**April 26, 2011**

Honorable Chair and Members of the Housing Authority Board

**Title: Declaration of Surplus Property and Request for the Authorization to Lease and/or Sell the Central Maintenance Facility Located at 320 Commerce Circle**

**Location/Council District:** 320 Commerce Circle Maintenance Facility,  
Council District 2

**Recommendation:** Adopt a **Housing Authority Resolution:** 1) declaring the Housing Authority owned property at 320 Commerce Circle to be of no foreseeable future need to the Housing Authority and is surplus, 2) authorizing the Executive Director or her designee to execute all necessary documents, as approved as to form by Agency Counsel, to lease and/or sell the property, and 3) authorizing the Executive Director or her designee to return the sale proceeds from the property to Housing Authority of the City of Sacramento – Central Office Cost Center.

**Contact:** Nick Chhotu, Assistant Director of Public Housing, 916-440-1334

**Presenters:** N/A

**Department:** Sacramento Housing and Redevelopment Agency

**Description/Analysis**

**Issue:** The Housing Authority currently owns a 1.72 acre maintenance facility at 320 Commerce Circle in Sacramento. The building was acquired in November 1988 with non-HUD funds to house the Housing Authority's central maintenance and management staff. In December 1995, the Housing Authority entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to amend an existing Annual Contributions Contract (ACC) to include the maintenance facility, thereby incorporating the facility as a public housing asset and subject to HUD regulatory requirements. The rationale to add this maintenance facility into an existing ACC was to explore the potential use of capital funds for tenant improvements and other eligible expenses at the facility. Capital funds were never used in connection with this facility. In 1998, 320 Commerce Circle was used as collateral for a Section 108 Contract for a Loan Guarantee Assistance.

## Lease and/or Sale for Central Maintenance Facility

In 2005 HUD issued significant regulatory changes which required housing authorities to transition from a centralized to a de-centralized asset based management model of operations. In 2007, the Sacramento Housing and Redevelopment Agency (SHRA) completed its Asset Repositioning Study as part of a proactive strategy to align SHRA operations to the realities of the HUD funding environment while adhering to SHRA's "guiding principles" and continuing to meet the needs of our constituents.

Before the conversion to the de-centralized asset based management model, the Commerce Circle maintenance facility was utilized as office space and as a central warehouse providing the receipt, storage and distribution of a variety of equipment and materials for various SHRA offices and public housing developments. The building is no longer needed for that purpose as the warehousing function and the appropriate staff has been relocated offsite to the appropriate asset management projects.

The facility is currently underutilized and houses only a small amount of public housing maintenance supplies, vehicles, and staff. Staff foresees no other useful purpose and considers 320 Commerce Circle to be surplus property. Staff intends to use the 320 Commerce Circle sale proceeds to partially cover the Housing Authority's funding shortfall by disposing of this surplus asset no longer needed for the critical operation of public housing projects.

At its March 24, 2009 meeting, Housing Authority of the City of Sacramento approved and authorized the application to the U.S. Department of Housing and Urban Development (HUD) for the disposition of the Central Maintenance Facility located at 320 Commerce Circle. On September 8, 2009, the HUD approved the disposition of the Central Maintenance Facility located at 320 Commerce Circle. In addition, on March 21, 2011, HUD released the Declaration of Trust on the property and the collateral pledged for Section 108 Loan Guarantee Assistance. These actions clear the property from any past encumbrances and enable it to be sold on the open market.

**Policy Considerations:** Public Housing Authorities are required to comply with applicable federal laws and regulations, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA).

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** All actions proposed in furtherance of the lease and/or sale of this existing property with negligible or no change in use is considered a minor action on an existing facility, and as such is Categorical Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15301.

**National Environmental Policy Act (NEPA):** The subject property no longer has any federal involvement, and there is no federal nexus with respect to the actions proposed herein. Therefore, the National Environmental Policy Act (NEPA) does not apply.

Lease and/or Sale for Central Maintenance Facility

**Sustainability Considerations:** The recommended actions would position the Housing Authority 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).

**Other:** N/A

**Committee/Commission Action:** It is anticipated that, at its meeting of April 20, 2011, the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

**Rationale for Recommendation:** It is the intent of the Housing Authority to use the proceeds from the proposed sale of 320 Commerce Circle to fund its operational shortfall by disposing of assets no longer critical for the operation of public housing projects. The remaining actions recommended in this report will clear any remaining restrictions on the property which will allow it to be leased and/or sold.

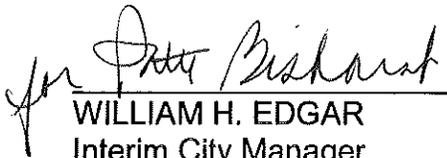
**Financial Considerations:** The recommended actions in this report create no new financial obligations. Sale of the property may generate income which will be used for housing operations expenses.

**M/WBE Considerations:** The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:

  
LASHELLE DOZIER  
Executive Director

Recommendation Approved:

  
WILLIAM H. EDGAR  
Interim City Manager

Approved as to form:  
  
Agency Counsel

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## **RESOLUTION NO. 2011 -**

**Adopted by the Housing Authority of the City of Sacramento**

on date of

### **DECLARATION OF SURPLUS PROPERTY AND AUTHORIZATION TO LEASE AND/OR SELL THE CENTRAL MAINTENANCE FACILITY LOCATED AT 320 COMMERCE CIRCLE**

#### **BACKGROUND**

- A. On March 24, 2009, the Housing Authority of the City of Sacramento (Housing Authority) approved the submission of an application of disposition and the release of the Declaration of Trust (DOT) with the United States Housing and Urban Development (HUD) for the non-dwelling property located at 320 Commerce Circle (the Property) and HUD approved the request as shown on the attached Exhibit A.
- B. The Housing Authority wishes to lease and/or sell the Property and have the proceeds return to the Housing Authority Central Office Cost Center (COCC).
- C. The Property was not purchased with federal public housing funds and no federal public housing funds have been expended on the Property.
- D. Before conversion to asset management, the Housing Authority used the Property as the miscellaneous office space and the central warehouse to provide logistical services in the receipt, storage and distribution of a variety of equipment and materials to the Housing Authority's developments. The property is no longer needed for that purpose because the warehousing function has been relocated onsite to the appropriate Asset Management Projects.
- E. The disposition or reassignment of the Property will not be detrimental to the operation of public housing for the Housing Authority.
- F. On January 3, 2001, a Deed of Trust made as of January 3, 2001 between the Housing Authority and the Sacramento Housing and Redevelopment Agency under a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act was recorded in the amount of \$1,070,000.00.
- G. The Property appraised for \$2,050,000 in 2009.
- H. The Housing Authority has determined that the property is surplus and is not required for its foreseeable needs.

- I. All actions proposed in furtherance of the lease and/or sale of this existing property with negligible or no change in use is considered a minor action on an existing facility, and as such is Categorically Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15301.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:**

- Section 1. The above recitals, including the environmental findings, are determined to be true and correct and are hereby adopted.
- Section 2. The property located at 320 Commerce Circle is hereby declared surplus.
- Section 3. The Executive Director, or her designee, is authorized to execute all necessary documents, as approved as to form by Agency Counsel, to lease and/or sell the Property.
- Section 4. The Executive Director, or her designee, is authorized to allocate the proceeds from the sale of the property to the Housing Authority Central Office Cost Center.



OFFICE OF PUBLIC AND INDIAN HOUSING  
REAL ESTATE ASSESSMENT CENTER

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

SEP 08 2009

Renewed - EDC  
SEP 10 2009

Ms. LaShelle Dozier  
Executive Director  
Sacramento Housing and Redevelopment Agency  
P.O. Box 1834  
Sacramento, CA 95812-1834

Subject: Request for Disposition of Non-Dwelling Real Property, 320 Commerce Circle,  
Sacramento, CA CA30-9005-002

Dear Ms. Dozier:

Your letter of April 15, 2009 addressed to Mr. Stephen Schneller, subject as above, has been referred to this office for response.

This office has reviewed the record provided by the Sacramento Housing and Redevelopment Authority (SHRA), requesting to release the subject property from the Declaration of Trust without respect to Notice PIH 2008-17 or the regulations at 24 CFR 85.31(c)(2).

The SRHA purchased the property in 1988 using local funds. Anticipatory to using Comprehensive Grant Program (CGP) funds to improve the property, it was placed under a Declaration of Trust (DOT) in 1995. However, no CGP or other Federal funds were used to improve the property. In 1998 the SHRA pledged the property as security for a Section 108 Contract for Loan Guarantee Assistance.

Both the guidance in Notice PIH 2008-17 and the provisions of 24 CFR 85.31(c)(2) assume that public housing funds have been used to acquire, construct, maintain, or improve a property. None of those conditions apply to the subject property. Further, the DOT was placed on the property anticipating using public housing funds to improve it, which never happened. Absent the expenditure of public housing funds on the structure, there is and has been no reason for the DOT to exist, since it serves no programmatic purpose. The SHRA's pledging of the property as loan security has no bearing on the applicability of either Notice PIH 2008-17 or 24 CFR 85.31(c)(2).

HUD will release the subject property from the DOT without applying the procedures of Notice PIH 2008-17 or satisfying the requirements of 24 CFR 85.31(c)(2).

If you have any questions, please contact Gregory Byrne by email at:  
Gregory.A.Byrne@HUD.GOV.

Sincerely,

A handwritten signature in black ink that reads "J. David Reeves". The signature is written in a cursive style with a large, stylized initial "J".

J. David Reeves  
Deputy Assistant Secretary



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

Michael Voss  
Agency Counsel  
Sacramento Housing and Redevelopment Agency  
City of Sacramento  
801 12th Street  
Sacramento, CA 95814

MAR 21 2011

Received in the Legal Department

MAR 29 2011

Sacramento Housing & Redevelopment Agency

RE: Sacramento Housing and Redevelopment Agency  
Request for Reconveyance of Collateral  
Section 108 Loan Guarantee, B-97-MC-06-0003 - \$5,445,000

Dear Mr. Voss:

This letter responds to your request for release of certain collateral securing the Section 108 loan guarantee assistance for the Del Paso Nuevo Homeownership Zone project of the Sacramento Housing and Redevelopment Agency (SHRA). Your letter of February 7, 2011, amended an earlier request submitted to the Department of Housing and Urban Development (HUD) by LaShelle Dozier on April 15, 2009.

HUD and SHRA executed a Contract for Loan Guarantee Assistance dated September 3, 1998 (the Contract). Attachment 3 of the Contract provided a detailed listing of the real estate collateral securing payment and performance under the Contract, the original note, and any subsequent notes issued pursuant to the loan guarantee commitment dated September 26, 1997.

On February 2, 2001, in response to a request from SHRA and in order to further the development of the Del Paso Nuevo project, HUD released liens on a portion of the original collateral and agreed to a substitution of alternative real estate collateral. HUD agreed to and SHRA accepted a revised Attachment 3 to the Contract, which identified real property in the original Attachment 3 that continued to serve as collateral, as well as newly substituted collateral.

My office and our Office of General Counsel reviewed your letter, release forms, appraisals of collateral, and other documentation supporting your request. Based on the information provided, we find the proposed releases acceptable and not inconsistent with the project as initially approved by HUD. Therefore, the Releases of Deed of Trust have been signed on behalf of the Secretary and are enclosed. We amended revised Attachment 3 to reflect the agreed-upon real property that will continue to serve as collateral.

The enclosed revised Attachment 3 makes two changes. First, it eliminates 320 Commerce Circle from the list of collateral. Second, it corrects the Assessor's Parcel Number (APN) for two of

the Del Paso Nuevo properties, which were listed incorrectly in the revised Attachment 3 dated February 2, 2001. Except for these changes reflected in the newly revised Attachment 3, all collateral and all other terms and conditions and obligations set forth in the Contract remain unchanged. Your acceptance of this letter indicates your approval of the revised Attachment 3. Please attach revised Attachment 3 to your copy of the Contract.

If you have any further questions related to this project, please contact Paul Webster at 202.708.1871 or Jason Triplett at 202.402.4837.

Sincerely,



Yolanda Chávez  
Deputy Assistant Secretary for Grant Programs

Enclosures

Accepted:  
Sacramento Housing and Redevelopment Agency  
By:

  
Signature

Executive Director  
Title

Date

Approved as to form:

  
Agency Counsel

**RECORDING REQUESTED BY:**

Sacramento Housing and Redevelopment Agency  
Legal Department  
801 12<sup>th</sup> Street, Sixth Floor  
Sacramento, CA 95814



**WHEN RECORDED MAIL TO:**

U.S. Department of Housing and  
Urban Development  
Attn: Office of Regional Counsel  
600 Harrison Street, 3rd Floor  
San Francisco, CA 94107

Sacramento County Recorder  
Craig A. Kraner, Clerk/Recorder  
BOOK **20110304** PAGE **0796**  
Friday, MAR 04, 2011 11:59:43 AM  
Ttl Pd \$0.00 Nbr-0005720028  
TJH/12/1-5

No fee for recording pursuant to  
Government Code Section 27383

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(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**RELEASE OF DECLARATION OF TRUST  
320 Commerce Circle, Sacramento, California**

This Release of Declaration of Trust ("Release") is made as of the 13<sup>th</sup> day of February, 2011, by the UNITED STATES OF AMERICA, acting by and through the SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (the "Secretary") with respect to the property located in Sacramento County, California, known as Project Number CA30-P005-002 and more particularly described in Exhibit A (the "Property").

**WHEREAS**, the Sacramento Housing and Redevelopment Agency (the "Authority") previously executed and recorded a Declaration of Trust on April 3, 1996 in Book 19960403, Page 267, of the Official Records of the County of Sacramento (the "Official Records"), relating to the Property (the "Declaration of Trust"), which Declaration of Trust grants to the Secretary certain rights and imposes certain restrictions in favor of the Secretary with respect to the Property; and

**WHEREAS**, the Secretary has approved the removal of the Declaration of Trust from the Property.

**NOW, THEREFORE**, upon recordation of this document, the property described in Exhibit A is hereby discharged and fully released from the Declaration of Trust.

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

**Parcel One:**

The East 80 feet of Lot 11 and Lot 10, except the East 30 feet thereof, as shown on the "Plat of Johnston Industrial Park", recorded in the Office of the County Recorder of Sacramento County, on May 22, 1957, in Book 46 of Maps, Map No. 23.

**Parcel Two:**

An easement for a spur track over the following described property.

A piece or parcel of land situate, lying and being in the Johnston Industrial Park, Lots 11 and 12, County of Sacramento, State of California, and more particularly described as follows:

Beginning at a point which bears South 88° 14' 10" West, 80.00 feet from the most Southeasterly corner of Lot No. 11 in the Johnston Industrial Park, the Plat of which is filed for record in the Office of the County Recorder of Sacramento County, in Book 46 of Maps, Map No. 23; thence North 01° 45' 50" West 26.94 feet to a point; thence South 80° 03' 54" West 189.56 feet to a point; thence North 88° 14' 10" East 187.64 feet to the point of beginning and containing an area of 2,528.0 square feet, more or less.

APN: 275-0251-017



Sacramento County Recorder  
Craig A. Kraner, Clerk/Recorder  
BOOK 20110330 PAGE 0455

Check Number 2387  
Wednesday, MAR 30, 2011 10:28:06 AM  
Tel Pd \$18.00 Nbr-8006752808

DHB/58/2-2

**NO FEE DOCUMENT:**

Entitled to free recording  
per Government Code 27383.

When recorded, return to:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

801 12th Street

Sacramento, CA 95814

Attn: Portfolio Management

**SUBSTITUTION OF TRUSTEE AND FULL RECONVEYANCE**

The Housing Authority of the City of Sacramento was the original Trustor, Stewart Title Company was the original Trustee, and the United States Department of Housing and Urban Development is the Beneficiary, under that certain Deed of Trust dated January 3, 2001 and recorded on February 9, 2001 in book 20010209, page 0422, Official Records of the County of Sacramento, State of California, and affecting the land described in said Deed of Trust, and

The undersigned Beneficiary desires to substitute a new Trustee under said Deed of Trust in place and stead of Stewart Title Company now therefore, the undersigned hereby substitutes itself as Trustee under said Deed of Trust.

Beneficiary as, Trustee so named, does hereby reconvey, without warranty, to the person or persons legally entitled thereto, the Estate now held by him thereunder.

APN NO.: 275-0251-017

Date: 3/21/2011

United States Department of Housing and Urban  
Development

By

  
Paul Webster  
Director, Financial Management Division

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

DISTRICT OF COLUMBIA )  
CITY OF WASHINGTON ) SS.

On March 21, 2011 before me, EVELYN D. TAFALLA, (here insert name and title of the officer), personally appeared PAUL WEBSTER, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the District of Columbia that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Evelyn D. Tafalla* (Seal)

Evelyn D. Tafalla  
Notary Public, District of Columbia  
My Commission Expires March 14, 2015